

Building a vibrant startup ecosystem

Start-up ecosystems are popping up across the country and the world, with varying levels of success. It is this combination of multiple internal and external factors such as investors, service providers, incubators, coworking spaces, startup organizations, universities, investor networks, and many other players, that fuses to create a vibrant startup ecosystem.

Bangladesh's startup ecosystem is heating up, but still facing challenges. Currently, Bangladesh has 1,200 active startups creating drastic impacts in day-to-day Bangladeshi lives through new, innovative products and services. The country has attracted a total investment of USD 505 Mn in 2021 and 2022 (up to quarter 2), with a total contribution of USD 498 Mn from global investors. Though Bangladesh's position as a maturing startup hotspot has started grabbing international attention, the support for startups needs to evolve. Doing business in Bangladesh remains challenging for several reasons. Lengthy bureaucratic processes, limited access to finance and markets, as well as weak infrastructure hinder entrepreneurship in the country. To make stable and resilient economy there is no alternative way for Bangladesh but facilitate startup ecosystem through foreign investments ,government initiatives and public and private sector support for startups.

If we closely observe the Southeast Asian giants like Indonesia and India, we will see a rather vibrant startup ecosystem uplifting their economy. In just 4 months since the start of 2021, India has produced 6 new unicorns (private companies with a valuation of over \$1 Bn) compared to 2020 where they posted 7 new unicorns throughout the year. This is not an overnight success story. India has carefully nurtured

their startup ecosystem to the point that they are reaping the benefits now. India has facilitated startup Ecosystem through various government departments & programs. With the objective to build a strong eco-system for nurturing innovation and Startups in the country the Government launched a Startup India Action Plan. That offers handholding including legal support IPR, exit process , Funding/incentives including fund of funds, credit guarantee, tax exemption and incubation including industry/academia, competitions/grants, events.

Recently, Estonia has been ranked sixth among the world's emerging startup ecosystems in the recently published Global Startup Ecosystem Report 2021. Estonia is a true heaven for startups. In their startup-ecosystem, there are incubators, accelerators, social and private sectors. Almost 10% of the total working age population of Estonia is employed in the IT sector. High technologies bring about 7% of the country's GDP (and 14% – in export). The presence of High level of IT development, Availability of highly qualified staff, E-residence, Government support and several incubators and accelerators make the ecosystem of Estonia stronger enough to establish itself among top startup ecosystems.

Large economies all have exceptional innovation ecosystems like the amalgamation of highly specialized talent, research from top-tier universities, large pools of investable capital, access to market leaders, an incentive system for entrepreneurs, and a promising market to capture. All these elements along with Government commitment to developing entrepreneurship and tech- based skills, increasing traction towards entrepreneurship and freelancing, Rise of local mobile manufacturing hubs and affordable internet costs fuel digital penetration across the country, Startup Policy, Ease of Doing Business play key role in building a vibrant ecosystem for countries like Bangladesh.

To propel the startup ecosystem of Bangladesh and create positive impact on factors fueling the growth, strong

leadership can bring the necessary changes to augment the alternative investment and private equity industry. Some improvements or changes in current rules/regulations/provisions can bring development to a better and stronger industry.

The supporting ecosystem building initiative we take now, and the policies we make, will undoubtedly streamline the startup ecosystem a better one and that will accelerate capital from both local and international markets.