

► April 2024

# Bangladesh Startup Investment Report 2024

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## Q'1: Weathering Economic Headwinds

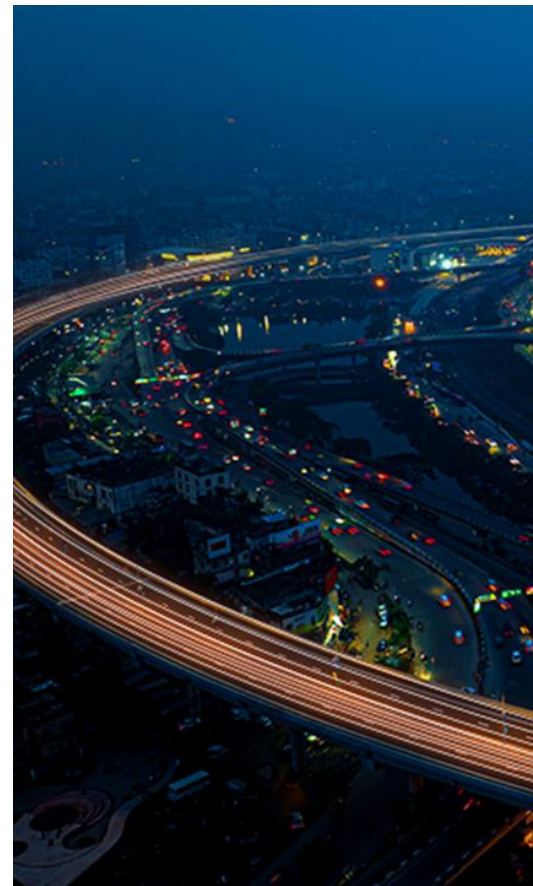


# Table Of Contents

1	Executive Summary	3	7	Investor Type Breakdown	12
2	Startup Funding Trends Around The Globe	4	8	Investment Source Breakdown	14
3	Regional Analysis Of Startup Funding	5	9	Funding By Sector	16
4	Bangladesh Economy	6	10	Way Forward	17
5	Quarterly Trends	7-10	11	Timeline & Events	18
6	Investment Round Breakdown	11			

# Executive Summary

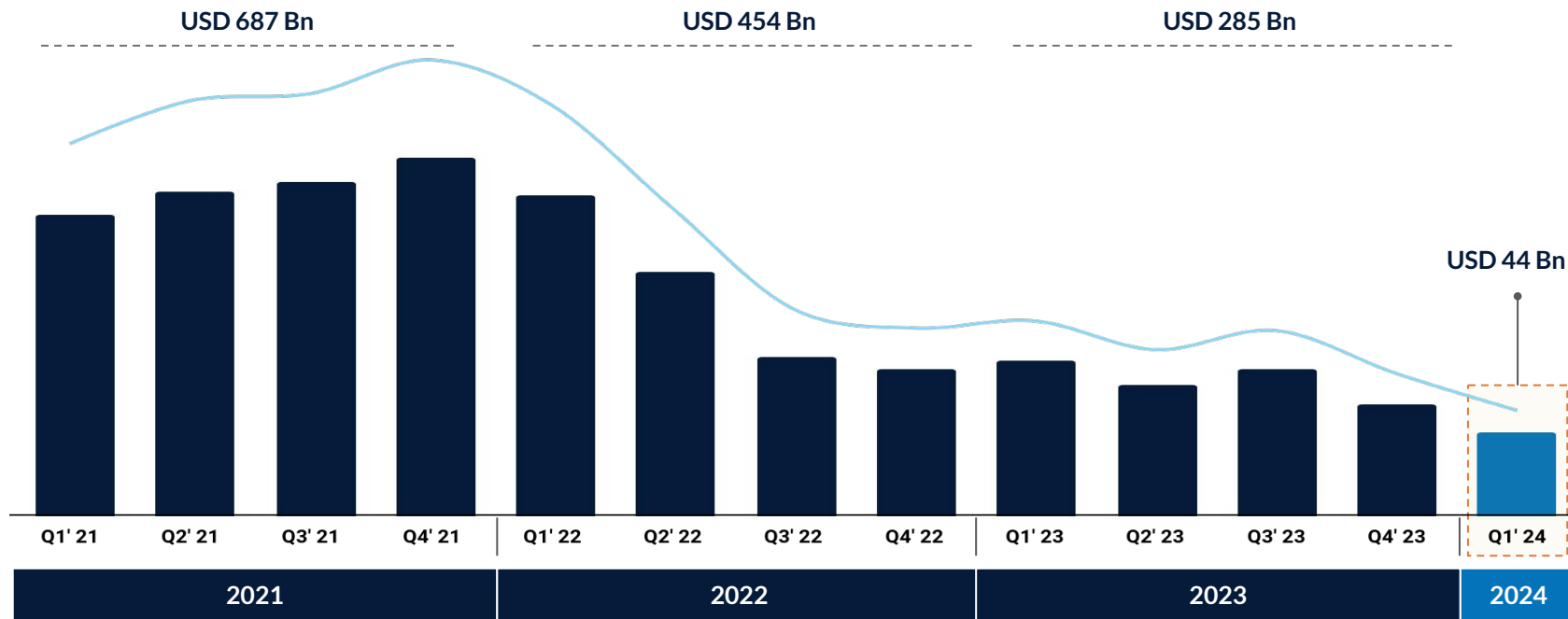
- **The prevailing global economic downturn has resulted in a 26% decrease in global startup funding from Q'4 2023.** This decline has been felt particularly strongly in major Asian economies, with Singapore and China witnessing nearly 70% drop in funding. Notably, AI startups maintained dominance in investment, securing USD 4.7 Bn, accounting for a fifth of total global funding.
- **Bangladesh, amidst this global trend, recorded USD 7 Mn in startup funding across 4 deals in Q'1 2024, marking a 70% quarter-on-quarter decline.** Despite a surge in Q'4 2023, quarterly investments have consistently remained below USD 10 Mn. The investment landscape has notably shifted towards late-stage funding, which accounted for 75% of total funding in Q'1.
- **Venture capital firms continue to play a pivotal role in funding Bangladesh-based startups.** In Q'1 2024, venture capital was the sole source of startup funding, with a staggering 97% of the total investment originating from global sources. The government-backed sovereign venture capital fund, Startup Bangladesh Limited (SBL), remained the only local investor to participate, continuing a trend observed in the previous quarter.
- **e-Commerce & Retail emerged as the frontrunner in attracting investments, receiving USD 6.5 Mn, a notable shift from previous quarters with financial services being the dominant sector.** PriyoShop's Pre-Series A funding round of USD 5 Mn was a standout deal in this sector. The other two sectors raising investments included Food & Agriculture and Software Technology & Enterprise Solutions.
- **Despite prevailing short-term economic headwinds, the long-term outlook for Bangladesh's startup ecosystem appears promising.** Government initiatives such as the National Startup Policy, and Fund of Funds coupled with post-election stability are expected to drive growth. The upcoming Bangladesh Startup Summit will provide a platform for startups and investors to connect, allowing them to showcase their narrative to the global community.



