



Citi Foundation



# STATE OF YOUTH ENTREPRENEURSHIP ECOSYSTEM IN PAKISTAN

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# Abbreviations and Acronyms

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EE	Entrepreneurship Ecosystem
G-R	Gender-Responsive
GYI	Global Youth Index
NAVTC	National Vocational and Technical Training Commission
PBS	Pakistan Bureau of Statistics
PKR	Pakistani Rupee
SME	Small and Medium Enterprise
SMEDA	Small and Medium Enterprise Development Authority
TEVTA	Technical Education and Vocational Training Authority
SECP	Securities and Exchange Commission of Pakistan
AJK	Azad and Jammu Kashmir
ICT	Islamabad Capital Territory
GB	Gilgit Baltistan
USD	US Dollar

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**State of Youth  
Entrepreneurship  
Ecosystem**  
in Pakistan

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# Table of Content

<b>12</b>	Executive Summary
<b>17</b>	Introduction
<b>20</b>	State of Youth Entrepreneurship in Pakistan
<b>25</b>	Key Definitions
<b>26</b>	Methodology and Data Collection
<b>35</b>	Key Players in the Youth Entrepreneurship Ecosystem in Pakistan
<b>40</b>	Domain 1: Policy and Regulatory Frameworks
<b>41</b>	State of Play
<b>42</b>	Key Findings
<b>50</b>	Domain 2: Human Capital and Entrepreneurship Culture
<b>51</b>	State of Play
<b>55</b>	Key Findings
<b>65</b>	Domain 3: Access to Finance and Incentives
<b>66</b>	State of Play
<b>69</b>	Key Findings
<b>80</b>	Domain 4: Business Development Support and Infrastructure
<b>81</b>	State of Play
<b>83</b>	Key Findings
<b>92</b>	Domain 5: Access to Markets
<b>93</b>	State of Play
<b>94</b>	Key Findings
<b>101</b>	Domain 6: Innovation and Technology
<b>102</b>	State of Play
<b>104</b>	Key Findings
<b>112</b>	Recommendations
<b>112</b>	Domain 1: Policy and Regulatory Frameworks
<b>113</b>	Domain 2: Human Capital and Entrepreneurship Culture
<b>114</b>	Domain 3: Access to Finance and Incentives
<b>115</b>	Domain 4: Business Development Support and Infrastructure
<b>116</b>	Domain 5: Access to Markets
<b>117</b>	Domain 6: Innovation and Technology
<b>118</b>	Monitoring and Evaluation of the Recommendations
<b>125</b>	Annex 1: Showcase of Contributions to Entrepreneurial Ecosystem in Pakistan (Based on Research Case Studies)

- 
- 
- 140** Annex 2: Identification of Priority Sectors for Youth Entrepreneurship aligned to National Development Priorities and the Sustainable Development Goals
  - 144** Annex 3: Best Practices of Integrated and Robust Ecosystem that Support Youth-led Enterprises and Entrepreneurs
  - 148** Annex 4: Survey Questionnaire – Primary Stakeholder (Young Entrepreneurs) and Key Informant Interview Guide – Diverse stakeholder groups

## Table of Figures

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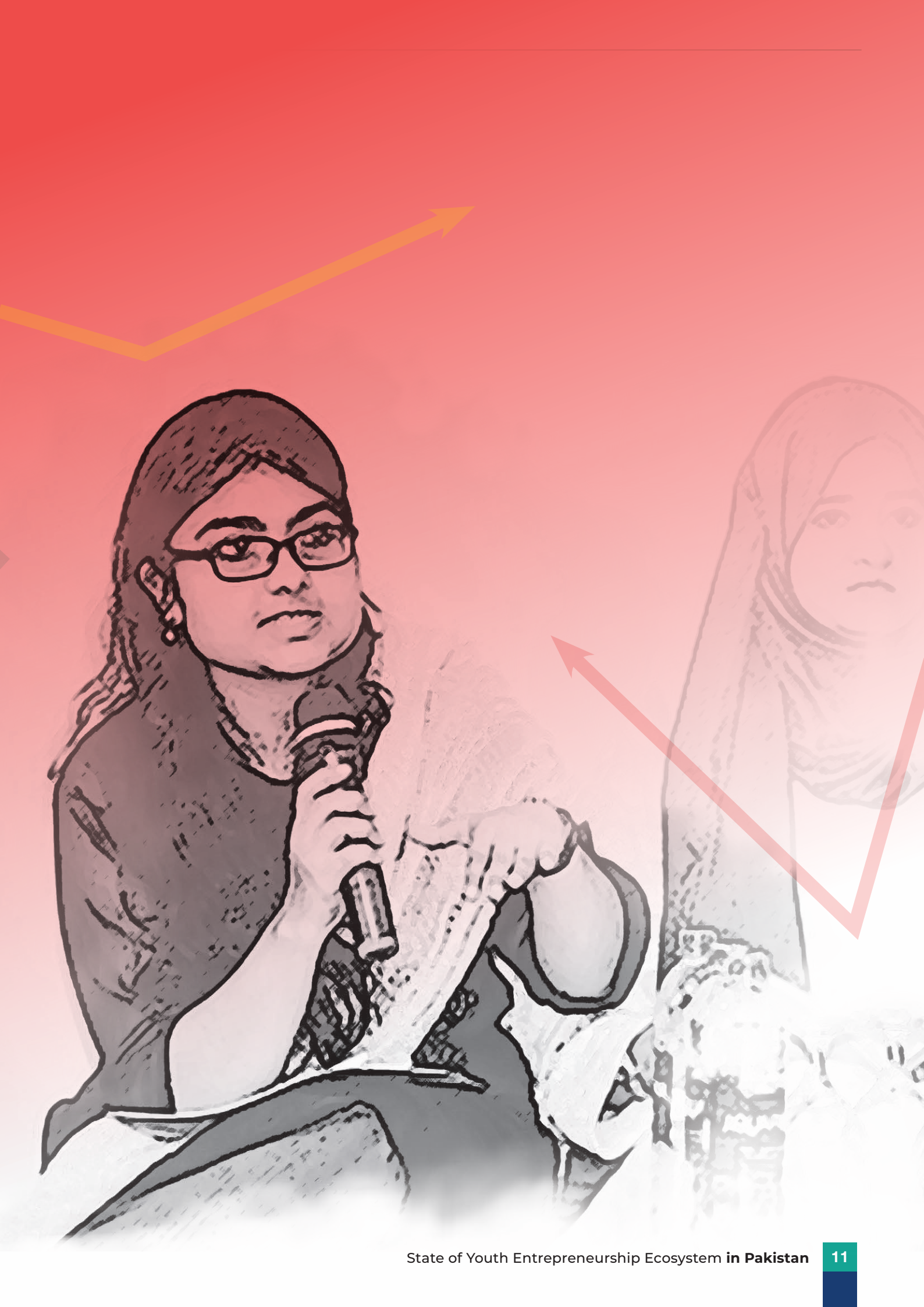
- 29** Figure 1. Respondents' background by province and gender
- 30** Figure 2. Respondents' distribution by districts of residence
- 30** Figure 3. Socioeconomic backgrounds of respondents by province and gender
- 31** Figure 4. Educational background of respondents
- 31** Figure 5. Access to internet
- 32** Figure 6. Age of enterprise
- 32** Figure 7. Registration types of respondents' enterprises
- 43** Figure 8. Source of Information regarding any business, market, finance, tech support for enterprise
- 44** Figure 9. Biggest challenges experienced by young entrepreneurs in Pakistan
- 47** Figure 10. Size of loan received by the 62 respondents from Prime Minister's Youth Entrepreneurship Scheme
- 57** Figure 11. Mentoring or networking opportunities availed
- 58** Figure 12. Key challenges young people face when embarking upon entrepreneurial journeys by provinces and gender
- 61** Figure 13. Respondents who have participated in a business incubation start-up competition
- 63** Figure 14. Difficulty level for youth to become entrepreneurs in Pakistan because of the different factors
- 70** Figure 15. Percentage of respondents able to access financing for their enterprises
- 71** Figure 16. Knowledge of financing options for business in Pakistan
- 75** Figure 17. Distribution of enterprises by type of registration

# Table of Figures

- 77** Figure 18. Immediate family member as an entrepreneur
- 77** Figure 19. Types of funding used for setting up enterprise
- 79** Figure 20. Importance of access to financing
- 79** Figure 21. Importance of financial incentives in encouraging entrepreneurship in Pakistan
- 85** Figure 22. Interest in seeking incubation support
- 85** Figure 23. Kind of support sought via incubation
- 86** Figure 24. Difficulty level for young and upcoming entrepreneurs in seeking business development support for their business in Pakistan
- 87** Figure 25. Awareness of young people in Pakistan regarding entrepreneurship as a career option
- 87** Figure 26. Formal training or education related to entrepreneurship received
- 89** Figure 27. Utility of various types of support
- 90** Figure 28. Access to Mentor
- 91** Figure 29. Mentoring or networking opportunities availed
- 95** Figure 30. Challenges faced in accessing local and national markets
- 95** Figure 31. Entrepreneurs that accessed international markets
- 96** Figure 32. Challenges faced in accessing International Markets
- 97** Figure 33. How to improve young entrepreneurs' access to local, national and international markets
- 100** Figure 34. Reaching out to potential clients customers
- 106** Figure 35. Importance of innovation and technology for entrepreneurs enterprises
- 107** Figure 36. Access to technological support
- 108** Figure 37. Sufficiency of opportunities and resources available for young entrepreneurs in Pakistan
- 109** Figure 38. Access to the Internet by province and gender
- 110** Figure 39. Ease of accessing and adopting new technologies and innovation by young entrepreneurs in Pakistan

# List of Tables

- 27** Table 1. Key informant interviews and focus groups conducted
- 48** Table 2. Heat Map of types of support sought by respondents and source of the support
- 76** Table 3. Difficulty in seeking financial support for businesses by different factors
- 98** Table 4. Difficulty level for young and upcoming entrepreneurs in seeking access to market for their business in Pakistan (in percent)
- 105** Table 5. Technological tools used by entrepreneurs (in percent)



# Executive Summary

The State of Youth Entrepreneurship in Pakistan reflects the country's growing momentum in its entrepreneurship ecosystem since 2012, marked by an increasing number of startups, funding opportunities, incubation centres, and entrepreneurship-centric events in both public and private domains. However, despite these efforts, Pakistan's global ranking in terms of entrepreneurial ecosystems remains low, with significant disparities in gender and youth development indicators.

Pakistan's youth population, being the fifth largest in the world, holds immense potential for economic growth and development. However, the country faces challenges in harnessing this potential due to high levels of illiteracy and limited access to education, employment, and connectivity. Marginalized communities, including rural youth and persons with disabilities, face even greater barriers to accessing opportunities and support for entrepreneurship.

In the realm of youth entrepreneurship, Pakistan has seen significant growth in the number of startups and support organizations, but challenges persist, particularly in terms of talent availability, funding gaps, and gender parity. Startups founded by women, for example, receive minimal funding compared to men., highlighting the need for targeted support and initiatives to promote women's entrepreneurship.

The government's commitment to fostering entrepreneurship, along with a growing pool of talented individuals and increased access to funding and resources, has led to a booming startup ecosystem. Notably, the number of registered startups has increased significantly, and venture capital investments have reached record highs.

However, to further enhance the youth entrepreneurship ecosystem in Pakistan, it is vital to adopt a youth and gender inclusion lenses throughout the analysis and decision-making process. By understanding and addressing the specific barriers and opportunities faced by young people, women, and marginalized groups, Pakistan can create a more supportive and inclusive environment for budding entrepreneurs.

Key stakeholders, including enterprises, government entities, educational institutes, financial institutions, and NGOs, play a crucial role in shaping the youth entrepreneurship ecosystem. Collaborative efforts among these stakeholders, along with the implementation of targeted policies and programs, can lead to a more vibrant and thriving ecosystem that empowers the country's youth to realize their entrepreneurial aspirations.

Pakistan's youth entrepreneurship ecosystem has witnessed significant growth and potential, but it requires continued efforts and focused initiatives to overcome challenges and create an inclusive environment for all aspiring entrepreneurs. By nurturing talent, providing access to resources, and addressing gender and inclusivity gaps, Pakistan can foster a vibrant entrepreneurial landscape that drives economic growth and social progress. The research has used a six-domain diagnostic framework to analyze and better understand the challenges and enablers to creating an inclusive entrepreneurship ecosystem.

## DOMAIN 1: POLICY AND REGULATORY FRAMEWORK

**Lack of Awareness and Knowledge:** Youth entrepreneurs in Pakistan face a lack of awareness and knowledge about

## Executive Summary

policies and regulatory opportunities that can benefit their startups. The findings highlight the need for better communication and dissemination of information so that startups can take full advantage of incentives and support offered by the government.

**Policy Support for Green Energy and Sustainability:** There is a growing emphasis on social and green entrepreneurship in Pakistan, with startups addressing major societal issues gaining prominence. Policymakers are urged to promote and support such ventures through targeted initiatives and programs, such as policies supporting green energy and sustainability.

**Government as Enablers and Facilitators:** The role of the government as an enabler and facilitator of entrepreneurship is crucial. Regulators are encouraged to move beyond their traditional role and take on a more proactive stance in guiding and supporting startups through the regulatory process.

**Supportive Government Initiatives and Programs:** Programs like the Prime Minister's Youth Loan Scheme and the Prime Minister's Youth Skill Development Program provide financial assistance and skill development support to young entrepreneurs and play a crucial role in promoting youth entrepreneurship in Pakistan.

**Comprehensive Ecosystem Development:** An integrated approach is needed to nurture entrepreneurship focusing on financing opportunities, incubators, mentoring, skill development, market access, and providing entrepreneurial education from an early age.

**Challenges in Policy Implementation and Integration:** The need for better integration of youth and women perspectives and challenges in policy implementation are noted. More work needs to be

done on the policy level to integrate youth and women's needs and challenges in entrepreneurship into existing development projects.

**Visionary and Entrepreneurial Leadership:** This is considered essential at the national level for fostering a conducive environment for entrepreneurship. An entrepreneurial executive can drive policies and initiatives that support inclusive entrepreneurship.

**Streamlining Policies:** Ensuring accessibility and applicability across different sectors of the entrepreneurial ecosystem is crucial for strengthening the entrepreneurship ecosystem.

### DOMAIN 2: HUMAN CAPITAL AND ENTREPRENEURSHIP CULTURE

**Lack of Encouragement for Entrepreneurship in Formal Education:** There is little encouragement and motivation for entrepreneurship at the school level, as the emphasis remains on "safe choices" like employment in government jobs; limiting the young people's choices and scopes.

**Impact of Gender Roles on Entrepreneurial Activities and Development:** There is a gender disparity prevalent as a result of socially constructed gender roles that render added responsibilities on women in the shape of household and caregiving duties, in addition to the patriarchal cultural barriers. Oftentimes this impacts the participation levels of women in entrepreneurial initiatives, and their access to finance and resources.

**Necessity-driven Entrepreneurial Activities:** Predominantly, entrepreneurial activities in the country are necessity-driven, and the rate of establishment of enterprises remains low because of limited opportunities. However, with time, there is an increasing presence of initiatives and efforts to develop human capital in Pakistan,

## Executive Summary

which is key to unlocking the potential of the country's young population.

### **Importance of Entrepreneurship Education:**

Entrepreneurship education assumes, early exposure to entrepreneurship through the curriculum and industry-wide experiences. This is a critical entry point to promote and enhance entrepreneurship among young people in the country.

### **Breaking Silos and Integrated Efforts:**

Strengthening collaborative efforts among stakeholders, including academia, government, and industry is vital to creating an enabling ecosystem for entrepreneurship.

### **DOMAIN 3: ACCESS TO FINANCE AND INCENTIVES**

#### **Lack of Access to Investments and Funding:**

Access to investments and funding remains a significant challenge for entrepreneurs in Pakistan, especially for young people pursuing social entrepreneurship. Local venture capitalists are limited, and banks have stringent lending rules, making it difficult for startups to secure the necessary financial resources to grow. To overcome these issues initiatives such as establishing an entrepreneurship fund, encouraging venture capital investment, strengthening the banking system and promoting alternative financing options can be pursued.

#### **Role of Incubators and Supportive Organizations:**

Incubators and supportive organizations play a vital role in assisting entrepreneurs in identifying funding sources and connecting them with investors. Initiatives like Jazz xlr8 are commendable in promoting diversity and inclusivity in the startup ecosystem by providing access to funding and business development support for entrepreneurs especially women and persons with disabilities.

#### **Challenges for Women Entrepreneurs:**

Gender-specific challenges in accessing finance and capital, including limited access

to financial institutions, lack of mentorship, and gender biases negatively impact women entrepreneurs. Although some government initiatives like the “Women Entrepreneurship Program”, “Prime Minister’s Youth Loan Scheme” and “Prime Minister’s Youth Skill Development Program” offer benefits to women entrepreneurs, there is a need for more targeted support.

#### **Seed Funding and Series A Financing:**

The lack of sufficient Series A funding hinders their growth after initial seed funding rounds. Establishing an entrepreneurship fund that can source money offshore may encourage and support talented entrepreneurs in their early stages.

#### **Barriers to Formal Financing:**

The lack of corporatization and necessary registrations restricts access to formal financing from banks and financial institutions. Streamlining the process of formal financing can enable more startups to access the funding they need to grow and sustain their business.

#### **Personal Resources and Family Support:**

Many entrepreneurs initially rely on personal resources and family support to fund their ventures, as external financing options remain limited. However, this reliance can also mean that family expectations and stigmas about being self-employed become a key hurdle for young entrepreneurs.

#### **Need for Financial Awareness and Incentives:**

To encourage entrepreneurship further, financial awareness and incentives play a crucial role. This can be realized through the incorporation of financial literacy with formal and informal education curricula, and mentorship and guidance through immersive engagements with sector experts. In addition, providing tax benefits, grants, and subsidized loans can alleviate financial burdens and motivate more individuals to venture into entrepreneurship.

## Executive Summary

### DOMAIN 4: BUSINESS DEVELOPMENT SUPPORT AND INFRASTRUCTURE

**Challenges in Accessing Angel Investors and Funding:** Local entrepreneurs face difficulties in finding angel investors and securing basic funding, hindering the growth of startups.

**Rethinking the Role of Incubators and Supportive Organizations:** With an ever-changing business and entrepreneurship landscape a shift from traditional resource-provision models to more dynamic ecosystems that foster collaboration, skill-sharing, and adaptive mentorship need to be created. Incubators need to adopt a more hands-on approach, providing tailored training and mentorship for entrepreneurs.

**Addressing the Gap in Business Development Skills:** There is a gap in business development skills among graduates and young entrepreneurs, necessitating small incubation centres to nurture talent. It is crucial to create targeted training programs, mentorship initiatives, and practical experiential learning opportunities, that can cater to the business development needs of young entrepreneurs.

**Tailoring Support Services for Specific Groups:** Tailoring services is important to create an inclusive ecosystem. This stipulates the need to recognize the unique needs and barriers faced by diverse entrepreneurial stakeholders, such as women, minorities, or persons with disabilities. Support services must cater to the specific needs of women entrepreneurs and underserved communities for inclusivity.

**Importance of Mentorship and Self-Awareness:** Mentorship is crucial for nurturing entrepreneurs and fostering self-awareness within the entrepreneurial community. Mentorship provides valuable guidance, experience, and perspective, for young people who may be unaware

of on-ground realities. It also aids in creating self-awareness, amongst individuals that can then leverage these insights to make informed decisions, capitalize on strengths, and work on their weaknesses, early on in their entrepreneurial journeys.

**Challenges in Accessing Proper Debt Structuring:** Accessing proper debt structuring remains challenging and limiting financing options for startups. Inadequate understanding of various debt instruments and terms can lead to weak financing arrangements, potentially burdening young entrepreneurs with unsustainable debt or unfavourable terms and conditions, that may hinder their progress.

### DOMAIN 5: ACCESS TO MARKETS

**Challenges in Accessing International Markets:** Pakistani startups and entrepreneurs face difficulties in entering global markets due to a lack of exposure, experience, and acceptability. Limited access to buyers, inadequate marketing, and competition from established businesses are some of the main challenges in accessing local and national markets. Inadequate marketing and promotion were the most cited challenges in accessing international markets.

**Need for Capacity Building and Mentorship:** Mentorship and early-stage support can foster entrepreneurship and



## Executive Summary

provide valuable market insights. Fostering partnerships and providing market insights, incubators can help startups from marginalized communities access markets that might otherwise be out of reach.

### **Government's Role in Market Access:**

The government's role in facilitating market access is perceived with mixed views. While there are grants and programs available, accessing these resources can be challenging due to a lack of trust or proper implementation. Some believe that the government should do more to promote export opportunities for young entrepreneurs.

### **Digital Skills and Opportunities:**

Digital skills play a crucial role in accessing new markets and industries. Providing training programs and digital skills initiatives can equip young entrepreneurs with the necessary tools to leverage digital opportunities and access a broader customer base. Conducting thorough market research and establishing effective branding and marketing strategies are also vital for market entry and success.

### **Sources to Reach Potential Clients and Customers:**

Personal networks, social media, and physical stores are the preferred media to reach out to potential clients and customers in all geographical regions of Pakistan. Online marketplaces are the least explored venues for reaching out to potential customers.

## **DOMAIN 6: INNOVATION AND TECHNOLOGY**

### **Technology as a Catalyst for Entrepreneurship:**

The increasing penetration of technology and digitalization has opened new opportunities for young entrepreneurs in Pakistan, especially in the technology sector. Education technology, health technology, and digital platforms have empowered startups to tap into innovative solutions.

### **Youth-led Technology Entrepreneurship:**

Young people are driving innovation in Pakistan, with many technology startups founded and led by young individuals. Digital channels and platforms have facilitated the launch and growth of their businesses, making technology a significant driver of entrepreneurial growth.

### **Focus on Social Entrepreneurship and Impact:**

Social entrepreneurship has gained traction among Pakistani youth, with startups focused on solving real-world challenges and making a positive impact on society and the environment. Solutions for waste management, recycling, and responsible consumption are gaining prominence.

### **Opportunities and Potential Sectors:**

The IT sector, e-commerce, renewable energy, agribusiness, education, sustainable fashion, and health technology are among the key areas where young entrepreneurs can thrive in Pakistan. Climate change challenges also provide opportunities for innovative solutions.

### **Challenges in the Technology Sector:**

Young entrepreneurs in the technology sector face challenges such as internet accessibility, international fund transfer issues, and the need to keep up with technical changes. Addressing these obstacles is crucial for sustained success.

### **Sufficiency of Opportunities and Resources:**

Despite the opportunities, young entrepreneurs feel that there are insufficient resources and opportunities available for them in Pakistan. Internet accessibility and technical infrastructure are areas that need improvement.

### **Ease of Accessing and Adopting New Technologies:**

Most young entrepreneurs find it easy to access and adopt new technologies and innovation. However, efforts are needed to address the challenges faced by those who find it difficult.

# Introduction

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Ever since its independence in 1947, Pakistan's economy has been facing challenges due to various factors including political instability, regional geo-political situations, global recessions, and natural disasters. Pakistan made significant progress towards reducing poverty between 2001 and 2018 when the expansion of off-farm economic opportunities and increased inflow of remittances allowed over 47 million Pakistanis to rise out of poverty. However, this rapid poverty reduction has not fully translated into improved socio-economic conditions, as human capital outcomes have remained poor and stagnant, and long-term growth of real gross domestic product (GDP) per capita has been low, averaging only around 2.2 percent annually over 2000-22<sup>1</sup>. Historically, Pakistan's economy has shown periodic 'boom-bust' growth cycles. The reasons for such volatile growth cycles include wide-ranging economic challenges such as shrinking fiscal space, exchange rate pressure, mounting current account deficit, inflation, energy sector bottlenecks, and the absence of a supportive environment for the private sector<sup>2</sup>.

A silver lining to this situation is the huge market and human resource potential of the country in the form of educated and tech-savvy youth. In 2022, Pakistan's economy recovered from the COVID pandemic (a 0.94 percent drop in 2020) and maintained a V-shaped recovery by posting real GDP growth of 5.97 percent in the fiscal year 2022<sup>3</sup>.

In the face of economic challenges, entrepreneurship, particularly youth entrepreneurship, can help create jobs, generate

revenue, and boost the economy in general. According to the United Nations Development Programme's (UNDP) National Human Development Report (NHDR), Pakistan needs to create 1.3 million additional jobs on average every year, as the number of working-age people will grow from 4 million per year to 5 million per year till 2035<sup>4</sup>. Coupled with the downturn in the country's economic growth, and a shrinking job market, entrepreneurship can act as a critical solution to bridge the current gap between the supply and demand of jobs.

## **Entrepreneurship is a vital component of economic growth and development.**

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The creation of new business entities not only generates value-added, fiscal revenues, employment, and innovation but is an essential ingredient for the development of a vibrant small and medium-sized business sector—the core of most competitive economies. It also has the potential to contribute to specific sustainable development objectives, such as the employment of women, young people, or disadvantaged groups. – UNCTAD (2023)<sup>5</sup>. The Pakistan government has signalled its support of entrepreneurship through intermediaries like the federal government's Ignite (formerly known as the National ICT R&D Fund), which is housed under the Ministry of Information Technology and Telecommunications and has launched the Nation-

<sup>1</sup> The World Bank (2023). *The World Bank in Pakistan*

<sup>2</sup> Government of Pakistan (2022). *Pakistan Economic Survey (2021-2022)*

<sup>3</sup> Government of Pakistan (2022). *Pakistan Economic Survey (2021-2022)*

<sup>4</sup> Invest2innovate (2019). *Pakistan Startup Ecosystem Report*.

<sup>5</sup> UNCTAD (2023). *Entrepreneurship Policy Framework and Implementation Guidance*.

## Introduction

al Incubation Centres in Islamabad, Karachi, Lahore, Quetta, and Peshawar since 2017<sup>6</sup>. The overarching focus of the program is to create a “knowledge economy” in Pakistan, through nurturing startups, providing training, and offering tech-innovation grants to promising deep technology projects and startups. Pakistan has a population of 140 million people under the age of 30<sup>7</sup>, and there has been a 4x growth in data-enabled mobile connections in the past three years. The economy is projected to grow at ~6 percent per year until 2026, giving rise to a promising start-up scene<sup>8</sup>.

A key initiative by the government of Pakistan is the Prime Minister’s Youth Business and Agriculture Loan Scheme started in 2013 and to date has disbursed PKR 105 billion to 115,687 entrepreneurs. Moving forward a target of disbursing PKR 80 billion during the financial year 2023-2024 has been set with PKR 5 billion dedicated to IT startups.

However, several challenges including economic stress, low literacy rate, political instability<sup>9</sup> and limited engagement and leadership of women in businesses<sup>10</sup> still hinder the development of a healthy entrepreneurship ecosystem in the country.

To bridge the gap, the United Nations Development Programme (UNDP) through the Youth Co:Lab, an initiative co-led by UNDP and Citi Foundation and the Islamic Development Bank commissioned this

national research on the youth entrepreneurship ecosystem in Pakistan. The study aims to provide:

- ▶ In-depth analysis of the current state of youth entrepreneur ecosystems in Pakistan through the incorporation of youth, inclusion, and gender lens across the study process.
- ▶ Identification of existing impediments, allowing for the formulation of targeted recommendations for the amplification of the potential of youth entrepreneurship.
- ▶ Identification of entry points to strengthen the operational context for different types of businesses and entrepreneurs from diverse backgrounds.
- ▶ Development of a mechanism to support data-driven decision-making and help make the voices of entrepreneurs and key stakeholders heard.



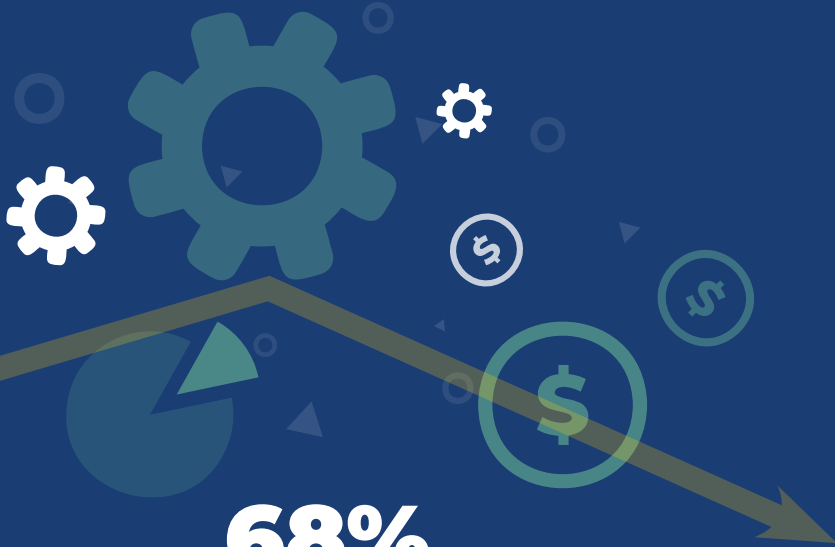
<sup>6</sup> Invest2innovate (2019). *Pakistan Startup Ecosystem Report*.

<sup>7</sup> McKinsey & Company (2019). *Starting up: Unlocking Entrepreneurship in Pakistan*.

<sup>8</sup> McKinsey & Company (2019). *Starting up: Unlocking Entrepreneurship in Pakistan*.

<sup>9</sup> Pervaiz & Khan (2015). *Entrepreneurial Relations of Pakistani Entrepreneurs: A Macroeconomic and Cultural Perspective*.

<sup>10</sup> Invest2innovate (2021). *Pakistan Startup Ecosystem Report*.



**34.6%**

Youth population not in education, employment or training (NEET)  
(ILO, 2021)

**68%**

Population is 30 years or younger  
(National Youth Development Framework 2020)

**61%**

Youth population lives in rural areas  
(Population Census, 2017)

**120**

Global Entrepreneurship Index Rank (2018)  
(GEDI, 2019)

**108**

Ease of Doing Business Rank (2019)  
(World Bank, 2023)

**87**

Global Innovation Index Rank (2022)  
(World Intellectual Property Organization, 2022)

**145**

Global Gender Gap Rank (2022)  
(World Economic Forum, 2022)

**USD 361.64 million**

Total investment raised by startups in Pakistan  
(Pakistan Startup Ecosystem Report, 2022)

**448,000**

Social Enterprises in Pakistan  
(British Council, 2016)

**98**

Entrepreneurship Support Organisations in Pakistan  
(Pakistan Startup Ecosystem Report, 2021)

**11.7%**

of Rs. 140 billion loans disbursed to **161,497** were disbursed to female entrepreneurs under PMYBALS  
(Prime Minister Youth Programme, 2013-2024)

# State of Youth Entrepreneurship in Pakistan

Pakistan's entrepreneurship ecosystem gathered momentum since 2012, with an increasing number of startups, funding, incubation centres, and innovation and entrepreneurship-centric events and activities both in the public and private domains. The Invest2innovate 2019 report<sup>11</sup> on Pakistan's Start-up Ecosystem noted that the federal government launched five National Incubation Centers in 2016, which through public-private partnerships, have collectively graduated 234 startups from their programs. Despite these continuing efforts, the Global Entrepreneurship Index Rank of All Countries (2022)<sup>12</sup> which assesses countries' entrepreneurial ecosystems based on three key aspects: attitudes, abilities, and aspirations, ranks Pakistan at 120 out of 137 countries worldwide. Similarly, assessing the gender parity aspect, the country ranks extremely low on women's entrepreneurship whereby only 1 percent of women are engaged in entrepreneurship, in comparison to 21 percent of men.

## Youth Potential in Pakistan

As the sixth most populous country globally, is home to approximately 200 million people. Within this demographic, the country holds the distinction of possessing the fifth-largest youth population worldwide; where roughly half of its population is below 25 years old<sup>13</sup> while around 64 percent fall below the age of 30<sup>14</sup>. This burgeoning youth demographic presents both a pivotal challenge and opportunity for Pakistan, its successful management hinging largely on the extent of human development of its young population. A key aspect of this involves empowering the youth with the freedom and opportunities to lead meaningful lives<sup>15</sup>.

However, a glance at the Pakistan National Human Development Report (2017) reveals

concerning disparities, indicating that out of every 100 young people, 29 lack basic literacy, and merely 6 percent have received an education lasting beyond 12 years. The findings of the National Human Development Report are further validated by the Pakistan Social and Living Standards Measurement Survey by the Pakistan Bureau of Statistics (PBS)<sup>16</sup>, indicating an overall literacy rate in the country is 60 percent (70 percent men and 49 percent women) for the year 2019-20. Significant gaps were also found regarding the space for social engagement and connectivity: only 15 percent of youth have access to the Internet, 52 percent own a cell phone, 94 percent do not have access to a library, and 93 percent lack access to a sports facility. These statistics indicate the insufficiency of the provision of facilities required by young people to contribute impactfully towards the progression of the economy and create purposeful lives.

<sup>11</sup> Invest2innovate (2019). *Pakistan Startup Ecosystem Report*.

<sup>12</sup> Global Entrepreneurship Development Institute (2018). *Global Entrepreneurship Index*.

<sup>13</sup> McKinsey & Company (2019). *Starting up: Unlocking Entrepreneurship in Pakistan*.

<sup>14</sup> UNDP-Pakistan (2017). *Pakistan National Human Development Report*.

<sup>15</sup> UNDP (2015). *What is Human Development?*

<sup>16</sup> Pakistan Bureau of Statistics (2020). *Pakistan Social and Living Standards Measurement*.

## State of Youth Entrepreneurship in Pakistan



This low level of literacy and lack of access to human development facilities is manifested in the rate of employment among youth, where only 39 of 100 youth are employed (32 of them men and 7 women). Strikingly, 57 of 100 youth (16 men and 41 women) are neither working nor seeking jobs and only a marginal 4 percent of unemployed are actively looking for work. As per the International Labour Organization's (ILO) Labour Force Statistics (2021)<sup>17</sup>, the share of youth not in education, employment, or training (NEET) in Pakistan is 34.6 percent of the total youth population (13.6 percent men, and 56.4 percent women). This highlights higher unemployment rates, wasted human potential, increased risk of social and economic marginalization, and reduced contributions to societal development.

Employment-specific indicators published by the Pakistan Bureau of Statistics (PBS)<sup>18</sup> denote a total Labour Force Participation (LFP)<sup>19</sup> for Pakistan in the 15 to 29 years age bracket at 50 percent. The gender-disaggregate data for LFP, indicates 76.8 percent for men, whereas for women the LFP is considerably lower, ranging between 21 and 24.5 percent as per PBS and development partner estimates. In terms of the sector-wise employment landscape. There is evident diversity in rates of employment, with agriculture, forestry, hunt-

ing and fishing claiming the largest portion at 37.4 percent, followed by community, social and personal services (16.0 percent), manufacturing (14.9 percent), wholesale and retail trade (14.4 percent), construction (9.5 percent), transport storage and communication (6.2 percent), and other sectors at 1.5 percent. Notably, a mere 27.5 percent of the workforce operates within the formal sector, leaving the remaining 72.5 percent engaged in informal employment.

All in all, disparities in education, limited access to developmental resources, and inadequate employment prospects hinder the realization of youth potential and underscore the pressing need for comprehensive support with a focus on accessible education, skill development, and job opportunities.

## Youth Development in Marginalized Communities

A vital aspect to consider whilst assessing the development or provision of opportunities for youth is the nature of inclusivity or lack thereof. Oftentimes members of certain demographic groups remain excluded from development programs, exacerbating their existing vulnerabilities to economic shocks, social instability, and conflicts<sup>20</sup>. These youth groups can include but are not limited to women, rural youth, persons with disabilities, refugees, ethnic minorities, migrants.

## Rural-Urban Context

The Youth Policy of Pakistan notes that almost two third of the youth population resides in rural areas<sup>21</sup>. Concurrently, it emphasizes that Pakistan's rural youth remain largely mar-

<sup>17</sup> ILO (2021). *Data Tools & Labour Statistics*.

<sup>18</sup> Pakistan Bureau of Statistics (2021). *Labour Force Publications*.

<sup>19</sup> LFP is defined as the proportion of the population ages 15 and older that is economically active *World Bank (2022)*.

<sup>20</sup> UN (2014). *Overcoming Youth Marginalization*.

<sup>21</sup> GoP (2008). *National Youth Policy of Pakistan*.

## State of Youth Entrepreneurship in Pakistan

ginalized from mainstream development, with most opportunities continuing to be confined in urban areas. The report further notes the intensification of the disparities in terms of prospects for gaining education and becoming part of the paid labor force, across provinces and between urban-rural youth. This gap deepens further, based on gender.

### Gender

The UNDP Gender Inequality Index (GII)<sup>22</sup>, measuring gender inequalities in reproductive health, empowerment, and the labor market, ranks Pakistan 135 out of 170 countries in 2021, with a GI value of 0.534. Similarly, the Global Gender Gap Report 2022, published by the World Economic Forum (WEF) ranked Pakistan 145 out of 146 countries on the gender parity index. These rankings reaffirm the disparities identified in the preceding sections exploring the progress in education, employment, and training.

### Persons with Disabilities

The LFP<sup>23</sup> survey results further indicate an overall unemployment rate of 6.3 percent (5.5 percent men and 8.9 percent women). The unemployment rate of youth disaggregated by gender, age and persons with a disability is specified as 20.7 percent for men and 8.9 percent for women.

## Youth Entrepreneurship in Pakistan

The entrepreneurship ecosystem in Pakistan has been experiencing a significant rise, reflecting a broader global trend and increased digital consumption within the country. Since 2010, approximately 720 startups have been established, with 67 percent

still active and around 100 successfully raising funding. Some of the biggest funding deals in Pakistan have taken place in recent years, highlighting the vast opportunity for local startups and increased investor focus on a country that is still yet to produce its first high valuation startup.

The number of business incubators in Pakistan has also seen a significant increase, from only 2 in 2012 to 24 in 2019. Despite this increased activity, Pakistan ranks higher than Bangladesh but falls behind India, Sri Lanka, Malaysia, and Nigeria on the Global Entrepreneurship Index. The country has 98 Entrepreneurship Support Organizations (ESOs), 13 Accelerators, 22 Incubators, 24 University Incubators, and 18 Co-Working Spaces. These ESOs have existed since the early days of the startup ecosystem in Pakistan, seeing the most growth from 2014 to 2018.

However, startups in Pakistan, particularly those at the growth and expansion stages, experience a lack of available support services, necessitating reliance on networks. Experienced founders are typically less dependent on tangible services and lean more towards intangible knowledge-intensive and high-value-added support services.

In terms of talent, the World Economic Forum's Global Competitiveness Index (GCI) ranks Pakistan as 110/141 (2019). According to GCI, Pakistan's talent is severely lacking in skills. The top 20 most in-demand technologies in the country face a dearth of skilled resources, which has only been exacerbated by the growing demand for digital services across the globe.

Women-founded startups account for only 1.4 percent of the total amount raised in 2021. The highest amount raised at the seed stage by a women is USD 3 million, com-

<sup>22</sup> UNDP (2021). *Gender Inequality Index – Human Development Reports*.

<sup>23</sup> Pakistan Bureau of Statistics (2021). *Labour Force Publications*.

## State of Youth Entrepreneurship in Pakistan

pared to USD 15 million raised by a man. Of the currently active growth-oriented Entrepreneurs (GOEs), about 33 percent are women.

The government's Small and Medium Enterprise Policy 2021 identifies the development of women's entrepreneurship as one of the agenda items and proposes targeted support to facilitate women-led businesses. In addition to that, it currently offers Women Business Incubation Centers, under the umbrella of the Small and Medium Enterprise Development Authority (SMEDA), to provide women entrepreneurs not only subsidized office space but also other support services.

The early-stage capital gap for startups continues to persist in Pakistan. The data collected for this study shows there is also a significant gap in follow-on financing for startups; Series A and onwards. This explains why new investment funds invest at different stages and are committed to follow-on financing.

The government's flagship Youth Development Programs have also played a key role in supporting youth entrepreneurship and distributed close to 16,000 loans worth PKR 21 billion at subsidized interest rates. Another notable government-backed initiative is the one-window facilitation centre by the Punjab Technology and Information Board (PITB) which helps business clients to lodge information at a single point of contact so their idea can be taken to the markets quickly and efficiently.

In Pakistan, around 448,000 social enterprises are in operation, with a higher contribution to GDP. Pakistani social enterprises have experienced a recent spike in the number of new start-ups, and most social enterprises are led by people under 35 fos-

tering a growing sector engaged by young people.

