



State of the Ecosystem for

Youth Entrepreneurship in Bangladesh

Presented By

Bijon Islam

Co-Founder and CEO,
LightCastle Partners



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Contextualizing Youth Entrepreneurship in Bangladesh

Bangladesh

The Rising Economic Story

166Mn

Population
2021

~28

Median Age
2021

U\$2,064

GDP Per Capita
FY 2020-21

U\$45Bn

Total Exports
FY 2020-21

U\$31Bn

RMG Exports
FY 2020-21

U\$800Mn

ICT Exports
FY 2018-19

U\$325Bn

GDP
FY 2020-21

~4.5%

GDP Growth Rate
FY 2020-21

U\$2.37Bn

FDI
FY 2019-20

178Mn

Mobile Subscribers
August 2021

125Mn

Internet Users
August 2021

115Mn

Mobile Internet Users
August 2021

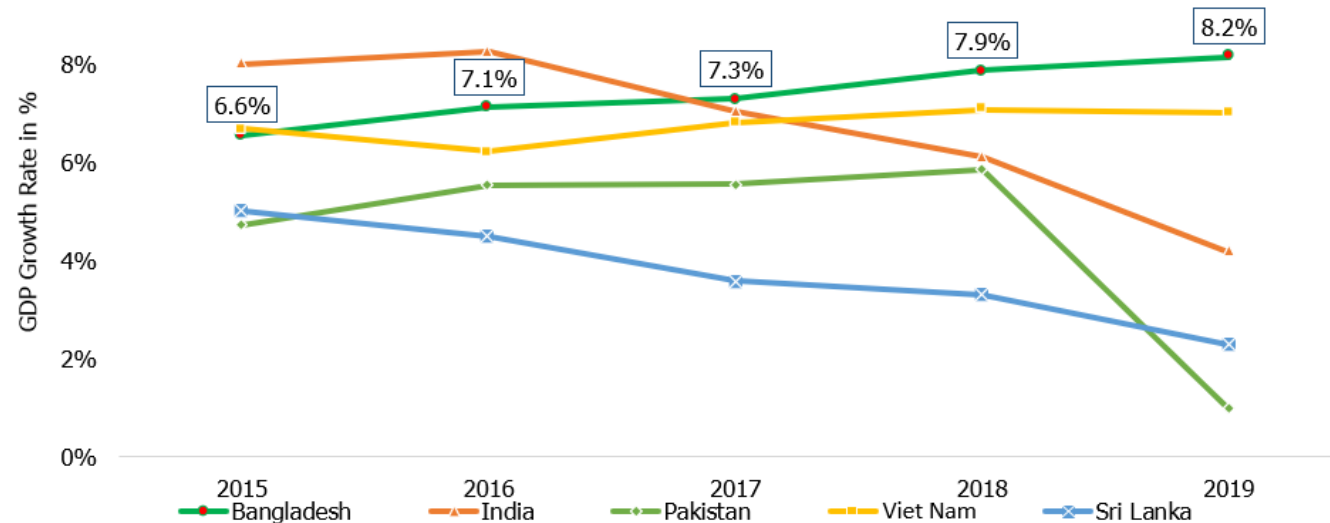


Figure: Bangladesh GDP Growth Rate in Comparison to its Regional Counterparts

Youth Employment

National unemployment rate stood at 5.3 percent in 2020

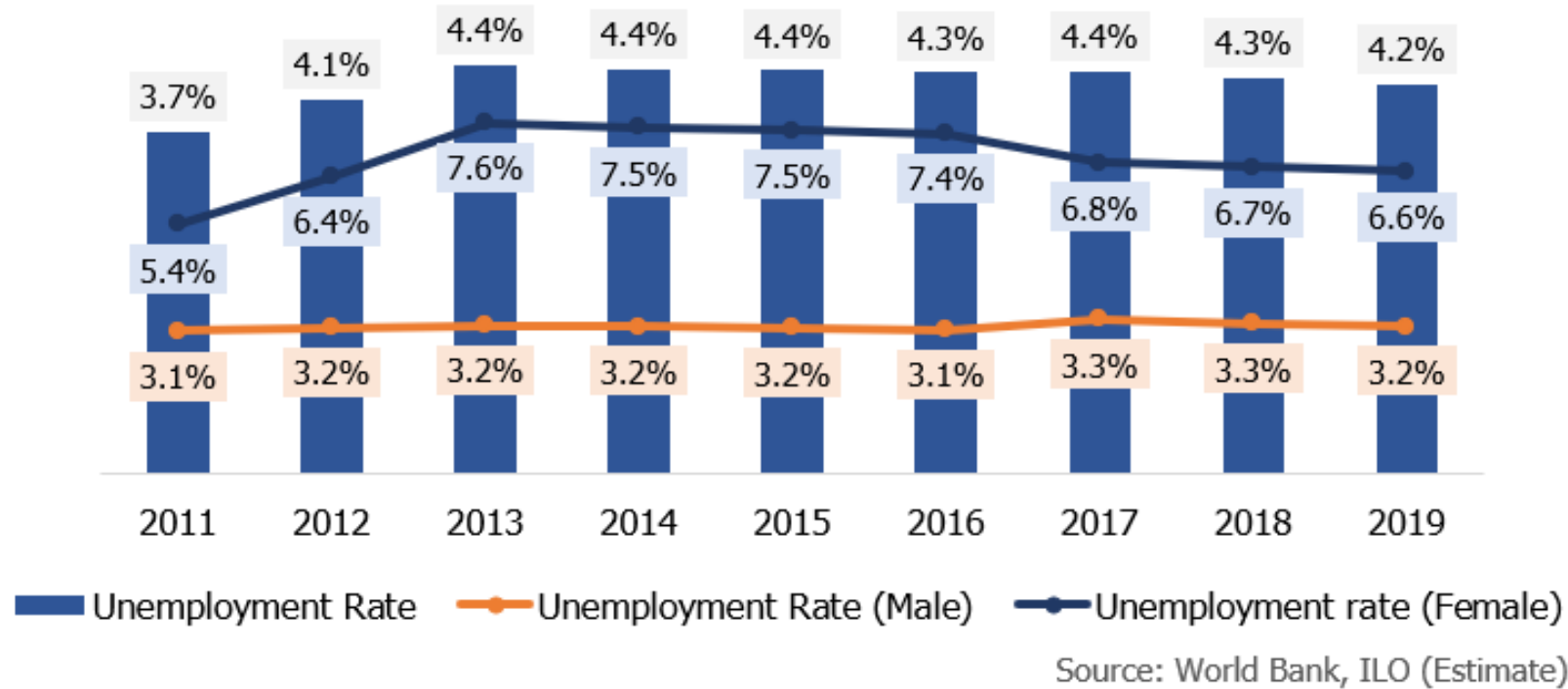


Figure: Bangladesh Unemployment Rate (2011 to 2019)

- From 2011 to 2019, overall unemployment grew from 3.7 percent to **4.2 percent**
- National unemployment rate stood at **5.3 percent** in 2020
- The youth unemployment rate is estimated to be **2.8 times** greater than the national rate
