GSMA

Investment Trends in the Indo-Pacific Region

An overview of the diverse and vibrant innovation ecosystem

November 2021

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The Ecosystem Accelerator programme focuses on bridging the gap between mobile operators and start-ups, enabling strong partnerships that foster the growth of innovative mobile products and services. These partnerships bring impactful mobile solutions to the people and places that need them most, generating the greatest socioeconomic impact. Between 2016 and 2020, the programme managed an Innovation Fund which supported African and Asian start-ups with direct funding, technical assistance, and partnerships with mobile operators. The programme is supported by the GSMA, its members, the UK Department for International Development (DFID) and Australia's Department of Foreign Affairs & Trade (DFAT).

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Introduction and scope

This report provides an overview of the investment landscape across the Indo-Pacific region and builds on the analysis of over 1,300 deals tracked between 2016 and 2021. The analysis presents an overview of trends and key actors and it abstains from claiming absolute comprehensiveness due to limited access to funding information, as well as the extremely decentralised structure of the region.

Structure and scope

The report explores the varied landscape of investment in the region, by analysing geographic, sector, and historical trends, as well as the composition of funding, its sources, volumes, and distribution. The tracking of funding activity includes disclosed start-up deals since 2016, including exceptions such as public offerings and acquisitions.

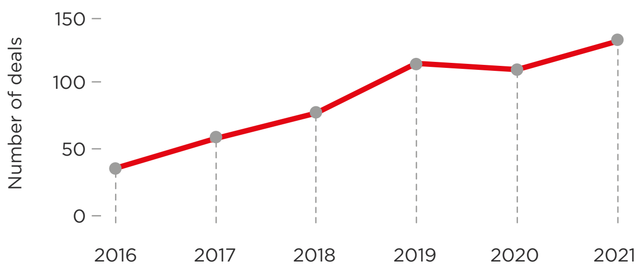
The Indo-Pacific Start-up Ecosystem

Innovation across the Indo-Pacific region has advanced at a highly diverse pace, which ranges from fast-growing ecosystems such as Singapore, Indonesia, Malaysia, and Vietnam, to the nascent sprouts of entrepreneurship in the small Pacific Islands, Laos, and Myanmar, which are yet to enjoy the same volume and type of resources. The region has witnessed the fast rise of unicorns (i.e. companies valued over $1 billion) and tech giants, with over a dozen nine-figure rounds raised by start-ups over the past half-decade.

For the purpose of this analysis, these companies are considered as outliers and are excluded from specific charts. These exceptions are the 'superapps' Grab, GoJek, Tokopedia, Bukalapak, Traveloka, and SEA Group. The number of transactions exceeding $100 million has also skyrocketed in the past five years, with over twenty rounds announced since 2021 (at the time of writing, September 2021).

Figure 1

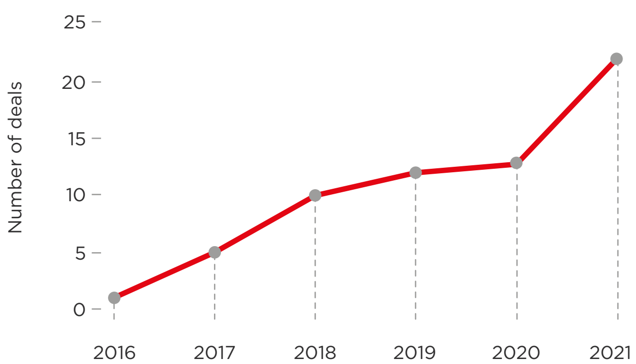
Disclosed $1m-$99m rounds (2016-2021)



Data from Briter Intelligence identify at least 375 companies active across these countries that have raised between $1 million and $99 million each since 2016, pointing at extremely fast growth in the number of investments made each year.

Figure 2

Disclosed $100m rounds (2016-2021)



