

Launching the Strategy Primer The Future of Digital in Bangladesh

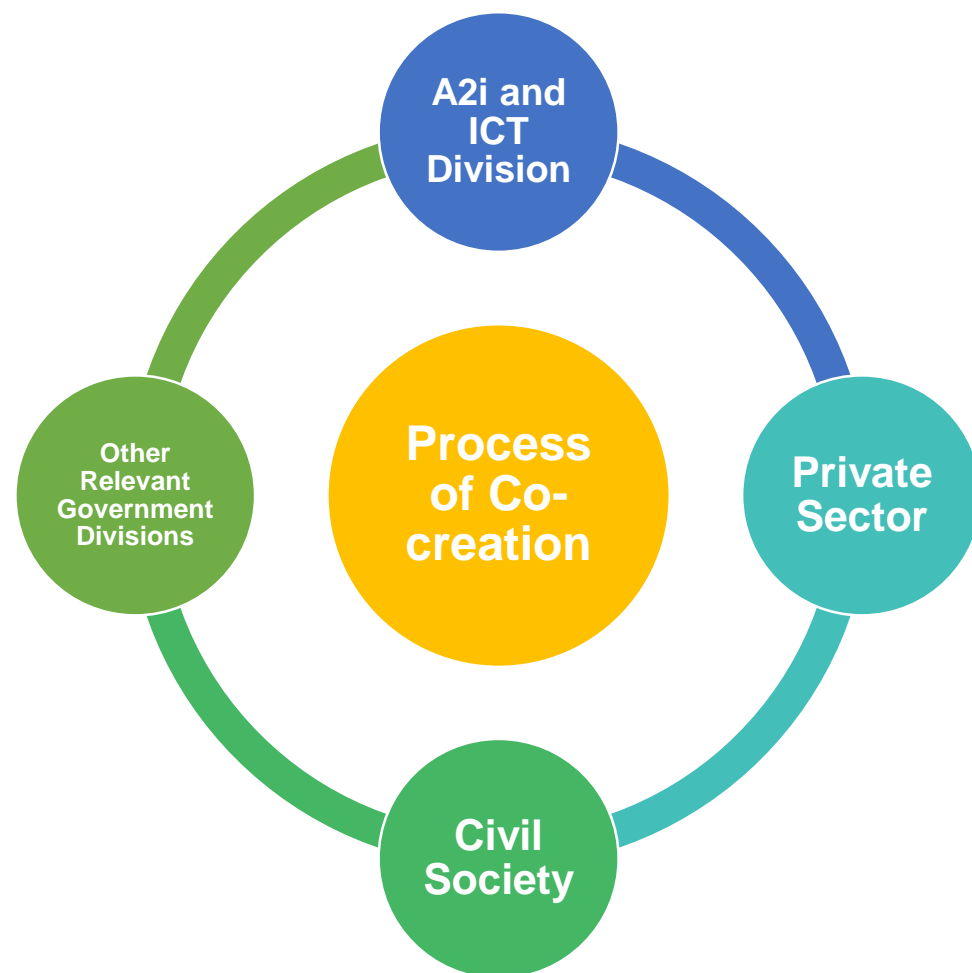
5 April 2021



Project Brief

This project was designed to chart a pathway for Bangladesh to decide holistic strategies to **accelerate its inclusive growth** in the digital age. By implementing the Digital Pathways at Oxford's toolkit:

- We have identified potential **opportunity areas** Bangladesh might emphasize to thrive in the digital economy and assessed the country's current **digital readiness gaps**
- Based on our assessments and **dialogues** with the relevant stakeholders, we have developed a **Strategy Primer** and suggested ways forward to maximize the identified opportunities and close the readiness gaps



About the Strategy Primer

- The primer is an outcome of the robust **assessment** and **dialogue** processes conducted last year
- It provides **concrete action plans** to implement during the **next five years**
- It carries **shared responsibilities** distributed among different stakeholders within and outside the government

Overview of the Strategy Primer

The document has three sections:

Section 1: Leveraging Opportunities in the Digital Age

3 opportunity areas and existing
bottlenecks to realize those opportunities

13 strategic areas of interventions
to address the challenges

26 action points by mentioning
specific implementation stakeholders and
priority timelines

Section 2: Closing the Readiness Gaps

6 strategic areas of interventions

17 action points by mentioning specific implementation
stakeholders and priority timelines

Section 3: Collaboration and Engagement for the Digital Economy

3 areas of meaningful collaborations

Overview of the Strategy Primer

Strategy Primer: How it looks?

