

The Bangladesh Startup Ecosystem: A Deep Dive into Market Dynamics, Challenges, and Investment Opportunities

Executive Summary

Bangladesh stands at a pivotal juncture, poised for a significant economic transformation into a trillion-dollar economy by 2030. This ambitious trajectory, coupled with a young, digitally adept population and competitive input costs, presents a compelling landscape for startup investment. The ecosystem has demonstrated remarkable growth in recent years, with a burgeoning number of startups and substantial historical capital inflows. However, this promising outlook is tempered by a notable investment downturn in 2023-2024, largely driven by an overreliance on foreign capital and global economic shifts.

This report provides an in-depth analysis of Bangladesh's current startup market exploration, detailing the inherent problems, strategic solutions, and the critical roles of government support, regulatory frameworks, and investment firms. While sectors like fintech and logistics have historically dominated, emerging opportunities in deep-tech and social impact areas are gaining traction. The challenges are multifaceted, encompassing funding gaps, bureaucratic hurdles, infrastructure deficits, and issues of operational maturity. Addressing these requires a concerted effort to foster a robust domestic funding pipeline, implement comprehensive regulatory reforms, bridge the digital divide, and cultivate a highly skilled workforce. The investment landscape, though heavily influenced by international players, is witnessing a gradual strengthening of local capital, which is crucial for long-term resilience. By strategically navigating these complexities, Bangladesh can solidify its position as a dynamic hub for innovation and sustainable growth in South Asia.

1. Introduction: Bangladesh's Emerging Startup Landscape

Bangladesh is undergoing a profound economic transformation, positioning itself as a significant player in the global economy. The nation is on track to achieve a trillion-dollar economy by 2030, a projection that underscores its burgeoning appeal as a prime destination for global investors seeking substantial long-term growth and high returns.¹ This economic ascent is underpinned by several fundamental advantages that collectively create a fertile ground for entrepreneurial ventures.

Economic Context and Demographic Advantages Driving Startup Growth

A cornerstone of Bangladesh's potential lies in its demographic profile. The country boasts one of Asia's youngest and fastest-growing populations, with over 62% of its citizens under the age of 35.¹ This large, tech-savvy, and digitally literate demographic forms a vast potential consumer base and a dynamic workforce eager to embrace entrepreneurship. Complementing this demographic advantage is the nation's rapidly increasing digital penetration. The number of mobile internet users has already surpassed 100 million and is projected to reach 135 million by 2025.⁵ Concurrently, smartphone usage is skyrocketing, with an anticipated 93.3 million users by 2025.¹¹ This widespread adoption of digital technologies creates an expansive and receptive market for innovative mobile applications and services, fueling the digital economy. Furthermore, Bangladesh offers competitive input costs, enhancing its attractiveness as a compelling case for startup investment.¹

The large, young population and high digital adoption are frequently cited as primary drivers for the startup ecosystem's expansion. This suggests an abundant pool of potential consumers and a readily available workforce. However, a closer examination reveals a more nuanced reality. Despite the sheer volume of young people entering the workforce, there is a persistent challenge related to a talent mismatch and a shortage of skilled human resources, particularly for advanced tech roles.⁵ This indicates that while the

quantity of young individuals is an undeniable asset, the *quality* and *relevance* of their skills for the evolving, tech-driven needs of startups present a significant hurdle. Without proactive and targeted investment in education, vocational training, and upskilling programs, the full potential of this demographic dividend may not be realized, potentially becoming a bottleneck for advanced technological innovation

rather than a fully leveraged asset.

Current State and Future Projections of the Bangladeshi Startup Ecosystem

The Bangladeshi startup ecosystem has demonstrated substantial activity and growth over the past decade. Since 2013, it has successfully raised nearly USD 1 billion across more than 470 deals.¹ Projections indicate a continued upward trajectory, with the ecosystem anticipated to attract USD 2.5 billion by 2030.¹ Currently, Bangladesh is home to over 2,500 active startups, which collectively contribute significantly to employment, providing direct and indirect opportunities for approximately 1.5 million people.⁶ The number of startups is projected to reach 1,000 by 2024, marking a remarkable 150% increase from 400 in 2021.¹¹ Reflecting this ambitious growth, the government has set an explicit goal of nurturing at least five unicorn startups—companies valued at over \$1 billion—by 2025.⁶

Despite these promising indicators and ambitious targets, the ecosystem has recently experienced a notable investment downturn. After peaking at \$435 million in 2021, total funding plummeted to \$72 million in 2023, and further to \$44.5 million in the first half of 2024.¹² The total funding for 2024 amounted to \$41.3 million across 37 deals, representing a 41% year-on-year decline.¹⁵ This sharp contraction in funding presents a paradox: a rapidly growing number of startups and ambitious future projections are juxtaposed against a significant reduction in capital inflow. This situation suggests that the ecosystem's rapid expansion in terms of startup formation and digital adoption has been disproportionately reliant on external, often volatile, foreign capital. When global macroeconomic conditions shift, such as rising interest rates in the US, or when investor preferences change, like the pivot towards AI largely concentrated in developed markets, the overdependence on foreign funding leads to a sharp and immediate reduction in investment, exposing the fragility of the local funding pipeline. For sustainable and resilient growth, the ecosystem requires a robust domestic funding pipeline and diversified investment strategies to mitigate the impact of global economic shocks and shifts in international investor sentiment. This approach would effectively de-risk the ecosystem from external volatility.

Key Sectors Attracting Innovation and Investment

Innovation is flourishing across several key sectors within Bangladesh's startup ecosystem. Fintech, logistics, healthcare, and e-commerce have emerged as particularly dynamic areas.¹ Historically, financial services have been the undisputed magnet for startup capital over the past decade.¹ Bangladesh's robust digital finance ecosystem, characterized by over 239 million mobile financial service users, provides an exceptionally fertile landscape for the continuous emergence and growth of innovative financial technology models.¹

The logistics and mobility sectors have also demonstrated significant traction and attracted substantial investment, with capital inflows into these areas rising by an impressive 139% in 2024.¹ E-commerce and retail continue to attract significant investment, propelled by the surge in digital adoption observed post-pandemic.¹ Healthcare is another key area for startup funding, witnessing the emergence of innovative platforms aiming to improve the accessibility and delivery of health services.¹

While these sectors lead in attracting capital, other critical areas such as education, agritech, and enterprise tech have received comparatively less attention.¹ This disparity is often attributed to factors like weaker investment readiness, longer gestation periods, and less clear exit paths within these segments. However, there is a growing recognition of their potential. The Bangladesh Investment Summit 2025 specifically highlighted renewable energy, digital economy, textile and apparel, healthcare and pharma, and agro-processing as high-potential sectors for future investment.¹⁸ A rising trend points towards deep-tech sectors, including agritech, healthtech, and cleantech, which are gaining importance, particularly given Bangladesh's inherent vulnerabilities to climate change and food insecurity.⁸ Artificial Intelligence (AI) is also recognized as essential for driving innovation and achieving Bangladesh's 2030 economic goals, with significant potential applications across fintech, logistics, and public systems.¹⁹

The following table summarizes key metrics of the Bangladesh startup ecosystem, providing a quantitative overview of its current state and projected growth:

Table 1: Bangladesh Startup Ecosystem Key Metrics (2021-2025)

Metric	2021	2023	H1 2024	2024 (Total)	2025 (Projected)	2030 (Projected)
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Number of Startups	400	1,200+	-	1,000	-	-
Total Funding Raised (USD Million)	435	72	44.5	41.3	-	2,500
Internet Users (Million)	102.1	-	-	-	135	-
Smartphone Users (Million)	61	-	-	-	93.3	-
Mobile Financial Service Users (Million)	-	-	-	239	-	-

Sources: ¹

2. Current Market Exploration and Startup Dynamics

Bangladesh's startup landscape is characterized by dynamic market exploration, driven by a confluence of demographic advantages, increasing digital adoption, and a growing entrepreneurial spirit. This section delves into the ecosystem's growth drivers, profiles of leading startups, and a deep dive into key sectors and emerging trends.