- While the unemployment rate among educated youth was estimated to be **38 percent (BIDS)**

Youth Entrepreneurs Population

Is estimated to be at 3.8 million young entrepreneurs in Bangladesh

- Approximately **9.45 million** individuals or households are estimated to be relying on entrepreneurial activity as their primary source of income
- Approximately **36 percent** of the population is comprised of youth (between the ages **18 and 35**)
- Estimated **3.8 million** young entrepreneurs encompassing all types of enterprises (SMEs, startups, social enterprises, etc.) in Bangladesh

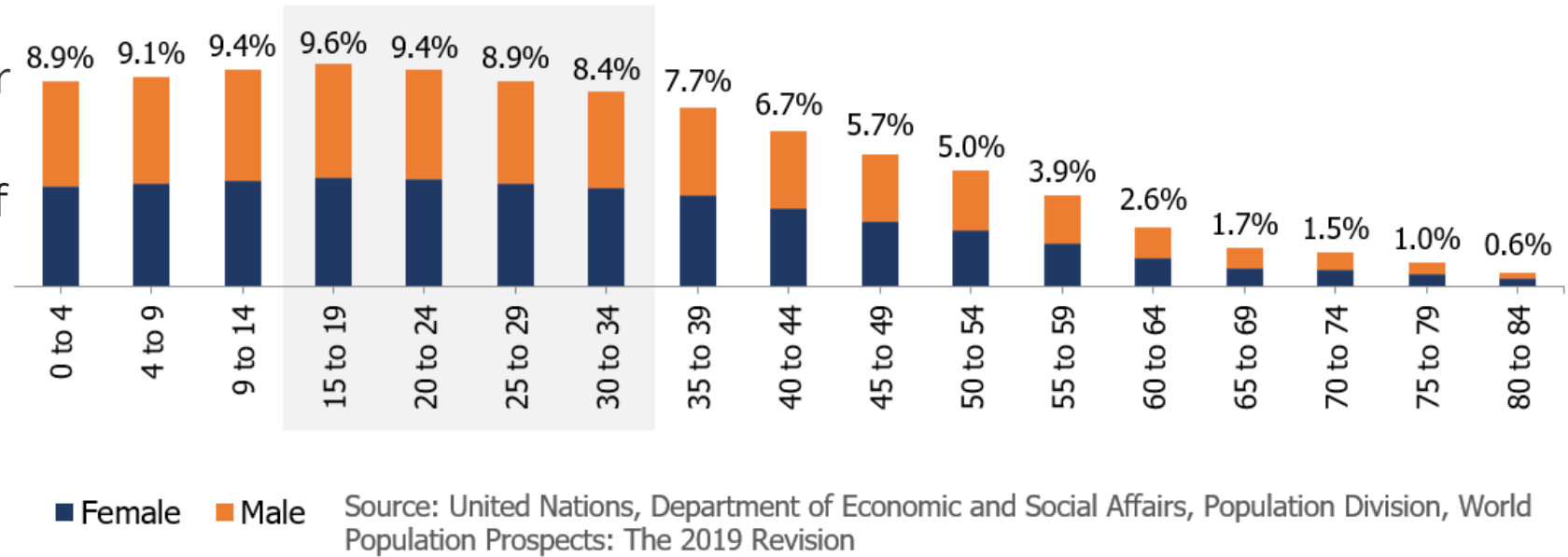


Figure: Bangladesh Population Pyramid 2019, Youth Population Representation

Sectors and Industries

Showing High Potential for Youth Entrepreneurship

Sector

Opportunity

Innovative Youth Enterprises

Agriculture

Around two-third of rural Bangladesh is dependent on the agricultural economy and 25 percent of the gross national product is derived from this sector



Khamar-e:
Bringing change in agriculture farming through data-driven automation technology

Education

As of 2019, Bangladesh enrolled over 24 Mn students in primary, secondary and post secondary education.