The government's commitment to fostering entrepreneurship, a growing pool of talented individuals, and increased access to funding and resources have fuelled this growth. The number of registered startups in the country has increased by 70 percent in the past year. Pakistan produces over 20,000 IT graduates each year, providing a steady stream of skilled professionals for the startup ecosystem. Venture capital investments in Pakistani startups reached a record high of \$333 million in 2022. The startup ecosystem is witnessing rapid growth across a diverse range of industries including e-commerce, fintech, health technology, agricultural technology, and education technology. The sense of community and support within the ecosystem is fostering an environment of collaboration, where startups are thriving and learning from each other's experiences.

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# Spotlight:

## Tech entrepreneurship ecosystem in Pakistan

Pakistan's tech sector has witnessed remarkable growth in recent years, driven by a young and digitally native population. The country's transformation towards a digital economy is creating numerous opportunities for tech entrepreneurs and startups. The rise of FinTechs, digital finance, and AI-driven solutions are paving the way for a prosperous future. However, challenges such as gender disparities, bureaucratic red tape, and talent gaps present obstacles to fully realizing the sector's potential.

### **THE DIGITAL TRANSFORMATION AND NEXT GENERATION PAKISTAN:**

The patterns of online learning and increasing independence among young Pakistanis reflect their tech-driven and enterprising spirit. With a burgeoning digital economy, the growth potential is immense. AlphaBeta's report highlights that Pakistan's digital transformation could unlock up to \$60 billion in economic value by 2030. The digital startup ecosystem has already seen promising progress, with over \$230 million raised and the IT and IT-enabled services sector reaching \$2.1 billion in 2021. However, access and attention remain critical challenges, with gender disparities and regional variations in ICT skills hindering some segments of the population from benefiting fully from the opportunities.

### **THE RISE OF TECH STARTUPS AND FREELANCE ECONOMY:**

The advent of the gig economy and tech startups in Pakistan has led to a significant shift in the employment landscape. Young Pakistanis are increasingly inclined to start their own businesses rather than opting for traditional employment. The growth of technology startups during the COVID-19 pandemic was unprecedented, with record-breaking

funding rounds in 2021 and the first half of 2022. Pakistani entrepreneurs have also made a mark on the global stage with successful unicorns like Daraz.pk, Careem, and Zameen.com.

### **GENDER EQUALITY AND THE INTERNET AS AN EQUALIZER:**

The Internet is acting as an equalizer for women in Pakistan, offering new economic opportunities and e-commerce benefits. As literacy remains a challenge for women, internet usage among women is lower compared to men. However, a significant proportion of the study's survey respondents believe that women can benefit from online opportunities. The internet is being seen as beneficial for women's economic empowerment, and both men and women are equally supportive of this notion. Bridging the gender gap and empowering women to participate fully in the tech sector is crucial for a more inclusive and prosperous future.

### **CHALLENGES AND FUTURE OUTLOOK:**

Despite the tech sector's rapid growth, challenges persist. Bureaucratic red tape and inconsistent policies hinder business growth and deter foreign investment. Bridging the late-stage funding gap and addressing currency exchange volatility is essential for sustaining investor interest. The quality and quantity of technical talent need improvement, with an increased focus on critical thinking and product development skills. Enhancing the education system to produce a larger pool of skilled graduates is essential to meet the sector's true potential. By addressing these challenges and fostering an environment that supports innovation and entrepreneurship, Pakistan can continue its trajectory as one of the world's leading tech ecosystems.

# Key Definitions

## Youth

The research adopts the national definition of youth as a population aged between 15 and 29 years of age (National Youth Development Framework, 2019).

## Small and Medium Enterprises

Pakistan's SME Policy 2021, describes SMEs as independent, for-profit, privately owned enterprises. It further breaks down the enterprise into Small and Medium based on the annual sales turnover of up to PKR 150 million, and above PKR 150 million up to PKR 800 million, respectively.

## Startups

The Companies (Amendment) Act 2021 provides a distinct definition of a startup company as a company that:

- a)** It has been in existence for not more than ten years from the date of its incorporation.
- b)** It has a turnover for any of the financial years since incorporation that is not greater than five hundred million PKR (approximately USD 2.8 million).
- c)** It is working towards the innovation, development, or improvement of products processes, or services or is a scalable business model with a high potential for employment generation or wealth creation.

\*This definition is used by the Securities and Exchange Commission of Pakistan (SECP) and may vary in other jurisdictions.



# Methodology and Data Collection



For the primary data collection, the study population comprises enterprises and entrepreneurs, other key actors pivotal to their supply chains, funders, mentors, enterprise incubators, bankers, micro-financiers, policymakers, government officials relevant to registrations, taxations, and related compliance, human resources and economic laws, as well as workforce employed in these enterprises.

## Sampling Plan

Four stakeholder families were considered for the research:

### Primary Stakeholders:

These included entrepreneurs and enterprises. In addition to focusing on youth-led entrepreneurs, to ensure that the data remains inclusive, the sampling approach ensured that adequate representation of women, trans-persons, persons with disability, religious and ethnic minorities, representatives from rural and remote communities, representatives from all sizes of enterprises and key economic sectors. Potential entrepreneurs (students enrolled in business administration programs for undergraduate and graduate level i.e. BBA, MBA, MB-Social Enterprise, etc.) were also included to ascertain envisaged barriers, goals, and entry points.

To make room for statistical analysis, the sample for entrepreneurs was estimated at 400, using one million as the size of businesses in Pakistan (SMEDA), a 95 percent confidence level, a 5 percent margin of error, and approximately 0.6 as the population proportion of youth for the national population, finally appropriate to the population size of the regions. This sample size did not take strata and sub-strata like geography, scale of business, gender of entrepreneur, etc. into account and hence statistical state-

ments with respect to these strata cannot be ascertained. Due to the targeted and purposive sampling approach, cluster or stratified approaches were not used to calculate the sample size. The actual sample size achieved for the survey questionnaire with youth entrepreneurs was 419.

### Directly related Stakeholders:

These included workforces employed in these enterprises, shareholders and investors and venture capitalists, bankers and micro-financiers working directly with the enterprises.

### Indirectly related Stakeholders:

These included ecosystem enablers, incubators, government ministries and agencies, parliamentarians, policymakers, legal actors and implementers, trade union representatives, insurers, media managers and higher education institutions, sectoral experts, and specialists.

### Remotely related Stakeholders:

These included multi-sectoral and cross-functional experts and development partners.

## Methodology and Data Collection

Table 1 shows the breakdown of key informant interviews and focus groups held with these stakeholder groups:

**Table 1 :** Key informant interviews and focus groups conducted

Study Population	Target
Entrepreneurs- KII	7
Entrepreneurs- Case studies	27
Shareholders	1
Investors/ VCs	2
Bankers/ Microfinanciers	1
Incubator Managers	2
Policy Makers	1
Government Officials	1
Legislators	1
HEI representatives	3
Sector Actors (Insurer/ Supply chain partner, Trade Unions etc.)	1
Development Partner Representatives (Representation from UN and Dev Banks)	3
<b>Total</b>	<b>50</b>

## Research Design

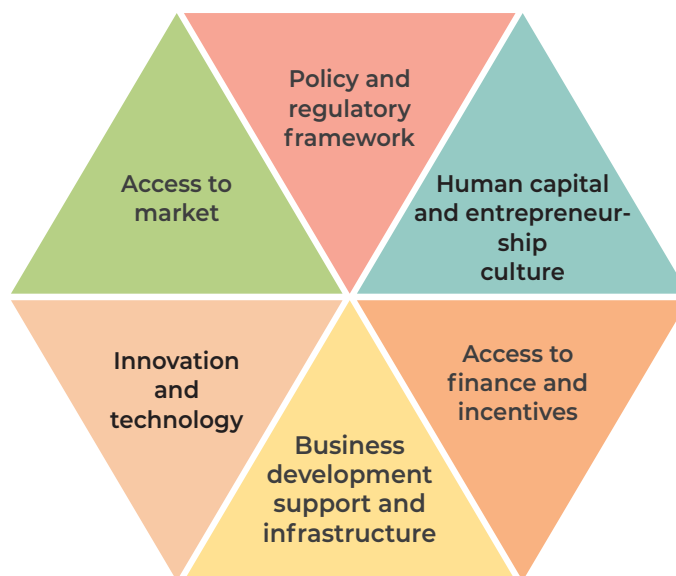
### Diagnostic Framework

The youth entrepreneurship ecosystem consists of various institutional and structural factors, policies programs, and stakeholders that influence and contribute to the operating environment of young entrepreneurs and young aspiring entrepreneurs. The ecosystem stakeholders and ecosystem builders include but are not limited to various types of enterprises, national and local govern-

ments, academia, educational and financial institutes and organizations, business support services, investors, non-governmental organizations, and development partners. In this research, the ecosystem for youth entrepreneurship was analyzed through the Youth Co:Lab's ecosystem diagnostic framework<sup>24</sup>, which consists of six domains:

<sup>24</sup> The framework is informed by Youth Co:Lab's work with young entrepreneurs and ecosystem stakeholders, the 'Government to Community' dialogue framework utilized by the Youth Co:Lab project to assess the five ingredients of a thriving start-up ecosystem, as well as previous research produced by Youth Co:Lab and its partners, such as Islamic Development Bank and Global Entrepreneurship Monitor. The framework is informed by leading research in the field, such as the framework of Domains of the Entrepreneurship Ecosystem by Daniel Isenberg (2009, 2011).

## Methodology and Data Collection



### Definitions of the Domains

<b>Access to Finance and Incentives</b>	<ul style="list-style-type: none"> <li>▶ The availability and accessibility of different financing options and incentives for youth entrepreneurs provided by the government and financing institutions</li> <li>▶ Incentives for investors and funders to support youth-led businesses, and</li> <li>▶ Financial literacy and understanding of different financing options among young people and young entrepreneurs</li> </ul>
<b>Human Capital and Entrepreneurship Culture</b>	<ul style="list-style-type: none"> <li>▶ Entrepreneurship education in the formal education system and other capacity-building programmes</li> <li>▶ The state of entrepreneurship culture and youth interest in becoming entrepreneurs</li> <li>▶ Programmes and facilities supporting the development of human capital and entrepreneurship culture</li> <li>▶ Ease of finding talent in the entrepreneurship sector</li> </ul>
<b>Business Development Support and Infrastructure</b>	<ul style="list-style-type: none"> <li>▶ Availability and accessibility of business development support programmes and structures, such as incubators and accelerators, efforts to develop business development support systems and infrastructure for young entrepreneurs</li> <li>▶ Accessibility to physical infrastructure</li> </ul>
<b>Policy and Regulatory Framework</b>	<ul style="list-style-type: none"> <li>▶ The existence and implementation of policies and regulatory frameworks relevant to and supportive of youth entrepreneurship</li> <li>▶ Efforts to develop the policy and regulatory framework</li> <li>▶ The extent to which bureaucratic and legal structures and processes related to business origination and development are youth-friendly</li> </ul>
<b>Innovation and Technology</b>	<ul style="list-style-type: none"> <li>▶ Innovation and technology support available and accessible to young entrepreneurs</li> <li>▶ The use of digital solutions and technology for business development</li> <li>▶ Efforts to support young (aspiring) entrepreneurs to innovate and use technology in business operations</li> <li>▶ Innovation, technology, and other supporting elements that may further advance the development of youth entrepreneurship</li> <li>▶ Development of innovation and technology-based enterprises</li> </ul>
<b>Access to market</b>	<ul style="list-style-type: none"> <li>▶ Access to local, national, and international markets: barriers and enablers</li> <li>▶ Schemes and programmes that facilitate market access</li> </ul>

## Methodology and Data Collection

### Research Lenses

Adoption of youth-, gender- and inclusion lenses throughout the analysis and across the domains was critical in understanding the opportunities and barriers that young people from diverse backgrounds face. These lenses were at the centre of the diagnostic process from the planning phase to the operationalization of the recommendations.

**YOUTH-LENS:** Adoption of a youth-lens in the diagnostic meant assessing the ecosystem for entrepreneurship specifically from the perspective of young people. In other words, what are the key enablers, barriers, and opportunities specifically for young prospective and existing entrepreneurs. In practice, this meant utilizing age-disaggregated quantitative data, analysing the extent to which the policies, services, and other structures are

youth-friendly and enabling or disabling from the perspective of young aspiring or existing entrepreneurs.

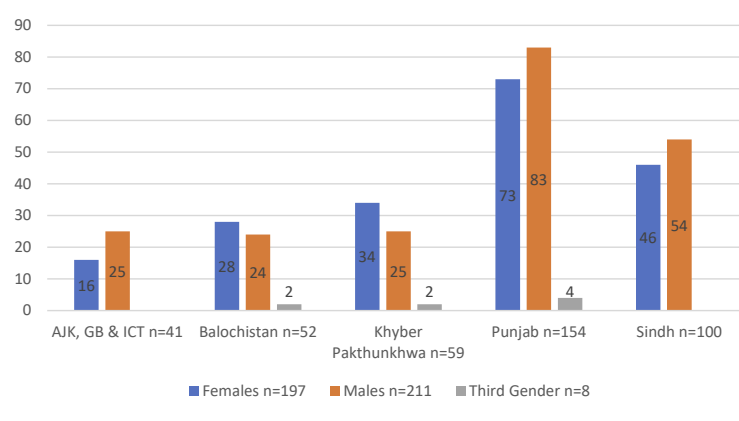
**GENDER-LENS:** Integration of a gender lens across the diagnostic ensured that the different barriers facing young men and young women on their journey to entrepreneurship are captured. A gender-responsive analysis aimed to identify gender-specific barriers and enablers within the ecosystems and provide recommendations that consider gender transformative approaches.

**INCLUSION-LENS:** Segmented analysis was conducted to map the access to support and opportunities among young people from diverse backgrounds, including youth in rural and urban areas; minority youth, and youth from vulnerable communities.

## Snapshot of Survey Respondents

- ▶ A total of 419 young entrepreneurs participated in the survey.
- ▶ As shown in Figure 1, over 38 percent of the respondents were from Punjab, 23 percent from Sindh, 14.5 percent from Khyber Pakhtunkhwa, 12.8 percent from Baluchistan, while the remaining participants were from Azad Jammu and Kashmir, Gilgit-Baltistan and Islamabad Capital Territory. The Figure below depicts the proportion of men, women, and other genders in each of the regions.
- ▶ The survey included responses from 65 districts across Pakistan, the highest number of responses were received from Lahore (48), Karachi (47), and Quetta (29).

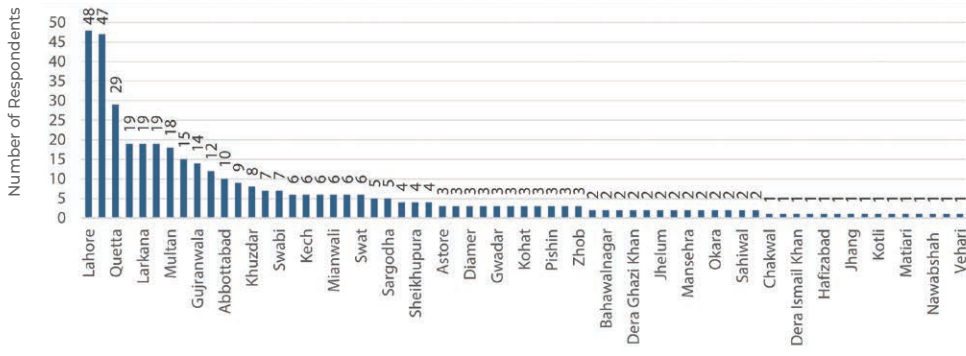
**Figure 1. Respondents' Background by Province and Gender<sup>25</sup>**



<sup>25</sup> Names of provinces may have been abbreviated in figures due to spacing issues. Please note: AJK for Azad Jammu & Kashmir, Bal for Balochistan, GB for Gilgit Baltistan, ICT for Islamabad Capital Territory, Pun for Punjab, and Sin for Sindh. Additionally, due to spacing constraints, gender names have been abbreviated in figures as follows: M for men and W for women

## Methodology and Data Collection

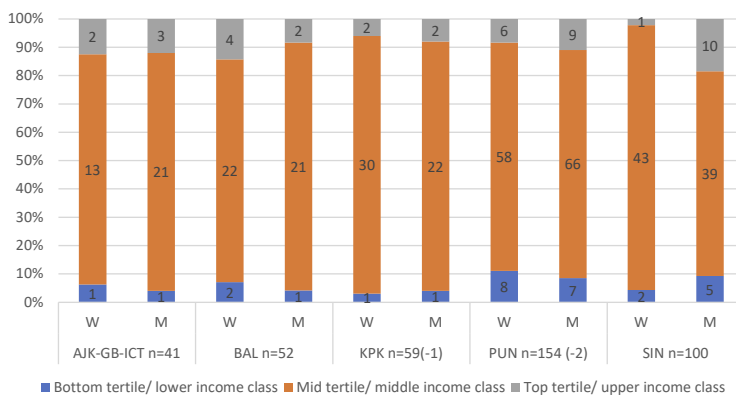
**Figure 2.** Respondents' distribution by districts of residence



- ▶ More than 84 percent of the respondents were living in urban settings while the remaining lived in rural settings.
- ▶ 19 respondents identified themselves as living with a disability.
- ▶ Data for the third gender population (8 respondents) was insufficient and thus was excluded from the results unless specified otherwise.

- ▶ The results of 408 men and women youth entrepreneurs residing in Pakistan have been presented in this report.
- ▶ 83 percent of the survey respondents identified as mid-tertile/middle-income class, followed by top tertile/upper-income class (10 percent), and then bottom tertile/lower-income (7 percent). Figure 3 below shows this breakdown across provinces and by gender.

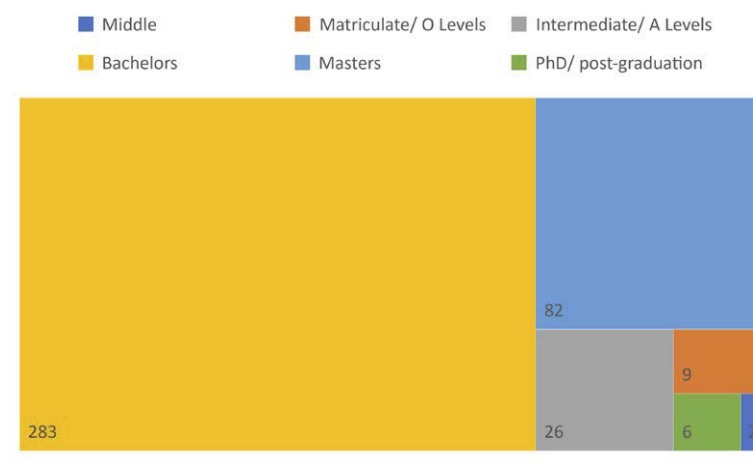
**Figure 3.** Socioeconomic Backgrounds of Respondents by Province and Gender



## Methodology and Data Collection

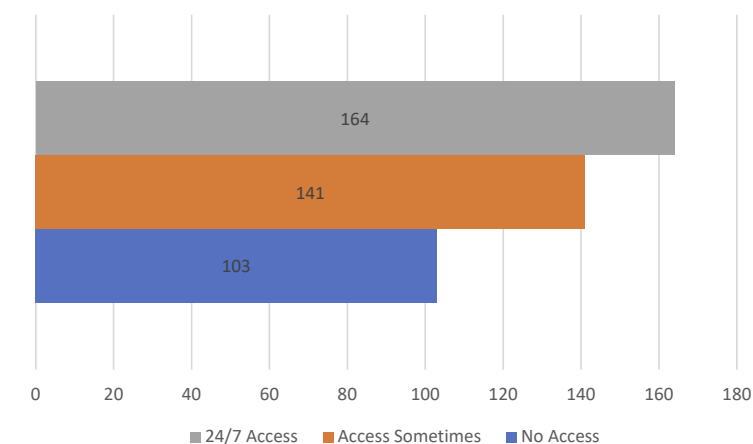
- ▶ 70 percent of the survey respondents have a Bachelor, whereas 20 percent have a Masters, whilst only 1 percent of the respondents hold a Ph.D. or Post-graduation, and the remaining 9 percent have the highest education level between Middle or High School and Intermediate/A levels (Figure 4).

**Figure 4. Educational background of respondents**



- ▶ The majority of the respondents have access to the internet, (40 percent with 24 hour access, whilst 35 percent have access sometimes); 25 percent responded having no internet access (Figure 5).

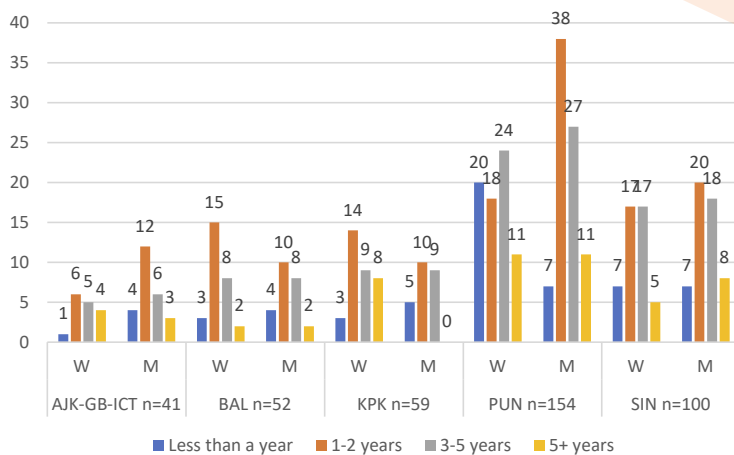
**Figure 5. Access to internet**



## Methodology and Data Collection

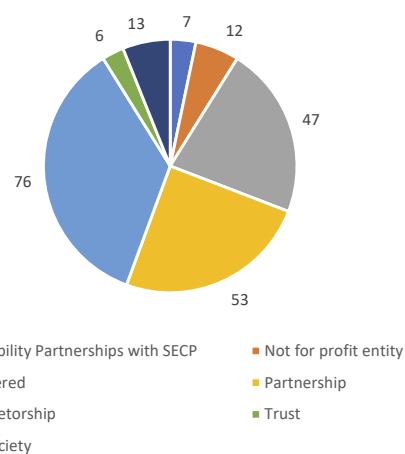
- ▶ Approximately 36 percent of the total respondents have immediate family members who are entrepreneurs.
- ▶ Most young entrepreneurs reported the age of their enterprise as 1-2 years old (40 percent), 3-5 years old (32 percent), less than a year old (15 percent), and only 13 percent with 3-5-year-old enterprises. As shown in Figure 6 below, the largest proportion of youngest enterprises are being spearheaded by females in Punjab, and the largest proportion of oldest enterprises are being led by respondents from Punjab.

**Figure 6. Age of enterprise**



- ▶ 45 percent of enterprises are registered as “limited liability companies”, 19 percent as “sole proprietorships”, 14 percent as “partnerships”, and 10 percent fall under the “not-for-profit”, “welfare society”, “trust”, and “limited liability partnerships with SECP” categories. 12 percent of the total enterprises are “not registered”. Figure 7 shows the distribution of the registration types of the enterprises.

**Figure 7. Registration types of respondents' enterprises**



## Methodology and Data Collection

- ▶ 24 percent of respondents reported that their businesses operate in “Retail/E-Commerce” followed by 15 percent in “Media, Creative Industries”, 8 percent in “Transport, Logistics,” and 7 percent in “Professional Services”.

## Research Limitations

The research was conducted during February and July 2023. All data collection was completed virtually given the political and security situation during the research period. Besides the virtual nature of the study, efforts were made to access and include rural and peri-urban youth entrepreneurs and

other stakeholders in the study through gatekeepers and peer networks. Another survey with staff members of the youth-led enterprises was also considered for this study but was not rolled out after the pilot stage due to the risk of respondent fatigue and limited research on workers.



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# Key Players in the Youth Entrepreneurship Ecosystem in Pakistan



## Government Bodies

Federal and Provincial ministries related to youth and economy work on making a regulatory framework for youth entrepreneurship in Pakistan. The Ministry of Youth Affairs was abolished at the federal level after the 18th amendment to the constitution and the subject of youth development shifted to the provincial governments. Since then, all provincial governments have had ministries or divisions devoted to youth affairs. However, every political government, under special initiatives of the Prime Minister can implement schemes and frameworks for the youth as needed<sup>26</sup>. One example of this is the formation of the National Youth Development Framework in 2020.

Some authorities established under the ministries are:

- ▶ Small and Medium Enterprise Development Authority (SMEDA)
- ▶ Trade Development Authority of Pakistan (TDAP)
- ▶ Security and Exchange Commission of Pakistan (SECP)
- ▶ Chambers of commerce

In Pakistan, SMEDA (Small and Medium Enterprise Development Authority) is an autonomous authority under the Ministry of Industries and Production that supports entrepreneurship through its vision of producing “an SME sector that is globally competitive and innovative, creates high-value jobs to scale up and move towards value-added exports”.

## Higher Education Commission (HEC) and universities

Several universities and institutes have initiated entrepreneurship centres to complement and promote entrepreneurial skills in their partner technological departments in the past couple of years. Their objective is to nourish and prepare their graduates for the entrepreneurial journey. The Institute of Business Administration (IBA) Karachi and the National University of Sciences and Technology NUST, Islamabad have already created entrepreneurship centres. This is followed by others including the University of Central Punjab (UCP), the University of Engineering and Technology (UET) Peshawar, and the Institute of Business Administration (IBA) Sukkur. The entrepreneurial centres at

<sup>26</sup> GoP (2023). *Ministry of Information & Broadcasting*.

## Key Players in the Youth Entrepreneurship Ecosystem in Pakistan

Lahore University of Management Sciences (LUMS) and Baluchistan University of Information, Technology, Management and Sciences (BUI-TMS) have followed suit as well.

### Private Sector and Entrepreneurship Support Organizations

Private and philanthropist organizations are playing their role in capacity building of youth to enable them to start an earning from small businesses. One not-for-profit organization working in this regard is Akhuwat, which provides interest-free loans for small businesses under the program “Akhuwat Islamic Microfinance”<sup>27</sup>.

Aside from government-backed intermediaries, privately led incubators and accelerators such as Innovation District 92, The Nest i/o, and Invest to Innovate (i2i) are running programs throughout the country, and supporting the ecosystem. There are noteworthy university-level incubators like the Technology Innovation Center (TIC) at NUST in Islamabad, the Aman Center for Entrepreneurial Development at the Institute of Business Administration (IBA) in Karachi, and the Takhleeq Incubator at UCP in Lahore. There are also a growing number of startup competitions and conferences, such as Momentum, 021 Disrupt, and Startup Cup, and coworking spaces like Daftarkhwan, CoLab, and the Hive, and other supporting players and associations like Pakistan Software Houses Association for IT and ITES (PASHA), Circle, The Indus Entrepreneurs (TiE), and Organization of Pakistani Entrepreneurs (OPEN). Corporations

and large companies are also playing a role in the entrepreneurial ecosystem, either as partners in some of the national incubator centres, such as Jazz and LMKT, or separately like Telenor and Shell, which support entrepreneurs via programs and small grants.

### International Actors

UNDP, in partnership with the government of Pakistan, initiated the Youth Empowerment Programme with the aim that “equal opportunities exist for all youth to participate in Pakistan’s social, political and economic development processes so that all youth feel an empowered part of society with a stage in its future”<sup>28</sup>. Through the Youth Empowerment Programme, Youth Co:Lab an initiative co-led by UNDP and Citi Foundation currently promotes entrepreneurship to equip young people with the necessary skills to start their own businesses and grow enterprises that will create more employment while providing opportunities to otherwise disadvantaged young people, directly contributing to SDG 8 - Decent Work and Economic Growth<sup>29</sup>.

As activity in the entrepreneurial ecosystem has grown, international donor agencies and actors have also aligned their agenda in favor of entrepreneurship. Programs such as the United States Agency for International Development’s (USAID) Small and Medium-sized Enterprise Activity (SMEA) and the UK government and Gates Foundation-backed entity ‘Karandaaz’ provide business support, grants, and investment for small businesses, with a particular focus on women-led businesses<sup>30</sup>.

<sup>27</sup> Akhuwat (2023). *Akhuwat Islamic Microfinance*.

<sup>28</sup> UNDP (2022). *Youth Empowerment Programme*.

<sup>29</sup> Youth Co: Lab Pakistan (2023). *Pakistan*.

<sup>30</sup> Women’s Entrepreneurs Finance Initiative (2019). *Pakistan Startup Ecosystem Report*.

## Key Players in the Youth Entrepreneurship Ecosystem in Pakistan

### Ecosystem Map

The enablers of a flourishing youth entrepreneurship ecosystem in Pakistan include a range of stakeholders, with ranging functionalities, including but not limited to aspects such as capacity building, funding, access to information, network, and other support services.

Stakeholders	Description
Enterprises/ Youth Entrepreneurs	Youth leading enterprises, and the workforce working within these enterprises. It is important to incorporate young people in each step of vitalizing the entire ecosystem; and to understand the challenges and opportunities that exist in the country under the six key domains identified, through the perspectives of young entrepreneurs. These should be inclusive of marginalized youth communities (women, ethnicity, urban-rural contexts, and young people with disabilities).
Government/ Policymakers/ Regulators	Governments/Policymakers are key in designing and developing policies and programs for youth entrepreneurship; creating an enabling environment for young people, and ensuring implementation and regulation.
Incubators/ Accelerators/ Enablers	Incubation Center Representatives and accelerators are key in providing a conducive environment to youth-led start-ups by providing required resources, and platforms for launching with a sustained growth trajectory.
Investors and Funders	Investors and funders play a crucial role in youth entrepreneurship by providing the necessary capital and resources to enable startups and entrepreneurs to develop, scale, and innovate their initiatives. These include: <ul style="list-style-type: none"> <li>▶ Donors/funds</li> <li>▶ Venture Capital</li> <li>▶ Angel Investors</li> </ul> Including international donors, international financial institutions, bankers, micro-financiers, venture capitalists, seed, share-holders, and early-stage funders - donors, angel investors, and funds.
Private Sector	The private sector including industry, banking and financial institutions, trade associations, and private organizations can play an important role in providing and carving out opportunities for young people to engage in entrepreneurship through corporate-start-up partnerships or mentorships.
(I)NGOs/Not-for-Profit/ Civil Society Organizations/ Community Based Organizations/ International Development Organizations	Non-governmental Organizations are key enablers in creating a healthy youth entrepreneurship ecosystem, through the provision of support to young people, for example, skills development, and creating spaces for young people in entrepreneurial systems. Establishing connections between young people and other key stakeholders such as governmental bodies, the private sector, funding agencies, and incubators at the national, regional, and global levels. They ensure meaningful participation of young people, especially in strengthening grassroots enterprises, and provide support to youth development programs initiated by the government or other relevant stakeholders.
Educational Institutes/ Academia	Academicians, R&D departments, and offices that collaborate with young entrepreneurs and incubation centres for education, training, and skill development.
Cultural Support and Media	An important measure for advancing youth entrepreneurship culture is the support of stakeholders that influence the percentage of young people who take up the pathway of start-ups and self-owned enterprises.

## Key Players in the Youth Entrepreneurship Ecosystem in Pakistan

# Pakistan Youth Entrepreneurship Ecosystem Map

### Government Bodies

- (1) Prime Minister's Youth Program
- (2) Ministry of Planning, Development, and Special Initiatives
- (3) Parliamentary Secretary for Inter-Provincial Coordination
- (4) Ministry of Information Technology and Telecom
- (5) State Bank of Pakistan
- (6) Ministry of Commerce
- (7) Ministry of Finance and Financial Institutions
- (8) Small and Medium Enterprises Development Authority (SMEDA)
- (9) Ministry of Industries and Production
- (10) Federation of Pakistan, Chamber of Commerce with regional offices in Peshawar, Quetta, Lahore, Karachi, Gilgit, Gwadar
- (11) Ministry of Federal Education and Professional Training
- (12) National and Provincial Vocational and Technical Training Commission
- (13) Securities & Exchange Commission of Pakistan (SECP)
- (14) Pakistan Bureau of Statistics
- (15) Small Industries Corporations
- (16) Start-up Punjab (Punjab Information Technology Board)
- (17) Directorate of Youth Affairs, Peshawar
- (18) Youth Affairs and Sports Department in Punjab and Balochistan
- (19) Youth Internship Program in Sindh and Provincial Units in Gilgit-Baltistan and Kashmir implementing the Prime-minister's Youth Policy
- (20) Higher Education Commission (HEC)
- (21) Ministry of Social Welfare and Special Education
- (22) Ministry of Women Development
- (23) Provincial P & D departments
- (24) District Administrations



### Entrepreneurship Support Organizations

- (1) National Incubation Center (Islamabad); NIC (Lahore, Karachi, Peshawar, Quetta)
- (2) Offices of Research, Innovation; and Commercialization (ORICs) Initiative by Higher Education Commission
- (3) FbStart (Innovation Lab Platform)
- (4) Tech Valley
- (5) Innovation District 92
- (6) Social Innovation Lab
- (7) PINE Global
- (8) IBA CED
- (9) NUST (Incubation Center)
- (10) Takhleeq Incubator (University of Central Punjab)
- (11) Karachi Institute of Technology & Entrepreneurship
- (12) Bahria Innovation Center
- (13) PLANX
- (14) invest2innovate
- (15) 10xC (pre-seed accelerator)
- (16) JAZZ
- (17) Ventures Lab
- (18) SEED Ventures
- (19) UNDP Youth Co:Lab
- (20) Cybervision International
- (21) Social Enterprise Academy
- (22) DEMO
- (23) Circle
- (24) She Loves Tech
- (25) Hashoo Foundation
- (26) Climate Launchpad
- (27) Nest I/O
- (28) Take Up (Co-funded by Erasmus+ Programme of the EU)
- (29) Business Incubation Centers (under HEC)
- (30) Accelerate Prosperity
- (31) Stimulus-Climate Launchpad

# Key Players in the Youth Entrepreneurship Ecosystem in Pakistan

## Investors & Funders

- (1) Islamic Development Bank – Youth Development Program
- (2) World Bank
- (3) USAID
- (4) Australian High Commission Direct Aid Program
- (5) Asian Development Bank
- (5) Global Environment Facility – Small Grants Program
- (6) United Nations Development Program
- (7) Department for International Development (DFID)
- (8) Karandaaz (Melinda-Gates Foundation)
- (9) GSMA
- (10) Ignite (NIC)
- (11) Pakistan Poverty Alleviation Fund (PPAF)
- (12) The Multi-Donor Trust Fund (MDTF) for Khyber Pakhtunkhwa (KP), Newly Merged Areas and Balochistan
- (13) Insitor Impact Asia Fund
- (14) Sarmayacar
- (15) Invest2Innovate Ventures
- (16) 47 Ventures
- (17) GOBI Partners
- (18) Acumen Pakistan
- (19) Ashoka Pakistan
- (20) Itacha Capital Pvt. Ltd.
- (21) TPL e-Ventures
- (22) Fatima Ventures
- (23) Lakson
- (24) CresVentures
- (25) Indus Valley Connect
- (26) Artistic Ventures; Venturedive
- (27) Inaara Impact Ventures
- (28) Dot Zero Ventures

## Civil Society Organizations & Development Partners

- (1) UNDP (SheLovesTech, SDG Bootcamps, YouthCo:Lab)
- (2) UNICEF (GenU, Youth Innovation Challenge)
- (3) British Council (DICE)
- (4) USAID (Challenge Fund)
- (5) GIZ (E4W, FSD), Empower Youth for Work

## Educational Institutes/ Academia

- (1) National University of Science & Technology (NUST)
- (2) COMSATS University
- (3) Quaid-e-Azam
- (4) LUMS
- (5) IBA (Karachi)
- (6) Government College University Lahore
- (7) IQRA University
- (8) University of Peshawar (KP Impact Challenge)
- (9) University of Malakand
- (10) University of Balochistan
- (12) Islamia University of Bahawalpur
- (13) University of Gujrat
- (14) UET Lahore and Peshawar (YES Program)
- (15) FC College University
- (16) University of Management & Technology
- (17) Sindh Madressatul Islam University
- (18) Karachi School of Business Leadership
- (19) Karakoram International University
- (20) The University of Azad and Jammu Kashmir (AJK)

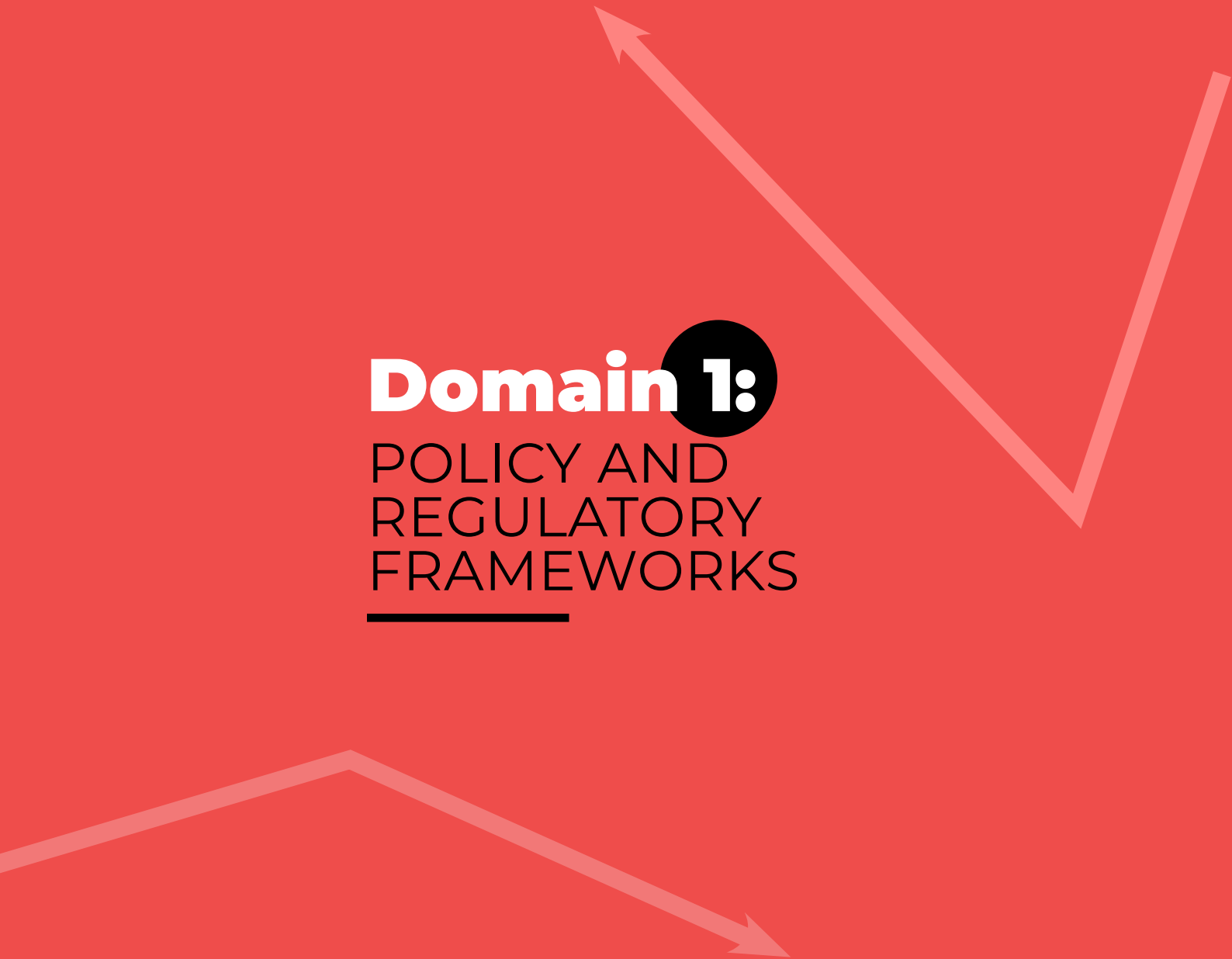
## Media

- (1) MIT Technology Review Pakistan
- (2) Pakwired
- (3) Startupguide.pk
- (4) Techjuice
- (5) VCast

## Private Sector & Networks

- (1) Unilever
- (2) Nestle needs YOUth; U-bank
- (3) Engro
- (4) Habib Bank Limited (HBL)
- (5) Standard Chartered Bank
- (6) Allied Bank Youth Entrepreneurship Scheme
- (7) JS Bank
- (8) Telenor Velocity
- (9) Jazz xlr8
- (10) P@SHA
- (11) TIE
- (12) Islamabad Chamber of Commerce and Industry (ICCI)
- (13) MIT Enterprise Forum Pakistan
- (14) Pakistan Women Entrepreneurs Network for Trade
- (15) Women in TechPK

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# Domain 1:

## POLICY AND REGULATORY FRAMEWORKS

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# Domain 1: Policy and Regulatory Frameworks



## State of Play

In Pakistan, the state of the policy and regulatory frameworks for youth entrepreneurship presents a mixed picture. While the government has taken some positive initiatives to support young entrepreneurs, bureaucratic red tape and inconsistent policies continue to hinder their growth and development.

