

Bangladesh Startup Investment Report 2023

Bangladesh Startup Summit 2023
Smart Bangladesh Endless Possibilities

Executive Summary

- **USD 460 Bn Economy With Strong Vitals For Growth:** The country has demonstrated economic resilience throughout the COVID-19 pandemic and global unrest. Its **total GDP of USD 460 Bn** is the second-highest in South Asia, and it boasts a **GDP growth rate of 7.1%**, averaging over 5.8% through the COVID-19 pandemic. Additionally, Bangladesh's **GDP per capita of USD 2,688** exceeds the average in South Asia, highlighting its economic potential.
- **Demographic Bulge With A Significant Consumer Market:** Bangladesh has a **population of 171 Mn** people ranking it as the 8th largest in the world, providing a sizable consumer market. Moreover, with a **median age of 28 years** and **62% of the population under the age of 35**, Bangladesh benefits from a young and tech-savvy demographic that drives consumption. Projections indicate that by 2030, Bangladesh's consumer market will be the 9th largest globally.
- **Increasing Inclination Towards Digitization:** With **126 Mn mobile internet subscribers** and a **75% internet penetration rate**, the country is well-positioned for digital innovation. Additionally, **69% of unbanked adults having mobile phones** signifies the potential for mobile financial services to drive financial inclusion. Positive trends in digital finance indicators highlight Bangladesh's robust digital finance ecosystem and its commitment to fostering financial inclusion.
- **Strong Commitment To Startup Ecosystem From The Government Of Bangladesh:** The government of Bangladesh is actively fostering a vibrant startup ecosystem through a range of initiatives and upcoming projects. It has invested in **infrastructure development** to provide a solid foundation for startups, while initiatives like the **Innovation Design and Entrepreneurship Academy (IDEA) project** and **Startup Bangladesh Limited** offer training, mentorship, and financial assistance to aspiring entrepreneurs. Looking ahead, the government is also working on setting up a fund of funds to enhance access to capital for startups, and the implementation of the **Startup National Policy** aims to streamline business and investment processes. These comprehensive efforts highlight Bangladesh's commitment to nurturing innovation, attracting funding, and creating an enabling environment for startups to thrive and drive economic growth.
- **Potential To Reach USD 2.5 Bn a year In Startup Funds By 2030:** Backed by robust government support and a thriving local ecosystem, Bangladesh sets its sights on **nurturing five unicorns by 2025**. With initiatives such as improved ease of doing business, BRICS involvement, and a national startup policy, the country aims to **attract further global investment**. As Bangladesh's GDP per capita surpasses the South Asia average and the economy heads towards its trillion-dollar status by 2030, **startup investment per capita could reach USD 14**, comparable to India's current rate. **With these favorable conditions, Bangladeshi startups have the potential to raise over USD 2.5 Bn a year by 2030.**



Bangladesh: The Story Of A Strong Dynamic Economy Being Further Fueled By Its Resilient Entrepreneurship Ecosystem

USD 460 Bn

Gross Domestic Product (GDP), 2022

Second Highest in South Asia
World Bank

7.1%

GDP Growth Rate, 2022

Sustained Growth Through COVID-19
International Monetary Fund

USD 2,688

GDP Per Capita, 2022

Exceeds South Asia Average World Bank

171 Mn

Total Population, 2022

Eighth Largest In The World
World Bank

9th Largest

Projected Consumer Market by 2030

With A 34 Mn MAC Population
BCG & HSBC

2,500+

Active Startups, 2023

Inclusive Of Startups From Idea To Implementation Stages

USD 909 Mn

Total Startup Funding Raised, 2013-2023

With 66% Of Funds Raised In The Past 4 Years

USD 841 Mn

Funds From Global Sources, 2013-2023

Making Up 93% Of All Funds Raised

377

Total Deals, 2013-2023

With 45% Deals With Local Investors

1.5 Mn +

Jobs Created By Startups, 2023

Supporting 750K + SMEs

Note: The analysis in this report includes disclosed deals only.

