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Bangladesh Startup Investments Report H'1 2026

Shaping Foundations For An Investable Ecosystem



July 2026

STARTUP BANGLADESH LIMITED™ ANCHORLESS BANGLADESH EXITSTACK

Executive Summary

In H'1 2026, **global venture investment reached USD 510 Bn,** driven by **AI-led deals,** while Asia recorded **USD 70 Bn in venture funding** led by technology startups in China, India, and Singapore. Against this backdrop, **Bangladesh's startup ecosystem entered a more selective investment environment,** with improving macroeconomic conditions supporting cautious optimism as **real GDP growth is projected at around 5% in 2026.**

Bangladesh recorded **USD 6 Mn in startup funding across six deals in H'1 2026.** While funding **declined 95% compared to H'1 2025,** investment activity **increased 51% compared to H'2 2025**, indicating early signs of stabilization. Capital deployment remained concentrated, with **the three largest deals accounting for 80% of total funding and average ticket size reaching USD 1 Mn.**

The funding landscape reflected a shift toward **early-stage investments and startup with stronger fundamentals. Software & Technology emerged as the leading funded sector, capturing 35% of total investment,** followed by Financial Services and Healthcare. **Early-stage companies accounted for 90% of deployed capital, while venture capital remained the dominant funding source.** However, **global investors continued to provide 100% of ecosystem capital,** highlighting no domestic participation in the first half of the year.

Bangladesh continues to face a **structural growth capital gap**. Since 2013, **80% of total startup capital has been deployed into late-stage companies, with 98% of late-stage funding originating from global investors.** While early-stage funding channels have expanded, **domestic capital availability remains limited for startups seeking to scale.**

Recent initiatives, including **the launch of BSIC's USD 35 Mn institutional fund and startup-focused measures under the FY2026-27 national budget,** represent important steps toward strengthening the financing ecosystem. Overall, **H'1 2026 reflects an ecosystem transitioning toward disciplined capital deployment,** where sustained growth will depend on **effective policy execution, stronger startup readiness, and deeper domestic investor participation.**

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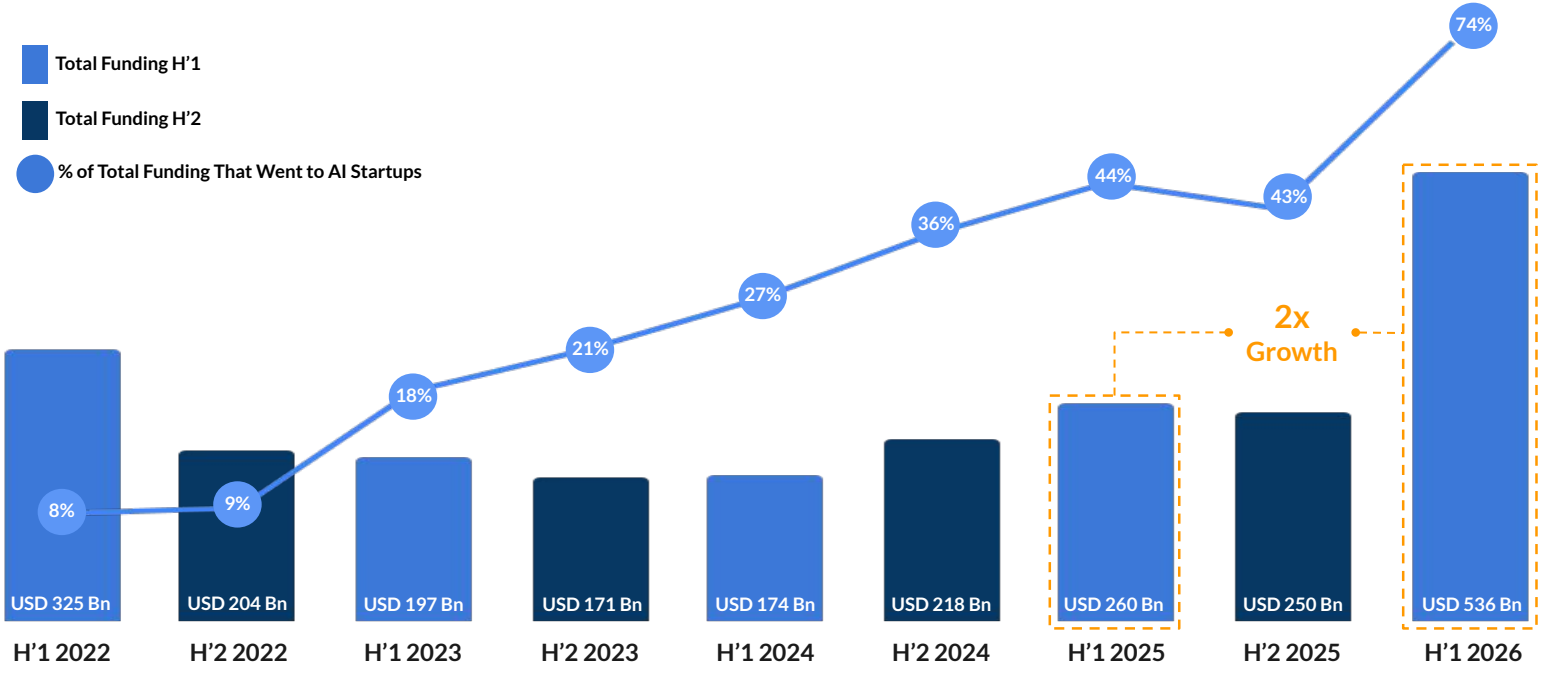
Bangladesh Shows Cautious Growth Amid Rising Global Capital