10 Minute School:
The largest Online EdTech Platform in Bangladesh

Health

Youth can enhance the sector further through innovative business models for healthcare with the ongoing pandemic and the ever-growing need for standard healthcare



Safewheel:
Providing affordable doorstep medical service to the rural people of Bangladesh

Financial Services

Youth can utilize advanced technologies and collaborate with international FinTech companies to bring about high-end advances in the FinTech sector



iFarmer:
Democratising agriculture financing and supply chain

ICT

The ICT sector comprises more than one million professionals, making exports of ICT products worth US\$1 billion around the globe



Romoni:
The full-stack platform for enabling women-led micro-enterprise



Methodology

Demographic

The survey was taken by 147 youth entrepreneurs between the age of 18 and 35 and 26 key stakeholders to gauge understanding of both entrepreneurs and ecosystem builders' perspectives

Research Methodology

Desk Research

2 Focus Group Discussions

25 + Key Informant Interviews

173 Survey

Consultation Workshop

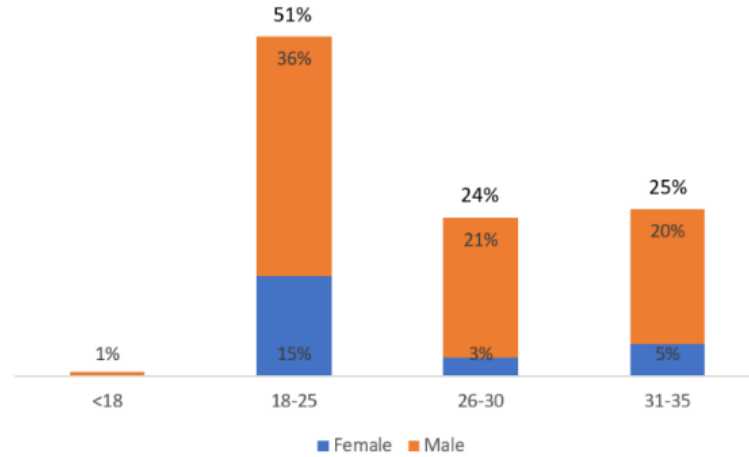


Fig: Gender and Age of Entrepreneurship Survey Respondents

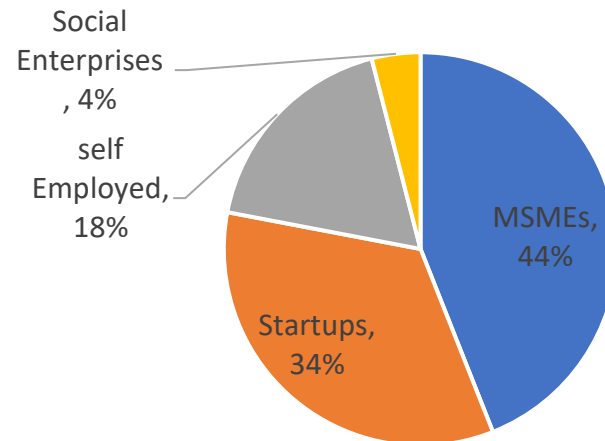


Figure: Share of Enterprise Types among Surveyed Entrepreneurs

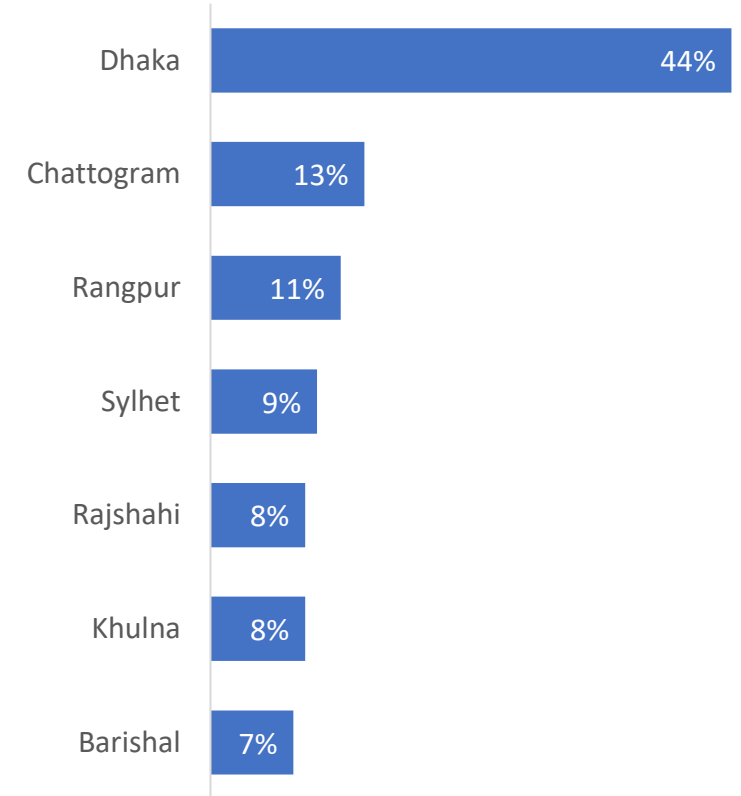


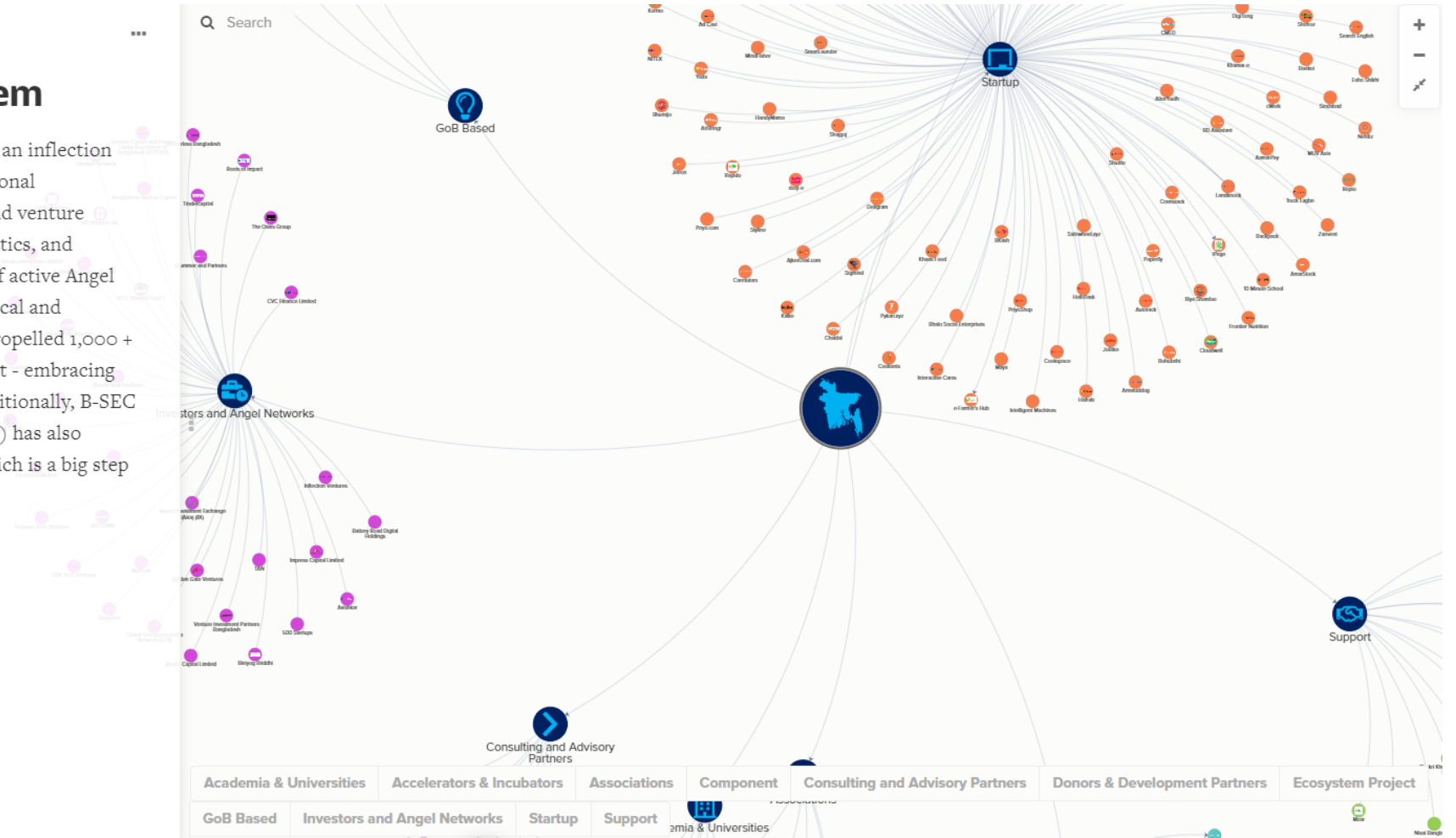
Figure: Geographic Segmentation of the Surveyed Entrepreneurs

Live Ecosystem Mapping