The federal government plays a crucial role in setting broad guidelines for provincial governments, but the subject of youth development shifted to the provincial level after the Eighteenth Amendment of the Constitution and the subsequent abolition of the Ministry of Youth Affairs at the federal level in 2010. Each province now has its ministry or division devoted to youth affairs, allowing for targeted policies. However, decentralization can also lead to inconsistency and fragmentation in approaches to support youth entrepreneurship.

At the federal level, the National Youth Development Framework (NYDF) was introduced as a guiding principle for provincial governments to act on youth development initiatives. Under the Prime Minister's special initiative, a youth affairs wing was established in the Prime Minister's office, resulting in the creation of the NYDF. The framework started with the focus on three key principles, the "3Es" - quality education, gainful employment, and meaningful engagement, where entrepreneur-

ship is addressed underemployment. The initiative has now expanded its focus and includes a "4th E" under Environment.

The initiatives under the NYDF include, but are not limited to:

- ▶ Education: upgradation, capacity enhancement, and expansion of existing university campuses, scholarship opportunities for students from marginalized backgrounds, overseas scholarship schemes, youth laptop schemes, and grants to promote Research and development in universities.
- ▶ Employment and Entrepreneurship: skills development programs, upgradation of TVET institutes, paid internship and apprenticeship opportunities, career counselling and mentorship networks, enabling environment for private sector job creation, interest-free and subsidized loans to young people, innovation funds for young entrepreneurs and startups, and strengthening of existing incubation centres.
- ▶ Engagement: the creation of youth councils and networks, "champions of reforms" network, construction of new sports complexes, sports talent hunt schemes and competitions, digital youth hubs, youth leadership awards, and services portal and access to information initiatives.

## Domain 1: Policy and Regulatory Frameworks

However, despite these initiatives, the lack of a comprehensive, cohesive, and long-term national youth entrepreneurship policy remains a challenge. Bureaucratic inertia and inconsistent policies continue to hamper the growth of the youth entrepreneurship ecosystem. The complex and time-consuming process of starting a business, involving multiple government departments and interactions, discourages many young entrepreneurs from formalizing their ventures at an early stage. This delays their access to external funding and support, limiting their growth potential.

Furthermore, policymakers often fail to recognize the unique needs of technology-driven startups. Outdated regulations demand physical locations for registration, even though many entrepreneurs only require laptops and internet connectivity to start their businesses. Taxation policies related to sweat equity also present challenges, as they tax equity earned by founders or employees as income before its liquidation.

Nevertheless, some positive changes have been implemented by the State Bank of Pakistan (SBP) to facilitate investment and cross-border financial services. The removal of prior approval requirements for repatriation of investment and the regularization of convertible debt issuance creates a more conducive environment for foreign investors and businesses seeking cross-border transactions.

To foster a thriving youth entrepreneurship ecosystem in Pakistan, it is crucial to streamline and digitize registration processes, align policies with the modern realities of tech startups, and simplify tax policies related to equity compensation. The government should actively engage with the startup community to understand their needs and create a supportive and responsive policy and regulatory framework. By addressing these challenges and creating an enabling environment, Pakistan can unlock the full potential of its entrepreneurial spirit and establish itself as a leading player in the global technology landscape.

## Key Findings

In the domain of policy and regulatory framework for entrepreneurship in Pakistan, several crucial themes emerge, each backed by insightful quotes from key stakeholders in the entrepreneurial ecosystem.

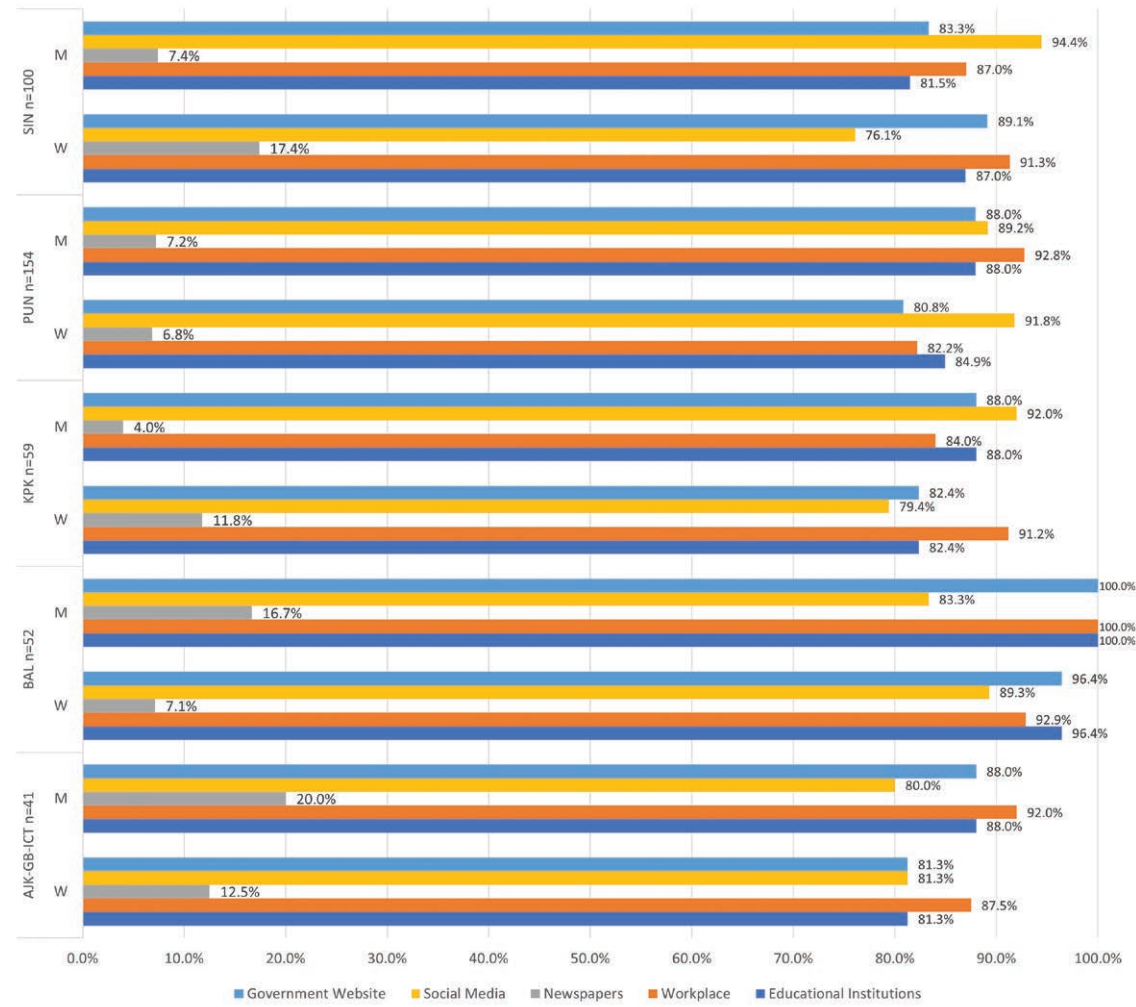
### Lack of Awareness and Knowledge

One of the prominent themes revolves around the lack of awareness and knowledge among youth entrepreneurs regarding policies and regulatory opportunities that can benefit them. During the research interviews, an incubator manager highlighted that startups might not be aware of potential benefits like carbon credits offered by government policies. This underscores the need for better access to information, inclusive communication, and dissemination of information so that all startups can take full advantage of incentives and support offered by the government.

Survey findings reveal that overall, 90 percent of the total survey respondents (young men and women entrepreneurs) use their workplace as the number one source of information to learn about businesses, markets, finance, and tech support for their enterprises, followed closely by government websites (88 percent) and educational institutes (88 percent). Whereas, 86 percent of the young respondents also identified social media as a key source of information. Only 11 percent identified newspapers as a source of their information. This pattern slightly differs between the provinces, for example in Balochistan, entrepreneurs prefer educational institutes and government websites above their workplace as sources of information. Similarly, in Punjab, social media is considered the most popular source of information, with 90 percent of respondents. Figure 8 shows the sources of information disaggregated by province and gender. Utilization of the most relevant platforms can be key in the dissemination of information and creating greater awareness.

## Domain 1: Policy and Regulatory Frameworks

**Figure 8.** Source of information regarding any business, market, finance, tech support for enterprise<sup>31</sup>



In addition to the perplexity young people may feel in their entrepreneurial journey due to the dearth of information, knowledge, and skills as well as guidance and mentorship. There are a multitude of challenges identified by young entrepreneurs in the current study (Figure 9) including but not limited to, lack of funding and incentives for setting up small and medium enterprises, legislative or policy hurdles, and lack of conducive regulatory frameworks leading to market incom-

patibility, supply chain issues, poor business ethics, and corruption. Political instability was another important challenge identified by the respondents. Other challenges highlighted by respondents were inadequate infrastructure, barriers in access to international markets and money exchanges, incapable government and non-government bodies, networking issues, intellectual property rights issues, and lack of opportunities in small cities.

<sup>31</sup> Provincial names have been abbreviated in all the figures, as follows: AIK-GB-ICT: Azad Jammu & Kashmir-Gilgit Baltistan-Islamabad Capital Territory; BAL: Balochistan; KPK: Khyber Pakhtunkhwa; PUN: Punjab; SIN: Sindh

## Domain 1: Policy and Regulatory Frameworks

**Figure 9.** Biggest Challenges experienced by young entrepreneurs in Pakistan



The diversity of challenges faced by young entrepreneurs, especially in terms of unfavourable policy and regulatory environment requires targeted interventions to foster an enabling environment.

**“They [regulators] need to not just act as regulators, but technically as enablers.”**  
*(Incubator Manager)*

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## Domain 1: Policy and Regulatory Frameworks

### Policy Support for Green Energy and Sustainability

A growing trend in Pakistan's entrepreneurial landscape is the emphasis on social and green entrepreneurship. Ventures addressing major societal issues, such as climate change, food security, diversity and inclusion, gender equality, education, and mental wellness, are gaining prominence, as noted by an

investor. Policymakers are urged to promote and support such ventures through targeted initiatives and programs. This pertains to the importance of policy support for green energy and sustainability to foster entrepreneurship.

**“What government needs to facilitate is building the grounds for some of the entrepreneurs in terms of a policy in green energy, a policy of helping entrepreneurs...”**  
*(Incubator Manager)*

### Government as Enablers and Facilitators

The role of the government as an enabler and facilitator of entrepreneurship emerges as another prominent theme. For a flourishing entrepreneurial ecosystem, it is critical that the government and its policy and

regulatory frameworks create a facilitative foundation for entrepreneurs, which promotes standardization and formalization of the sector, whilst also incentivizing businesses.

**“So, tax benefit, energy subsidy, more documentation help in terms of not kind of intimidating them or harassing some of the businesses but facilitating them.”**  
*(Incubator Manager)*

Providing tax benefits, energy subsidies, and streamlining documentation processes can significantly support startups in environmentally conscious endeavours, as stressed by another incubator manager. An educa-

tionist further emphasizes the need for policies that focus on sustainable solutions, indicating that the government should prioritize environmentally friendly ventures.

**“I think the policies should be sustainable policies or should at least focus on sustainable solutions.”**  
*(Educationist)*

## Domain 1: Policy and Regulatory Frameworks

Regulators are encouraged to move beyond their traditional role and take on a more proactive stance as enablers. This entails transitioning from a “top-down” approach in policymaking to a more iterative process that is based on an insight from stakeholders across the board.

Educationists also emphasised the need for government to engage government bodies, academia, and industry stakeholders in collaborative efforts to formulate effective policies and ensure their successful implementation. Additionally, the need for policies to be limited but effectively implemented, fostering inclusivity among different entrepreneurship domains was also highlighted.

Effective policy implementation and flexibility in the regulatory framework are key concerns to accommodate the diverse needs of startups and entrepreneurs. An

“**Request the Government to take on board the Government bodies, academia, and industry, and make them sit together in the same place and then talk about what kind of policies are implementable.**”  
(Educationist)

educationist stressed that the problem lies with implementation and advised a focus on executing policies rather than creating new ones. The need for flexibility in educational systems is also highlighted, as it can better equip future entrepreneurs, with the essential technical and non-technical knowledge and skills for business development, beyond conventional curricula.

### Supportive Government Initiatives and Programs

Supportive government initiatives and programs play a crucial role in promoting youth entrepreneurship.

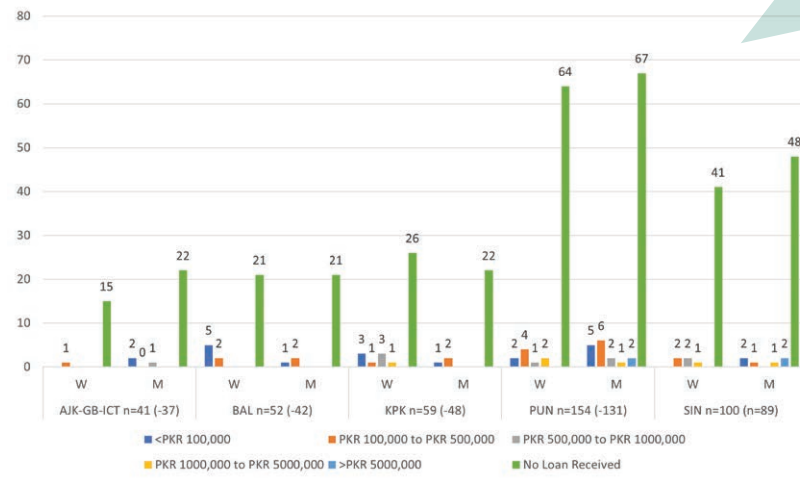
Various programs, such as the Prime Minister’s Youth Loan Scheme and the Prime Minister’s Youth Skill Development Program, have been introduced to provide financial assistance and skill development support to young entrepreneurs. Figure 10 illustrates the size of loans received from the Prime Ministers’ Youth Entrepreneurship Scheme. As visible, of the total 62 respondents who were able to secure loans for their enterprises, almost 70 percent of the loans secured

were PKR 500,000 or less. Only 10 respondents were able to receive loans higher than PKR 1000,000.

The majority of loans, particularly in the categories of less than PKR 100,000 and PKR 100,000 - PKR 500,000, were distributed to 42 youth entrepreneurs across provinces. In the PKR 500,000 to PKR 1,000,000 category, notably, loans were primarily awarded to women in KPK and Punjab, while Sindh saw a balance between men and women receiving loans. Loans exceeding PKR 500,000 were less common and largely obtained by 4 male entrepreneurs in Sindh and Punjab.

## Domain 1: Policy and Regulatory Frameworks

**Figure 10.** Size of loan received by the 62 respondents from Prime Minister's Youth Entrepreneurship Scheme<sup>32</sup>



Additionally, initiatives are in place to promote and support women entrepreneurship through training, mentorship, and financial assistance through initiatives like the Women Entrepreneurship Program.

Table 2 provides an overview of the support sought by youth entrepreneurs with the highest percentage of support sought in the form of training and networking; Small and Medium Enterprise Development Authority (SMEDA) has been identified as the biggest support for young entrepreneurs in this regard, followed by the UN. Similarly, SMEDA is also viewed as a key resource for loans and seed money with approximately 80 per cent of the respondents verifying these figures. The PM Youth Entrepreneurship also seems to create an impact across all categories, albeit smaller than SMEDA and the UN. The rural support programs

**“SMEDA has developed feasibility studies to start a business in several sectors. Also, they organize workshops on how to start a business and have a facilitation desk to guide the startups.”**  
(Sector Specialist)

and other privately operated programs garner less attention as per the survey responses. Interestingly, “mentorship” is the least sought-after type of support by young entrepreneurs. However, those that recognize its need, largely source it from non-conventional sources such as the youth or education department, or the National Incubation Centers (NICs).

<sup>32</sup> BAL n=10/52 means out of 52 respondents from Balochistan province, only 10 received loans from the Prime Ministers' Scheme, the breakdown of which is provided in Fig 10.

## Domain 1: Policy and Regulatory Frameworks

**Table 2 .** Heat Map of types of support sought by respondents and source of the support\*

\* The colours used in the heatmap refer to strength of number of responses in each category with darker shades referring to higher values.

N = 393	SMEDA	UN	PM Youth Entrepreneurship/ Loan Scheme	Hashoof F	Kashf F	Aga Khan RSP	Balochistan RSP	Sindh RSP	Punjab RSP	NICs	Other: Youth Dept, Education Dept, Etc.
Loan	320	311	48	8		9	2	1	1	2	5
Seed Money	321	32	5	1					1		10
Training	351	344	53	9	9	9	2	1	1	10	10
Mentorship		1								7	14
Networking	351	342	52	9	9	9	2	1	1	8	4

Sector specialists stress, that in order to foster a conducive environment for startups, the government must make critical reforms, added to which there needs to be a greater focus on financing opportunities, incubators, mentoring, skill development, market access, and entrepreneurial education from an early age.

Challenges in policy implementation and the need for better integration of youth and women's perspectives and experiences are also noted. The sector specialist highlights that more work needs to be done on the policy level, emphasizing the importance of integrating youth and women entrepreneurship into existing development projects.

**“More work needs to be done on a Policy level. There are several projects under PSDP, but a proper integration of youth and women entrepreneurship is needed.”**

*(Sector Expert)*

Visionary and entrepreneurial leadership at the national level is considered essential for fostering a conducive environment for entrepreneurship. A serial entrepreneur passionately emphasized that the country needs an entrepreneurial executive to drive policies and initiatives that support entrepreneurship. Lastly, streamlining policies to ensure accessibility and applicability across

different sectors of the entrepreneurial ecosystem is of utmost importance.

**“Forget about policies. I would say we need an entrepreneurial executive to run the country.”**

*(Serial Entrepreneur)*

## Domain 1: Policy and Regulatory Frameworks

Case Study:

### Innovation Hub Show



Innovation Hub is the World's First Reality Show where inventors, innovators, and entrepreneurs pitch their project ideas for Government funding, where the power of innovative ideas meets the strength of government investment. Innovation Hub is produced by the Ministry of Planning, Development and Special Initiatives, Government of Pakistan, in collaboration with the Pakistan Television Corporation (PTV). The show aired in June 2023.

The Pakistani government has short-listed 95 candidates out of 1,000

applicants to pitch their ideas from different fields, including agriculture, education, technology, innovative mobile apps, and health, and will award 60 of them up to Rs20 million in seed funding to materialize their projects as part of a Rs10 billion program. These grants will be awarded under the Pakistani Planning Ministry's Pakistan Innovation Fund (PIF) program. The Fund is part of the Federal Government's 5e framework includes the promotion of exports, energy, environment, equity, and empowerment for the country's economic development.





# Domain 2:

## HUMAN CAPITAL AND ENTREPRENEURSHIP CULTURE

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## Domain 2:

# Human Capital and Entrepreneurship Culture

## State of Play

The extent to which social and cultural norms encourage youth to entrepreneurship including for example role of families and peers, culturally valued career paths, and gender-related norms is known as entrepreneurship culture. Entrepreneurship culture also represents how much motivation and value are present for self-employment and businesses within a society. The media, government, educational institutions, and social and professional organizations all play an important role in shaping perspectives on entrepreneurship<sup>33</sup>.

In Pakistan, there is little encouragement or motivation for entrepreneurship at the school level because this discipline still is not considered to be as important as other subjects taught in school. As a society, parents and teachers emphasize the importance of success and safe career choices like government employment, limiting the youth's scope of career choices. Some universities in megacities like Islamabad, Lahore, and Karachi have started MS programs in entrepreneurship in recent years. Despite business plan competitions at the university level, business graduates look forward to working for a multinational instead of starting their own business<sup>34</sup>.

Socially constructed gender roles also play a role in the entrepreneurship culture of Pakistan. Women who participate in entrepreneurial activities form only a small piece of the pie i.e. 1 percent as opposed to 21 percent of men and that too working in the informal sector. Most women who run their businesses are operating in conventional business lines such as textiles, vocational training or food. Much of the gender disparity in entrepreneurial settings might also be present because women bear the disproportionate burden of unpaid care work leading to a large number of women dropping out from the workforce and avoiding long working hours outside the home that put a strain on their personal life<sup>35</sup>. Most of the women highlighted negligible or no support from their families<sup>36</sup>. It is challenging for women to operate within the business environment due to patriarchal values and cultural barriers which discourage women's independence and right to earning<sup>37</sup>.

Most of the entrepreneurial initiatives in the country are necessity-driven<sup>38</sup>. The rate of establishment of enterprises remains low because of limited opportunities and largely self-motivated entrepreneurship. The attitude towards entrepreneurship in Pakistan is generally not that favorable. Only 46 percent of adults in Pakistan perceive entrepreneurship

<sup>33</sup> Organization for Economic Co-operation and Development (OECD) (2014). *Supporting Youth in Entrepreneurship*.

<sup>34</sup> Seed Ventures (2017). *Entrepreneurial Ecosystem of Pakistan*.

<sup>35</sup> Asian Development Bank (2016). *Policy Brief on Female Labor Force Participation in Pakistan*.

<sup>36</sup> The Nation (2022). *Pakistan's Entrepreneurship & Startup Sector Still Has Clear Gender Gap*.

<sup>37</sup> ILO (2003). *Women Entrepreneurs in Pakistan*.

<sup>38</sup> Global Entrepreneurship Monitor (2012). *Entrepreneurship in Pakistan*.

## Domain 2: Human Capital and Entrepreneurship Culture

to be a good career choice, and 31 percent of them are apprehensive about starting because they have a severe fear of failure<sup>39</sup>. However, aspirations for entrepreneurship are high, and people residing in metropolitan cities perceive that they have the skill set and knowledge required to start a venture<sup>40</sup>. According to the Global Entrepreneurship Monitor Report 2012, men in Pakistan tend to have a more positive entrepreneurial attitude than women. The men respondents are about three times more aware of someone who has started a business in the last two years, a proxy measure of networking with entrepreneurial individuals. Low economic participation from women also remains a key contributor to Pakistan's low GDP. According to Global Gender Report 2022, Pakistan ranks second lowest (145 out of 146) in terms of gender disparities<sup>41</sup>.

### Efforts to Develop Human Capital in the Country

Various government and private organizations are working for the promotion and capacity building of youth in terms of technical and vocational training in Pakistan. Some of the noteworthy incentives and programs are listed below.

#### NATIONAL VOCATIONAL AND TECHNICAL TRAINING COMMISSION (NAVTTTC)

National Vocational and Technical Training Commission (NAVTTTC) was established in 2005 under the Ministry of Federal Education and Professional Training and aims to “provide direction, support and an enabling environment to the public and private sec-

tors to implement training for skills development to enhance social and economic profile”. Under its Prime Minister's Youth Skill Development Program (PMYSDP), NAVTTTC aims to equip young people with market-driven conventional and high-tech skills “at par with international standards”. To date, it has 1500+ youth in leading industries<sup>42</sup>.

#### TECHNICAL EDUCATION AND VOCATIONAL TRAINING AUTHORITY (TEVTA)

The Skilled Labour Market Information System (SLMIS) system is implemented by the Technical Education and Vocational Training Authority (TEVTA) Punjab in Pakistan; through its 40+ training institutes<sup>43</sup>. The Program has three parts: an online information system; an online/offline placement system to assist graduates of TEVTA and related institutes; and skill mapping of all the districts of Punjab. The information system presents basic information regarding the labour market of Punjab. It also provides market tendency, data of job seekers and opportunities for related persons in industry and skill training prospects<sup>44</sup>.

#### NATIONAL INTERNSHIP PROGRAMS

National internship plans are regular features of youth development and have been implemented by different political governments to impart skills to young graduates in the fields of science and technology by working in government departments.

Under the National Youth Development Framework (2020) the following programs were started to develop the skills of youth<sup>45</sup>;

<sup>39</sup> Global Entrepreneurship Monitor (2019). *Entrepreneurship in Pakistan*.

<sup>40</sup> Seed Ventures (2022). *Entrepreneurial Ecosystem of Pakistan*.

<sup>41</sup> World Economic Forum (2022). *Global Gender Gap*.

<sup>42</sup> NAVTTTC (2023b). *PM's Youth Skill Development Program*.

<sup>43</sup> *Technical Education & Vocational Training Authority Punjab (2023)*.

<sup>44</sup> *Journal of Development Policy, Research & Practice (2020). Youth Development in Pakistan: A Provincial Analysis*.

<sup>45</sup> GoP (2020). *National Youth Development Framework*

## Domain 2: Human Capital and Entrepreneurship Culture

- ▶ Youth Entrepreneurship Scheme (YES!): the program supports young entrepreneurs in the country by providing them with financial assistance and training. Through this scheme, eligible young individuals could apply for loans to start their businesses.
- ▶ Hunarmand Pakistan (Skills for all): to enhance the employability of the workforce and reduce unemployment, the Hunarmand Pakistan program targeted both urban and rural populations, with a particular emphasis on reaching marginalized communities, through the provision of skill development and vocational training opportunities. 37,000 young people were trained in traditional and high-tech trades under the first phase, with an addition of 50,000 more in the second phase<sup>46</sup>.

### THE PTCL YOUTH PROGRAM:

Experia –Summer Internship Program by PTCL is a project-based paid internship program in which young people work on real-time business problems and provide creative and innovative solutions. The program provides an immersive experience for young people to develop skills and exposure to corporate environments.

‘SummerSpark’ Internship Program provides hands-on work experience on various business projects under expert mentorship at PTCL and Ufone 4G offices in Islamabad, Lahore, and Karachi that will facilitate them to set the stage for the successful commencement of their professional careers ahead. Up to 30 young people benefited from the 2023 cycle<sup>47</sup>.

### E-ROZGAAR CENTRES

Another employment-related initiative is ‘e-Rozgaar’ centres in all districts by the Punjab Information Technology Board and Youth Affairs Department. It is aimed at providing training to budding freelancers and improving their professional capabilities, through free training programs, mentorship, and guidance to help young people develop their skills and start earning income online.

### THE PUNJAB SKILL DEVELOPMENT FUND (PSDF)

The Punjab Skill Development Fund (PSDF) aims to provide skills training to poor and vulnerable youth to equip them for employment and livelihood opportunities. The main programs under PSDF include Industrial Training Programmes, Formal Training Programmes; Community-Based Programmes, and Women-Focused Programmes. The fund supports training for over 80,000 youth every year in 250+ demand-driven skills. To date PSDF has more than 500,000 graduates; 43% of them being women<sup>48</sup>.

### HIGHER EDUCATION COMMISSION'S (HEC) DIGITAL LEARNING AND SKILL ENRICHMENT INITIATIVE (DLSEI)

Digital Learning and Skill Enrichment Initiative is HEC’s initiative in collaboration with Coursera to provide in-demand courses free of cost to the youth of Pakistan. In the third phase of DLSEI in 2023, HEC will sponsor skill development opportunities for Pakistan’s youth by offering free access to 5,300 online courses and 3,400 guided projects on Coursera across 11 domains in a view to rapidly deploy high-quality digital and human skills training at scale across the country<sup>49</sup>.

<sup>46</sup> The Daily Times (2021). *Around 37000 youth trained under ‘Hunarmand Pakistan’.*

<sup>47</sup> Pakistan Telecommunication Company Limited (2023). *PTCL Group’s SummerSpark Internship Program 2023 is set to ignite the careers of young graduates.*

<sup>48</sup> PSDF (2023). *Skills for Success.*

<sup>49</sup> HEC (2023). *Digital Learning & Skills Enrichment Initiative 2.0.*

## Domain 2: Human Capital and Entrepreneurship Culture

### SKILL DEVELOPMENT INITIATIVES BY UNIVERSITIES

Several universities and institutes have initiated entrepreneurship centres to complement and promote entrepreneurial skills in their partner technological departments in the past couple of years. Their objective is to nourish and prepare their graduates for the entrepreneurial journey. IBA Karachi followed by NUST, Islamabad have already created entrepreneurship centres. This is followed by others including the University of Central Punjab, UET Peshawar, and IBA Sukkur. The entrepreneurial centres at Lahore University of Management Sciences (LUMS) and Baluchistan University of Information, Technology, Management and Sciences (BUI-TMS) have followed suit.

### YOUTH EMPOWERMENT PROGRAMME BY UNDP

UNDP, in partnership with the government of Pakistan, initiated the Youth Empowerment Programme with the aim that “equal opportunities exist for all youth to participate in Pakistan’s social, political and economic development processes so that all youth feel an empowered part of society with a stage in its future”<sup>50</sup>. Through the Youth Empowerment Programme, Youth Co:Lab an initiative co-led by UNDP and Citi Foundation currently promotes entrepreneurship to equip young people with the necessary skills to start their businesses and grow enterprises that will create more employment while providing opportunities to otherwise disadvantaged young people, directly contributing to SDG 8 - Decent Work and Economic Growth<sup>51</sup>. Although

the Youth Empowerment Programme formally concluded in 2022, many of its activities about youth economic empowerment continue under the Stabilization and Inclusive Development Programme, benefiting thousands of young people across the country.

### IDEAGIST – VIRTUAL INCUBATOR:

IdeaGist is supporting PM’s Startup Pakistan program by offering its Practical Entrepreneur Training program for free to all participants, through its singular platform including a growing community of entrepreneurs, innovators, mentors, investors, students, researchers, and freelancers.

Besides these key initiatives, several activities promoting young people have been initiated including the development of Pakistan’s Youth Development Index (2021), National Innovation Awards (2023)<sup>52</sup>, and Youth Leadership Awards<sup>53</sup> (rolling basis).

While there remain hurdles to overcome, the presence of these initiatives and efforts to develop human capital in Pakistan is a positive sign for the future of entrepreneurship in the country. To foster a thriving entrepreneurship culture, it is essential for all stakeholders, including the government, educational institutions, media, and society as a whole, to work together in empowering the youth and breaking down barriers that limit their potential. By fostering a more supportive and encouraging environment for entrepreneurship, Pakistan can unlock the untapped potential of its young population and drive economic growth and innovation in the years to come.

<sup>50</sup> UNDP (2022). *Youth Empowerment Programme*.

<sup>51</sup> Youth Co: Lab (2023). *Pakistan*.

<sup>52</sup> GoP (2023). *Prime Minister’s Youth Programme*.

<sup>53</sup> Youth for Pakistan (2023). *Youth Leadership Award*.

## Domain 2: Human Capital and Entrepreneurship Culture

### Key Findings

#### Urgency to Solve Social Challenges

In the domain of human capital and entrepreneurship culture in Pakistan, the urgent need to address social challenges emerges as a prominent theme. The younger generation of millennials and Gen Z entrepre-

neurs is deeply aware of the pressing issues that afflict society. They are driven by a strong desire to make a positive impact and solve these problems.

**“ Luckily, what’s been happening in Pakistan and I think globally is that this younger generation which would be millennials and Gen Z are quite aware of the social challenges around them... And they want to solve the problem because truly they don’t have a choice, they have to solve the problem and - this urgency to fix what is wrong will change the face of youth entrepreneurship.”**

*(Investor/VC)*

Startups are now increasingly focusing on innovative solutions that tackle issues like education accessibility in remote areas using low-cost technology, as pointed out by another investor.

**“ So, for instance, if I am thinking about education... I would be looking for somebody who comes with low-cost technology to make basic education scalable to the remotest of areas in Pakistan.”**

*(Serial Investor)*

#### Entrepreneurial Skills and Experience

Another crucial theme centres around the significance of entrepreneurial skills and experience for the success of startups. Practical experience and hands-on skills are invaluable assets for entrepreneurs to navigate the complex world of business. Managing finances, taking calculated risks, and perseverance are integral aspects of entrepreneurship. As one investor points out, these skills are not easily learned from textbooks or classroom polls. They are honed through real-world experience, where young entrepreneurs learn to manage resources efficiently and adapt to the ever-changing business landscape.



## **Domain 2: Human Capital and Entrepreneurship Culture**

**“Even if you were to take a solid poll in a university, it still would not help because this is something you learn from experience. When you’re given a dollar or ten thousand rupees and how you manage it is the proof - the proof of it is actually in the eating, you can tell them a framework, you can give them the do’s and don’ts and the stuff they’re supposed to be avoiding, and after that, it’s just about how they manage it.”**

*(Venture Capitalist)*

### **Supportive Ecosystem and Networking**

The supportive ecosystem and networking opportunities provided by incubators, accelerators, and mentoring programs play a vital role in nurturing a thriving culture of entrepreneurship.

**“The number of incubators and accelerators in Pakistan has grown significantly, providing crucial support to young entrepreneurs. These organizations offer mentorship, training, networking opportunities, and access to funding.”**

*(Innovation Manager)*

Collaborative efforts and networking have gained importance in the youth entrepreneurship ecosystem. Start-up events, entrepreneurial competitions, and networking platforms have become more prevalent. These initiatives offer crucial resources and guidance to young entrepreneurs,

helping them grow and succeed in their ventures. Incubators and accelerators, as highlighted by an innovation manager, provide mentorship, training, and access to funding, which are instrumental in supporting and empowering aspiring startups.

**“Programs like Telenor Youth Forum have been instrumental in empowering young people from diverse backgrounds to become entrepreneurs. They provide training and mentorship, helping to nurture a culture of entrepreneurship.”**

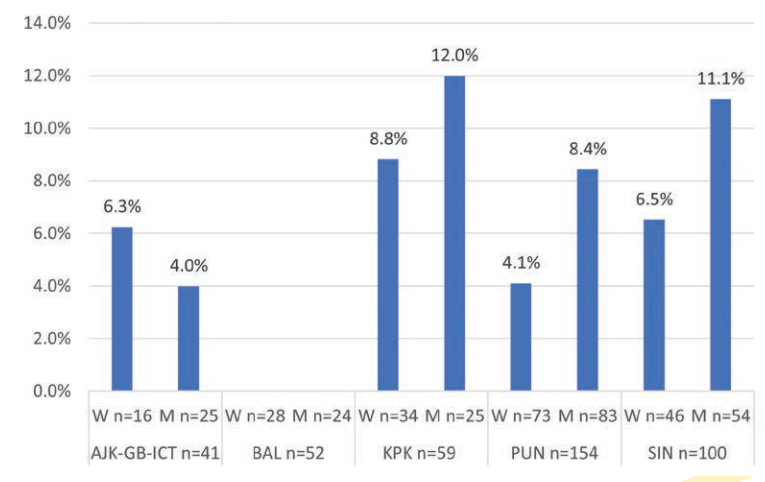
*(Innovation Manager)*

## Domain 2: Human Capital and Entrepreneurship Culture

Despite the existence and growth of the ecosystem of support for enterprises, data collected from the survey of youth entrepreneurs indicates that on average; less than 10 percent of the survey respondents have utilized mentoring or networking opportunities. Figure 11 illustrates that Khyber Pakhtunkhwa(KPK) shows the highest percentage (men 12 percent and women 9 percent) of young entrepreneurs that utilized mentoring or networking, followed by Sindh (men 11 percent and women 7 percent) and Punjab (men 8 percent and women 4 per-

cent), respectively. From the sample survey respondents from the Azad Jammu and Kashmir-Gilgit Baltistan-Islamabad Capital Territory (AJK-GB-ICT) region, 6 percent of the women and less than 5 percent of men availed mentoring or networking opportunities. Alarming,ly, none of the young survey respondents from the province of Balochistan indicated seeking such opportunities, highlighting a crucial gap. Thus, it is vital to gauge the reasoning behind this gap between the presence of opportunities and their reception by young entrepreneurs.

**Figure 11. Mentoring or Networking opportunities availed**



### Mindset and Cultural Challenges

Amidst the growing support, cultural mindsets and societal expectations present significant challenges for the entrepreneurial ecosystem.

**“There is interest, but the interest is differentiated in different student groups or young entrepreneurs have different aspirations, and that often does not translate into the entrepreneurial mindset that is needed.”**  
*(Educationist)*

## Domain 2: Human Capital and Entrepreneurship Culture

Many young individuals face pressure to pursue stable corporate careers, which can discourage them from taking the risk of starting their ventures.

**“We still have this mindset that we are going to get a degree, and we are going to get a very good job, and we are going to get a lot of money, and we are going to work in the corporate sector.”**  
*(Educationist)*

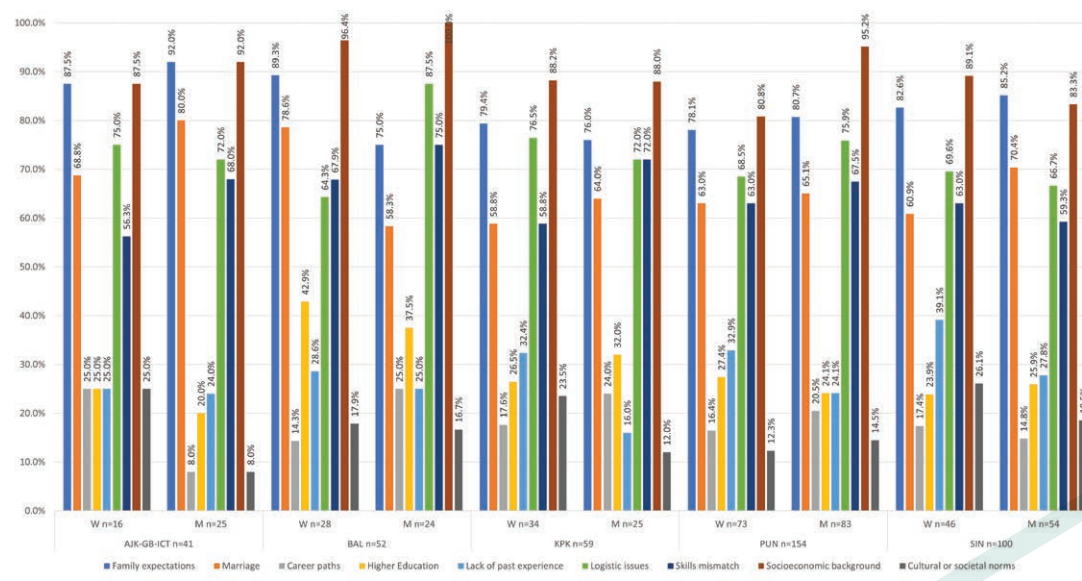
Overcoming this mindset and embracing the uncertainties of the entrepreneurial journey is a daunting task for aspiring entrepreneurs.

**“This mindset prevailing among the youth... does not let the parents, as well as the children, move towards the entrepreneurial thinking or the entrepreneurial mindset.”**  
*(Sector Specialist)*

The study assessed the challenges young people in Pakistan face during their entrepreneurial journeys that may impede the sustainability and or scalability of their enterprises (Figure 12). The majority of the young entrepreneurs attribute “socioeconomic background” (92 percent) as the biggest constraint to their entrepreneurial journey, followed by “family expectations” (84 percent) and “logistics issues” (74 percent). Ad-

ditionally, 68 percent of respondents (66 percent women and 67 percent men) identified “marriage” as an additional pressure for entrepreneurs, closely followed by “skill mismatch” (66 percent). Cultural or societal norms, education and experience, and career path ranked low on the list. Interestingly, across all the categories, there is a high level of agreement between women and men respondents regarding the challenges faced.

**Figure 12.** Key challenges young people face when embarking upon entrepreneurial journeys by provinces and gender



## **Domain 2: Human Capital and Entrepreneurship Culture**

### **Importance of Entrepreneurship Education**

To foster an entrepreneurial culture among the youth, entrepreneurship education assumes great importance. Early exposure to entrepreneurship in the curriculum and industry-wide experiences are essential in empowering students to confidently pursue their startup ideas.

**“We have enough faculty, we have trained human resources, and we have foreign-qualified people who are giving their best to teach the students whatever they can.”**

*(Educationist)*

The incorporation of practical insights and industry visits can help students gain confidence in launching their ventures, as suggested by a sector specialist.