2.1 Ecosystem Growth and Key Drivers

The Bangladeshi startup ecosystem has witnessed remarkable growth, now hosting

over 2,500 active startups that collectively provide direct and indirect employment to approximately 1.5 million people.⁶ This expansion is largely propelled by the country's young and tech-savvy population, a rapidly expanding internet user base projected to reach 135 million by 2025, and soaring smartphone usage, expected to hit 93.3 million by the same year.¹¹ Increased funding, which reached \$194 million in the last year (as of December 2024), further underscores growing investor interest.¹¹ Sarah Wilson, Managing Director at Startup Bangladesh Limited, aptly describes this growth as "a perfect storm of factors - rising digital adoption, a young tech-savvy population, and increasing investor interest".¹¹

This growth has led to the emergence of several prominent startups that are actively exploring and shaping various market segments.

Profiles of Leading Startups and Their Market Impact:

- **ShopUp:** This startup is a significant force in transforming the e-commerce landscape for small businesses across Bangladesh. It secured a substantial \$65 million in Series C funding from investors like Valar Ventures and Flourish Ventures, bringing its total funding to \$124.6 million. ShopUp supports over 2 million entrepreneurs and 150,000+ retailers, demonstrating extensive national reach with operations across all 64 districts of Bangladesh. The company reported a 150% year-over-year revenue growth and a Gross Merchandise Value (GMV) of \$1.6 billion in 2023, with ambitious plans to expand to 700 distribution hubs by 2025.¹¹
- **Pathao:** A leading ride-sharing application in Bangladesh, Pathao boasts over 25 million users and handles an impressive 1 million rides daily, commanding a 67% market share in the ride-hailing sector. Beyond ride-hailing, Pathao has successfully diversified into logistics and food delivery, projecting a 35% increase in this sector for 2024. It facilitates over 200,000 deliveries daily using advanced logistics technology. Its services include Pathao Food (40% market share in online food delivery), Pathao Parcel (50,000+ parcels daily), and Pathao Tong (a mobile wallet for digital payments). Industry analysts predict Pathao's valuation to exceed \$1 billion by the end of 2024.¹¹
- **bKash:** A dominant force in Bangladesh's mobile money sector, bKash has 75 million registered users in 2024, making it the top mobile financial service provider. It has expanded mobile money usage to 32% of Bangladeshi adults, up from 13% in 2014. bKash processed \$20 billion in transactions in 2023 and

maintains extensive partnerships with 17 banks and 250,000 agents. Notable new services include bKash AI for customer support, bKash Payroll for digital payroll, and bKash Remittance for international money transfers.¹ A significant high-value investment was SoftBank's \$250 million deal with bKash in 2021, highlighting global confidence.¹

- **Sheba.xyz:** This service marketplace connects users with verified professionals for a wide array of daily needs, from appliance repairs to car servicing, and also facilitates ordering household essentials. Sheba.xyz has facilitated over 1.5 million service bookings, raised \$52 million in funding, and serves 2.5 million active users with over 25,000 service professionals.¹¹
- **Chaldal:** An online grocery platform, Chaldal serves 50,000 households and 200 businesses, delivering over 2,000 orders daily. It secured \$10 million from investors like Startup Bangladesh Limited and Mitraa Ventures in 2022 and plans to expand to 10 more cities by the end of 2024. Chaldal offers over 30,000 products, flexible delivery options, and AI-powered product recommendations.¹¹
- **Alice Labs:** Specializing in AI and customer service automation, Alice Labs offers an AI virtual assistant that understands and responds to customer queries. It serves over 200 clients, including major telecom and finance companies, achieving an 85% customer satisfaction rate with its AI tools. Alice Labs notably helped Shohoz reduce customer support costs by 40%, handle queries with 90% accuracy, and boost customer retention by 25%.¹¹
- **Truck Lagbe:** Launched in 2017, Truck Lagbe is revolutionizing Bangladesh's transport sector through a mobile app and website for finding and booking trucks. It has facilitated over 500,000 trips and works with major companies like Unilever and Banglalink. Its market share in logistics grew by 35% last year.¹¹
- **Paperfly:** Established in 2016, Paperfly is a logistics company providing door-to-door delivery services and e-commerce logistics solutions. It leverages technology for real-time tracking and AI for optimizing delivery routes, with a nationwide reach across 64 districts and handling over 1.5 million monthly deliveries.¹¹

The government's ambitious goal of fostering five unicorn startups by 2025, supported by the projection of Pathao exceeding a \$1 billion valuation and bKash already valued near \$2 billion, clearly demonstrates the ecosystem's capacity to produce large, successful players. However, this success at the top tier contrasts sharply with the overall funding decline and the observation that most of the 1,200+ startups remain stuck in early stages, struggling to scale.¹² This indicates a highly concentrated market where a few dominant players capture the lion's share of capital and attention. This funding pattern, if not balanced with robust support for early and

growth-stage companies, could stifle broader innovation and lead to a "winner-take-all" dynamic, where promising ventures fail to secure the necessary capital to mature, ultimately hindering the overall breadth and sustainability of the ecosystem.

The following table provides a summary of these top-performing startups:

Table 2: Top Performing Startups in Bangladesh (2024-2025)

Startup Name	Primary Sector(s)	Key Achievements/Market Share	Total Funding (if available)	Notable Investors (if available)
ShopUp	E-commerce, Logistics	2M+ entrepreneurs, 150k+ retailers, 64 districts, 150% YoY revenue growth, \$1.6B GMV (2023)	\$124.6M	Valar Ventures, Flourish Ventures
Pathao	Ride-hailing, Logistics, Food Delivery	25M+ users, 1M rides/day, 67% ride-hailing market share, 200k+ deliveries/day, 40% food delivery market share	\$26.8M (from Anchorless Bangladesh, RC Ventures)	Go-Jek, Anchorless Bangladesh, RC Ventures
bKash	Mobile Financial Services	75M registered users, top MFS provider, 32% adult usage, \$20B transactions (2023)	\$250M (SoftBank deal)	SoftBank, Gates Foundation, Ant Financial
Sheba.xyz	Service Marketplace	1.5M+ service bookings, 2.5M active users, 25k+ service professionals	\$52M	-

Chaldal	Online Grocery, Logistics	50k households, 200 businesses, 2k+ orders/day, 30k+ products	\$30.3M (from Bangladesh Venture Capital, Razor Capital)	Startup Bangladesh Limited, Mitraa Ventures, International Finance Corporation
Alice Labs	AI, Customer Service Automation	200+ clients, 85% CSAT, 40% reduction in customer support costs for Shohoz	\$500K (from Anchorless Bangladesh)	Anchorless Bangladesh
Truck Lagbe	Logistics	500k+ trips, 35% market share growth in logistics	\$10.3M (from RC Ventures)	Unilever, Banglalink, bKash
Paperfly	Logistics, E-commerce Logistics	Nationwide reach (64 districts), 1.5M+ monthly deliveries, 35% CAGR	-	Daraz, Chaldal
SureCash	Fintech	1.2M+ active users, 2.5M+ transactions with educational institutions	\$6.5M	-
Dhaka Cast	Healthcare	360-degree solutions for diabetic patients (online consultations, home services)	-	Smart Bangladesh Accelerator, Grameenphone Accelerator, Bangladesh Angels Network, Startup Bangladesh

Sources: ¹¹

2.2 Sectoral Deep Dive and Emerging Trends

The Bangladeshi startup ecosystem is characterized by distinct sectoral strengths and evolving trends, reflecting both market needs and global shifts.