*Predicted values

Bangladesh: The Best Kept Secret in Asia

- 01 | The World Is Talking About Bangladesh As An Emerging Force In The Global Economy
- 02 | Today Bangladesh Is Seen As A Powerhouse Demonstrating Strong Macroeconomic Vitals Amidst Global Uncertainties
- 03 | Consistent Economic Growth Drivers Over The Past Decade Have Paved The Way For A Surge In Consumption And Digitization
- 04 | Initiatives In Connectivity, Power, and Urban Infrastructure Have Led To Inclusive Economic Growth And Prosperity
- 05 | The Prime Minister's Pioneering Vision for Smart Bangladesh Has Led To Remarkable Strides in Digitization Across the Country
- 06 | The Innovation Design and Entrepreneurship Academy (iDEA) Project Has Propelled The Local Entrepreneurship Ecosystem To New Heights
- 07 | The 28 Nationwide State-Of-The-Art Hi-Tech Parks Is Building The Nation's Technology Foundation For The Future Of Tomorrow
- 08 | The USD 65 Mn Venture Capital Fund Managed By Startup Bangladesh Limited Created Innovative Solutions And A Booming Entrepreneurship Ecosystem
- 09 | Gearing Up For Smart Bangladesh By 2041 By Facilitating Entrepreneurship Through Innovative Funding Efforts

Today Bangladesh Is Seen As A Powerhouse

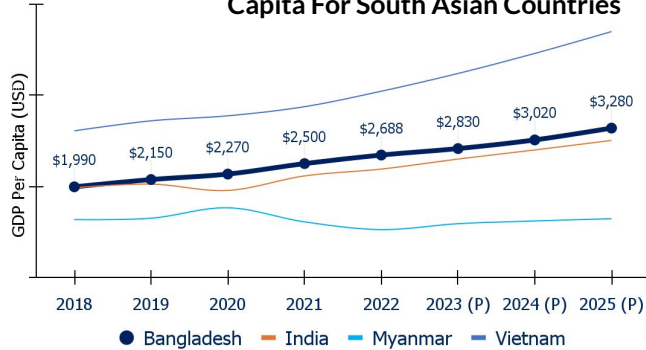
Demonstrating Strong Macroeconomic Vitals Amidst Global Uncertainties

A growing MAC population and a young, tech-savvy demography drives consumption	Population 171 Mn <i>8th largest in the world</i> 2022 World Bank	Median Age 28 Years <i>With 62% under the age of 35</i> 2022 UNESCAP	Projected Consumer Market 9th <i>Largest by 2030</i> 2022 HSBC
Strong vitals throughout the COVID-19 pandemic and global unrest show economic resilience	Total GDP USD 460 Bn <i>Second highest in South Asia</i> 2022 World Bank	GDP Growth Rate 7.1% <i>Averaging over 5.8% throughout the COVID-19 pandemic</i> World Bank	GDP per Capita USD 2,688 <i>Surpassing the average in South Asia</i> World Bank
Enhanced access to mobile phones and improved internet connectivity empowers communities to adopt innovations from startups	Mobile Internet Subscribers 126 Mn 2023 BTRC	Unbanked Adults with Mobile Phones 69% 2021 Findex	Internet Penetration 75% 2022 BTRC
Positive trends across digital finance indicators signals growing financial inclusion across the country	Mobile Accounts Registered for MFS 201 Mn 2023 Bangladesh Bank	Average Monthly MFS Transaction USD 10 Bn 2023 Bangladesh Bank	Annual Growth in MFS / E-Money Payments 25% FY 2022 Bangladesh Bank

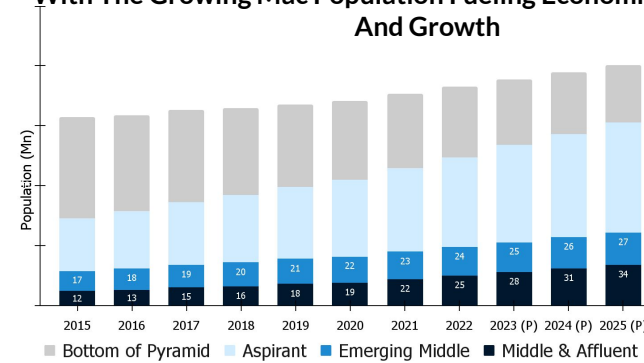
Consistent Economic Growth Drivers Over The Past Decade

