LightCastle PARTNERS

INSPIRING BUSINESS
BOOSTING ECONOMY
CHANGING LIVES

PROFILE
2026

LightCastle Partners – an international management consulting firm – creates systemic and data-driven opportunities for growth and impact in emerging markets.

By collaborating with development partners and leveraging the power of the private sector, we strive to boost economies, inspire businesses, and change lives at scale.

Learn more @ www.lightcastlepartners.com

Our Global Footprint

13+ Years
of presence

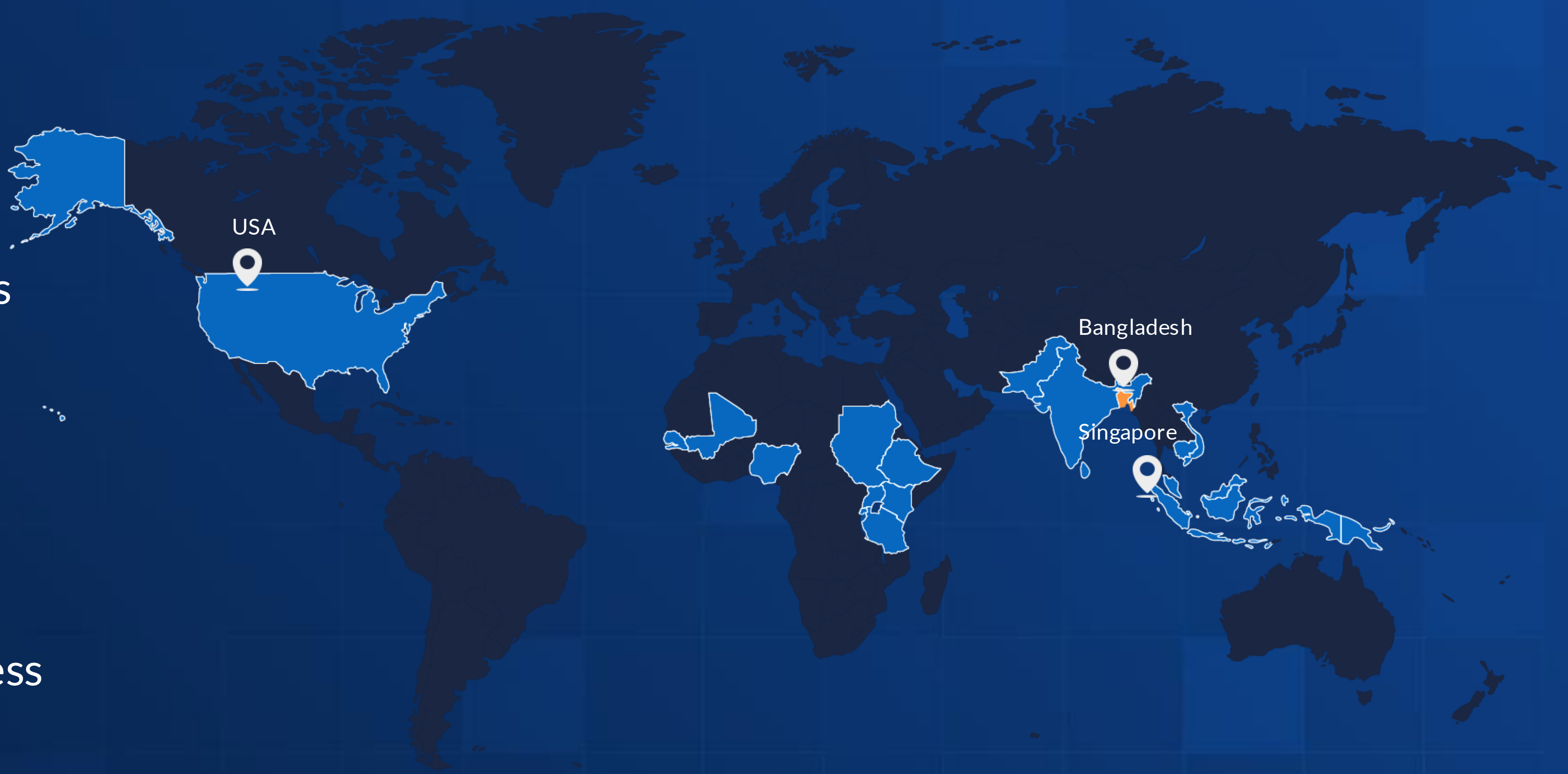
15+ Countries
have been served

300+ Projects
completed

150+ Clients
served

$150+ Million
investment mobilized

1500+ Business
impacted



Asia

- Bangladesh
- Vietnam
- Sri Lanka
- Singapore
- Colombia
- Pakistan
- Indonesia
- India
- Micronesia
- Kiribati

Africa

- Ethiopia
- Kenya
- Mali
- Uganda
- Nigeria
- Senegal
- Tanzania
- Sudan
- Rwanda

North America

- United States
- Canada

LightCastle Office Locations

Our Services

Data

1 Management Consulting

Reliable data coupled with a breadth of functional capabilities lead to practical, actionable insights

2 Entrepreneurship Ecosystem & Investments

Changing the way entrepreneurs grow business and raise capital

3 Market Entry Advisory

Providing end to end solutions for foreign companies to set up new structures in Bangladesh

4 Digital Transformation

Success lies in our ability to combine talents across data science, technology, design and business

LightCastle Partners: Key Clients Served

Development Financial Institutions (DFIs)

THE WORLD BANK

ADB

IFC

European Investment Bank

Bilateral Development Partners

Kingdom of the Netherlands

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Supported by
Switzerland

Australian Government
Department of Foreign Affairs and Trade

Global Affairs Canada
Affaires mondiales Canada

Private Sector Companies & Financial Institutions

HSBC

IIX Impact Investment Exchange

CDC Investment works

truvalu.

lc packaging®

Meta

Sumitomo Corporation

Cargill™

SKRETTING a Nutreco company

telenor

LightCastle Partners: Key Clients Served

International Development Organizations

UNDP

UNCDF

UNITED NATIONS
DEPARTMENT OF ECONOMIC
AND SOCIAL AFFAIRS

UN WOMEN

ILO
International
Labour
Organization

WFP
World Food
Programme

OXFAM

USDA

care®

brac

giz

Public Sector

Bangladesh
Investment
Development
Authority

STARTUP
BANGLADESH
LIMITED™

ICT
DIVISION
FUTURE IS HERE

a2i

CBI
Supporting SMEs in Africa, Asia, and the Middle East towards sustainable and inclusive growth

Business
France

SME
FOUNDATION

TFO
CANADA

Ministry of
Commerce

LightCastle Has Left Its Impact Footprint Over the Decade

Building Expertise and Driving Impact in Seven Priority Areas

LightCastle Impact Footprint

Thematic Areas with High Priority

- Climate Change → Climate & Clean Energy
- Sustainable Agriculture → Economic Growth
- Skill & Enterprise Development → Enterprise & Development
- Good Governance
- Emergence of New Poor
- Female Inclusion → Gender Equity
- WASH → Clean Water & Sanitation

Digital Transformation

Financial Inclusion

Focus Sector

- Agriculture → Economic Growth
- Ready-Made Garments → Economic Growth
- SMEs → Digital Transformation
- Startups → Digital Transformation

Impact Area

Inclusive Economic Growth

The Employment Engine: Bangladesh's RMG Sector

Since 1971, when Bangladesh achieved independence, the Ready-Made Garments (RMG) sector has been a cornerstone in terms of economic growth and employment generation. The sector has since experienced massive growth in the past few decades and has made significant contributions to Bangladesh's GDP. It accounts for 85% of the country's total exports and employs 4.4 Mn workers of which 65% are women.

While both public and private stakeholders have prioritized this sector, through favourable policy regimes and continuous investment, worker well-being has always been a topic of debate. To ensure that workers reap the benefits of the sector's growth, significant focus must be placed on preparing the workforce for the fourth industrial revolution (4IR).

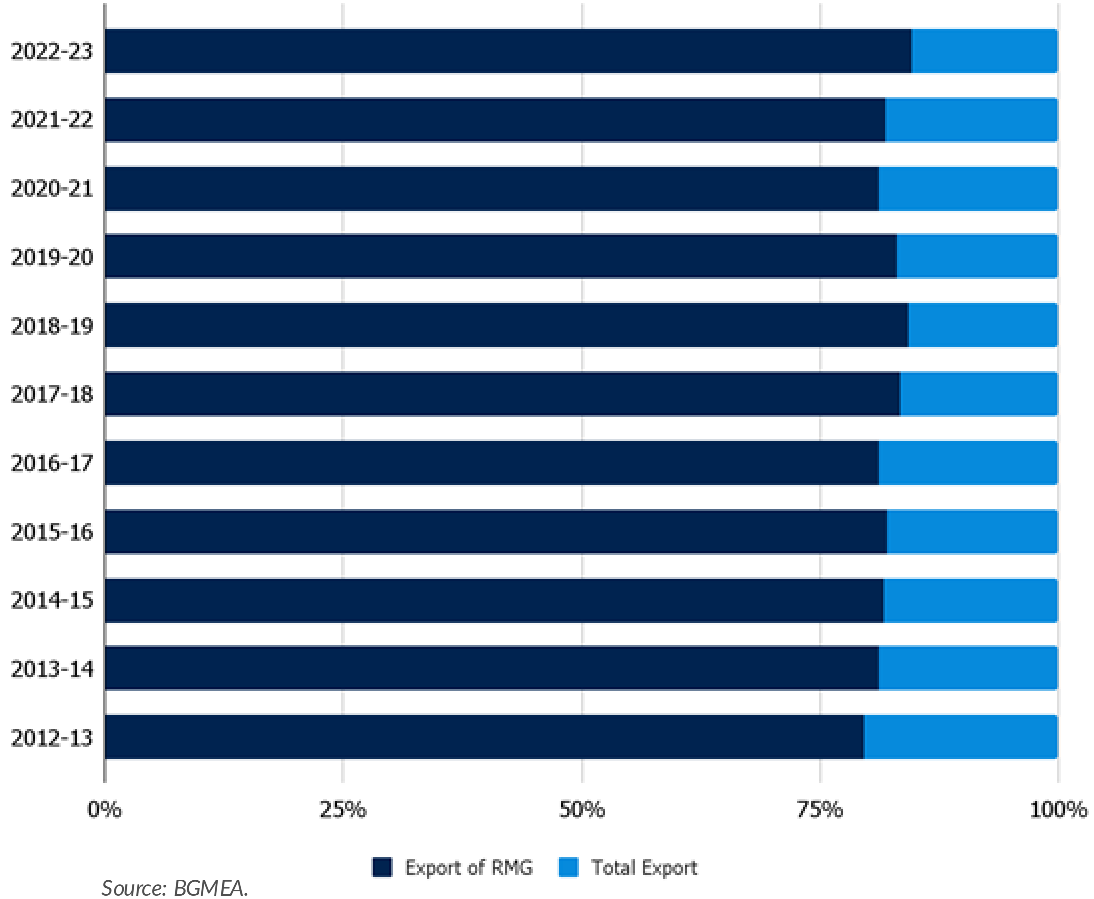
LightCastle Partners has heavily supported the RMG workforce through projects prioritizing technological upskilling, wage digitization and improving access to essential services.

85%
Total export basket consists of RMG exports

4.4Mn
Workers employed in the RMG sector

65%
Total workforce in RMG consists of female workers

RMG Exports Have Made Up More Than Three-Quarters Of All Exports In The Past 10 Years



Source: BGMEA.

Safeguarding the Future of Female Garment Workers in Bangladesh

The Impact Imperative

Client: H&M Foundation

Bangladesh is the second-largest global apparel exporter with a 6.4% market share, contributing 10.35% to its GDP. As Bangladesh is poised to face the upcoming LDC graduation and the Fourth Industrial Revolution, there is an urgency to strengthen the apparel industry for the next decade.

Bunon 2030 is a dedicated initiative to empower Bangladeshi women garment workers in the face of increasing automation, geopolitical turmoil, circularity, decarbonization, among other challenges, by fostering sector competitiveness. It is part of the collective impact initiative of H&M Foundation’s “Oporajita: Collective Impact on the Future of Work in Bangladesh” project.

A comprehensive landscape study of the RMG industry was conducted, resulting in a study report and two policy briefs aimed at Industry Leaders and Policymakers. A year-long policy dialogue was launched, bringing together industry leaders, policymakers, development partners, innovators, worker representatives, and academia.

Declining share of women garment workers, with little career progression due to multiple factors

- Technological Shift
- Changing Geopolitical Landscape
- Ultra Fast & Real time fashion
- Sustainability Focus
- LDC Graduation & Removal of GSP
- Increased Competition

Ensuring Essential Services for Apparel Workers

The Impact Imperative

Client: BRAC

The Ready-Made Garments sector employs 4.4 Mn workers, 65% of whom are women. However, the lifestyle of RMG workers has not changed much due to the limited access to affordable financial services, health services, and other basic services. To address all these problems,

BRAC has initiated a “One Stop Service Center” solution that focuses on improving the lifestyle of the garments workers and community members through: (i) Affordable primary healthcare (ii) Skills training and job placement (iii) Legal support for family and land law (iv) Financial services (v)Health insurance (vi) Daycare centers for the workers’ children.