- **Fintech:** This sector remains the primary magnet for startup capital in Bangladesh, a position it has held for the past decade.¹ The country's robust digital finance ecosystem, supported by its vast mobile financial service user base, provides a highly fertile landscape for the continuous emergence and growth of innovative financial technology models.¹ Success stories like bKash exemplify the sector's immense potential and transformative impact on daily transactions.¹¹
- **Logistics & Mobility:** These sectors have demonstrated significant traction and attracted substantial investment, with investments rising by an impressive 139% in 2024.¹ Key players like Pathao and Truck Lagbe are driving innovation and efficiency in this space, addressing critical infrastructure gaps and improving supply chain dynamics across the nation.¹¹
- **E-commerce & Retail:** This sector continues to attract significant investment, propelled by the surge in digital adoption observed post-pandemic and the burgeoning consumer market.¹ Companies like ShopUp and Chaldal are prominent examples of successful market exploration and expansion within this domain.¹¹
- **Healthcare:** Identified as a key area for startup funding, the healthcare sector is witnessing the emergence of innovative platforms like Aroga and Dhaka Cast, aiming to improve accessibility and delivery of health services, particularly for chronic conditions like diabetes.¹
- **Emerging Opportunities & Deep-tech:** While fintech and logistics have historically dominated, other critical sectors such as education, agritech, and enterprise tech have received comparatively less attention.¹ This is often attributed to factors like weaker investment readiness, longer gestation periods, and less clear exit paths within these segments. However, there is a growing recognition of their potential. The Bangladesh Investment Summit 2025 specifically highlighted renewable energy, digital economy, textile and apparel, healthcare and pharma, and agro-processing as key sectors for future investment, signaling a broader diversification of focus.¹⁸

A rising trend points towards deep-tech sectors, including agritech, healthtech, and cleantech, which are gaining importance, particularly given Bangladesh's inherent vulnerabilities to climate change and food insecurity.⁸ Startups like iFarmer serve as

compelling examples of targeted innovation addressing these critical national challenges.⁸ Artificial Intelligence (AI) is also recognized as essential for driving innovation and achieving Bangladesh's 2030 economic goals, with significant potential applications across fintech, logistics, and public systems.¹⁹ Startups such as Alice Labs are already demonstrating the practical application and benefits of AI in the Bangladeshi market.¹¹

High internet and smartphone penetration are consistently cited as major growth drivers, implying a vast accessible market. However, concurrently, there are observations of "poor internet reliability outside major cities," "digital payment adoption challenges," and weak digital infrastructure in rural areas.⁵ This creates a tangible digital divide. Simultaneously, while sectors like fintech and logistics are dominant, critical areas such as agritech and healthcare receive less attention¹, partly due to longer gestation periods and unclear exit paths. The existing digital infrastructure deficit outside metropolitan areas directly limits the market reach and operational efficiency of startups, particularly those aiming for national impact or engagement with rural populations. This infrastructural barrier, combined with the inherent characteristics of certain sectors (e.g., longer timelines for agritech, which often targets rural markets), contributes to their weaker investment readiness and lower attractiveness, leading to a sectoral disparity in funding and market exploration. To truly unlock the full potential of Bangladesh's startup ecosystem and foster inclusive growth, especially in sectors critical for national development like agritech and healthcare, bridging the digital divide and investing in robust rural digital infrastructure is paramount. This would not only expand the addressable market for existing startups but also attract more diverse investments into currently underserved but high-potential sectors, fostering a more balanced and resilient ecosystem.

3. Challenges Hindering Startup Growth in Bangladesh

Despite its promising growth trajectory and a vibrant entrepreneurial spirit, Bangladesh's startup ecosystem faces several significant challenges that impede its full potential and sustainable development. These challenges span funding, regulatory frameworks, infrastructure, talent, and operational maturity.

3.1 Funding Gaps and Investment Climate

A critical vulnerability of Bangladesh's startup ecosystem is its overwhelming reliance on foreign capital. A staggering 92% of total funding raised by startups since 2013 has originated from international investors.¹ While this influx indicates strong global confidence in Bangladesh's innovation potential¹, it simultaneously reveals an overdependence that renders the ecosystem highly susceptible to global economic fluctuations and shifts in international investor sentiment.¹

The ecosystem has recently experienced a sharp and significant decline in investment. Funding plummeted from a peak of \$435 million in 2021 to \$72 million in 2023, and further to a mere \$44.5 million in the first half of 2024.¹² Total funding for 2024 declined by 41% year-on-year to \$41.3 million across 37 deals.¹⁵ This severe downturn has forced many early-stage startups to cut operations, delay launches, or shut down entirely.¹² The primary drivers for this decline include a global slowdown in venture funding, rising interest rates in the United States, and a significant shift in investor focus from traditional sectors like e-commerce, fintech, and logistics towards Artificial Intelligence (AI), with AI investments largely concentrated in developed markets.¹⁴ Compounding this is a weak domestic funding pipeline that is currently insufficient to compensate for reduced foreign capital.⁸

A disproportionate share of startup funding has historically gone to Series B and later-stage rounds, accounting for over half of total funding.¹ This creates a widening gap at the early and growth stages, where promising startups often lack the operational maturity or governance structures required to secure meaningful capital.¹ Early-stage investments notably declined by 57% year-on-year to \$13 million in 2024, highlighting this imbalance.¹⁵ A significant hurdle is the scarcity of robust domestic venture capital funds.⁶ Many entrepreneurs are thus forced to depend heavily on foreign investors or rely on personal savings and family resources for initial growth.⁶ Local investor participation saw a drastic 95% year-on-year shrinkage in 2024, underscoring the severity of this domestic funding gap.¹⁵

Investors frequently cite the lack of clear exit options, such as mergers and acquisitions (M&A) or Initial Public Offerings (IPOs), as a key reason for their caution and reluctance to commit significant capital.¹ Without clear pathways for liquidity, large-scale capital remains hesitant.¹ Bangladesh has yet to witness a major liquidity event that could signal maturity and encourage further investment.¹⁴ The overall investment climate is characterized by caution from investors, stemming from a

perceived lack of reliable market data and inconsistent regulatory frameworks.¹²

The ecosystem's over-reliance on foreign capital creates a structural vulnerability. When external economic conditions become unfavorable or global investor strategies shift, the flow of capital into Bangladesh is disproportionately impacted, leading to a severe funding downturn. This, in turn, directly forces early-stage startups, which are most susceptible to funding gaps, to struggle or even shut down, hindering overall ecosystem development. While foreign investment is a vital catalyst for emerging markets, it cannot be the sole or primary foundation for sustainable growth. The current situation underscores the urgent need for Bangladesh to cultivate a robust, resilient, and multi-stage domestic funding ecosystem. This would reduce external dependency, provide a more stable capital base, and enable the ecosystem to withstand global economic shocks more effectively, fostering long-term stability and self-sufficiency.