# Global Funding Trends Continue To Decline

## Witnessing A 26% Drop In Quarter 1

In Q'1 2024, funding trends continued to reflect a downward trajectory, **witnessing a 26% drop from Q'4 2023**. However, AI startups continue to dominate the investment landscape securing USD 4.7 Bn and comprising a fifth of total investments. Additionally, **venture capital firms invested USD 9.3 Bn toward late-stage companies**, notably those driving technological advancement, reaffirming support for mature enterprises with promising growth prospects.



# Asian Economies Experience Amplified Global Decline

## Pakistan Fails To Secure Any Funding

Asian startup investments experienced a notable downturn, reflecting broader global trends. Pakistani startups faced a particularly challenging quarter, securing minimal funding apart from one undisclosed deal. In contrast, India showcased remarkable resilience, mitigating the decline in startup investments during this period. Overall, economic uncertainties and global trends contributed to the downturn in startup investments across Asia during this period.

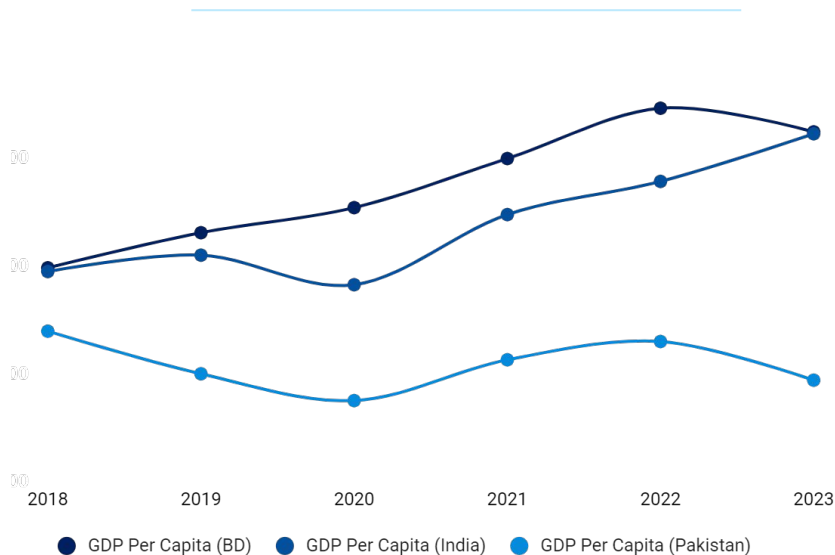
Country	GDP 2024	GDP per capita 2024	Startup Investment (as a % of GDP) Q'1 2024	Startup Investment per capita Q'1 2024	Investments Raised Q'1 2024	Investments Raised Q'4 2023	Q-o-Q Change in Startup Investment
Singapore	USD 520 Bn	USD 91,730	0.116%	USD 106	USD 604 Mn	USD 1.75 Bn	▼ 65%
China	USD 18.6 Tn	USD 13,161	0.018%	USD 2.34	USD 3.3 Bn	USD 10.7 Bn	▼ 69%
India	USD 4.1 Tn	USD 2,850	0.039%	USD 1.11	USD 1.6 Bn	USD 2.2 Bn	▼ 27%
Pakistan	USD 341 Bn 2023*	USD 1,471 2023*	0.000%	USD 0.00	USD 0 *1 undisclosed deal	USD 39 Mn	▼ 100%
Bangladesh	USD 446 Bn	USD 2,621	0.002%	USD 0.04	USD 6.7 Mn	USD 22.2 Mn	▼ 70%



