



# Bangladesh: Getting the Story Out

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*August 2022*

# Overview

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- Bangladesh has come such a long way since Henry Kissinger's famous quip in 1971 and the 2014 World Bank "corruption challenge"
- In the area of economic development, Bangladesh has been a star. More recently, during the period of 2017-2019, its economy grew at 7.8%, and even grew by 2.4% in the 2020 pandemic year
- However, growth in inbound FDI has lagged and still hovers just above 1% of GDP, below its 5 year plan and well below the FDI of its neighbouring countries of India's and Vietnam's 10-15% of GDP

# Inbound/Outbound Investments

## International Investment into Bangladesh 2021

Country	Target	Sector	Investor Name	Amount (\$m)
JAPAN	Araihazar (SEZ)	Pharmaceuticals	NIPRO	1,000.0 <sup>(1)</sup>
	bKash	Fintech	Softbank Vision Fund	250.0 <sup>(2)</sup>
KOREA	Shibpur Plant (Fair Electronics)	Consumer Electronics	Samsung	ND <sup>(3)</sup>
	KEPZ	Solar Power Dept	Youngone	40.0 <sup>(4)</sup>
CHINA	HungryNaki	e-commerce	Alibaba	ND <sup>(5)</sup>
	Gazipur Plant	Consumer Electronics	Xiaomi	ND <sup>(6)</sup>
EUROPE	Brac Bank	Micro Finance	FMO Bank (Netherlands)	50.0 <sup>(7)</sup>

*Footnotes:*

- (1) JMI Group/NIPRO pledged \$1.0 billion investment into Araihazar SEZ by up to 100 Japanese companies.
- (2) Softbank acquired a 20% stake in bKash.
- (3) Samsung launched its new production plant for air conditioners via partner, Fairfax Electronics.
- (4) Youngone launched solar plant in KEPZ zone.
- (5) Alibaba, via Daraz, acquired HungryNaki, the first acquisition of a Bangladesh start-up.
- (6) Xiaomi opened its 1<sup>st</sup> Bangladesh manufacturing plant in Gazipur.
- (7) Netherlands based development bank targeting microfinance loans.

# Major Infrastructure Projects

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## *Japan Financed*

- In June 2017, JICA signed loan agreements with the Government of Bangladesh to provide Japanese ODA loans of up to a total of 178.223 billion yen for 6 projects included in the national “7<sup>th</sup> Five-Year Plan (2016–2020)”. We list 3 below:
  - 1) Hazrat Shahjalal International Airport Expansion Project
    - Loan amount: 76.825 billion yen
    - As at November 2021, planned to be inaugurated in 2023
  - 2) Dhaka Mass Rapid Transit Development Project
    - Loan amount: 5.593 billion yen
    - Loan signed with JICA in November 2021
  - 3) Matarbari Ultra Super Critical Coal-Fired Power Project
    - Loan amount: 10.745 billion yen
    - On course to produce 600MW – out of 1,200 MW – power generation by 2024; 76% of funding

*Japan has provided more than \$27 billion worth of assistance to Bangladesh through June 2021.*

# Major Infrastructure Projects

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## *China Financed*

- In October 2021, Bangladesh signed a \$1.2 billion loan deal with China for the construction of an elevated expressway linking Dhaka and Ashulia from Shahjalal International Airport to Dhaka Export Processing Zone
- In November, it was reported that the Bangladesh Government sought to borrow US\$701 million from China to fund four projects:
  - \$276 million for the water-treatment plant for Rajshahi Water Supply and Sanitation Authority (RWASA)
  - \$450 million for the digital connectivity projects
  - Six vessels for the Bangladesh Shipping Corporation
  - Upgrading six TV stations of Bangladesh

*Bangladesh has so far signed \$7.80 billion worth of loan deals for 8 projects out of the 27 listed ones with China since 2016. The 27 proposed projects will require some \$20 billion of funding.*

