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KOREA STARTUP ECOSYSTEM DEVELOPMENT

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EARLY STAGE (1980s – early 90s)

- Government established some VCs
- Primary sources of funding were loans
- Basic regulations were prepared
- Two ministries governed the VCs
- Privately VCs were established



CRISIS AND OPPORTUNITY (1997-)

IMF Crisis in 1997

- Mass layoffs led to a pool of talented professionals in the job market
- Startups was seen as a new opportunity.

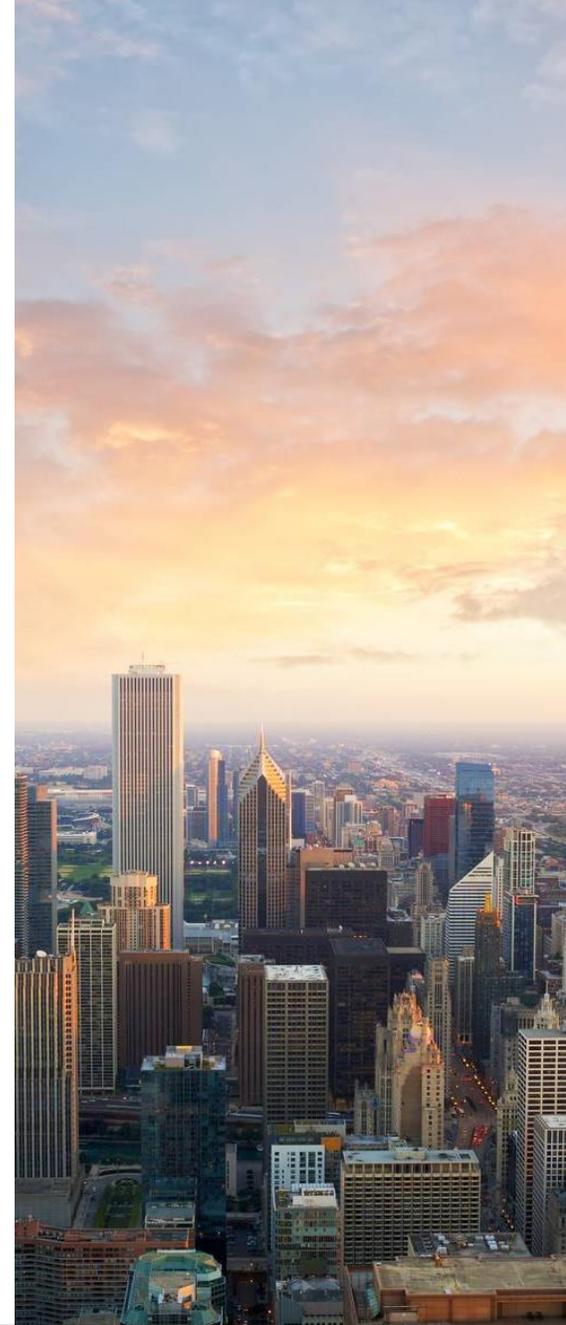
Government's Policy Actions

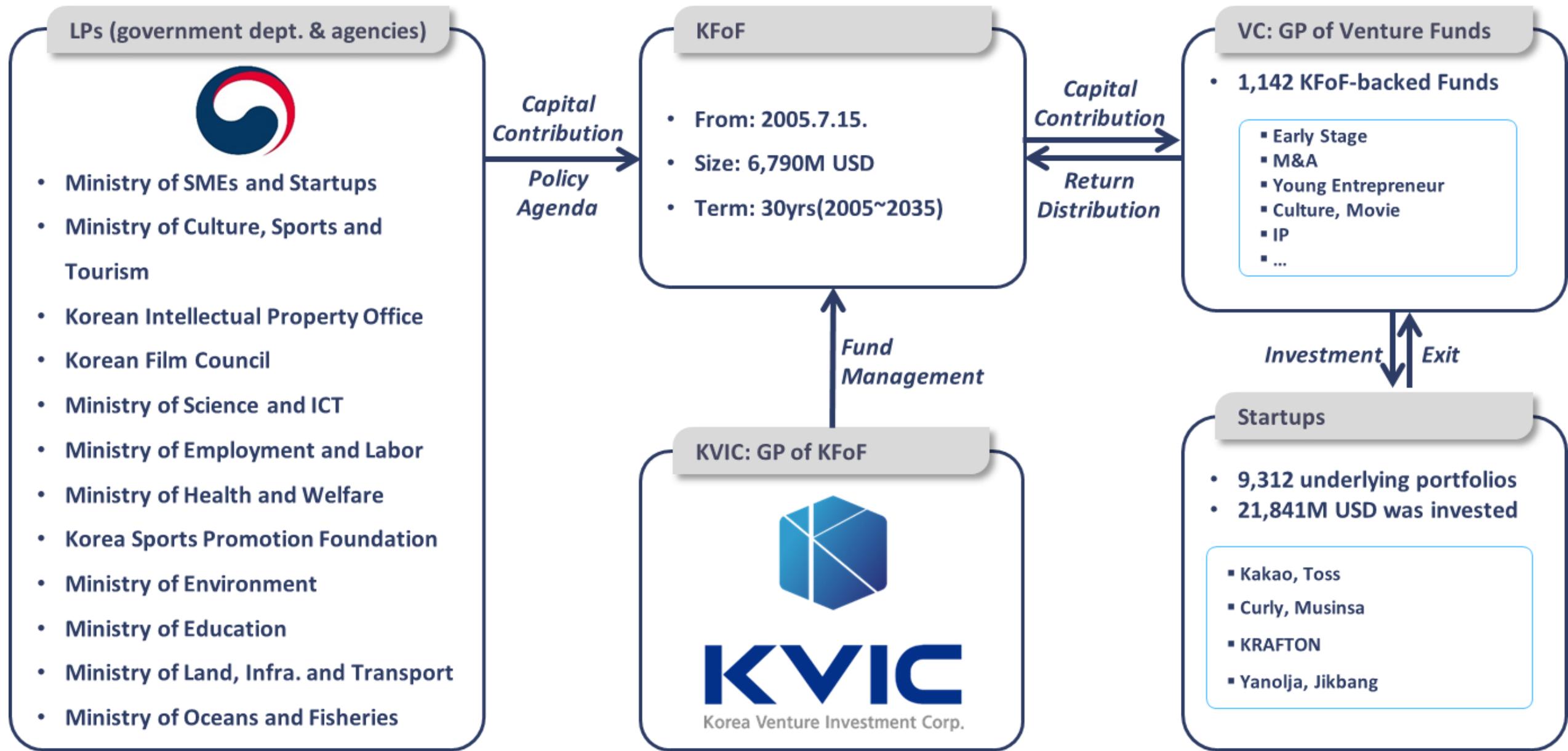
- KOSDAQ was established
- Many VCs were formed, and huge investment made



INSTITUTIONAL SETTING (early 2000s)

- K-FoF (Korea Fund of Funds) as a key instrument (2005) to boost startups
- Korea Venture Investment Corporation (KVIC) as General Partner (GP) to coordinate the government's funding policies





NEW OPPORTUNITY FOR MOBILE (2010s)

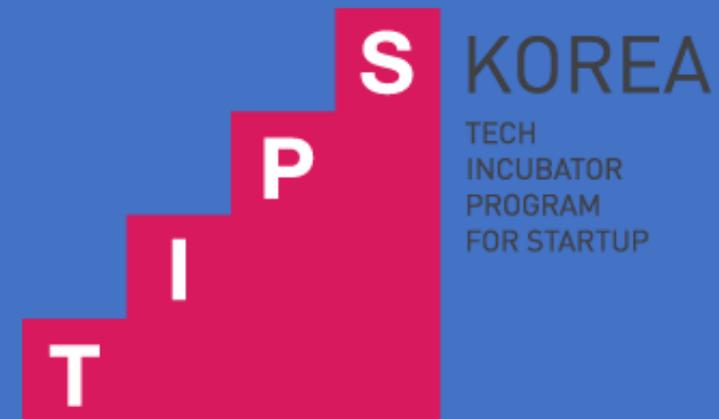
- Smartphones boosted mobile businesses in 2010s
- Rapid expansion on investment to ICT service & early-stage startups.
- TIPS (Tech Incubator Program for Startup) has been successfully nurtured numerous startups (started in 2013) through a matching fund mechanism

Early Startup Package: Tech Incubation Program for Startup (TIPS)

- *To provide matching research and development funds (500k USD and above) and incubation services to selected startups. Supports prototyping, global expansion, marketing and follow-up commercialization.*
- *It encourages more private investment in startups and reduces their financial burden and risk. Startups are selected from a pool of investment proposals, put forward by 112 accredited investors and meet the following criteria:*

To date, TIPS has supported over 2,200 startups, of which 1,100 secured \$12 billion follow-on investment, 11 initial public offerings, and 67 acquisitions.

In 2023 it funded 871 startups.



START-UPS RE-BOOMING (2017-)

- KFoF has increased its budget dramatically overtime since 2017.
- Strategic investment, foreign players, and private equity funds entered the market.
- The COVID-19 pandemic led to increased liquidity.
- Investments lagged for a while, but they soon rebounded and expanded further.



Startup Ecosystem Journey in a Nutshell

- **1997 Asian Financial Crisis** as a trigger:
>> Startups was seen as an opportunity for both investors and Government.
- Creating an **enabling environment**:
Government established support schemes for startups, partnering with angel investors, venture capital firms and large corporates.
- Effective and long-term **partnerships**
with educational institutions and entrepreneurship support organizations (ESOs) that benefitted from public funding for startup initiatives.

THANK YOU