

The logo for the Asian Development Bank (ADB), consisting of the letters 'ADB' in a white serif font on a dark blue square background.

STARTUP ECOSYSTEM DEVELOPMENT – Fostering the Growth of the Digital Economy

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We are committed to achieving a **prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.**

- Established in 1966, ADB is owned by 68 members —49 from the region, 19 from outside.
- ADB assists its members and partners by providing loans, technical assistance, grants, and equity investments.

2022

COMMITMENTS



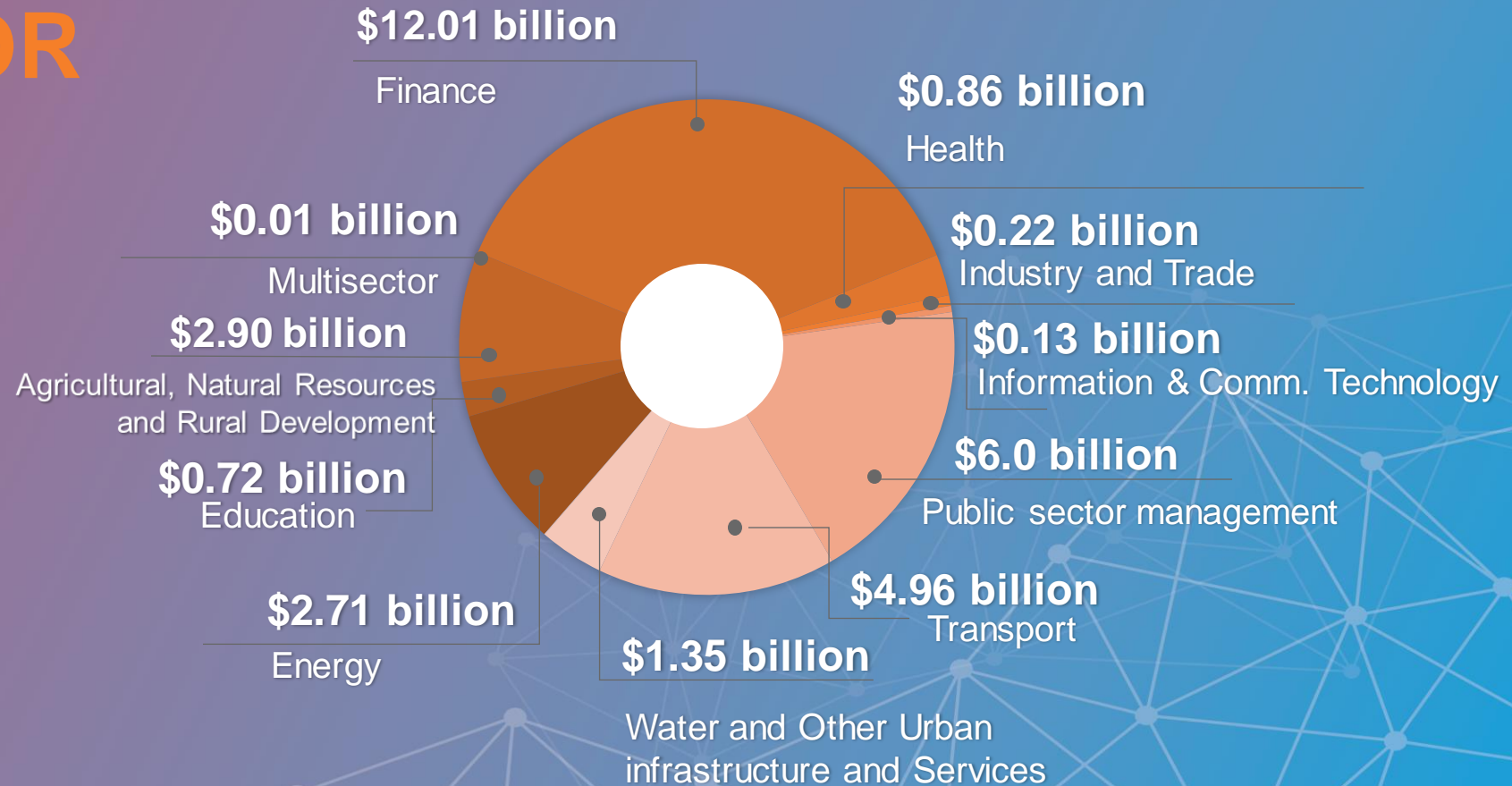
TOTAL OPERATIONS

**\$31.863
BILLION**

- **\$20.216 billion** in loans, grants, and investments
- **\$257 million** for technical assistance
- **\$11.390 billion** from co-financing partners (including trust funds)