Have Paved The Way For A Surge In Consumption And Digitization

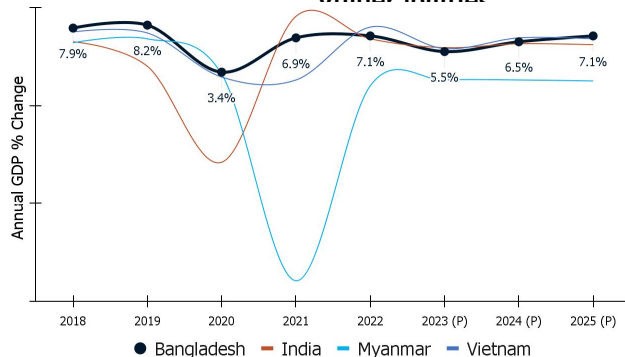
Bangladesh's Gdp Per Capita Surpassed The Average Gdp Per Capita For South Asian Countries



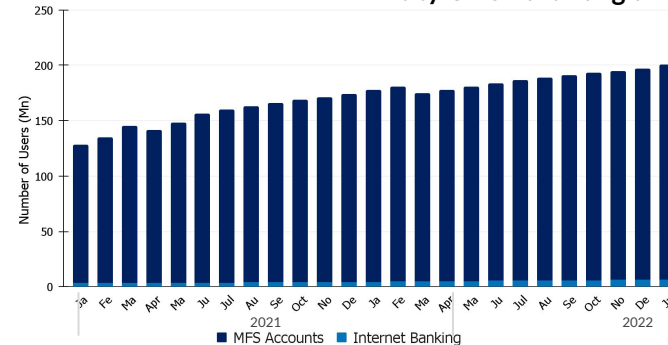
With The Growing Mac Population Fueling Economic Consumption And Growth



The Economy Maintained Consistent Vitals Even Amidst Global Vulnerabilities



With Increasing Appetite And Interventions Towards Digitization And A New Identity Of 'Smart Bangladesh'



Bangladesh As The Next Startup Goldmine

- 01 | Startup Growth Has Been Taking Off All Over the World With Asian Startups Gaining Increasing Global Traction
- 02 | Bangladesh Has Significant Potential For Startup Funding Growth To Leapfrog To One Of The Largest Startup Ecosystems In Asia
- 03 | Bangladesh Is Uniquely Positioned For Investment Opportunities As The Startup Epicenter Of The World Shifts Towards Asia
- 04 | Concerted Efforts from Public And Private Players Is Boosting The Local Startup Ecosystem To Come Of Age
- 05 | Active Government Initiatives And Interventions Have Thrusted Investments Into The Local Startup Scene
- 06 | The Local Startup Ecosystem Is Growing Increasingly Sophisticated And Attracting Global Attention
- 07 | Startups In Bangladesh Are Making Waves Of Impact
- 08 | Raising USD 2.5 Bn In The Year 2030 Is Within Reach With Continued Government Support And Ecosystem Growth

Bangladesh Is Uniquely Positioned For Investment Opportunities

As The Startup Epicenter Of The World Shifts Towards Asia

Emergence of Asia a startup hotspot

- As of 2022, **Asia boasts 327 unicorns**, making up nearly 30% of all unicorns
- Recent unstable financial markets in the West can provide Asian startups with the opportunity to stand out as investors look towards diversifying their portfolios
- The composition of top performers in the startup ecosystem is moving away from North America to Asia and Middle East & North Africa (MENA) countries
- Market valuation of unicorns from Asia stands at **USD 960 Bn**

Aspiring ecosystem activates in Bangladesh

- Educational institutions are creating focused curriculum for integration of technology, producing 5,000+ IT professionals annually
- 28 High tech parks are launched to support startups and innovations
- Ecosystem enablers such as, co-working spaces, competitions, accelerators and incubators have come up in the last 5 years boosting the ecosystem

Government of Bangladesh focusing on ease of doing business

- GoB imposing new policies and pushing special economic zones in accordance to Bangladesh's formal graduation to middle income status in 2026
- Multiple incentives for foreign investments:
 - Tax exemption for up to 15 years for foreign investors
 - No import duties for export oriented sectors
 - Retained earnings treated as new investments
 - Foreign ownership companies can also secure working capital/long term financing from local financial institutions



Strategic Location
at the **Heart of Asia** and the
crux of "Chindia"