# Despite Such Challenges, Bangladesh Has Demonstrated Resilience

## As It Gears To Becoming The 9th Largest Consumer Market By 2030

Bangladesh's GDP Per Capita has consistently surpassed India and Pakistan over the years



**Total GDP**  
**USD 455 Bn**  
**2024**

Source: IMF

**Real GDP Growth Rate**  
**6%**  
**2023**

Source: IMF

**Smartphone Penetration**  
**Rate**  
**50%**  
**2023**

Source: GSMA

**Internet Penetration Rate**  
**58%**  
**2023**

Source: GSMA

**Total**  
**MFS Transactions**  
**562 Mn**  
**2024**

Source: Bangladesh Bank

**Share Of MFS**  
**Transactions To GDP**  
**23%**  
**2022**

Source: IMF

**Female Smartphone**  
**Account Ownership**  
**21%**  
**2023**

Source: GSMA

**Female Mobile Internet**  
**Usage**  
**21%**  
**2023**

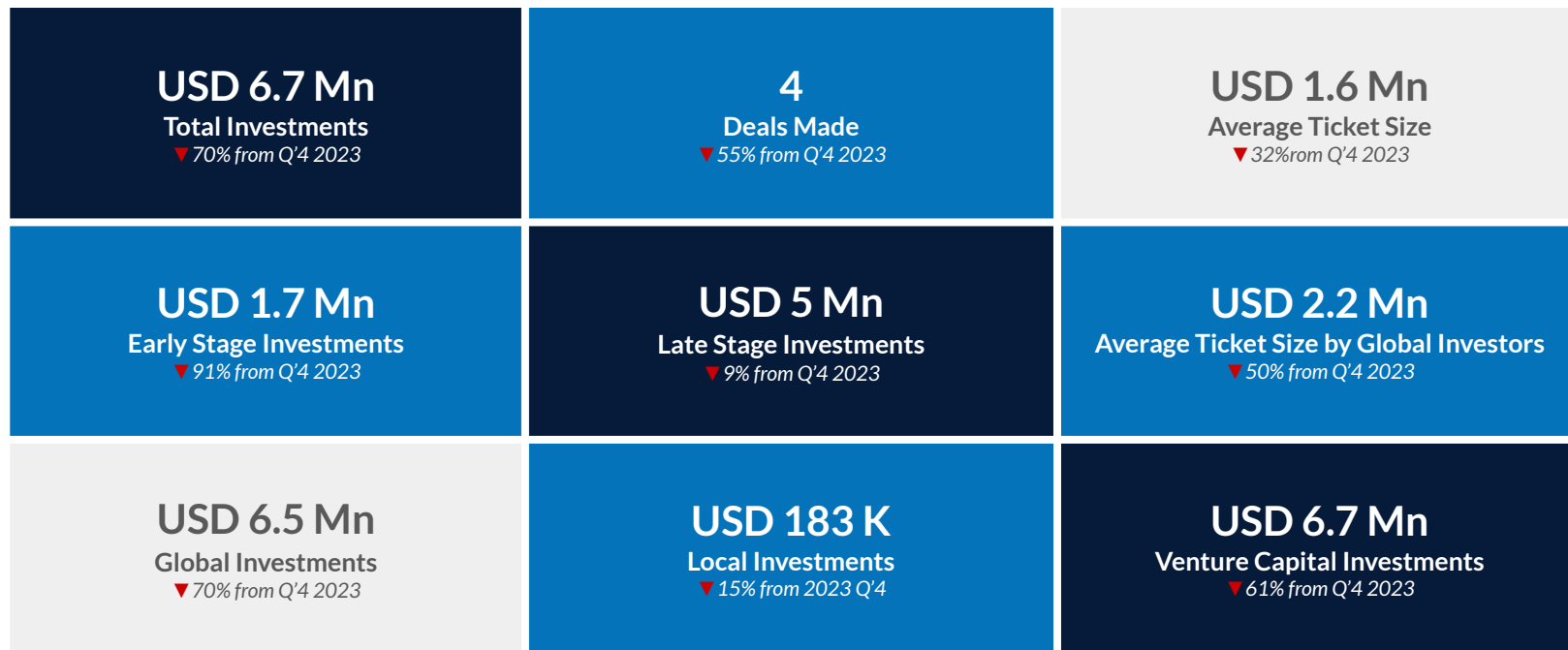
Source: GSMA

# Quarterly Startup Investment Trends

## At A Glance



Startup investments witnessed a 70% QoQ drop in Q'1 2024, and a subsequent 75% decline from Q'1 2023.