# Major Infrastructure Projects

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## *China Financed*

### *Dhaka Bypass Expressway*

- For nearly a decade, the Bangladesh Government wanted to expand the two-lane Joydevpur-Debogram-Bhulta-Madanpur road, widely known as Dhaka Bypass Road, into a four-lane 48 km highway for better communication between Chattogram port and the country's north-western regions of Dhaka city
- In January 2022, the Bangladeshi government signed a contract with a consortium to convert the road to a major expressway on a PPP basis, a first for a roadway in Bangladesh. The consortium would invest 20.94 billion taka in the project, while the Bangladeshi government will invest 12.09 billion taka (circa \$400 million)
- The expressway, which bypasses Bangladesh's congested capital, Dhaka, will link the industrial belts around Dhaka with the seaport at Chattogram and the north-eastern Sylhet region (240 km northeast of Dhaka)
- The Dhaka-Sylhet corridor, once completed, will support a new trade route that connects Chattogram port with India's north-eastern states through the three Bangladeshi land ports of Akhaura, Sheola, and Tamabil, according to the ADB

# Multilateral Loans

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- Bangladesh attracted \$2.51 billion in multilateral loans in 2021
  - These were split \$2.0 billion for COVID related (80%) and \$0.51 billion (20%) infrastructure related
  - AIIB led \$1.06 billion, ADB \$0.9 billion, JICA (Japan) with \$347 million, Korea (EDCF) \$100 million and the OPEC Fund for International Development (Austria) \$100 million
  
- As clearly shown, the focus of multilateral lending was on COVID healthcare and/or COVID economic recovery

# Multilateral Loans (2021)

*Led by AIIB and ADB*

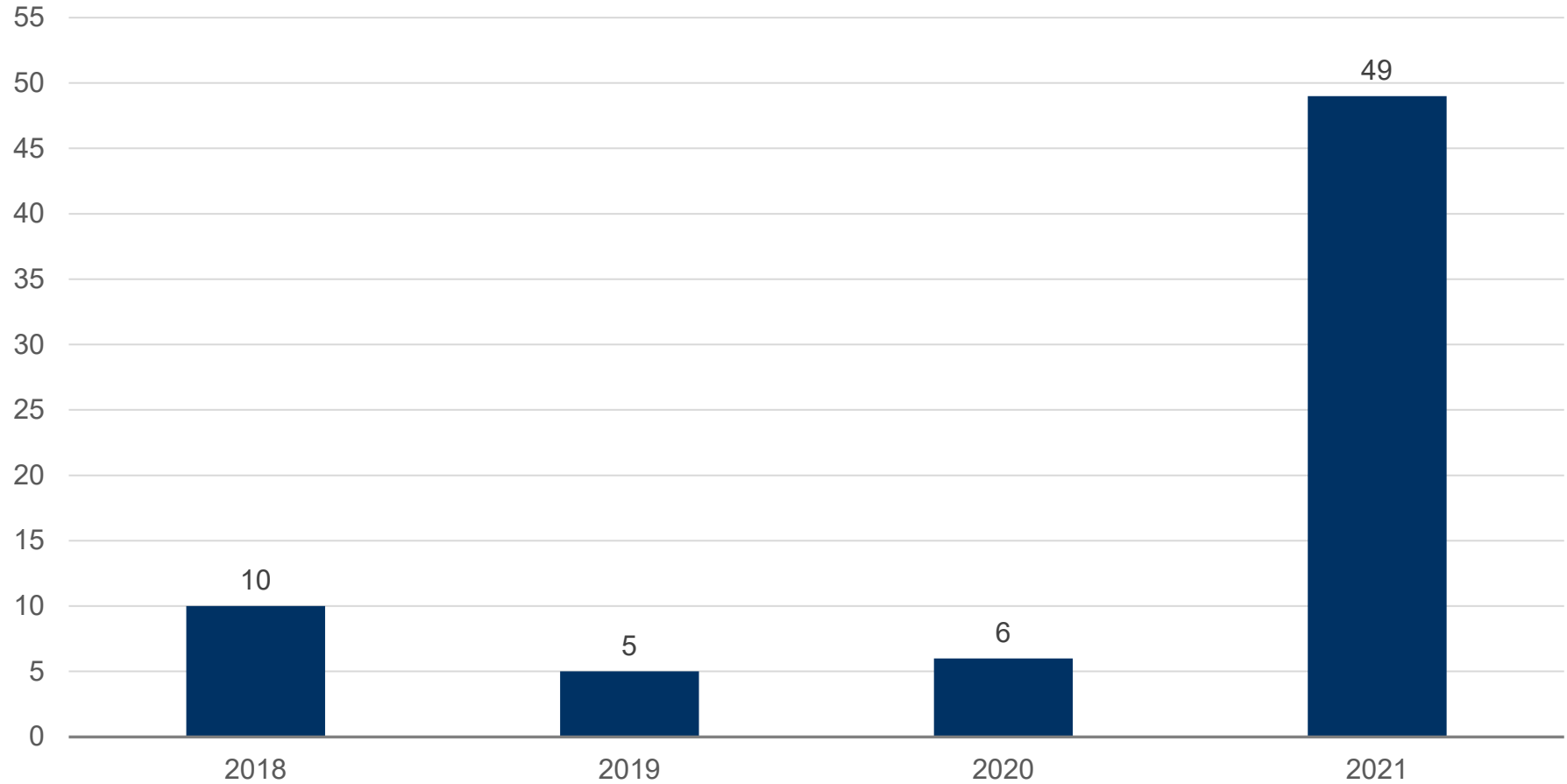
<b>Q1</b>	<ul style="list-style-type: none"> <li>▪ Mymensingh Kewatkhali Bridge Project – \$260 million AIIB infrastructure loan plus</li> <li>▪ COVID-19 Emergency and Crisis Response Facility – \$300 million AIIB COVID related loan</li> </ul>
<b>Q2</b>	<ul style="list-style-type: none"> <li>▪ Social Development Loan – \$250 million by ADB</li> </ul>
<b>Q4</b>	<ul style="list-style-type: none"> <li>▪ COVID-19 Emergency and Crisis Response Facility – \$500 million AIIB/ADB COVID related loan</li> <li>▪ COVID recovery loans – \$700 million, Korea, ADB and AIIB</li> <li>▪ COVID related loan; 2 infrastructure loans – \$347 million – Japan JICA</li> <li>▪ COVID related loan; \$150 million – ADB</li> </ul>