By conducting a needs assessment, the LightCastle team identified the gaps and uptake of the six essential services of the One-Stop Service Center by BRAC. In order to build a sustainable business model for the center, the following gaps were addressed:

Primary Healthcare	Proven to be the most beneficial service and provides scope for revenue generation
Microinsurance	Provided financial safety net for the beneficiaries, but had low adoption
Skills Training	Although it created job opportunities for the migrants, in a market with excess labor, upskilling shows less potential
Daycare Center	Rising demand of daycare facilities at a lower price
Legal Aid	Despite being a cost center for BRAC, it has created legal aid-seeking behavior among the beneficiaries
Deposit Pension Scheme (DPS)	Savings in the form of DPS was prevalent in higher amounts among beneficiaries

Increasing Access to Finance through Wage Digitization

Context Opportunity

The Bill and Melinda Gates Foundation has identified Bangladesh as one of the nexus countries for driving greater financial inclusion—positively affecting millions of lives. With increasing digitization of products and services, and the proliferation of mobile internet users, financial inclusion rates are expected to rise further through the use of Digital Financial Services. The Gates Foundation commissioned a market research study with LightCastle Partners to explore the possibilities and challenges associated with wage digitization in the apparel sector. This study would lay the foundation for a holistic strategic path that the Foundation can utilize to plan its intervention initiatives accordingly.

Approach & Findings

Interviews were conducted with industry professionals and factory owners. In total, 40 in-depth interviews were conducted using a structured questionnaire. On average, respondents have been in the apparel industry for over 10 years and possess a wide breadth of expertise in worker development, factory management, and project implementation.

Key Survey Findings

Of the Companies Interviewed

20% Use Cash

30% Use MFS

50% Use Banking

To disburse Employees' Wages

88% of factories surveyed showed strong interest in fully digitizing their wage disbursement system

82% of apparel manufacturers stated they would digitize their wages if a capable DFS partner was available

Recommendations and Way Forward:

- DFS providers need to deepen the ecosystem of merchants
- Workers need to be trained on tech, MFS and banking operations by stakeholders
- Buyers need to create a pathway for digital adoption among factory owners
- Stakeholders need to foster greater alignment in their approach

Spotlight: Curated Knowledge Pieces

Bangladesh’s Apparel Sector: Strengthening Foothold in the Global Market

“Bangladesh’s apparel export basket has always been concentrated and unexplored in terms of product, fiber, and market destination through this remarkable journey. Following the Multi Fiber Agreement quota phase-out, Bangladesh mainly focused on a volume-driven growth strategy resulting in limited product diversification.”

4IR in the Apparel Industry: Is Bangladesh Ready for the Advancement of Automation?

“Garment manufacturing has been a labor intensive industry, for which the process has moved from developed to developing countries in order to reduce the cost of production. However, increased competition and demand for clothing have led countries to adopt automation as a competitive advantage. Automation in the apparel industry has taken place in the entire value chain, including the textile industry and apparel manufacturing.”

The EU’s Due Diligence Act: Way Forwards for Bangladesh’s Apparel Industry

“Bangladesh is a beneficiary of the EU’s GSP scheme, which provides duty-free and quota-free access to the EU market for a wide range of products, including textiles and garments. The GSP scheme is aimed at promoting sustainable development and good governance in developing countries. Bangladesh has been a beneficiary of the EU-GSP scheme for LDCs since 1971”

Early Retirement and Alternative Career Opportunities for Women RMG Workers in Bangladesh

“Workers who are only meant to labor for eight hours a day sometimes work twelve. Strenuous work of this level often leads to workers having long term health predicaments and declining efficiency as they age. Thus, leading to early retirement age as well. The average age of employees in Bangladesh’s RMG industry is 25.9 years old, according to 2020 research by Asian Centre for Development (ACD) titled A Survey Report on the Garment Workers of Bangladesh.”

Economic Growth: The Story of Agriculture

The agriculture sector of Bangladesh is paramount to the economy, contributing to 11.7% of the total GDP. Employing nearly half the total labour force in the country, this sector plays a crucial role in driving rural employment and reducing poverty, by increasing livelihood opportunities.

In recent years, Bangladesh has been striving to modernize its agricultural practices through technology adoption, improved irrigation systems, and better access to credit and markets. However, the sector still faces challenges, including land degradation, climate change impacts, and the need for sustainable resource management.

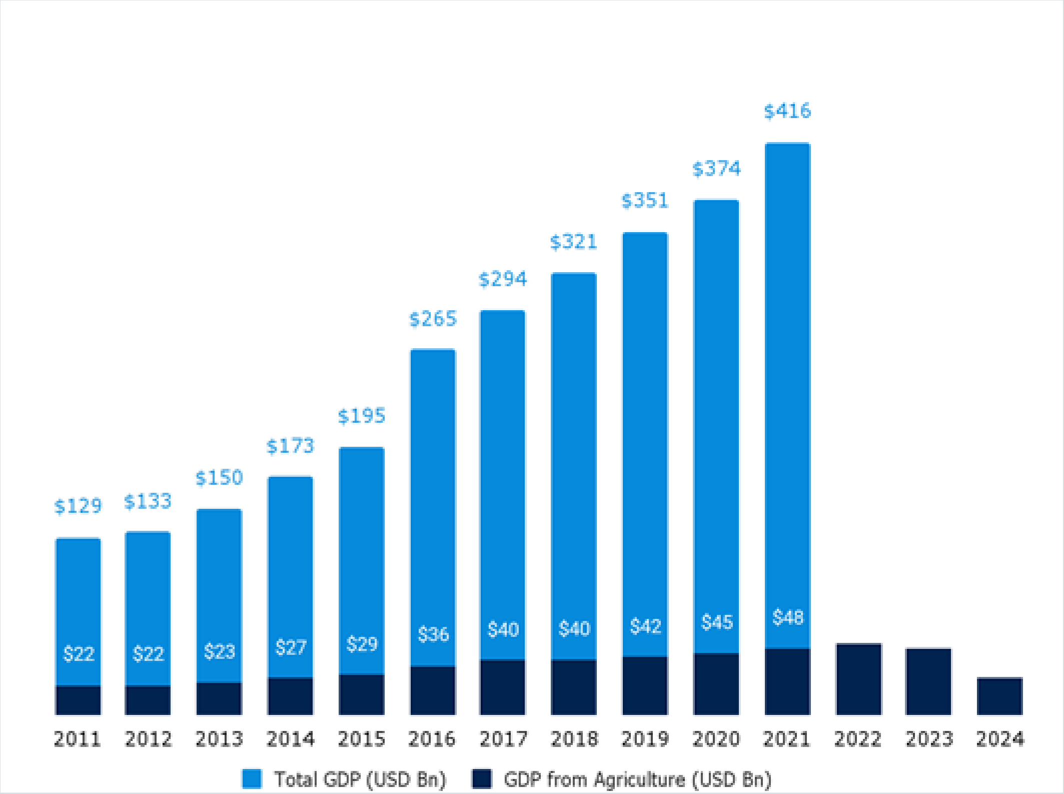
LightCastle Partners has a strong foothold in terms of interventions in the agricultural sector. Over the past 10 years, the team has worked extensively in capacity development in the poultry and aquaculture industries, and has also delved into tackling the financing challenges faced by farmers when moving towards mechanization.

45%
Contribution to total employment in FY 2021-22

11.7%
Contribution to GDP of Bangladesh in FY 2021-22

~3%
Average annual growth in value added

The Bangladesh Economy Generated $48Bn Worth Gross Domestic Product From Agriculture In 2021



Source: Bangladesh Bank, BBS, World Bank.

Transforming Bangladesh's Poultry Value-Chain

The Impact Imperative

Client: Government of Netherlands

Bangladesh has been growing at an average rate of 6% over the past decade, driven by consumption and infrastructure investments. However, the country's domestic markets are still subjected to price volatility, prompting the government to increase domestic food production. In line with increasing purchasing power, per capita consumption of poultry meat and eggs in Bangladesh is expected to increase by 34% and 49%, respectively, in the next five years. Therefore, significant capacity expansion in domestic poultry production and slaughtering and (further) processing activities will be required. Dutch companies, renowned for their responsible poultry production and innovation, have the potential to add value to Bangladesh's poultry value-chain. Through collaborative efforts, the PoultryTech consortium aims to increase productivity, biosecurity, knowledge, and share values about integer business practices. Also, it seeks to trigger and support entrepreneurship and stimulate Dutch–Bangladeshi trade.

The Approach:

Knowledge Transfer

To large Bangladeshi integrators through capacity development and impact tours to eventually trickle down to root-level farmers.

Demonstration Firms

Through operational and financial collaboration between consortium partners to act as model farms for Bangladeshi value chain actors to use as references of sustainable farming practices.

Technology Transfer

For Bangladeshi players to acquire superior Dutch Farming Technology through a co-financed model leading to improved production capacity and food safety standards of Bangladeshi farms.

Impact Tour with Leading Dutch and Bangladeshi Companies

PoultryTech Trains Local Master Farmers in Bangladesh

PoultryTech Business Delegation Dinner

LightCastle Facilitates Engagement Between Bangladeshi and Dutch Poultry Sector Leaders

Spearheading Aquaculture in Bangladesh

Project Overview

Client: Government of Netherlands

FoodTechBangladesh, a four-year-long public-private partnership project coordinated by Larive International and LightCastle Partners, focuses on supporting the sustainable development of aquaculture in Bangladesh. The aim of this project is to improve the aquaculture value chain, improve technical performance of fish breeders and farmers, create end-market linkages, and strengthen Dutch-Bangladesh trade.

As a part of this project, a consortium of Bangladesh and Dutch private sector partners, with support from the Embassy of the Kingdom of the Netherlands in Bangladesh, will establish three Centers of Excellence (CoE) at Khulna, Sylhet, and Cox's Bazar. These CoEs will act as demonstration farms to showcase different types of improved techniques for fish and shrimp seed production and cultivation, conduct research and trials, and host technical assistance programs for fish and shrimp hatchery owners and farmers.

Demonstration of training locations

Centers of Excellence (CoE) will serve as hosts for training and development of aquaculture best practices.

The Approach:

Knowledge Transfer	Centers of Excellence	Feed Line
To large Bangladeshi integrators through capacity development and impact tours to eventually trickle down to root level farmers.	In three aquaculture driven division of Bangladesh to faciliate technology transfer through exposuer to most affordable and relevant technologies for this sector.	Develop a feed line for the Shrimp sector of Bangladesh and ensure echnical capcity development of root level farmers through knowledge sharing.

Spearheading Agri-Mechanization in Bangladesh

Project Overview

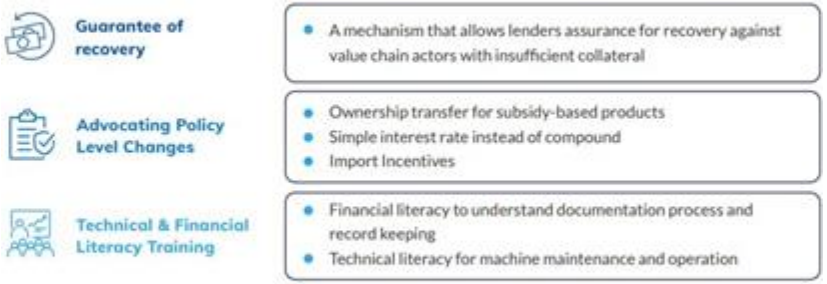
The Feed the Future Bangladesh Cereal Systems Initiatives for South Asia Mechanization Extension Activity (CSISA-MEA) is a five-year project, funded by USAID and implemented by CIMMYT and its partners: iDE and Georgia Institute of Technology (GT). The project aims to support the growth of agricultural mechanization in Bangladesh so that smallholder farmers can affordably access cost and resource-saving sowing, irrigation, harvesting, and other types of machinery. iDE Bangladesh, on behalf of the CSISA-MEA project, commissioned LightCastle Partners to jointly conduct a study to deep dive into the financing practices among the market actors in the agriculture machinery market.

Approach & Findings

The core objective of the study was to unearth the current status of financing options, and identifying financing needs of value chain actors to suggest innovative financing solutions for both agricultural machinery players and financial institutions. The LightCastle Partners team had undertaken a mixed approach using both qualitative and quantitative data to obtain insights.

FGDs	Machinery Service Providers (MSPx) & Importers
Surveys	Agriculture-based light engineering MSMEs, Dealer & MSPs from Jessore, Bogura & Cox's Bazar
In-Depth Interviews	Financial Institutions, NBFIs, MFIs, Agent Banking wings, DIgital FInancial Services, Government Regulators, Industry Associations

Recommendations and Way Forward:



With the findings from the study, the LightCastle Partners team has provided several alternative financing models that address the identified challenges. The models explore assurance of buyback of products from financial institutions, a partnership among value chain actors and financial landscape players for collaborative service delivery, and an impact funding approach for investors.

Spotlight: Curated Knowledge Pieces

The COVID-induced lockdown is striking all parts of the agriculture sector's value chain. LightCastle Partners conducted holistic research to evaluate the effects of the lockdown on different food crop and vegetable sectors, as well as farmers and daily agro-based laborers. The study reveals that the aforementioned sectors are suffering from a multitude of problems due to the lockdown.

[Agricultural Mechanization Landscape of Bangladesh: Access to Finance a Significant Barrier]

“ Bangladesh has gone through phases in terms of mechanization. Per a study in 2019, operations that are most heavily mechanized (over 90%) are Land Preparation, Irrigation, Threshing, and Pesticide application . The rates of mechanization during Planting and Harvesting are below 2%; that of Fertilizer application and Weeding are higher, but still below 10% ”

[Mechanization: Key to Sustainable Transformation in Agriculture]

“To be able to scale and advance other sub-sectors and cater to the consumption needs of the growing middle- and affluent-class against a receding landscape due to accommodating the population proliferation, there is a dire need to push for machinery expansion in horticulture, aquaculture, poultry, and dairy farming as well.”