SUMMARY OF STRATEGIC ACTIONS: SCALING UP BPO AND IT/SOFTWARE INDUSTRY

Strategic actions	Leading stakeholder(s)	Implementation Priority		
		Short Term (next year)	Medium term (next three years)	Long term (next five years)
Improve the overall business environment, including regulatory or legal adaptability to attract foreign investors to invest in the IT/ITES industry	BIDA, BEZA, ICT Division	√	√	
Encourage the local investors with incentives to invest in the IT/ITES industry to compete with the foreign investors equally	BIDA, BEZA		√	
Initiate platforms to ease the process of international payment	ICT Division, Bangladesh Bank	√		
Ensure effective implementation of the IP Laws and revise the laws in necessary cases to adapt them to the digital atmosphere	ICT division, BASIS, Ministry of Law, Ministry of Industries		√	
Formulate a clear roadmap for tertiary level education considering the specific needs of the IT industry	BASIS, BITM, BACCO, NSDA, BTEB, BMET, BANBEIS Autonomous Universities (Public and Private), NGOs like BRAC		√	
Engage universities to design and provide specialised training to the IT professionals at the entry, mid and higher levels	SCDC, BASIS, BANBEIS, University Grants Commission (UGC)		√	
Identify specific focus areas of BPO services and provide targeted trainings	Bangladesh Association of Call Center & Outsourcing (BACCO), ICT Division		√	√
Make the labour law compatible with the digital work environment	ICT Division, Ministry of Labour and Employment, Ministry of Industries		√	√
Design dedicated training programmes for the rural and small-town youth for geographical expansion of BPOs/ ITES across the country using existing infrastructures	A2i, Union Digital Centres (UDCs)	√	√	
Encourage women to join IT businesses through training, awareness, and concrete incentives like tax holiday and low-cost commercial space in required cases	ICT Division, BASIS, BIDA and BEZA, NBR	√	√	
Provide incentives for the businesses that use frontier technologies to design innovative products and intelligent services	ICT Division, BASIS, BIDA and BEZA		√	√
Develop and strengthen the 'Bangladesh' brand identity in the external markets of the global outsourcing industry	ICT Division, BASIS, BACCO		√	√

**Strategy Primer:
The Future of Digital
in Bangladesh**

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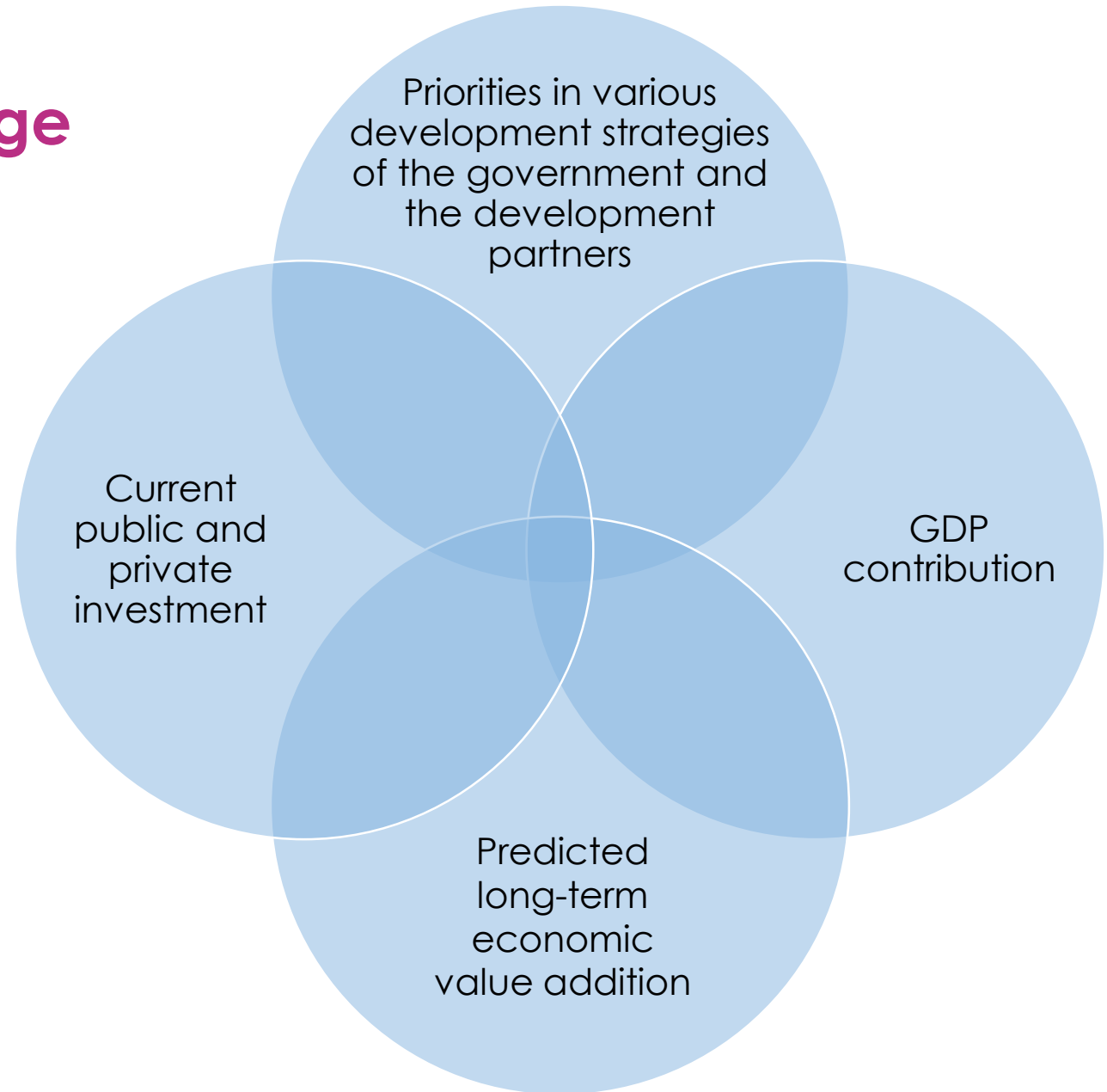
Section 1: Leveraging Opportunities in the Digital Age