**“In the curriculum, the introduction of industrywide exposure is a must. Universities must take students for business visits not just to understand the practicality of operations but also to understand business standard operating procedures. If not universities, academies could collaborate with businesses to overcome this gap. This would help young people have confidence in starting their ventures.”**

*(Sector Specialist)*

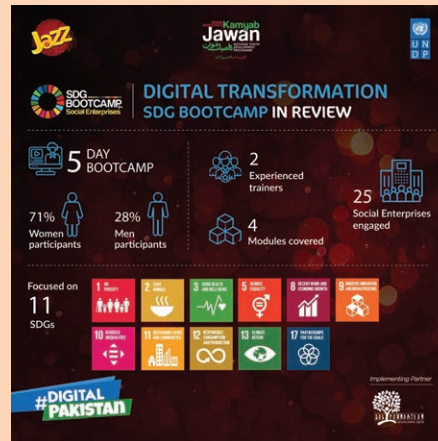


## Domain 2: Human Capital and Entrepreneurship Culture

### Case Study: **SDG Bootcamps by UNDP and Jazz**

Jazz and UNDP Pakistan launched the SDG Bootcamp in December 2020 to promote social entrepreneurship and strengthen the start-up ecosystem in Pakistan. Under this, 20 boot camps were conducted across the county to train 800 young social entrepreneurs, including 50 percent women, until December 2022. Themes included themes of Education, Health, Climate Change, and Digital Transformation. Some successful enterprises emerging from the boot camps include:

- ▶ Bechlo.pk from Sindh, a multi-vendor app store created for and by women to sell new and preloved products online
- ▶ Perwaz from Sindh, a healthcare company that provides drone services to deliver medical aid
- ▶ Crop Care from Sindh, a mobile app that helps farmers detect crop diseases and recommends solutions
- ▶ Edibles from Punjab, working to reduce single use plastic cutlery by introducing sustainable and eco-friendly alternatives.



## Domain 2: Human Capital and Entrepreneurship Culture

### Women's Empowerment and Entrepreneurship

Empowering women entrepreneurs is also a critical theme in Pakistan's entrepreneurial landscape. Women face unique challenges, including limited access to financing and cultural biases. Targeted support is required to address these barriers and provide resources to empower women entrepreneurs in the ecosystem, as emphasized by a shareholder and serial investors.

**“Women largely suffer from limited access to financing. It’s a very misogynistic environment.”**  
*(Shareholder/Serial Investor)*

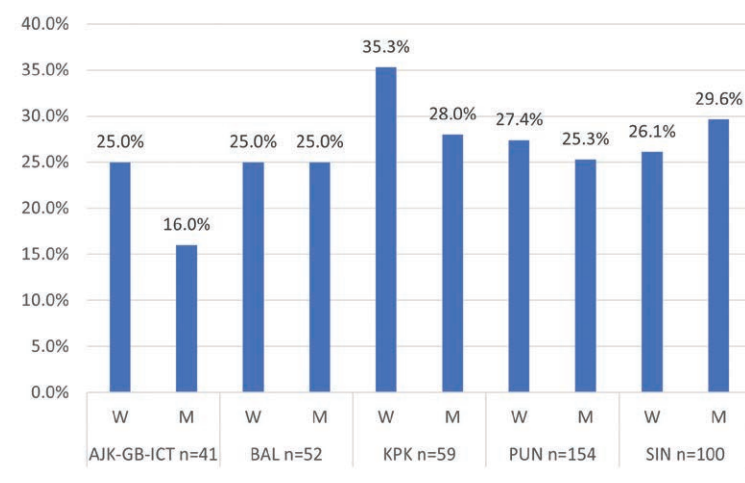
### Motivation and Perseverance of Young Entrepreneurs

A key theme identified in interviews is that the motivation and perseverance displayed by young entrepreneurs are commendable traits that drive them forward in their entrepreneurial journey. Passion,

self-awareness, and the desire for personal and professional growth motivate these individuals to push through challenges and build strong networks of mentors and peers.

**“A lot of people who have the innate capability are now finally asking themselves the tough question: Can we become entrepreneurs?”**  
*(Investor)*

**Figure 13.** Respondents who have participated in a business incubation/start-up competition



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## Domain 2: Human Capital and Entrepreneurship Culture

### Breaking Silos and Integrated Efforts

Collaborative efforts and breaking silos among stakeholders, including academia, government, and industry, are vital to creating an enabling ecosystem for entrepreneurship.

**“The need of the day is that all the stakeholders are supposed to be breaking up their own silos, sitting together, and coming up with something that is equally applicable and equally designed by all the key stakeholders.”**

*(Development Practitioner)*

An integrated approach ensures that all stakeholders work together toward fostering a conducive environment for startups to thrive. By aligning their efforts, they can provide startups with the necessary support and resources to facilitate growth and innovation.

**“There’s often a problem of patchwork solutions and tokenistic solutions, even if you do start incubation in a country, and you don’t bring funding and other resources for them to scale up and grow.”**

*(Development Practitioner)*

### Overcoming Stigma and Societal Pressures

Carrying forward from the theme of “mindset and cultural challenges”, overcoming the stigma associated with entrepreneurship and societal pressure for immediate financial stability remains challenging for young entrepreneurs.

**“It’s a landscape that still doesn’t offer everything they require, and what I mean by that, in particular, is mentality.”**

*(Shareholder/ Serial Investor)*

Societal expectations of stability financially through the acquisition of a stable job means that, most young people are still waiting to take the route of entrepreneurship.

**“Generally, there is a social expectation associated with young graduates to start earning right after their degree. Young entrepreneurs are seen as lazy individuals with a business idea as an excuse not to join 9-5. This tremendous societal pressure hinders youngsters from executing their ideas.”**

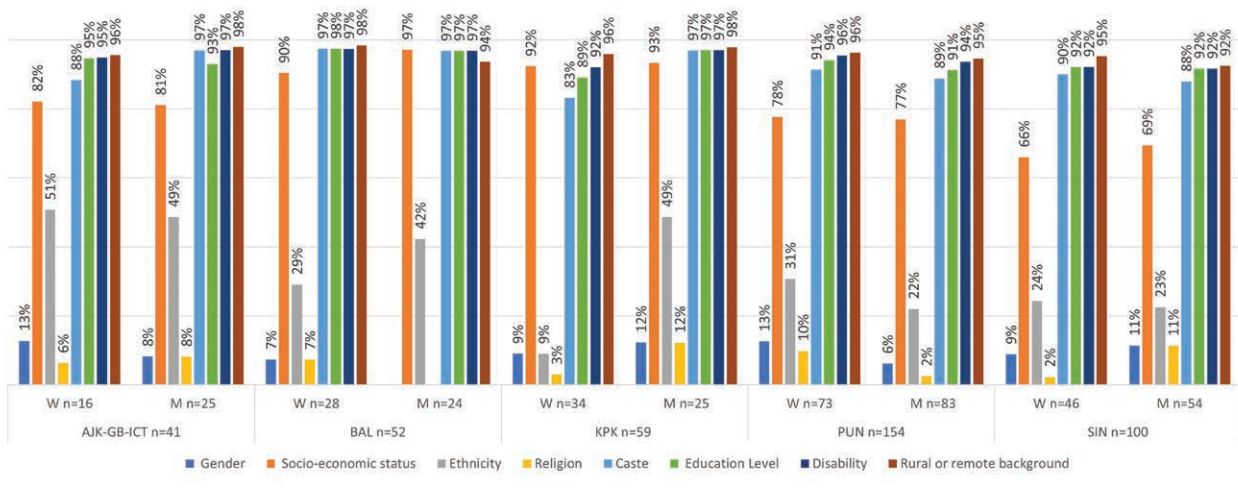
*(Sector Specialist)*

## Domain 2: Human Capital and Entrepreneurship Culture

In addition to the challenge of societal and cultural pressures, there are a myriad of factors that may be the source of difficulty for young people to become entrepreneurs. The biggest factor the survey respondents identified is a "rural or remote background" (96 percent), indicating an urban-rural disparity. This was closely followed by disability, education level, and caste, with 95 percent, 94 percent, and 92 percent agreement among all survey respondents, respectively. 83 percent of the respondents identified socio-economic status as another

impeding factor for youth in becoming entrepreneurs. Although a minor difference, youth from the province of Balochistan ranked the factors of caste, education level, and disability higher than the "rural or remote background" in creating difficulty in becoming entrepreneurs. It is worth noting that survey respondents across genders and provinces ranked "gender" (9 percent) and "religion" (6 percent) as the least responsible for causing difficulties for them as entrepreneurs. Figure 14 provides a disaggregation of these factors.

**Figure 14.** Difficulty level for youth to become entrepreneurs in Pakistan because of the different factors



Changing the mindset within the entrepreneurial community and promoting mentorship are crucial steps to creating a more supportive environment for startups to pursue their ideas and ventures.

**“We need more self-awareness in Pakistan’s entrepreneurial community. You don’t have to be a multi-millionaire to be a mentor for someone.”**  
*(Shareholder/ Serial Investor)*

## Domain 2: Human Capital and Entrepreneurship Culture

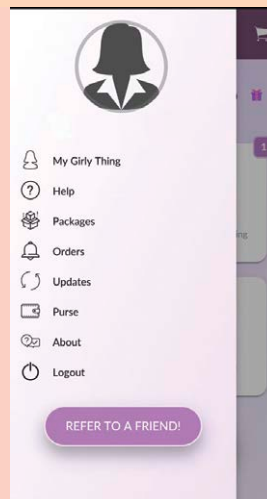
In conclusion, the themes and insights uncovered in the realm of human capital and entrepreneurship culture in Pakistan underscore the significance of urgent social challenges, entrepreneurial skills, supportive ecosystems, cultural mindsets, entrepreneurship education, women empowerment, motivation, collaborative ef-

forts, and overcoming stigma. Addressing these themes can create a more nurturing and enabling environment for young entrepreneurs, unlocking the potential of the youth and fostering sustainable economic growth and social development in the country.

### Case Study: **Against all odds**

Tanzila Khan is a young activist. Her disability taught her a lesson that ignited her passion for ensuring healthcare and inclusion on all levels. *“Being a public speaker and an entrepreneur, I always rushed from one meeting to another, creating value and making an impact. Until one day I started my menstrual cycle on the road while heading to an investor meeting. And that’s how my entrepreneur journey began.”*

Prompting the launch of *GIRLYthings.pk* as a mobile application platform that gives access to women’s health



products and information in a country where these are hard to come by. The app allows fast, anonymous delivery of authentic products while also educating communities to reduce stigma around menstruation. For her commendable achievements as a female entrepreneur, she won the Amal Clooney Award for Women’s Empowerment by the Prince of Wales in 2022.



# Domain 3:

## ACCESS TO FINANCE AND INCENTIVES

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## Domain 3:

# Access to Finance and Incentives

## State of Play

Obtaining financing is a challenge for virtually all entrepreneurs but it is especially challenging for young people pursuing social entrepreneurship. Financial service providers generally identify youth as a high-risk group because the vast majority lack a credit history, an employment record, and collateral<sup>54</sup>. This is a major issue in Pakistan with its weak economic situation and budget constraints. According to a study, India is spending \$109 million, Korea is spending \$3.49 billion, Malaysia is spending \$2.22 billion, and Thailand is spending \$122 million, whereas Pakistan spent only \$1.74 million on facilitating

Financial service providers generally identify youth as a high-risk group because the vast majority lack a credit history, an employment record, and collateral<sup>54</sup>. **This is a major issue in Pakistan with its weak economic situation and budget constraints.**

SMEs<sup>55</sup>. The study highlighted that SMEs are a valuable source for utilizing skills, entrepreneurship, and capital from rural regions, as they can aid in promoting balanced economic growth, reducing rural-to-urban disparity (hence migration), and harnessing untapped potential in rural regions.

## Efforts to ease access to finance and incentives in the country

### LOAN SCHEMES AND SKILL DEVELOPMENT INITIATIVES BY THE FEDERAL AND PROVINCIAL GOVERNMENTS

The government of Pakistan has taken various loan schemes and skill development initiatives to promote self-employment and entrepreneurship among the youth of the country. These schemes focus on providing skill development, internships and job counseling, micro-finance ventures, and assisting in entrepreneurship. Some of these schemes are listed below.

<sup>54</sup> UN (2020). *Recommendations for An Enabling Youth Social Entrepreneurship Ecosystem*.

<sup>55</sup> Ahmad et al. (2022). *SME Sector in Pakistan: Mapping the Policy Framework Opportunities & Constraints*.

## Domain 3: Access to Finance and Incentives

- ▶ Youth Business and Agricultural Loans Schemes, 2023
- ▶ Prime Minister's Youth Program Loan Scheme, 2021
- ▶ Prime Minister's National Laptop Scheme, 2014-2017

Prime Minister's Youth Business Loans Scheme, focuses on educated and unemployed youth who are looking forward to starting their own business and face capital issues. SMEDA approves these loans, and the borrower can submit the form for a loan through designated banks. These designated banks then allocate loans to people from Rs. 100,000 to Rs. 20,000,000 if the application is backed by a solid business plan and is for self and society<sup>56</sup>.

### INCENTIVES FOR IT STARTUPS

Additional incentives particularly for IT startups were awarded in the budget (FY 2017-18) to promote innovation and entrepreneurship included<sup>57</sup>:

- ▶ Exemption for a period of three years from Income Tax, Minimum Tax, and Withholding tax for PSEB registered and certified IT startups that are offering technology-driven products and services.
- ▶ Exemption from sales tax on export of IT services from Islamabad and other federal territories
- ▶ IT Companies allowed to open Foreign Exchange Accounts in Pakistan

### INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) FOR GIRLS PROGRAMS

The Digital Pakistan Policy (2018) aims to promote the use of ICT technology among

women and girls for their empowerment and to bridge the digital divide. The policy proposed<sup>58</sup>:

- ▶ 'ICT for Girls' programs across the country for training in computing skills so that girls can have an opportunity to earn.
- ▶ Establish computer labs in girls' schools in underserved mandated areas of the country to train women and girls in computing skills (computing, coding, and communication) through collaboration with the private sector.
- ▶ To provide legal protection to women and girls to encourage online participation.

### INCENTIVES BY INTERNATIONAL ACTORS

As initiatives within the entrepreneurial ecosystem have grown and expanded, international donor agencies and ecosystem actors have also aligned their agenda towards the promotion of entrepreneurship. UNDP, for example, has been working on youth development since 2018 under the initiative titled "Youth Empowerment Programme" with a focus on innovation and skill development<sup>59</sup>. UNDP partnered with local organizations to train over 8000 youth in entrepreneurship skills in the provinces of Khyber Pakhtunkhwa and Sindh in the year 2019<sup>60</sup>.

Programs such as the United States Agency for International Development's (USAID) Small and Medium-sized Enterprise Activity (SMEA) and the UK government and Gates Foundation-backed entity 'KarandaaZ' provide business support, grants, and investment for small businesses, with a particular focus on women-led businesses<sup>61</sup>.

<sup>56</sup> Kalhoro et al. (2022). *National-scale Financing Scheme for Self-employment of Youth: A Case Study of Prime Minister's Youth Business Loan Scheme in Karachi, Pakistan*.

<sup>57</sup> Ministry of Information and Broadcasting (2018). *Digital Pakistan Policy*.

<sup>58</sup> Ministry of Information and Broadcasting (2018). *Digital Pakistan Policy*.

<sup>59</sup> UNDP (2019). *Youth Empowerment Programme & Innovation Portfolio Journey*.

<sup>60</sup> UNDP (2019). *UNDP Pakistan and Kashf Foundation Partner to Train and Mentor 8,000 Youth on Entrepreneurship*.

<sup>61</sup> Women's Entrepreneurs Finance Initiative (2019). *Pakistan Startup Ecosystem Report*.

## Domain 3: Access to Finance and Incentives

### INCENTIVES BY PRIVATE AND NON-PROFIT ORGANIZATIONS

Private and philanthropist organizations are playing their role in capacity building of youth to enable them to start earning from

small businesses. One not-for-profit organization working in this regard is Akhuwat, which provides interest-free loans for small businesses under the program “Akhuwat Islamic Microfinance”<sup>62</sup>.

Case Study:

## Gender-inclusive Initiatives



Bebo Haider, a trans-activist in Pakistan, faced discrimination when trying to find a beauty salon that would cut her hair. Tired of being turned away, she took matters into her own hands and founded *Trawah*, a salon that not only serves transgender customers but also aims to provide livelihood opportunities for transgender people. Supported by the Sub Rang Society, a Pakistani community organization promoting equality, and with funding from Oxfam Pakistan and private donors, *Trawah* faced ini-

tial challenges with profitability. However, with the constant support and advice from the Sub Rang Society, the business has started making some profit, enabling Haider to contribute to her staff’s travel expenses and provide snacks during the day.

Similarly, *Sonia Naz* became Pakistan’s first transgender person to start her own fashion designing business after getting a soft loan of Rs 1 million under the Youth Entrepreneurship Scheme (YES) through the Government of Pakistan.

<sup>62</sup> Akhuwat (2023). *Akhuwat Islamic Microfinance*.

## Domain 3: Access to Finance and Incentives

### Key Findings

In the domain of access to finance and incentives for entrepreneurs in Pakistan, several themes emerge, shedding light on the challenges faced by startups and the role of supportive organizations in bridging the funding gap.

#### Lack of Access to Investments and Funding

One key theme that emerges is the lack of access to investments and funding, which poses significant hurdles for entrepreneurs. The absence of local venture capitalists and the limited availability of loans make it difficult for new businesses to secure the necessary financial resources to grow. The stringent lending rules and risk-averse nature of banks further exacerbate the funding challenges, particularly for those without a stable employment history or women entrepreneurs. The latter may be attributed to cultural norms that lead to limited asset ownership and a lack of financial inclusion. The need for specialized support for women in accessing capital is evident, as they face higher barriers in the entrepreneurial space due to social and cultural limitations placed on women in Pakistani society.

An incubator manager stated that the greatest challenge young entrepreneurs face is "the lack of investments. There is a lack of local Venture Capitalists, there's a lack of investments in startups or new businesses." A young entrepreneur responded that "one of the significant challenges is the lack of initial investment or access to capital to start the business".

The percentage of respondents able to access financing for their enterprises

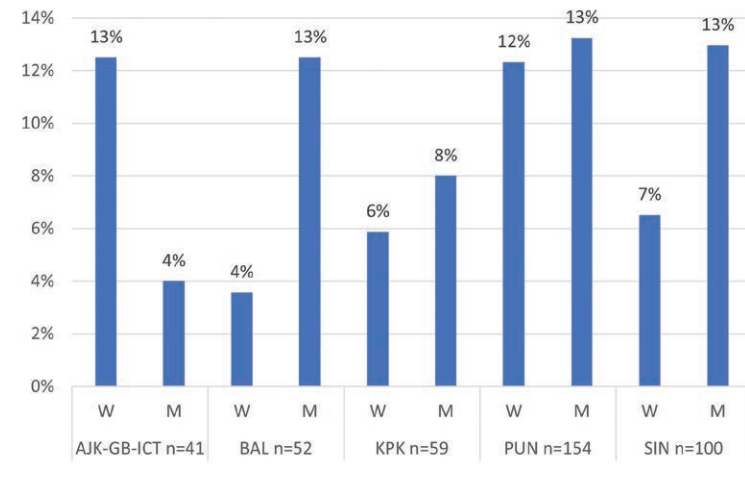
**“One of the primary challenges is the limited availability of funding for startups. An incubator manager/entrepreneurship development officer can assist by helping entrepreneurs identify funding sources, connecting them with investors, and guiding them in preparing strong investment pitches.”**  
*(Youth Entrepreneur)*

is illustrated in Figure 15. The highest percentage was reported from Punjab where 12 percent of women and 13 percent of men succeeded in obtaining funds for their enterprises, followed by Sindh where 7 percent of women and 13 percent of men succeeded in procuring funds. 4 percent of women respondents and 13 percent of men respondents accessed funds in Balochistan, 13 percent of women and 4 percent of men succeeded in AJK-GB-ICT, whereas only 6 percent of women and 8 percent of men succeeded in accessing funds in KPK. Therefore, it is evident from these figures that accessing finances for enterprises is difficult, especially in provinces like Balochistan and KPK. A study investigating regional culture's influence on women entrepreneurs' performance in Pakistan concluded that regional cultures and business performance are positively correlated<sup>63</sup>. The culture encourages and fosters innovation in the business using creativity and knowledge diffusion, which may have been the driving forces for the larger percentage of women seeking funds for their businesses in AJK-GB-ICT, areas that are generally more gender inclusive.

<sup>63</sup> Shamsheri, et al. (2021). *Impact of regional cultures on business performance of women entrepreneurs with reference to small and medium enterprises in Pakistan.*

## Domain 3: Access to Finance and Incentives

**Figure 15.** Percentage of respondents able to access financing for their enterprises



Since accessing available loans and other funding options can be a complicated process, there is a need to create more awareness among youth about the funding options available to them and how they can access them.

**“Often there’s no access gap to investors and funding, even if they exist out there, youth struggle with the direction, or how to start, or lack of mentoring and stuff there.”**

*(Sector Specialist)*

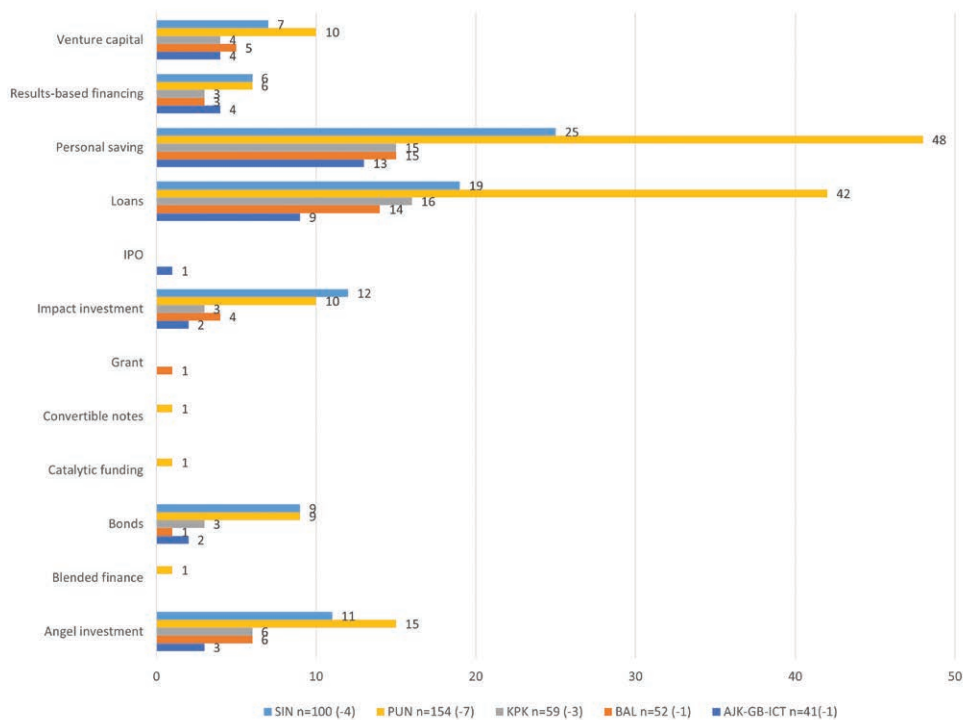
Knowledge of and access to financing options for businesses in Pakistan was assessed among youth. “Personal saving” was selected as the most widely used and comprehended concept for starting their

businesses by young entrepreneurs in all regions of Pakistan (30%), followed by “Loans” (26%), and “Angel investment” (11%). Whereas information about “Venture capital”, “Result-based financing”, “Impact investment” and “bonds” is very low (less than 10% of the respondents) in all regions of the country. Information on “IPOs”, Catalytic funding”, “Convertible notes”, “Grants”, and “Blended finance” is little to none. Figure 16 depicts the number of survey respondents disaggregated by province indicating their awareness of different financing options.



## Domain 3: Access to Finance and Incentives

**Figure 16.** Knowledge of financing options for business in Pakistan<sup>64</sup>



### Role of Incubators and Supportive Organizations

The role of incubators and supportive organizations becomes crucial in addressing these funding challenges, as highlighted by an innovation manager. Incubators and entrepreneurship development actors play a vital role in assisting entrepreneurs in identifying funding sources and connecting them with investors. Initiatives like Jazz xlr8 are commendable in promoting diversity and inclusivity in the startup ecosystem by providing access to funding and business development support for entrepreneurs in marginalized areas.

One educationist provided insights on why young entrepreneurs cannot make full use of government loan schemes by stating that "Pakistan Prime Minister youth program, is providing entrepreneurship loans, small scale, and medium scale loans to different individuals and small companies. But the problem is, again, coming back to the problem of trust."

Young entrepreneurs are skeptical about the complications involved with loan schemes and any legal problem they might land themselves in, in case their business needs to do better. Banks are very risk-averse to youth entrepreneurs. The lending rules and regulations are very stringent.

<sup>64</sup> The N for provinces also provides information on non-response. For example, in Sin N=100 (-4), the "-4" implies no response by 4 respondents from Sindh.

## Domain 3: Access to Finance and Incentives

Appreciating the role of incubators and supporting organizations in the field, several interviewees agreed there are a certain number of those who are very supportive, but highlighted that some of these actors were not willing to connect with small businesses or student projects.

**“When you have the youth business loan scheme and, I’m not entirely sure what the sort of take up for that has been, I don’t have the data, but I do know that it is challenging to get that loan, there is no data available to help us ascertain how this loan scheme has helped youth entrepreneurs.”**

*(Investor/VC)*

Case Study:

## DeafTawk

DeafTawk, a Pakistani startup founded in 2018 by Abdul Qadeer, Ali Shabar, and Wamiq Hasan, set out to address the needs of the hearing-impaired community through its innovative sign language translation app. Going beyond the mass market, DeafTawk focused on serving a niche and underrepresented audience that required daily sign language interpretation support. After being part of the National Incubation Centre (NIC) Islamabad cohort in 2018, DeafTawk



continued its journey, joining other support programs such as Google-ForStartups, BeyondBeta, and AcceleratingAsia from 2019 to 2021. The latter provided the company with a significant grant of S\$100,000 and an opportunity to expand its operations to Singapore. Subsequently, DeafTawk’s efforts resulted in approximately 94,000 hours of interpretation among users in both Pakistan and Singapore.

## Domain 3: Access to Finance and Incentives

### Challenges for Women Entrepreneurs

This theme highlights the specific challenges faced by women entrepreneurs in accessing finance and capital. Limited access to financial institutions, lack of mentorship, and gender biases are identified as major barriers. A development practitioner stated that

**“Most of the women lack a basic understanding of how to apply for a loan and are not able to secure a loan based on very basic mistakes in the loan application form and initial interview stages of the bank. They are not able to prepare proper business plans and lack mentorship opportunities.”**

Focusing on promoting women entrepreneurs, a policy maker stated that "the government has allocated various quotas for women inclusion at large, while 25 percent quota has been fixed for women entrepreneurs in the Prime Minister's Youth Business and Agriculture Loan (PMYBAL) Scheme. At the university level business incubation centres have been established however, their access is limited to university students, I believe such services should be extended to community-level women entrepreneurs, who have less education, as they need awareness on access to market and access to financial institutions."



## Domain 3: Access to Finance and Incentives

### Seed Funding and Series A Financing

Seed funding and Series A financing also present obstacles for startups.

**“The absence of sufficient Series A funding hinders the growth of startups after their initial seed funding rounds. The establishment of an entrepreneurship fund that can source money offshore may encourage and support talented entrepreneurs in their early stages, boosting their chances of success.”**

A serial entrepreneur expressed "We need an entrepreneurship fund that can source money offshore to encourage small but talented entrepreneurs." The lack of seed funding and serial funding can be tackled by some interventions by the government and supporting organizations. An investor suggested that the government should "channel the taxpayer money towards the development of an entrepreneurship fund."

### Barriers to Formal Financing

The barriers to formal financing are another significant challenge faced by entrepreneurs. The lack of corporatization and necessary registrations restricts access to

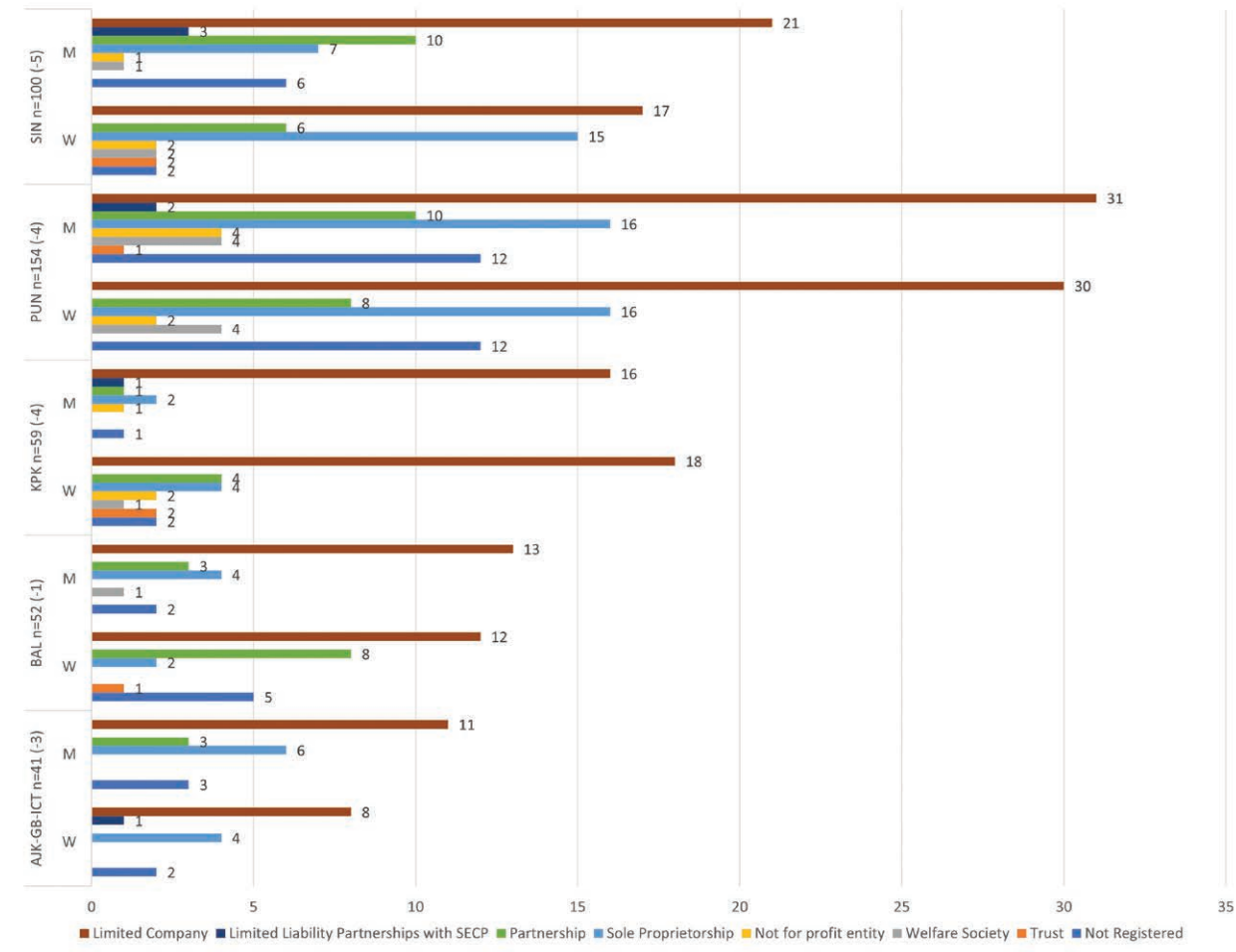
appropriate funding from banks and financial institutions. Addressing these requirements and streamlining the process of formal financing can enable more startups to access the funding they need to grow. This theme emphasizes the barriers entrepreneurs face in accessing formal financing from banks and financial institutions.

Responding to a question about challenges in formal financing in Pakistan, a serial entrepreneur stated that "in Pakistan, if you're not corporatized, if you don't have all of the registrations, it's a very low probability you will get appropriate funding" (Serial Entrepreneur). A sector specialist talking about banking policies stated "I know a lot of people who are very successful in that domain but still don't get any support from banks."

The survey analysis reveals that among the respondents, "limited company" is the most commonly reported (45 percent) type of registration for their enterprises. (the highest number found in Punjab). This was followed by the "sole proprietorship" (19 percent) and "partnership" (14 percent). The remaining 10 percent fall under the "not-for-profit", "welfare society", "trust", and "limited liability partnerships with SECP" categories. It is pertinent to note that 12 percent of the total enterprises being studied in the survey are "not registered". Figure 17 illustrates the distribution of enterprises by type of registration, disaggregated by province and gender. As mentioned previously, enterprises' lack of formalization can manifest as a major hurdle in accessing finances.

## Domain 3: Access to Finance and Incentives

**Figure 17.** Distribution of enterprises by type of registration



Besides policy hurdles, there exist socio-economic factors barring access to financial support for businesses in Pakistan. Responses about the difficulty in seeking financial support for businesses by different factors are expressed in Table 3. The biggest challenges identified by respondents were discrimination based on disability and rural or remote location. The highest rate of discrimination was reported in the population of Balochistan by men (93 percent) fol-

lowed by men respondents in Sindh (83 percent). Socioeconomic status was another important factor contributing to the difficulty in seeking financial support for businesses. Both men and women respondents reported discrimination due to their gender, but it was more pronounced in women with the highest disparity seen in KPK with 30 percent of women respondents facing difficulty due to their gender as compared to 8 percent of men.



## Domain 3: Access to Finance and Incentives

**Table 3 : Difficulty in seeking financial support for businesses due to different factors\***

\* The colours used in the heatmap refer to strength of number of responses in each category with darker shades referring to higher values.

Province	Gender	Gender	Socio-economic status	Ethnicity	Religion	Caste	Education Level	Disability	Rural or remote background
AJK-GB-ICT n=41	Women=16	25	57	0	0	0	25	70	70
	Men=25	24	69	0	4	0	16	65	61
BAL n=52	Women=28	29	65	7	4	4	22	80	80
	Men= 24	25	51	0	0	0	8	93	93
KPK n=59	Women=34	30	60	6	6	3	18	66	63
	Men=25	8	57	4	4	4	12	69	69
PUN n=154	Women=73	26	62	8	4	7	15	74	72
	Men=83	18	63	5	7	2	21	76	77
SIN n=100	Women=46	24	44	9	4	4	11	79	79
	Men= 54	22	54	6	6	2	28	81	83

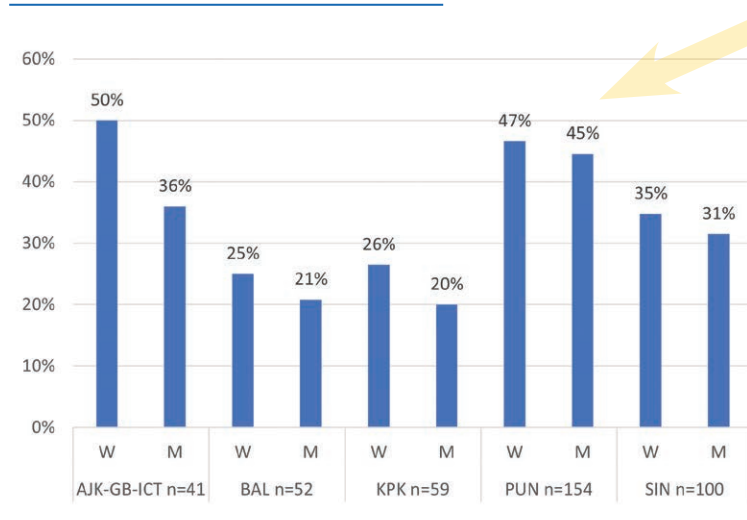
### Personal Resources and Family Support

Many entrepreneurs initially rely on personal resources and family support to fund their ventures, as external financing options remain limited. This reliance on personal funding poses challenges in coping with the increasing expenditures of startups. As per the study's survey responses, approximately 36 percent of the total respondents have immediate family members who are entrepreneurs. Figure 18 indicates that approximately 45 percent of the men and 47 percent of the women in Punjab respondents reported having an immediate fam-

ily member who was also an entrepreneur. Approximately 50 percent of the women respondents in AJK-GB-ICT reported having an immediate family member as an entrepreneur, while only 36 percent of men respondents gave the same response. Whereas, in Sindh, the percentage is 35 percent of women and 31 percent of men respondents. Within the sample population, Balochistan and KPK have the lowest percentages of both men ( 21 percent and 20 percent) and women respondents ( 21 percent,25 percent, and 26 percent) and who have an immediate family member as an entrepreneur ( 20 percent and 26 percent).

## Domain 3: Access to Finance and Incentives

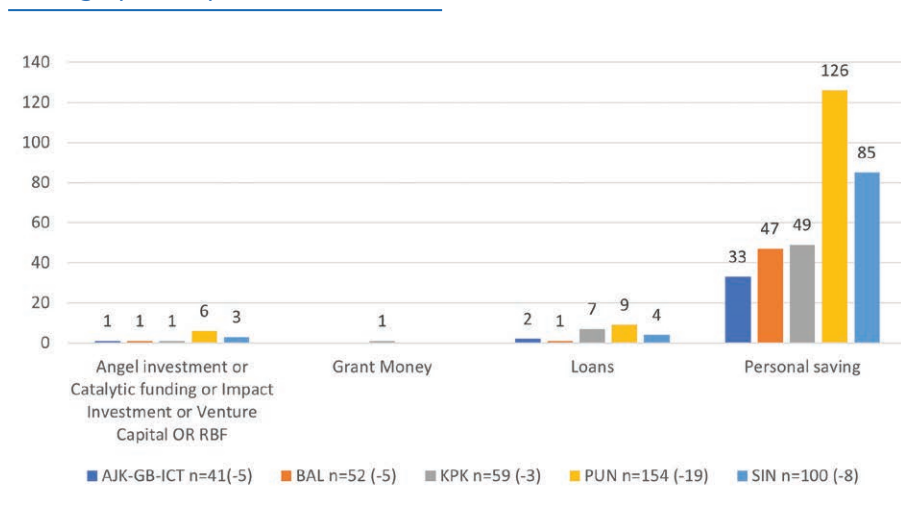
**Figure 18.** Immediate family member as an entrepreneur registration



Besides family support, entrepreneurs initially rely on personal resources to fund their ventures. The type of funding used for setting up enterprises was analyzed (Figure 19). Personal saving was by far the most common type of investment used by young people to start their enterprises in all regions of the country (340 young entrepreneurs). Loans were utilized in small numbers in all regions (23 young entrepreneurs).

There was only 1 case of grant money reported among the respondents from KPK. Other funding options for example, Angel investment/Catalytic funding/Impact investment/Venture capital/RBF are scarcely used, with AJK-GB-ICT, Balochistan, and KPK reporting 1 case each, and 6 enterprises and 3 enterprises each in Punjab and Sindh.

**Figure 19.** Types of funding used for setting up enterprise



## Domain 3: Access to Finance and Incentives

The lack of access to external financing makes it challenging for startups to cope with increasing expenditures. A youth entrepreneur while explaining how they started their business initially, stated “We have initially pooled in the funding personally. And it is still a challenge to cope with the ever-increasing expenditures and when the cash flows improved, I started investing my profits in Mutual funds/foreign currency to multiply the revenues.” Most of the respondents in the study stated that their primary source of funding was either personal savings or family capital.

However, this dependency can also mean that family expectations and stigmas about being self-employed also become a hurdle in young entrepreneurs' journeys in Pakistan.

**“And we didn't have funding at the start, so it was very difficult because now you are graduating, parents expect you to bring money, but you have established the startup, which is not generating revenue.”**  
*(Youth Entrepreneur)*

### Need for Financial Awareness and Incentives

To encourage entrepreneurship further, financial awareness and incentives play a crucial role. Providing tax benefits, grants, and subsidized loans can alleviate the financial burdens faced by startups and motivate more individuals to venture into

entrepreneurship. Such incentives can contribute to the growth and development of startups, as well as the overall economy.

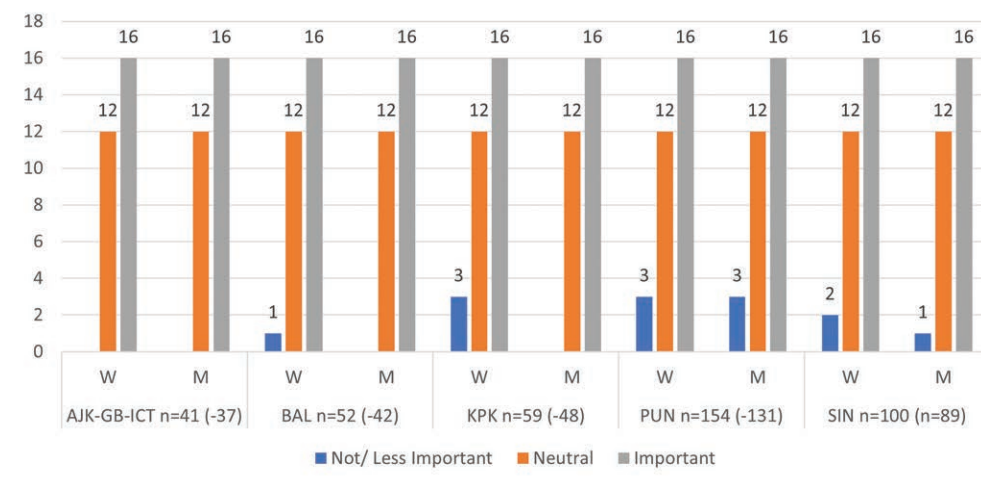
An incubator manager pointed out that “There can be incubators and other small SEDs or other places where there can be tax benefits for some of the entrepreneurs.” :

**“From an investment point of view, I believe they are a bit risky as they depend on the commitment level of the entrepreneurs and the new venture needs to stick through the challenges of early stages to sustain and continue. They are very important for national development and sectoral growth as they broaden the market size and at times innovations that can revive the industry/sector.”**  
*(Incubator Manager)*

It is also imperative for youth to understand the significance of access to financing for their ventures. Views of young entrepreneurs about the importance of access to financing were analyzed (Figure 20). Approximately, 82 percent of all the youth entrepreneurs shared a neutral point of view regarding access to financing, however, 14 percent of the respondents indicated it as an important or very important factor for enterprises. Only 3 percent of the respondents found it unimportant.