Aims to provide a detailed picture of the entrepreneurship ecosystem in Bangladesh, including the players and stakeholder groups that are engaged within the ecosystem.

Bangladesh Youth Entrepreneurship Ecosystem

The Bangladesh Entrepreneurship Ecosystem is at an inflection point with an excess of US\$ 420 million in international investments from big-name corporate investors and venture capitals, investing in industries like FinTech, Logistics, and Mobility over the last four years. The emergence of active Angel Investment Networks, Impact Investing, host of local and international operating accelerators/ incubators propelled 1,000+ active Startups generating 1.5 million+ employment - embracing Startups as part of the country's everyday life. Additionally, B-SEC (Bangladesh Securities and Exchange Commission) has also approved small-cap stock exchange guidelines, which is a big step towards providing investors with Startup exits.



Ecosystem Confidence Index

The Bangladesh Entrepreneurship Ecosystem scored an average score of 3.2 out of 5

The study assessed the **six domains** of Youth Co:Lab’s ecosystem diagnostic framework to formulate the Hex-Key Ecosystem Confidence Index

| Domain | Confidence (out of 5) |
|---|-----------------------|
| Policy and Regulatory Framework | 3.3 |
| Human Capital and Entrepreneurship Culture | 2.3 |
| Access to Finance and Incentives | 3.0 |
| Business Development Support and Infrastructure | 3.4 |
| Innovation and Technology | 3.8 |
| Access to Market | 3.2 |