Global Snapshot, Regional Trend, & Bangladesh's Position Among Peers

Global Venture Investment Reached A Record High In H’1 2026

Driven By AI Deals That Accounted For 74% Of Total Funding

Global venture funding rose to a record USD 510 Bn in H'1 2026, exceeding the total funding raised in 2025 and more than doubling year-on-year. AI remained the primary growth driver, attracting 73.5% of total investment, while OpenAI and Anthropic alone secured USD 217 Bn, representing 43% of total funding. **AI's share of venture investment has increased nearly ninefold over the past four years.**



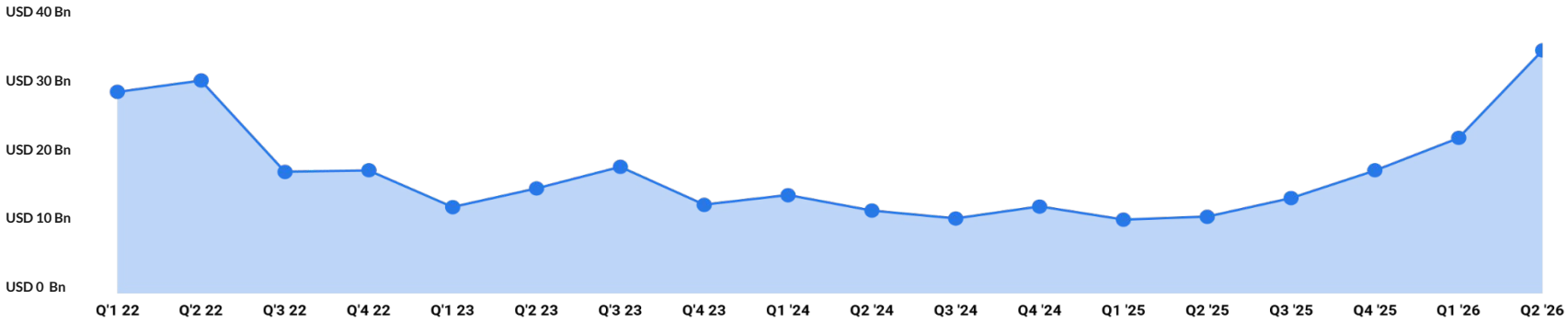
Source: Crunchbase

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Asia's Venture Funding Increased 165% YoY In H1 2026

As AI Startups In China, India, And Singapore Attracted Record Capital

Total Venture Funding Raised In Asia (From Q'1 2022 to Q'2 2026)