## Domain 3: Access to Finance and Incentives

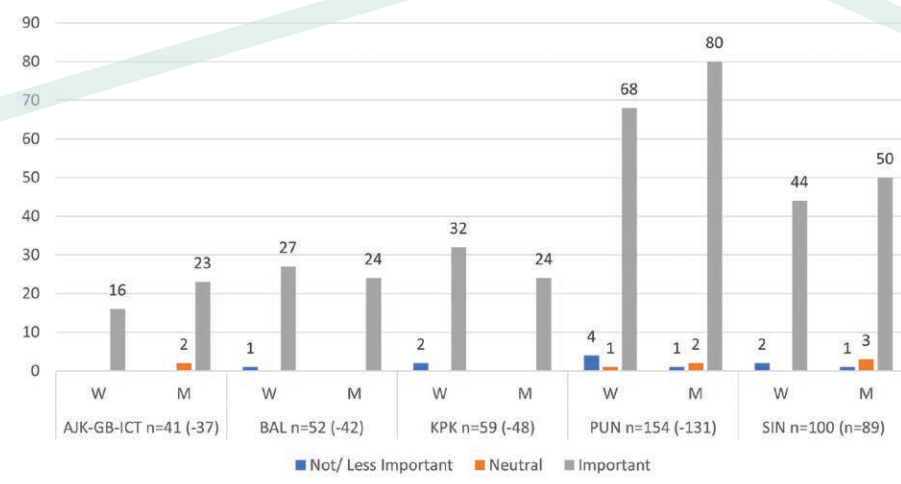
**Figure 20.** Importance of access to financing



Similarly, views of young entrepreneurs about the importance of financial incentives were observed (Figure 21). There was a strong belief among respondents that access to financial

incentives is very important, with 95 percent of the young entrepreneurs labeling it as “important” or “very important”.

**Figure 21.** Importance of financial incentives in encouraging entrepreneurship in Pakistan



In conclusion, the themes surrounding access to finance and incentives shed light on the funding challenges faced by entrepreneurs in Pakistan. Lack of investments, limited access to loans, stringent lending rules, and gender biases pose significant hurdles. However, with the support of incubators, entrepreneurship development officers, and initiatives promoting

financial awareness and incentives, there is potential to create a more enabling environment for startups to thrive. By addressing these challenges and providing adequate funding opportunities, Pakistan can nurture a vibrant entrepreneurial culture and drive economic growth in the country.

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# Domain 4:

BUSINESS  
DEVELOPMENT  
SUPPORT AND  
INFRASTRUCTURE

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# Domain 4: Business Development Support and Infrastructure

## State of Play

Entrepreneurial networking is an important source of support for all entrepreneurs, even more so for youth. Entrepreneurial networks have several different roles in supporting entrepreneurship including acquiring motivation, opportunity perception, idea validation, resource identification, negotiating to get into business, and surviving in the business<sup>65</sup>. In addition to this, poor infrastructure hampers the quality and competitiveness of SMEs in all sectors of the economy. For instance, low quality or absence of transport network and telecommunications negatively impacts access to raw materials and transport of goods while power shortages disrupt production and put a financial burden on small enterprises<sup>66</sup>.

### Efforts to increase business support and infrastructure in the country

Business Development Support in SME Policy 2021

According to the SME policy (2021), the government has proposed the following measures for SMEs to improve infrastructure for small and medium businesses:

- ▶ Plug-and-play infrastructure would be made available to small and medium enterprises.
- ▶ Allocations for SMEs in existing economic zones and special economic zones
- ▶ Considering moving manufacturing SMEs from commercial tariffs to industrial tariffs
- ▶ Providing off-grid connections to rural and remote SMEs
- ▶ Support SMEs providing clean energy solutions.

### Business Incubation Centers

The Pakistan government has signaled its support of entrepreneurship via intermediaries like the federal government's "Ignite" (formerly known as the National ICT R&D

<sup>65</sup> Organization for Economic Co-operation and Development (OECD) (2014). *Supporting Youth in Entrepreneurship*.

<sup>66</sup> Ministry of Information and Broadcasting (2021). *Small & Medium Enterprise (SME) Policy*.

## Domain 4: Business Development Support and Infrastructure and Infrastructure

Fund), which is housed under the Ministry of Information Technology and Telecommunications and has launched National Incubation Centers in Islamabad, Karachi, Lahore, Quetta, and Peshawar since 2017. The provincial government in Punjab has been an earlier supporter of technology entrepreneurship via the Punjab Information Technology Board and launched the country's largest technology incubator, "Plan9" in 2012.

Aside from government-backed intermediaries, privately led incubators and accelerators such as "Innovation District 92", "Nest i/o", and "Invest to Innovate (i2i)" are running programs throughout the country, and supporting the ecosystem. There are noteworthy university-level incubators like the Technology Innovation Center (TIC) at the National University of Science and Technology (NUST) in Islamabad, the Aman Center for Entrepreneurial Development at the Institute of Business Administration (IBA) in Karachi, and the Takhleeq Incubator at the University of Central Punjab (UCP) in Lahore. There are also a growing number of startup competitions and conferences, such as "Momentum", "O21 Disrupt", and "Startup Cup", coworking spaces like "Daftarkhwan", "CoLab" and "the Hive", and other supporting players and associations like Pakistan Software Houses Association for IT and ITES (PASHA), Circle, The Indus Entrepreneurs (TiE), and Organisation of Pakistani Entrepreneurs (OPEN)<sup>67</sup>. Corporations and large companies are also playing a role in the entrepreneurial ecosystem, either as partners in some of the national incubator centres, such as Jazz and LMKT, or separately like Telenor and

Shell, which support entrepreneurs via programs and small grants.

National Science and Technology Park (NSTP) at NUST Islamabad is a flagship project by NUST to provide a world-class business environment to emerging startups. It is discussed in detail in the "Technology and Innovation" section of the document.

With the intended shift towards creating an entrepreneurial economy and increased calls for public-private partnerships to achieve this goal, the role of the government, the private sector, and the academic institutions is to create an ecosystem that favors and creates incentives for promoting entrepreneurial activity. The government's role must go beyond the traditional economic rationale of relying on the existence of market failures and distortions, but rather, intervening so that these market failures and distortions do not negatively impact an emerging entrepreneurial society<sup>68</sup>.

### START AND IMPROVE YOUR BUSINESS PROGRAMME (SIYB) BY ILO

SIYB is one of the largest global business management training programmes managed by the International Labour Organisation<sup>69</sup>. In Pakistan, SIYB is on a mission to train and equip youth at different stages of their entrepreneurship journeys, from developing a business idea to expanding a running business to training master trainers programs at a very affordable price<sup>70</sup>.

<sup>67</sup> Women's Entrepreneurs Finance Initiative (2019). *Pakistan Startup Ecosystem Report*.

<sup>68</sup> Global Entrepreneurship Monitor (2019). *Entrepreneurship in Pakistan*.

<sup>69</sup> ILO (2023). *Start & Improve Your Business Program*.

<sup>70</sup> ILO (2023). *Start & Improve Your Business Pakistan*

## Domain 4: Business Development Support and Infrastructure and Infrastructure

### IGNITE AND BUSINESS INCUBATION CENTRES FUNDS

IGNITE is a national technology Fund, which through its network of business incubation centres across Pakistan nurtures startups and engages them with investors and corporations<sup>71</sup>. Besides powering the BICs, IGNITE has funds namely the “Challenge-Driven Innovation Fund,” “Technology Transition Fund” and “Final Year Project Fund” targeted at encouraging young en-

trepreneurs to excel in technological innovations.

### BRITISH COUNCIL'S DEVELOPING INCLUSIVE AND CREATIVE ECONOMIES (DICE) PROGRAM

Dice program in Pakistan is enabling social and creative enterprise leaders by connecting and training them through its online portal. It helps small businesses navigate through challenges like COVID through its webinars and online courses<sup>72</sup>.

## Key Findings

In the domain of business development support and infrastructure in Pakistan, several themes emerge, shedding light on the challenges faced by local entrepreneurs and the measures required to foster a conducive ecosystem for startups.

even to find some good angel investors and basic money to run their enterprises for the next six or eight months.”

A youth entrepreneur stated his experience of seeking business support as:

### Challenges in Accessing Angel Investors and Funding

One prominent theme revolves around the challenges of accessing angel investors and funding. Local entrepreneurs often struggle to find angel investors and secure the basic funding needed to sustain their operations. The lack of financial support can hinder the growth and development of promising startups.

An incubator manager opined that “there’s a big challenge for local entrepreneurs

**“Access to finance has been vital to my entrepreneurial journey. However, I encountered difficulties in securing funding and accessing financial resources. To address these challenges, I researched government programs, approached angel investors and venture capitalists, and explored crowdfunding platforms.”**

*(Youth Entrepreneur)*

<sup>71</sup> National Technology Fund (2023). *Ignite*.

<sup>72</sup> British Council Pakistan (2023). *DICE: Innovative Digital Learning*.

## Domain 4: Business Development Support and Infrastructure and Infrastructure

An incubator manager on business support initiatives thinks “You need more documentation of the economy as well, as you need this to help entrepreneurs in terms of probably pushing in their energy.” This is an important observation since documentation is linked to investors’ access to robust data and insights to make informed decisions and reduce their risks when investing in enterprises.

### Rethinking the Role of Incubators and Supportive Organizations

The role of incubators and supportive organizations becomes crucial in addressing these funding challenges. Incubators need to reassess their role and adopt a more hands-on approach, providing entrepreneurship training, workshops, and mentorship programs tailored to the specific needs of entrepreneurs. Such initiatives can equip entrepreneurs with essential skills in business planning, financial management, marketing, and operations, enabling them to build strong and sustainable ventures. This theme emphasizes the need for incubators to reassess their role and adopt a more hands-on approach, providing entrepreneurship training, workshops, and mentorship programs to cater to the specific needs of entrepreneurs.

**“Incubators need to rethink their role and start from more of a burden hand principle.”**  
*(Incubation Manager)*

**“They can guide entrepreneurs in market analysis, understanding customer needs, and conducting feasibility studies. They can also connect entrepreneurs with industry experts and potential customers for valuable insights and feedback.”**  
*(Sector Specialist)*

Young entrepreneurs’ inclination towards getting help from incubators has been increasing in the country. Most interviewees recognized the role of National Incubation Centres for young entrepreneurs as they can help entrepreneurs grow their networks, get groomed with several resources and tools, and get access to mentors who help them succeed in their startups. However, some questioned the impact incubation centres have been able to create to date.

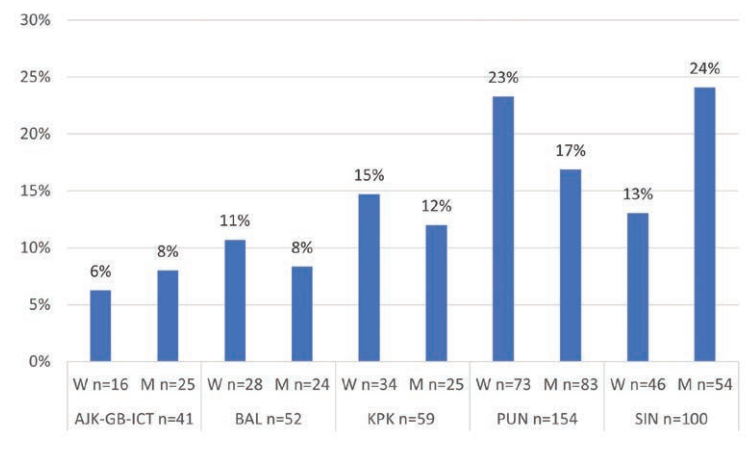
**“The government does have a network of incubation centres, however, they’re all operating in their silos and capacities with no thought process regarding what we are trying to achieve. We open these things up, but are we doing a cluster-wise approach, or are we doing a segment-wise approach?”**  
*(Investor)*

Interest in seeking incubation support was analyzed among young entrepreneurs from all regions of Pakistan (Figure 22). Overall, 16 percent of the youth entrepreneurs showed interest in seeking incubation support. It is important to note that women demonstrate more interest in seeking incubation support than men entrepreneurs in Balochistan, KPK, and

## Domain 4: Business Development Support and Infrastructure and Infrastructure

Punjab (11 percent and 8 percent in Balochistan, 14 percent and 12 percent in KPK, 23 percent and 17 percent in Punjab, respectively). Men displayed more interest than women respondents in seeking incubation support in AJK-GB-ICT (8 percent and 6 percent respectively) and Sindh (24 percent and 13 percent respectively).

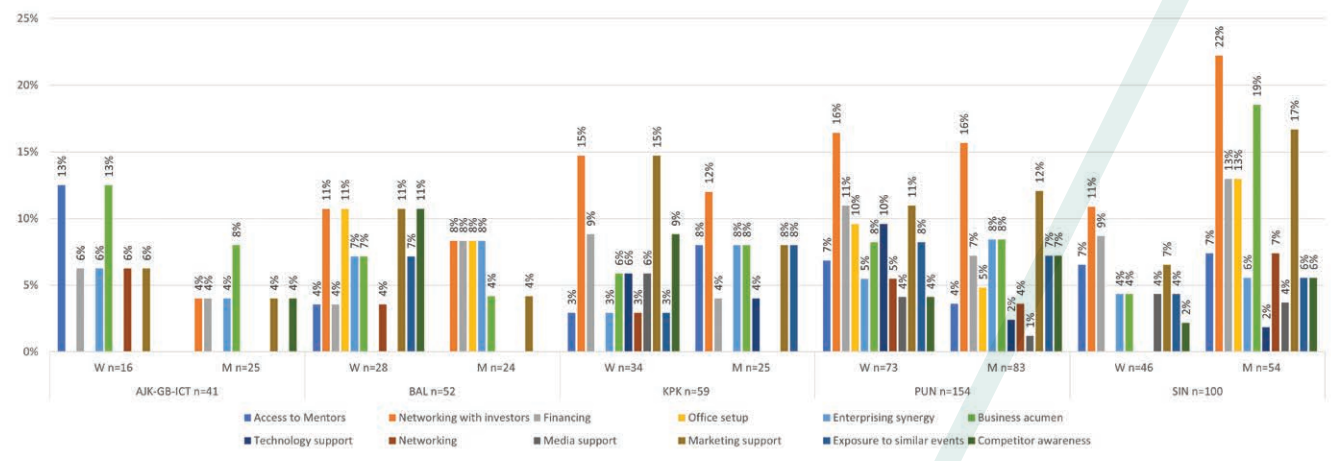
**Figure 22.** Interest in seeking incubation support



The kind of support via incubation centres taken by young entrepreneurs is analysed according to regions in Figure 23. Networking with investors (11 percent) is identified as the greatest support sought via incubators, this is followed by business acumen and marketing (9 percent each), financing,

and enterprising synergy is also a point of interest for youth entrepreneurs. Very few youth entrepreneurs engage incubation centres as an option to access mentors (5 percent), or for competitor awareness (4 percent), and others.

**Figure 23.** Kind of support sought via incubation

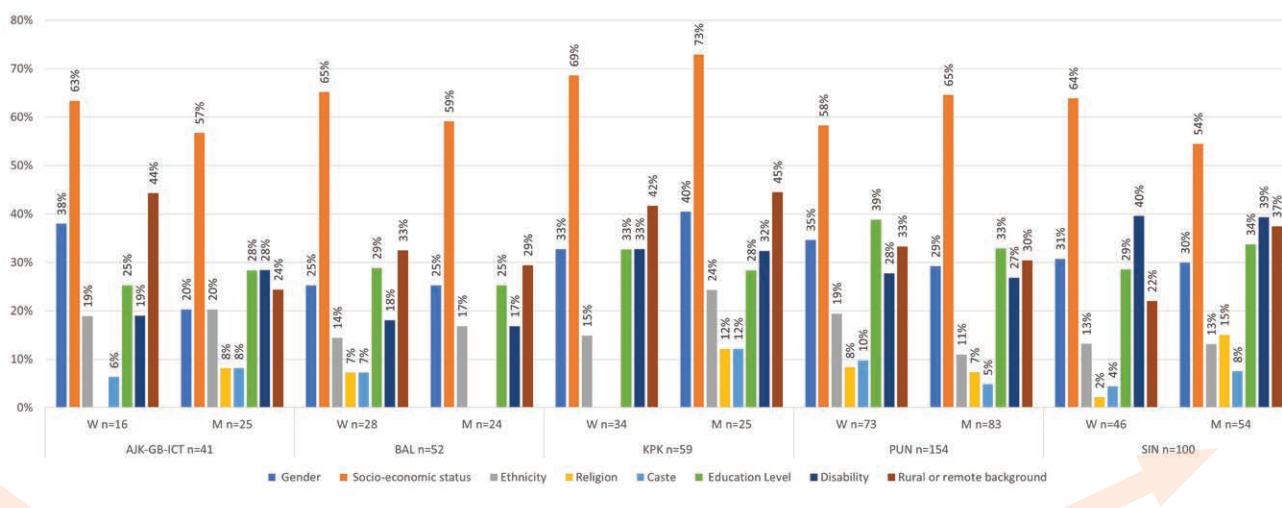


## Domain 4: Business Development Support and Infrastructure and Infrastructure

The difficulty level for young and upcoming entrepreneurs in seeking business development support for their businesses in Pakistan was investigated (Figure 24). It was observed that 63 percent of the youth entrepreneurs, both men and women faced the highest difficulty due to discrimination based on socio-economic status (this impact was more

pronounced in the province of KPK), followed by rural or remote background (34 percent), gender (31 percent), and educational level (30 percent). Ethnicity (17 percent), religion and caste (6 percent) were ranked as the lowest discriminatory factors for seeking business development support by young entrepreneurs.

**Figure 24.** Difficulty level for young and upcoming entrepreneurs in seeking business development support for their business in Pakistan



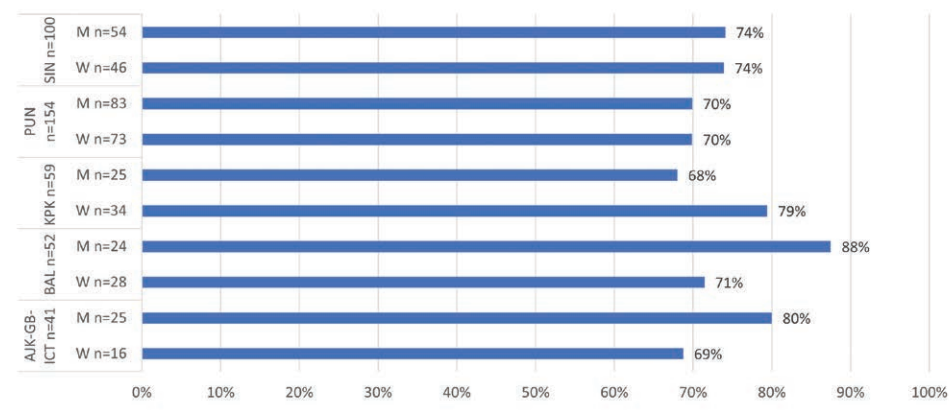
## Addressing the Gap in Business Development Skills

Another significant theme highlights the gap in business development skills among graduates and young entrepreneurs. Business graduates often aspire to start their ventures but lack the necessary knowledge and support to do so effectively. Creating small incubation centres that offer a proper environment for students to learn from mentors and develop their ideas can be instrumental in nurturing entrepreneurial talent. This theme highlights the need to address the gap in business development skills among graduates and young entrepreneurs.

Generally, there is a good level of awareness amongst youth entrepreneurs in Pakistan, regarding entrepreneurship as a career option (Figure 25). The province of Balochistan has the highest percentage of awareness among its youth (men 88 percent, women 71 percent). This is followed by AJK-GB-ICT (men 80 percent, women 69 percent), KPK (men 68 percent, women 79 percent), Sindh (men 74 percent, women 74 percent), and Punjab (men 70 percent, women 70 percent). However, converting this “awareness” into action is the real issue that needs to be addressed.

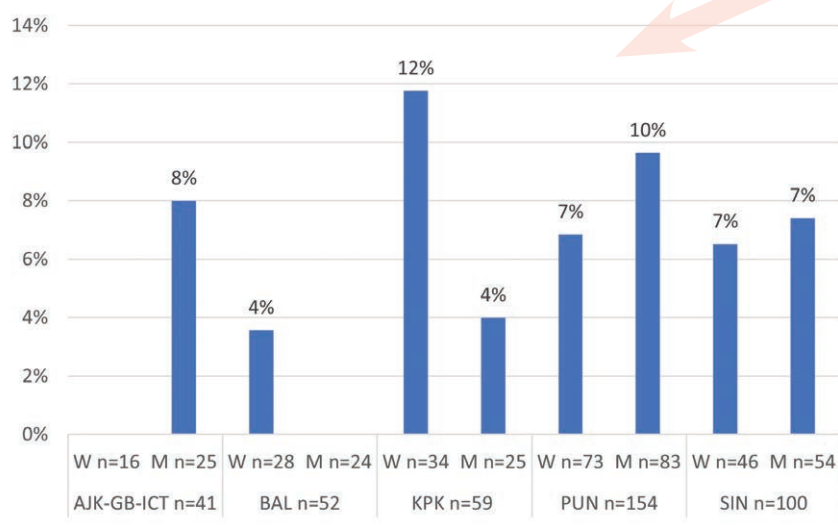
## Domain 4: Business Development Support and Infrastructure and Infrastructure

**Figure 25.** Awareness of young people in Pakistan regarding entrepreneurship as a career option



Formal education and training related to entrepreneurs can be a critical tool in building “entrepreneurial competencies” (technical and non-technical skills) amongst aspiring young entrepreneurs. The survey responses indicated that overall, the percentage of young entrepreneurs that received formal training or education is significantly low (Figure 26).

**Figure 26.** Formal training or education related to entrepreneurship received



## Domain 4: Business Development Support and Infrastructure and Infrastructure

The highest percentage of formal training or education related to entrepreneurship received was by women in the province of Khyber Pakhtunkhwa (KP) at 12 percent compared to 4 percent of men. This was followed by the entrepreneurs from the province of Punjab, where responses illustrate almost a balanced response from women and men respondents (i.e., 7 and 10 percent, respectively). Similarly, in Sindh, 7 percent of the entrepreneurs received formal education or training. Within the AJK-GB-ICT region, only 8 percent of men and no women received formal education/training. While in Balochistan only 4 percent of men and no women respondents had received formal education training related to entrepreneurship.

**“At universities and schools, I think we have enough resources. We have trained the human resource, we have foreign-qualified people, who are giving their best to teach their students whatever they can.”**

*(Educationist)*

Business schools are flourishing in Pakistan, and an interest in business studies has boomed in the last decade or so. These business graduates are equipped with the necessary skills to enter the market. An educationist responding to a question about gaps in business development skills stated: “When it comes to business graduates... they want to go towards starting a business rather than finding a job.” Young graduates do, however, need mentorship and guidance at the start.

**“They don’t know from where to start, how to start, although they are business graduates, they don’t know how to develop teams, which idea to pursue, or to whom they should go and network to start their business.”**

*(Mentor)*

### Tailoring Support Services for Specific Groups

Tailoring support services and infrastructure to meet the specific needs of women entrepreneurs and entrepreneurs from underserved communities is crucial for promoting diversity and inclusivity in the startup ecosystem. Initiatives like PlanX<sup>73</sup> and The Nest I/O Social Innovation Lab<sup>74</sup> are commendable for their efforts in providing resources and mentorship to create an inclusive environment for startups to thrive. PlanX is a startup accelerator set up by the Punjab Information Technology Board, that aims to “empower commercially viable, mid-stage technology startups through a 6-month equity free acceleration program.” The Nest I/O is a technology incubator set up by P@SHA with global partners Google for Entrepreneurs and Samsung and through a supporting grant from the US State Department.

Incubators and business support organizations can play a key role by tailoring their services to meet the needs of underserved groups like women, ethnic minorities, and people with disabilities.

<sup>73</sup> GoP (2023). *Plan X Technology Accelerator*.

<sup>74</sup> *The Nest I/O a Technology Incubator (2023)*

## Domain 4: Business Development Support and Infrastructure and Infrastructure

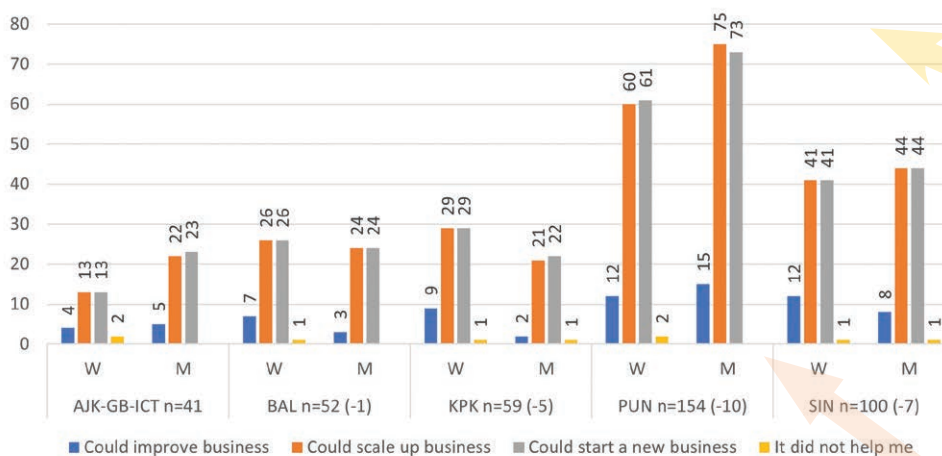
“Incubators like PlanX and The Nest I/O Social Innovation Lab are tailoring their support services to meet the specific needs of women and entrepreneurs from underserved communities. They offer resources and mentorship, creating a conducive environment for startups to thrive.”

(Incubator Manager)

Youth entrepreneurs across all regions and genders feel they could scale up their businesses or start a new business with access to various types of support. In contrast, some of the youth entrepreneurs stated that with targeted support, they could also improve their current business operations. Less than 5 percent of the respondents

reported that provision or access to support does not help in their entrepreneurial journeys. Overall, Figure 27 provides a critical overview of how entrepreneurs across Pakistan view support and underlines the fact that many entrepreneurs still require more targeted support to grow their businesses.

**Figure 27. Utility of various types of support**



### Importance of Mentorship and Self-Awareness

Mentorship is vital in nurturing young entrepreneurs and fostering self-awareness within the entrepreneurial community. The availability of mentorship opportunities remains limited in Pakistan, and it is

essential to recognize the significance of mentorship as a key ingredient in any successful entrepreneurial ecosystem.

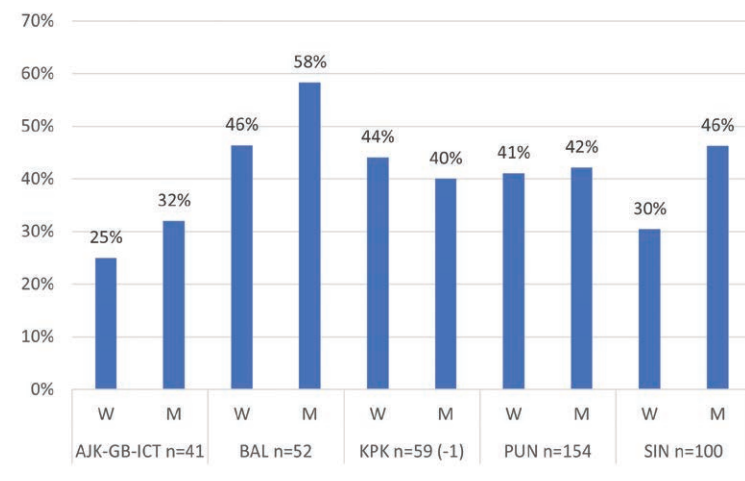
As per the survey responses, 58 percent of the youth entrepreneurs do not have access to mentors (Figure 28). Entrepreneurs from the province of Balochistan reported

## Domain 4: Business Development Support and Infrastructure and Infrastructure

having the greatest access to mentors with men at 58 percent and women at 46 percent. In the province of KPK, women reported greater access to mentors compared to their men counterparts. Additionally, men stated greater access across all other provinces. AJK-GB-ICT KPK had the lowest percentage of men (32 percent) and women (25 percent) respondents who had access to mentors.

“Overall, these figures reveal that most entrepreneurs in Pakistan lack access to mentoring, which could limit their growth and development potential.”

**Figure 28. Access to Mentor**

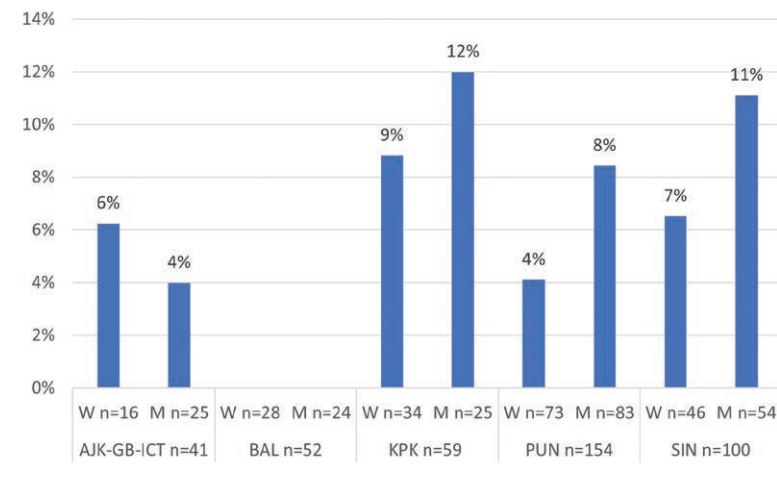


Mentoring or Networking is important for young entrepreneurs for guidance, support, and access to opportunities for growth. Figure 29 indicates that less than overall 10 percent of the survey respondents (except men in KPK) have availed themselves of any kind of mentoring or networking opportunities. KPK shows the highest percentage (men 12 percent, women 9 percent) of youth entrepreneurs that sought mentoring or

networking, followed by Sindh and Punjab respectively. From the sample survey respondents from the AJK-GB-ICT region, on average less than 5 percent of the total youth entrepreneurs sought mentoring or networking opportunities (men 4 percent, women 6 percent). Alarming, none of the young survey respondents from the province of Balochistan indicated seeking such opportunities, highlighting a crucial void.

## Domain 4: Business Development Support and Infrastructure and Infrastructure

**Figure 29.** Mentoring or Networking opportunities availed



### Challenges in Accessing Proper Debt Structuring

Accessing proper debt structuring support poses challenges for young businesses in Pakistan, making financing costly and limiting their growth opportunities. Addressing this issue can significantly improve access to capital and encourage more startups to flourish.

**“In our country, if you're a young business, you may get some grants here and there, but when I talk about proper debt structuring, it's costly.”**

*(Sector Specialist)*

In conclusion, the themes surrounding business development support and infrastructure in Pakistan highlight local entrepreneurs' challenges in securing funding, accessing skill development opportunities, and receiving tailored support. Incubators, mentorship programs, and initiatives catering to specific groups are crucial in bridging these gaps and fostering a nurturing environment for startups to thrive and contribute to the country's economic growth. By addressing these challenges and providing comprehensive support, Pakistan can nurture a vibrant and diverse entrepreneurial culture, driving innovation and progress in various sectors.



**Domain 5:**  
ACCESS TO  
MARKET

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# Domain 5: Access to Markets

## State of Play

Market access, both local and international is one of the key constraints impeding the growth of SMEs in Pakistan. SMEs located in rural and remote areas find access to main markets and big cities very costly and time-consuming. There is a lack of good infrastructure, logistics, and information and inadequate marketing means which hamper the access of rural and remote SMEs to big markets. In addition, barring the main export clusters like Sialkot, Faisalabad, and Karachi, entrepreneurs from other cities cannot access international markets<sup>75</sup>. The SME policy outlines the following measures to be taken to improve SMEs access to markets:

- ▶ Trade Development Authority (TDAP) will support the participation of small enterprises in trade fairs and exhibitions at subsidized rates.
- ▶ Regular trade fairs and exhibitions are to be held in major cities of Pakistan.
- ▶ TDAP to specifically target SMEs in Baluchistan, Khyber Pakhtunkhwa, Gilgit Baltistan, and Azad Jammu and Kashmir.
- ▶ State banks to expedite approval of applications by entrepreneurs to operate payment gateways.

Ministry of IT and Telecom, through the Digital Pakistan Policy, has identified focus areas to work on to provide better access to

the market for IT sector entrepreneurs, which include:

- ▶ Pursue all measures including legislative, policy, administrative, and international marketing measures, to augment software exports, create jobs, and contribute towards the government's efforts to increase overall IT exports and remittances.
- ▶ Concentrate on emerging areas of mobile application development, responsive web applications, big data analytics, Internet of things (IoT), and cloud computing to leverage existing competencies in Pakistan's IT industry and to improve its export potential.
- ▶ Focus on moving up the global IT value chain through innovative product development while also exploring new markets where 'Business Process Outsourcing' jobs can be created.
- ▶ Attract global multinational companies to leverage Pakistan's talent for backend services by transparently providing appropriate incentives.
- ▶ Promote the domestic software market through public sector projects.
- ▶ Utilize the Pakistani Diaspora in the North American, European, and Middle Eastern markets to enable the inclusion of young Pakistani IT entrepreneurs into the global IT value chain.

<sup>75</sup> Ministry of Information and Broadcasting (2021). *Small & Medium Enterprise (SME) Policy*.

## Domain 5: Access to Markets

### Key Findings

In the context of Access to Markets in Pakistan, several themes emerge, shedding light on the challenges faced by entrepreneurs and the measures required to expand their businesses both nationally and internationally.

#### Challenges in Accessing Angel International Markets

One key theme centres around the challenges of accessing international markets. Startups and entrepreneurs from Pakistan often face difficulties in entering global markets due to a lack of exposure, experience, and acceptability. Although some businesses have found success through labor arbitrage models, many struggle to access markets in countries like the US, Canada, or Australia.

**“Those businesses that have targeted themselves and that have made money by following a simple model of getting out of that labor arbitrage, they get to sell into some of the markets in the US or Canada or Australia or the Western markets and getting money by making money out in dollars.”**  
*(Incubator Manager)*

Lack of awareness and discrimination further hinder the entry of young entrepreneurs into both national and international markets.

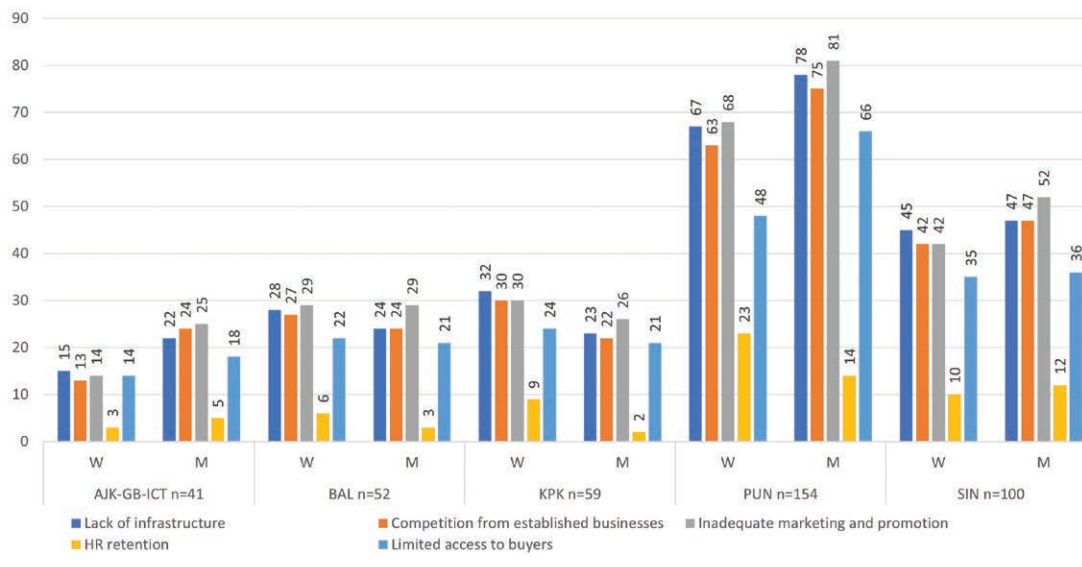
**“I believe it is tough for young entrepreneurs to enter national and international markets, let alone the marginalized young entrepreneurs. There are two dimensions to this problem: lack of awareness, exposure, and experience of young entrepreneurs, and their acceptability and discrimination.”**  
*(Development Practitioner)*

The following quantitative data represents the challenges faced by young entrepreneurs in accessing the national and international markets and further information related to them.

Challenges faced in accessing local and national markets were identified by respondents (Figure 30). Inadequate marketing and promotion (98 percent) were the main challenges identified by both women and men respondents in the study, closely followed by lack of infrastructure (94 percent) and competition from established businesses (90 percent). Limited access to buyers (76 percent) is also a factor identified by many respondents while human resource retention was identified as a problem by 21 percent of the respondents.

## Domain 5: Access to Markets

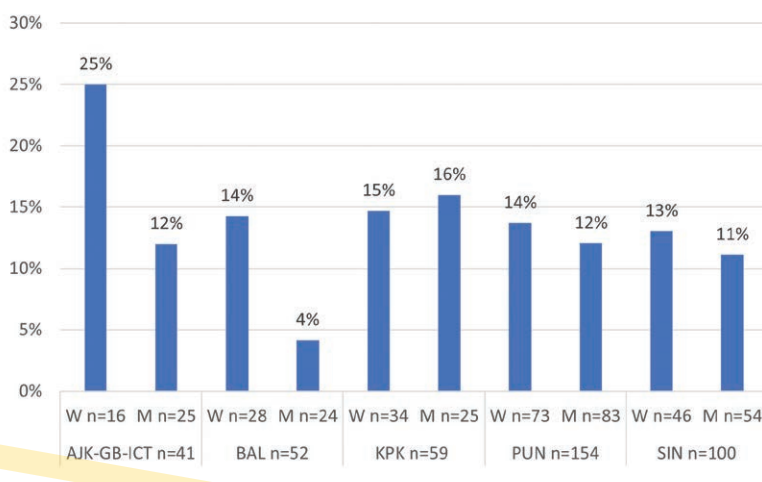
**Figure 30.** Challenges faced in accessing local and national markets



25 percent of women and 12 percent of men in AJK-GB-ICT accessed the international market among the respondents in the study. The percentage of women and men accessing the international market was 14 percent and 4 percent for Balochistan, 15 percent and 16 percent for KPK, 14 percent and 12 percent for Punjab, and 13 percent and 11 percent for Sindh respectively. More women than men respondents reported accessing international markets in all regions except KPK (Figure 31).

percent and 16 percent for KPK, 14 percent and 12 percent for Punjab, and 13 percent and 11 percent for Sindh respectively. More women than men respondents reported accessing international markets in all regions except KPK (Figure 31).