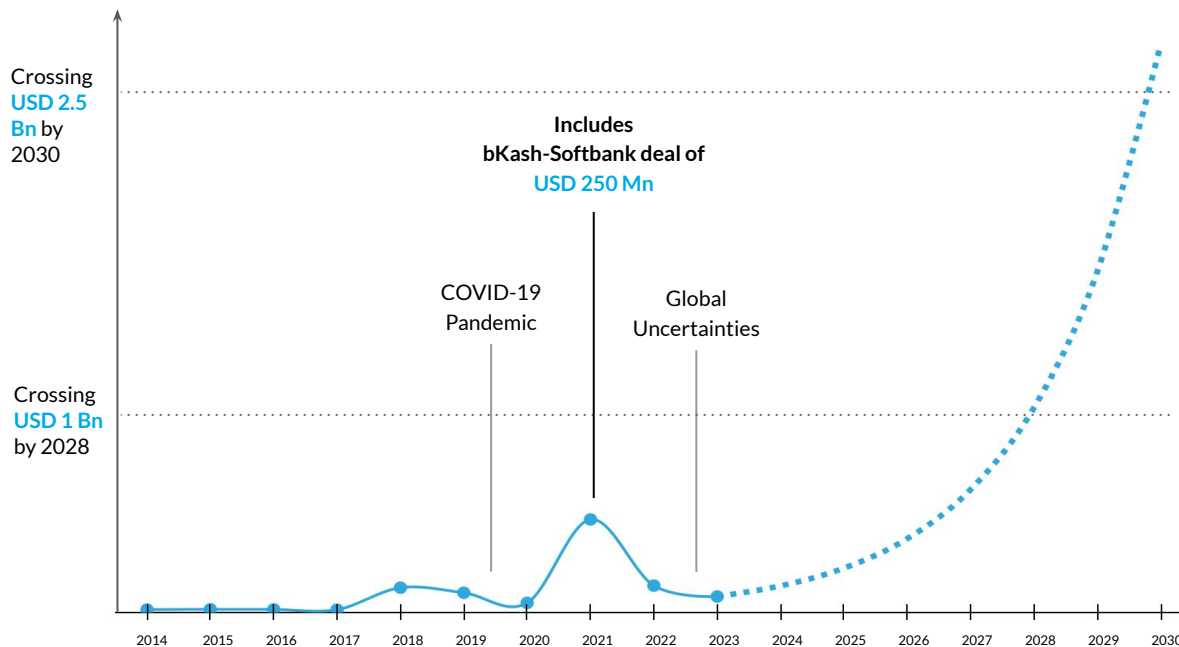
Raising USD 2.5 Bn In The Year 2030 Is Within Reach

With Continued Government Support And Ecosystem Growth

- With strong government support and a thriving local ecosystem, **Bangladesh aims to nurture five unicorns by 2025**
- **Government initiatives**, including ease of doing business, BRICS involvement, and the national startup policy, will boost global investment
- As **Bangladesh surpasses the South Asia average in GDP per capita and heads towards a trillion-dollar economy by 2030**, startup investment per capita could reach USD 14, comparable to India's current rate

With these conditions in place, Bangladeshi startups have the potential to raise over USD 2.5 Bn in the year 2030.

With government support and a growing ecosystem, Bangladesh aims to have five unicorns by 2025, potentially raising over USD 2.5 Bn in the year 2030



Zooming Into The Local Funding Landscape

- 01 | Bangladeshi Startups Raised More Than USD 909 Mn Since 2014 Funnelled Through A Total Of 377 Deals
- 02 | Rising Global Funding And Active Local Involvement Paving The Way For A Flourishing Startup Landscape In Bangladesh
- 03 | Venture Capital Firms Lead With USD 674 Mn Across 132 Deals Followed By Smaller-Ticket Investments By Angel Investors In 119 Deals
- 04 | Early-Stage Investments Dominate Deal Count Demonstrating An Emerging Startup Hub In Bangladesh
- 05 | Financial Services Sector Raised Nearly USD 600 Mn While E-Commerce & Retail Leads In Terms Of Number Of Deals
- 06 | Forging Ahead Requires Continued Resilience To Tackle Arising Global And Local Challenges
- 07 | The Government Of Bangladesh Aims To Build A Smart Bangladesh With A Goal Of Creating Five Unicorns By 2025 And Raising USD 2.5 Bn By 2030