3.2 Regulatory and Bureaucratic Hurdles

New entrepreneurs are frequently discouraged by the complexity of company registration, ambiguity surrounding tax policies, and pervasive bureaucratic barriers.⁵ Administrative processes related to acquiring licenses, permits, and filing taxes remain cumbersome and time-consuming.⁶ Startups face significant difficulties with access to seamless cross-border payments and the complexities of receiving foreign remittances through legal channels.⁸ Bangladesh's non-convertible capital accounts specifically make it challenging for foreign investors to repatriate profits, thereby discouraging substantial resource commitment.¹⁴

To circumvent these restrictive local regulations, many Bangladeshi startups are compelled to register their entities abroad, often in jurisdictions like Singapore.¹⁴ This practice, while enabling access to global markets and investment, complicates the local investment landscape and can lead to a disconnect between the operational base and legal domicile.¹⁴ Recently, Bangladesh Bank has allowed startups to establish legal entities abroad with an amount up to \$10,000, a small but symbolic step towards easing these restrictions.²¹ The inconsistency of regulatory frameworks is a frequent concern cited by investors as a reason for their caution.¹² Furthermore, the absence of a robust intellectual property (IP) framework is likely to hamper innovation and deter investment in IP-intensive ventures.⁸ Critics argue that while government-backed initiatives provide some capital, their overall pace and scale

remain insufficient to address the ecosystem's comprehensive needs.¹²

Onerous, inconsistent, and non-transparent regulatory frameworks directly increase the cost, complexity, and risk associated with doing business and investing in Bangladesh. This deters both foreign capital (due to repatriation issues and lack of clear exit pathways) and local entrepreneurs (due to the bureaucratic burden and uncertainty). The resulting capital flight (startups registering abroad) and diminished investor confidence create a negative feedback loop that stifles innovation and limits the overall growth potential of the ecosystem. Regulatory reform is not merely an administrative convenience; it is a fundamental prerequisite for attracting and retaining both domestic and international capital. A streamlined, transparent, and entrepreneur-friendly regulatory environment is essential to de-risk the ecosystem, encourage investment, and prevent the "brain drain" of entrepreneurial talent and capital to more favorable jurisdictions. Without significant reforms, even promising startups will struggle to scale sustainably and compete effectively on a global stage.

3.3 Infrastructure and Talent Deficiencies

Despite growing digital penetration, poor internet reliability outside major cities and persistent challenges with digital payment adoption significantly hinder startups' ability to operate effectively at a national level.⁵ Many rural entrepreneurs, in particular, lack access to stable internet or digital banking facilities, limiting their market reach and operational efficiency.⁵ The lack of a robust and reliable logistics infrastructure, especially for last-mile delivery in diverse geographical areas, represents another major bottleneck for startups, particularly those in e-commerce and supply chain solutions.¹²

While Bangladesh boasts a promising pool of young professionals, the talent pool suffers from a significant mismatch. Many young graduates often lack the practical experience, necessary soft skills, problem-solving abilities, or require substantial upskilling to meet the dynamic demands of startups.⁵ Institutional training in advanced areas such as AI, IoT, and blockchain is still limited, resulting in a notable shortage of skilled professionals essential for tech-driven startups.⁶ The weak connectivity between universities and industry further exacerbates this problem.⁵ The intense "talent wars" within the local market, coupled with limited opportunities for advanced skill development and competitive compensation, contribute to a growing challenge of

brain drain, where skilled professionals seek opportunities abroad.⁸

Deficiencies in core digital infrastructure directly restrict the operational reach and efficiency of startups, particularly those aiming for national penetration or rural engagement. This, combined with a persistent talent gap and skill mismatch, creates a compounding effect that severely hinders market exploration, product development, and national scaling efforts, even for innovative ideas. The lack of skilled personnel means that even if the infrastructure were perfect, there would not be enough people to build and maintain the necessary tech solutions. Addressing these challenges requires a holistic and integrated approach. Infrastructure development, particularly in rural and underserved areas, must go hand-in-hand with comprehensive talent development programs (including both institutional training and practical upskilling). This dual focus is essential to ensure that Bangladeshi startups can both effectively reach their target customers across the nation and possess the skilled human capital necessary to build, innovate, and scale their products and services sustainably. Without this integrated strategy, the ecosystem's growth will remain geographically concentrated and talent-constrained.

3.4 Market Trust and Operational Maturity

Bangladeshi startups frequently encounter credibility issues, not only with potential investors but also with customers and partners. This can stem from a lack of transparency or inconsistent performance.¹ A significant challenge for startups is their limited financial sophistication. This includes a lack of formalized bookkeeping, underdeveloped financial models, and opaque cost structures, which collectively make it difficult to secure non-equity capital like debt or revenue-based financing.¹

Many startups tend to prioritize rapid user acquisition, growth, and valuation metrics excessively, often at the expense of developing sustainable and profitable business models.⁶ This short-term, "burn-heavy" approach can erode investor confidence over time, especially as investors become increasingly risk-averse and funding avenues tighten.⁶ Startups frequently operate based on founder-led improvisation rather than adopting the structured discipline and robust governance frameworks characteristic of high-growth companies.¹ This lack of formalized governance can deter institutional investors.

The following table summarizes the key challenges and corresponding strategic

solutions necessary for the sustained growth of Bangladeshi startups:

Table 3: Key Challenges and Strategic Solutions for Bangladeshi Startups

Challenge Category	Specific Challenge Identified	Corresponding Strategic Solution
Funding & Investment Climate	Overdependence on Foreign Funding	Develop a Robust, Multi-stage Local Funding Pipeline
	Recent Investment Downturn	Diversify Funding Sources (Angel, Blended Finance, Govt. Funds)
	Concentration in Late-Stage Rounds	Increase Support & Capital for Early and Growth Stages
	Scarcity of Domestic VC Funds	Establish a Public-Private Fund of Funds
	Limited Exit Options	Reform Capital Markets to Enable Secondary Sales, M&A, IPOs, Cross-border Listings
	Risk-Averse Investment Climate	Improve Market Data Transparency & Regulatory Consistency
Regulatory & Bureaucratic Hurdles	Complex Company Registration & Ambiguous Tax Policy	Implement One-Stop Business Portal, Simplify Tax Policies, Enact Entrepreneur-friendly Laws
	Challenges with Cross-Border Transactions & Profit Repatriation	Facilitate Smoother Cross-Border Investment Flows, Address Non-Convertible Capital Accounts
	Forced Foreign Registration	Allow & Encourage Local Investment in Globally Registered Startups
	Inconsistent Regulatory Frameworks	Develop Robust IP Frameworks, Ensure Policy

		Stability
	Insufficient Policy Support Scale	Increase Pace & Scale of Government Initiatives
Infrastructure & Talent Deficiencies	Digital Infrastructure Gaps (Rural)	Invest in Rural Digital Infrastructure & Stable Internet Access
	Absence of Reliable Logistics	Enhance Logistics Networks & Digital Payment Adoption Nationwide
	Talent Mismatch & Shortage	Strengthen Institutional Training (AI, Data Science, Fintech), Foster University-Industry Linkages
	Brain Drain	Invest in Founder Upskilling & Leadership Development, Promote Competitive Local Opportunities
Operational Maturity & Trust	Credibility Issues	Institutionalize Corporate Governance, Promote Financial Transparency
	Limited Financial Sophistication	Develop Formalized Bookkeeping & Financial Models, Encourage Non-Equity Capital
	Overemphasis on Growth vs. Profitability	Shift Focus to Sustainable & Profitable Business Models
	Lack of Institutionalized Corporate Governance	Appoint Diverse, Independent Board Members, Adopt High-Growth Company Discipline

Sources: ¹

4. Solutions and Strategic Interventions for Ecosystem Development

To overcome the multifaceted challenges and fully realize its potential, Bangladesh's startup ecosystem requires a comprehensive suite of strategic interventions. These include robust government support, the cultivation of a resilient investment landscape, targeted talent development, and the strategic leveraging of technology.