**DISTRIBUTION
BY SECTOR**



Note: Numbers may not sum precisely because of rounding.

4 SHIFTS

Climate Change

Increase our capacity as the region's climate bank by embedding climate action across our operations and near-doubling our annual climate financing.

Private Sector Development

Strengthen our role as a catalyst for the private sector by spurring greater private sector participation in Asia's development.

Solutions

Elevate our role as the region's solutions bank through holistic, knowledge-based, innovative, and integrated solutions.

New ways of working

Empower staff to provide value and impact to clients by living our values and becoming more efficient, agile, and collaborative.



A partnership of 11 countries, plus development partners.
CAREC mobilized **\$47.27 billion** in investments (2001 to 2021)



Note: ADB has placed its regular assistance to Afghanistan on hold effective 15 August 2021.



CAREC DIGITAL STRATEGY 2030

Digital Dividends:
Jobs, Growth, New Services

CAREC Sectors and Operational Clusters Digital Transformation
(Agriculture, Tourism, Transport, Energy, Fintech, E-commerce, Government, etc.)

Leadership
Governance
Investment

Digital Policy
Enablers and
Safeguards
(Data AI,
Cybersecurity)

Broadband
Infrastructure
Resilience Digital
Platforms

Digital Skill and
Competencies

Digital Innovation
Entrepreneurship
ICT
Competitiveness

The 5 Pillars of the Digital Foundations



<https://www.carecprogram.org/?publication=carec-digital-strategy-2030>

DIGITAL TRADE AND E-COMMERCE

long standing priorities in the CAREC Program



CAREC INTEGRATED TRADE AGENDA 2030

- alignment with international instruments
- cross-border connectivity
- knowledge-sharing on best practices on e-commerce



innovation and e-commerce
becoming necessity and
opportunity



paperless trade and
customs services
improving



rising **digital trade**

E-COMMERCE INFRASTRUCTURE

Internet Infrastructure

Consumer adoption

- Affordability of and access to ICTs
- Coverage
- Gap analysis: Online shopping
- Barriers to internet use

Data infrastructure

- International internet bandwidth
- Internet exchange points
- Data centers
- Cloud services

Business use of Internet

- Business internet-related infrastructure (fixed broadband, autonomous system numbers, cybersecurity)

Payment Systems

Payment landscape

- Bank cards
- Mobile payments
- Internet banking
- Payment card infrastructure
- Non-cash payment usage & volume
- Supporting merchants

Cashless payment environment

Delivery & Logistics

Fulfillment

- Delivery
- Hubs
- Warehousing

Cross-border trade facilitation

- Paperless trading
- Electronic single windows
- De minimis

E-Commerce Market

Market size

Country profiles



<http://dx.doi.org/10.22617/TCS210304-2>



E-COMMERCE LAWS AND POLICIES

Remove Barriers

Electronic transactions

UN Convention on the use of Electronic Communications in International Contracts (ECC)

UNCITRAL model laws on electronic commerce and electronic signatures

International certifications / foreign signatures

Recognition or equivalence in accordance with bilateral agreement or principle of reciprocity

Regulate

Privacy

OECD Guidelines on protection of privacy and cross-border flows of personal data

Council of Europe Convention on the Protection of Individuals

Cybercrime

Council of Europe Convention on Cybercrime (Budapest Convention of 2001)