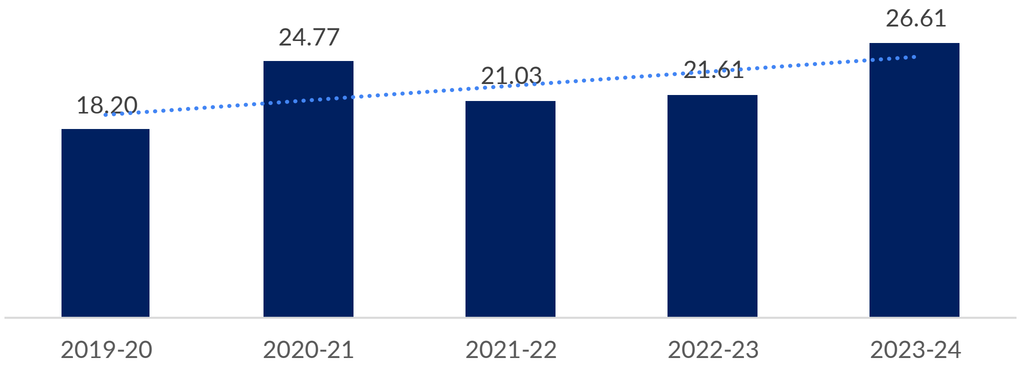
Cornerstone of Economic Resilience: Migration and Remittance

Remittance remains a cornerstone of Bangladesh's foreign currency inflow, playing a crucial role in macroeconomic stability and the sustained development of rural economies. However, since the pandemic, inflows have largely hovered around USD 20 billion. The sharp rise in FY 2020-21 was driven by the reopening of global labor markets and the recovery of overseas employment, further bolstered by Bangladesh Bank's incentives for formal remittance transfers.

In the recently concluded financial year, there was an uptick on remittance flows. However, overall remittance inflows have not seen a proportional increase in recent years despite growing overseas migration and the depreciation of the Taka against the US dollar. Several structural challenges contribute to this stagnation, including:

- Unsafe migration practices and reliance on informal support systems
- Information gaps in decision-making for aspiring migrant workers and lack of skilled migration
- Challenges in securing stable employment and income in the initial years abroad
- The competitive gap making informal remittance channels more appealing over formal ones
- Lack of tailored financial products and services for migrants and their families
- Limited awareness of and access to rights, social security, and legal protections
- Low financial literacy leading to remittance use primarily for consumption rather than productive investments
- Fragmented reintegration efforts for returnee migrants, including profiling, counseling, reskilling, and entrepreneurship support

Trend of Remittance Inflows (in USD Billion) in the Last 5 Years



Source: Bangladesh Bank, BBS, World Bank.

LightCastle collaborates with key stakeholders to drive evidence-based policy and intervention design, capacity building, and strategic collaborations to empower migrant workers and families. By addressing migration challenges and optimizing remittance utilization, we aim to foster long-term financial well-being for migrant workers and their families while driving systemic improvements in the migration process for inclusive economic growth.

Supporting Asset-Building Capacity of Migrant Workers

Project Overview

The Embassy of Switzerland and UNCDF jointly launched the 'Shafal – Remittance Management for Socio-economic Stability of Migrant Families' program. This initiative aims to address the hurdles surrounding remittance utilization and enhance the asset-building capacity of migrant workers and their families. UNCDF commissioned a study to LightCastle titled 'Comprehensive Scoping and Needs Assessment for Strengthening Remittance Utilization: Understanding Context, Bridging Gaps, and Promoting Sustainable Development in Bangladesh.' The study aimed to delve into the dynamics of remittance utilization among migrant workers and their families in Bangladesh, identifying challenges and recommending systemic solutions.

Approach & Findings

LightCastle conducted an extensive needs assessment and baseline study across six migration-prone districts in Bangladesh, namely Munshiganj, Narsingdi, Tangail, Cumilla, Feni, and Chattogram. The study assessed the remittance landscape by understanding the needs and challenges of migrant workers and their families, identifying gaps in remittance flow and utilization, and examining the roles of stakeholders in the process. It also informed strategies for promoting financial literacy and entrepreneurship among migrant workers and families to improve their asset-building capacity and long-term financial stability. To gain deep insights, the study covered:

FGDs	Migrant family members, aspirants, and returnees
Surveys	1500+ surveys with remittance recipient migrant families, aspirants, and returnees in 6 districts
KIIs	Ecosystem actors, including DEMO, PKB, TTC, financial institutions, and recruitment agencies
Stakeholder Consultation	4 sessions with Ministry, BMET, WEWB, Banks, MFIs,, MFSs, NBFIs, NGOs, Think Tanks, and so on

Recommendations and Way Forward:

Based on the findings from the study, LightCastle provided a strategic framework on strenthening financial literacy of migrant workers. Additionally, the study team provided recommendations on viable entrepreneurship models and potential collaboration opportunities amon system actors, including skill referral, capacity development, and financing for both migrant families and returnee migrant workers.

Spotlight: Curated Knowledge Pieces

[Bangladesh's Remittance Landscape: Opportunities and the Burden of Informal Migration]

"To capitalize on remittance earnings for steady economic progress, the migrant and remittance landscape has also become integral to the strategic national development goals of Bangladesh. In the 8th five-year plan, core strategies focused on perpetuating a stable flow of remittances via formal channels and fostering a conducive financial and investment climate for low-income migrant households by reducing administrative hurdles, addressing financial sector instability, and adjusting policies to enhance system-level efficiency."

[Exploring the Remittance Landscape: Reforming Pathways, Realizing Potential]

"In an increasingly competitive global labor market, skill development is critical to improving remittance earnings. While many training centers focus on technical skills, soft skills, such as English language proficiency, are often overlooked. On top of that, equipment and machineries for practical training are becoming obsolete compared to global standards. This leaves workers ill-equipped to secure higher-paying jobs directly."

Impact Area

Enterprise Development

Small and Medium Enterprises: The Invisible Growth Driver

Small and Medium Enterprises (SMEs) form a significant portion of the economy in Bangladesh. There are over 8 million SMEs in the country, employing more than 24 million people. Despite their growing contribution to the country's GDP, SMEs in Bangladesh remain underdeveloped in several aspects. Approximately one-fourth of Bangladesh's GDP is attributed to SMEs, which is the lowest compared to their Asian peers.

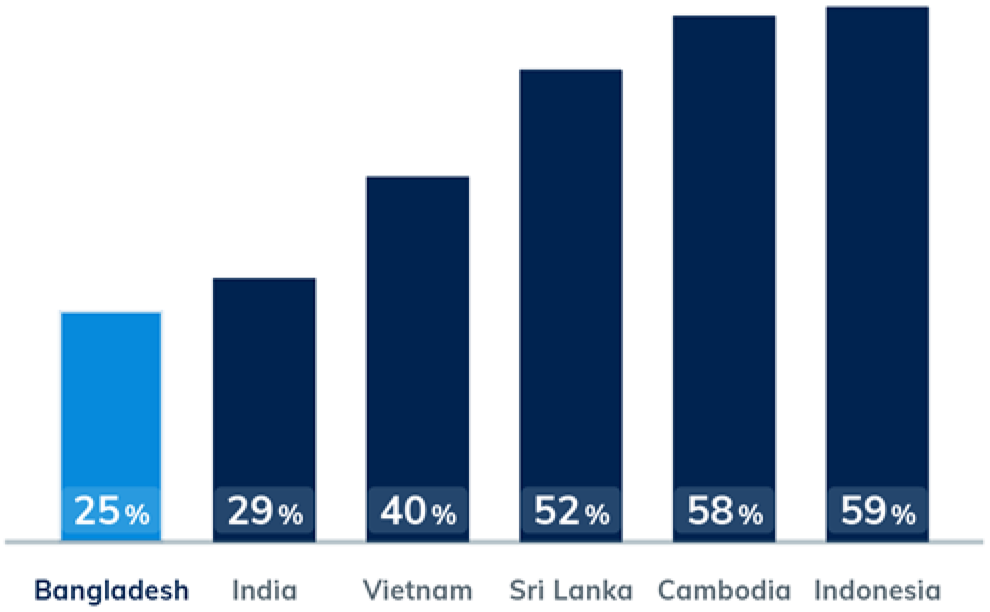
Access to finance is one of the major hurdles faced by SMEs in Bangladesh. While SMEs have long struggled with limited access to finance, this issue has been exacerbated by the COVID-19 pandemic. Additionally, despite their importance to the economy, SMEs still face challenges in reaching their target markets. LightCastle Partners has played a key role in this area, embarking on several projects to facilitate sustainable growth for SMEs through improved access to finance, skills, and markets.

8.1Mn
Number of SMEs in 2020

25%
Contribution to GDP by SMEs

24Mn
People Employed Through SMEs

GDP Contribution From CMSMEs Is the Lowest In Bangladesh Compared To Asian Peers



Source: Bangladesh Bank, BBS, World Bank

Building Skills for Unemployed and Underemployed Labour

The Impact Imperative

Client: Swiss Agency for Development and Cooperation

Building Skills for Unemployed and Underemployed Labour (B-SkillFUL) aims to promote the welfare of low-income and disadvantaged men and women by expanding their employment opportunities and income while protecting their fundamental labour rights.

Beginning in 2020, Swisscontact and the Swiss Agency for Development and Cooperation (SDC) implemented B-SkillFUL's Phase II operations, which will concentrate on skills and enterprise development. B-SkillFUL Phase II provides Business Development Services (BDS) to at least 800 SMEs and Workplace Based Training (WBT) to at least 13,000 new and existing employees.

The overarching goal of this effort was to increase productivity and competitiveness of small and medium-sized businesses (SMEs) and create better jobs.

Implementing Mechanisms and Tools:

- ❖**Deploy a SMART blended financial tool** - Incorporating both debt and equity-linked instruments based on specific capital requirements for SMEs
- ❖**Open new market opportunities for MSMEs** - Providing online and offline marketing and branding collaterals and partnerships with relevant private market actors
- ❖**Build management capacity**- Delivering bespoke consultations and collective workshops on topics including financial literacy, digital literacy, MSME governance, and marketing
- ❖**Prepare an investment-friendly business environment**- Helping chart business strategy and delivering lessons on transversal topics

Key Results & Impact

Greater Financial Inclusion

- BDT **30 Lacs** | USD **~29K** * invested from LightCastle Impact Fund
- BDT **30.55 Lacs** | USD **~29K** * mobilized from other capital providers and MSMEs
- **68%** reported improvement in financial literacy
- **10 MSMEs** received growth financing based on application of measurable impact indicators
- BDT **1 Crore+** | USD **~97K** * additional investments in the pipeline from formal partners
- **78%** reported improvement in financial planning

Increased Market Access

- BDT **6 Lacs+** | USD **~5.8K** * sales generated from pilot partnerships
- **40%** sales generated for leather goods from the digital platform - ponnobithi
- **500,000+** promotional contents engaged in with digital customers
- **35** meaningful connections facilitated in the Corporate Connect event
- **47%** reported increase in knowledge on usage of online marketing channels
- **12 MSMEs** onboarded into Daraz's academy hub

Transforming the MSME Landscape Using Blended Finance

The Impact Imperative

Access to finance is a major impediment to MSME growth in Bangladesh. Despite the presence of approximately 60 banks, 34 NBFIs, 760 MFIs, and 17 alternative investment firms in Bangladesh, MSMEs frequently struggle to attract capital that is in line with their needs and characteristics.

LightCastle Partners believes Blended Finance can play a pivotal role in addressing the key gap in the market. Simply put, Blended Finance is a combination of government/non-profit grants, equity instruments, and debt instruments infused in a business. Effective implementation of this financing model can open the door to the sustainable development of the entrepreneurial ecosystem in Bangladesh and beyond. By utilizing market-correcting strategies and cutting-edge financial tools to persuade capital providers to take on greater risks and achieve sustainable development through private investment, Blended Finance is poised to be the future of global development.

Click Here to Learn More

Digitally Equipping Female-Led Businesses: #SheMeansBusiness

The Impact Imperative

Client: Meta

During the COVID-19 pandemic, local entrepreneurs, particularly women-owned enterprises, faced unprecedented challenges. Many businesses turned to digital channels to remain resilient and engage with clients. According to Meta, more than 70% of female-led businesses in Bangladesh have been established on Facebook since the pandemic began. In addition, the number of Instagram businesses run by women has increased by more than 65%. Despite the increasing development of digital platform use by SMEs in urban areas, there remains a knowledge gap in how to leverage these platforms to build their operations. Furthermore, the adoption of digital platforms is quite low in semi-urban and rural areas in Bangladesh. To address this gap, the project aims to promote the growth of Small and Medium-Sized Businesses (SMBs) through a pilot of Meta's #SheMeansBusiness Program by training them on the use of digital platforms.

Outcome:

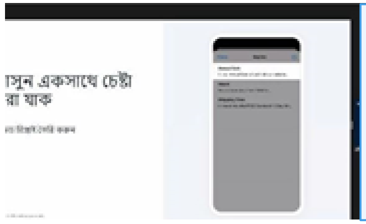
Actionable Insights: A study was conducted to assess the needs of SMBs on the use of digital business tools. The study generated actionable knowledge regarding existing digital commerce policies and business use of digital tools in Bangladesh.