# Late Stage Funding Dominates Investments In Quarter 1

## Whilst Average Ticket Size Shrinks To 47%

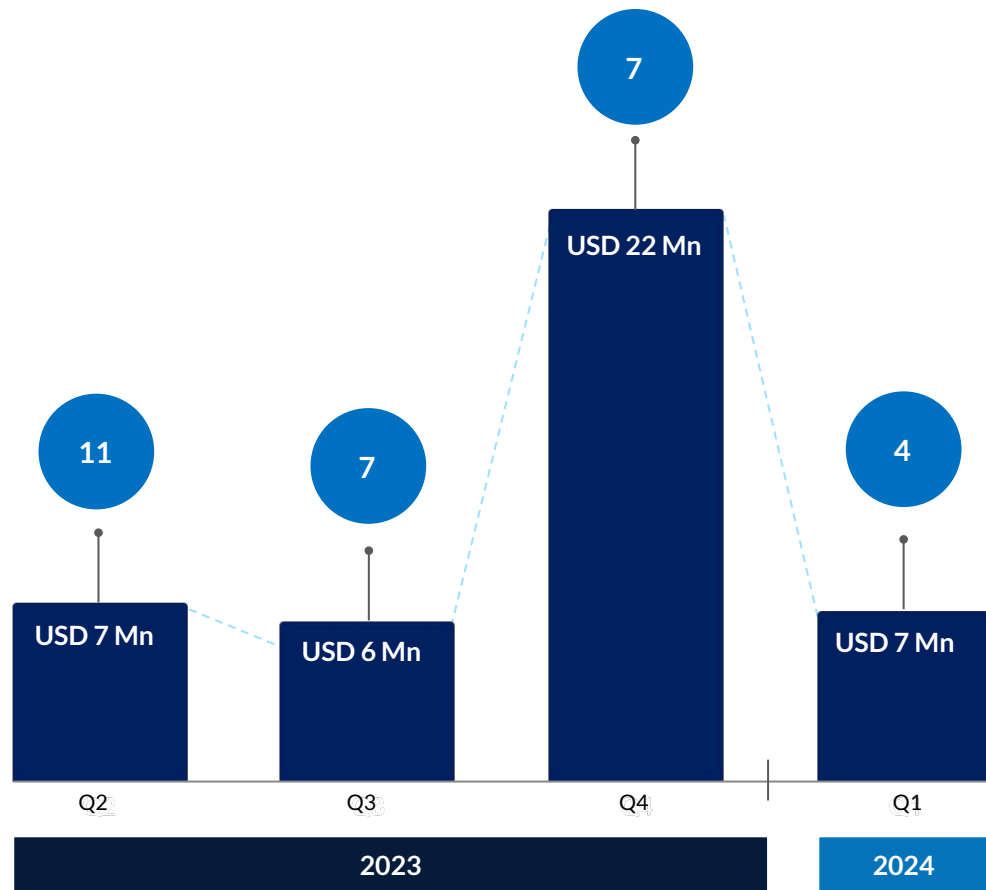
Amidst the backdrop of a funding slowdown, late-stage funding secured 75% of total investments in Q'1 from global investors

	Q'2 2023	Q'3 2023	Q'4 2023	Q'1 2024	QoQ Change
Deal Volume	USD 6.9 Mn	USD 6.2 Mn	USD 22.2 Mn	USD 6.7 Mn	▼ 70%
Deal Count	11	7	7	4	▼ 43%
Early Stage Funding	40% <i>Pre Seed, and Seed</i>	40% <i>Pre Seed, and Seed</i>	75% <i>Pre Seed, and Seed</i>	25% <i>Pre Seed, and Seed</i>	▼ 50 ppt
Late Stage Funding	60% <i>Pre-Series A, Series-A, Series-B+, and Debt</i>	60% <i>Pre-Series A, Series-A, Series-B+, and Debt</i>	25% <i>Pre-Series A, Series-A, Series-B+, and Debt</i>	75% <i>Pre-Series A</i>	▲ 50 ppt
Locally Raised Investments	USD 1.8 Mn	USD 5.6 Mn	USD 216K	USD 183K	▼ 15%
Average Ticket Size	USD 632 K	USD 897 K	USD 3.1 Mn	USD 1.67 Mn	▼ 47%



# Quarterly Investments Remain Consistently Low























































## Securing USD 7 Mn Across 4 Deals



- In Q'1, startup funding **plummeted to USD 7 Mn**, a 75% drop from USD 30 Mn during Q'1 2023.
- e-Commerce startup PriyoShop raised a sizeable USD 5 Mn from global investors, **comprising 75% of total investments**.
- Whilst **Q'4 2023 saw an uptick in investments**, quarterly investments have been consistently under USD 10 Mn.