4.1 Government Support and Policy Frameworks

The government has demonstrated a commitment to fostering the startup ecosystem through various initiatives. The Startup Bangladesh platform and the iDEA project of the ICT Division have been instrumental in arousing interest among young people to become entrepreneurs, providing essential technology support, training, and funding.⁵ The Digital Entrepreneurs and Innovation Ecosystem Development (DEIED) Project is a pioneering initiative focused on nurturing talent, fostering innovation, and creating a conducive environment by offering incubation and acceleration programs, facilitating access to funding, and providing state-of-the-art co-working spaces, labs, and research facilities.¹⁰ Additionally, the Bangladesh Hi-Tech Park Authority (BHTPA) actively supports tech startups by providing crucial infrastructure, funding, and regulatory assistance.¹⁰ The government has allocated Tk 100 crore (approximately \$1 million) specifically for startups.¹²

Strategic initiatives such as the National Startup Policy and the Fund of Funds are designed to create clear pathways for greater investment flow and are expected to solidify Bangladesh's position as a key player in the global startup ecosystem.²

Proposed Regulatory Reforms:

A crucial shift in government approach is advocated, moving from a strict regulatory stance to one that acts as a facilitator of growth. This involves providing rewards and incentives for startups that solve significant national problems, similar to how the government supported the Ready-Made Garment (RMG) sector or India promoted UPI, while simultaneously reducing unnecessary regulatory hurdles.¹⁹

Simplifying business registration is paramount. A one-stop business portal should be developed for startups and Small and Medium-sized Enterprises (SMEs) to simplify and expedite registration and compliance with regulations.¹⁹ Additionally, allowing startups to register in foreign countries like Singapore would enable them to access global markets and investment opportunities, and policies should encourage local and non-resident Bangladeshi (NRB) angels and investors to invest in these globally registered startups, fostering a truly international ecosystem.¹⁹

Regarding taxation, the government should offer affordable and friendly tax policies to encourage more businesses to enter the tax net. A decade-long strategy for tax planning, rather than yearly collection targets, is recommended. Incentives should be introduced to promote cashless transactions and the use of modern applications, connecting these private systems to a national data lake for increased efficiency and transparency. The goal is to create a system where bypassing regulations becomes unnecessary due to supportive policies.¹⁹

Government-backed funds should be launched to attract billions in foreign investment and support high-potential startups. Providing tax benefits to investors who fund startups and SMEs, along with creating easy exit options, would encourage greater participation from both local and foreign investors.¹⁹ By implementing these policies, Bangladesh aims to become one of the top 30 countries in the Ease of Doing Business ranking.¹⁹

A strategic imperative for de-risking innovation is the implementation of a "regulatory sandbox." This is a controlled environment where businesses can test innovative products, services, or business models with or without real customers under the supervision of a regulator for a limited period.⁹ This directly addresses the existing regulatory hurdles and the risk-averse investment climate by providing a safe space for experimentation without the fear of immediate regulatory consequences, leading to faster innovation and the development of new and disruptive technologies.⁹ Such a sandbox can significantly reduce the compliance burden on startups, attract foreign investment by signaling Bangladesh's openness to innovation, generate international exposure, and provide regulators with real-world data to develop more effective and responsive regulations.⁹ It also fosters collaboration and knowledge sharing between startups, regulators, and other stakeholders, ultimately contributing to job creation and economic growth.⁹ For Bangladesh to effectively implement this, it needs to empower the Bangladesh Investment Development Authority (BIDA) to issue sandbox licenses, clearly define objectives, create a transparent framework with well-defined eligibility criteria and exit strategies, ensure strong consumer protection, and invest in

building regulatory capacity.⁹

4.2 Fostering a Robust Investment Landscape

Diversifying funding channels beyond traditional venture capital is crucial for ecosystem stability. This includes introducing angel investors, government-backed funds, and blended finance models.¹ Establishing a Fund of Funds, a joint public-private investment pool, would significantly increase domestic venture capital availability, helping local startups scale faster and more sustainably.⁶

Encouraging local investment is vital. High-net-worth individuals, family offices, and local corporations need to engage more meaningfully in the startup funding scene.⁸ While foreign investment has dominated, local investment has shown promising growth, rising from Tk 80 billion in 2018 to Tk 190 billion in 2024, a 137.5% increase, and narrowing the gap with foreign capital.¹⁷ This trend is crucial for reducing external dependency and fostering a robust local investment culture.

Improving exit options is fundamental to attracting larger capital. This requires reforming capital markets to enable secondary share sales, mergers and acquisitions (M&A), and IPO access, even for high-growth, loss-making startups. Facilitating cross-border listings for startups incorporated in jurisdictions like Singapore or the UAE is another key step.¹ The solution lies in actively structuring liquidity, rather than merely expecting it.¹ Promoting alternative financing options, such as revenue-based finance and debt, is also suited to startups with limited assets but high potential, providing crucial non-equity capital.¹

4.3 Talent Development and Ecosystem Support

Developing founders into capable CEOs is essential for sustainable scaling. This requires deep operational mentoring on execution, hiring, governance, and capital strategy. Support from VCs and accelerators should extend beyond pitch decks to provide tactical, stage-specific guidance. Ecosystem-wide investment in founder upskilling and leadership development is crucial to building a robust entrepreneurial community.¹

Strengthening institutional training is another critical area. Specialized courses in AI, data science, fintech, and product management should be introduced in universities and technical institutes to cultivate a highly skilled workforce.⁶ The National Skills Development Authority (NSDA) plays a vital role in coordinating training institutions, creating Competency Standards (CS), and approving curricula for a wide range of trades, such as Software Quality Assurance (SQA) and Production Supervisor for the Food Industry. This standardization facilitates uniform assessments, government-recognized certification, and better connections between training institutions and employers, reducing the cost and administrative burden on smaller institutions.²²

Enhancing incubators and accelerators is key. These programs provide resources, mentorship, networks, structured support, and early capital needed to test and refine products.⁵ Top accelerators offer meaningful funding, industry-standard investment terms, and valuable perks like cloud credits, free office space, and software tool discounts, which are invaluable for early-stage startups to stay lean.¹³ The best accelerators prioritize quality over quantity, offer fair, founder-aligned terms, and provide hands-on execution support, including assistance with key hires, co-founder matchmaking, early customer acquisition, and back-office needs like legal, admin, and accounting support.¹³

Public-private partnerships are essential for creating innovation hubs in divisional cities, enabling district and village entrepreneurs to flourish. University-based incubators and training programs for entrepreneurs will further enhance the success of these initiatives.⁵ Additionally, promoting entrepreneurship education in schools and colleges and highlighting the stories of successful entrepreneurs will help create a culture of risk-taking and innovation.⁵

4.4 Leveraging Technology for Growth

Artificial Intelligence (AI) is considered essential for driving innovation and achieving Bangladesh's 2030 economic goals, as it helps companies grow faster and deliver better results.¹⁹ Bangladesh must enable startups and SMEs to leverage AI for customer insights, operational efficiency, and global competitiveness.¹⁹ This includes utilizing AI in fintech to provide small business or personal loans and promote a cashless economy through digital payment systems, and building a strong credit bureau system that integrates AI for reliable social scoring.¹⁹ AI can also streamline

supply chains and improve cross-border trade for SMEs in logistics.¹⁹ Government subsidies and incentives should encourage AI adoption across industries, especially in areas that boost GDP growth or solve national problems.¹⁹ Deploying AI in public systems can repair and enhance education, healthcare, and traffic management systems.¹⁹