Scale-Up: After successful completion of the pilot program, Meta alongside LightCastle Partners, BWCCI, and a2i have launched the scale up of the #SheMeansBusiness program in Bangladesh. Under the first year of the scale up, the #SheMeansBusiness program aims to impact 10,000 female entrepreneurs through 3 key project components.

Physical Training Sessions Taken by LightCastle Partners across 7 Districts

Physical Workshop in Dhaka with 27 Entrepreneurs

Policy Dialogue on #SheMeansBusiness



Online Workshop Hosted by LightCastle Partners with 71 Entrepreneurs

Uddokta: Empowering Entrepreneurs Using SMARTCAP Model

Project Overview

Client: Chevron and Embassy of Switzerland

Uddokta - Empowering Entrepreneurs - is a three-year (2020-2022) project funded by Chevron and the Embassy of Switzerland and implemented by iDE. Under Chevron's Bangladesh Partnership Initiative (BPI) and the Embassy of Switzerland's COVID-19 Relief Emergency Grant, Uddokta aimed to improve income and livelihoods and promote an inclusive and non-discriminatory society and employment opportunities for poor and disadvantaged people through enterprise development and the strengthening of market systems in the Sylhet Division (northeast of Bangladesh).

Approach & Findings

LightCastle Partners used their "SMARTCAP" model of the business accelerator program, a six-step simple plan to induct businesses into the program with a vision of making them profitable, sustainable and investible. The six steps are Attract, Unite, Mentor, Access to Finance, Network, and Grow Business.

LightCastle Partners' SMARTCAP model

Attract	Unite	Mentor	Finance	Network	Grow
Promote program to potential entrepreneurs	Share basic knowledge and shortlist entrepreneurs	Build business and technical knowledge	Facilitate investment	Connect with forward and backward market actor	Follow up with mentorship and facilitate growth capital

LightCastle Partners conducted a thorough mentorship program and a two-day Training of Trainers (ToT) workshop for the iDE field team to get them acquainted with the necessary subjective understanding required to provide one-to-one consultation support to entrepreneurs.

Recommendations and Way Forward:

LightCastle Partners believes that the entrepreneurs are investment-ready to access loans and finances from microfinance institutions (MFIs) but not from other financial institutions, as these enterprises are still at an early growth stage. Similarly, we advise business owners to make their companies self-sufficient before seeking debt finance. Additionally, collaborating with other business owners or players in the forward market might help them expand their business opportunities and thrive.

Spotlight: Curated Knowledge Pieces

Why Are SMEs In Bangladesh Deprived of Access to Finance?

"SMEs do not always have monthly cash cycles and payback periods, a large sum of them are dependent on seasonal sales and credit sales where the cash flow returns to the business which is not parallel to the 30-day installment period of traditional financing schemes. At the same time, micro-small and medium entrepreneurs in Bangladesh with growth prospects struggle to get financing in Bangladesh, despite innovative products and solutions and verifiable cash flow."

Innovative Blended Capital Program Brings Boons for CMSMEs

"Untimely repayment installments, i.e. EMI-Equal Monthly Installments are a big ailment for seasonal enterprises that have not reached the critical threshold of being sustainable. Crops and cattle cannot be sold until ripe or mature which means that the cash flow comes after a certain time which can range from 3 to 12 months, sometimes extending up to 18 months. They need to move into an autopilot mode of operations where their own funds are enough to keep their working capital flowing."

Smart Capital for Ag-SMEs: Time to change the "Access to Finance" Game

"When it comes to access to finance for MSMEs funding in general, the market is largely concentrated with informal sources followed by traditional MFIs (Micro Finance Institutions) as well as commercial/specialized banks (often via agent banking) and NBFIs like IDLC and IPDC. 11 out of 50+ commercial banks have already made a foray into the agent banking business. However, given the risk in the Ag-sector, the market is still very shallow for the Ag-MSMEs."

COVID-19: Impact on Bangladesh's SME Landscape

"The COVID-19 pandemic has affected all spheres of life and business, but the hardest punch hit the already vulnerable SMEs. The economic distress has added to existing problems such as lack of access to finance, poor market linkage, absence of skilled labor, and lack of export market."

The Startup Ecosystem in Bangladesh

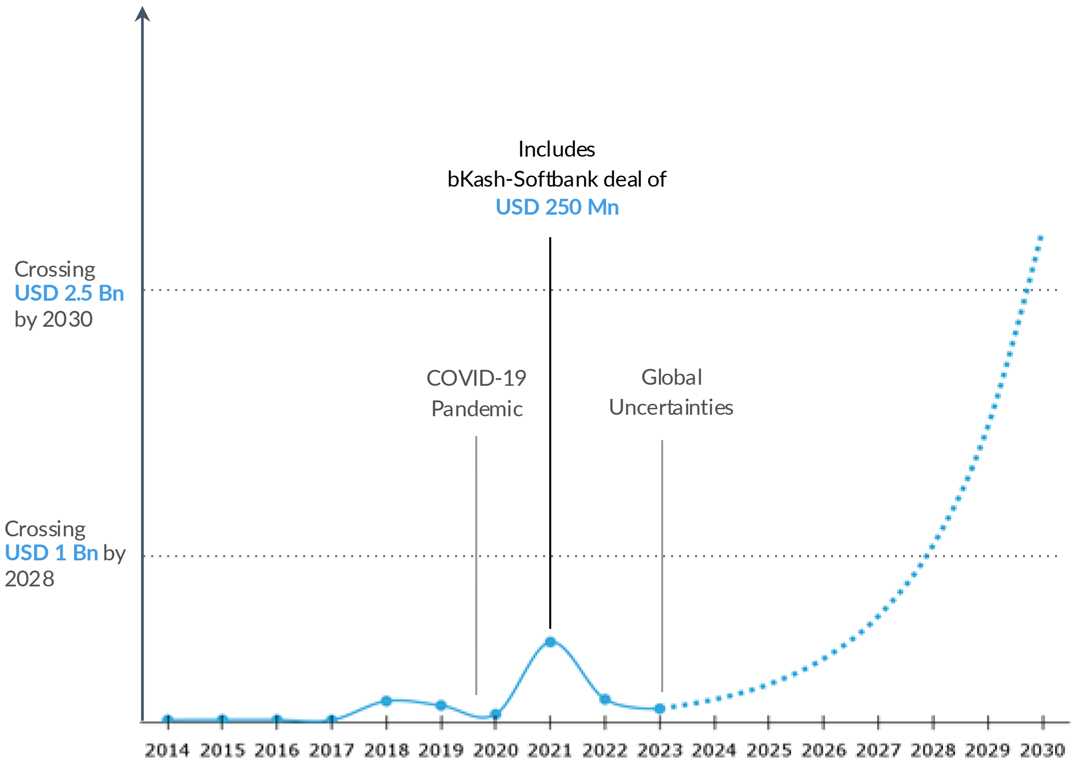
Bangladesh boasts over 2,500 active startups, from idea to implementation stages, which generate more than 1.5 Mn jobs to support the economy. Since 2013, homegrown startups have raised over USD 977 Mn in funds and funding is projected to reach USD 2.5 Bn by 2030. While the ecosystem has seen a significant involvement of global investors over the years, active participation from private sector players and supportive government initiatives also made way for increasingly more deals made by local investors.

Yet, the ecosystem now faces several challenges, in light of the Russia-Ukraine war, Covid-19 pandemic and other macroeconomic shocks leading to rising global inflation and recessions. These shocks have caused disruptions in the global funding market, limiting capital and resources.

2,500+
Active Startups Of All Stages

$977Mn
Amount Raised Since 2013

458
Deals Made Since 2013



Nurturing Startups through Accelerators: Grameenphone Accelerator

Project Overview

Client: Grameenphone

Grameenphone Accelerator is an initiative by Grameenphone, in affiliation with LightCastle Partners, aimed at nurturing startups and early-stage ventures in the country. The program provides selected startups with mentorship, training, networking opportunities, and grants to help them grow and scale their businesses. By offering mentoring, resources, and access to experts, the Grameenphone Accelerator contributes to job creation, economic growth, and technological advancement. This program highlights Grameenphone's commitment to supporting local startups and advancing the socio-economic development of the country.

So far, it has supported the ecosystem through 7 batches of technology entrepreneur cohorts. It focused on four core concepts to prepare a sustainable cohort of entrepreneurs through a build-operate-execute model, rooted deep in the startup ecosystem deep in the ecosystem.

Noteworthy Startups:

Airwrk: One-stop shop for setting up and managing remote teams in South Asia. Airwrk connects startups with a pre-vetted pool of previously undiscovered South Asian tech talents.

iPAGE: iPAGE is an Agritech startup working to eradicate information imparity and deliver value-added data to farmers and relevant stakeholders in the agricultural industry.

Lilac: By offering simple online health consultations, access to reproductive health based items in E-Shop, Lilac aims to empower the women of Bangladesh by making healthcare affordable and accessible

Click Here to Learn More

Propelling the Impact Ecosystem: The Biniyog Briddhi Program

The Impact Imperative

Client: Roots of Impact

B-Briddhi is a gender-inclusive programme providing a conducive environment for the growth and scalability of impact enterprises. This programme is supported by Switzerland and implemented by Roots of Impact and LightCastle Partners. Set up as a public-private partnership, the programme's overarching goal is to enhance the financial, social, and environmental performance of impact enterprises. B-Briddhi achieves this by assisting these enterprises in mastering investment readiness and impact management, preparing them to access innovative finance for scalable growth.

The program includes three intertwined pillars dedicated to supporting a thriving ecosystem where impact enterprises of Bangladesh can grow and scale their impact:

- **Capacity Building -** Accelerators and impact entrepreneurs get access to tools and training opportunities to become more investment ready and strengthen their impact management. Its Train-the-trainer (TTT) and voucher scheme programs tailored for service providers allow bringing these capacities to the next level.
- **Catalytic Financing -** Impact entrepreneurs receive innovative financing via social impact incentives (SIINC) and impact-ready matching funds (IRMF). Till date, B-Briddhi has conducted 9 IRMF transactions and 3 SIINC transactions.
- **Policy Advocacy -** The program strives to advocate for an improved framework that allows innovative finance to take foot and expand – beyond classic equity and debt, and is working closely with the National Advisory Board (NAB) for Impact Investment in Bangladesh to identify and provide support to key stakeholders.

Capacity Building

Biniyog Briddhi Impact Ecosystem Excursio

B-Briddhi Takes Impact Measurement and Management Training for Ecosystem Players

Catalytic Financing

Click to Learn More

Advocacy

Click to Learn More

Due Diligence Partnership with Startup Bangladesh Limited

Project Overview

Client: Startup Bangladesh Limited - Sovereign Venture Capital Firm

Startup Bangladesh Limited is the flagship venture capital fund of the ICT Division, sponsored by the Government of Bangladesh, with an initial size of USD 65 million. For Startup Bangladesh Limited to invest in startups in the form of equity, convertible debt, or other similar forms, proper valuation and due diligence of startups is necessary. LightCastle Partners served as the buy-side investment advisor and due-diligence partner of Startup Bangladesh Limited.

Approach & Findings

The company seeking investment is provided with a data room and checklist to fill in essential information. LightCastle thoroughly evaluates the submitted files for compliance, updates, and adherence to specific criteria. After completing the initial screening, the company is asked to present its business model, and a detailed assessment is conducted using a customized framework. The LightCastle team then compiles a comprehensive deck proposing a valuation and outlining the modality of the investment for Startup Bangladesh Limited.

Recommendations and Way Forward:

The fund, which is called 'ShotoBorshe Shoto Asha,' has made more than 30 investments as of July 2023 with the ambition to disburse BDT 100 crore to 50 startups by the end of 2023. Startup Bangladesh Limited and LightCastle Partners will also jointly identify engagement opportunities and collaborate together to highlight the local startup ecosystem.

Spotlight: Curated Knowledge Pieces

Why Are Startups Important for Bangladesh?

“Startups disrupt the traditional sector and create value for consumers and hence the economy. For example, Mobile Financial Services (e.g. bKash) are helping financially include the unbanked while increasing efficiency for all consumers. Ride-sharing services (e.g. Pathao) are breaking the taxi syndicate and making rides available and cheaper for everyone. B2B commerce companies (e.g. ShopUp) are giving on-demand inventory delivery and credit to retail SMEs and not having them dependent on traditional wholesalers.”

Can Bangladeshi Startups Swerve Through the Funding Winter?

“Fueled by (i) the worst (two-long years dragged) pandemic in a century, (ii) Russia’s disastrous attack on Ukraine, (iii) US Fed tightening reducing global liquidity — all in all, it has imbalanced global geopolitical relations, causing economic slowdown risks and supply chain disruptions for food, fertilizer, and energy. How will this impact global startup investments in Bangladesh?”

Spotlight: Ecosystem Engagements

July 2023

LightCastle as the Knowledge Partner for Bangladesh's First Ever Startup Summit

The Bangladesh Startup Summit 2023 kicked off last weekend as a first-of-its-kind, largest congregation of the startup ecosystem in the country. During the two-day event, which hosted over 5000+ people, LightCastle Partners had the opportunity to speak on two panels centered around impact investing in Bangladesh.

November 2022

Webinar: Navigating Global Startup Funding Undercurrents

April 2023

Why Are Startups Important for Bangladesh?