USD 70 Bn
Total Funding in H'1 2026

165% Increase From H'1 2025

USD 38 Bn
Early Stage: H'1 2026

Which Was USD 16 Bn In H'1 2025

USD 34 Bn
Late Stage: H'1 2026

159% Increase From H'1 2025

USD 18 Mn
Average Ticket Size

3x The Size of H'1 2025

USD 38 Bn
Funding Raised by AI

Deepseek Raised USD 7 Bn, 13% More Than H'1 2025

Source: Crunchbase

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Bangladesh's Growth Outlook Outpaces Most Peers

However, Investment Intensity Has Yet To Catch Up

	GDP Per Capita (2026)	Estimated Real GDP Growth (2026)	Startup Investment As % of GDP (2025)	Investment Per Capita (H'1 2026)	Investment Raised (H'1 2025)	Investment Raised (H'1 2026)	YoY Change In Investment Raised
Singapore	USD 107,773	4%	2.24%	USD 1416	USD 4 Bn	USD 9 Bn	▲ **166%**
China	USD 14,853	4%	0.13%	USD 21	USD 10 Bn	USD 29 Bn	▲ **191%**
India	USD 2,813	7%	1.07%	USD 10	USD 6 Bn	USD 14 Bn	▲ **135%**
Pakistan	USD 1,596 2025*	4%	0.03%	USD 0.23	USD 58 Mn	USD 59 Mn	▲ **1%**
Bangladesh	USD 2,800	5%	0.03%	USD 0.03	USD 120 Mn	USD 6 Mn	▼ **95%**

Source: World Bank, Tracxn, i2i Ventures, LightCastle Analytics, Anchorless Bangladesh, Startup Bangladesh Limited (SBL), ExitStack

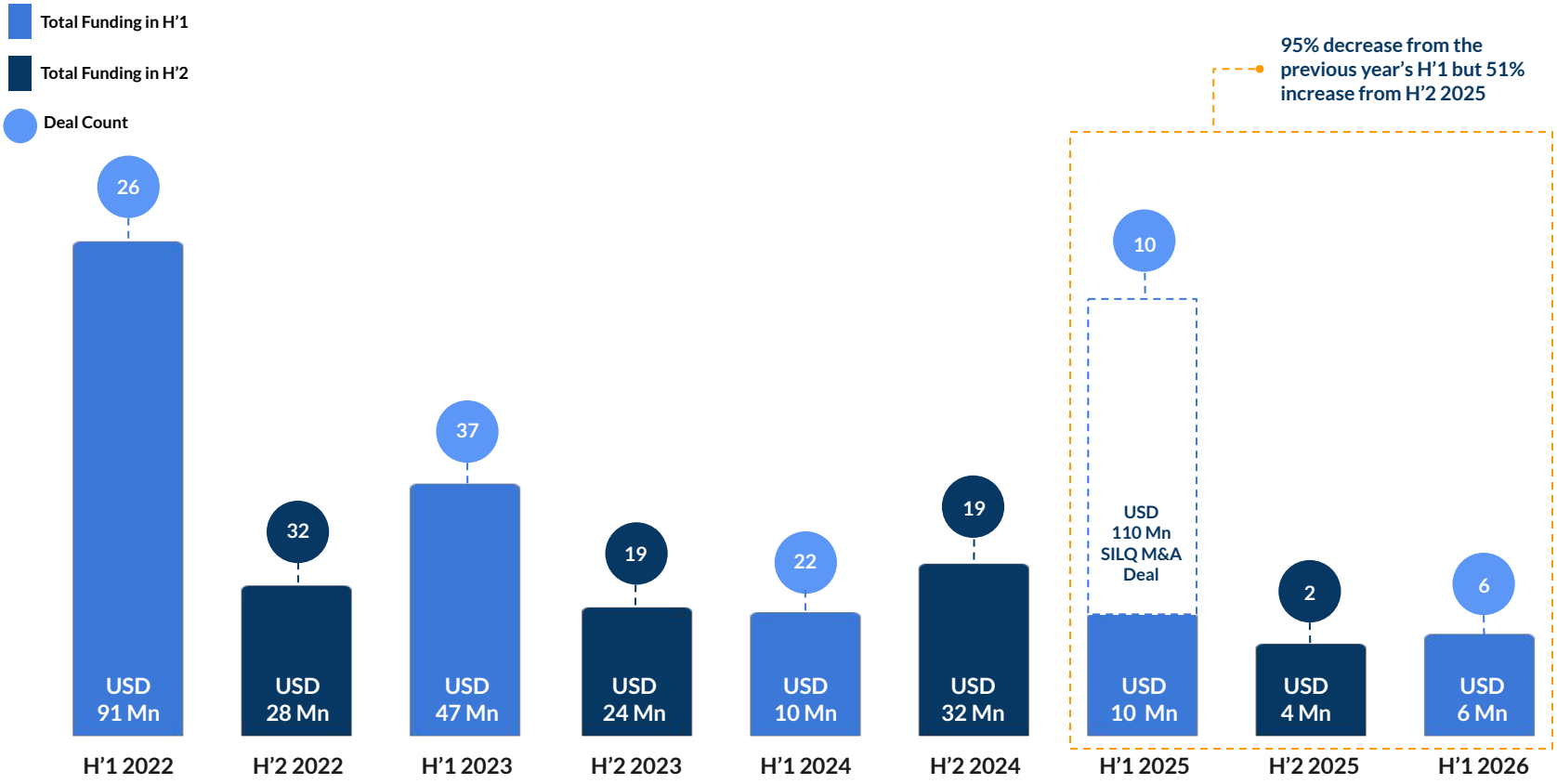
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H'1 2026 Marks A Shift In Sectoral, Investor, And Round Composition