How were the opportunities identified?

We built an **opportunity matrix tool** for **eight** potential areas of economic channels considering four factors

Next, we conducted a series of **formal and informal consultations** with relevant stakeholders

We also considered **South Africa and Malawi's cases** who had already implemented the kit



Section 1: Leveraging Opportunities in the Digital Age

Finally, we identified three broad economic opportunity areas that Bangladesh can target for realizing tangible outputs in the next five years:

1 Scaling up BPO and IT/Software industry

Bangladesh IT and ITES market crossed export earnings of USD 600 million in FY 2017-18 and touched USD 1 billion in FY 2018-19 through ICT exports to 60 countries worldwide.

2 Connecting the informal sector to the formal one in Bangladesh through the help of digital technologies

Bangladesh's informal economy currently accounts for 43% of the GDP and absorbs almost 88% of the total employment. Recent e-commerce boom makes Bangladesh rank 46th in the global ranking of e-commerce revenues.

3 Expanding the startup scene in the country

With a valuation of 1.45 billion dollars at present, the country's startups have the potential of reaching an overall 10-billion-dollar valuation within 2025.

Section 1: Leveraging Opportunities in the Digital Age

Strategic areas of interventions for scaling up BPO and IT/software industry



Ensuring adequate financing



Fixing regulatory barriers



Ensuring skilled/semi-skilled labour supply for the industry



Addressing geographic and gender disparities in the workforce



Adapting to the dynamic global IT market

Section 1: Leveraging Opportunities in the Digital Age

Strategic areas of interventions for connecting the informal sector to the formal one in Bangladesh through the help of digital technologies



Facilitating digital identification for easier access to finance for MSMEs



Ensuring smooth growth of the e-commerce industry



Enabling women and the rural population to benefit from the usage of technologies for their businesses



Promoting systematic use of MFS for the informal sector

Section 1: Leveraging Opportunities in the Digital Age

Strategic areas of interventions for expanding the startup scene in Bangladesh



Strengthening funding opportunities for the startups



Ensuring adequate incubation and mentorship opportunities



Increasing accountability of emerging businesses



Ensuring the sustainability of the ecosystem

Section 2: Closing the Readiness Gaps

Background: Digital Readiness Assessment

- Following the **Digital Economy Toolkit**, we assessed the current state of readiness for the three pillars of Digital Economy in Bangladesh: **Infrastructure, Human Capital, and Finance**.
- We also evaluated some relevant **ICT policies** (competition and IP law, taxation, and information security) that are connected to these pillars.