Digital marketing strategies are crucial for market exploration and penetration. Entrepreneurs are increasingly employing tactics such as social media marketing, search engine optimization (SEO), e-mail marketing, and social networking to augment their exposure and compete in both local and global markets.²³ The internet serves as the fundamental digital marketing platform, enabling organizations to achieve global reach, precise targeting, and real-time engagement, even with limited resources.²³ Digital marketing is essential for business success, offering a platform for global outreach, accurate targeting, and immediate interaction.²³

The current credibility issues and limited financial sophistication among startups, including a lack of formalized bookkeeping and opaque cost structures, are significant barriers. Institutionalizing corporate governance, by moving beyond founder-led improvisation and appointing diverse, independent board members, is crucial to improve accountability and strategic input.¹ Promoting financial transparency through formalized bookkeeping and developed financial models will make it easier to secure non-equity capital like debt or revenue-based financing.¹ These measures are vital for building investor confidence, attracting diverse capital, and enabling sustainable scaling beyond initial founder-led efforts.

Many startups currently prioritize rapid growth and valuation metrics excessively, often at the expense of developing sustainable and profitable business models. This "burn-heavy" approach can erode investor confidence, particularly as the investment climate becomes more risk-averse, as seen in the post-2021 downturn. The shift in investor sentiment now demands clear paths to profitability and sustainable business models. Startups must adapt their strategies to focus on long-term viability, which will attract more patient and stable capital, especially from domestic sources, fostering a more resilient ecosystem.

The following table outlines key government initiatives and policy recommendations aimed at supporting startup growth in Bangladesh:

Table 4: Government Initiatives and Policy Recommendations for Startup Growth

Initiative Type	Specific Initiative/Policy	Key Objective/Benefit
Existing Government Support	Startup Bangladesh Platform & iDEA Project	Arouse entrepreneurial interest, provide tech support, training, funding
	Digital Entrepreneurs and Innovation Ecosystem Development (DEIED) Project	Nurture talent, foster innovation, provide incubation/acceleration, funding access, infrastructure, collaboration
	Bangladesh Hi-Tech Park Authority (BHTPA)	Provide infrastructure, funding, regulatory support for tech startups
	National Startup Policy & Fund of Funds	Create pathways for investment flow, solidify Bangladesh's global position
Proposed Regulatory Reforms	Facilitator, Not Regulator Approach	Enable growth through rewards/incentives, reduce unnecessary regulatory hurdles
	One-Stop Business Portal	Simplify & expedite company registration and compliance for startups/SMEs
	Allow Foreign Registration & Global Investment	Enable access to global markets/investment, encourage local/NRB investment in global startups
	Affordable & Friendly Tax Policies	Encourage more businesses into tax net, provide long-term tax planning, incentivize cashless transactions
	Government-Backed Funds	Attract foreign investment, provide tax benefits for investors, create easy exit options
	Regulatory Sandbox Implementation	Foster faster innovation, reduce regulatory burden,

		attract investment, improve regulatory framework, create jobs
Ecosystem & Talent Development	Public-Private Partnerships	Create innovation hubs in divisional cities, university-based incubators, training programs
	Entrepreneurship Education	In schools/colleges to cultivate risk-taking culture
	Institutionalize Corporate Governance	Improve accountability, strategic input, attract institutional investors
	Develop Founders into Capable CEOs	Provide operational mentoring, tactical guidance, ecosystem-wide upskilling
	Strengthen Institutional Training	Introduce specialized courses (AI, data science, fintech) in universities/institutes, leverage NSDA standards
	Enhance Incubators & Accelerators	Offer comprehensive resources, mentorship, early capital, perks, hands-on support
Leveraging Technology	AI Adoption Across Sectors	Leverage AI for customer insights, operational efficiency, global competitiveness (fintech, logistics, public systems)
	Digital Marketing Strategies	Emphasize social media, SEO, email marketing for global outreach, precise targeting, real-time engagement

Sources: ¹

5. Investment Landscape: Native and Foreign Capital

The investment landscape in Bangladesh's startup ecosystem is characterized by a significant reliance on foreign capital, coupled with the emerging strength of native investors. Understanding the dynamics between these two sources is crucial for comprehending the ecosystem's resilience and future growth potential.

5.1 Overview of Investment Trends

Since 2013, Bangladesh's startup ecosystem has raised a total of \$989 million across more than 400 deals.³ Venture Capital (VC) firms have been the primary drivers of this funding, injecting \$753 million across 171 deals within the same period.³ A striking feature of this funding landscape is the dominance of foreign capital, which has contributed a staggering 92% of the total funds raised by startups.¹ This highlights strong global confidence in Bangladesh's innovation potential.¹

While foreign capital has been the main impetus, local investment has also seen a notable increase, contributing \$23 million since 2013 and gradually narrowing the gap with foreign capital.³ Local investment has risen steadily over the past six years, from Tk 80 billion in 2018 to Tk 190 billion in 2024, marking a 137.5% increase. By 2024, the difference between foreign and local investment had dropped to just Tk 25 billion, indicating a more balanced contribution to national development and growing confidence among local investors in domestic opportunities.¹⁷

Despite this long-term growth, the ecosystem experienced a sharp investment downturn recently. Total funding plummeted from a record high of \$435 million in 2021 to \$41.3 million in 2024, with 98% of this funding still originating from international investors.¹⁵ This downturn underscores the ecosystem's heavy reliance on foreign capital and its vulnerability to global economic fluctuations. The investment landscape in 2024 also demonstrated a clear shift towards late-stage funding, with Series A rounds raising \$21 million, accounting for 73% of late-stage funding and 51% of total investments. By contrast, Series B+ funding was minimal, securing just \$170,000, indicating limited appetite for high-risk growth-stage ventures. Early-stage funding declined by 57% year-on-year to \$13 million, with Seed funding leading the segment at \$6 million.¹⁵

The dual role of foreign capital is evident: it has been a crucial catalyst for the initial

growth and global recognition of the Bangladeshi startup ecosystem, demonstrating international confidence. However, this heavy reliance also creates an over-dependence, making the ecosystem highly susceptible to global economic shifts, rising interest rates in developed markets, and changes in international investor focus. The recent sharp decline in funding is a direct consequence of this over-reliance. While foreign capital remains essential, balancing it with a robust domestic funding pipeline is critical for long-term resilience and stability, enabling the ecosystem to better withstand external shocks.

Conversely, the significant growth in local investment and the narrowing gap with foreign investment signal an emerging strength within the ecosystem. This trend indicates growing confidence in the domestic market's potential and a gradual shift towards more balanced economic stewardship. This development is crucial for reducing external dependency and fostering a robust local investment culture, which is vital for the long-term sustainability and self-sufficiency of Bangladesh's startup landscape.

5.2 Key Native Investors and Their Portfolios

Bangladesh's native venture capital firms and angel networks are increasingly playing a vital role in nurturing the local startup ecosystem.