LightCastle
PARTNERS

Impact Area

Digital Transformation & Innovation

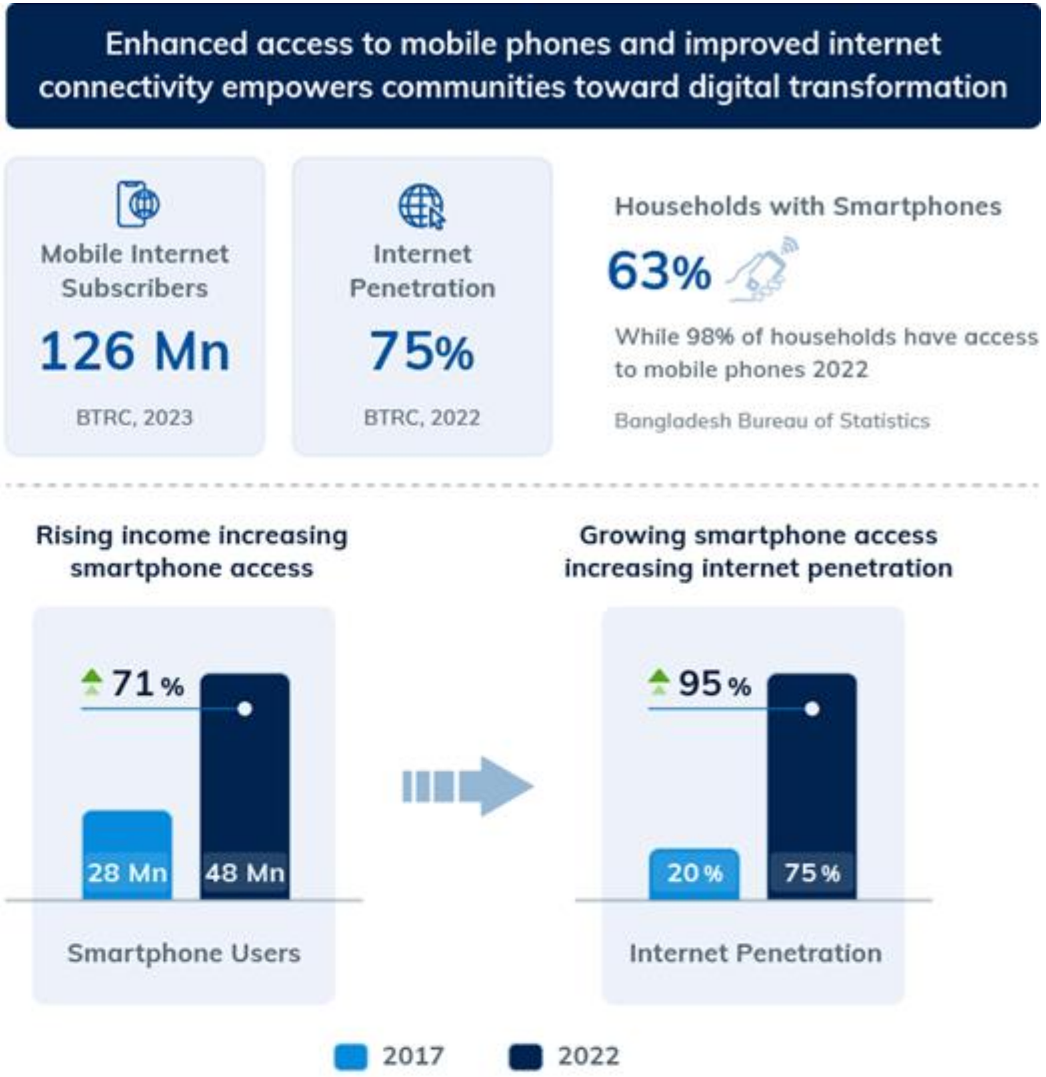
Evolving Bangladesh through Digital Transformation

As Bangladesh embraces the digital age, a series of promising trends are reshaping its landscape. With an impressive 126 million mobile internet subscribers in 2023 and a rapidly expanding smartphone market encompassing 63% of households, the nation stands at the precipice of a digital revolution.

This surge is further underlined by a commendable 75% internet penetration rate achieved. However, alongside these positive shifts, significant challenges arise. The digital divide, particularly between urban and rural areas, threatens to hinder equal access to digital resources. Furthermore, balancing cybersecurity concerns and data privacy in a digitally interconnected environment adds another layer of complexity.

LightCastle Partners takes a strategic approach to tackle these challenges head-on. Through real-time data collection toolkits and scalable monitoring solutions, LightCastle empowers nonprofits and social impact organizations to navigate the digital divide by enabling informed decisions. They actively engage in bolstering digital literacy by developing tailored training programs aimed at equipping all segments of society with essential digital skills.

Moreover, their data analytics solutions not only provide valuable insights to elevate decision-making and operational efficiency, but also underscore their commitment to secure digital operations through ethical data usage, data privacy, and data-driven decision-making principles.



Farmers' Hub Business Model Calibration

The Impact Imperative

Client: Syngenta Foundation for Sustainable Agriculture

Nearly 40% of the population in Bangladesh is employed in the agriculture sector, generating around 17% of the country's GDP. Yet, the penetration of training and technologies for efficient agriculture available to farmers remains low. Due to an unstructured market and an inefficient value-chain system, farmers often do not get the best value for their efforts.

Syngenta Foundation for Sustainable Agriculture (SFSA) is a leading organization working with more than two million smallholder farmers across 12 countries around the world to create a sustainable future in agriculture. The Farmers' Hub by SFSA stands as an opportunity to transform agriculture for smallholder farmers by providing a centralized facility for agro and agro-based services to local communities.

The Approach:

The overarching goal of the project is to create a commercially viable financial model for the Farmers' Hub and assess the potential for investments into this model. LightCastle Partners conducted a data analysis of the operations and profitability of the Farmers' Hub, utilizing data obtained from 380 hubs over a period of three years. This analysis was used to create an investment proposal report on the Farmers' Hubs in Bangladesh to promote investments in the business model.

Way Forward:

The investment proposal report will be circulated to notable investors active in the agricultural sector to promote a sustainable, scalable future for smallholder farmers in Bangladesh through stronger networks and facilities in the sector.

Bangladesh Startup Ecosystem: Funding Landscape

The Opportunity

The Bangladesh startup ecosystem is thriving, with over 1,200 active startups and an additional 200+ new startups emerging each year. These startups play a crucial role in the country's economy by generating significant employment opportunities, with over 1.5 Mn jobs created by the sector.

To provide valuable insights and real-time tracking of startup funding in Bangladesh, LightCastle Partners introduces its interactive dashboard, "Bangladesh Startup Ecosystem: Funding Landscape." The aim is to offer stakeholders, including investors, entrepreneurs, and industry professionals, a comprehensive overview of the funding landscape and foster collaboration within the ecosystem.

The Approach:

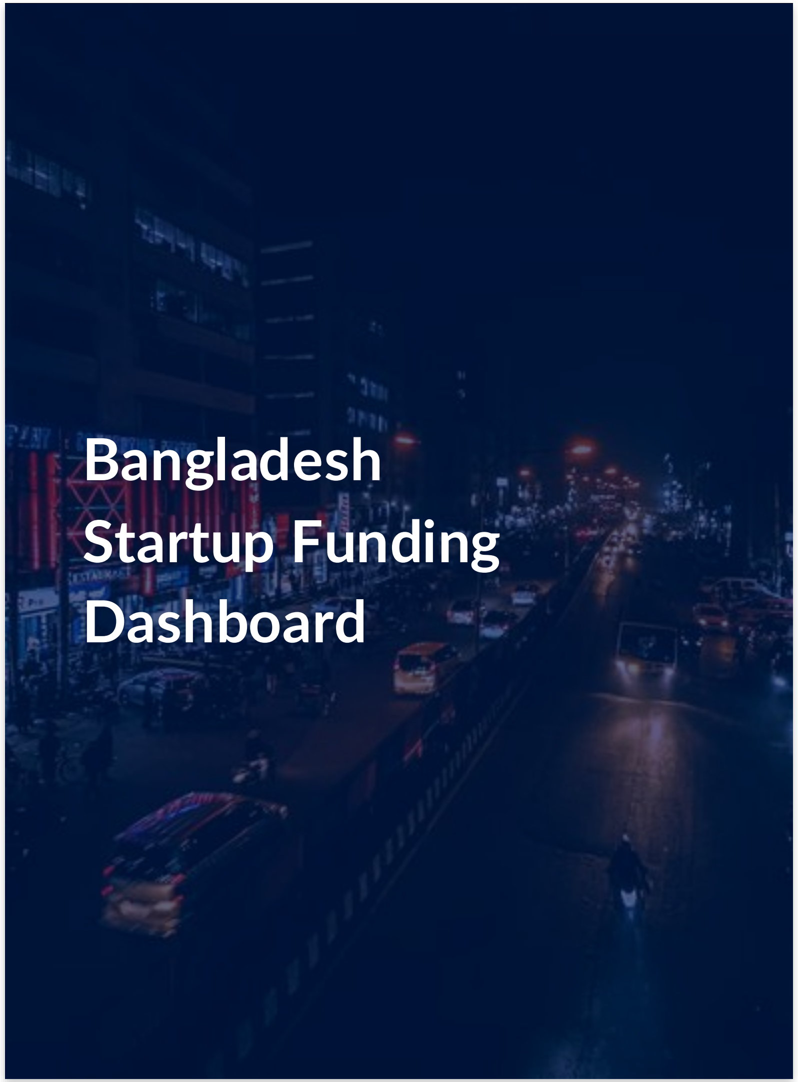
Bangladesh Startup Funding Dashboard

LightCastle's approach to the Startup Dashboard project combines meticulous research, data-driven insights, and innovative visualization. We curate a repository of invaluable data, distilling intricate funding trends, success stories, and challenges. Interactive data visualization enhances understanding, helping stakeholders discern patterns and make informed strategic decisions. Through thought leadership via articles, webinars, and engaging content, our approach fosters a dynamic exchange of knowledge within the startup community.

Way Forward:

We envision expanding our dataset, incorporating richer insights, and enhancing the dashboard's accessibility and user-friendliness. This initiative will continue to foster collaboration and engagement through innovative platforms, ensuring that stakeholders stay updated on the latest trends, emerging opportunities, and challenges in the realm of startups.

Spotlight: Interactive Startup Funding Dashboard



Click Here to Learn More

LightCastle
PARTNERS

Impact Area

Climate & Clean Energy

The Climate Call for Bangladesh

Despite contributing a meager 0.51% of global greenhouse gas (GHG) emissions, Bangladesh ranks 7th on the global climate risk index.

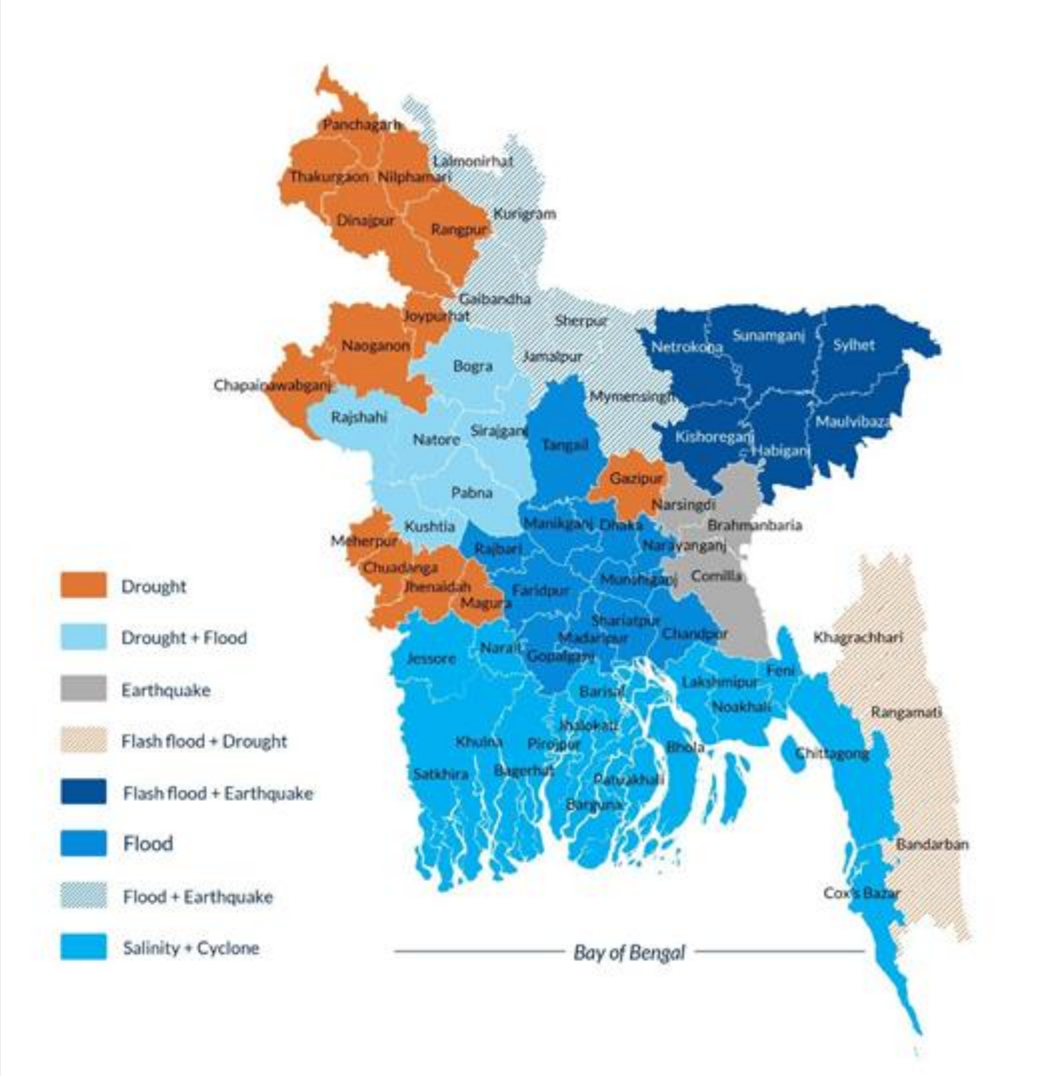
Against this backdrop, the Government of Bangladesh (GoB) has taken multiple national-level initiatives to curb the effects of climate change. Private players have also made efforts to integrate climate-sensitive practices into their operations. However, without further collaboration among public and private stakeholders, the rapidly changing climate scene could trigger annual losses of 2% in GDP in extreme climate conditions.