Section 2: Closing the Readiness Gaps

Framework to Assess Pillars' Readiness

		Digital Economy Pillars		
		Infrastructure	Human Capital	Finance
Readiness Dimensions (Effective Access)	Inclusiveness (Access readiness)	Ubiquitous access to electricity, mobile phones, internet and digital services	Access to foundational education and digital literacy	Digital financial inclusion
	Appropriateness (Quality readiness)	Data quality, speed and affordability	The demand and supply side mismatch of skills	Proper financial resource allocations

We also considered some **cross-cutting issues** (governance, monitoring mechanisms, synergy among the stakeholders, innovation situation, and risk reduction strategies).

Section 2: Closing the Readiness Gaps

Digital Readiness Assessment

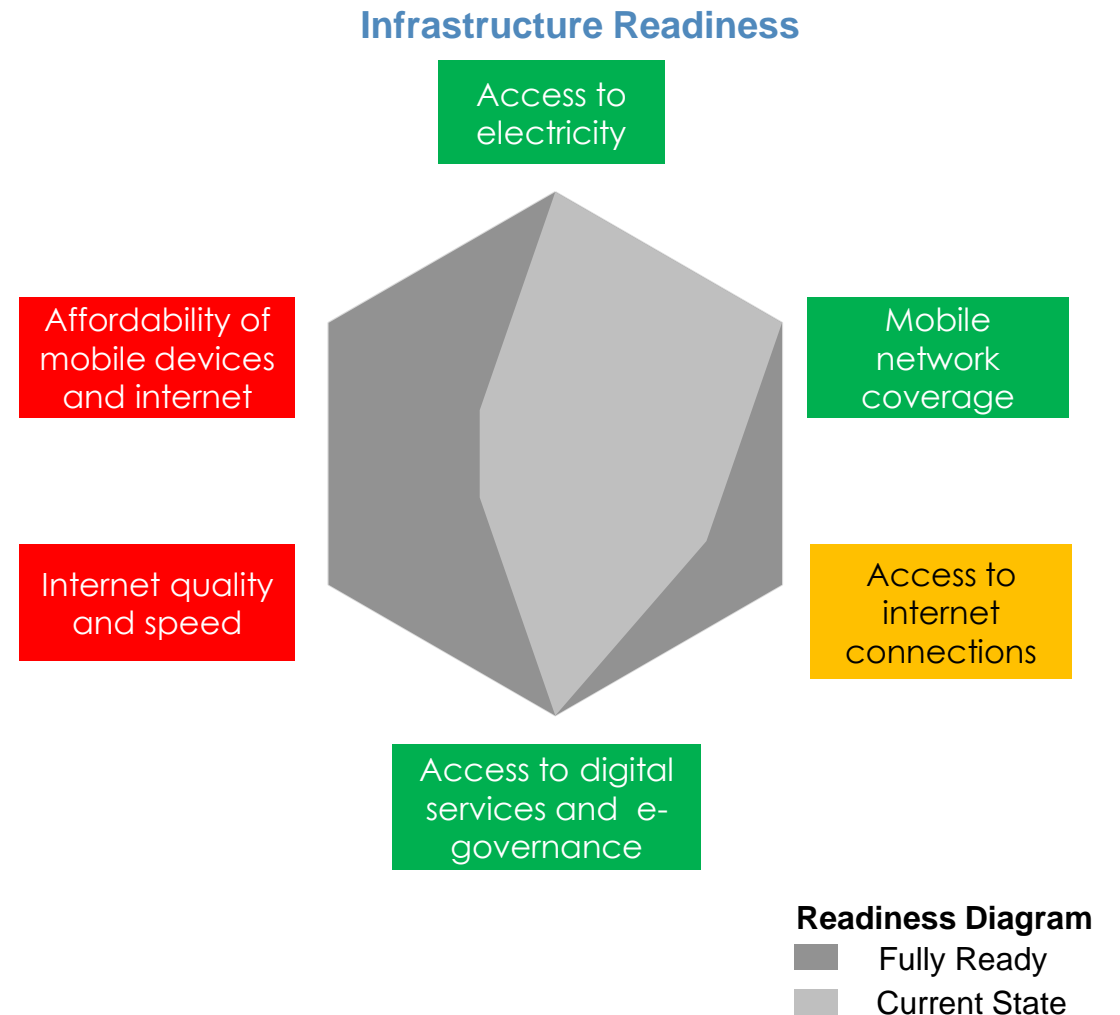
The readiness conditions have been assessed with up-to-date data and compared with the relevant regional and international standards based on secondary review. Considering the implications -