Five-Year Deal Flow, H’1 2026 Snapshot, Sector & Round Breakdown, & Investor Composition

Bangladesh's Startup Funding Shows Early Signs Of Recovery in H'1 2026

As Funding Rose 51% From H'2 2025



Source: LightCastle Analytics, Anchorless Bangladesh, Startup Bangladesh Limited (SBL), ExitStack

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Global Capital Shaped The Investment Landscape

With Financial Services And Software & Technology Attracting The Majority Of Funding

6 Mn
Total Funding
Raised By 4 Companies

6
Investment Deals Made
H'1 2025 Deal Count Was 14

USD 1 Mn
Average Ticket Size
92% Decrease From H'1 2025

USD 2 Mn
Largest Deal
By Revora, In Seed & Grant

66%
Venture Capital Funding
54% Of It Went To Seed Stage

100%
Global Investor Funding
Vs. 99.5% in H'1 2025

90%
Early Stage Investments
Vs. 4% in H'1 2025

35%
Software & Tech's Share
Financial Services: 29%

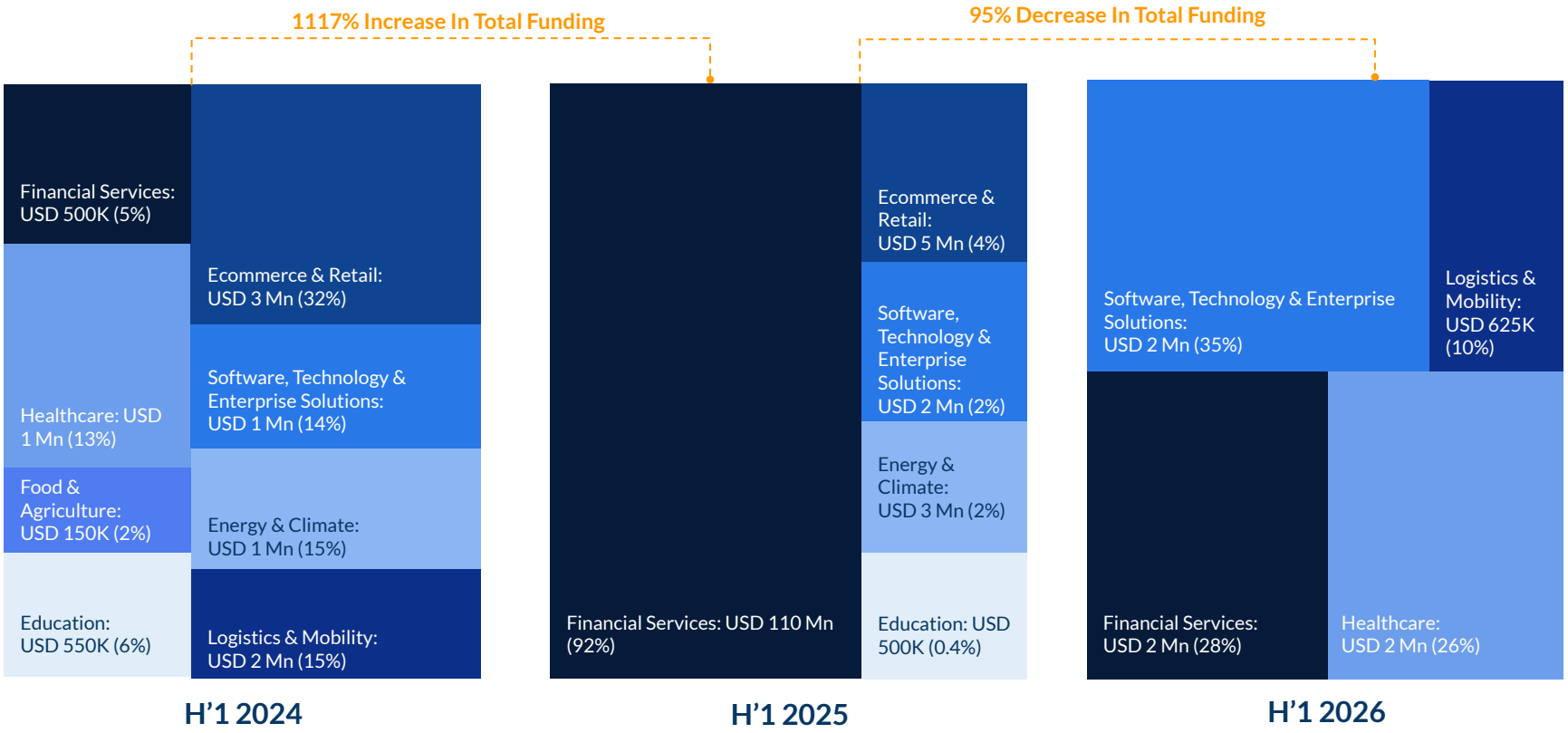