To mitigate the impending losses and promote a greener Bangladesh, LightCastle Partners has worked extensively in the climate space. Across multiple projects, we have explored the potential for green-skilling in critical sectors, mapped possible public-private climate interventions, and developed frameworks to support electric vehicle (EV) financing.

7th
Global Climate Risk Index

1.5%
Loss in arable land per year

37th
In losses in GDP annually due to climate disasters



Exploring Bangladesh's Climate Initiatives

The Impact Imperative

Client: Asian Venture Philanthropy Network

As multiple national initiatives unfold in Bangladesh, LightCastle Partners aims to comprehensively map the country's climate endeavors. This **serves as a guide for private investments in climate adaptation and mitigation**, offering insights into the progress made so far. It examines the effects of climate change on vulnerable communities through health, education, gender, and livelihood outcomes. Moreover, the report maps active efforts for climate-adaptive agricultural processes, given Bangladesh's increasing food insecurity and lack of access to finance for farmers.

Lastly, the report touches on the renewable energy sector in Bangladesh, along with the possibilities of decarbonization—a relatively nascent concept in the subcontinent.

Recommendations & Way Forward:

- **Introduce incentive mechanisms**, risk transfer methods, innovative taxes, and financing instruments for mobilizing green private sector investments in climate smart innovations.
- **Arrange advocacy sessions** and training modules for officials in the public and private sectors, to drive a system-level capacity development regime.
- **Facilitate diffusion of good agricultural practices** and mechanization technologies, by supporting agri-centered businesses and value chain actors.
- **Promote human-centered climate smart product designs** in areas of public services, including transportation, water, and waste management, and in industries like affordable housing, healthcare, financial services, skills, and education.

Click to Learn More

Report Snippet:

A comprehensive outlook on climate interventions in Bangladesh by diving into the: i) repercussions of climate change on livelihood outcomes; ii) active efforts towards renewable energy; and iii) climate resilience efforts.

Bolstering the Growth of Electric Vehicles

The Impact Imperative

Client: Ricardo PLC

Dhaka, the capital city of Bangladesh, consistently ranks as one of the worst cities on the Air Quality Index. One of the major causes of air pollution is transport emissions, making electric vehicles (EVs) a critical pathway to improving air quality. Road to a Green Bangladesh is an initiative to support Bangladesh's commitment to climate action. Envisioning low-carbon and inclusive transportation, Bangladesh is collaborating with UK PACT (Partnering for Accelerated Climate Transitions) to facilitate green finance and business-led sustainable transportation. The initiative focuses on developing and piloting tests, assessing techno-economic and commercial viability, providing support services, raising awareness, and promoting gender- and socially-inclusive guidelines and engagement.

Ecosystem Engagement:

Workshop 1: Engaging with Mass Mobility Service Providers	Workshop 2: Pioneering EV Businesses in Bangladesh	Workshop 3: Developing EV Capacity
The core objectives of the workshop included identifying barriers in Bangladesh for EV adoption, mobilizing investments in the sector, and encouraging female employment and inclusive growth in the EV sector.	The session showcased potential startups to investors and representatives of the financial institutions and asked for their feedback to make these projects more investable. Startups presented in the workshop were SOLshare, Lily, Jobike, Dhaka Cast, and Advanced Dynamics.	The final workshop was a capacity development session that covered six distinct points: EV taxonomy, EV Batteries, EV Charging Infrastructures, Standards and Codes, EV Supply Equipment (EVSE) business models, and Battery Swapping.

Click Here to Learn More

Promoting Green Jobs and Entrepreneurship

The Impact Imperative

Client: International Labour Organization

The objective of the “Promoting Green Jobs and Entrepreneurship in Bangladesh” study is to delve into the underlying barriers and opportunities within selected high-potential economic sectors for green growth and to map out interventions to support aspiring youth employees and entrepreneurs in transitioning toward a greener Bangladesh.

Approach & Findings

Agriculture and Agro-Processing, Electric Vehicles, and Ready Made Garments (RMG) were selected as the critical sectors. Given the extent of work in the RMG sector, the EV and Agri sectors were explored further. Based on a scoring rubric developed with the ILO technical team, the team assigned sectoral ratings using a weighted average score. This scoring considered the potential effects on the community and environment, as well as the sectoral importance, MSMEs’ development potential, and skills needed for the green transition.

Recommendations and Way Forward:

Electric Vehicle
Supply-side facilitation: Introduce monetary and non-monetary performance-linked incentives to boost green jobs.
Infrastructure development: Expand renewable-based EV charging infrastructure by leveraging existing pool of gas pumps.
Demand–side interventions: Awareness and fiscal incentive driven consumer awareness campaigns to promote electric vehicle adoption.
Labour force upskilling: Conduct capacity building trainings to achieve alignment between prevailing skill gap and type of skill needed for scale.
SME Ecosystem Development: Promote the formalization, financing, and capacity development of SMEs to create forward market linkages
Agriculture and Agro-Processing
Sustainable integration of agri-technology: Promote investment in and support the uptake of precision mechanization, and integrate renewable energy and climate-smart agriculture into the value chain.
Diffusion of good agricultural practices (GAP): Leverage export promotion and contract farming to promote better practices across the value chain, and support the diffusion of technology and skills to reduce postharvest loss.

Spotlight: Curated Knowledge Pieces

The Impact of Climate Change on Bangladesh: Water

"According to IPCC, due to climate change and increasing demand for water, about 25% of Bangladesh's population will live with water scarcity by 2050. Between 2012 and 2050, in the southwest coastal zone of Bangladesh, the total freshwater river area is expected to decrease from 40.8% to 17.1%. Freshwater scarcity is a major problem in Bangladesh which leads to a high diarrheal disease rate."

Capturing the Carbon Credit Market: Can Bangladesh Utilize Its Potential?

"Bangladesh has been heavily involved in exploring renewable energy opportunities in the country. The country aims to supply 30% of its energy demand from renewable and clean sources by 2030 and 40% by 2041."

Facilitating Renewable Energy-Led Sustainable Growth

"Solar and wind constitute the most promising segments in the renewable energy space, with solar garnering 75% of all renewable energy supplies. On-grid solar parks generated 51% of the total production of 714 MW, with off-grid facilities like Solar Home Systems (SHS) and microgrids contributing the rest."

Green Industry and Financing – the Economic Case for Mitigation in Bangladesh

"The Government of Bangladesh's ongoing 7th five-year plan (2016-2020) addresses climate change concerns by taking initiatives such as enacting the Clean Air Act to improve air quality in Dhaka, increasing productive forest coverage to 20% with 70% tree density, promoting zero discharge of industrial effluents."

LightCastle PARTNERS

Impact Area

Clean Water & Sanitation

The Urgent Need for Strengthening WASH Systems

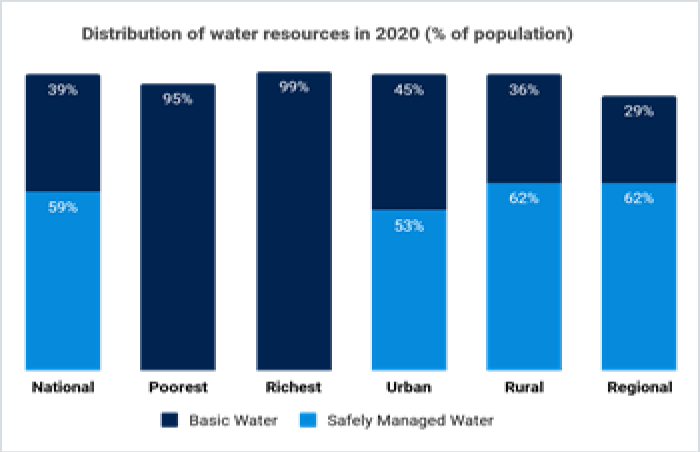
Currently, Bangladesh is on a development trajectory that will see it graduate from its Least Developed Countries (LDC) status in 2026. However, to build on this trajectory and ensure long-term economic prosperity, the health and nutrition of the population need to be secured. The World Bank's Bangladesh WASH Poverty Diagnostics highlighted the implications of WASH access and quality on the country's human capital development and poverty reduction. Given the country's current education and health conditions, a child born in Bangladesh is 52% less productive than their potential.

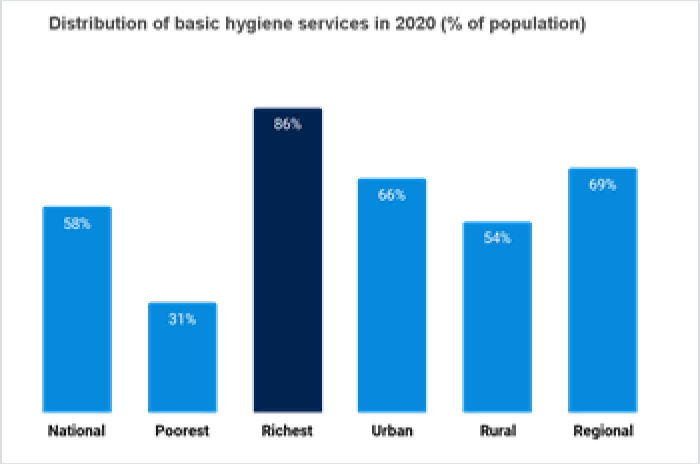
Additionally, the rise of climate-induced hazards has had adverse effects on the Bangladesh economy, including threats to water security. In 2022, a UN Development Program report found that 73% of the people living in five coastal areas are forced to drink unsafe saline water. Against the backdrop of decreasing water security, LightCastle Partners has undertaken multiple initiatives to drive public and private interventions in the WASH sector.

59%
Population lack access to safe drinking water

64%
Population lack access to safe sanitation facilities

26x
Faster progress is needed to ensure 100% safely managed water by 2030





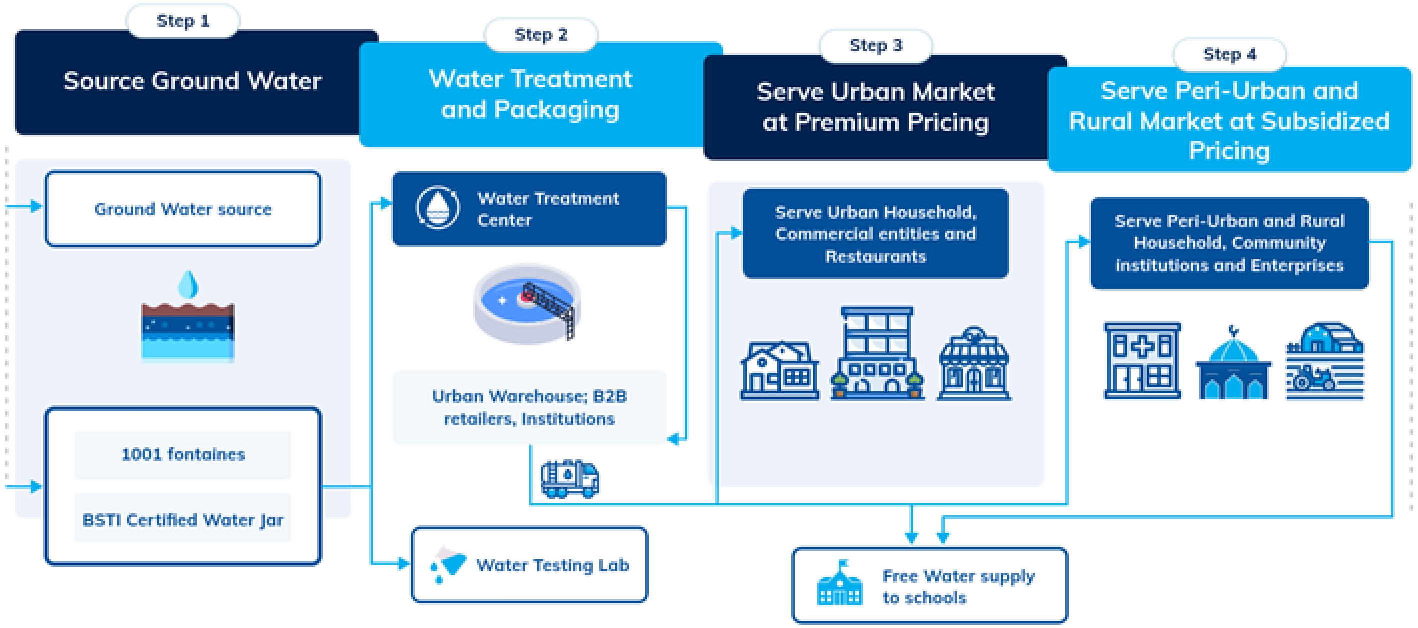
Developing Water Delivery Models for Underserved Communities

The Impact Imperative

Client: 1001fontaines

Bangladesh faces risks such as high arsenic levels, E. coli contamination, and salinity intrusion in its drinking water supply, affecting a vast population across various regions. Although coverage for drinking water has improved over the years, poor water quality remains a significant impediment.