- **Startup Bangladesh:** As the flagship venture capital fund of the ICT Ministry, Startup Bangladesh is a top native VC firm. Its focus is on supporting tech innovation to create jobs, uplift diversity, and drive transformative change. It invests in equity, convertible debt, and grants for seed and growth-stage startups, covering a broad range of industries including Fintech, Health Tech, E-commerce, AI, Agritech, and Logistics. Typical investment sizes range from \$50,000 to \$300,000. Notable investments include Pulse Tech, OpenRefactory, and AmarLab.²⁰
- **Bangladesh Venture Capital:** This firm aims to create alternative investment opportunities for high-growth potential businesses. It seeks to be a leading Private Equity Investment and Corporate Advisory services provider for growth-stage companies and startups. Its focus areas include IT and ITES, Fintech, AI and Machine Learning, Agritech, Biotech, Health, and Edutech, with investment sizes ranging from BDT 2.5 million to BDT 30 million across Pre-Seed to IPO stages. Notable investments include Chaldal Bangladesh, TYLO, and

Ayykori Digital Ltd.²⁰

- **SBK Tech Ventures:** A women-owned technology fund, SBK Tech Ventures focuses on early-stage tech companies that address fundamental societal problems. It provides unique investment opportunities in emerging geographic areas, offering high returns and connecting foreign talent with local teams. Its industries of focus include Fintech, Agriculture, Health & Wellness, Education, and E-Commerce, with a minimum investment check size of \$1 million. Key portfolio companies include Arogga, Jatri, and Shajgoj.²⁰
- **BD Venture:** This tech-focused venture capital firm aims to create value and high returns for investors by driving innovation and empowering entrepreneurs through technology. It supports startups with expertise and guidance across various industries such as E-commerce logistics, Fintech, AI, Agritech, and HealthTech. Investment sizes start from BDT 1 million. Notable investments include Zantrik, cWork Microjob Limited, and Beetles Cyber Security.²⁰
- **Anchorless Bangladesh:** Although New York-based, Anchorless Bangladesh focuses specifically on increasing global capital flow to Bangladeshi opportunities, making it a key player in the native investment landscape. It invests in early-stage technology companies that demonstrate tech-enabled scalability, potential for international expansion, and alignment with social impact. Its focus sectors include Food and Agriculture Tech, Retail, and Transportation and Logistics Tech. Notable investments include Agroshift, Alice Labs, and Pathao.²⁰
- **Bangladesh Angels:** As the country's first angel investing platform, Bangladesh Angels supports startup growth by uniting ecosystem leaders. It aims to bridge the early-stage financing gap by offering funding, advisory support, and mentorship for startups across all sectors, including Technology, Healthcare, Education, and Fintech. Investment sizes range from BDT 80 Lakhs to BDT 5 Crores. Key investments include Airwork.ai, HypeScout, and Shuttle.²⁰

Other notable native venture capital firms actively contributing to the ecosystem include RC Ventures, Dekko ISHO Venture Capital (DIVC), Razor Capital, IDLC Venture Capital, Maslin Capital, Flagship Ventures, BOD Tech Ventures, and Turtle Venture Studio.²⁰ Pegasus Tech Ventures, a Silicon Valley-based global VC, also maintains a significant presence and investment focus in Bangladesh.²⁰

5.3 Key Foreign Investors and Their Engagement

International capital has remained the dominant driver of startup funding in

Bangladesh, contributing 98% of total investments in 2024.¹⁵ This reflects strong global confidence in Bangladesh's innovation potential.¹ Foreign investors are increasingly interested in Bangladesh, reflecting growing confidence in the country's economic resilience and potential for cross-border collaborations.²

Notable examples of foreign investment include SoftBank's \$250 million deal with bKash in 2021, a landmark investment that significantly boosted the ecosystem's profile.¹ Similarly, Indonesian ride-sharing giant Go-Jek's investment in Pathao further showcased the confidence of global investors in Bangladeshi startups.²⁴

Several foreign investors are actively looking to invest in Bangladesh, demonstrating a continued appetite for opportunities in this emerging market:

- **Shorooq Partners:** A Dubai, UAE-based early-stage venture capital and debt fund focused on the MENAP region. It has invested in over 45 companies, generating over \$1.5 billion in equity value. It typically invests \$1M-\$3M in Idea, Pre-seed, and Seed stages.²⁵
- **EMVC Emphasis Ventures:** An India-based venture capital fund and accelerator specializing in early-stage startups across India, Bangladesh, and Indonesia. It provides funding, support, and resources, with check sizes typically ranging from \$100K-\$1M for Idea, Pre-seed, and Seed stages.²⁵
- **GPI Global Partners Investments:** A UK-based consulting firm that assists clients with sound investments and financial services globally, including in Bangladesh. It has a broad check size range of \$5K-\$30M across various stages from Idea to Series A and beyond.²⁵
- **Innopact:** A venture capital firm that invests in exceptional founders building technologies for underserved customers in emerging markets, including Bangladesh. It focuses on technology sectors, deploying \$50K-\$300K in Idea, Pre-seed, and Seed stages.²⁵
- **Iterative:** A Singapore-based venture capital firm and accelerator that empowers early-stage startups in Southeast Asia. It provides capital, mentorship, and runs a YC-style accelerator program, typically investing \$150K-\$500K in Seed, Pre-seed, and Series A rounds.²⁵
- **M Venture Partners:** A Singapore-based venture capital firm specializing in early-stage investments in innovative and disruptive startups in Southeast Asia across various sectors, including consumer, enterprise, and healthcare. It typically invests \$500K-\$1M in Idea, Pre-seed, and Seed stages.²⁵
- **Aperitivo:** A Los Angeles-based venture capital firm focusing on early-stage investments in technology and media companies globally, including Bangladesh. It provides capital, guidance, and resources, with check sizes ranging from

\$50K-\$5M across various early to late stages.²⁵

- **Convrtx:** A global leader in software incubation, offering services and solutions in business strategy, consulting, and technology development. It invests \$20K-\$200K in Idea and Pre-seed stages.²⁵
- **MARC Group:** A global consulting and advisory firm that specializes in driving growth and creating value for clients, including in Bangladesh. It provides capital services, typically investing \$25K-\$1M in Pre-seed, Seed, and Series A stages.²⁵

Other active foreign investors mentioned include Grameen Capital, Lightspeed Venture Partners, and Leap Ventures, all contributing to the dynamic investment landscape.²⁵

The following table provides a comprehensive overview of key investors in Bangladesh's startup ecosystem, distinguishing between native and foreign entities:

Table 5: Key Investors in Bangladesh's Startup Ecosystem (Native and Foreign)

Investor Name	Type	Focus/Industries	Typical Investment Stage	Notable Investments (Examples)
Startup Bangladesh	Native VC	Tech innovation, job creation, diversity; Fintech, Health Tech, E-commerce, AI, Agritech, Logistics	Pre-Seed, Seed, Series A, B, C	Pulse Tech, OpenRefactory, AmarLab
Bangladesh Venture Capital	Native VC	High-growth potential businesses; IT/ITES, Fintech, AI/ML, AR/VR, Blockchain, Agritech, Health/Edutech	Pre-Seed, Seed, VC, Angel, IPO	Chaldal Bangladesh, TYLO, Ayykori Digital Ltd
SBK Tech Ventures	Native VC (Women-owned)	Early-stage tech solving societal problems; Fintech,	Early Stage, Seed, Series A	Arogga, Jatri, Shajgoj