H'1 2026 reflects a more selective investment environment, with global investors concentrating capital into fewer deals. The remainder of 2026 will depend on stronger startup fundamentals, improved investor confidence, and deeper domestic capital participation.

Source: LightCastle Analytics, Anchorless Bangladesh, Startup Bangladesh Limited (SBL), ExitStack

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Software Emerged As The Top-Funded Sector

As Its Share Rose To 35% While Financial Services Declined To 29%



Source: LightCastle Analytics, Anchorless Bangladesh, Startup Bangladesh Limited (SBL), ExitStack

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The Funding Mix Shifted Toward Early-Stage Investments

With Late-Stage Funding Falling To 10% From 96% In H1 2025



Source: LightCastle Analytics, Anchorless Bangladesh, Startup Bangladesh Limited (SBL), ExitStack

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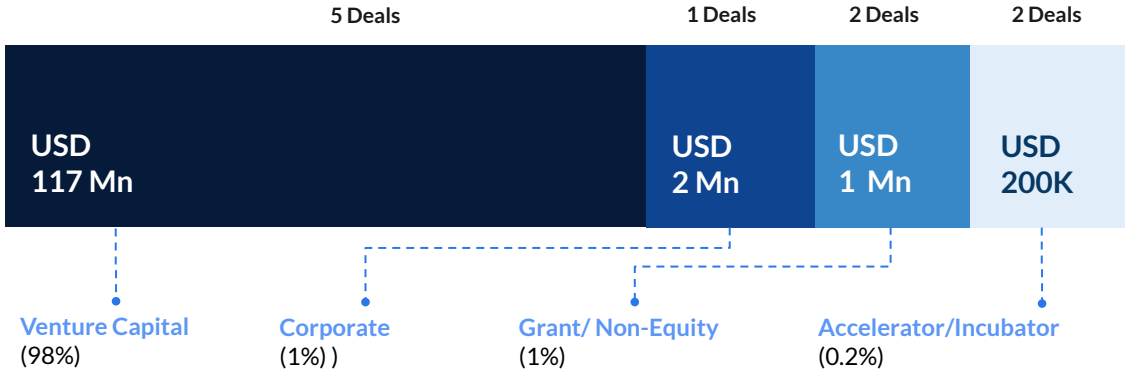
Startup Funding Shifted Towards A More Balanced Investor Mix