Recognizing the potential for providing clean and affordable drinking water in Bangladesh, 1001fontaines has partnered with LightCastle to gain an in-depth understanding of the existing challenges and solutions related to drinking water services in the local context. As part of the intervention, the team conducted a study to assess the current status of drinking water services in rural communities.



Developing Water Delivery Models for Underserved Communities

The Impact Imperative

Client: BRAC, Grundfos

Out of Bangladesh's staggering population of 171 million people, an alarming 50% lack access to safe drinking water. This lack of access is a critical issue, particularly in the southern and coastal regions of the country, where climatic conditions have exacerbated the situation.

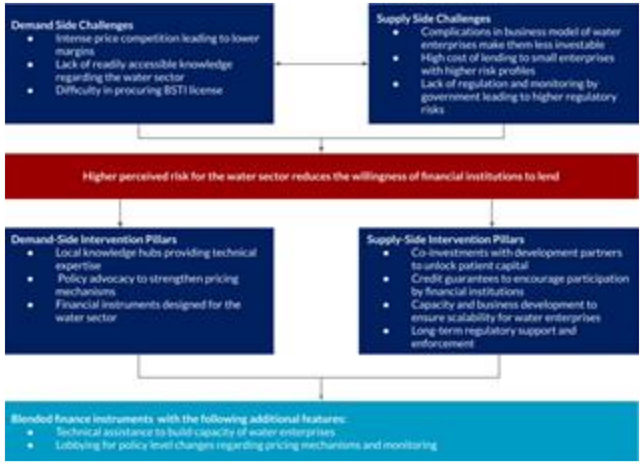
Moreover, donor funding, which accounts for 30% of financing for the WASH sector in Bangladesh, is expected to decline with the country's LDC graduation. Blended finance, which strategically combines public and philanthropic funds to attract private investments for developmental goals, has the potential to address the growing financing challenges in the water sector.

On this note, LightCastle Partners, in collaboration with Grundfos and BRAC, has investigated potential innovative financing models to help close the funding gap in the water industry. Through the project, two blended finance models supporting small-scale water entrepreneurs were developed.

Proposed Blended Finance Models:

Water Loan Facility	Water Impact Fund
This model combines grant or concessional capital with debt to encourage lending to small-scale water enterprises. It leverages favorable policies and initiatives from the Government of Bangladesh and the Bangladesh Bank.	Impact investments are made with the intention to generate positive, measurable social and environmental impact. Accordingly, a Water Impact Fund aims to direct these investments towards small-scale water entrepreneurs, who can create measurable change in the communities they serve.

The Approach:



Mapping Water Opportunities for Dutch Private Players

The Impact Imperative

Client: Partners for Water Program

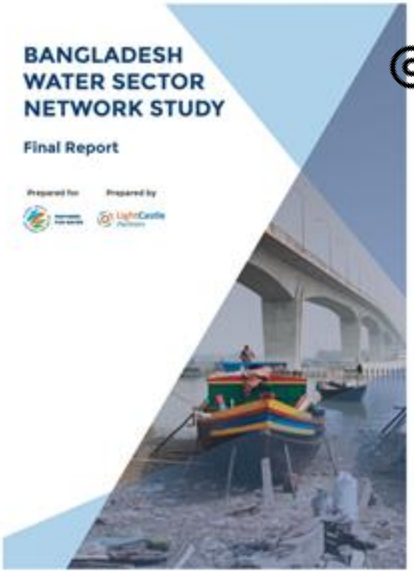
Due to Bangladesh's riverine geography, seasonal flooding, drought, climate-induced rises in sea level, and man-made barriers to water flow pose significant challenges to its ecological sustainability.

Water resource management has thus become an area of growing importance for the government. However, as the country prepares to graduate from LDC status, there is an increasing need for private investments and technological knowledge sharing. The Water Network Study identifies areas where Dutch organizations can contribute their expertise.

The study focuses on critical sectors such as garments, textiles, leather, real estate, and construction, and explores potential opportunities for private interventions.

Entry Points for Private Sector Players:

Sector	Action Points for Partners for Water	Opportunity for Dutch Private Sector
Leather	■ Pilot to find any areas of collaboration with Associations. ■ Supply production equipment that can have water efficiency	■ Arrange workshop/seminars with tanneries to promote water-efficient technologies
Textile	■ Use PaCT as an entry point to promote Dutch technologies.	■ Connect to factories in PaCT database that are interested in adopting water efficient technologies
Real Estate	■ Arrange trade-fairs and seminars to promote complete technology solutions that provide a business-case	■ Target real estate developers in expanding cities such as Khulna, Dhaka, Chittagong, Rangpur along with their satellite hubs



Click Here to Learn More

LightCastle
PARTNERS

Impact Area

Gender Equality

Bridging Gender Gaps in Bangladesh

Since its liberation in 1971, Bangladesh has made remarkable progress in gender equity and women's empowerment. The nation has earned global praise for significant strides in various gender-related metrics, including a 66% reduction in maternal mortality over the past two decades and achieving gender parity in primary and secondary education. Bangladesh ranks highest in the Gender Gap Index in South Asia, ranking 59th out of 146 countries.

However, significant gaps remain. Violence against women continues to be prevalent, with more than half (54.7%) of ever-married women having suffered some type of partner abuse over their lives. Additionally, despite rising female participation in the workforce, 95.4% of women work in informal jobs, such as wage labor, self-employment, unpaid labor, piecework, and other hired labor. These issues highlight the long journey ahead for Bangladesh to achieve full gender equity.

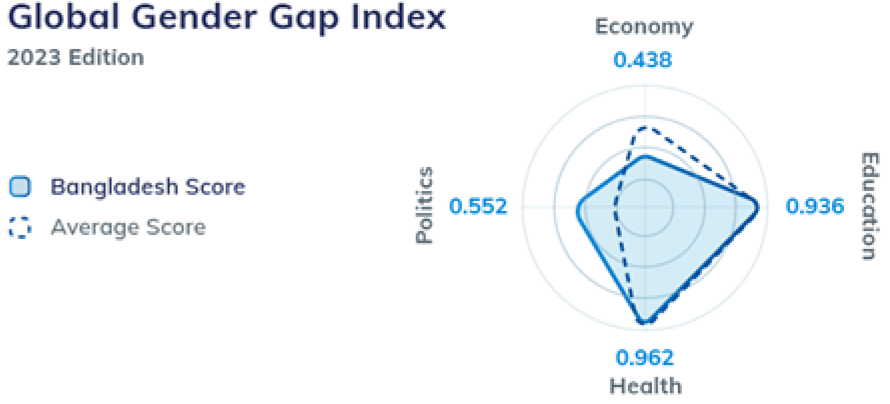
70%
Married Women Experienced Violence Of Some Form

44%
Lower Average Wages Earned By Women Compared To Men

38%
Female Participation In The Labour Force

Global Gender Gap Index

2023 Edition



Overview

Index and Subindex	Score	Rank
Global Gender Gap Index	0.722	59th
Economic Participation and Opportunity	0.438	139th
Educational Attainment	0.936	122nd
Health and Survival	0.962	126th
Political Empowerment	0.552	7th

Creating Market Linkages for Women-Owned Businesses

The Impact Imperative

Client: The World Bank, WEConnect International

With women comprising 50% of the population, increasing their participation in Bangladesh's economy is crucial. Although the number of female entrepreneurs is rising, barriers such as limited access to markets and insufficient linkages with corporate buyers remain significant challenges for these enterprises.

To overcome these challenges, a pilot program called Corporate Connect was initiated. The project was divided into three phases. First, over 100 interviews with corporates and 150 with women-owned businesses (WoBs) were conducted to understand the challenges in forming business connections. The next phase involved training 50+ WoBs in business fundamentals, corporate interaction, and investor pitching, complemented by Meet-the-Buyer events. In the third phase, 15 corporations committed to sourcing from WoBs, and 25 top-performing WoBs were coached in refining their business models and financial forecasting. This culminated in a pitch competition with five finalists. The event drew 180 attendees and featured panel discussions and roundtable sessions with industry executives.

July 2023

'Corporate Connect 2020 Conference and Business Fair' inaugurated by the honorable Minister of Commerce Tipu Munshi WOBs presented their business plans in a pitch competition


2019 May

BRAC Bank, Knit Asia, Gemcon Group signing pledge letters committing higher supplier diversity in their value chain.

Tailoring Financial Products to Close the Gender Gap

The Impact Imperative

Client: Aspire to Innovate

While Bangladesh has made strides in bridging the gender gap over the years, equal financial access remains a key challenge, with less than half (43%) of financial accounts being owned by women.

Zooming in further, in terms of digital payments, 28% of females made digital payments compared to 54% of males in 2021. To address these challenges, LightCastle Partners, commissioned by a2i, sought to identify gender-focused financial instruments, recognize shortcomings, and provide recommendations.

To complete the research, in-depth interviews were conducted with representatives from various sectors of the financial landscape, including financial institutions, non-banking financial institutions (NBFIs), microfinance institutions (MFIs), and digital finance services (DFS) of banks.

Recommendations for Stakeholders:

Financial Institutions	Microfinance Institutes	Mobile Financial Services	Regulatory Bodies
❑ Provide capacity development training through fairs and online platforms. ❑ Conduct marketing campaigns with women entrepreneurs’ associations. ❑ Enhance awareness of the benefits of digital accounting solutions.	❑ Offer interest benefits based on borrowers' ability to prove their active involvement in the business to reduce the misuse of funds by family members, particularly in rural areas.	❑ Train women to use savings and loan products on their platforms. ❑ Establish additional partnerships with banks and non-banking financial institutions (NBFIs) to expand access to loan and savings products.	❑ Collect gender disaggregated data to aid in decision-making and identify trends. ❑ Incentivise disbursements targets specifically for women. ❑ Set up dedicated women-led branches of FIs and MFIs.

Click Here to Learn More

Supporting Women-Led Agri-Enterprises

Project Overview

Client: ACDI/VOCA

Context & Opportunities

Rural women make up about half of farm labor and contribute between a quarter and half of household income. In addition to regular household chores and caregiving, they are involved in every aspect of agriculture, including agri-entrepreneurship. Yet, female entrepreneurs are at a unfavorable position with lack of access to finance and both forward-backward market linkages. Their limited formal education further restricts their ability to secure working and growth capital from financial institutions. Additionally, patriarchal culture and gender power imbalances exacerbate these difficulties, leaving female entrepreneurs at a disadvantage compared to their male counterparts.

To support women entrepreneurs in agriculture, LightCastle Partners, in association with ACDI/VOCA, implemented the Business Scale-up Program "Unnoty," which provides business development support through accelerator programs and investment readiness training.

Approach & Findings

The project was completed in three cohorts, supporting women in ag-entrepreneurship roles through the following activities:

- ❑ **Roadshow:** The initial phase of the project was a 2-day Roadshow, where the project team handed out leaflets of the accelerator program and briefed the applicants about the project.
- ❑ **Bootcamp:** A Bootcamp was organized for women entrepreneurs, focusing on increasing productivity, promoting business expansion, and optimizing capital division. It also provided financing strategies and practical tactics to help raise income.
- ❑ **Accelerator Program:** Workshops were conducted by industry experts, business consultants, and local market leaders to offer comprehensive knowledge and experience-based learning. These workshops included both hands-on practical sessions and theoretical lessons.

Recommendations and Way Forward:

This initiative has supported women agri-entrepreneurs and agri-SMEs in becoming fully investable, growing businesses. The program is estimated to have developed the value chain for over 50 women-led SMEs over a period of nine months. Post-event feedback from participants and guests has been very promising, and it is anticipated that this will enable female entrepreneurs to increase their processing output and achieve higher revenue.

Uplifting Women's Voices

Project Overview

Client: Manusher Jonno Foundation

Manusher Jonno Foundation, or MJF, conducted a baseline study to assess the present situation and understand the status of the target beneficiaries under the Women's Voice and Leadership Bangladesh (WVLB) Project.

The study aimed to advance the socio-economic situation, achieve greater women empowerment, promote gender equality, and address discrimination and violations of women's rights. It had two broad objectives: first, to assess the status of the targeted beneficiaries in relation to gender equality, gender-based violence (GBV), women's empowerment, and awareness of rights. The second objective was to identify key prospects, hindrances, and development plans for promoting gender equality.

Recommendations for Stakeholders:

Awareness and Education on Women's Rights: This could include programs and workshops aimed at clarifying gender-defined roles, promoting gender equality, and empowering women with knowledge about their rights.

Skill Development and Economic Empowerment: Many beneficiaries lack formal education and income-generating opportunities. Implementing skill development programs could help them engage in income-generating activities, thereby improving their economic status and overall empowerment.

Community and Family Engagement: To empower marginalized women, there is a need for broader societal acceptance and support. Family members, local communities, and even government agencies should be engaged to create an inclusive environment that recognizes and respects women's rights and contributions.

Spotlight: Curated Knowledge Pieces

Gender Inclusion Through Investing: Exploring Possibilities

"Women entrepreneurs face formidable obstacles, like difficulty in obtaining loans and start-up capital or the lack of formal support (such as sympathetic public policies, access to financial institutions, and professional training programs). To enable women to pursue successful business activities, the topic of gender inclusion and gender lens investing has gained momentum among the investor circle."