		Agriculture, Health & Wellness, Education, E-Commerce		
BD Venture	Native VC	Tech-focused, innovation, empowering entrepreneurs; E-commerce logistics, Fintech, AI/ML, Agritech, HealthTech	Early Stage, Seed, Series A, B	Zantrik, cWork Microjob Limited, Beetles Cyber Security
Anchorless Bangladesh	Foreign (NY-based, BD focus)	Early-stage tech, global capital flow to BD; Food/Agri Tech, Retail, Transportation/Logistics Tech, Enterprise	Pre-seed, Seed, Post seed	Agroshift, Alice Labs, Pathao
Bangladesh Angels	Native Angel Network	Early-stage financing gap; Technology, Healthcare, Education, Ag-tech, Fintech, Gaming, Retail	Early Stage, Seed	Airwork.ai, HypeScout, Shuttle
RC Ventures	Native VC	Early-stage, high-growth emerging markets; Healthcare, IT, Financial services, Biotech, Fintech, E-commerce	Debt, Early Stage, Seed, Post IPO	Pathao, Truck Lagbe, EndingScene
Dekko ISHO Venture Capital (DIVC)	Native VC	Bangladeshi & global startups; Green/sustainab	Early Stage, Seed	Fashol, Edutechs, Ecovia

		le, Deep tech, AI, IoT, Agritech, Fintech		
Pegasus Tech Ventures	Foreign (Silicon Valley-based)	Emerging technology companies, VCaaS; High Tech, Enterprise, Consumer, FinTech, AI, Health, Pharma	Early Stage, Seed, Series A, B, C, IPO	AjkerDeal, HandyMama, Shohoz
Razor Capital	Native VC	Creative entrepreneurs, global expansion; Consumer, Gig Economy, Food/Agri Tech, Media & Entertainment	Early Stage, Seed, Series A, B, C	iFarmer, Bongo, Chaldal
IDLC Venture Capital	Native VC	Early-stage tech/tech-enabled solving challenges; Agriculture, E-Commerce, Healthcare, Logistics, SaaS	Early Stage, Seed, Series A	Barikoi, Arogga, Pickaboo
Maslin Capital	Native VC	Late-stage venture, early expansion; Robotics, E-commerce, Health, Real estate, Climate & Sustainability	Early Stage, Seed, Series A	E-Desh, Socian AI
Flagship Ventures	Native VC	Early-stage; Education, E-commerce, Tech, Retail	Early Stage, Seed, Series A	Interactive Cares, PriyoShop
BOD Tech	Native VC	Tech startups in	Early Stage,	Kludio, Clevai,

Ventures		emerging markets; Logistics, Travel, Finance, Education, Micro-retail, E-commerce	Seed, Series A	BookMeBus
Turtle Venture Studio	Native Venture Studio	Early-stage, venture-building process; Fintech, Insurance, Digital Platform, Health, Agriculture, Education, Logistics	Early Stage, Seed, Series A	ShunBoi, Inkam, Drutoloan
Shorooq Partners	Foreign (UAE-based)	MENAP region; various tech sectors	Idea, Pre-seed, Seed	(Not specified for BD)
EMVC Emphasis Ventures	Foreign (India-based)	Early-stage startups; various tech sectors	Idea, Pre-seed, Seed	(Not specified for BD)
Iterative	Foreign (Singapore-based)	Early-stage startups in SEA	Seed, Pre-seed, Series A	(Not specified for BD)
M Venture Partners	Foreign (Singapore-based)	Early-stage innovative/disruptive startups in SEA; Consumer, Enterprise, Healthcare, IT	Idea, Pre-seed, Seed	(Not specified for BD)
Aperitivo	Foreign (US-based)	Early-stage tech/media companies	Idea, Pre-seed, Seed, Series A, B, C	(Not specified for BD)

Sources: ²⁰

6. Conclusions and Recommendations

Bangladesh's startup ecosystem stands at a critical juncture, possessing immense potential for growth driven by a large, young, and digitally connected population and a rapidly expanding digital economy. The ambition to become a trillion-dollar economy by 2030 underscores the nation's strategic importance and attractiveness for investment. While the ecosystem has successfully fostered prominent unicorns and demonstrated innovation across key sectors like fintech and logistics, its journey is fraught with significant challenges that, if unaddressed, could impede its long-term sustainability and global competitiveness.

The ecosystem's disproportionate reliance on foreign capital, while initially a catalyst for growth, has proven to be a structural vulnerability. The sharp investment downturn in 2023-2024, influenced by global economic shifts and changing investor priorities, starkly highlights the fragility of a system heavily dependent on external funding. This situation is compounded by a nascent domestic funding pipeline that is currently insufficient to absorb such shocks. Furthermore, pervasive bureaucratic hurdles, complex regulatory frameworks, and a lack of clear exit options deter both foreign and local investors, often compelling promising startups to seek registration abroad, which paradoxically complicates the local investment landscape. The digital divide, particularly outside metropolitan areas, and a persistent talent mismatch further restrict national market exploration and the ability to scale. Moreover, issues of operational maturity, including limited financial sophistication and a tendency to prioritize rapid growth over sustainable profitability, erode investor confidence and hinder access to diverse capital.

To navigate these complexities and unlock its full potential, Bangladesh's startup ecosystem requires a concerted and multi-pronged strategic approach. The following recommendations are crucial for fostering a resilient, inclusive, and globally competitive startup environment:

1. **Cultivate a Robust Domestic Funding Ecosystem:** Reduce over-reliance on foreign capital by actively developing a strong, multi-stage domestic funding pipeline. This involves establishing a public-private "Fund of Funds" to increase local venture capital availability, encouraging high-net-worth individuals, family offices, and local corporations to invest in startups, and exploring alternative financing models like blended finance, debt, and revenue-based options.
2. **Implement Comprehensive Regulatory Reforms:** Transform the government's role from a strict regulator to a proactive facilitator. This includes developing a one-stop business portal for simplified and expedited company registration,

offering affordable and stable tax policies with long-term strategies, and providing tax incentives for startup investors. Crucially, addressing challenges with cross-border payments and profit repatriation is paramount to attract and retain foreign capital.

3. **Establish a Regulatory Sandbox:** Implement a controlled environment for startups to test innovative products and business models with reduced regulatory burden. This will accelerate innovation, attract foreign investment by signaling openness, provide regulators with real-world data to develop informed policies, and foster collaboration within the ecosystem.
4. **Bridge the Digital Divide and Invest in Infrastructure:** Expand reliable internet access and digital payment infrastructure beyond major cities, particularly in rural areas. This is fundamental to expanding the addressable market for startups, enabling national-level operations, and fostering inclusive growth, especially in critical sectors like agritech and healthcare.
5. **Develop a Skilled and Adaptable Workforce:** Address the talent mismatch by strengthening institutional training in advanced technologies like AI, data science, and fintech, ensuring curricula are aligned with industry needs. Foster stronger linkages between universities and industry, and invest in continuous upskilling and leadership development programs for founders and their teams to equip them for sustainable growth.
6. **Promote Corporate Governance and Financial Transparency:** Encourage startups to move beyond founder-led improvisation by institutionalizing robust corporate governance structures, including appointing diverse and independent board members. Mandate formalized bookkeeping and transparent financial models to build credibility with investors and facilitate access to diverse forms of capital.
7. **Shift Towards Sustainable Profitability:** Guide startups to prioritize the development of sustainable and profitable business models over solely focusing on rapid growth and valuation. This strategic pivot will align with evolving investor expectations, attract more patient and stable capital, and enhance the long-term viability of ventures.
8. **Enhance Exit Pathways:** Reform capital markets to enable clearer and more accessible exit options, such as secondary share sales, mergers and acquisitions, and IPOs, even for high-growth, loss-making startups. Facilitating cross-border listings can also provide crucial liquidity pathways for investors.

By strategically addressing these critical areas, Bangladesh can solidify its position as a vibrant and resilient startup hub in South Asia. The collective efforts of government, investors, entrepreneurs, and educational institutions are essential to transform the

ecosystem's potential into sustained economic impact and a unique startup success story.

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