With Impact Investors Providing 25% Of Funding In H'1 2026

2025

USD 120 Mn

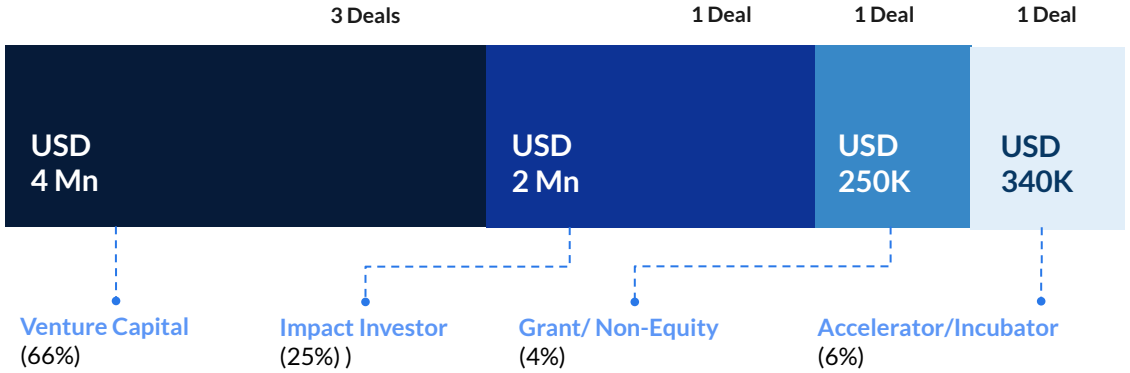
VC led in both funding and deal count. Corporate followed with USD 1.6 Mn, a fraction of VC investment.



2026

USD 6 Mn

VC accounted for 50% of the total deal count, while impact investors contributed 25% of funding.



Source: LightCastle Analytics, Anchorless Bangladesh, Startup Bangladesh Limited (SBL), ExitStack

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Venture Capital Accounted For 50% of Total Deal Count

While Its Share In Total Funding Declined From 98% To 66% YoY

Despite a 97% decline in VC funding volume to USD 4 Mn, venture capital remained the largest source of startup financing in H'1 2026, accounting for 66% of total funding and 50% of all deals. **VC continued to finance all late-stage investments, while its sector allocation became more diversified, with Software & Technology (44%), Healthcare (40%), and Logistics & Mobility (16%) together accounting for all VC funding.**

	H'1 2025 *(VC Investments)*	% of Total *(Funding/Count)*	H'1 2026 *(VC Investments)*	% of Total *(Funding/Count)*	YoY Change
Deal Count	5	50%	3	50%	▼ **40%**
Deal Volume	USD 117 Mn	98%	USD 4 Mn	66%	▼ **97%**
Early Stage Funding	USD 3 Mn	2%	USD 4 Mn	55%	▲ **52%**
Late Stage Funding	USD 115 Mn **110 Mn SILQ Deal*	96%	USD 625K	11%	▼ **100%**
Major Concentration	Financial Services (94%), Ecommerce & Retail (4%)	N/A	Software & Tech (44%), Healthcare (40%)	N/A	**Sector mix rotated**

Source: LightCastle Analytics, Anchorless Bangladesh, Startup Bangladesh Limited (SBL), ExitStack