Consumer Protection

UN Guidelines for Consumer Protection
OECD Consumer Protection in E-Commerce

Facilitate trade

Trade facilitation agreements

UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific

UN Convention on the International Sale of Goods

WTO Trade Facilitation Agreement

WCO Revised Kyoto Customs Convention



<http://dx.doi.org/10.22617/TCS210304-2>

Recent Developments

WTO MC-12 outcomes

Digital Trade Agreements

RECENT DEVELOPMENTS IN CAREC COUNTRIES









- **Turkmenistan** is finalizing its institutional arrangement for WTO negotiations.
- **Mongolia, Tajikistan, and Turkmenistan** joined Azerbaijan and the PRC as parties to the *UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific* in 2022.
- **Azerbaijan, Mongolia, and the PRC** are now contracting parties to the *UN Convention on the Use of Electronic Communications in International Contracts*.
- Efforts are underway to support the **PRC and Georgia** in adopting the Model Law on Electronic Transferable Records.
- Exploring artificial intelligence for **Georgia**'s import procedures, and blockchain and distributed ledger technology for Mongolia's electronic certificates of origin.
- Supporting **Azerbaijan**'s Ministry of Economy to improve the legal framework for e-commerce and align domestic legislation with international conventions and modern international practices.
- Supporting various initiatives to promote SME's participation in cross-border e-commerce in **Kyrgyz Republic, Mongolia, and Pakistan**.

CHALLENGES ON OUR RADAR

- **Non-existing or lacking ecosystem support**,
e.g. funding, facilities, advice, mentorship, etc.
- **Small markets, remoteness, regulatory barriers, etc.**
> innovators & startups struggle to fit a product-market fit, customers or financing to scale domestically
- **Absence or mismatch of funds for deep tech R&D**
> solutions or business models aren't breakthrough innovation
- **Lack of capacity at universities & research institutions**
> commercialization of IP not happening or unsuccessful
- **Underdeveloped startup / entrepreneurship culture**
- **Talent demand-supply mismatch:** brain/founder drain, technology transfer officers (TTO) at universities, etc.



STARTUP ECOSYSTEM ELEMENTS

-  **Infrastructure / Facilities** (offices, labs, workshops, production, etc.)
-  **Training / Mentoring / Advisory** (legal, financial, ESG, IP, etc.)
-  **Networking** (local, national, global)
-  **Financing** (equity, seed, debt)
-  **Subsidies** (matching funds raised, grants, tax breaks, etc.)
-  **Business opportunities** (procurement windows, corporate partnership, etc.)
-  **Talent development**
-  **Policy & other factors of an enabling environment**