# Average Ticket Size Declined By 47% In Quarter 1

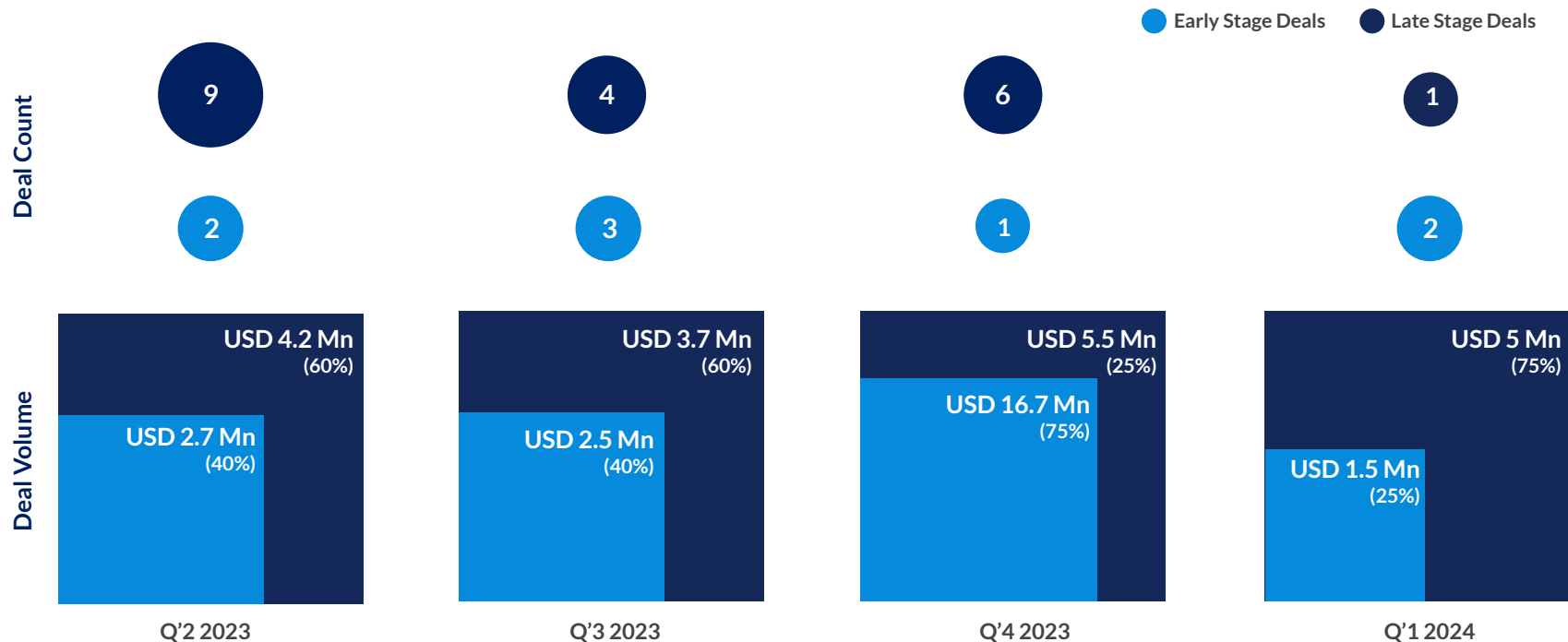
## Signifying Investors' Cautious Approach

	Q'2 2023	Q'3 2023	Q'4 2023	Q'1 2024
Average Ticket Size	USD 632 K	USD 898 K	USD 3.1 Mn	USD 1.6 Mn
Notable Institutional Investors	        	     	       	        
Notable Startups	        	    	    	  

Not an exhaustive list

# Late-Stage Funding Amounted To USD 5 Mn Constituting 75% Of Total Investments

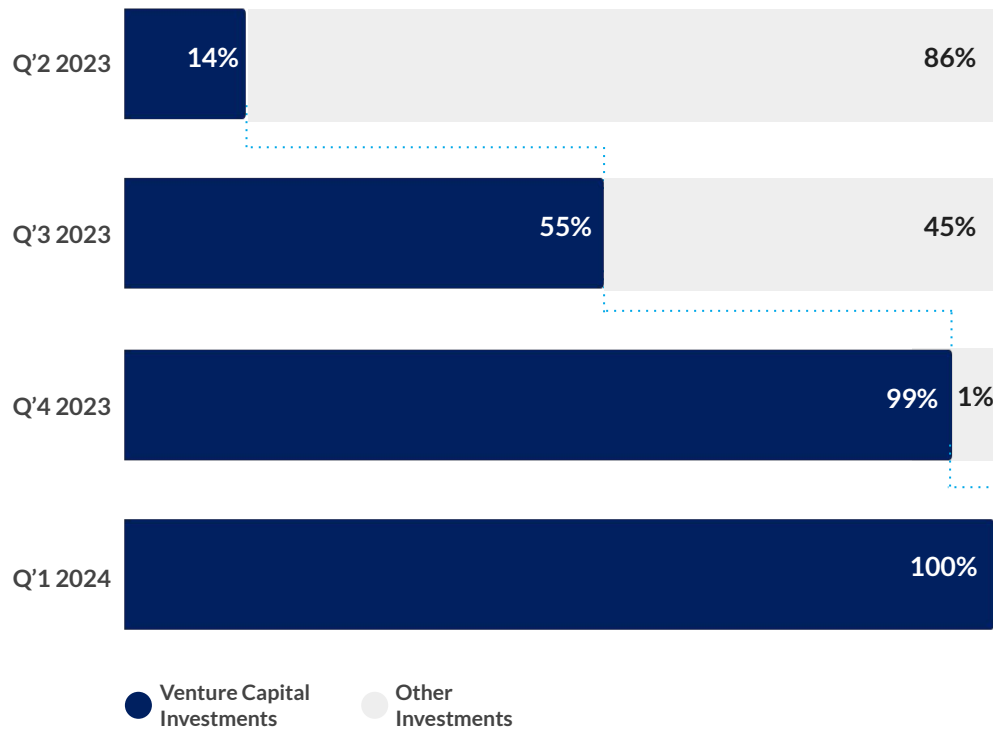
Late-stage funding dominated Q'1, **comprising 75% of total investments across 2 deals**. While Q'4 2023 experienced a surge in early-stage funding, late-stage funding has remained consistent over the past four quarters, signaling a potential shift in investor preferences and the maturity of Bangladeshi startups.