**Figure 31.** Entrepreneurs that accessed international markets

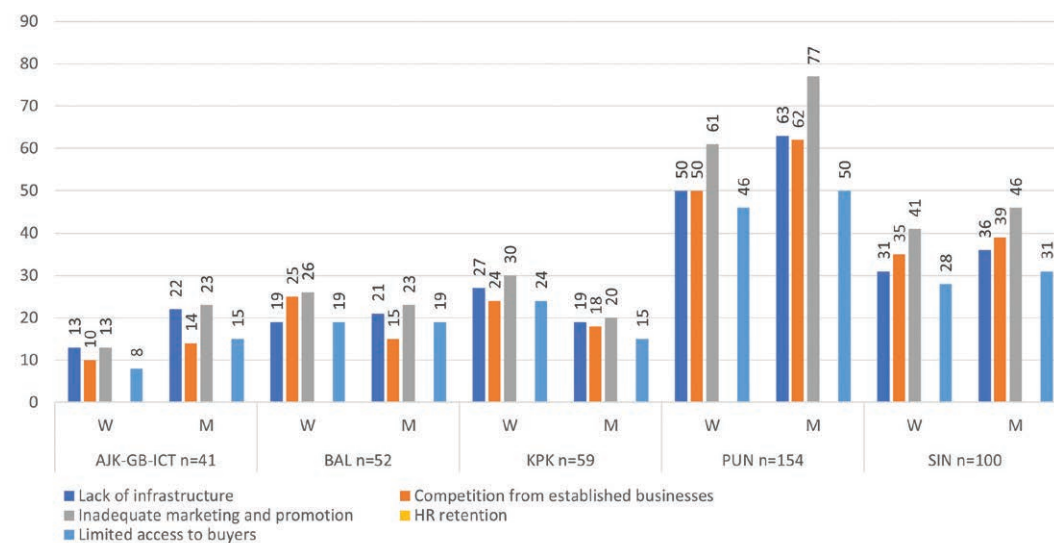


## Domain 5: Access to Markets

Inadequate marketing and promotion (89 percent) were the most cited challenges in accessing international markets by both women and men respondents of the study in all regions of the country (Figure

32). This was followed by challenges due to lack of infrastructure (74 percent), competition from established businesses (72 percent), and limited access to buyers (63 percent).

**Figure 32.** Challenges faced in accessing International Markets



### Need for Capacity Building and Mentorship

The role of capacity-building organizations and mentors becomes crucial in supporting young entrepreneurs to enter markets successfully. Mentorship and early-stage support can foster the spirit of entrepreneurship and provide valuable market insights. Capacity-building organizations (i.e. Enterprise support organizations) can organize networking events, workshops, and industry-specific meetups, connecting entrepreneurs with experienced professionals and potential collaborators.

**“So what government can do or what capacity building organizations can do is to help build them or mentor them at an early stage and at the same time promote the spirit of entrepreneurship overall...”**

*(Incubator Manager)*

By fostering partnerships and providing market insights, incubators can support startups from marginalized communities to access markets that might otherwise be out of reach.

## Domain 5: Access to Markets

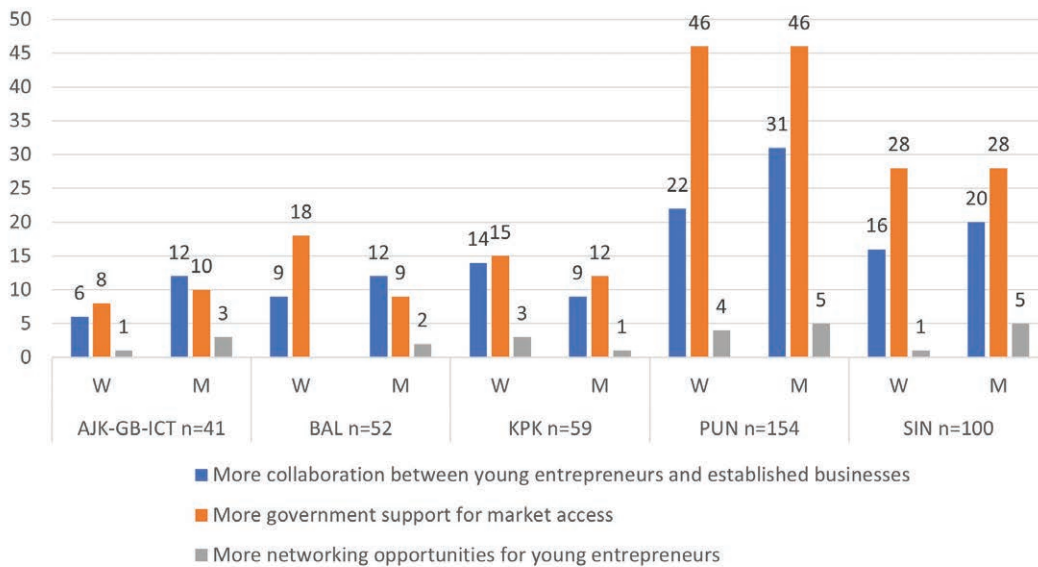
“The manager/officer can organize networking events, workshops, and industry-specific meetups where entrepreneurs can connect with experienced professionals, successful entrepreneurs, and potential collaborators.”

(Sector Specialist)

The opinion of young entrepreneurs about how to improve their access to local, national, and international markets was doc-

umented in the study (Figure 33). Around 40 percent of all male respondents suggested more collaboration between young entrepreneurs and established businesses as a means to improve their access to local, national, and international markets whereas approximately 50 percent of women responded thought more government support for market access would be more fruitful in this regard. A small number of respondents also suggested more networking opportunities for young entrepreneurs to improve their access to markets.

**Figure 33.** How to improve young entrepreneurs' access to local, national and international markets



### Government's Role in Market Access

The government's role in facilitating market access is perceived with mixed views. While there are grants and programs available, accessing these resources can

be challenging due to a lack of trust or proper implementation. Some respondents believe that the government should do more to promote export opportunities for young entrepreneurs, including youth-specific export promotion programs.

## Domain 5: Access to Markets

**“Local and international markets need to be explored to support young entrepreneurs in Pakistan. Unfortunately, there is limited focus on exporting the services and products that young entrepreneurs produce at the moment.”**

*(Sector Specialist)*

The difficulty level for young and upcoming entrepreneurs in seeking access to the market for their business in Pakistan is summarized in Table 4. On average, 95 percent of respondents characterized socioeconomic status, rural or remote background, and disability as significant challenges in seeking access to the market for their businesses in Pakistan. Interestingly education level (23 percent), ethnicity (20 percent), religion (11 percent), gender (9 percent), and caste (4 percent) are ranked much lower comparatively.

**Table 4 .Difficulty level for young and upcoming entrepreneurs in seeking access to the market for their business in Pakistan (in percent)\***

\* The colour spectrum reflects high (darker shade) to low (lighter shade) of percentages.

Province	Gender	Gender	Socio-economic status	Ethnicity	Religion	Caste	Education Level	Disability	Rural or remote background
AJK-GB-ICT n=41	Women=16	13	95	13	13	6	25	95	95
	Men=25	4	96	16	16	0	32	96	97
BAL n=52	Women=28	7	96	25	11	7	7	97	97
	Men= 24	4	96	8	13	0	21	96	96
KPK n=59	Women=34	9	98	9	3	0	27	92	92
	Men=25	12	93	36	8	8	24	97	93
PUN n=154	Women=73	13	94	22	14	11	30	93	91
	Men=83	5	95	19	15	1	18	93	96
SIN n=100	Women=46	7	90	24	9	2	13	94	95
	Men= 54	15	92	24	6	9	32	95	96

## Domain 5: Access to Markets

### Digital Skills and Opportunities

Digital skills play a crucial role in accessing new markets and industries. Providing training programs, scholarships, and digital skills initiatives can equip young entrepreneurs with the necessary tools to leverage digital opportunities and access a broader customer base.

“Digital skills, AI, web development, programming, and software engineering are the high demand trade. These skills can be developed by providing skills scholarships, evening, and weekend training programs, and digital skills programs like DigiSkills.pk, and E-rozgaar.”

*(Sector Specialist)*

Conducting thorough market research and establishing effective branding and marketing strategies are also vital for market entry and success. Understanding the high demand for skills such as AI, web development, programming, and software engineering and websites that offer digital skills programs, such as National Vocational and

Technical Training Commission, DigiSkills.pk, and E-rozgaar, target audience, potential competitors, and market trends can help entrepreneurs make informed decisions. Building a strong brand identity and effective marketing strategy can attract customers and foster brand recognition, opening doors to new market opportunities.

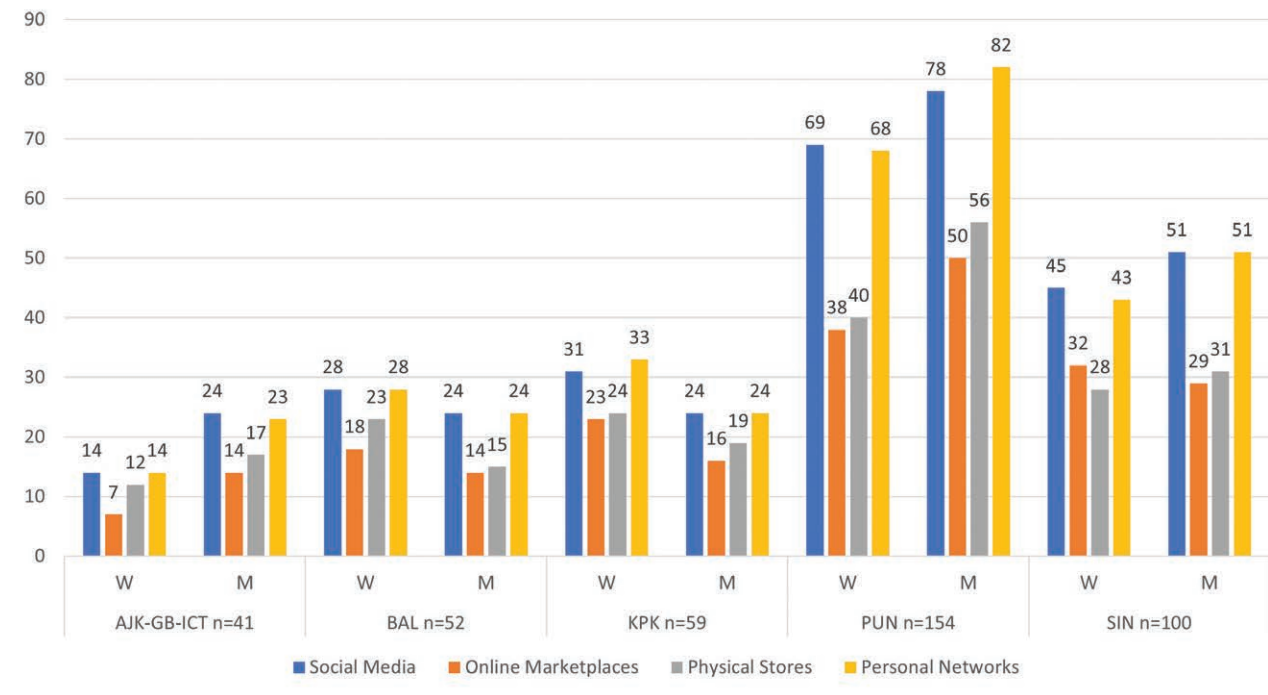
“Conducting market research: Before diving in, I knew conducting thorough research on the chosen industry or market was crucial. This involved understanding the target audience, potential competitors, and market trends.”

*(Youth Entrepreneur)*

Sources to reach out to potential clients and customers were quantified in the study (Figure 34). Personal networks (96 percent), social media (94 percent), and physical stores (65 percent) are the preferred media to reach out to clients in all geographical regions of the country whereas online marketplaces (59 percent) are the least explored venues to reach out to potential clients/customers in Pakistan.

## Domain 5: Access to Markets

**Figure 34.** Reaching out to potential clients/ customers



In conclusion, access to markets in Pakistan presents challenges for young entrepreneurs, both at the national and international levels. Capacity-building, mentorship, government support, digital skills, market research, and branding are key elements that can enable entrepreneurs to overcome these challenges

and tap into various market opportunities. By addressing these themes and implementing supportive measures, Pakistan can create a thriving ecosystem that empowers entrepreneurs to expand their businesses, contribute to economic growth, and compete on the global stage.

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**Domain 6:**  
INNOVATION AND  
TECHNOLOGY

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## Domain 6:

# Innovation and Technology

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## State of Play

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Innovation and technology serve as catalysts, empowering entrepreneurs to re-define industries and scale their ventures with unprecedented precision. According to the SME policy of Pakistan, entrepreneurs are distinguished from small business owners in the sense that they involve innovation and fresh thinking. Innovation which is the key to entrepreneurship seems to be nearly absent in the Pakistan entrepreneurship ecosystem. Most of the businessmen seem to be involved in inherited business. A substantial proportion of the new businesses and enterprises are largely replicated from international markets. Investment patterns appear to dictate entrepreneurship rather than innovation. The majority of investors seem to rush into market areas that already exist whereas startups venturing into problem-solving with creative solutions are very less in number. Furthermore, businesses are not dynamic in the country as very few businesses seem to grow to be large conglomerates and multinationals<sup>76</sup>.

To foster innovation in young entrepreneurs, various government and international organizations are working to impart technological and entrepreneurial skills to youth. Higher Education Commission (HEC) Digital Learning and Skill Enrichment Initiative (DLSEI) is one such initiative to provide educated youth the oppor-

tunity to acquire in-demand skills from international universities.

UNDP Pakistan works with young entrepreneurs in all sectors at various stages of business growth through scouting for good ideas, turning them into viable business solutions, and providing effective mentoring and grants. Currently, Youth Co: Lab is an initiative co-led by UNDP and Citi Foundation that aims to empower young people in Asia and the Pacific to lead social change through entrepreneurship and innovation. The initiative provides a platform for young entrepreneurs to connect, learn, and access resources and support to start and grow their businesses. National youth social innovation and entrepreneurship activities have benefited more than 15,000 young people and created or improved 1,700 youth-led social innovation or entrepreneurship teams<sup>77</sup>.

In Pakistan, it has three key components i.e., the National Dialogue, the Movers Programme, and Digital Skills Development, which are working to:

- ▶ Provide capacity building, mentorship, and grants to youth-led social enterprises
- ▶ Promote policy dialogue for youth innovation and entrepreneurship

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<sup>76</sup> Kumar (2020). *Entrepreneurship Ecosystem and Development of Entrepreneurship in Pakistan*.

<sup>77</sup> Youth Co:Lab (2023). *About Us*.

## Domain 6: Innovation and Technology

for small businesses and the terms of these plans are stringent for small business owners. In Pakistan, the plan called Voluntary Pension System is regulated by the Securities and Exchange Commission of Pakistan (SECP) and is open for all individuals, either employed or self-employed<sup>82</sup>.

### Intellectual Property Rights

Protecting intellectual property rights is crucial for start-ups and small businesses to preserve of their unique ideas and services. The Intellectual Property Organization of Pakistan is the focal organization for issues relating to property rights in Pakistan<sup>83</sup>. They preserve patents, Integrated Circuits (IC), industrial designs, copyrights, and geographic indications, all of which are very useful for budding new businesses. IP laws are very weak and take too long to process in Paki-

stan. In most cases, by the time the process is completed, the technology becomes obsolete.

### Prime Minister's National Innovation Award (PMNIA)

Prime Minister's Youth Programme has announced the National Innovation Award for the youth of Pakistan in 2022. It is an opportunity for young entrepreneurs (15-30 years) to present their innovative ideas related to eight thematic areas with a specific focus on Eco-Innovation and get a chance to win Rs. 2 million in grant funding along with technical support and incubation options. Under this program, NUST conducted a 5-day idea pitching training/boot camp at Islamabad for 70+ participants for Islamabad region from 6th February 2023- 10th February 2023<sup>84</sup>. Universities in other regions would also conduct similar programs.

## Key Findings

In the context of Innovation and Technology in Pakistan, several themes emerge, shedding light on the evolving entrepreneurial landscape driven by technology and the challenges faced by young entrepreneurs.

### Technology as a Catalyst for Entrepreneurship

In the context of Innovation and Technology in Pakistan, several themes emerge, shedding light on the evolving entrepreneurial

landscape driven by technology and the challenges faced by young entrepreneurs.

One key theme revolves around technology acting as a catalyst for entrepreneurship. The increasing penetration of digitalization and access to technology has opened new opportunities for young entrepreneurs to start and grow their ventures, particularly in the tech sector.

**“The increasing penetration of technology and digitalization has opened new opportunities for young entrepreneurs.”**  
*(Innovation Manager)*

<sup>82</sup> Mutual Funds Association of Pakistan (2023). *Voluntary Pension System (VPS). A Concise Guide for Investors*

<sup>83</sup> Intellectual Property Organization of Pakistan (2023)

<sup>84</sup> NUST (2023). *Prime Minister's National Innovation Award (PMNIA)*.

## Domain 6: Innovation and Technology

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<sup>84</sup> NUST (2023). *Prime Minister's National Innovation Award (PMNIA)*.

## Domain 6: Innovation and Technology

The prevalence of education techs, health techs, and digital platforms has made it easier for young individuals to launch their startups and tap into innovative solutions.

“These days, while they are on campus, the access to digital technology or the process of digitalization has made it easier for them to start their small digital ventures and work around.”

(Educationist)

Table 5 tabulates the use of technological tools used by the youth entrepreneurs. The largest percentage of respondents (83

percent) use social media and technological services, followed by e-commerce (68 percent) digital payments (55 percent), and website development (48 percent). In comparison, there is less usage of tools such as cloud computing, mobile applications, and Google ads. Interestingly, women (89 percent) use social media more than men (77 percent) in entrepreneurial activities. Other tools are utilized similarly by both genders, with little variation across the provinces. A statistic that stands out is the percentage of men (21 percent) in Balochistan that do not use technology in their business, compared to all other provinces that responded between 0-3 percent, i.e., an overwhelming majority uses some type of technological tool.

**Table 5 : Technological tools used by entrepreneurs (in percent)\***

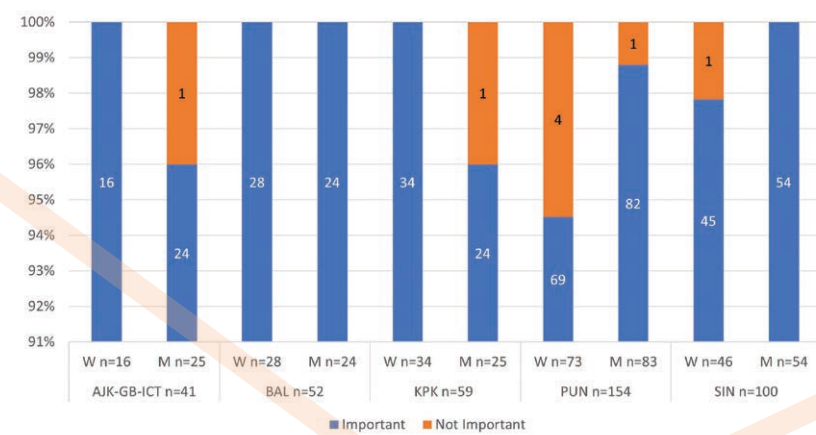
\* The colour spectrum reflects high (darker shade) to low (lighter shade) of percentages.

Province	Gender	Social media	Technological Services	Website development	Mobile applications	Cloud computing	Google Ads	Facebook Ads	Digital Payments	E-Commerce	Business Data	No technology in my business
AJK-GB-ICT n=41	Women=16	63	75	50	44	13	25	25	44	56	31	0
	Men=25	64	100	60	20	8	16	16	40	68	48	0
BAL n=52	Women=28	100	82	39	7	14	21	21	75	71	32	0
	Men= 24	63	96	63	25	0	21	21	42	75	42	21
KPK n=59	Women=34	100	68	29	3	24	9	12	74	74	38	3
	Men=25	84	60	56	4	12	32	32	60	52	36	0
PUN n=154	Women=73	100	84	40	5	8	18	19	58	66	30	0
	Men=83	95	83	54	13	11	22	24	60	65	33	0
SIN n=100	Women=46	85	100	46	22	9	11	13	50	78	39	0
	Men= 54	78	78	48	22	17	17	19	52	70	44	0

## Domain 6: Innovation and Technology

An overwhelming majority (98 percent) of the survey respondents believe that innovation and technology are important for both entrepreneurs and enterprises (Figure 35), stipulating a need and willingness for both.

**Figure 35. Importance of innovation and technology for entrepreneurs/ enterprises**



### Youth-led Tech Entrepreneurship

Another prominent theme is the prominence of youth-led tech entrepreneurship. The younger generation is at the forefront of driving innovation in Pakistan, with many tech startups being founded and led by young individuals.

**“Most of the tech entrepreneurship or startups are led by companies that are founded by young individuals.”**  
(Incubator Manager)

Digital channels and platforms have empowered these entrepreneurs to launch and scale their businesses, making technology a significant driver of entrepreneurial growth.

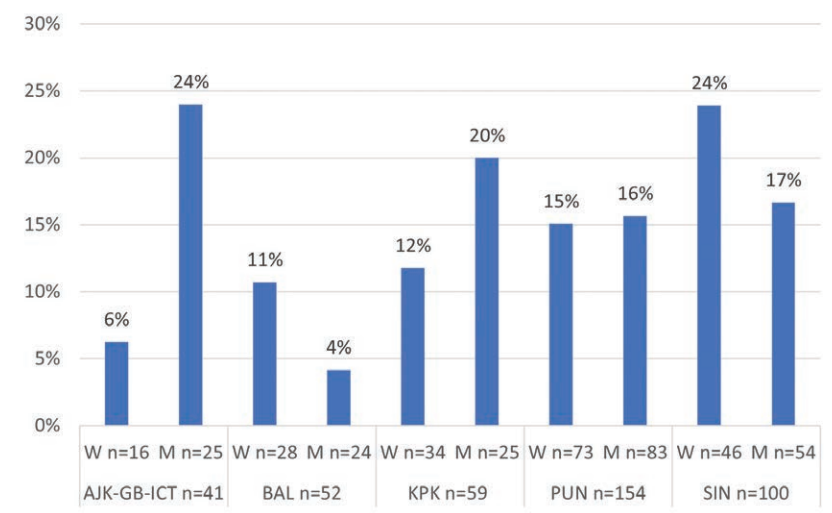
**“IT Sector - AI and Technology: The IT sector, including Artificial Intelligence (AI), offers tremendous potential for young entrepreneurs.”**  
(Youth Entrepreneur)

Figure 36 explores young entrepreneurs' access to technological support. As per the survey respondents, the entrepreneurs of the province of Balochistan demonstrate higher levels of inaccessibility to technological support; with only 7 percent of the respondents indicating access. In comparison, respondents with access in Sindh, KPK, AJK-GB-CT, and Punjab have been reported at 20 percent, 16 percent, and 15 percent respectively. Overall, access to technological support was minutely higher for men (15 percent) than women (13 percent).

## Domain 6: Innovation and Technology

This disparity was more enhanced in the AJK-GB-ICT and KPK regions, whereas the pattern was reversed in the provinces of Sindh and Balochistan, where women reported greater access in comparison to their men counterparts.

**Figure 36.** Access to technological support



### Focus on Social Entrepreneurship and Impact

The growing focus on social entrepreneurship and impact is another noteworthy theme. Many young entrepreneurs are driven by a desire to solve real-world challenges and make a positive impact on society and the environment. Social entrepreneurship has gained traction among Pakistani youth, with startups focusing on innovative solutions for issues like waste management, recycling, and responsible consumption.

### Opportunities and Potential Sectors

Opportunities and potential sectors in Pakistan present another significant theme. The IT sector, e-commerce, renewable energy, agribusiness, education, sustainable fashion, and health tech are some of the key areas where young entrepreneurs can thrive. The ever-evolving information technology and the rising focus on climate change challenges provide ample opportunities for new solutions and entrepreneurial ventures.

**“Social entrepreneurship has gained traction among Pakistani youth. Many young entrepreneurs are focusing on developing innovative solutions to address social and environmental challenges.”**

*(Innovation Manager)*

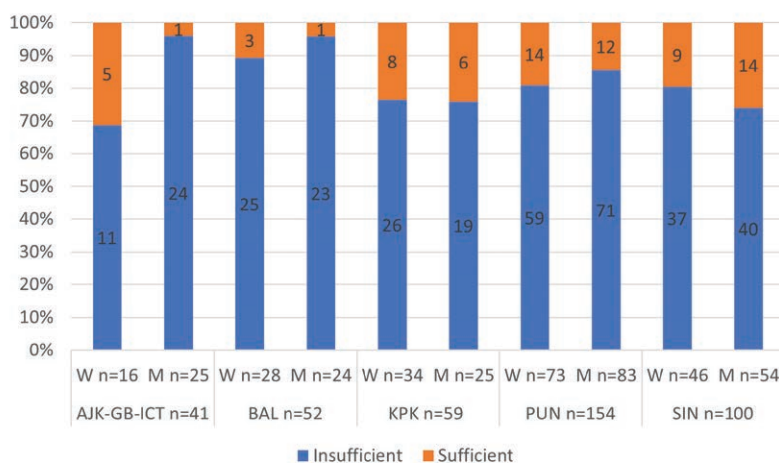
## Domain 6: Innovation and Technology

“The ever-evolving Information Technology has opened many avenues for entrepreneurship in e-commerce, information security, digital marketing services, etc. Moreover, the climate change challenges also provide opportunities for new solutions and entrepreneurial ventures. Agriculture, food preservation, and processing are also promising sectors. Health Services, Education, and Housing are also potential sectors given Pakistan's rising population.”

*(Development Practitioner)*

More than 80 percent of the survey respondents state that there are insufficient opportunities in terms of opportunities and resources available for young entrepreneurs in Pakistan (Figure 37). On the regional/provincial level, Balochistan quotes the highest level of insufficient opportunities (92 percent), followed by AJK-GB-ICT (85 percent), and Punjab (83 percent). Young entrepreneurs in KPK and Sindh reported 76 percent, and 77 percent insufficient opportunities respectively. Besides the province of Sindh, men respondents reported a greater need for opportunities and resources than women respondents.

**Figure 37.** Sufficiency of opportunities and resources available for young entrepreneurs in Pakistan



Despite the opportunities, young entrepreneurs face challenges in the tech sector. Issues like internet accessibility, international fund transfer challenges, and the need to keep up with technical changes are some of the obstacles that need to be addressed for sustained success.

“Young Entrepreneurs are rapidly opting for freelancing and digital services businesses. However, they face IT infrastructure, internet accessibility, and international fund transfer challenges; if some work is done in these areas, it will be helpful for entrepreneurs.”

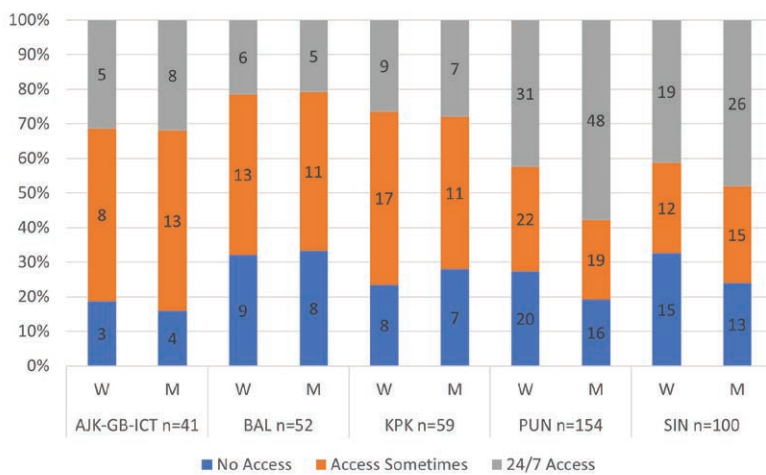
*(Development Practitioner)*

## Domain 6: Innovation and Technology

Figure 38 indicates the access to the internet among the respondents. The data shows that the majority of the respondents from the sample have access to the internet, with 164 respondents indicating that they have 24/7 access, whilst 141 have access sometimes. The remaining 103 re-

sponded having no internet access. Punjab reported having the highest number of respondents having access to the Internet at 78 percent, followed by KPK at 75 percent, Balochistan at 63 percent, AJK-GB-ICT at the highest rate of 83 percent, and Sindh at 72 percent.

**Figure 38.** Access to the Internet by province and gender



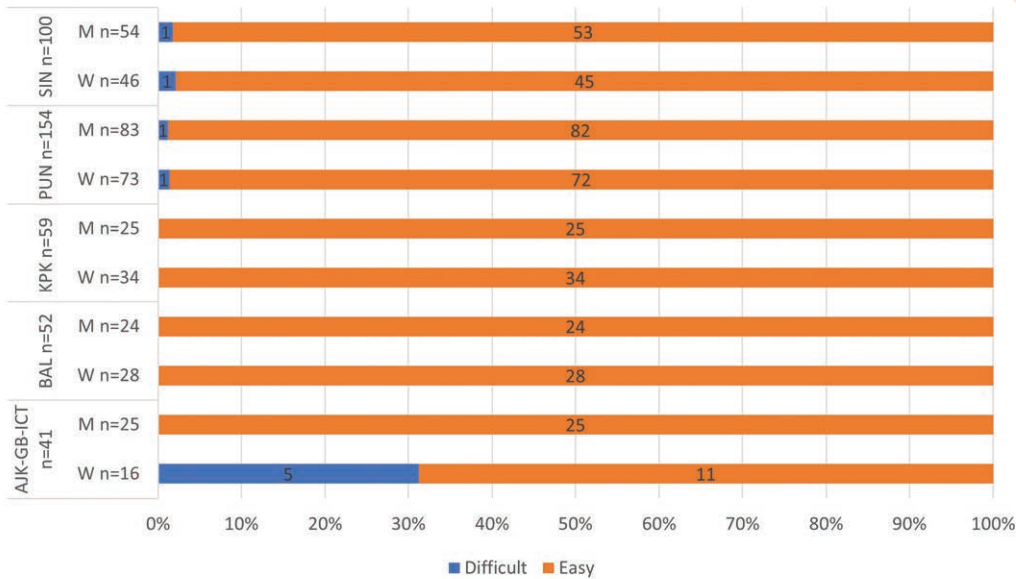
Despite the numerous amounts of challenges, Figure 39 shows the level of ease of access and adaptation to new technologies by young entrepreneurs in Pakistan.

**“Less than 5 technologies by young entrepreneurs in Pakistan. Less than 5 percent of the survey respondents indicate difficulty in accessing and adopting new technologies and innovation.”**

The highest number comes from women in the AJK-GB-ICT region, where 5 in 16 women reported difficulty. In contrast, 100 percent of the youth entrepreneurs from the survey hailing from the provinces of Balochistan and KPK responded that it was easy to access and adopt new technologies and innovation.

## Domain 6: Innovation and Technology

**Figure 39.** Ease of accessing and adopting new technologies and innovation by young entrepreneurs in Pakistan



In conclusion, the innovation and technology landscape in Pakistan is evolving rapidly, driven by the growing adoption of digitalization and access to technology. Young entrepreneurs play a pivotal role in this transformation, with technology acting as a catalyst for their ventures. As they focus on tech entrepreneur-

ship, social impact, and potential sectors, addressing challenges like infrastructure and technical changes will be essential for fostering a thriving ecosystem that empowers young entrepreneurs to make a positive impact and drive further innovation in Pakistan.





# Recommendations

This section compiles the recommendations extracted from the study results and key findings under each of the six key domains. The recommendations provide targeted interventions for government and policymakers, entrepreneur support organizations, investors, education providers, and youth entrepreneurs within the country's youth entrepreneurship ecosystem. For a well-functioning entrepreneurial ecosystem, each stakeholder within the six key domains must play their part effectively.

## Domain 1: Policy and Regulatory Frameworks

### Government and Policymakers

- ▶ Review and amend the Private Fund Regulations to make the process of investing in local funds more streamlined and investor friendly. This could involve simplifying paperwork, reducing bureaucratic hurdles, and ensuring clear guidelines for local funds and investors
- ▶ Offer tax breaks and incentives to local funds that invest in youth enterprises. This could include tax exemptions on capital gains or dividends earned from youth startup investments.
- ▶ Ensure a clear and predictable policy on dividends for investors in youth enterprises. This would provide clarity and encourage more investors to support early-stage ventures.

### Entrepreneur Support Organizations

- ▶ Curate support services specifically tailored to meet the needs of experienced founders. These services could include advanced mentorship, access to specialized resources, and networking opportunities with seasoned entrepreneurs and industry experts.
- ▶ Facilitate intentional connections between locally educated founders and potential investors. This can be done through networking events, investor pitch sessions, and introductions to angel investors and venture capitalists.

### Investors

- ▶ Take advantage of the tax relief policies offered to investors in mutual fund schemes in Pakistan. By investing in local youth enterprises through these schemes, prospective investors can benefit from tax advantages and be more enticed to fund early-stage ventures.
- ▶ Collaborate with entrepreneur support organizations to identify investment opportunities. These organizations can help investors connect with promising youth enterprises and facilitate the due diligence process.

### Education Providers

- ▶ Incorporate entrepreneurial programs into the curriculum, with a focus on industry-specific mentor matching. For example, if a student is interested in launching a tech startup, the program should connect them with mentors experienced in the tech industry.
- ▶ Establish partnerships with investor networks and entrepreneur support organizations to connect students with potential investors. This could involve hosting joint events or workshops that bring students and investors together.

## Recommendations

### Youth Entrepreneurs

- ▶ Take advantage of SMEDA's one-window operation for youth enterprises to register businesses and consolidate compliance requirements. This streamlined process will save time and resources, allowing young entrepreneurs to focus more on building their ventures.
- ▶ Engage with support programs offered by organizations like Daftarkhwan's VC Exchange, Pak Launch, and Venture for Pakistan. These programs can provide valuable mentorship, training, and funding opportunities to young entrepreneurs.
- ▶ Seek investment from local funds benefiting from the government's tax breaks and incentives. By aligning their funding needs with the government's support initiatives, young entrepreneurs can attract more potential investors.

## Domain 2: Human Capital and Entrepreneurship Culture

### Government and Policymakers

- ▶ Integrate entrepreneurship education into the school curriculum from an early age. This could involve introducing modules on entrepreneurship, organizing startup competitions, and inviting successful entrepreneurs to share their experiences with students.
- ▶ Encourage diversity and inclusion initiatives to empower women entrepreneurs among key stakeholders. The government can support programs that provide training, funding, and mentorship specifically tailored to support women-owned start-ups.
- ▶ Support upskilling initiatives through corporate and academic interventions to enhance the talent pool. The government can partner with private companies and educational institutions to provide skill development programs and training opportunities for aspiring entrepreneurs.

### Entrepreneur Support Organizations

- ▶ Offer mentorship programs to connect experienced founders with younger entrepreneurs. Mentorship can provide valuable guidance, industry insights, and networking opportunities for aspiring entrepreneurs.
- ▶ Provide skill benchmarking practices to align university curriculums with the needs of startups. Entrepreneur support organizations can work with higher education institutes to ensure that the skills taught are relevant and up to date with the demands of the startup ecosystem.
- ▶ Foster a supportive and inclusive entrepreneurial culture within the ecosystem. Support organizations should create an environment that encourages collaboration, diversity, and knowledge-sharing among entrepreneurs through facilitating the organization of events, networking, and development of platforms to bring together cross-cultural and cross-sectoral players.

### Investors and Funders

- ▶ Support entrepreneurship education initiatives that focus on skill-building and practical experiences. Investors can collaborate with educational institutions to provide guest lectures, workshops, and practical insights through case studies to students interested in entrepreneurship.

### Education Providers

- ▶ Incorporate practical insights and industry visits into the curriculum to empower students to pursue startup ideas. By exposing students to real-world challenges and opportunities, higher education institutes can inspire and prepare them for entrepreneurial ventures.

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## Recommendations

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- ▶ Promote diversity and inclusivity within their organizations and in the startups, they invest in. Investors can actively seek out and support startups led by women and underrepresented groups.
- ▶ Offer skill-based practicums and work task assignments to prepare students for startup roles. These hands-on experiences can help students develop practical skills and gain confidence in pursuing entrepreneurial endeavours.

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### Youth Entrepreneurs

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- ▶ Seek out entrepreneurship education programs and mentorship opportunities to develop essential skills and enhance knowledge and expertise. For example, reaching out to incubators, accelerators, government organizations, NGOs/CSOs, academic institutions, or corporates within the target sectors.
  - ▶ Embrace diversity and inclusion in their own startups and promote an inclusive workplace culture. By diverse hiring and fostering an inclusive environment through the development of inclusive and equitable organizational policies and flexibility in work arrangements and spaces for open discussion, young entrepreneurs can create a stronger and more innovative entrepreneurship ecosystem.
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## Domain 3: Access to Finance and Incentives

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### Government and Policymakers

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- ▶ Create awareness and disseminate information about funding options and support available for youth enterprises. The government can use digital platforms, workshops, and awareness campaigns to educate startups about the various funding sources and incentives they can access.
- ▶ Establish an entrepreneurship fund to provide early-stage capital to youth startups. This fund can be dedicated to supporting innovative and promising startups that may face challenges accessing traditional financing.
- ▶ Simplify registration processes to make it easier for youth enterprises to access formal financing. The government can streamline the registration and compliance requirements, reducing the time and effort needed to access loans or grants.

### Entrepreneur Support Organizations

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- ▶ Assist youth enterprises in identifying funding sources and connecting with investors. Entrepreneur support organizations can act as intermediaries, helping enterprises prepare investment pitches and facilitating meetings with potential investors.
- ▶ Offer investment readiness support and mentorship to prepare youth enterprises for funding opportunities. Support organizations can provide training on financial management, business planning, and pitching skills.

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### Investors and Funders

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- ▶ Develop robust investment proposals leveraging the local context. Investors should understand the unique market dynamics and opportunities in Pakistan to make informed investment decisions.

### Education Providers

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- ▶ Support youth startups by providing guidance on navigating the startup landscape and accessing investment.

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## Recommendations

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- ▶ Invest at scale to support youth startups' growth. By providing significant funding, investors can help startups scale their operations and reach their full potential.
- ▶ Engage in a programmatic growth mindset to manage youth enterprise performance. Investors should take a long-term view and provide ongoing support and guidance to startups, especially during challenging times.
- ▶ Higher education institutes can partner with investors and support organizations to organize events and workshops that educate youth enterprises about funding options and traditional/innovative financing models.

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### Youth Entrepreneurs

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- ▶ Explore non-conventional funding options like blended finance and catalytic funding. Youth enterprises can look beyond traditional bank loans and venture capital to access alternative sources of funding that align with their mission and goals.
  - ▶ Prepare strong investment pitches and engage with investors and support organizations for funding opportunities. Young entrepreneurs should be proactive in seeking funding and presenting their ventures in a compelling manner to attract investors.
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## Domain 4: Business Development Support and Infrastructure

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### Government and Policymakers

- ▶ Establish incubators as enablers, guiding and supporting youth enterprises through the regulatory process. Incubators can help youth enterprises (including social enterprises) navigate legal and regulatory requirements, ensuring compliance and reducing bureaucratic challenges.
- ▶ Invest in enabling infrastructure such as payment gateways and modernization of government organizations. The government can create a conducive environment for youth enterprises by providing efficient and modernized infrastructure to support their operations. For example, the development of a user-friendly online business registration platform or window operations that simplifies the process for youth entrepreneurs.

### Entrepreneur Support Organizations

- ▶ Tailor support services specifically to meet the needs of youth enterprises from different sectors and demographics. Different youth enterprises have unique challenges and requirements; support organizations should customize their offerings to address these specific needs.
- ▶ Focus on business development skills and industry-specific mentor matching. Providing practical business development training and connecting youth enterprises with mentors from relevant industries can significantly enhance their chances of success.

## Recommendations

### Investors and Funders

- ▶ Provide mentorship and support to youth enterprises beyond just financial investment. Investors can leverage their industry experience and networks to help youth enterprises overcome challenges and scale their businesses.
- ▶ Connect with incubators and accelerator programs to identify investment-worthy youth enterprises. Collaborating with incubators allows investors to access a pipeline of promising youth enterprises that have undergone rigorous validation and support.

### Education Providers

- ▶ Collaborate with industry to identify emerging trends and best practices for startups. Higher education institutes can work with established businesses and industry experts to understand current market demands and prepare students for entrepreneurship.
- ▶ Support student entrepreneurship by offering incubation centres and mentorship. Providing physical spaces and mentorship support within the university can encourage students to explore and launch their enterprise ideas.

### Youth Entrepreneurs

- ▶ Engage with incubators and support programs to access mentorship and industry insights by keeping themselves updated about any developments in incubators or incentives being provided in their region by government, and private organizations/incubators. This can be accomplished through social networking and being up to date with newspapers and electronic media. Youth enterprises can benefit greatly from the guidance and expertise offered by experienced mentors within incubators and support organizations.
- ▶ Leverage peer founder networking for guidance and support. Connecting with other founders allows young entrepreneurs to share experiences, learn from each other's challenges, and build a supportive community within the ecosystem.

## Domain 5: Access to Markets

### Government and Policymakers

- ▶ Create awareness among youth enterprises about national and international market access opportunities. The government can organize workshops, seminars, and trade shows to educate youth enterprises about market opportunities and export potential in diverse sectors including green and blue economy sectors.
- ▶ Collaborate with industry stakeholders to develop effective policies promoting market access. By working with industry associations and trade bodies, the government can address regulatory barriers and facilitate market entry for youth enterprises.