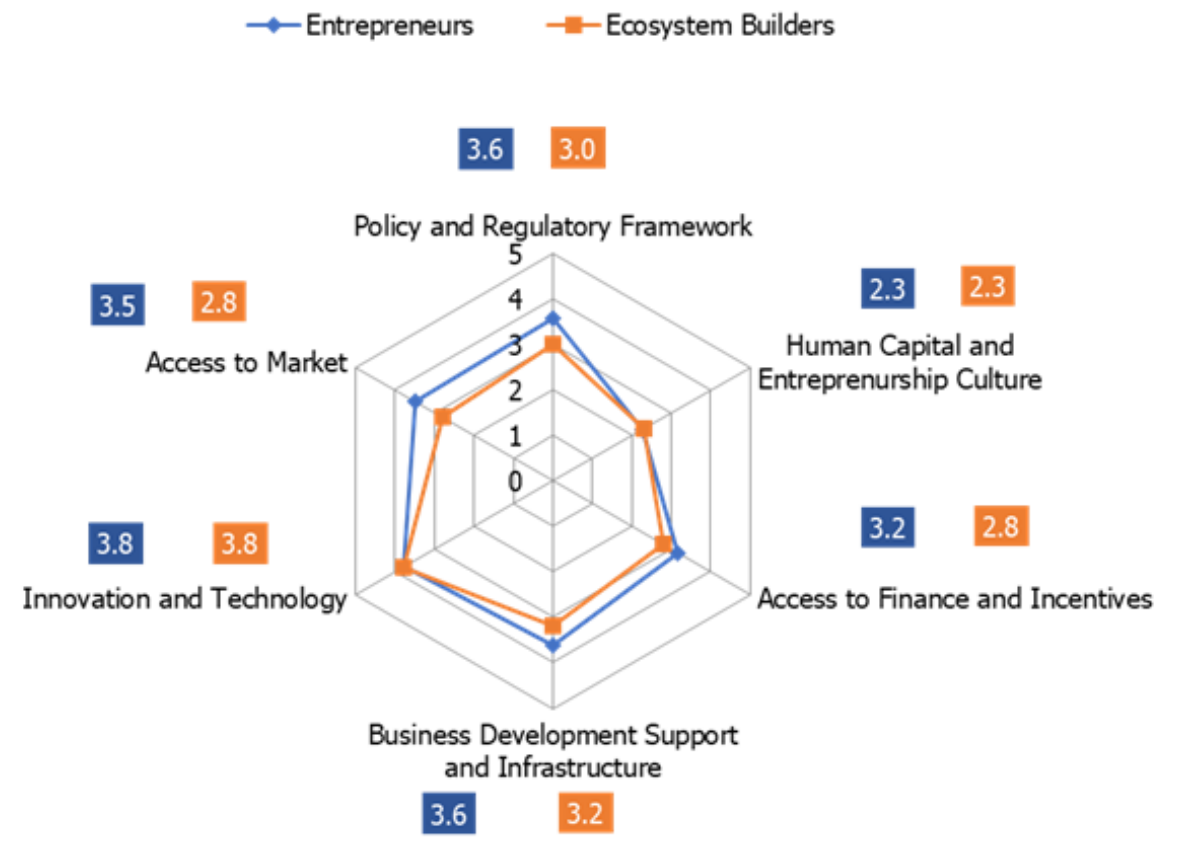


Fig: Ecosystem Hex-Key Confidence Index Score

Source: Hex-Key Entrepreneurship Confidence Index (n=173)



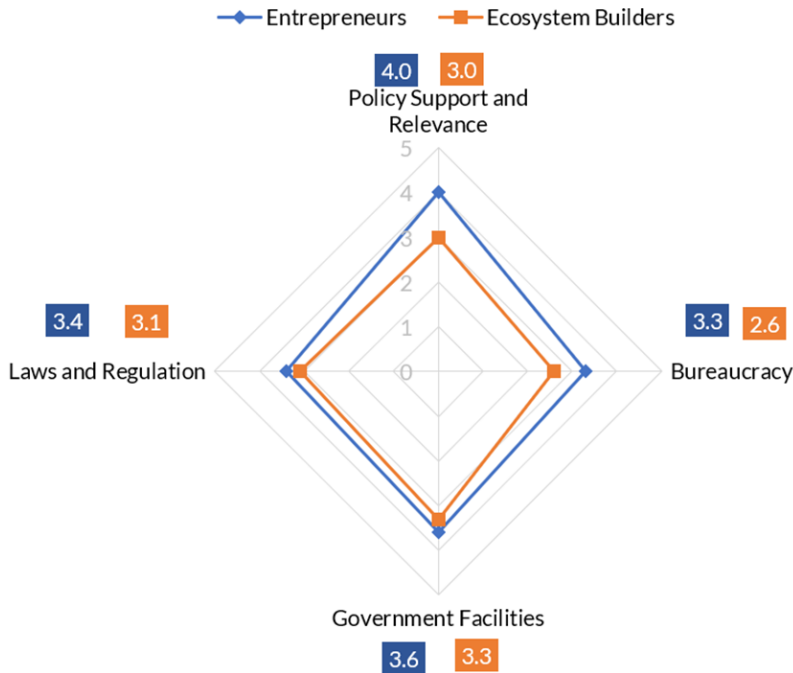
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Deep Dive into the Youth Entrepreneurship Ecosystem

Policy and Regulatory Framework

Government bodies need to play a crucial role in shortening bureaucratic processes and irradiate irregularities in the policy design and implementation for youth entrepreneurs