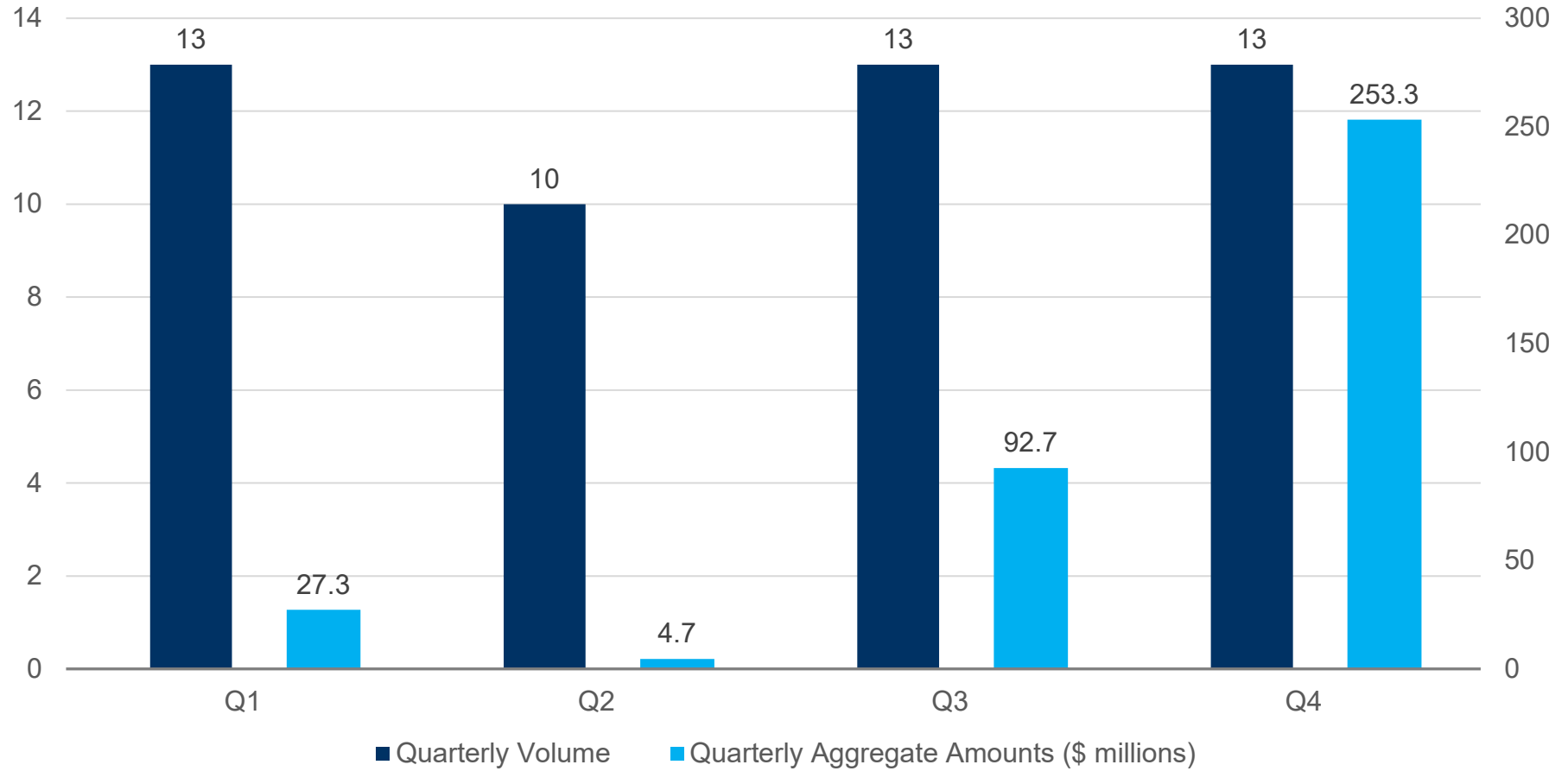
# Venture Capital

## VC Capital Raises (2018-2021)



# Venture Capital

## Bangladesh VC Capital Raises (2021)



# Venture Capital

## Selected Q4 2021 Bangladesh VC

### Capital Raises

Date	Company Name	Seed/Series	Amount (\$m)	Investors
14/10/21	SWAP	Seed	1.25	Accelarating Asia (lead), ZA Capital Advisory, Bangladesh Angels
23/10/21	Bondstein	Seed	1.0	Runner Trading (Runner Group)
31/10/21	OpenRefactory	Grant	0.10	Government
14/11/21	bkash	20% stake	250	Softbank Vision Fund II (Japan)
15/11/21	Happihub	Seed	0.685	ND
16/11/21	Pulse Tech	Pre-Seed	0.120	ND
17/11/21	SM'	Accelerator	ND	SBK Tech Ventures, SOSV, Miaki
24/11/21	SME Vai	Pre-Seed	ND	Rahman, Rupok
29/11/21	Hype Scout	Angel	0.05	ND
07/12/21	Loop Freight	Seed	ND	ADB Ventures
10/12/21	Nuport	Pre-Seed	0.125	ODX Flexport, On Deck (USA)
23/12/21	E-Desh	Series B	ND	Maslin Capital, BO Venture, Asian Capital Venture Lid
31/12/21	Green Grocery	Pre-Seed	ND	Shahjahan Jewel, Jahangir Alam, Nazmul Rupok, Pran Krishna Paul, Ashil Anam Siddique

