



UNLOCKING EARLY-STAGE VENTURE CAPITAL IN THE CAREC REGION

Catalyzing a stronger, private-sector startup ecosystem

CAREC Venture Investment Platform

1/ CAREC needs strong local VC investors to unlock its startup potential

The CAREC region has real startup momentum

- ✓ +1000s tech startups across fintech, logistics, agritech, digital
- ✓ Young, tech-savvy population
- ✓ 30-40+ active accelerators & startup hubs across the region
- ✓ 50+ active local investors (angels, micro-funds etc)
- ✓ AI, digital tools, diaspora networks lowering barriers to global markets

→ The ingredients for a strong frontier startup hub are already here

But a lack of local VC funds is holding startups back

- ✓ CAREC region (ex PRC) attracted <\$150m in 2024 - less than 0.2% of global VC investment.
 - ✓ Most deals are pre-seed/seed, almost all are < \$500k
 - ✓ Fewer than 15 local VC funds, most without early-stage track record.
 - ✓ Potential VC fund managers lack structured support, LP access and credibility
- Startups plateau early, raise very small tickets, or move abroad.

CAREC is at an inflection point.

Successfully growing the region's startups requires building a strong local VC industry

ADB

2/ Key learning: Local VC industries were built with government support

GLOBAL EXPERIENCES

Every successful startup ecosystem began by building strong local VCs.

Local VCs provide not only early-stage risk capital, but also critical hands-on support, governance, mentoring and networks that help startups scale.

Across Singapore, India, Israel, Estonia, Korea and the Nordics, governments played a catalytic role using three common tools:

- Train emerging VC managers (GPs)
- Anchor new VC funds (Fund-of-Funds)
- Early-stage co-investments to crowd in private capital

SINGAPORE (EDBI, Seeds)

- Anchored first VCs + matching/co-investment schemes
- VC activity grew 100x in a decade

INDIA (SIDBI)

- Backed +100 local VCs with focus on emerging GPs
- Created a new generation of successful local VCs

ISRAEL (Yozma)

- Anchored first 10 VC funds, mixing local + foreign GPs
- Kick-started the “Startup nation”. #1 VC per capita globally

ESTONIA (SmartCap)

- Anchored early VC funds + co-invested in seed-stage deals
- Top unicorns per capita globally. Attracting global VCs

SOUTH KOREA (KVIC)

- Anchored +300 domestic VC funds and trained new GPs
- VC investment grew 20x; built several top Korean GPs

3/ Launching the CAREC Venture Investment Platform



+



+



1/ VC ACADEMY (Talent First)

- ✓ Strengthen the capacity of emerging VC fund managers
- ✓ Practical hands-on training with support from experienced global VCs
- ✓ Create a CAREC-wide community of local VCs

2/ VC FUND-OF-FUNDS (Core capital engine)

- ✓ Country-specific FoFs to anchor emerging local VCs
- ✓ Catalytic FoF funding from Governments, donors, ADB
- ✓ Designed to crowd in private & foreign capital (3-5x leverage)
- ✓ FoF governance aligned with global best practices

3/ CO-INVESTMENTS (Accelerating deals)

- ✓ Catalytic co-investments to help new local VC funds build track record
- ✓ Focus on strategic, deep-tech or high-impact sectors
- ✓ Expands the pool of investable early-stage startups



4/ Target: To build a strong and professional local VC industry

What the platform will help the region achieve over the next 3–5 years



1. More & stronger local VC fund managers

- ✓ Enable a new wave of local VC funds over next ~5 years.
- ✓ Target to mobilize +\$500m in VC financing across CAREC
- ✓ Build a generation of professional local VC fund managers (GPs)



2. More startups funded and better supported

- ✓ Support 100s startups with risk capital from local VCs
- ✓ Target faster scaling and higher survival rate through hands-on VC support
- ✓ Build a deeper pipeline of investment-ready startups



3. Innovation-led and regional growth

- ✓ Position CAREC as a leading startup ecosystem
- ✓ Strengthen cross-border investment and innovation
- ✓ Attract follow-on capital from regional & global VCs.



5/ We are targeting initial roll-out and formal launch in 2026

A phased approach to design, launch, and scale the CAREC Venture Investment Platform

PHASE 1:
Set-up & Partnerships
(0-6 months)

- Finalise scope and governance of the CAREC Venture Investment Platform
- Engage interested CAREC governments and partners
- Explore country-tailored VC Fund-of-Funds (FoF) options
- Design the VC Academy and identify emerging fund managers for Cohort 1

PHASE 2:
Initial roll-out
(6-18 months)

- Officially launch the CAREC Venture Investment Platform
- Partner with 2-3 countries to pilot national VC FoFs
- Launch regional VC Academy with first cohort.
- Start co-investment pilots with local fund managers.

PHASE 3:
Scale-up
(18-48 months)

- Expand national VC FoFs as additional countries participate
- Scale co-investments and additional Academy cohorts
- Strengthen policy frameworks and cross-border VC collaboration
- Build a sustainable regional community of local venture investors

STRONG LOCAL VC FUNDS.

- ➔ **STRONG STARTUPS.**
- ➔ **STRONG CAREC REGION.**

Thank you.

ADB



dhersson@adb.org

ADB