### Entrepreneur Support Organizations

- ▶ Provide networking events, workshops, and industry-specific meetups to connect youth enterprises with potential collaborators. Support organizations can create platforms where startups can showcase their products or services to relevant industry players.
- ▶ Offer support and mentorship to youth entrepreneurs from marginalized communities to access new markets. Support organizations should be inclusive and ensure that youth enterprises from diverse backgrounds have equal opportunities to access markets.

## Recommendations

### Investors and Funders

- ▶ Support youth startups in accessing new markets by providing market insights and networking opportunities. Investors with expertise in specific markets can guide youth enterprises on market entry strategies and facilitate introductions to potential customers or partners.

### Education Providers

- ▶ Incorporate digital skills training into the curriculum to equip students with tools to access new markets. Digital literacy and marketing skills are essential for youth enterprises to reach and engage with customers in the digital age.

### Youth Entrepreneurs

- ▶ Engage in dynamic networking events and workshops to establish vital connections and access untapped markets. To actively enhance participation in these events, young entrepreneurs can take the lead by joining industry-specific gatherings and online platforms.

## Domain 6: Innovation and Technology

### Government and Policymakers

- ▶ Address challenges like internet accessibility and international fund transfer for startups in the tech sector. The government can invest in improving digital infrastructure and facilitate cross-border transactions to support tech startups.
- ▶ Create policies that promote innovation and sustainability-focused startups. The government can offer incentives and grants to startups that focus on developing innovative solutions and contribute to sustainable development.

### Entrepreneur Support Organizations

- ▶ Offer support and resources specific to tech startups, addressing their unique challenges. Support organizations can provide technical expertise, mentorship, and access to tech-specific funding opportunities.

### Investors and Funders

- ▶ Support startups in the tech sector by investing in innovative and sustainable ventures. Investors should actively seek out startups that leverage technology to address market needs and contribute to a more sustainable future.

### Education Providers

- ▶ Promote innovation and entrepreneurship within the tech sector through university incubation centres. Higher education institutes can establish specialized incubation centres that focus on nurturing tech startups and providing them with the necessary resources and support.

### Youth Entrepreneurs

- ▶ To enhance the success of tech-focused ventures, youth-led startups should prioritize, seeking knowledge, awareness, and mentorship on both innovation and sustainability from tech-focused incubators and accelerator programs to developing products or services that address market gaps and promote positive societal and environmental impact.

## Recommendations

### Monitoring and Evaluation of the Recommendations

This section provides guidance with examples of monitoring and evaluation (M&E) initiatives for government and policymakers, entrepreneur support organizations, investors, education providers, and youth entrepreneurs, to facilitate the effective monitoring of the recommendations and evaluation of its impact.

Entrepreneurship Ecosystem Domain	Key stakeholders	M&E initiatives
<b>DOMAIN 1: POLICY AND REGULATORY FRAMEWORKS</b>	Government and Policymakers	<p>Assessment to evaluate system improvements, including:</p> <ul style="list-style-type: none"> <li>(i) The average time taken for approval of investments into local funds</li> <li>(ii) Maintenance of a database to enumerate and evaluate the number of local funds investing in youth enterprises and the capital invested through tax breaks and incentives.</li> <li>(iii) Impact of policies and systemic changes on youth enterprises.</li> </ul>
	Entrepreneur Support Organizations	<p>Continuous monitoring of:</p> <ul style="list-style-type: none"> <li>(i) The number of experienced founders accessing advanced mentorship, resource utilization, and networking participation.</li> <li>(ii) The effectiveness of connections between locally educated founders and potential investors.</li> </ul>
	Investors and Funders	<p>Evaluate, annually:</p> <ul style="list-style-type: none"> <li>(i) The number of investors benefiting from tax relief policies and investments in youth enterprises through mutual fund schemes.</li> <li>(ii) The number of successful investments facilitated through collaboration with support organizations.</li> </ul>
	Educational Institutions	<p>Assessing, annually:</p> <ul style="list-style-type: none"> <li>(i) The number of students participating in entrepreneurial programs and their satisfaction with the recommended programs such as mentor matching.</li> <li>(ii) The impact of partnerships with investor networks. For example, by tracking the number of joint events and workshops.</li> </ul>
	Youth Entrepreneurs	<p>Regular assessments focusing on:</p> <ul style="list-style-type: none"> <li>(i) The time and resources taken for business registration.</li> <li>(ii) The number of young entrepreneurs accessing support programs and the alignment of young entrepreneurs' funding needs with government support initiatives.</li> </ul>

## Recommendations

Entrepreneurship Ecosystem Domain	Key stakeholders	M&E initiatives
<b>DOMAIN 2: HUMAN CAPITAL AND ENTREPRENEURSHIP CULTURE</b>	Government and Policymakers	<p>Annually evaluate:</p> <ul style="list-style-type: none"> <li>(i) The integration of entrepreneurship education into the curriculum. For example, tracking the implementation of modules, startup competitions, and guest lectures by entrepreneurs.</li> <li>(ii) Number and quality of inclusion initiatives, including training, funding, and mentorship specific to women-owned startups or marginalized communities.</li> <li>(iii) The effectiveness of upskilling initiatives in partnership with private sector and educational institutions.</li> </ul>
	Entrepreneur Support Organizations	<p>Assessment of:</p> <ul style="list-style-type: none"> <li>(i) Effectiveness, in terms of the alignment of university curricula) startup needs.</li> <li>(ii) Event participation and knowledge-sharing activities to ensure a supportive and inclusive entrepreneurial culture.</li> </ul>
	Investors and Funders	<ul style="list-style-type: none"> <li>(i) Review the progress of the support provided in the shape of entrepreneurship education initiatives, guest lectures, workshops, and practical insights for students interested in entrepreneurship.</li> <li>(ii) Assess the level and impact of diversity and inclusivity initiatives integrated within their organizations and in the start-ups being invested in.</li> </ul>
	Education Providers	<ul style="list-style-type: none"> <li>(i) Assess the incorporation of practical insights, industry visits, and skill-based practicums into the curriculum to empower students to pursue startup ideas.</li> </ul>
	Youth Entrepreneurs	<ul style="list-style-type: none"> <li>(i) Asses the level of participation in entrepreneurship education and mentorship programs and the resulting impact on skill development, knowledge, and diversity within their startups.</li> </ul>

## Recommendations

Entrepreneurship Ecosystem Domain	Key stakeholders	M&E initiatives
<b>DOMAIN 3: ACCESS TO FINANCE AND INCENTIVES</b>	<b>Government and Policymakers</b>	Evaluate the effectiveness: <ul style="list-style-type: none"> <li>(i) The usage of digital platforms for raising awareness regarding funding options and incentives among youth enterprises, through measuring the workshop attendance, and campaign reach.</li> <li>(ii) The extent to which youth enterprises report improved awareness of funding sources and incentives.</li> <li>(iii) The number of startups funded, the total amount disbursed, and the progress of the funded startups to assess its effectiveness in providing early-stage capital to youth startups.</li> <li>(iv) Upgraded registration processes. For example, through monitoring registration times and feedback from youth enterprises</li> </ul>
	<b>Entrepreneur Support Organizations</b>	Monitoring the progress of: <ul style="list-style-type: none"> <li>(i) The number of successful investor connections facilitated by support organizations and document post-connection support.</li> <li>(ii) The participation in readiness support programs and the financial performance of startups participating in these programs</li> <li>(iii) Assess whether readiness support leads to better prepared startups and increased funding opportunities.</li> </ul>
	<b>Investors and Funders</b>	Evaluate: <ul style="list-style-type: none"> <li>(i) The quality and success rate of investments, ensuring that they align with local market dynamics.</li> <li>(ii) The scale of investments and the growth of funded startups to determine if investments effectively contribute to scaling startups, as recommended.</li> <li>(iii) The duration and impact of ongoing support provided to startups, assessing whether it leads to improved startup performance.</li> </ul>
	<b>Education Providers</b>	Regularly track: <ul style="list-style-type: none"> <li>(i) The number of youth enterprises engaged, and the quality of guidance provided.</li> <li>(ii) The workshop attendance, feedback, and changes in startup knowledge to evaluate whether the events and workshops enhance startup understanding of financing options</li> </ul>
	<b>Youth Entrepreneurs</b>	Assess: <ul style="list-style-type: none"> <li>(i) The utilization of non-conventional funding sources and assess whether youth-led startups can successfully diversify their funding sources; identify the roadblocks.</li> <li>(ii) The quality and success rate of investment pitches to effectively attract investments.</li> </ul>

## Recommendations

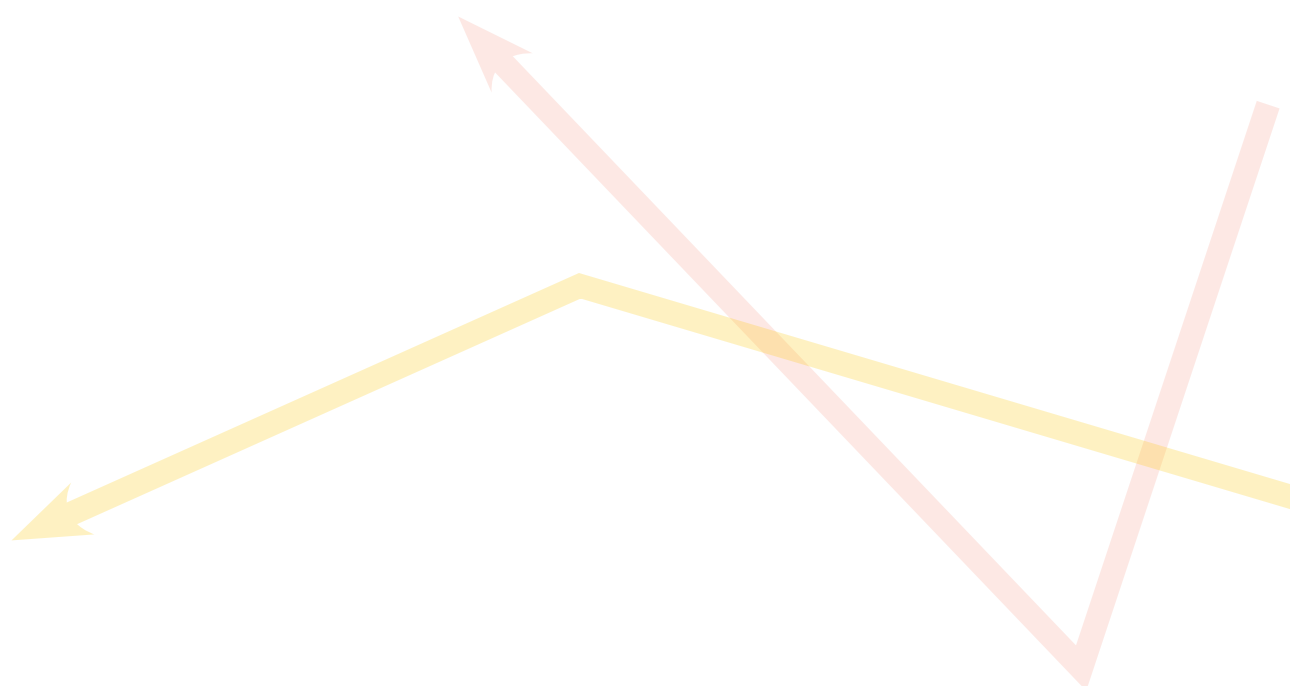
Entrepreneurship Ecosystem Domain	Key stakeholders	M&E initiatives
<b>DOMAIN 4: BUSINESS DEVELOPMENT SUPPORT AND INFRASTRUCTURE</b>	Government and Policymakers	<p>Analyse:</p> <ul style="list-style-type: none"> <li>(i) The number of enterprises utilizing incubators and their effectiveness in meeting regulatory requirements, reducing bureaucratic challenges and ensuring compliance.</li> <li>(ii) The investments in enabling infrastructure like payments gateways and effective government services through feedback collected from youth enterprises regarding the efficiency and ease of operation.</li> </ul>
	Entrepreneur Support Organizations	<p>Monitor:</p> <ul style="list-style-type: none"> <li>(i) The alignment of support services based on need and the satisfaction and progress of youth enterprises benefiting from the tailored support.</li> <li>(ii) The success of providing business development training and mentor matching through feedback from entrepreneurs on the improvements in their business skills and resulting impact.</li> </ul>
	Investors and Funders	<p>Assess:</p> <ul style="list-style-type: none"> <li>(i) The extent to which investors engage in mentorship and support through feedback from both investors and youth entrepreneurs.</li> <li>(ii) The effectiveness of collaborating with incubators and accelerator programs to identify investment-worthy youth enterprises through the quantity and quality of enterprises emerging from the programs.</li> </ul>
	Education Providers	<p>Measure the success of support, through appraising:</p> <ul style="list-style-type: none"> <li>(i) The relevance of education with respect to market demands by reviewing the 'practical application' of emerging trends within the curriculum.</li> <li>(ii) The number of student enterprises supported within the institution and the impact, with feedback from the young entrepreneurs.</li> </ul>
	Youth Entrepreneurs	<p>Monitor:</p> <ul style="list-style-type: none"> <li>(i) The number of youth entrepreneurs participating in these initiatives, to highlight the value gained from mentorship, industry insights, and peer support.</li> <li>(ii) The extent to which peer networking contributes to the needs of young entrepreneurs.</li> </ul>

## Recommendations

Entrepreneurship Ecosystem Domain	Key stakeholders	M&E initiatives
<b>DOMAIN 5: ACCESS TO MARKETS</b>	Government and Policymakers	<p>Gauge the effectiveness of:</p> <ul style="list-style-type: none"> <li>(i) Awareness initiatives like workshops and trade shows, assessing their impact on youth enterprises' knowledge of market opportunities.</li> <li>(ii) Collaboration with industry stakeholders to address regulatory barriers and facilitate market entry, collecting feedback from government and industry experts.</li> </ul>
	Entrepreneur Support Organizations	<p>Monitor:</p> <ul style="list-style-type: none"> <li>(i) The number and impact of networking events, workshops, and meetups that connect youth enterprises with potential collaborators.</li> <li>(ii) The participation of marginalized youth enterprises in the events and the impact of the mentorship in helping them access new markets</li> </ul>
	Investors and Funders	<ul style="list-style-type: none"> <li>(i) Evaluate the effectiveness of the guidance provided by the investors and facilitation provided to youth enterprises on market entry strategies, further gauging the number of youth-led start-ups entering newer horizons.</li> </ul>
	Education Providers	<ul style="list-style-type: none"> <li>(i) Monitor the impact of incorporating digital skills training into the curriculum by assessing the students' digital literacy and marketing skills, post-intervention.</li> </ul>
	Youth Entrepreneurs	<p>Monitor:</p> <ul style="list-style-type: none"> <li>(i) The participation of young entrepreneurs in networking events and workshops and the connections formed.</li> <li>(ii) The access to previously untapped markets and partnerships, resulting from these networks.</li> </ul>

## Recommendations

Entrepreneurship Ecosystem Domain	Key stakeholders	M&E initiatives
<b>DOMAIN 6: INNOVATION AND TECHNOLOGY</b>	Government and Policymakers	Monitoring the progress of: <ul style="list-style-type: none"> <li>(i) Interventions to address challenges including internet accessibility and international fund transfer for tech startups. For example, assessing improvements in digital infrastructure, measuring cross-border transaction facilitation, and feedback from tech startups.</li> <li>(ii) The number of startups availing incentives and grants, under innovation and sustainable development.</li> </ul>
	Entrepreneur Support Organizations	(i) Evaluate the effectiveness of resources provided, including technical expertise and mentorship, and the accessibility of technology specific funding opportunities.
	Investors and Funders	(i) Measure the level to which investors actively seek out startups in the tech sector.
	Education Providers	(i) Analyse the number of startups nurtured and the effectiveness of the specialized incubation centres for technology focused startups.
	Youth Entrepreneurs	Assess : <ul style="list-style-type: none"> <li>(i) The extent to which startups develop innovative products or services that contribute to sustainable development needs.</li> <li>(ii) The number of startups that join incubators or accelerator programs and the feedback on the support received.</li> </ul>





# Annex 1

## Showcase of Contributions to Entrepreneurial Ecosystem in Pakistan (Based on Research Case Studies)

### Ailaaj



**Founded in:** 2017

**Headquartered in:** Lahore

**Founded by:** Hyder Mumtaz

**Sector:** Healthcare

**Annual Revenue:** \$615k

**Main Business model:**

Ailaaj is a B2C (Business-to-consumer) digital healthcare platform and provides digital pharmacy, teleconsultation, nursing, physiotherapy, and at-home lab testing services. It is linked with various specialists in healthcare fields and connects them with relevant patients online, creating a swift and easy connection for both the specialist and the client.

**Success Story as a business:**

Ailaaj pitched a very innovative idea to the market. Although various services from time to time were getting digitalized, the healthcare sector was unexplored. Ailaaj with its highly innovative idea was successful in capturing a good share in the market in a short time period.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?**

Ailaaj, through digitalizing the healthcare sector has made the sector swifter in response, and more competitive. Also, with its idea, the digitalization of the entrepreneurial ecosystem of Pakistan has become more directed towards digitalization, and other healthcare organizations to compete would also consider this aspect of facilitation.

## Annex 1

# Atom Camp



<b>Founded in:</b>	2021
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Dr Naveed Iftikhar and Nida Mahmood
<b>Sector:</b>	Technology
<b>Annual Revenue:</b>	N/A
<b>Main Business model:</b>	Atom Camp follows a unique business model that focuses on empowering and nurturing young innovators and entrepreneurs in the field of technology and science.
<b>Success Story as a business:</b>	Atom Camp has been able to gauge considerable success with its vision to provide engaging science camps for children across the country. Their commitment to quality has been one of the driving factors behind this success.
<b>How are they contributing to the entrepreneurial ecosystem in Pakistan?</b>	By developing an entrepreneurial mindset among the participants of their science camps. By providing a platform for young entrepreneurs to showcase their ideas. By conducting entrepreneurship challenges to allow young minds to create innovative solutions. By supporting entrepreneurship initiatives in the country.

# BlueEx



<b>Founded in:</b>	1989
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Shahzad Nawaz
<b>Sector:</b>	Logistics and Transportation
<b>Annual Revenue:</b>	PKR 1.1-1.2 billion
<b>Main Business model:</b>	BlueEx focuses on providing services such as freight forwarding, express delivery, e-commerce solutions, warehousing, etc. Providing comprehensive logistics and supply chain solutions. The company focuses on transportation, management, and meeting the prescribed needs of businesses and individuals, to enhance the overall logistics experience and provide exceptional service.
<b>Success Story as a business:</b>	Blue Ex Pakistan has been able to develop a reputation for its reliable and efficient logistics services by prioritizing its customer-centric approach and technological advancements. The company has established a strong presence in the logistics industry which allows them to provide comprehensive services and reach various destinations efficiently.
<b>How are they contributing to the entrepreneurial ecosystem in Pakistan?</b>	By providing logistical support to startups and small businesses and offering flexible and cost-effective logistics solutions, they help startups focus on their core business operations. Apart from collaborations and job development, Blue Ex plays a crucial role in supporting the growth of the e-commerce sector in Pakistan.

## Annex 1

# Bykea



<b>Founded in:</b>	2016
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Muneeb Maayr, Abdul Manan and Rafiq Malik
<b>Sector:</b>	Transport Tech
<b>Annual Revenue:</b>	\$50- 80M

### Main Business model:

Bykea is a B2C (business to consumer) service model where through its app clients book a ride or send a parcel through a rider who registered himself on the bykea app. In this way, the drivers and clients are connected on the app that is skillfully designed to reach a negotiated fair, rate the driver and customer, and also select the type of vehicle, whether large with AC or a motorbike driver is required. The enterprise, on every ride, cuts a fee from the driver for its services.

### Success Story as a business:

In a business environment where Careem and Uber had created a monopoly with similar services, Bykea made the services more user-friendly and affordable, focusing on providing ride-hailing services on motorbikes. Moreover, through quality investment in marketing, they were successful in attracting a large portion of the market

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

With its ability to find a good market share in an already saturated transport tech market, it created a sense of openness for innovation that could lead to stability and gain in the market. With its performance and journey of success, few other transport techs with more innovations are entering the market. This creates more competitiveness, therefore increasing the quality of services.

# Dastagyr



<b>Founded in:</b>	2020
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Zohaib Ali and Muhammad Owas
<b>Sector:</b>	E-commerce marketplace
<b>Annual Revenue:</b>	\$90M

### Main Business model:

Dastagyr is a B2B (business-to-business) e-com marketplace for FMCG, construction, and chemical products in an emerging marketplace. It uses technology to connect informal retailers with manufacturers and wholesalers. It connects retailers directly to sellers to fix the fragmented supply chain.

### Success Story as a business:

Founded in 2020, Dastagyr with its innovative idea was successful in attracting a large number of retailers, manufacturers, and wholesalers due to its increased profitability to each party and its systemized supply chain, getting stability and share in the market successfully.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Dastagyr is successful in improving the ecosystem by systemizing the supply chain, removing unwanted middlemen, and providing cost efficient products. It, therefore, promotes direct supply chain and technology in the entrepreneurial ecosystem of Pakistan.

## Annex 1

# Datini Fibres



<b>Founded in:</b>	2019
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Hasnain Lilani
<b>Sector:</b>	Textile
<b>Annual Revenue:</b>	\$500k- 1M

### Main Business model:

Datini fibers serve on the B2B (Business to business) model in hitech retail textile. It provides solutions to transform global post-consumer wool waste into new recycled wool fibres. It converts wool and cashmere waste into new materials with the help of high-quality technology. It then provides recycled wool and other materials to other businesses in the textile sector.

### Success Story as a business:

Datini Fibres, when was founded, had three more competitors in the market. Due to the high quality of its product, it is awarded regular funding from the National Incubation Centre, whereas two of its competitors couldn't find funding and had to exit the market. Now, with regular funding Datini Fibres is a stable productive enterprise.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Datini Fibres, with its complex model involving many segments, such as retail, hi-tech, chemical and material tech, and environmental tech, has contributed to the competitive environment, also creating ways and ideas for more partnerships of segments, and opportunities in the entrepreneurial ecosystem.

# Davaam



<b>Founded in:</b>	2021
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Salman Tariq
<b>Sector:</b>	Supply and retail tech
<b>Annual Revenue:</b>	\$4.5m

### Main Business model:

Davaam is a business-to-business and business-to-consumer product supply on-line platform. It supplies products such as solar panels, and various water management products. It supplies it from the manufacturers to the consumers and retailers. It, in its supply chain, removes various middlemen in the process.

### Success Story as a business:

With its cost-efficient supply, and high quality due to factory products, Davaam is successful in spreading its name in the market in a very short period of time.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Davaam, with its high-quality original factory products and its smooth cost-efficient supply chain, is creating great competitiveness in the sector which can all together contribute to improving the overall quality and services of the sector and ecosystem. Moreover, with its supply chain of removing middlemen, it is continuing this new market trend of removing the middlemen for cost efficiency, improving the overall market price.

## Annex 1

# Diwaai



<b>Founded in:</b>	2013
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Furquan Kidwai
<b>Sector:</b>	Online Pharmacy
<b>Annual Revenue:</b>	\$5- 8m

**Main Business model:** Dawaai is a B2C (business-to-consumer) business model in which it provides online pharmacy services to consumers, delivering medicines to their doorsteps. It is linked with various pharmacies, therefore, with every order they receive online they deliver the medicines from the nearest store.

**Success Story as a business:** The reason for the success of Dawaai was the important market gap that they recognized and covered professionally. Pharmacy and healthcare services are essential services and the more they provide facilitation in service provision easier the chances for growth. Therefore, it grew rapidly in increasing its demand and creating a stable position in the market.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** With the increase in facilitation for consumers through innovation, the ecosystem becomes highly competitive. Moreover, with the increase in facilitation in essential services, the ecosystem trend is shifting towards investments in innovation in essential services too, which wasn't considered very important in the ecosystem previously.

# Digi Khata



<b>Founded in:</b>	2020
<b>Headquartered in:</b>	Faisalabad
<b>Founded by:</b>	Adnan Aslam and Bilal Anjum
<b>Sector:</b>	Fintech Company
<b>Annual Revenue:</b>	\$100k- 5.0M

**Main Business model:** Digikhata is a B2C (business-to-consumer) business model that provides services to local merchants. It was difficult for the local merchants to keep a record of their sales and revenue through pen and paper, therefore, it limited their growth and professionalism. Digikhata aimed to cover this market gap and provided features in a single app that enabled merchants with all options to keep record credits, manage daily budgets, and collect payments.

**Success Story as a business:** Digikhata started in 2020 as a solopreneurship, but with its innovative idea and its high-quality market solutions, it was accompanied by various investors in its journey. Today, Digikhata with an annual revenue of \$100k- 5M shows the quality idea of innovation carried. The business is still trying to bring more innovative ideas into the competitive market such as "Digidokan" an online store in just 30 seconds, that is soon to be launched.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** Digikhata brought a very innovative idea to the market that expanded the set of ideas already in the business circuit. With its extraordinary success story, it also created competitiveness for this idea and directed the market towards a more innovative and digitalized form, therefore, making the entrepreneurial ecosystem of Pakistan more interesting, competitive, and innovative.

## Annex 1

# EasyFresh

<b>Founded in:</b>	2021
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Muhammad Mustafa
<b>Sector:</b>	Technology and Supply chain
<b>Annual Revenue:</b>	\$20M



### Main Business model:

Easyfresh is a B2B (business to business) model in which through technology and a lean supply chain it procures fruit and vegetables directly from the farmer and supplies it to shop owners, removing all the middlemen in the supply chain who would cut their profit off in the process. Due to this reason, the farmers get a higher share for their product, shopkeepers get fresh, whereas cheap fruit and vegetables, making it more profitable for both.

### Success Story as a business:

The idea behind Easyfresh was to bring down the inflation in fruits and vegetables, and through this way create a market demand. Due to constant severe inflation, Easyfresh with time, was successful in attracting more and more farmers and retailers, therefore targeting a good market demand, easyfresh created a great story of success.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Easyfresh is contributing in two ways. Firstly, the use of technology promotes the technological aspect of the ecosystem, and secondly, redirecting the supply chain and removing middlemen for price reduction, provides an extraordinary idea to the ecosystem for price reduction.

# Ejad Labs

<b>Founded in:</b>	2018
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Arzaish Azam
<b>Sector:</b>	Business Development
<b>Annual Revenue:</b>	\$7.7m



### Main Business model:

Ejad Labs hosts a series of international summits, and delivers unique development programs in South Asia, North America, and Europe, partnering with governments, corporations, startups, and entrepreneurs to pioneer a new way of business.

### Success Story as a business:

Arzaish Azam, the founder of the enterprise always had extraordinary leadership and business skills, so he merged both to make an enterprise that holds talks with startups to partner, or hold events. It initially started domestically but gradually with its success in its journey its events and collaborations have now gone globally to new continents, creating various new startups and growing interesting businesses.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Ejad Labs is playing a pivotal role in interconnecting businesses, growing other businesses as well as bringing in new innovative ideas to the ecosystem, creating an enabling environment.

## Annex 1

# Finja



<b>Founded in:</b>	2016
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Qasif Shahid
<b>Sector:</b>	Financial Technology
<b>Annual Revenue:</b>	\$32M

### Main Business model:

Finja is a business-to-consumer financial services platform that provides digital financial services to micro small and medium enterprises and their stakeholders. Through its connection with banks, Fis, and merchants it addresses MSMEs payments, collections, and credit needs. It uses AI and data-driven methods to deliver financial services to the under-banked sector of the country.

### Success Story as a business:

Founded in 2016, Finja targeted a very important unexplored financial sector covering an important market gap, that helped in its spread rapidly. It targeted the small micro-level and medium businesses, and local merchants who did not consider banking services. Finja through its ease and facilitation in service, brought these sectors into its micro banking.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Finja with its use of technology in finances, made digital innovation more important and helped in the digitalization of the finance sector. This covered an important market gap and created an opportunity for competitiveness in the digital finance sector, improving the standard, and quality through the digitalization of the entrepreneurial ecosystem in Pakistan.

# Grocerapp



<b>Founded in:</b>	2016
<b>Headquartered in:</b>	Lahore
<b>Founded by:</b>	Rai Bilal and Hassan Sadiq
<b>Sector:</b>	E-commerce store
<b>Annual Revenue:</b>	\$15m

### Main Business model:

Grocerapp is a business-to-consumer online grocery delivery service. Users can choose and order groceries, staples, home essentials, baby products, personal care products, etc. It supplies the product through connection with stores and delivers to the location of the consumer with cash on delivery.

### Success Story as a business:

The founders found this gap that it needs an online platform for grocery delivery. With its in-demand services and essential products it gradually spread into demand and captured a large set of consumers.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Grocerapp is contributing to interconnecting various segments of the ecosystem, creating a more interdependent and swifter environment. It also, through digitalization is promoting digitalization in the market.

## Annex 1

# Impetus Advisory Group



<b>Founded in:</b>	2019
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Taimur Adil, Akbar Ali Malik and Awais Qureshi
<b>Sector:</b>	Management consultancy
<b>Annual Revenue:</b>	\$1-5M

### Main Business model:

Impetus Advisory Group is a B2C (Business to consumer) consultancy that provides advising facilities to large organizations, private and government projects, and institutions in a wide variety of sectors such as education, healthcare, and financing. It has a group of specialists in various fields that provide clients with all the relevant information for their smooth running.

### Success Story as a business:

The enterprise was founded by highly qualified individuals who initially used their expertise in guiding projects and organizations, while later after success and promotion of quality work hired more experts in fields. Therefore, the enterprise has shown constant growth in the increase of clients and expansion of services.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Impetus Advisory Group, through quality in their consultancy services, and experts in various fields is increasing the competitive environment of the entrepreneurial ecosystem in Pakistan. Moreover, with highly skilled experts it is also improving the meritocratic environment of the ecosystem.

# ISSM.ai



<b>Founded in:</b>	2020
<b>Headquartered in:</b>	Lahore, Pakistan
<b>Founded by:</b>	Abu Abdullah Ashar
<b>Sector:</b>	Artificial Intelligence and Machine Learning
<b>Annual Revenue:</b>	N/A

### Main Business model:

ISSM.AI revolves around providing innovative solutions and services in the field of AI and Machine Learning. Their services include AI training, consulting, custom development, and data science solutions. Their area of expertise is helping businesses optimize their operations, decision-making processes, and efficiency as a whole by leveraging AI technologies.

### Success Story as a business:

Despite being one of the early birds to step into the world of AI and Machine Learning in Pakistan, ISSM.AI has made notable successes since 2020. Whether it be a manufacturing company struggling with quality control on its production line or a retail business that wants to enhance its customer experience, ISSM has fulfilled its promise of delivering tangible results to its clients.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

By sharing knowledge and training through workshops, seminars, and training programs to help understand how AI can be leveraged to drive innovation and growth. By supporting startups by offering AI consulting services and technical guidance. By collaborating and partnering with different organizations to foster an environment of collaboration and innovation. By creating job opportunities in the tech sector.

## Annex 1

# LAMA



<b>Founded in:</b>	2020
<b>Headquartered in:</b>	Lahore
<b>Founded by:</b>	Mujtaba Khan
<b>Sector:</b>	Retail fashion Brand
<b>Annual Revenue:</b>	\$3-7M

**Main Business model:** LAMA is a Business-to-consumer B2C high street, multi-fashion brand that combines functional designs with popular fashion. It gets high-quality fabric and garments from some of the best industries of Pakistan and at times abroad, then branding it.

**Success Story as a business:** LAMA through its unique modern plus modest designs and high-quality products within an affordable price range has been successful in attracting a huge consumer base in a short span. Moreover, from time to time LAMA has invested in marketing for promotion that has further enhanced its spread.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** In the fashion industry of the entrepreneurial ecosystem, LAMA has made an important contribution by providing new innovative eastern modern designs. This has given more innovative ideas to the fashion industry. Moreover, with high-quality products at affordable prices, it has created a very competitive environment in the ecosystem.

# LMKT



<b>Founded in:</b>	2011
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Atif R. Khan
<b>Sector:</b>	Technology
<b>Annual Revenue:</b>	\$25.1 million

**Main Business model:** LMKT is a full-service technology company, that offers scalable IT solutions and services to clients across a broad spectrum of industries.

**Success Story as a business:** LMKT enjoys a legacy of innovations, achievements, and top talent that have resulted in the company's rapid growth and significant success during its short span of existence. Moreover, the company has played an integral role in helping organizations digitize their operations, streamline processes, and leverage technology to boost efficiency and productivity. They have made a significant contribution to the digital transformation of Pakistan.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** Ever since being officially incubated as a full-service ICT company in 2011, LMKT has managed to make huge advancements and contributions. Their multi-million dollar contracts with energy companies, government engagement, and strategic collaborations have helped create numerous employment opportunities and set the precedent for the upcoming lot of entrepreneurs.

## Annex 1

# MYTM



<b>Founded in:</b>	2018
<b>Headquartered in:</b>	Lahore
<b>Founded by:</b>	Zain Farooq
<b>Sector:</b>	FinTech
<b>Annual Revenue:</b>	>\$7million

**Main Business model:** MYTM is a leading e-commerce platform that offers a wide range of products and services to customers. Their main business model revolves around connecting buyers and sellers, providing a user-friendly online shopping experience, and ensuring customer satisfaction.

**Success Story as a business:** MYTM quickly gained recognition as a prominent e-commerce platform in the country. It managed to establish a strong market presence by offering a wide range of products, competitive prices, and a convenient shopping experience. The FinTech company was recently able to gather a staggering \$6.9 million in seed financing to serve the banked, underbanked, and unbanked segments of Pakistan.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** MYTM connects entrepreneurs with a large customer base, allowing them to tap into previously inaccessible markets. By leveraging MYTM's platform, entrepreneurs can reach customers across Pakistan and even internationally, expanding their business opportunities.

# NDS Technologies



<b>Founded in:</b>	1991
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Dr. Abe Peled
<b>Sector:</b>	Technology
<b>Annual Revenue:</b>	\$7.6 million

**Main Business model:** Revolves around providing innovative technology solutions to their clients. The company specializes in offering software development, web design, mobile app development, and digital marketing services.

**Success Story as a business:** Their ability to deliver high quality software development services to clients and successful collaborations with local and international clients have helped the company bring their ideas to life and achieve their business objectives.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** By sharing their expertise, offering guidance, and connecting entrepreneurs with relevant resources, NDS Technologies helps startups navigate the challenges of building a successful business. Their collaborations and innovation events with startups help develop the skills and mindset needed to thrive in the entrepreneurial ecosystem.

## Annex 1

# PriceOye



<b>Founded in:</b>	2015
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Adnan Shaffi
<b>Sector:</b>	3- commerce electronic market
<b>Annual Revenue:</b>	\$2m- \$5m

**Main Business model:** PriceOye in a business to consumer model of e-com electronics. It operates on a "controlled marketplace", meaning that if it sells mobile phones from Samsung then it supplies it directly from Samsung. With this model, it offered cheap prices, and authentic original products, creating trust among the buyers.

**Success Story as a business:** Trust deficit is the main problem in the e-commerce market so its model of providing goods directly from the company and also providing it at a cheaper price compared to competitors, guided PriceOye to a huge success in a short period of time, in an e-commerce industry that was in decline in most of the cases.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** Enterprises like PriceOye provided a boost to E- com, an important sector of revenue in the rest of the world but that was in decline in Pakistan. Moreover, through its lower prices and high quality it created a very meritocratic environment by providing better alternatives to the consumer.

# Rifiako Media



<b>Founded in:</b>	2016
<b>Headquartered in:</b>	Lahore
<b>Founded by:</b>	Haris Baloch
<b>Sector:</b>	Media and Telecommunications
<b>Annual Revenue:</b>	N/A

**Main Business model:** Rifiako Media Pakistan primarily operates as a digital media agency. Their main business model revolves around providing a wide range of digital marketing and advertising services. They specialize in social media management, content creation, search engine optimization, website development, and online advertising campaigns.

**Success Story as a business:** One of the notable success stories of Rifiako Media Pakistan is their collaboration with a local fashion brand, "Trendy Threads." When Trendy Threads approached Rifiako Media for assistance with their digital marketing efforts, they were struggling to gain online visibility and attract customers. Rifiako created engaging content, ran targeted advertising campaigns, and leveraged influencer partnerships to showcase Trendy Threads' products to the right audience. The results were impressive: within a few months, Trendy Threads experienced a significant increase in brand awareness, website traffic, and on-line sales.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** Rifiako provides valuable support to startups and small businesses by offering digital marketing solutions and expertise. Their online platforms and communities also act as sources of promoting entrepreneurship. Moreover, their knowledge-sharing initiatives help aspiring entrepreneurs gain valuable insights, learn valuable skills, and navigate the challenges of building and scaling a business.

## Annex 1

# Salesflo



<b>Founded in:</b>	2015
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Yasir Suliman Memon
<b>Sector:</b>	Sales and distribution
<b>Annual Revenue:</b>	\$25M

**Main Business model:** Salesflo is a B2C (Business to customer) model, and is a leading SAAS (software as a service) solution enterprise, with a vision to positively impact its customers through effective sales force management. It deals with the sales and distribution departments of businesses through its high-quality software management.

**Success Story as a business:** For companies, determining their sales and distribution and keeping records is an important task and Salesflo with its quality services has been successful in getting a stronghold of this share of companies. Presently, it is responsible for the software management for sales and distribution of around 500 companies that show the success and quality of the enterprise.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** Salesflo provides very different services and deals with a certain domain of other businesses. This is different from the general ecosystem where enterprises usually have departments or individuals, and therefore this is creating more innovative ideas and opportunities in the ecosystem.

# ScaleX



<b>Founded in:</b>	2021
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Adnan Faisal
<b>Sector:</b>	Financial service
<b>Annual Revenue:</b>	\$5m

**Main Business model:** ScaleX provides strategies and services for the growth of startups or businesses for expanding and enlarging in scale. It contacts various businesses and startups and connects with them as an adviser providing complete growth plans, market trends, demands, and innovation ideas.

**Success Story as a business:** ScaleX started in Dubai and went globally. Adnan Faisal launched it in Pakistan looking at the demand for it in the country. Initially, it approached businesses themselves convincing them about their positive services, and gradually with recognition in the market they are now approached by quality businesses for their growth consultation.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** ScaleX is a very unique idea compared to the type of business enterprises in the entrepreneurial ecosystem of Pakistan. With its extraordinary performance, it is creating a new room of opportunities in the ecosystem whereas also through its valuable services is contributing to making larger enterprises in the ecosystem.

## Annex 1

# She-Kab



<b>Founded in:</b>	2015
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Hira Batool Rizvi and Shahbaz Khan
<b>Sector:</b>	Transportation
<b>Annual Revenue:</b>	<\$5million

### Main Business model:

Providing a shared ride service for women. The company has created a platform that connects women who need transportation with verified women drivers. Using their mobile app or website, users can book rides for themselves or their women colleagues or family members. She-Kab focuses on ensuring safety, convenience, and affordability for women, while also providing income opportunities for women drivers.

### Success Story as a business:

This innovative startup has revolutionized the concept of ride-sharing in Pakistan by exclusively catering to women passengers and providing them with a safe and reliable transportation solution.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

By providing a platform that supports women entrepreneurs in the transportation industry. By empowering women to establish their own businesses as drivers and fleet owners. By not only addressing the issue of women's safety but also creating entrepreneurship opportunities.

# Stech



<b>Founded in:</b>	2015
<b>Headquartered in:</b>	Islamabad
<b>Founded by:</b>	Adeel Saeed Chaudhry
<b>Sector:</b>	AI technology
<b>Annual Revenue:</b>	\$2M

### Main Business model:

Stech is an AI software company that functions on B2B (business to business) and B2E (Business to employee) models. It uses AI to provide solutions related to public safety, financial technology, industrial automation, smart ID, Ed- tech, and social impact. With many solutions enterprises already in the market, Stech differs as it provides innovative modern solutions using AI. This innovative approach made Stech capture a prominent position in the market in a short time.

### Success Story as a business:

Stech after entering the market in 2015, in a short time was quite successful and stable as businesses and employees that required such services found Stech's main idea of innovative solutions very appealing. It claimed to provide "intelligent" solutions through AI that were successful in creating a position in the market.

### How are they contributing to the entrepreneurial ecosystem in Pakistan?

Stech is making a very interesting contribution to the market and the market shift. AI hasn't been very widely spread in the entrepreneurial ecosystem of Pakistan but with companies like Stech, AI is getting swift promotion and turning the ecosystem more technological and AI-based.

## Annex 1

# Swag Kicks



<b>Founded in:</b>	2019
<b>Headquartered in:</b>	Karachi
<b>Founded by:</b>	Nofal Khan
<b>Sector:</b>	Online footwear pre-used retailer
<b>Annual Revenue:</b>	\$0.9M

**Main Business model:** Swag Kicks is a B2C (business to consumer) space in the retail market service. It imports quality pre-used sneakers and various types of branded trendy footwear from the developed world at a very low price and supplies it in Pakistan to the consumers.