### M&A

Date	Company Name	Seed/Series	Amount (\$m)	Acquire, Name
25/11/21	Bohubrihi	Edu Tech	ND	Shikho
16/12/21	BanglaMeds	e-pharmacy start-up	ND	ChalDal

Number of Q4 2021 Bangladesh VC Deals 13

Aggregate Amount of Q4 2021 Bangladesh VC Deals (in USDm) 253.33

# Venture Capital (2021)

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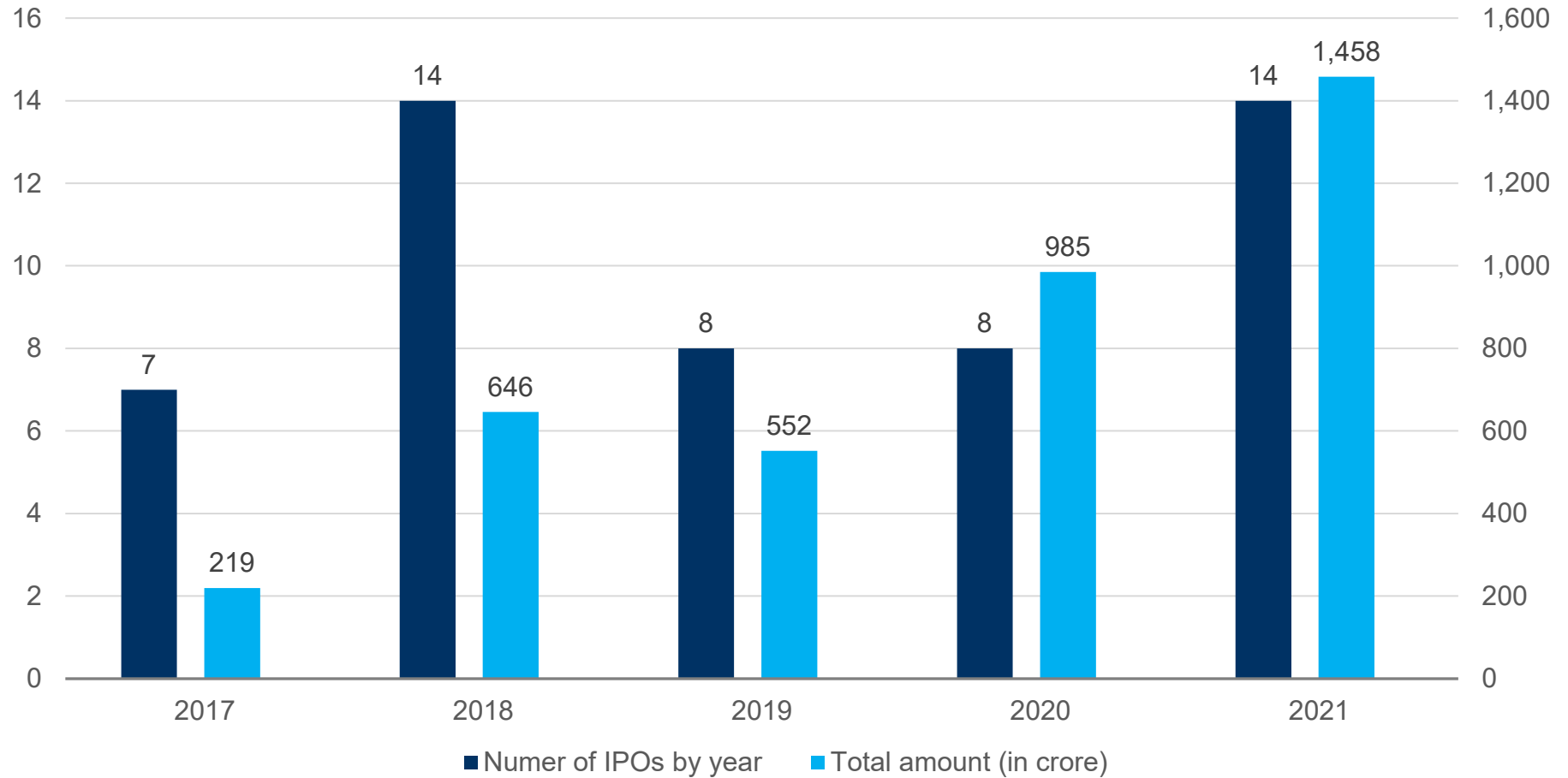
## *Active Investors*