Bangladeshi Startups Raised More Than USD 909 Mn Since 2014

Funnelled Through A Total Of 377 Deals

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)*

1.5 Mn +
Jobs Directly &
Indirectly Created
By Startups

750 K +
SMEs Digitized &
Supported By
Startups

USD 909 Mn
Total Investments
Raised

377
Deals Made

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

298+

**Global And Local
Investors**

USD 841 Mn
Funds From Global
Sources

93% of Total Funds

212
Deals Led By
Global Sources

55% of Total Deals

USD 68 Mn
Funds From Local
Sources

7% of Total Funds

170
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

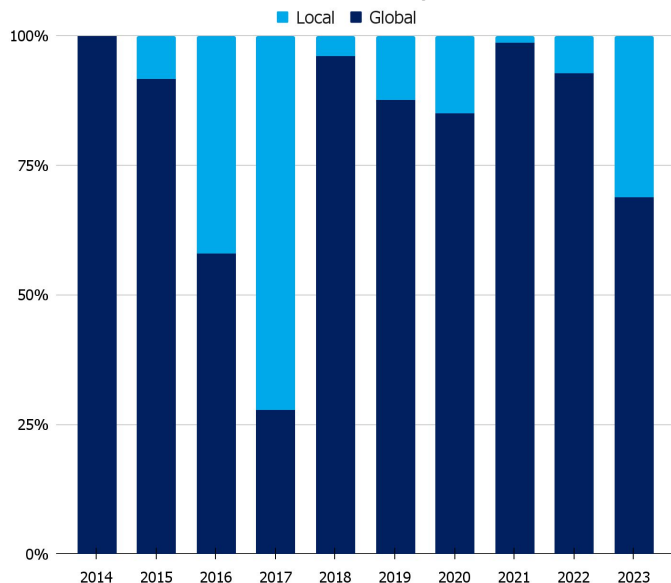
Rising Global Funding And Active Local Involvement

Paving The Way For A Flourishing Startup Landscape In Bangladesh

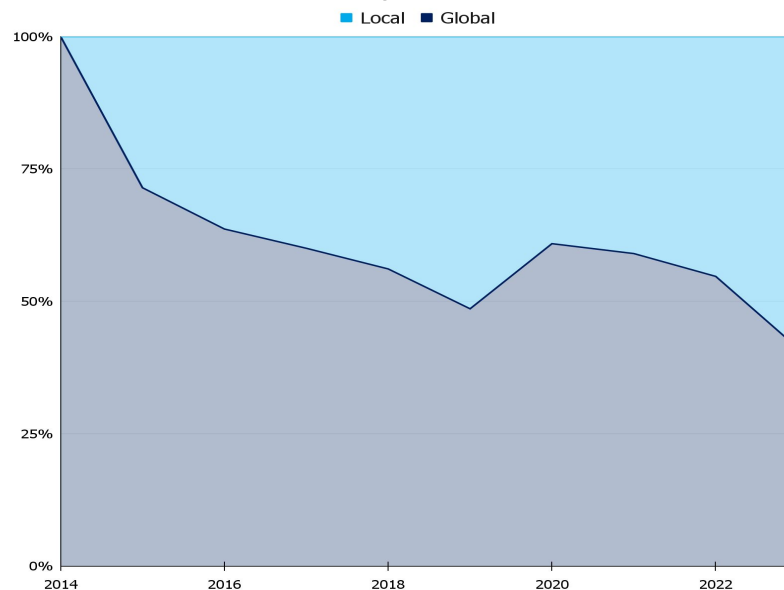
Over the past decade, Bangladesh has experienced a progressive trend of increasing global investments and a developing local investor presence in Bangladesh's startup landscape. Notably, **global investors displayed a growing interest over the years**, and in recent times, spearheaded significant deals involving bKash (USD 250 Mn in 2021) and ShopUp (USD 65 Mn in 2022).

Simultaneously, the country has witnessed the growing involvement of local investors in Bangladesh's startup ecosystem, **showcasing their increasing faith and support towards the country's entrepreneurial ventures**. Local investor contribution has grown from 2 deals in 2014 to an impressive 20 deals in 2023, indicating a tenfold increase over the years.

Deal Amount By Investment Source



Deal Count By Investment Source



USD 65 Mn Flagship Government-Backed Venture Capital Company

Created Innovative Solutions And A Booming Entrepreneurship Ecosystem

- Startup Bangladesh Limited is the flagship venture capital company of ICT Division, established under the visionary guidance of Honourable Prime Minister Sheikh Hasina in March 2020
- The first and only venture capital company sponsored by the government of the People's Republic of Bangladesh has an allocated capital of USD 65 Mn
- The company has already mobilized funding and guidance to more than 30 investments across the country with the vision to promote innovation and entrepreneurship in the country

'We have a very young population and it is getting younger. We have a tremendous workforce that is coming in and joining the labor pool every year. We have to take advantage of this demographic dividend.'