Domain Confidence: 3.3 out of 5

Fig: Policy and Regulatory Framework
Confidence Index Score

Enablers

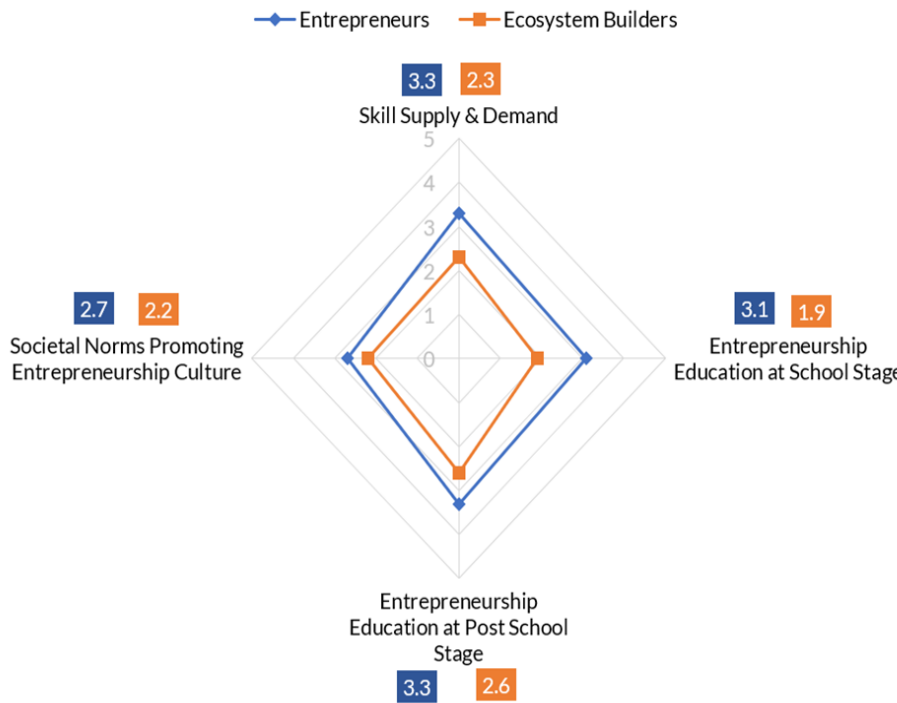
- Policy framework supports availability of government-led facilities in equity investments, funding and grants, accelerator/incubator programmes, innovation labs and information technology support.
- The public sector shows strong commitment to develop the policies for youth and entrepreneurship.

Disablers

- Fragmented strategies within ministries cause inconsistency within the policy and regulatory framework.
- Lengthy bureaucratic processes hinder the ease of doing business for young entrepreneurs in Bangladesh.

Human Capital & Entrepreneurship Culture

To meet the rising interest in entrepreneurship among the youth population, it is imperative to improve the foundational skills and knowledge support required for entrepreneurial ventures



Domain Confidence: 3.3 out of 5

Fig: Human Capital & Entrepreneurship Culture Confidence Index Score

Enablers

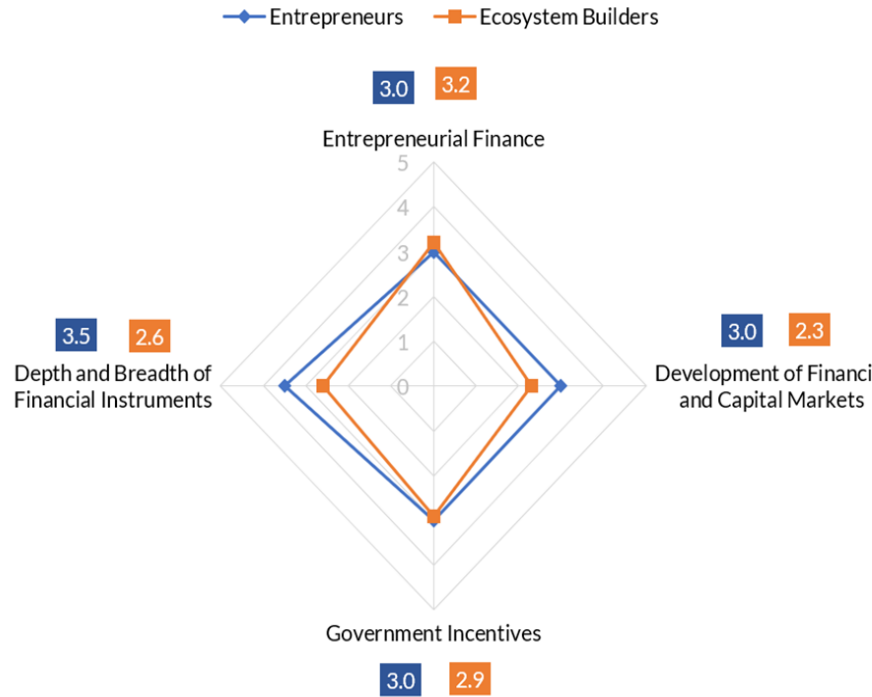
- There are signs that attitudes and culture are changing positively towards entrepreneurship.
- Integration of the entrepreneurial skills development agenda into education curricula encourages and helps youth to become entrepreneurs and address the challenges related to growing unemployment among young graduates.

Disablers

- Inadequate opportunities and support for young people (especially in the rural and peri urban areas) to develop entrepreneurship-specific skills impede the development of youth-led enterprises.
- The current education system does not contribute to developing the entrepreneurship-specific skills of students.
- The existing skills supply does not match demand, making it difficult for youth entrepreneurs to build a team.