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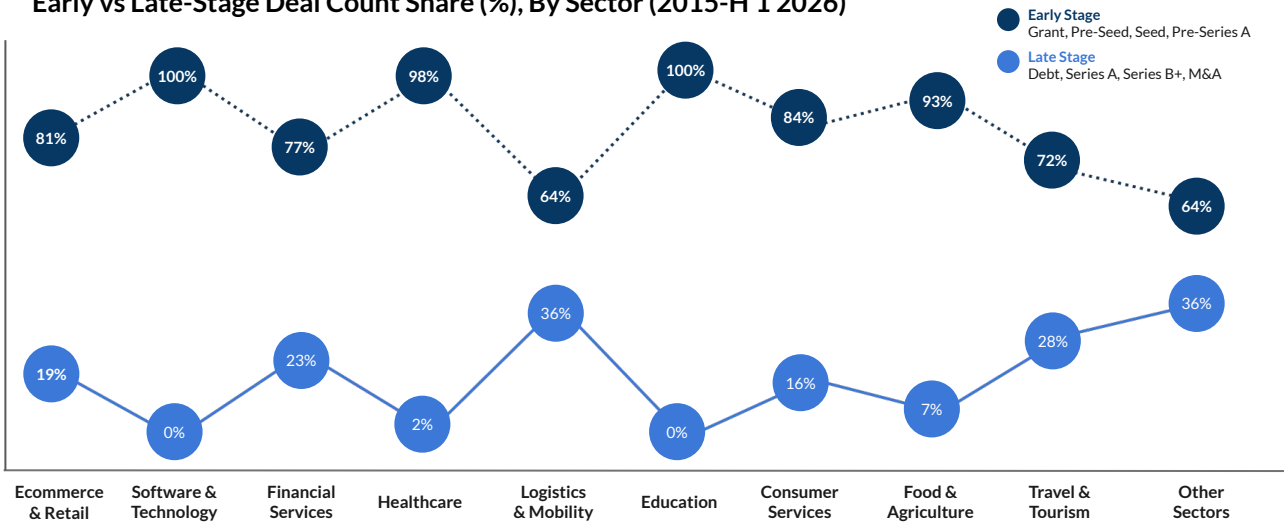
The Startup Ecosystem Enters A New Phase Of Growth

BSIC Launch, FY2026-27 Budget Snapshot, & Potential Sector Analysis

Bangladesh's Late-Stage Funding Relies Heavily On Foreign Capital

With Limited Domestic Capital Available To Support Startup Growth

Early vs Late-Stage Deal Count Share (%), By Sector (2015-H'1 2026)



Total Deals Made

454 Deals

Early Stage: 381 Deals (84%)
Late Stage: 73 Deals (16%)

Total Capital Deployed

USD 1.1 Bn

Early Stage: USD 223 Mn (20%)
Late Stage: USD 879 Mn (80%)

Late-Stage Capital Source

98% Global

Global: USD 857 Mn
Local: USD 22 Mn

Growth Capital Gap

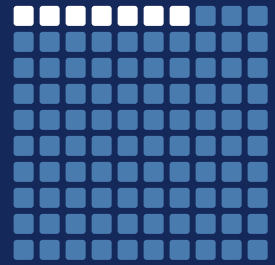
Although late-stage deals represent just 16% of transactions, they account for 80% of total funding (USD 879 Mn of USD 1.1 Bn), with 98% coming from global investors, highlighting limited domestic growth capital.

Source: LightCastle Analytics, Anchorless Bangladesh, Startup Bangladesh Limited (SBL), ExitStack

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Bangladesh Launched Its First Institutionally Governed VC Fund

With An Initial USD 35 Mn To Catalyze Local And Attract Global Capital



Only 7 in 100

Of all capital deployed in Bangladesh came from local sources

Local (<7%) Foreign (>93%)

BSIC

USD 35 Mn

ONKUR Fund I

Deploys alongside global VCs at the growth stage.

4-Body

Institutional governance

Consists of the Investment Team, Global Investment Committee, Advisory Committee, and the Bank's Board of Managing Directors.

Purpose

Three mandates

Direct equity investment in high-growth startups, co-investment alongside global VC funds, and a domestic anchor to attract foreign capital.

39 Shareholder Banks

Annual Profit Pledge

1% of net profits committed every year; building permanent capital, not a one-off fund.