ROLES FOR GOVERNMENT

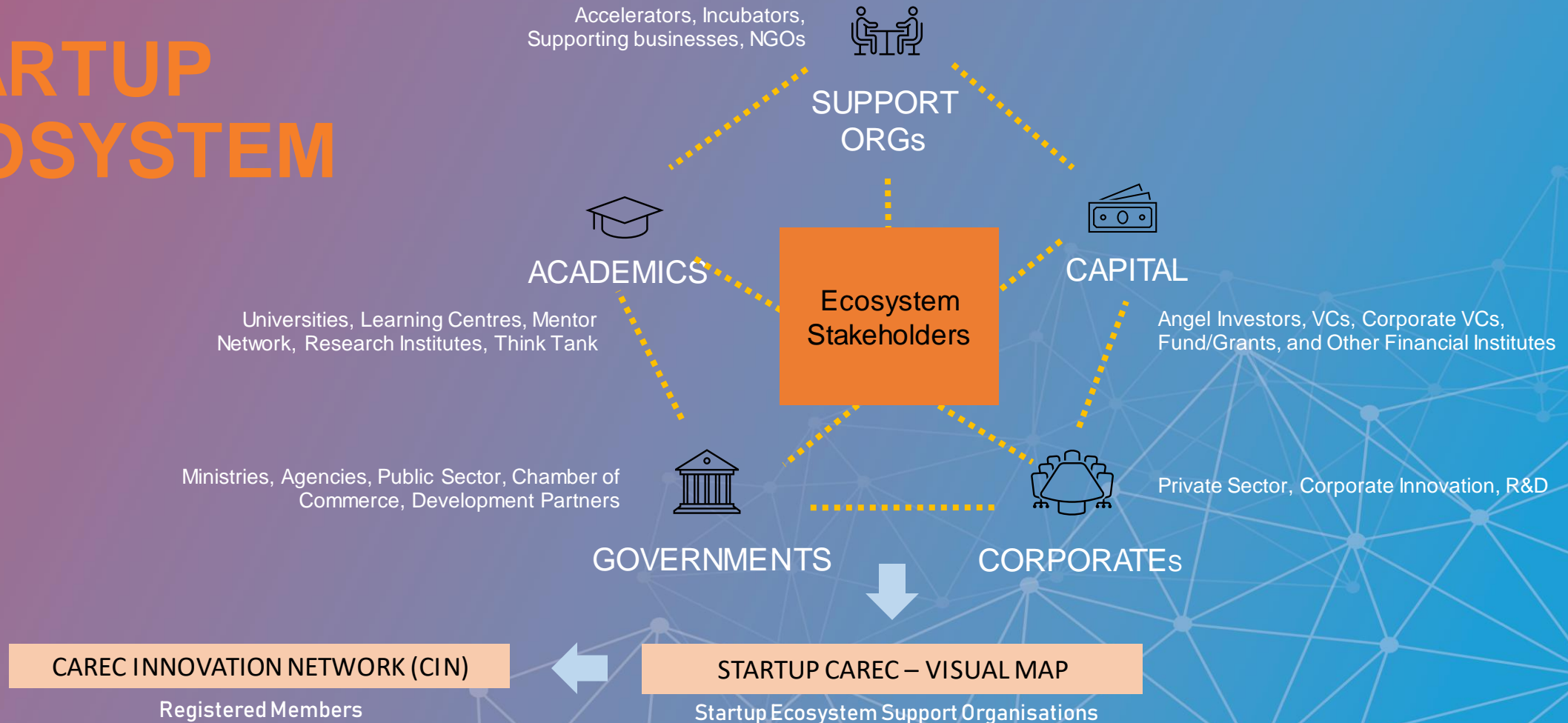
- ... investing (fund of funds, other vehicles)
- ... funding (innovation & research grants, prizes & subsidies)
- ... promoting (accreditation, event features, etc.)
- ... buying (public procurement)
- ... supplying (skilled talents, data & information, etc.)
- ... enabling (office space, digital infrastructure, regulations and standards, sandbox schemes, talent visas, tax breaks, incubation, acceleration, legal and other advisory services)

CURRENT ACTIVITIES

- **Emerging Portfolio** (Sovereign and Non-Sovereign) with pathbreaking initiatives, such as the *ADB Ventures* or *ADB Frontier* facilities or *PRIME STeP* (Indonesia)
- **Regional Hot Spots:** Southeast and Central West Asia
- **Distributed responsibilities:** Informal Community of Practice, *PSD* and *Office of Markets Development & PPP* -> upstream
- **Direct Engagements** with startups as an investor, partner and client.



CAREC
**STARTUP
ECOSYSTEM**



CAREC INNOVATION NETWORK INITIATIVES



Visual Representation of
Startup Ecosystem
Supporting organizations in
the CAREC region



Network of Ecosystem
Supporting Organizations
that are connected with
CAREC Secretariat



A platform for learning and
connecting, by analyzing
success stories in the region



University open innovation
challenge, organized by
universities under CAREC
affiliation



Regional study tour for
university pre-seed startups
on innovation and
entrepreneurship



Regional study tour and
bootcamp for seed-stage
startups



A Network of Business
Angels interested in
investing startups with a
regional focus.



Hands-on Digital and e-
commerce skills for women
in partnership with local
businesses



KNOWLEDGE PRODUCTS

- Popular topic for Technical Assistance & Research (country and regional studies, diagnostics, CLIMATIC video series, capacity development and policy support)
- Workshops for Knowledge Sharing and Partnership Development (incl. at Digital x ADB, ATxSummit Singapore, Expert-Practitioner Workshop & Korean Showcase, etc.)
- Innovation Challenge platform to source ready solutions and innovative approaches.



www.adb.org/publications

ADB



DIGITAL
TECHNOLOGY
FOR DEVELOPMENT



www.adb.org/what-we-do/topics/digital-technology

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