Access to Finance and Incentives

Channels of entrepreneurial financial access need to be increased, eased and diversified to meet the variety and extent of youth entrepreneurial needs



Domain Confidence: 3.0 out of 5

Fig: Access to Finance and Incentives
Confidence Index Score

Source: Hex-Key Entrepreneurship Confidence Index (n=173)

Enablers

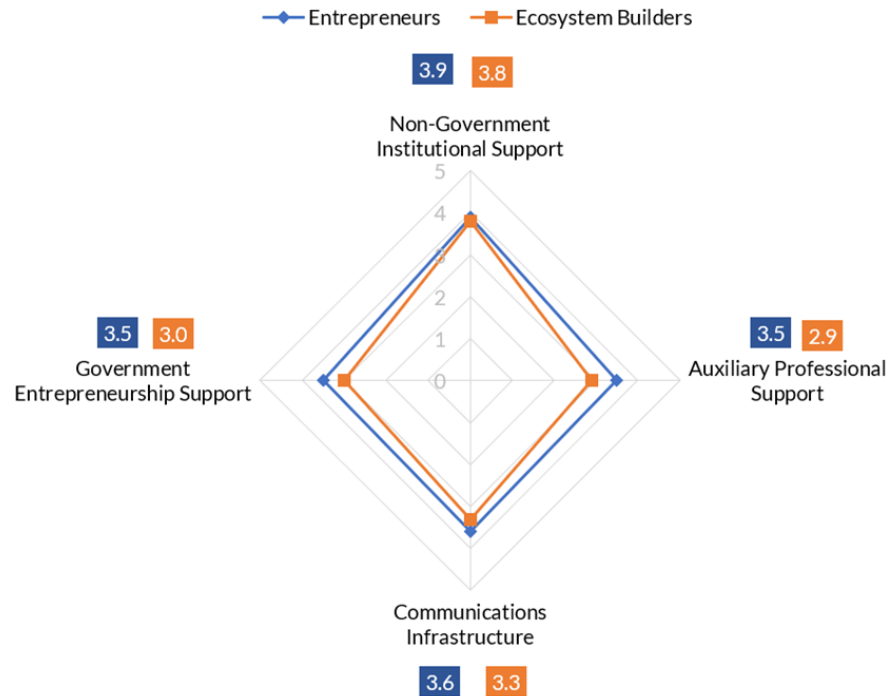
- There are public sector provisions for funding and incentives to develop entrepreneurship and employment.
- Financial support from private organizations has bolstered the growth of the youth entrepreneurship ecosystem.
- There is a growing interest from financial institutions to develop last-mile access to finance.

Disablers

- The scale and scope of entrepreneur-specific financing opportunities are limited.
- Female entrepreneurs face unequal access to finance for institutional and cultural reasons.
- The Number of angel investors are nascent compared to neighbouring countries.

Business Development Support and Infrastructure

Improved access and availability of consolidated platforms are necessary which can provide mentorship, guidance, and training for youth entrepreneurs



Domain Confidence: 3.4 out of 5

Fig: Business Development Support and Infrastructure Confidence Index Score

Source: Hex-Key Entrepreneurship Confidence Index (n=173)

Enablers

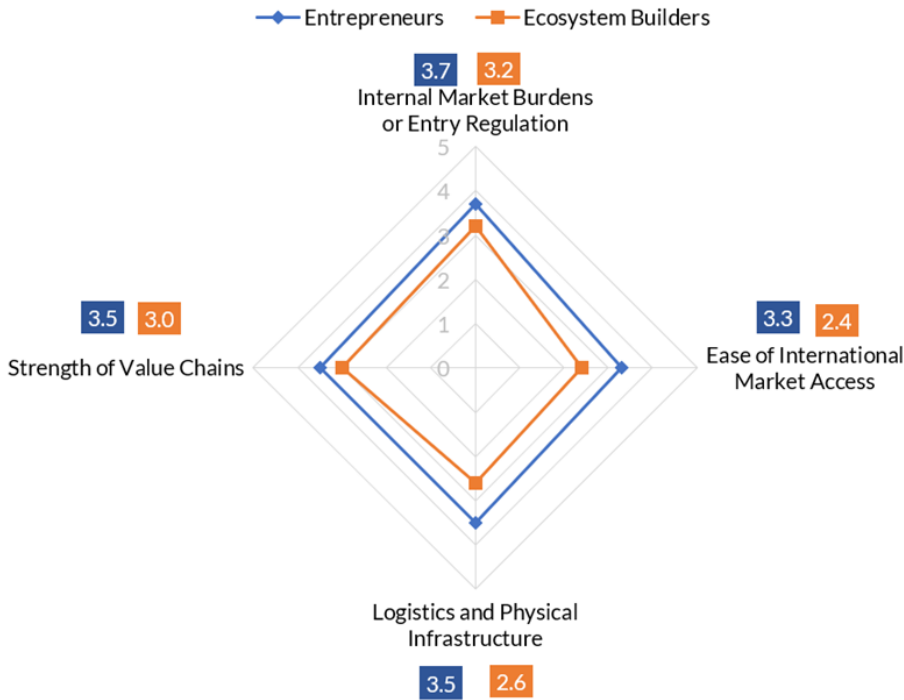
- Business support infrastructure (including many active ecosystem builders and support programmes) are enhancing the entrepreneurship ecosystem.
- Active collaboration among the ecosystem stakeholders is enabling greater scale and scope of existing networks and programmes.
- There are several platforms and organisations working on the empowerment of youth from religious and ethnic minority communities.

Disablers

- The scale and scope of support are not adequate to the demand for business development support.
- Support and development programmes for enterprises are disproportionately located in Dhaka compared to the rest of the country.