*Note: Early Stage Deals Comprises of Pre-Seed, Seed, and Grant Funding.  
Late Stage Deals comprises of Debt, Series A, Pre-Series A, Series B, and Series B+ Funding.*

# Venture Capital Firms Retain Its Dominance In Quarter 1

## Accounting For All 4 Deals



- In Q'1 2024, venture capital **constituted total investments raised** among Bangladeshi startups.
- Venture capital funding has increased sharply over the past four quarters, comprising of **89% of total investments** raised till date.
- Nation's sovereign-backed venture capital fund, Startup Bangladesh Limited (SBL) **was the only local investor that participated in Q'1.**



# Insider Insights

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Shaheen Siam

Founding Member & CSO,  
ShopUp

“Venture Capital in the country will probably not take on the same form as it did pre 2022, but the fact remains unchanged that **startups with good fundamentals and solving a problem for a large market will attract capital in whatever form it comes in.**”

“It has been 4 years since I returned to Dhaka. My last flight out was in March 2020, right before the world shut down for the pandemic. 2 years of Covid followed by 2 years of building a portfolio in the Middle East occupied my time making it hard for me to fly east. 4 years later and I couldn't be more impressed with the underdog tiger's growth. Infrastructure projects, new highways and bridges, nuclear power, a brand new airport, a massive new sea port, and of-course a population more excited than ever to grow and achieve.

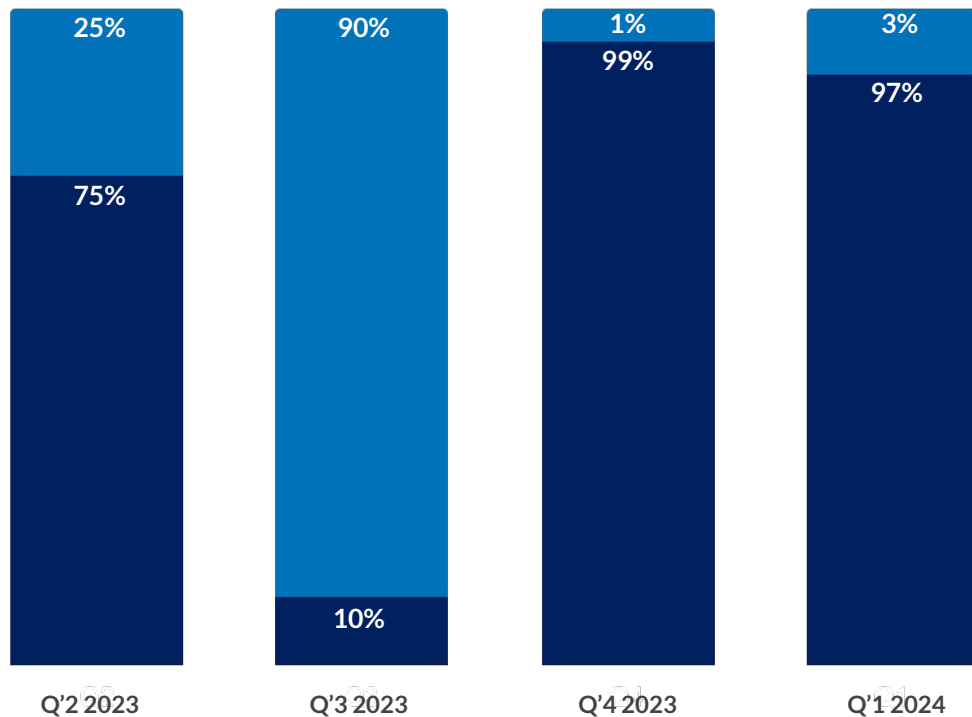
From a portfolio perspective, I also couldn't be prouder. Bongo has become the country's largest media company; Chaldal the largest quick commerce; Shajgoj Limited the largest beauty commerce company; Loosely Coupled Technologies the fastest growing digital enablement company for SMEs; and soon an exciting company we have been working with on a mission to enable Bangladesh's 17 million farmers. **In 2016, the Razor Capital team took a bet on Asia's underdog, today that underdog has become a force to be reckoned with.** I can't wait for what the next decade will bring and for the Bengal Tiger to reveal to the world what it showed us 8 years ago.”



Ramzi Farah

Managing Partner,  
Razor Capital

# Global Investors Funded 97% Of Total Investments As Local Investors Take A Backseat In Quarter 1



- Global investors continue to lead the investment landscape in Quarter 1, **constituting 97% of total funding.**
- Over the past four quarters, global investments have **averaged at 70%** of total investments.
- While Q'3 2023 saw a surge in local investment activity, local investments have remained low, **accounting for 18% of total funding** till date.

