

Enabling Social Innovation in Bangladesh



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Country Snapshot

Social innovation: "the processes and outcomes of developing novel approaches to address societal challenges facing people and planet." ↓

This snapshot represents a descriptive, non-exhaustive overview of key highlights from Bangladesh's social innovation ecosystem.

✓ Direct focus on social innovation 🔗 Connected but indirect focus on social innovation ✗ No focus on social innovation

INSTITUTIONAL FRAMEWORK

Official Definition of Social Innovation 🔗



Bangladesh does not have an official legal definition of *social innovation* or *social enterprise*. The terms are used loosely across NGOs, charities, social businesses, and community initiatives, with no distinct legal or policy status. Consequently, activities linked to social innovation fall under general NGO, cooperative, or corporate regulations .

Government Body for Social Innovation ✓



There is no government unit dedicated specifically to social innovation, nor is there a national strategy or action plan. Innovation is addressed through broader development agendas, for instance through programmes such as **Aspire to Innovate (a2i)**, which, led by the Cabinet Division of the Information and Communication Technology Division, supports digital and public service innovation, and the government-established Palli Karma-Sahayak Foundation (PKSF), which facilitates cooperation between government and non-governmental organisations to promote grassroots development finance—though both have wider mandates.

Social innovation is not explicitly featured in major national plans (e.g., Five-Year Plans, Digital Bangladesh). While related themes such as entrepreneurship or ICT for development appear, there is no coordinated roadmap for building a social innovation ecosystem.

Policies, Laws & Regulations ✓ 🔗



Bangladesh lacks a legal category for social enterprises; organizations must register under traditional legal forms, which do not offer tailored incentives. Registration processes can be time-consuming, and fiscal incentives for social-purpose organizations are narrow compared to regional peers ([Doing Good Index 2024](#)).

Bangladesh Bank's CSR guidelines historically encouraged banks and non-bank financial institutions to spend around 2.5% of net profits on CSR, but current regulations allow them to allocate up to 1% of net profits to CSR, with minimum shares earmarked for education, health, and environment/climate. The [Microcredit Regulatory Authority Act \(2006\)](#) institutionalized microfinance—one of the nation's pioneering social innovations—by formalizing licensing and operational standards. Broader frameworks like the [Cooperative Societies Act](#) (2001) and [Voluntary Social Welfare Agencies Ordinance](#) (1961) provide the basic legal scaffolding for social initiatives.

Official Statistics



No official statistics are collected on social innovation, and the government does not track the number of social enterprises or projects. A British Council [survey](#) estimated around 150,000 organizations could be considered social enterprises based on their activities. Related datasets exist in silos—e.g., 724 licensed microfinance institutions in 2024—but these are not aggregated into a national social innovation metric.

Government Programs



Government-backed programs supporting social innovation are limited. The [Service Innovation Fund](#) (SIF) under a2i finances small-scale public service innovations through an Idea Bank crowdsourcing platform. [Startup Bangladesh](#), a US\$65 million VC fund, invests in several socially oriented startups. PKSF's [LIFT](#) (Learning and Innovation Fund to Test New Ideas) programme provides **a mix of soft loans (with low service charges), grants and, in some cases, equity participation** to pilot innovative livelihood and poverty-alleviation initiatives, with successful models later integrated into PKSF's mainstream programmes. Additional challenge funds exist across ministries, but support remains fragmented and project-based.

ECOSYSTEM

Stakeholders



Bangladesh's ecosystem is historically driven by NGOs, with **BRAC** and the **Grameen organizations** representing globally influential social innovation pioneers. These institutions continue to operate large-scale social enterprises and financial inclusion programs. Surrounding them are ecosystem builders such as the **Yunus Centre** (promoting social business), the **National Advisory Board for Impact Investment**, youth-led networks, and cooperative and NGO federations.

Youth entrepreneurship is a defining feature. YY Ventures has incubated more than 30 social entrepreneurs, generating hundreds of jobs. Toru Institute promotes inclusive innovation through university and community partnerships. International actors—Ashoka, UNDP, USAID, British Council—provide capacity-building, funding, and global networks.

Support Initiatives



Bangladesh has a growing set of incubators, accelerators, and skill-building programs:

- **YY Ventures:** Offers a structured 9-month incubation program focusing on business fundamentals, impact modeling, and investor readiness .
- **Toru Institute:** Provides innovation labs and mentorship; key partner of UNDP's Youth Co:Lab, supporting youth-led startups in biotech, tourism, waste, and agriculture.
- **University Centers:** Daffodil International University's Yunus Social Business Centre (YSBC) (est. 2015) conducts research, competitions, and training .
- **NGO/donor accelerators:** British Council, GIZ, GP Accelerator, and others have run programs enabling impact ventures.

These initiatives provide critical non-financial support—mentorship, networks, and skills—to a landscape where financing is still limited.

