



This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

# Building the Bangladesh Startup Ecosystem & Beyond



# Delegate Information



Syed Javed Noor  
Partner, IDLC VC



Rahat Ahmed  
Partner, Anchorless



Waseem Alim  
Co-founder, Chaldal



Bangladesh Startup Ecosystem

# Introduction



# Drivers of Economic Growth Supported by Digitally Proficient Young Population



**35<sup>th</sup> Largest Economy amidst global unrest shows economic resilience**

**Total GDP**  
**USD 460 Bn**

*Second highest in South Asia 2022*

**GDP per Capita**  
**USD 2,824**

*Surpassing the South Asia Average 2022*

**GDP Growth Rate**  
**6.03%**

*Higher than the South Asia Average 2022-23*



**A growing MAC population and a young, inclusive demographic driving the workforce**

**Median Age**  
**24 Years**

*With 62% under the age of 35 2022*

**Labor Force Participation**  
**61% ; 75 Mn**

*South Asia's average labor force participation (2022) is 52.5%*

**Female Labor Force Participation**  
**42.7% ; 22 Mn**

*Ranks first in South Asia for gender equality*



**Aspiring factors futureproofing the country prospects**

**Annual MAC population growth**  
**10.5%**

*34 MN middle and affluent population By 2025*

**Set to become**  
**23rd Largest Economy**

*By 2041*

**2 Trillion Dollar Economy by 2041**

# Bangladesh Startup Ecosystem

On Track to Hit Total **USD 1 Bn** in Investments by Next Year!

## Track Record Since 2013

The country boasts **more than 2,500 unique startups** supporting more than 1.5 Mn people

**2,500 +**  
Unique Startups  
*With 200+ New Startups  
Each Year (including idea  
to growth stage)*

**USD  
933 Mn +**  
Total Investments  
Raised

**298**  
Global And Local  
Investors  
Invested

**1.5 Mn +**  
Jobs Directly &  
Indirectly  
Created By  
Startups

**750 K +**  
SMEs Digitized &  
Supported By  
Startups

Receiving support from **around 300 investors** through a strong global network and a supportive local investment scene

**377 +**  
Investment Deals  
Made

**USD  
862 Mn**  
Funds From  
Global Sources  
*83% of Total Funds*

**217**  
Deals Led By  
Global Sources  
*55% of Total Deals*

**USD  
71 Mn**  
Funds From Local  
Sources  
*7% of Total Funds*

**178**  
Deals Led By Local  
Sources  
*45% of Total Deals*

Empowering the homegrown ecosystem to make **significant strides in growth and maturity**

**USD 2 Mn**  
Average Deal Size  
*Across All Rounds*

**314**  
Early Stage Deals  
*Grants, Pre-Seed, Seed, &  
Pre-Series A*

**USD 523 K**  
Average Early  
Stage Deal Size  
*Grants, Pre-Seed, Seed, &  
Pre-Series A*

**61**  
Late Stage Deals  
*Series A, Pre-Series B, Series  
B+, and Debt Financing*

**USD 12 Mn**  
Average Late  
Stage Deal Size  
*Series A, Pre-Series B, Series  
B+, and Debt Financing*

# Startups are Shaping the Future of Bangladesh

Catalyzing the Journey towards the Smart Bangladesh

## Impact

## Notable Startup Impacts



### Job Creation



**Pathao**, Bangladesh's super-app, has created over **300,000 jobs** in last eight years, serving **60,000 small businesses** and over **8 Mn users** with services like ride-hailing, food delivery, and digital payments.



### Innovation



**bKash**, Bangladesh's leading mobile financial service with over **45 million registered users**, has fostered financial inclusion by providing access to financial services to the previously unbanked population.



### Economic Inclusion



**iFarmer**, a fintech platform of over **400,000 farmers**, connects retail investors with smallholder farmers, saving each farmer up to **USD 172** annually.



### Tackling Covid-19 Impact



**ShopUp**, a USD 200Mn-backed fintech platform, connects manufacturers to neighborhood shops, serving over **20 Mn people** and accounting for **50% of all e-commerce deliveries** during the pandemic.



### Social Impact



**Chaldal**, the largest grocery eCommerce platform, serves over **2.5 Mn users** and supported over **140,000 refugees** at Cox's Bazar in partnership with World Food Programme.



### Skills Development



**10 Minute School**, the largest edtech platform, teaches over **30Mn students**, providing quality education to even the most remote locations in Bangladesh.



### HealthCare



**Praava Health**, a healthtech startup, is transforming healthcare in Bangladesh by providing quality, patient-centric healthcare services, serving over **500,000 patients** till date.





# 2

Bangladesh Startup Ecosystem

# Government Support

# The ICT Ministry

At the Forefront of Government Efforts

With Three-pronged Approach to Boost Bangladesh's Entrepreneurship Ecosystem



## Cultivating Innovation Ecosystem

- IDEA Project offers grants and mentorship to early-stage startups.
- Startup Bangladesh Limited, the USD 65Mn Gov-Backed VC firm has invested more than USD 7 Mn in 30+ Bangladeshi startups.
- The ICT ministry has established 28 hi-tech parks and incubation centers nationwide through BHTPA.
- The government has improved infrastructure to support nationwide entrepreneurship.