- Accelerating Asia (Singapore)
- Bangladesh Angels (2018)
- BD Venture (BDVL-Bangladesh) invested in 4 start-ups
- Ecom Express (India)
- Falcon Network (UAE)
- Golden Gate Ventures (Singapore)
- IDLC Venture Capital
- IFC (World Bank)
- Osiris Group (USA)
- Prosus (Netherlands)
- SBK Tech Ventures (Singapore) – launched in 2019
- Sequoia Ventures India
- Valar Ventures (USA – Peter Thiel)
- Veon Ventures (Netherlands)



# Dhaka Stock Exchange

## DSE Volume and Amounts (2017-2021)



# Dhaka Stock Exchange

## DSE Fixed Price IPOs 2021

Company Name	Industry	Amount Crore	NRB Close Date	Sub. Clos/21e Date	Open Date	Consent Date	Oversub.	Employee Investment
Taufika Foods & Agro Industries Ltd.	Consumer	30.00	07/01/21	07/01/21	03/01/21	30/11/20	24.5X	N/A
E Generation Ltd	Software Tech	15.00	18/01/21	18/01/21	12/01/21	10/12/20	40.8X	N/A
NRB Commercial Bank	Banking	120.00	09/02/21	09/02/21	03/02/21	04/01/21	10.9X	N/A
Desh General Insurance	Insurance	16.00	18/02/21	18/02/21	14/02/21	13/01/21	40.0X	N/A
Sonali Life Insurance	Life Insurance	19.00	03/06/21	03/06/21	30/05/21	09/12/20	36.5X	N/A
South Bangla Agriculture and Commerce Bank Ltd	Banking	100.00	11/07/21	11/07/21	05/07/21	01/06/21	14.0X	N/A
Sena Kalyan Insurance Co. Ltd	Insurance	16.00	07/10/21	07/10/21	03/10/21	26/08/21	35.3X	N/A
ACME Pesticides Ltd	Agriculture	30.00	18/10/21	18/10/21	12/10/21	07/09/21	20.2X	N/A
Union Insurance Co. Ltd	Non-Life Insurance	19.36	22/12/21	22/12/21	15/12/21	11/11/21	12.2X	15%, 2yr lockup
BD Thai Food & Beverage Ltd	Food	15.00	29/12/21	29/12/21	23/12/21	18/11/21	29.0X	15%, 2yr lockup
Union Bank Ltd	Banking	428.00	30/12/21	30/12/21	26/12/21	24/11/21	2.6X	15%, 2yr lockup

# Dhaka Stock Exchange

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## *Future Improvements*

- **Average daily DSE** – turnover in 2021 increased to Tk 1,475.22 crore from Tk 648.95 crore in 2020 – but this average needs to continue to increase
- **Large cap companies** – as at December 2020, DSE had only 6 companies with market capitalisation over \$1 billion: by Q3 2021, this number had doubled to 12. While progress was made in 2021 both through new issuance and valuation uplift, this trend needs to continue to attract global more institutional investors
- **VC IPOs** – there are at least 3 VC/tech companies which could be near term future IPO candidates. One or more of these can raise attention to Bangladesh much like the IPO of Kaspi has done to Kazakhstan and Ozon to Russia tech
- **Corporate bond market** – still needs to be developed
- **Derivatives market** – it is also imperative to build a meaningfully sized derivatives market

# Challenges

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- Despite numerous improvements some areas still require attention
  - Bureaucracy slowing inbound investments (Japan)
  - Scarcity of Land/Challenges for Realising shift to Renewable Energy Strategy
  - Private Equity Expansion



# ONE PEOPLE... ONE PLANET

- HEALTH
- GREEN