Early Retirement and Alternative Career Opportunities for Women RMG Workers in Bangladesh

"Since the nature of work requires high concentration and hard labor, older workers are often replaced by younger ones due to their ailing productivity and diminishing efficiency leading to increasingly early retirement. Garment workers also do not earn enough to avail nutritious food that would aid them to remain physically fit to continue hard labor at an older age. On top of that, female workers are further subjected to even lower pay grades compared to their male counterparts."

Advancing the Role of Women in Society to Ensure Sustainable Women Empowerment

"Young women with higher education are almost catching up to young men in terms of earning potential, however, only 4% of young women study beyond high school, compared to 7% of young men. According to the study conducted by BIGD, young men reported having much more freedom of choice than young women in all important aspects of life, including the selection of educational institution, profession, selection of friend and spouse, physical movement, and spending money"

Women in STEM: Breaking Barriers, Shaping the Future

"Despite better results by girls than boys at the primary and secondary levels, the percentage of girls enrolling in STEM subjects at the tertiary level is relatively low. And more drop out of this stage, primarily because: (a) limited knowledge about work opportunities and relevant skills; (b) lack of networking platforms; (c) improper knowledge about related labor market returns; and (d) non-female friendly workplace and associated policies."

LightCastle
PARTNERS

Impact Area

Financial Inclusion & Inclusive Growth

Improving Financial Access in Bangladesh

To ensure equitable economic growth, Bangladesh must enhance financial inclusion for marginalized groups, including women, smallholder farmers, and small and medium business owners. Currently, female account ownership in financial institutions stands at only 43%. The country has undergone significant digital transformation over the last decade, with mobile financial services leading this change. Mobile money transactions now account for nearly one-fourth of the total GDP, solidifying their role as a key driver for improving access to finance.

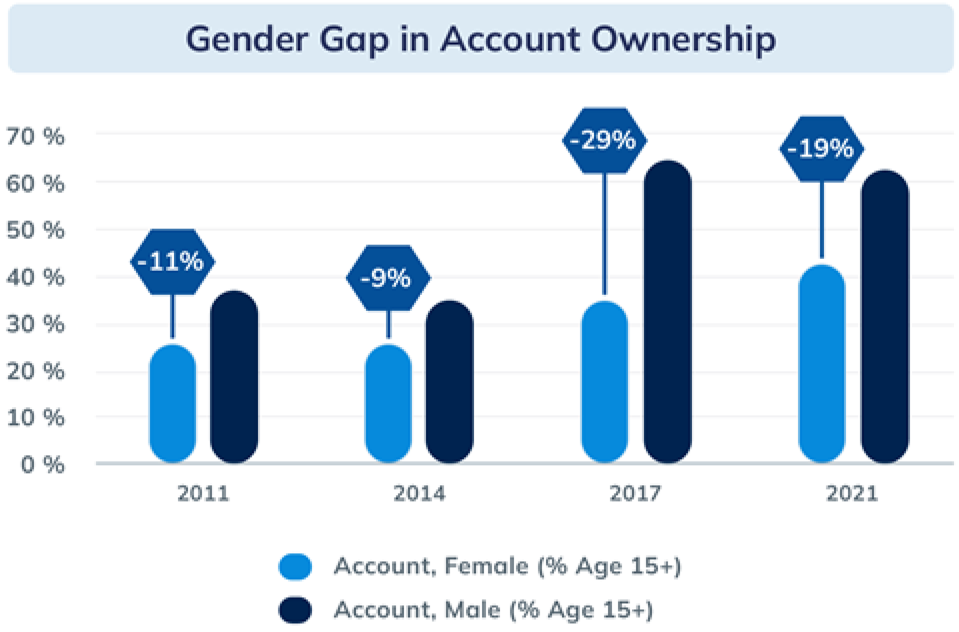
To improve financial inclusion, LightCastle Partners has engaged extensively in facilitating access to finance for marginalized groups through projects aimed at:

- ❑ Develop regulatory sandboxes for CMSMEs;
- ❑ Identify and design better digital financial services for women;
- ❑ Explore the potential for blended finance to empower rural early-stage enterprises, and critical sectors.

38%
Population Having Account in Financial Institution (2021)

21%
Share of Mobile Money Transactions to GDP (2021)

$2.8Bn
Total Financing Gap for MSMEs (2019)



Improving Access to Finance for CMSMEs through Regulatory Sandbox

The Impact Imperative

Client: UNDESA

The objective of the "Frontier Technology Policy Experimentation and Regulatory Sandboxes for Sustainable Development" project is to enhance the Government of Bangladesh's ability to identify and implement measures that address issues hindering the sustainable development of Cotton, Micro, Small, and Medium Enterprises (CMSMEs). Through insightful sessions with experts during focus group discussions, crucial challenges were identified, including obstacles in accessing markets, finance, services, and essential skills. Consequently, it was concluded that the regulatory sandbox's primary focus would center around enhancing access to finance through the implementation of a cutting-edge Smart Business Profile Platform—a centralized platform for sharing CMSME data. In August, the Smart Business Profile Platform was launched as a small-scale exercise, with a select number of parties onboarded to the platform. Combined with proper data protection policies, this setup allows the parties to test the software through 5 to 10 loans to CMSMEs.

Event Spotlight:

July 2022

Virtual & Physical Workshops

Project inception with key players and presentation of six potential sandbox ideas

September 2022

FGD Sessions: Access to Finance and Market

Mapping CMSME needs to shortlist priority sandbox

July 2023

Validation Workshop

Discuss implementation bottlenecks and finalize pilot scope

August 2023

Launch Event

Launch of Smart Business Profile Platform

Analysing the Digital Finance Services for Emerging Countries

Project Overview

Client: Bill & Melinda Gates Foundation

Larive International and LightCastle Partners have signed an agreement with The Bill & Melinda Gates Foundation (BMGF) to form a deeper understanding of the DFS Landscape across nine countries in South Asia and Africa. The project will cover upcoming and current trends in following countries;

Nigeria Kenya Uganda Tanzania Ethiopia

India Indonesia Pakistan Bangladesh

Digital financial services facilitate transactions, create income opportunities where none existed before, and offer last-mile solutions to many finance-related logistical issues. These services are delivered primarily through three channels: Mobile Financial Services (MFS), Micro-Finance Institutions (MFIs), and Agent Banking. They surpass traditional financial services in several significant ways, including enhanced accessibility to funds and payments, increased logistical efficiency, and improved transaction security. These advantages make DFS a superior choice compared to conventional services.

Approach and Way Forward:

Reports are published monthly and quarterly for each of the nine countries, covering recent news and providing an in-depth analysis of the digital financial services sector. These reports are valuable sources of information, offering key stakeholders critical insights into ongoing progress and emerging opportunities in the digital finance domain. By keeping abreast of recent news, industry advancements, and regulatory changes, the reports offer a comprehensive understanding of the DFS ecosystem in each country. The findings will provide a concise overview of upcoming innovations and trends in the DFS sector that will impact the financially underserved population at the bottom of the pyramid.

Improving Access to Finance for Smallholder Farmers

Project Overview

Client: ACDI & VOCA

Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (ACDI & VOCA) sought to collaborate with LightCastle Partners to research and capture the contributions of Rice Diversified Crop (RDC)'s interventions to gender equality and women's empowerment. The research aimed to measure these contributions across three domains of women's empowerment within the project context.

Approach & Findings

To objectively deliver a robust impact study, therefore, the team used have used WEAI framework to measure the impact of the intervention activities by RDC across 5 areas- access to resources, control over income, leadership, and time allocation.

Recommendations and Way Forward:

The assessment of income control revealed that women maintain autonomy in spending household money, irrespective of who earns or holds it. Regional variations in this autonomy were also noted and are discussed in the report. Private sector interventions significantly increased women's involvement in leadership roles by providing knowledge and engaging them in economic activities. However, this increased involvement led to a higher workload for women, who remain primarily responsible for household management. Despite lacking external support to manage their increased workload, they remained highly motivated to participate in agricultural activities. To address this challenge, participants expressed a strong demand for the implementation of agri-mechanization to alleviate their burden.

Enhancing Vulnerable Women’s Access to Digital Financial Services

Project Overview

Client: World Food Programme (WFP)

The World Food Programme (WFP) Bangladesh, supported by the Bill & Melinda Gates Foundation, is collaborating with the Ministry of Women and Children Affairs (MoWCA) to design the Vulnerable Women's Benefit (VWB) Programme aimed at enhancing women's economic empowerment through the promotion of digital and financial inclusion. In this context, the WFP has engaged LightCastle Partners to evaluate the interplay between demand and supply dynamics, as well as the regulatory considerations surrounding Digital Financial Services (DFS) and their impact on Women's Economic Empowerment (WEE). The insights from this research will not only benefit other significant digital cash-based social safety net programs but also G2P initiatives implemented by various ministries under the Government of Bangladesh.

Approach & Findings:

The study aimed to explore and understand the current conditions and potential opportunities, while identifying possible obstacles to digital financial inclusion, Women's Economic Empowerment (WEE), and digital cash transfers. To achieve this, LightCastle Partners employed a qualitative approach, conducting desk research and the following methods:

15
Focus Group Discussions

70+
Ethnographic studies

35
Key Informant Interviews

Recommendations and Way Forward:

The study identified key bottlenecks in the demand, supply, and regulatory aspects of digital financial inclusion for women. These findings were presented in a workshop with over 40 representatives from 15+ key stakeholder organizations. The suggested recommendations were validated and fine-tuned for the second phase of the project. This phase will focus on advocacy and implementation, strengthening the digital financial infrastructure, building awareness to enhance digital and financial literacy, and developing digital credit scores at the consumer level to facilitate digital lending.

Spotlight: Curated Knowledge Pieces

Unlocking Sustainable Growth through Inclusive Finance

"Setting up mechanisms like credit guarantees, first loss capital, tax breaks or simply having refinancing schemes, you can push incentives into sectors the government wants. This would be a way to get into sectors where you want to unlock additional capital like health, climate, education, food security, alternative energy, and circularity as well as make financing available for underserved enterprises and communities."

Advancing the Role of Women in Society to Ensure Sustainable Women Empowerment

"Advancing women's equality in the countries of Asia Pacific could add $4.5 trillion to their collective annual GDP in 2025, a 12 percent increase over the business-as-usual trajectory. To accomplish this big rise in growth, Bangladesh would need to focus on three economic levers: increasing women's labor-force participation, increasing the amount of paying hours (part-time vs full-time employment mix), and increasing women's productivity compared to men's by including more women in higher-productivity sectors."

Blended Capital: Future of Growth Financing in Bangladesh?

"Blended capital is essentially a mix of government/non-profit grants, equity investments, and loans put into a company. If sequenced rightly and at the right proportion this can create sustainable growth for the entrepreneurship ecosystem"

Revolutionizing Bangladesh's Impact Story Through Impact Investments

"The Government of Bangladesh (GoB) has been proactively promoting the impact agenda to advance the growth of this sector through favorable investment guidelines, incentives, and circulars. Across the ecosystem, there is growing acknowledgment of impact investment role in targeting social and ecological pain points."

Meet the Team

Board Members:

Samad Miraly
Chairperson
Executive Director,
Olympic Industries Ltd.

Anita Ghazi Rahman
Independent Director
Founder & Partner,
The Legal Circle

Bijon Islam
Chief Executive Officer

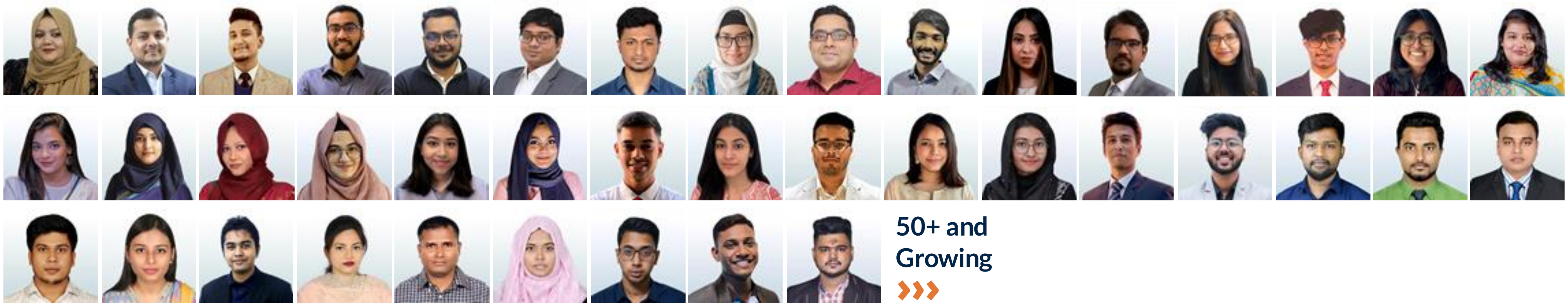
Top Management:

Zahedul Amin
Managing Director

Ivdad Ahmed Khan Mojlish
Director

Md. Mahedi Masud, ACA
Senior Expert,
Financial Management and
Investments

Lightcastle Team:



50+ and Growing

Thank You

LightCastle
PARTNERS

Bangladesh Office:
214/D, Navana Osman @ Link, 3rd Floor
Gulshan-Tejgaon Link Road, Dhaka 1208,
Bangladesh.

Singapore Office:
36 Robinson Road, #20-01 City House,
Singapore 068877

USA Office:
3921 W ST NW, #3, Washington DC,
20007, USA.

Email: info@lightcastlebd.com
Mobile: +88 01744 736 621, +88 01711 385 988
Web: www.lightcastlepartners.com
Other Platform: www.investbangladesh.co