Sajeed Wazed Joy
Information and Communication
Technology Affairs Adviser to the
Honourable Prime Minister



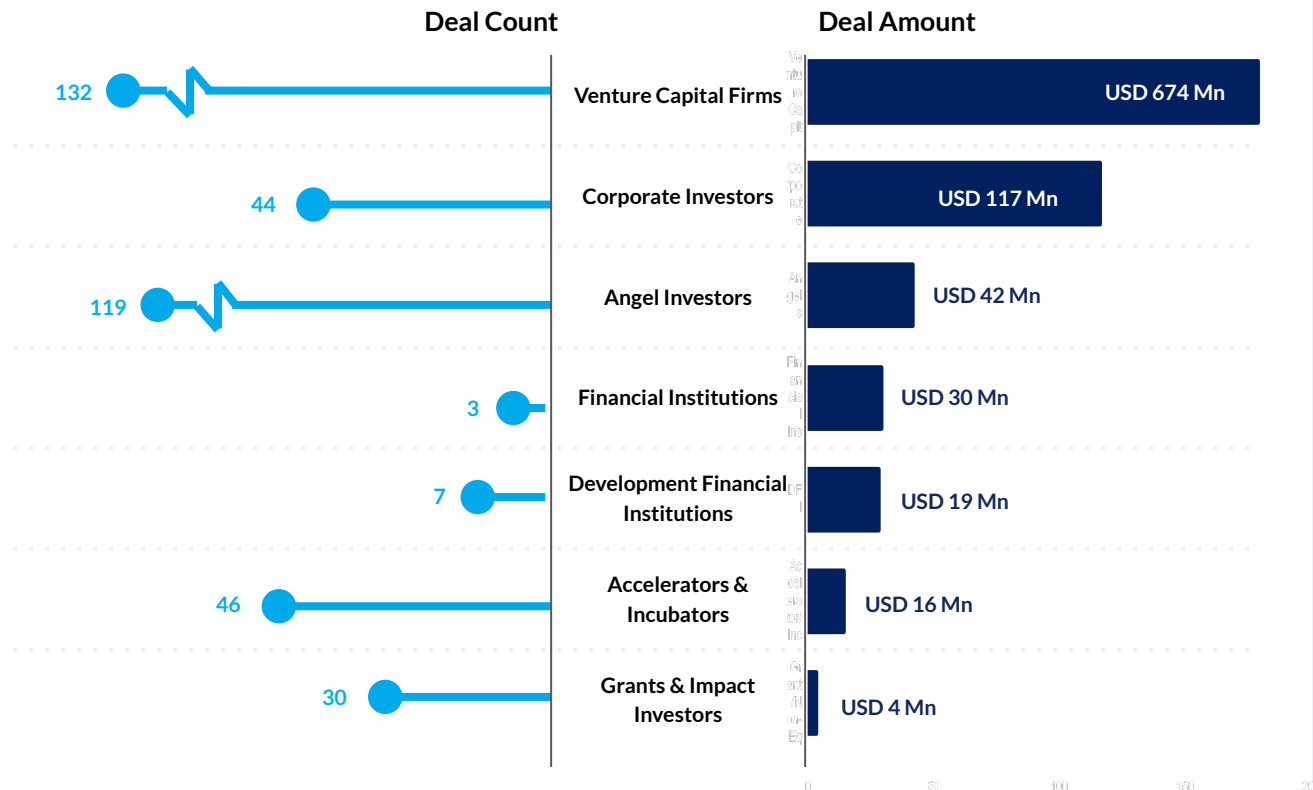
The **flagship venture capital company of ICT Division** has made 30 investments and disbursed more than USD 7Mn



Venture Capital Firms Lead With USD 674 Mn Across 132 Deals






















Followed By Smaller-Ticket Investments By Angel Investors In 119 Deals

- The funding landscape in Bangladesh's startup ecosystem reveals a diverse mix of investors
- Venture Capital firms are on the lead both in terms of total amount invested and deal count
- Notably, angel investors have played a significant role in driving the deal count, indicating their crucial support in nurturing early-stage startups