Collaboration



Cross-sector collaboration is strengthening gradually. [BRAC's Graduation Model](#) influenced national social protection policy and was later scaled internationally. Bangladesh, through a2i, promotes South–South cooperation on public sector innovation and has signed MoUs with Bhutan, Maldives, and others to exchange knowledge. Multi-stakeholder platforms such as the National Advisory Board for Impact Investment also foster joint policy dialogue. Collaborative responses during crises (e.g., COVID-19, disasters) further highlight growing trust among government, NGOs, and citizen groups.

Events & Awards

Bangladesh hosts key events that spotlight social innovation:

- **Frugal Innovation Forum (BRAC)** – Annual flagship conference on low-cost innovation; 2025 edition focused on climate adaptation in agriculture.
- **Social Business Day (Yunus Centre)** – Global gathering of social business practitioners.
- **Bangladesh Innovation Award – Social Innovation category** – Recognizes innovators such as **10 Minute School**, awarded in 2019.

These platforms strengthen networks, visibility, and cross-pollination of solutions.

FINANCE

Financing Schemes

Funding for social innovation remains nascent and dominated by grants and donations.

Microfinance remains the strongest institutionalized source of social financing. With **700+ MFIs**, microcredit reaches **32.18 million borrowers** (≈90% women) ⁵. Micro Finance Institutions disbursed Tk 2.49 trillion (~\$24B) in FY2023, maintaining near-99% repayment rates [5]. PKSF continues as the apex body, and Micro Finance Institutions have diversified into microinsurance and value-chain financing.

Impact investment is emerging. Since 2013, Bangladeshi startups and impact enterprises have attracted an estimated \$950M [4]. Domestic and international funds (e.g., IDs Capital, Grameen Crédit Agricole) have made early impact investments. New funds—Brick by Brick, Bangladesh Climate Innovation Fund—are small but promising. Startup Bangladesh invests in health tech, recycling, and mental health ventures. Nonetheless, access to impact capital remains limited.

Public and CSR Funds supplement financing. Government innovation and challenge funds support social entrepreneurship on a competitive basis. CSR spending exceeded Tk 6.2 billion in 2023, much of it dedicated to education, health, disaster relief, and sometimes social enterprise partnerships.

Financing Inclusivity

Microfinance is highly inclusive: women make up 90% of clients and rural access has expanded significantly ⁵ PKSF manages special funds for ultra-poor, persons with disabilities, and climate-vulnerable groups. Banks have inclusive lending quotas for SMEs, agriculture, and women entrepreneurs.

Conversely, VC and impact investment ecosystems remain urban and male-dominated. Startup Bangladesh and BYLC Ventures aim to increase support for women-led ventures. International programs (UNCDF, SheTrades) enhance inclusive financial innovation. Despite this, marginalized social innovators still struggle to access early-stage capital.

SOCIETY

Public Awareness of Social Innovation

Public awareness of “social innovation” remains low, although charity and community-based problem solving are deeply embedded in Bangladeshi culture. Millions donate annually due to social, cultural, and religious norms, positioning Bangladesh among the more generous countries globally. Youth engagement, media features on startups, and widely recognized social enterprises (e.g., BRAC, Grameen, 10 Minute School) are gradually mainstreaming the concept.

Research

Research is limited but expanding. Universities (BRAC University, Dhaka University) have begun producing case studies and conferences on social enterprise. BRAC's **Social Innovation Lab** conducts internal experimentation and evaluation. The annual **Social Business Academia Conference** led by the Yunus Centre supports international research exchange. The [British Council's 2016 study](#) remains a foundational dataset mapping the national sector. Data gaps and weak translation of research into policy remain challenges.

Education & Human Capital

Formal integration of social innovation into curricula is limited. DIU's **Yunus Social Business Centre** offers student training and summer schools [8]. BRAC University and Dhaka University include social entrepreneurship courses. Innovation and entrepreneurship clubs, Hult Prize participation, Youth Co:Lab hackathons, and MIT Solve activities significantly contribute to youth capability building. Government programs such as SEIP incorporate entrepreneurship skills for youth.

Entrepreneurship



Business Environment:



Innovation capacity

Bangladesh's business environment is challenging (ranked 106/139 in [Global Innovation Index 2025](#)) with weaknesses in human capital, research, and institutional support. Despite this, entrepreneurial activity—especially among youth—is vibrant: 77% of social enterprises were founded after 2009, and most leaders are under 35. Improvements in SME credit, one-stop business services, university competitions, and co-working spaces have boosted entrepreneurial culture.



Entrepreneurial culture

Social & Environmental Consciousness



Solidarity



Political Participation:



Culture of volunteerism



Sustainability

Bangladesh has strong traditions of community solidarity and volunteerism. Formal volunteer networks (e.g., JAAGO Foundation) have mobilized thousands of youth. Environmental awareness is rising, driven by climate vulnerability and advocacy groups, though national environmental indicators remain low (Environmental Performance Index 2022 ranking: 177/180). Social enterprises