How A Round Gets Done — The BSIC Co-Investment Model

01 / Lead Secured
Founder lines up a credible global institutional lead abroad

>

02 / BSIC Matches
Commits matching capital alongside the global lead

>

03 / Joint Diligence
Local team runs deep diligence, shared with the lead

>

04 / Local Capital Joins
BSIC's bank ties unlock local families and corporates

>

05 / Round Closes
Structured to global standards, documented fast

USD 500 Mn
Capital Catalyzed
Third-party capital unlocked by BSIC deploying first

15,000
Indirect Jobs Created
Across the portfolio, over a 10-year horizon

40x
Economic Multiplier
Projected 10-year return on deployed capital

Source: BSIC, Exitstack, LightCastle Analytics

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FY2026-27 Budget Brings A Coordinated Approach To Startup Financing

Pairing Tax Relief, Public Capital, And Regulatory Reform Under One Package

Cost Reduction

0%

Turnover Tax

Part of a decade-long package for qualifying startups that also zeroes advance tax, advance income tax, and customs/regulatory duty.

15%

VAT Exemption

VAT exemption on essential operating inputs like SaaS, cloud infrastructure, and office rent.

2035

Guaranteed Period

Year until which these VAT exemptions are guaranteed, providing a long-term policy horizon.

Public Capital Injection

BDT 500 Cr

Startup Fund

Channeled through the ICT Division to target women, youth, and new tech ventures.

Tk 1,000 Cr

Startup Bangladesh Fund Expansion

Government target to scale the existing Startup Bangladesh Limited VC fund (~Tk700 Cr today), widening co-investment capacity for private and global capital.

Regulatory Reforms

Tk 100 Cr

Revenue Eligibility Cap

Annual turnover threshold defining which companies qualify as "startups" for the decade-long tax package.

4%

Capped Lending Rate

Bangladesh Bank's Startup Finance Master Circular (July 2025) caps startup lending rates via a BDT 500 Cr refinancing facility.

Share Swap Circular

Offshore-Free Structuring

Lets shareholders swap shares for holding-company shares without moving capital offshore, easing entry for foreign investors.

Source: LightCastle Analytics, Bangladesh Bank, ExitStack, The Daily Star

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The Next Phase Is Ecosystem Execution

Requiring Coordinated Action Across Government, Investors, And Founders

Prioritize Effective Policy Implementation

- Recent policy measures, including the FY2026-27 budget initiatives, signal stronger government support for startup financing.
- The next priority is **ensuring timely implementation, clear regulatory interpretation, institutional coordination, and measurable outcomes** to translate policy intent into ecosystem impact.

Improve Startup Investment Readiness

- With BSIC underway, startups are better positioned to access both domestic and international capital opportunities.
- To capitalize on this momentum, founders must strengthen **financial reporting, governance structures, legal compliance, and due diligence readiness** to meet investor expectations.

Strengthen Founder Development Through Ecosystem Networks

- Over the years, **19 Bangladeshi startups have participated in Accelerating Asia,** demonstrating the value of structured founder development and regional exposure.
- Continued collaboration among accelerators, investors, and ecosystem partners can help build a stronger pipeline of investment-ready startups.

Build Institutional Capacity for Startup Financing

- BSIC's co-development model and partnerships with financial institutions can help bridge the knowledge gap between traditional finance and venture investing.
- Banks and financial institutions need to develop **startup-specific assessment frameworks** that evaluate growth potential, business models, and scalability beyond traditional collateral-based lending approaches.

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STARTUP BANGLADESH LIMITED™

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

ANCHORLESS BANGLADESH

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

EXITSTACK

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.

Know more @ www.exitstack.co

Explore Bangladesh's Startup Funding Trends In Real Time



Explore the Dashboard

About Us

LightCastle Partners — an international management consulting firm — creates systemic and data-driven growth and impact opportunities in emerging markets. By collaborating with development partners and leveraging the power of the private sector, we strive to strengthen economies, inspire businesses, and transform lives at scale.

We aim to accelerate and deliver sustainable and inclusive growth. For more than a decade, we have been collaborating with the public, private, and development organizations and institutions to help formulate intervention strategies, mobilize capital, and implement programs that generate enduring social and commercial impact.

Our deeply entrenched knowledge, network, and expertise spanning research, advisory, advocacy, partnerships, program implementation, digital transformation, and capital mobilization enable us to commit to our mission to strengthen emerging economies. Till date, we have served 300+ projects in 20+ countries for 150+ clients — mobilizing U$ 150 million+ capital, accelerating 1500+ enterprises, and directly supporting the transformation of 500,000+ lives and livelihoods in frontier markets.

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Thank You

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