## Creating Entrepreneurial Supply Chain

- a2i has established research and development centers across Bangladesh.
- The BHTPA provides free co-working spaces to startups.
- The ICT ministry promotes industry-academia linkages for employment and skill development.



## Promoting Startup Culture

- The government has mobilized over USD 2.5Mn+ to 385 startups through competitions and programs, such as Bangabandhu Innovation Grant (BIG), iDEATHon, Student 2 Startup, and Startup Compass.
- The a2i program nurtures entrepreneurs through training and mentorship.
- The Bangladesh Computer Council encourages IT and ICT sector innovation through recognition and awards.
- The Smart Bangladesh Accelerator, launched in 2023, incubates early and growth-stage enterprises.





# How the government operates

## PARTNERSHIPS TO SCALE EFFORTS



Accelerator

Grants

Venture Capital

Government backed accelerator program (4-6 month cohort) that aims to support pre-seed/idea-stage startups with necessary mentorship.

Organization under the ICT Division that provides US\$10K grants along with office space in government fascinated Hi-tech Parks to pre-seed/idea-stage startups.

Government backed venture capital fund (US\$65M in authorized capital) that invests in early to growth stage startups.

# Startup Bangladesh Limited

The USD 65Mn Gov-Backed VC Company  
Invested More than USD 7 Mn in 28+ Bangladeshi Startups



*Startup Bangladesh Limited is the first and only flagship venture capital company of ICT Division sponsored by the Bangladesh Government*

## Startup Bangladesh Limited's Portfolio Investments

Achieved 2.5X Valuation and Generated Significant Impact





# 3

Bangladesh Startup Ecosystem

# Core Strengths



# Bangladesh Has Significant Potential For Startup Funding Growth

## To Leapfrog To One Of The Largest Startup Ecosystems In Asia

**Bangladesh has enormous untapped potential to increase its startup investment per capita.** Compared to countries like Singapore, China, and India, Bangladesh's startup funding per capita in 2022 was only USD 0.73, significantly lower than the USD 1,206.31 of Singapore and the USD 14.82 of India. With a GDP of USD 460 Bn, Bangladesh's startup investment as a percentage of GDP was merely 0.27%, indicating significant room for growth.



Country	GDP 2022	GDP per Capita 2022	Startup Investments Raised		Startup Funding per Capita 2022	Startup Investment as a % of GDP 2022
			Till Q3'2023	2022		
Singapore	USD 427 Bn	USD 82,807	USD 4 Bn	USD 7 Bn	USD 1,206.31	1.591%
China	USD 19,170 Bn	USD 12,720	USD 28 Bn	USD 47 Bn	USD 33.28	0.24%
India	USD 3,452 Bn	USD 2,388	USD 8 Bn	USD 21 Bn	USD 14.82	0.60%
Pakistan	USD 369 Bn	USD 1,596	USD 35 Mn	USD 355 Mn	USD 1.51	0.10%
<b>Bangladesh</b>	<b>USD 460 Bn</b>	<b>USD 2,688</b>	<b>USD 53 Mn</b>	<b>USD 125 Mn</b>	<b>USD 0.73</b>	<b>0.27%</b>



Bangladesh Startup Ecosystem

# Challenges and Opportunities

# Importance of Listing Startups in the Stock Market

## Sophisticated Forms of Financing for Startups

- **Access to Capital:** Listing on the stock market provides growth-stage technology companies with access to significant amounts of capital that can be used for scaling operations, research and development, and market expansion.
- **Diversified Funding Sources:** It diversifies funding sources, reducing dependence on a single or a few investors and creating a stable financial structure.
- **Enhanced Credibility:** A stock market listing adds credibility to startups, making it easier for them to attract institutional investors and partners, fostering an environment of trust and stability.

## Attract More Local and Global Investors

- **Broadened Investment Base:** Stock market listings make startups accessible to a wider pool of investors, including global funds, who might not have participated in early-stage funding rounds.
- **Democratization of Wealth:** It democratizes wealth by allowing local citizens to participate in the economic growth and success of homegrown technology companies, fostering a sense of ownership and pride.
- **Capital Mobilization:** Increased local investment can lead to greater capital mobilization for startups, reducing reliance on foreign capital and enhancing the country's economic resilience.

## Exit for Investors

- **Liquidity and Realization of Investments:** Listing on the stock market provides investors with a liquid and regulated platform to sell their shares, allowing them to realize their investments when needed.
- **Diverse Exit Options:** It offers various exit options, including selling shares on the open market, facilitating mergers and acquisitions, or participating in buyback programs initiated by the startup.
- **Increased Confidence:** Investors gain greater confidence in startups when they know there's an exit strategy, encouraging them to invest in early-stage companies and contributing to a more vibrant investment ecosystem.



# Thank You



*Special thanks to Startup Bangladesh Ltd. and Lightcastle partners for the information and slides*