# Insider Insights

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**Yasir Arafat**

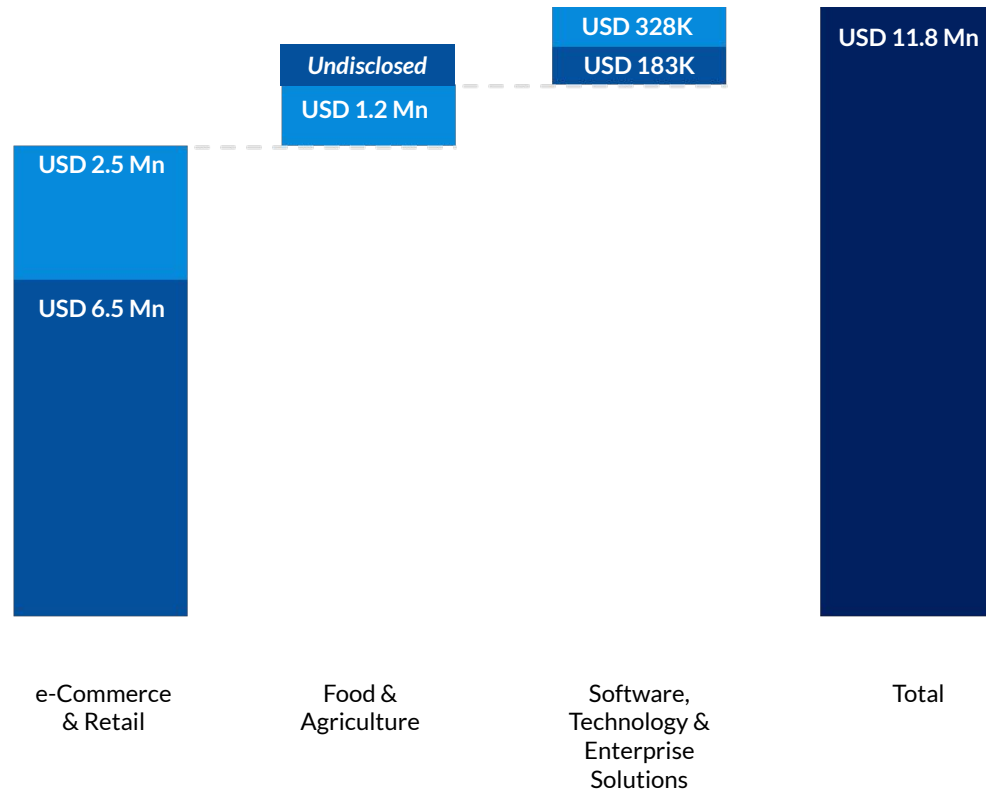
Co-Founder & COO,  
Apon Wellbeing

“Bangladesh is emerging as a significant player in the regional startup ecosystem, drawing attention for its impressive economic growth and a young, digitally savvy population. Our startup landscape is unique for its blend of addressing local challenges with innovative and impactful solutions while eyeing global scalability, making it an attractive prospect for both local and international investors. With the government's "Digital Bangladesh" initiative and its intention to support with policies, along with Startup Bangladesh Ltd.'s efforts to support startups, there's a conducive environment for startups to thrive, particularly those focusing on digital innovation.

The anticipated growth in digital consumer expenditure to \$20 billion by 2025 highlights the potential for startups to tap into a burgeoning market driven by the middle class's high expenditure tendency and rapidly increasing internet accessibility. **As international investors increasingly recognize the potential of Bangladesh's market, collaborations and partnerships with global entities are poised to accelerate, unlocking new opportunities for growth and impact.** This unfolding narrative of Bangladesh's startup ecosystem, characterized by ambition, innovation, and resilience, presents a promising opportunity for investors ready to engage with the dynamic and transformative socio-economic landscape.”

# e-Commerce & Retail Startups Secures Highest Funding

## Raising 97% Of Total Investments In Quarter 1



- e-Commerce & Retail dominated Q'1 2024, **raising USD 6.5 Mn** from Venture Capital (VC) investors.
- Funding raised by e-commerce and retail startups **has nearly tripled** compared to the total amount raised throughout 2023.
- Sectoral diversity in Q'1 2024 has slightly dipped compared to Q'1 2023, **indicating a shift in investor preference.**



# As Government Initiatives Continue To Fuel Ecosystem Growth

## Startups Must Reassess Their Fundraising Strategies To Remain Agile

01

Key initiatives like the Fund of Funds and the forthcoming second edition of the Startup Summit are **expected to influence the direction of startup investments positively**. These efforts reflect a dedicated push to enhance the entrepreneurial landscape and appeal to both domestic and international investors.

02

As investment trends continue to evolve, early-stage startups should consider adjusting their fundraising strategies, especially in light of the rising involvement of local investors. **While global investors have historically been the main funding source, recent patterns suggest a shift towards later-stage ventures**, signaling a more risk-averse stance in the investment landscape.

03

Bangladeshi startups need to remain agile and adapt to the changing investment landscape. While global trends point towards easing macro headwinds, including inflation and interest rates, **startups should focus on profitability and clear paths to sustainability**.