Access to Market

Access to local, regional, national, and international markets is vital for the growth and sustainability of youth-led enterprises



Domain Confidence: 3.8 out of 5

Fig: Access to Market Confidence Index Score

Enablers

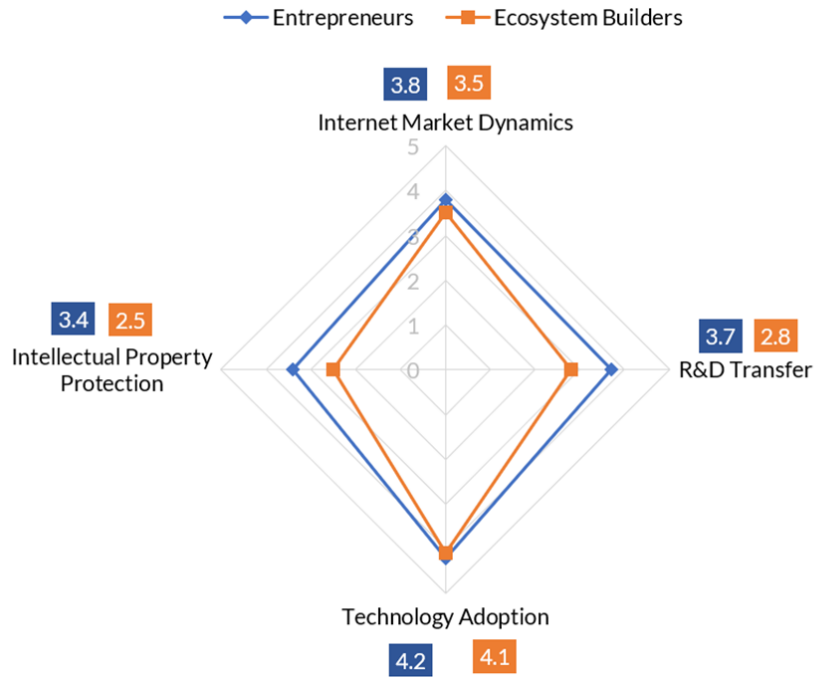
- Online markets are providing growing opportunities for youth-led enterprises.
- There are NGO and government-led opportunities for rural entrepreneurs to access wider and larger markets.
- There are government-led commitments and programmes aimed at developing entrepreneurial skills to enable access to the market.

Disablers

- The supply chains and value chains are inefficient and complex in the agriculture sector.
- Rural enterprise growth is hindered by inadequate logistics, access to sales and sourcing networks, and access to information.

Innovation and Technology

Provision of research & development facilities, power supply, accessible & affordable internet services and easy payment systems needs to be improved for the development youth innovation



Domain Confidence: 3.2 out of 5

Fig: Innovation and Technology Confidence Index Score

Source: Hex-Key Entrepreneurship Confidence Index (n=173)

Enablers

- Startup-led digital platforms are helping small-scale SME entrepreneurs to grow.
- The Government is supporting the development of enterprises that leverage technology.
- There is an increasing trend in technology adoption among consumers and businesses because COVID-19 and country wide lockdown.

Disablers

- The current infrastructure is not adequate and strong enough to promote local innovation (internet, education, R&D).
- Insufficient and unequal access to internet and internet-enabled technologies in rural areas.
- There is insufficient protection of intellectual property and innovative ideas.



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Recommendations

Recommendations

Key Recommendation

Strengthen entrepreneurship culture and access to entrepreneurial skills development opportunities by integrating entrepreneurial skills development agenda into national curricula and education systems at all levels across the country

Sub-Recommendations

- Improve access to entrepreneurship related knowledge through primary and secondary education.
- Development of technical skillsets among youth.
- Academic institutes need to bridge the industry demand for next generation skillsets.
- Ensure that entrepreneurship platforms and programmes are widely available and accessible for students across the country.
- Promote culture that is supportive of women's entrepreneurship.
- Promote entrepreneurship as a viable option to tackle unemployment.

Recommendations

Key Recommendation

2 Ease the business establishment, operation, and expansion processes for youth-led enterprises

3 Increase advocacy, awareness, and provision of entrepreneur-specific finance for MSMEs, start-ups and social entrepreneurs

Sub-Recommendations

- Develop a one-stop government portal for new entrepreneurs to access all services digitally.
- Promote startup-centric investment opportunities.
- Promote startup-centric investment opportunities.
- Promote angel investments with the support of local conglomerates.
- Promote mandatory quota of financing for minority and female youth entrepreneurs.
- Promotion of existing financial instruments coupled with knowledge dissemination.

Recommendations

Key Recommendation

Develop and scale access to capacity building opportunities and business development support services for young entrepreneurs

Develop a robust policy and regulatory framework for entrepreneurship that is responsive to youth-specific needs

Sub-Recommendations

- Expand capacity development platforms for youth entrepreneurs in rural and peri-urban areas.
- Develop a coherent policy and regulatory framework on youth entrepreneurship.
- Ensure that inclusion lens is incorporated in the youth entrepreneurship policies and strategies.
- Adoption of formal definition of startups and social enterprises in policies and regulations.
- Increase awareness of and develop more robust regulatory frameworks for the protection of intellectual property.

Recommendations

Key Recommendation

6 Strengthen the capacity of the system to collect and use data that is relevant to enable a thriving youth entrepreneurship ecosystem

7 Develop targeted means to enhance youth-led businesses' access to market, especially in rural areas

Sub-Recommendations

- Improve national census on youth and entrepreneurship.
- Improve national market access opportunities for rural youth entrepreneurs.
- Address inefficiencies in agricultural supply and value chains for rural youth entrepreneurs.

Thank You

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