Notable Global Investors

Global Investors Accounted for 86% of Total Investments in 2022-2023

Global Impact Investor	Global Accelerator/Incubator	Global Corporate Investor	Global Venture Capital
 <p>BRIDHI Scaling Impact Enterprises of Bangladesh</p> <p>Program supporting the impact ecosystem by the Embassy of Switzerland, Roots of Impact, and LightCastle Partners</p>   	 <p>SURGE ➡➡</p> <p>A scale-up program by Sequoia Capital India invested in</p> <p>SHAJGOJ</p> 	 <p>Ecom Express Fulfilling e-commerce and beyond...</p> <p>A leading end-to-end technology enabled logistics solutions provider based in India invested in</p> 	 <p>HYPER</p> <p>A global early-stage venture firm invested in</p> 
Global Venture Capital			
 <p>VERGE</p> <p>An early-stage VC fund investing exclusively in healthcare technology invested in</p> 	 <p>SUSV</p> <p>A global venture capital firm that offers multi-stage investment invested in</p> 	  <p>KEYSTONE CAPITAL</p> <p>Two global asset allocation and fund management firms invested in</p> 	  <p>VALAR</p>  <p>Lendable</p> <p>Two U.S.-based venture capital firms and a UK-based debt provider invested in</p> 

Forging Ahead Requires Continued Resilience To Tackle Arising Global And Local Challenges

- **Global and Local Macroeconomic Challenges:**

Inflation, exchange rate volatility and recessionary phases have made investors more risk-averse, impacting startup investments due to shrinking consumer purchasing power. *(Mitigant: Government is undertaking reforms like removing bank lending rate cap, special lending programs for Startups, dual currency trade with partners to reduce pressure on forex, optimizing balance of payments to rein in inflation while supporting local business growth)*

- **Disruption in the Global Startup Funding Market:**

The failure of major banks for tech startups in the U.S., such as Silvergate Bank, Signature Bank, and Silicon Valley Bank, has had a global impact on startup investments, creating further challenges for the ecosystem. *(Mitigant: Government and ecosystem builders are unlocking local early stage funding. Startup Bangladesh Limited (SBL) - a dedicated USD 65 Mn company by the government is working to unlock local capital)*

- **Limited Human Capital and Resources:**

Limited opportunities for capacity building, especially in rural and marginalized communities, leads to a absence of skilled labour in the market. *(Mitigant: Government has launched multiple capacity building programs for rural and urban youth to augment entrepreneurial, digital and employability skills)*

- **Limited Access to Finance and Support:**

Startups face difficulties in accessing finance, as banks and financial institutions are reluctant to provide loans at feasible rates. Insufficient availability of angel investors and venture capital exacerbates the situation, and female entrepreneurs face additional challenges due to institutional and cultural constraints. *(Mitigant: Government Initiatives like SBL , central bank regulation to support Startups, alternative investment policy by SEC is boosting local funding and contributing towards ecosystem development)*

- **Market Access Challenges:**

Complex supply chains and value chains present obstacles for entrepreneurs, particularly in rural and marginalized areas. *(Mitigant: Government is supporting and leading digitization efforts at public and private level to leverage technology for consolidation and transparency)*

The Government Of Bangladesh Aims To Build A Smart Bangladesh

With A Goal Of Creating Five Unicorns By 2025 And Raising USD 2.5 Bn in a year by 2030

01. With the Government of Bangladesh's consistent focus on building a Digital Bangladesh (now transitioning to Smart Bangladesh), the ecosystem wants to create at least five unicorns by 2025, and has the potential to raise USD 2.5 Bn a year in 2030.
02. As Bangladeshi startups and the ecosystem gains national and international confidence, a significant number of global investors are investing in Bangladesh for the first time - a trend that is forecasted to increase in the coming years.
03. The global economic downturn is predicted to continue for the remainder of 2023, implying that the funding slowdown might continue. However, as global conditions stabilize, startup investments are projected to pick up at the beginning of 2024.
04. The government of Bangladesh's plans for the development of a fund of funds and incorporation of a startup national policy will have significant impact on the startup landscape. The fund of funds will provide easier access to capital, fueling innovation and growth. Meanwhile, the startup policy will create a favorable regulatory environment, attracting talent and driving economic development.