**Success Story as a business:** The trend of supplying pre-used wardrobe and footwear in Pakistan has been followed for a long but Swag Kicks introduced a trendier product in a very professional online setup, staging its market countrywide. Due to its responsive quality online setup and quality, Swag kicked in a quick time and got great recognition.

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** Swag kicks have professionalized as well as digitalized an already existing trend in the market to get share and recognition. This is an important contribution to the entrepreneurial ecosystem of Pakistan by propagating professionalism and digitalization in the setups.

# National Incubation Center



<b>Founded in:</b>	2016
<b>Location:</b>	Islamabad, Pakistan
<b>Operated by:</b>	Ministry of Information Technology and Telecommunications, Ignite (National Technology Fund), Jazz xlr8, and Teamup

**How are they contributing to the entrepreneurial ecosystem in Pakistan?** The incubator focuses on providing state-of-the-art co-working spaces, technology labs, mentorship programs, and access to industry networks for startups working in various technological domains.

## Annex 1

# SEED Ventures



<b>Founded in:</b>	2009
<b>Location:</b>	Karachi, Pakistan
<b>Operated by:</b>	SEED Ventures in partnership with UNDP, BRAC, USAID, Agriculture University of Faisalabad, and Balochistan University of Information Technology, Engineering and Management Sciences
<b>How are they contributing to the entrepreneurial ecosystem in Pakistan?</b>	SEED Ventures operates as a social impact organization focused on fostering entrepreneurship and supporting startups in Pakistan. They provide a range of programs, including incubation, acceleration, investment readiness, and mentorship, to empower entrepreneurs and help their ventures grow. SEED Ventures also invests in promising startups, aiding them in securing funding to scale their operations.

# Nestlé needs YOUth Programme



<b>Founded in:</b>	2013
<b>Location:</b>	Nationwide
<b>Operated by:</b>	Nestlé Pakistan
<b>How are they contributing to the entrepreneurial ecosystem in Pakistan?</b>	Nestlé needs YOUth is an initiative by Nestlé Pakistan aimed at providing skill development and employability opportunities to the country's youth. The program focuses on empowering young individuals through training, mentorship, and collaboration with the aim of enhancing their career prospects.

# Prime Minister's Youth Programme



<b>Founded in:</b>	2013
<b>Location:</b>	Nationwide
<b>Operated by:</b>	Government of Pakistan
<b>How are they contributing to the entrepreneurial ecosystem in Pakistan?</b>	The Prime Minister's Youth Program is an initiative launched by the Government of Pakistan to address various challenges faced by the country's youth, including education, employment, and entrepreneurship. The program includes multiple components, such as training, skill development, interest-free loans, and business support services.

# Annex 2

## Identification of Priority Sectors for Youth Entrepreneurship aligned to National Development Priorities and the Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by the UN in 2015 entails 17 Sustainable Development Goals (SDGs) consisting of very critical areas like reducing poverty and hunger, the right to good health and well-being, quality education, and gender equality among others<sup>85</sup>. Pakistan is committed to meeting its SDG goals by 2030 and entrepreneurship through public-private partnership can play a key role in meeting these goals in new and innovative ways. Multiple SDGs can be covered by entrepreneurial activities and entrepreneurship is advocated as the vehicle for empowerment and is considered an enabling element of economic development, alleviation of poverty, and enhancement of social values in the agenda for sustainable development<sup>86</sup>. A relatively new concept of “social entrepreneurship”, which measures the success of a business venture not only by the money generated but also by its social impact, is changing lives and helping in meeting the SDGs globally. Some of the areas of social entrepreneurship are health, hygiene, nutrition, education, climate change, and the environment, microfinance low-cost housing, job creation, and small-medium enterprises for women. The Center for Social Entrepreneurship working under the Planning Commission has the mandate to support students and young entrepreneurs

to find innovative business ideas to solve pressing problems related to Sustainable Development Goals (SDG)<sup>87</sup>. Priority areas for the country are updated by the state bank and relevant ministries of the government of Pakistan whenever the need arises<sup>88</sup>. The Prime Minister Innovation Award 2023 has also identified priority sectors for which the youth can present their innovative ideas<sup>89</sup>. Some of the priority sectors for Pakistan as opportunities for youth entrepreneurship, based on Sustainable Development Goals and study of the government's policies, are discussed below.

### Women entrepreneurship development

Women's contribution to entrepreneurial activity not only boosts the economy by job creation but also adds diversity and value to the economic landscape. Given this importance, the national SME policy proposes targeted interventions for women-led businesses to address the higher barriers they face including simplified taxation rules and reduced taxes on women-owned SMEs, establishing specialized women business facilitation plans, and providing women-friendly working environments through establishing women

<sup>85</sup> UN (2023). *Sustainable Development Goals*.

<sup>86</sup> Khatani & Hamid (2021). *Analyzing the Impact of Youth Entrepreneurial Perspective on Sustainable Socio-Economic Growth of Karachi*.

<sup>87</sup> Saleem (2020). *Analyzing the Social Entrepreneurship Ecosystem in Pakistan and its Effects on Society*.

<sup>88</sup> The Daily Times (2021). *State of SMEs in Pakistan*.

<sup>89</sup> GoP (2023). *Prime Minister's Youth Programme*.

## Annex 2

business centres, display facilities, emporiums etc among other measures.

### Information and Communication Technology

ICT and digital space for entrepreneurship is increasing, which can be leveraged by young people. This includes technologies such as artificial intelligence (AI), advanced materials, cloud technology (including big data), autonomous vehicles (including drones), synthetic biology, virtual and augmented reality, robotics, blockchain, and the Internet of Things (IoT).<sup>90</sup> These can be a gateway for increased provision of services (at national, regional, and global levels), and increased innovation in other areas including social, health, education, and green growth.

### Education

Social entrepreneurship can have a huge impact in the education sector by filling the gaps left by the government, reaching different strata of societies, bridging gaps between education quality and bringing international standards of education to the masses through innovation and the use of technology. Digital Pakistan Policy Promises to “Actively collaborate with HEC, IT industry, and other relevant institutions to modernize the education curriculum to be in sync with the emerging technologies and align to the requirements of the industry”, which makes this sector one of the priorities sectors in need of innovation and entrepreneurship.

### Healthcare

Various digital healthcare platforms cropped up in Pakistan during the COVID-19 pandemic, paving the way for similar innovative ideas to digitize and make quality healthcare more accessible in the country. With a vast majority of the population with no access to good healthcare opportunities, healthcare in Pakistan is in dire need of innovative solutions by social entrepreneurs. Social entrepreneurship in this sector would assist the government to meet e-health targets setup in the government policies and meet the SDG-3 related to health and wellbeing.

### Agriculture

To meet SDGs 1 and 2 regarding reducing poverty and hunger, the government of Pakistan has promised in its Digital Pakistan Policy to make available agricultural extension services by empowering and equipping farm extension workers with IT skills, to support farmers through the use of IT in relevant areas and to build ICT capacity in agricultural institutions, farmer organizations and groups based on “train the trainer” concept. This provides a good opportunity for tech savvy youth entrepreneurs of Pakistan to engage in agriculture and its extension sectors. In Pakistan, agriculture is ripe for entrepreneurship, and young people can play a significant role in this field by starting innovative agribusinesses that can create jobs, generate income, and contribute to the country’s economic development.

<sup>90</sup> UN (2020). *Leveraging New Technologies for Youth Social Entrepreneurship*.

### Clean Energy and Blue/Green Technologies

The economic development of a country relies on energy production. Pakistan has been blessed with resources for clean and renewable energy like water passages, unlimited solar radiation, and wind energy corridors. Additionally, Pakistan has a shortfall of energy and governments have been trying to bridge the gap between energy production and consumption through various initiatives. Youth Entrepreneurs have a huge potential to play their role in the energy sector through innovations in clean energy processes including solar, hydro, biomass, geothermal, and wind energy as well as energy conservation mechanisms for industrial and domestic consumers.

EcoEnergy, JaanPAkistan, Breath IO, and Aabshar are some of the startups focused on sustainability and clean energy technology in Pakistan<sup>91</sup>. With rising fuel prices and increasing energy demands in the country, this sector can be the focus of innovation for youth startups.

### Finance/Fin-tech

Financial Technology (Fintechs) companies are revolutionizing the financial services industry throughout the world. By unlocking innovation, Fintechs are allowing the financial industry to serve customers in novel ways, enabling them to provide higher quality services at lower prices. Despite the large population and a significant youth bulge, Pakistan has developed slowly in the domain of digital finance. EasyPaisa was the first mover in the branchless banking space and swiftly captured a significant market share, given the ease

of access and convenience that the platform provided. More than 10 market players eventually entered the digital finance space, out of which two players (EasyPaisa and JazzCash) currently serve almost 70 percent of the branchless banking users<sup>92</sup>. There is a space for innovation in the fintech scenario of Pakistan in the sectors of payments, saving, insurance, lending, and infrastructure and software development for fin-tech services.

The government of Pakistan aims to “Establish specialized innovation centres for FinTech, Artificial Intelligence (AI), Internet of Things (IoT) and Robotics in major cities of Pakistan, promote home grown players in IoT, FinTech, AI, and Robotics by encouraging a highly integrated startup ecosystem through collaboration with national and international incubation centres, financial institutions, universities, relevant government departments, industry consultants and associations”, making these areas favorable future sectors for youth entrepreneurship.

### Tourism/ Hospitality

Pakistan is a country with a rich cultural heritage and scenic beauty, making it an ideal destination for tourists from all over the world. Despite the immense potential of the tourism industry in Pakistan, it has remained largely untapped due to various challenges that limit its growth. These challenges include a lack of infrastructure, limited access to financing, security concerns, and insufficient marketing efforts, among others<sup>93</sup>. However, amidst these challenges, there are significant entrepreneurial opportunities that exist within the sector.

<sup>91</sup> Katalyst Labs Pakistan (2023). *10 Sustainability Startups in Pakistan*.

<sup>92</sup> Karandaaz (2021). *Fintech Ecosystem of Pakistan*.

<sup>93</sup> Shahzady (2023). *Entrepreneurial Opportunities in Pakistan*.

**Pakistan has the potential of growing the tourism and hospitality industry many folds** but the government needs the support of entrepreneurs in achieving this mission, **making this sector a hotspot for future entrepreneurship opportunities.**



Young Entrepreneurs are venturing into this sector in the domains of travel organizers, establishing guesthouses and hotels, and adventure tourism, such as mountaineering, trekking, and skiing. Additionally, entrepreneurs can invest in cultural and heritage tourism by developing unique experiences, such as homestays, culinary tours, and traditional handicrafts.

Skills Council in Hospitality Sector (SSCH) has been set up as a national organiza-

tion to ensure that an active role of the private sector is played in the planning, designing, and delivery of technical and vocational education and training by the government of Pakistan in collaboration with the private partners<sup>94</sup>. Pakistan has the potential of growing the tourism and hospitality industry many folds but the government needs the support of entrepreneurs in achieving this mission, making this sector a hotspot for future entrepreneurship opportunities.

<sup>94</sup> National Vocational Education and Technical Training Commission (2018). *Sectoral Profile of Hospitality & Tourism*.

# Annex 3

## Best practices of integrated and robust ecosystems that support youth-led enterprises and entrepreneurs

A key aspect for improving the robustness and re-shaping the youth entrepreneurship ecosystem to ensure efficacy, it is vital to explore the best practices in all the key domains. The following table provides critical entry-points for filling existing gaps and overcoming challenges identified, alongside practical regional/global examples of implementation.

Domain	Best Practices and Benchmarks Supporting Youth-led Enterprises and Entrepreneurs
<b>Policy and Regulatory Framework</b>	<ul style="list-style-type: none"><li>▶ To provide an inclusive policy and regulatory framework:</li><li>▶ Promote policy and legislative frameworks that encourage youth entrepreneurial growth and cater to the needs of all entrepreneurs</li><li>▶ Creation of effective regulatory mechanisms for consistent monitoring and evaluation of implementation of policies and laws.</li></ul> <p>Examples of Best Practices for Supportive Policy Frameworks and Ease in Registration/Regulation of Enterprises:</p> <ol style="list-style-type: none"><li>(1) <a href="#">SME Policy Index</a> (Singapore, 2018) is an excellent example of creating favorable conditions for enterprises to flourish through targeted policy mechanisms. This includes policies that enhance productivity, technology and innovation, access to market and internationalization, ease of access to finance, legislation, regulation, and tax formulation to support the growth of SMEs and focus on entrepreneurial education and skills.</li><li>(2) <a href="#">EasyGov</a> (Switzerland, 2018) is a singular platform that centralizes, facilitates, and expedites the mandatory administrative procedures for companies. Established companies can also perform many administrative procedures, such as business creation; commercial registration, and operations related to VAT registration, declaration, etc.</li></ol>

## Annex 3

Domain	Best Practices and Benchmarks Supporting Youth-led Enterprises and Entrepreneurs
<b>Human Capital and Entrepreneurship Culture</b>	<p>To hone the skills of young people and enhance their knowledge on how to start and grow a business enterprise, policies and programs should include the provision of:</p> <ul style="list-style-type: none"> <li>▶ Accessible opportunities for education and skill development relevant to entrepreneurship for youth, both within formal and informal education systems.</li> <li>▶ Behavioral change interventions to mainstream entrepreneurship culture amongst all key stakeholders.</li> </ul> <p>Examples of programs providing platforms for young people to gain skills and knowledge relevant to entrepreneurship:</p> <ol style="list-style-type: none"> <li>(1) <a href="#">Skills Development Programme for Young Entrepreneurs in Dublin</a> (Ireland, 2023): a programme that offers an opportunity for young people to gain valuable personal development skills as well as practical business advice on how to set up and run a business. The program is run by the academic institute in partnership with local corporations.</li> <li>(2) <a href="#">Cambridge Centre for Entrepreneurial Learning</a> (UK, 2023): Provides support to entrepreneurial talent development and the translation of new ideas into practice, whilst also developing thought-leadership for entrepreneurship, and enhancing the development of management capacity within the Cambridge entrepreneurial ecosystem and beyond.</li> <li>(3) <a href="#">The Aga Khan Foundation and Om Habibeh Foundation</a> (Egypt, 2019): Through its Head Start for Youth Entrepreneurship and Employment Program, the organization provides vocational training for youth aimed at supporting entrepreneurship and enhancing youth employability. It incorporates innovative elements such as internships and mentorships, job counseling and placement services, e-learning, employability/soft skills training, and entrepreneurship support services.</li> </ol>
<b>Access to Finance and Incentives</b>	<p>Enhance access to dedicated financial resources by providing a regulatory framework and dedicated support systems and tools to help finance start-up ventures. Through the provision of:</p> <ul style="list-style-type: none"> <li>▶ Seed capital at economic costs.</li> <li>▶ Financial assistance in the form of loans, subsidies, and debt refinancing options.</li> <li>▶ Unbiased regulatory environment or incentives for youth entrepreneurship.</li> <li>▶ Relevant infrastructure, capital, technical, logistical, and human capacities.</li> </ul> <p>Examples of programs providing platforms for young people to enhance access to finance and incentives</p> <ol style="list-style-type: none"> <li>(1) <a href="#">Pioneer Status</a> (Malaysia, 2018): gives investors tax exemptions to provide entrepreneurs seeking financing for innovation. This is mainstreamed through their income and investment tax exemptions given to entrepreneurs meeting clearly defined performance criteria in targeted industries such as ICT and bio-technology. This eases the cash flow constraints of innovative high-growth firms and frees up extra resources for re-investment in the company's growth.</li> <li>(2) <a href="#">The Invest Programme Young</a> (Portugal, 2022): through this program young entrepreneurs are provided with financial support/investment in the form of interest-free loans, long loan repayment periods (over 54 months), and/or as non-payable aid.</li> </ol>

## Annex 3

Domain	Best Practices and Benchmarks Supporting Youth-led Enterprises and Entrepreneurs
<b>Business Development Support and Infrastructure</b>	<p>Business training and mentoring youth entrepreneurs to climb the learning curve faster is critical in ensuring the sustainable growth of youth-led businesses. These initiatives can include:</p> <ul style="list-style-type: none"> <li>▶ Mechanisms (single web portal, cross-training) to facilitate communication and cooperation among youth entrepreneurs.</li> <li>▶ Building social capital through exposing entrepreneurs to new networks, mentors, and peers.</li> <li>▶ Providing access to physical/technical infrastructure.</li> </ul> <p>Examples of programs providing opportunities for young people to engage in business development support infrastructure:</p> <ol style="list-style-type: none"> <li>(1) <a href="#">Youth Entrepreneurship Campaign</a> (South Africa, 2010) brought together relevant stakeholders and generated awareness of business opportunities among youth. Including facilitating access to information about business opportunities, access to finance and procurement, and addressing issues faced by new entrants in the ecosystem, and growth inhibitors of existing youth enterprises.</li> <li>(2) <a href="#">Microsoft Entrepreneurship</a> offers training courses to young entrepreneurs on business development, access to technology, expertise, visibility and connections.</li> </ol>
<b>Innovation and Technology</b>	<p>Innovation and technology can be mainstreamed through infrastructural support for the implementation of youth entrepreneurial ideas. Including:</p> <ul style="list-style-type: none"> <li>▶ Physical workspace, business incubators, knowledge hubs, science and technology parks, digital infrastructure, access to reliable and internationally competitive electricity, etc.</li> <li>▶ Diffusion of ICT skills for youth entrepreneurs.</li> <li>▶ Linkage between public bodies, research institutions, and startups.</li> </ul> <p>Examples of programs providing opportunities for young people to engage in innovation and technology:</p> <ul style="list-style-type: none"> <li>▶ <a href="#">The Casablanca Technopark Incubation Center</a> (Morocco, 2018) is an incubation facility for innovative ICT projects. Providing: office spaces, technical assistance, opportunities for networking and business, and access to finance with the support of the Moroccan ICT Professional Association, APEBI, and the IFC. Moreover, it presents an innovation support fund, encouraging Innovation and R&amp;D through subsidizing part or all of the R&amp;D undertaken by the enterprises being incubated. Provides access to international and regional markets.</li> </ul>
<b>Access to Market</b>	<p>Strengthen ease of doing business/access to markets for services/products by youth entrepreneurs through:</p> <ul style="list-style-type: none"> <li>▶ Ease of access to physical infrastructure and creation of spaces and points-of-entry for youth-led products and services.</li> <li>▶ Youth-friendly labor market policies.</li> <li>▶ Import and export policy favoring youth-led enterprises.</li> </ul> <p>Example of a program that supports the access of markets, and creates points of entry into established networks for youth-led enterprises.</p> <ul style="list-style-type: none"> <li>▶ <a href="#">Enterprise without Borders</a> (UNCTAD,2015): Junior Achievement–Young Enterprise (JA-YE), through its online initiative, provides opportunities for young entrepreneurs to create cross-border partnerships (trade), promote, market, and export their products and services via networks connected to the “enterprise without borders” initiative, globally.</li> </ul>



# Annex 4

## Survey Questionnaire – Primary Stakeholder (Young Entrepreneurs)

CATEGORY	QUESTIONS	RESPONSE TYPES
Introduction	1. How old is your enterprise?	Numeric
Introduction	2. What type of business is it?	Select all that apply: Solo Enterprise/ Social Enterprise/ Mixed Enterprise/ For-Profit Model/ Gig Economy/ Pop Shop/ Subscription-based/ Freemium/ Pay-what-you-want/ Direct-to-Consumer/ Franchise / Platform-based / Asset Light/ Other
Introduction	3. How is your business registered?	Not Registered/ Sole Proprietorship/ Partnership/ Limited Liability Partnerships with SECP/ Limited Company/ Not for profit entity/ Trust/ Welfare Society/ Other.
Introduction	4. In what sector is your enterprise operating?	Sector Options
Introduction	5. What is your level of experience as an entrepreneur	1st time, 2nd time, 3rd time or more
Introduction	6. What is your team size?	Numeric
Introduction	7. Did you/ Do you have access to a mentor for your enterprise?	Yes/No
Introduction	8. Please select the kind of support you received for your enterprise?	Select all that apply (Seed Money/ Loan / Capacity-Building/ Training/ Mentorship/ Networking/
Introduction	9. Did you receive any of the above-mentioned support from any of these organizations.	Cross-Grid of support with organizations (PM Youth Entrepreneurship / Loan Scheme, UN, national/ Akhuwat, Kashaf Foundation, Hashoo Foundation, AKRSP network, RSPN, provincial initiatives BRSP (Balochistan Rural Support Programme), SRSO (Sindh Rural Support Organization), PRSP, SRSP, SMEDA, National Incubation Centres, NIC/BIC, ORIC, other)

## Annex 4

CATEGORY	QUESTIONS	RESPONSE TYPES
Introduction	10. For how long have these organizations supported you?	Number of Months
Introduction	11. How did this support help you?	Select relevant option: I could start a new business/ I could scale up my business/ I could improve my business/ It did not help me/ other
Introduction	12. What was the reason you chose this sector/ business?	open-ended response
Introduction	13. What has been your usual source of information regarding any business, market, finance, tech support for your enterprise	Select all that apply (Educational Institutions/ Workplaces/ Newspapers / Social Media/ Govt Websites / Govt Text
Introduction	14. In your opinion, what is the biggest challenge confronting young entrepreneurs in Pakistan	open-ended response
Introduction	15. Can you rank this challenge's difficulty level for young entrepreneurs because of gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult
Introduction	16. If chose the first 2 or last 2 options, for what basis did your choice differ	Select all that apply: gender socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background
Introduction	17. How strongly do you agree or dis-agree with the statement ' My business is doing well'	Strongly disagree/disagree/ neutral/ agree/ strongly agree
Introduction	18. If your business is doing well or unwell, what do you think are the top three reasons for its current state?	Open-ended
Social Stratifiers	19. What gender do you identify yourself as?	Men, Women, 3rd, Prefer not to say
Social Stratifiers	20. What socioeconomic status bracket what you consider yourself in?	Top Tertile, Mid Tertile, Bottom Tertile
Social Stratifiers	21. Please select your religion/ sect ( * we are only recording this information to capture experiences of minority groups. This information will not be used in any way to identify you. The information will be anonymised)	Sunni Muslim, Shia Muslim, Christian, Hindu, Sikh, Buddhist, Ismaili, Ahmadi, Other, Prefer not to say
Social Stratifiers	22. What is the most common language that you speak	open-ended response

## Annex 4

CATEGORY	QUESTIONS	RESPONSE TYPES
Social Stratifiers	23. What is the 2nd more common language that you speak	open-ended response
Social Stratifiers	24. Do you easily understand Urdu?	Yes/No
Social Stratifiers	25. Do you consider yourself to have a disability? If yes, which one?	
Social Stratifiers	26. Which province do you reside in?	Punjab, Sindh, Balochistan, Khyber Pakhtunkhwa, Gilgit Baltistan, Azad Jammu and Kashmir, Islamabad Capital Territory
Social Stratifiers	27. Which district do you reside in?	open-ended response
Social Stratifiers	28. Do you live in an urban area or a rural area?	Urban/ Rural
Social Stratifiers	29. What is your highest level of education?	Middle/ Matriculate/ Intermediate/ Bachelors/ Masters/ More than Masters
Social Stratifiers	30. Do you have any international qualification	Yes/No
Social Stratifiers	31. Have you participated in any business incubation/ start up competition?	Yes/No
Social Stratifiers	32. Do you have access to internet 24/7	Yes/No
Social Stratifiers	33. Is anyone else in your family also a businessperson/ entrepreneur?	Yes/No
Social Stratifiers	34. Please select if you think your enterprise is any of these?	Select all that apply: Digital, Green, Social
Access to finance and incentives:	35. Do you have a good understanding about financing options that you can access for your business in Pakistan?	Select all that apply: Venture Capital, Angel Investment, IPO, Convertible Notes, Loans, Bonds, Impact Investment, Results-based financing, Blended finance, Catalytic funding etc.
Access to finance and incentives:	36. Have you been able to access financing for your business?	Yes/No
Access to finance and incentives:	37. What types of financing have you used for your business?	Select all that apply: Venture Capital, Angel Investment, IPO, Convertible Notes, Loans, Bonds, Impact Investment, Results-based financing, Blended finance, Catalytic funding, Family Support, Personal Saving

## Annex 4

CATEGORY	QUESTIONS	RESPONSE TYPES
Access to finance and incentives:	<b>38.</b> If you received a loan, can you select the organization you received it from?	PM Youth Entrepreneurship / Loan Scheme, UN, national/ Akhuwat, Kashaf Foundation, Hashoo Foundation, AKRSP network, RSPN, provincial initiatives BRSP (Balochistan Rural Support Programme), SRSO (Sindh Rural Support Organization), PRSP, SRSP, SMEDA, National Incubation Centres, NIC/BIC, ORIC, Direct applications to banks, Other.
Access to finance and incentives:	<b>39.</b> In case you selected option 1 in above question, can you indicate the size of loan received?	<PKR 100,000 PKR 100,000 to PKR 500,000 PKR 500,000 to PKR 1000,000 PKR 1000,000 to PKR 5000,000 >PKR 5000,000
Access to finance and incentives:	<b>40.</b> If you have not used any financing outside of family or personal savings, what is the reason?	open-ended response
Access to finance and incentives:	<b>41.</b> What are the financing-related challenges specific to your sector that you have experienced?	open-ended response
Access to finance and incentives:	<b>42.</b> How important is access to affordable credit for young entrepreneurs in Pakistan?	scale from 1 to 5
Access to finance and incentives:	<b>43.</b> How important are financial incentives ;such as tax breaks or grants; for promoting entrepreneurship in Pakistan?	scale from 1 to 5
Access to finance and incentives:	<b>44.</b> Are there any particular financial incentives you think would be helpful for young entrepreneurs in Pakistan?	open-ended response
Access to finance and incentives:	<b>45.</b> Can you rank the difficulty level for young and upcoming entrepreneurs in seeking financial support for their business because of gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult
Access to finance and incentives:	<b>46.</b> Can you rank if you faced less or more challenges in seeking this support because of your gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Fewer Challenges / No Difference / More Challenges

## Annex 4

CATEGORY	QUESTIONS	RESPONSE TYPES
Access to finance and incentives:	<b>47.</b> If you chose the first 2 or last 2 options, for what basis did your choice differ	Select all that apply: gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background
Access to Market	<b>48.</b> What types of markets have you targeted for your business?	Select all that apply : local/ provincial/ national/ regional/ international/ etc.
Access to Market	<b>49.</b> How do you currently reach out to potential customers or clients for your venture?	Select all that apply Social media / Online marketplaces / Personal networks / Physical stores / Other
Access to Market	<b>50.</b> What kind of challenges have you faced in accessing local and national markets for your entrepreneurial venture?	Select all that apply Lack of infrastructure / Limited access to buyers / Inadequate marketing and promotion / Competition from established businesses / HR retention / Other
Access to Market	<b>51.</b> Have you been able to access international markets for your products or services?	Yes/No
Access to Market	<b>52.</b> If yes, which international markets have you explored?	Select all that apply Asia / Europe / North America / South America / Africa / Australia/Oceania
Access to Market	<b>53.</b> What are the main barriers that you have faced when try to reach to international market?	Select all that apply Lack of infrastructure / Limited access to buyers / Inadequate marketing and promotion / Competition from established businesses / Other
Access to Market	<b>54.</b> What do you think can be done to improve the access of young entrepreneurs in Pakistan to both domestic and international markets?	Select all that apply More government support for market access / More collaboration between young entrepreneurs and established businesses / More networking opportunities for young entrepreneurs / Other
Access to Market	<b>55.</b> Can you rank the difficulty level for young and upcoming entrepreneurs in seeking access to market for their business in Pakistan because of gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult

## Annex 4

CATEGORY	QUESTIONS	RESPONSE TYPES
Access to Market	56. If you chose the first 2 or last 2 options, for what basis did your choice differ	Select all that apply gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background
Access to Market	57. Can you rank if you faced less or more challenges in getting access to market because of your gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Fewer Challenges / No Difference / More Challenges
Business development support and infrastructure	58. Are you aware of any support services available for young entrepreneurs in Pakistan? If Yes, List.	Yes/ No - Open ended
Business development support and infrastructure	59. Were you interested in seeking support of incubation or accelerator programs for your business	Yes/No/ Don't know
Business development support and infrastructure	60. If yes, why?	Select all that apply: Access to mentors/ Networking with investors/ Financing / Office setup / Enterprising synergy / Business acumen / technology support / marketing support / media support / competitor awareness / exposure to similar events/ networking/ other.
Business development support and infrastructure	61. Please rank how easy or difficult it was for you to access business development support for your business?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult
Business development support and infrastructure	62. Have you received any business development support ;such as incubation or acceleration programs; for your business?	Yes/No
Business development support and infrastructure	63. What kind of support services do you think should be definitely available for young entrepreneurs such as yourself	open-ended response
Business development support and infrastructure	64. Can you rank the difficulty level for young and upcoming entrepreneurs in seeking business development support in Pakistan because of gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult
Business development support and infrastructure	65. If you chose the first 2 or last 2 options, for what basis did your choice differ	Select all that apply: gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background

## Annex 4

CATEGORY	QUESTIONS	RESPONSE TYPES
Business development support and infrastructure	<b>66.</b> Can you rank if you faced less or more challenges in seeking this support because of your gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Fewer Challenges / No Difference / More Challenges
Human capital and entrepreneurship culture:	<b>67.</b> How early in your life did you start thinking of starting your own enterprise? Who/ What inspired you/ played a substantial role in shaping your entrepreneurial journey during the idea stages	Open-ended Select all that apply Family/ Friends/ Educational Institution / Work Environment / Other
Human capital and entrepreneurship culture:	<b>68.</b> How aware are young people in Pakistan about entrepreneurship as a career option?	scale from 1 to 5
Human capital and entrepreneurship culture:	<b>69.</b> Have you received any formal training or education related to entrepreneurship?	Yes/No
Human capital and entrepreneurship culture:	<b>70.</b> What types of skills do you think are important for entrepreneurs to succeed in Pakistan?	open-ended response
Human capital and entrepreneurship culture:	<b>71.</b> Do you think the education system in Pakistan encourages or discourages entrepreneurship?	scale from 1 to 5
Human capital and entrepreneurship culture:	<b>72.</b> Have you received any mentorship or networking opportunities as a young entrepreneur in Pakistan?	Yes/No
Human capital and entrepreneurship culture:	<b>73.</b> What do you think are the key challenges for young people to embark upon entrepreneurial journeys	Select all that apply: Family expectations, Marriage, career paths, higher education, lack of past experience, logistic issues, skills mismatch, socioeconomic background, cultural or societal norms, Other
Human capital and entrepreneurship culture:	<b>74.</b> Can you rank the difficulty level for youth to become entrepreneurs in Pakistan because of gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult
Human capital and entrepreneurship culture:	<b>75.</b> If you chose the first 2 or last 2 options, for what basis did your choice differ	Select all that apply: gender/ socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background

## Annex 4

CATEGORY	QUESTIONS	RESPONSE TYPES
Human capital and entrepreneurship culture:	<b>76.</b> Can you rank if you faced less or more challenges in becoming an entrepreneur because of your / socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Fewer Challenges / No Difference / More Challenges
Innovation and Technology:	<b>77.</b> Have you been able to access technological support for your business?	Yes/No
Innovation and Technology:	<b>78.</b> Have you faced any barriers to accessing technology for your business?	Yes/No
	<b>79.</b> Have you faced any barriers to utilising technology for your business?	Yes/No
Innovation and Technology:	<b>80.</b> Which of the following technological tools have you used?	Select all that apply Social media / Website development / Mobile applications / Cloud computing / Google Ads/ Facebook Ads/ Digital Payments / Technological Services / E-Commerce/ Business Data / No technology in my business
Innovation and Technology:	<b>81.</b> In your opinion, what are the most important technological advancements that young entrepreneurs in Pakistan should be aware of?	Select all that apply Artificial intelligence / Blockchain / Internet of things / Augmented/virtual reality / Other
Innovation and Technology:	<b>82.</b> How important do you think innovation and technology are for the success of a young entrepreneur in Pakistan?	Not important at all / Slightly important / Moderately important / Very important / Extremely important
Innovation and Technology:	<b>83.</b> How easy or difficult is it for young entrepreneurs in Pakistan to access and adopt new and emerging technologies?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult
Innovation and Technology:	<b>84.</b> Do you think there are sufficient opportunities and resources available for young entrepreneurs in Pakistan to develop and implement innovative solutions?	Strongly disagree / Disagree / Neither agree nor disagree / Agree / Strongly agree
Innovation and Technology:	<b>85.</b> Can you rank the difficulty level for young and upcoming entrepreneurs in accessing and utilising technology and innovation in their business in Pakistan because of gender / socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	
Innovation and Technology:	<b>86.</b> If you chose the first 2 or last 2 options, for what basis did your choice differ	Select all that apply: gender / socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background

## Annex 4

CATEGORY	QUESTIONS	RESPONSE TYPES
Innovation and Technology:	<b>87.</b> Can you rank if you faced less or more challenges in accessing and utilising technology and innovation in your start up because of your gender / socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	
Policy and regulatory frameworks:	<b>88.</b> How aware are you of government policies and regulations related to entrepreneurship in Pakistan?	scale from 1 to 5
Policy and regulatory frameworks:	<b>89.</b> How easy is it to register and set up a business in Pakistan?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult
Policy and regulatory frameworks:	<b>90.</b> Have you faced any challenges related to compliance with government policies and regulations?	Yes/No
Policy and regulatory frameworks:	<b>91.</b> What changes would you like to see in government policies and regulations to support entrepreneurship in Pakistan?	open-ended response
Policy and regulatory frameworks:	<b>92.</b> How supportive do you think government policies and regulations are of entrepreneurship in Pakistan?	Supportive/ Neutral/ Not Supportive
Policy and regulatory frameworks:	<b>93.</b> Can you rank the difficulty level of policy and regulatory environment for young and upcoming entrepreneurs because of gender / socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Very easy / Somewhat easy / Neither easy nor difficult / Somewhat difficult / Very difficult
Policy and regulatory frameworks:	<b>94.</b> If you chose the first 2 or last 2 options, for what basis did your choice differ	Select all that apply: gender / socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background
Policy and regulatory frameworks:	<b>95.</b> Can you rank if you face less or more policy and regulatory challenges because of your gender / socioeconomic status / ethnicity/ religion/ cast / education level / disability / rural or remote background etc.?	Fewer Challenges / No Difference / More Challenges

## Annex 4

### Key Informant Interview Guide – Diverse stakeholder groups

Domain	Category	Question/ Probe
Overall	Promising Sectors and Avenues	1. What do you think the future of young entrepreneurship will look like globally and in Pakistan?
Overall	Promising Sectors and Avenues	2. What do you think are some of the promising avenues for youth entrepreneurs in social sector? In eco / green sector? Why?
Overall	Background Information	3. Can you update on latest data around enterprises supported under national and provincial initiatives at nano, micro, meso levels/ small and medium/ mid-scale etc?
Overall	Overall	4. In your experience, why do you think some youth-led enterprises succeed and some dont? What are the top few reasons?
Access to Finance and Incentives	Attitude and Trust	5. What is your perception of youth-led startups/ enterprises? as investment opportunities? For sectoral growth? For national development?
Access to Finance and Incentives	Investment Potential	6. What qualities do you look for in a young entrepreneur to determine their potential as a successful founder and leader?
Access to Finance and Incentives	Promising Sectors and Avenues	7. What do you think the future of young entrepreneurship will look like, and what implications might this have for investors and financiers?
Access to Finance and Incentives	Barriers	8. What are some common barriers that young entrepreneurs face when trying to access capital, and how can these barriers be overcome? Especially if they are from socially marginalized groups?
Human Capital and Entrepreneurship Culture	Promising Sectors and Avenues	9. Are there any upcoming sectors or industries that you believe offer promising opportunities for young entrepreneurship? If so, which ones and why?
Access to Finance and Incentives	Sectoral Barriers	10. Are there any particular sectors or industries where young entrepreneurs face more significant barriers to accessing financing, and if so, what are those barriers?
Access to Finance and Incentives	Financial Awareness	11. How important is it for young entrepreneurs to have a strong understanding of financial management and planning when seeking financing?

## Annex 4

Domain	Category	Question/ Probe
Access to Market	<b>Sectoral Growth</b>	12. Are there any specific programs or initiatives that are particularly well-suited to helping young entrepreneurs access national and international markets, such as trade fairs or export promotion programs?
Access to Market	<b>Supporting Access</b>	13. In your experience, what are some of the most innovative and effective strategies for supporting young entrepreneurs in accessing national and international markets and achieving their goals?
Access to Market	<b>Competition</b>	14. How does the presence of international enterprises affect the sustainability of youth-led enterprises in urban/rural areas?
Access to Market	<b>Global Trends</b>	15. What types of business models and strategies should young entrepreneurs adopt to succeed in today's global economy?
Business development support and infrastructure	<b>Entrepreneurial Culture</b>	16. Are there any particular policy or programmatic interventions that have been particularly effective in promoting a culture of entrepreneurship, either in your country or in other countries?
Business development support and infrastructure	<b>Availability of Tools</b>	17. What resources or tools are currently available to young people who are interested in starting their own businesses in this country or region?
Business development support and infrastructure	<b>National Priorities Vis-à-vis HCD</b>	18. Are there any particular skills or competencies that are currently in high demand among employers in priority sectors, and if so, how can these skills be better developed among the workforce?
Business development support and infrastructure	<b>Future sectoral overviews</b>	19. What are some of the challenges and risks associated with these emerging sectors and industries, and how can young entrepreneurs mitigate them?
Human Capital and Entrepreneurship Culture	<b>Entrepreneurial Culture</b>	20. How would you describe the current entrepreneurship culture in your country or region, and what are some of its strengths and weaknesses?
Human Capital and Entrepreneurship Culture	<b>Entrepreneurial Culture</b>	21. How easy is it to hire people willing to work in new enterprises set up by young people? What kind of challenges are seen.
Human Capital and Entrepreneurship Culture	<b>Entrepreneurial Culture</b>	22. What role do educational institutions, such as universities and vocational schools, play in fostering an entrepreneurship culture, and how can they be better leveraged to support young entrepreneurs?
Human Capital and Entrepreneurship Culture	<b>Social Inclusion</b>	23. How can young entrepreneurs from diverse backgrounds, including women, minorities, and those from lower socioeconomic backgrounds, be better supported in developing and scaling their businesses?

## Annex 4

Domain	Category	Question/ Probe
Human Capital and Entrepreneurship Culture	<b>Education System</b>	24. What types of courses, programs, and initiatives are in place to develop the entrepreneurial skills and mindset of students, and how effective have these been?
Human Capital and Entrepreneurship Culture	<b>Preparedness</b>	25. What advice would you give to students who are interested in entrepreneurship, and how can they best prepare themselves for a career in this field?
Innovation and technology	<b>Tech Awareness</b>	26. In your experience, to what extent do young entrepreneurs have a good understanding of the various technological support and tools available to them, such as cloud computing, software development, or digital marketing? IP support etc.
Innovation and technology	<b>Barriers</b>	27. What are some common barriers that young entrepreneurs face when trying to access technology, and how can these barriers be overcome? Especially if they are from socially marginalized groups?
Innovation and technology	<b>Youth-Responsiveness</b>	28. Are there any specific technological products or services that are particularly well-suited to the needs of young entrepreneurs, such as online collaboration tools or social media platforms?
Innovation and technology	<b>Youth-Responsiveness</b>	29. How can business mentoring and incubation programs work to better support young entrepreneurs in accessing and utilising technology and overcoming barriers to entry?
Innovation and technology	<b>Supporting Access</b>	30. In your experience, what are some of the most innovative and effective strategies for supporting young entrepreneurs in accessing and utilising technology and achieving their goals?
Innovation and technology	<b>Social Inclusion</b>	31. How can young entrepreneurs from diverse backgrounds, including women, minorities, and those from lower socioeconomic backgrounds, be better supported in accessing entrepreneurship tools and resources?
Policy and Regulatory Framework	<b>National Priorities Vis-à-vis HCD</b>	32. In your view, what are the most pressing human capital development challenges facing this country or region, and what can be done to address them?
Policy and Regulatory Framework	<b>Policy Awareness</b>	33. Are the youth entrepreneurs aware/familiar with the current policies catering to the startups/ enterprises/SMEs?
Policy and Regulatory Framework	<b>Future sectoral overviews</b>	34. How do you see the entrepreneurship ecosystem in Pakistan evolving in the future, and what changes would you like to see in terms of policy, support, and resources?





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