# Notable Events & Timeline

2023 Q'2		2023 Q'3		2023 Q'4		2024 Q'1	
	Fashol (USD 1.0 Mn; Orbit Startups, South Asia Tech Partners)		Zatiq (USD 1.6 Mn; Dekko ISHO Venture Capital)		HelloTask (USD 200K; USAID)		Hishab (USD 183K; Startup Bangladesh Limited)
	Jatri (USD 4.0 Mn; SBK Tech Ventures)		Pickaboo (USD 1.5 Mn; IDLC Finance)		Drutoloan ( USD 125K; Angels Investors; Ridwan Hafiz, Razy Shah)		Agroshift (Undisclosed; ADB Ventures)
	Markopolo (USD 96 K; Startup Bangladesh Limited)		MedEasy (USD 750K, Seedstars International, Startup Bangladesh Limited)		Alice Labs (USD 91K; Startup Bangladesh Limited)		Apon Wellbeing (USD 1.5 Mn, SBL, Village Capita, South Asia Tech)
	ShareTrip (USD 100 K; Eastern Bank Ltd)		TygerMedia (USD 150K; Angel Investors)		10 Minutes School (USD 5.5 Mn; Conjunction Capital, Startup Bangladesh Limited)		PriyoShop (USD 5 Mn; Century Oak Ventures)
	WeGro (Undisclosed; Accelerating Asia)		Applystart (Undisclosed; Angel Investor)		Aroga ( USD 4 Mn.; TVC, Startup Bangladesh Limited)		45 Investors Meetup 2024
	EduTechs (Undisclosed; Accelerating Asia)		Startup Summit 2023		Nitex (Undisclosed; Nosara Capital)		Startup Founders Meet by BD Startup Founders
	Shohoz (USD 1.1 Mn; ADN Telecom)		Sheba (USD 2.2 Mn; BSRM, Startup Bangladesh Limited)		Tiger New Energy & Climate ( USD 2.5 Mn; Wavemaker Partners)		Startup Social by Elevate Pay
	Grand Finale of the Accelerating Green Innovation for Youth Entrepreneurship (AGIYE) held by Bangladesh Youth Environmental Initiative (BYEI)		MedEasy (USD 40K; JICA)				
	IPAGE wins youth pitch contest at World Export Development Forum		IPage (USD 40K; JICA)				
	R-Venture 3.0 by Robi announces investment in 8 startups		DrinkWell (USD 40K; JICA)				
	Bangabandhu Innovation Grant 2023 launched		ILF Bootcamp Graduation Event 2023				
			Orange Corners Graduation Event 2023				

## Keys:

Deal (Amount; Lead Investor)

Event

Merger & Acquisition

Government Initiative

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# Key Partners



Startup Bangladesh Limited is the flagship venture capital fund of ICT Division and the first and only venture capital fund sponsored by the government of the people's republic of Bangladesh. Starting its journey on March 2020 with an allocated capital of BDT 500 crores (USD 65 million), this effort aims to enable the nation to innovate faster, create new jobs, develop technical skills, and realize the vision of Digital Bangladesh. The fund supports technology-based innovations to create new employment opportunities, promote under-represented tech groups, foster entrepreneurship culture and bring transformational changes to lives of millions.

Know more @ [www.startupbangladesh.vc](http://www.startupbangladesh.vc)



ExitStack is an online platform featuring stories, deal news, and analysis about Bangladeshi and diaspora startups. It aims to share insights on companies and founders to everyone, including potential investors and partners, around the world. ExitStack's thesis as a knowledge sharing platform is rooted on the ambition to broadcast Bangladesh's narrative and minimize the information asymmetries prevailing in the ecosystem.



Anchorless Bangladesh is a New York-based early stage venture capital fund dedicated to investing in fundamentally critical businesses required to empower Bangladesh's socio-economic growth. Led by a diverse team of internationally experienced investors working with exceptional founders, the fund activates unique opportunities across the country by harnessing global capital to deliver outsized financial returns while optimizing for social impact. They invest across industries, with a focus on fintech, healthcare, agriculture, garments, education, logistics and SaaS, primarily at the seed stage, and work actively with local partners to further accelerate the quality and growth of the ecosystem.

Know more @ [www.anchorless.vc](http://www.anchorless.vc)



BD Startup Founders Group is the leading startup community of Bangladesh that connects the prominent active startup founders and ecosystem builders in the country. The group strives to serve as a common platform for all startups, aiming to be the voice of the startup community and support founders in their journey as well as connect to key private and public stakeholders.



# Previous Publications



## Bangladesh Startup Ecosystem - A Year In Review 2023

January 2024

## Bangladesh Startup Ecosystem Update Q'3 2023

October 2023



## Bangladesh Startup Ecosystem Update Q'2 2023

July 2023







At LightCastle, we take a **data-driven** approach to creating opportunities for growth and impact. We consult and collaborate with development partners, public sector and private organizations to promote **inclusive economic growth** that positively **changes the lives of people** at scale.

Our services include Management Consulting, Entrepreneurship Ecosystem & Investments, Market Entry Advisory and Digital Transformation. Till date, we have consulted for **150+ development partners & private organizations** on **250 + projects**, collaborated with **500+ SMEs & startups**, mobilized **USD 150 Mn+** in investments and supported **40+ accelerator/ incubator programs** across Bangladesh.

LightCastle also hosts the largest market and industry datasets in Bangladesh across 30+ industries.

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Know more @ [www.lightcastlebd.com](http://www.lightcastlebd.com)



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Considering the opaque nature of the Bangladeshi market, we strive to constantly update our data to maintain accuracy. If you spot any error or inaccuracy, please contact Bijon Islam, Co-Founder and CEO at LightCastle Partners at [bijon.islam@lightcastlebd.com](mailto:bijon.islam@lightcastlebd.com).

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