- if the current state of any condition is found satisfactory, we assign a **green** light with a **well on** track status for it
- if we find a moderate gap, but with visible efforts to improve the condition, we say it **needs improvement** and assign an **amber** light
- if we find a significant gap and low or no effort to improve, we conclude with a **red** traffic light and the **least ready** status for that specific condition

Section 2: Closing the Readiness Gaps

Key Insights: Infrastructure Readiness

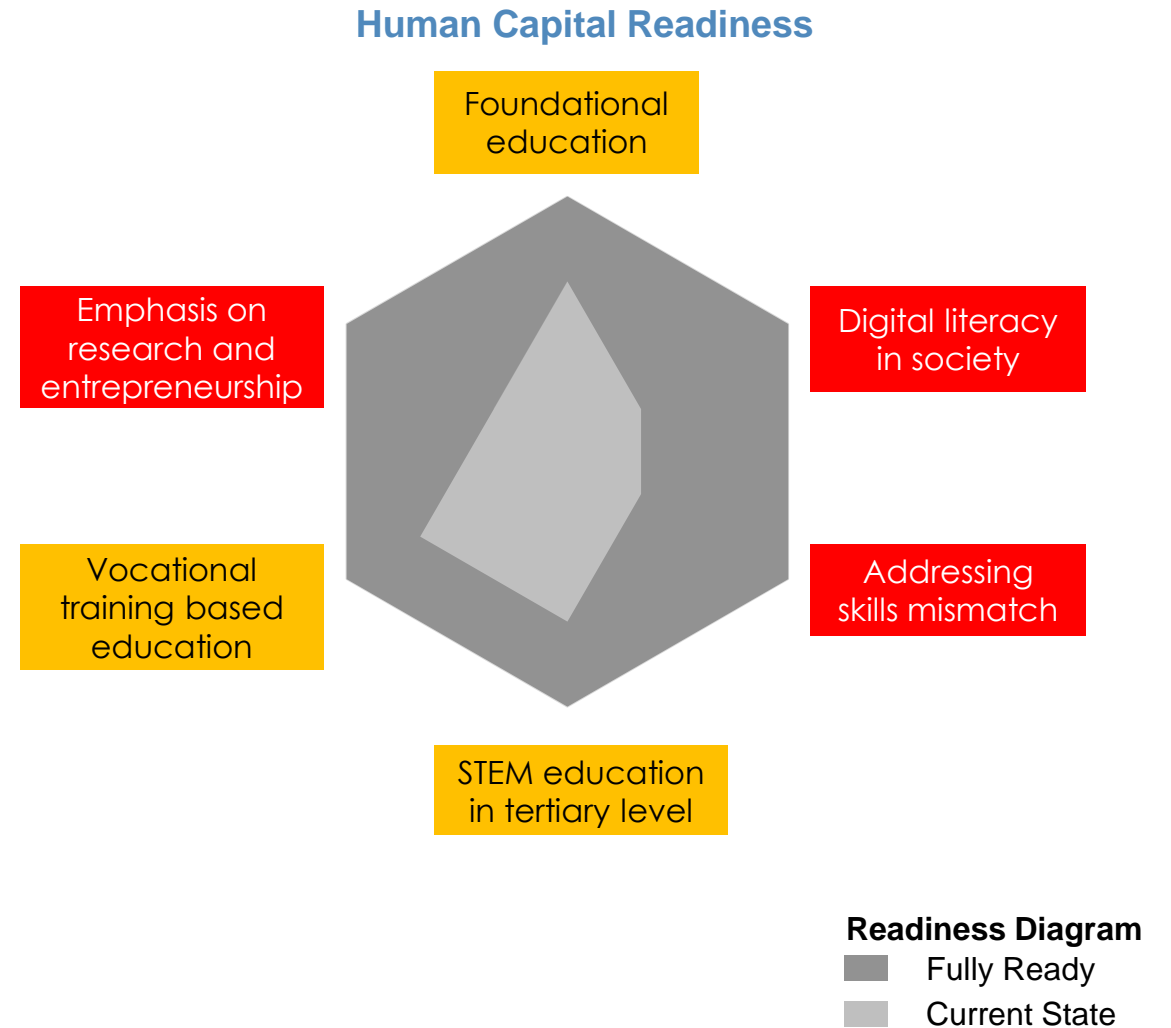
- Bangladesh is well on track in terms of ensuring electricity, mobile network coverage and e-governance for its citizens
- While it needs improvement in ensuring overall access to internet connections, significant attention is required to reduce cost and improve quality and speed



Section 2: Closing the Readiness Gaps

Key Insights: Human Capital Readiness

- Our assessment shows Human Capital readiness needs highest priority to prepare for the digital age
- Significant improvement is required for ensuring digital literacy in society, addressing skills mismatch with the industry and improving research and entrepreneurship scenario in tertiary educational institutions

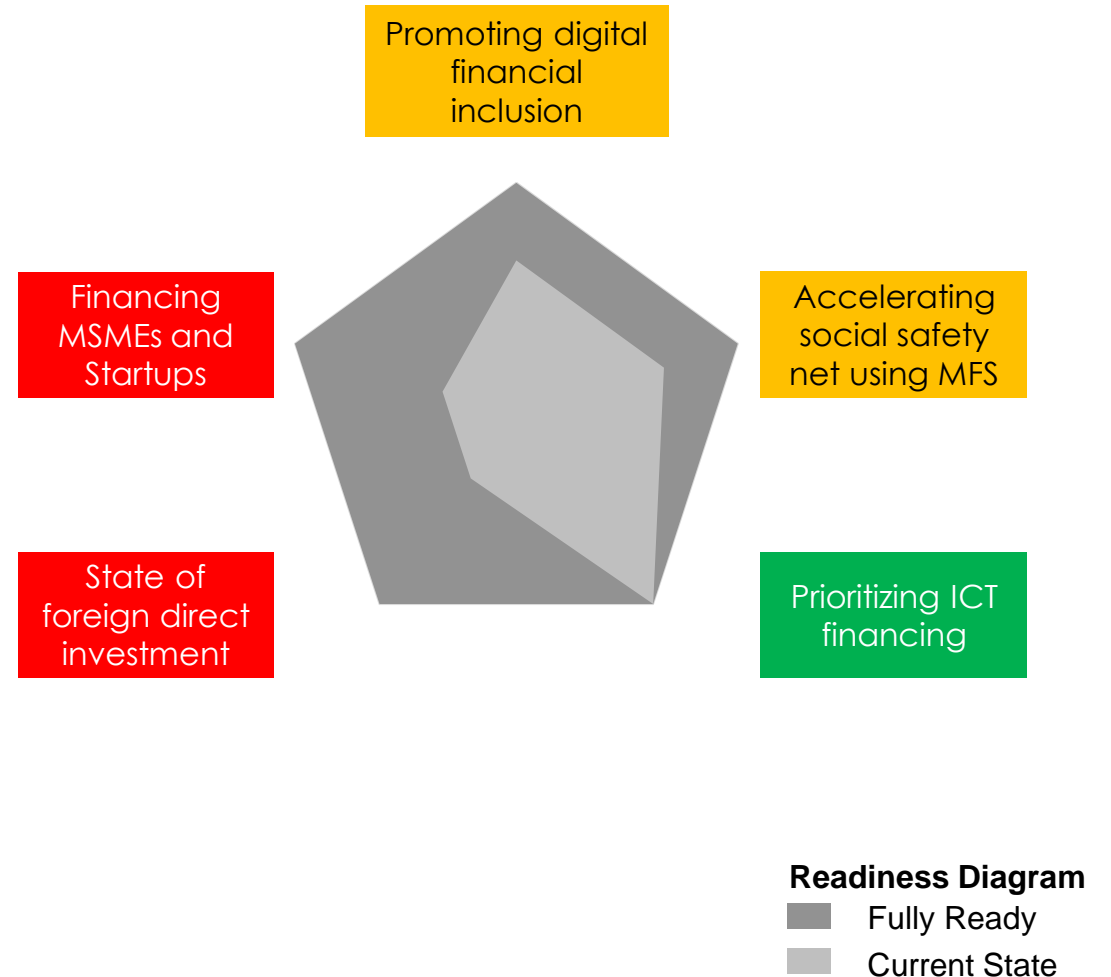


Section 2: Closing the Readiness Gaps

Finance Readiness

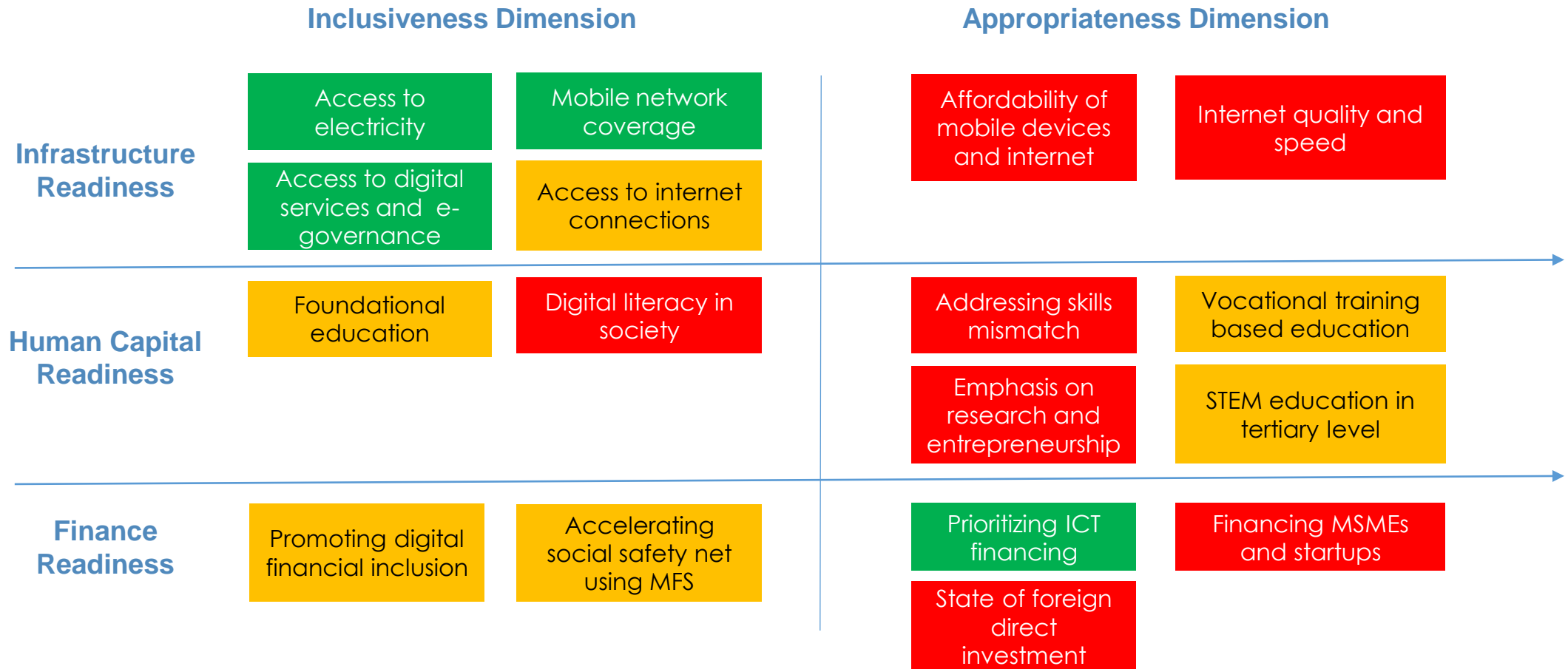
Key Insights: Finance Readiness

- While Bangladesh is prioritizing ICT financing, two areas require significant attention: a) reducing financing barriers for MSMEs and Startups and b) improving business environment to increase FDI flow



Section 2: Closing the Readiness Gaps

Pillar Readiness: Comparative Perspectives



Section 2: Closing the Readiness Gaps

Strategic Actions for Closing the Readiness Gaps

**Ensuring
ubiquitous
access to ICT
infrastructure**

- Ensuring access to the internet for all
- Increasing internet speed across the country

**Human capital
development for
the digital age**

- Ensuring effective foundational education for everyone
- Improving digital literacy in society
- Redesigning curriculum to address skill mismatch
- Strengthening TVET and skills development programmes

Section 3: Strategies for Collaboration and Engagement for the Digital Economy



1 Leveraging Public-Private Partnerships for ensuring ubiquitous access to ICT infrastructure



2 Supporting pro-consumer innovations of tech companies



3 Facilitating Government-Academia-Industry tri-partite collaboration

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