Tiered innovation

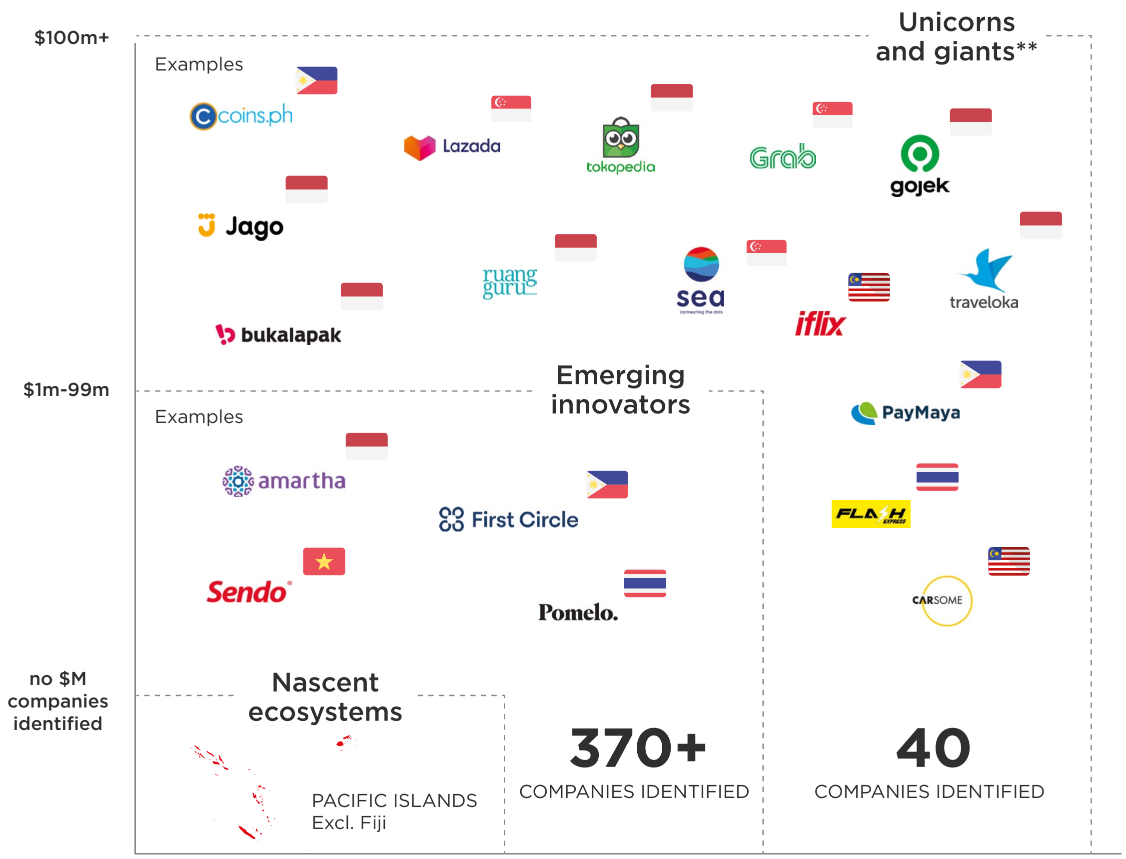
Three ecosystems in one region

Start-up ecosystems across the Indo-Pacific region are extremely diverse and are characterised by a **highly uneven set of resources**. This is not only evident in the volume of financial capital deployed into ventures, but also in the type of support and facilities available to entrepreneurs. When analysing the region's investment landscape, it is crucial to acknowledge these structural differences in order to better understand the reasons why particular ecosystems perform better and attract more investment than others.

While countries such as Singapore, Indonesia, and Malaysia may benefit from sophisticated venture capital and private investment scene, other countries such as Laos, Cambodia, and Myanmar are still in the process of seeing their ecosystems take shape. Even more striking is the funding landscape in the Pacific Islands, where philanthropic and development money remain the dominant source of support for start-ups.

Figure 3

Total funding raised by size and geography, 2016-2021*



* In a few exceptions, the company's total funding history extends beyond 2016.
** Companies that raised over $1 billion were analysed as outliers in specific sections of this research.

Historical trends

The last decade has seen the rise and establishment of the Indo-Pacific region as the cradle of new start-up ecosystems on track to compete with the likes of Silicon Valley, Japan, and China. The region has witnessed both an **increase in the geographic spread of investor presence, and larger ticket sizes** available to growth-stage companies.

Although the total figures were largely driven by outliers, which were able to raise billions of dollars from local and international players and put the region on the global radar, the last half-decade has seen significant growth in the rise of late-stage funding rounds across the region.

Despite a brief dip, likely due to the impact of COVID-19 in 2020 and beginning of 2021 and highlighted in Figures 4 and 5*, most countries in the region have witnessed increasing funding volumes, with Singapore and Indonesia leading, followed by Malaysia, Vietnam, Philippines, and Thailand.

The boom in **fintech and e-commerce** that can be observed globally is also reflected in this region. **Solutions for online banking, payments and savings have gained particular prevalence**, increasing financial inclusion for the unbanked. **Online retail** has also been on the rise of the internet economy, complemented by a **growing logistics and deliveries space**.

Figure 4

Deal size volume by company headquarters 2016-2021

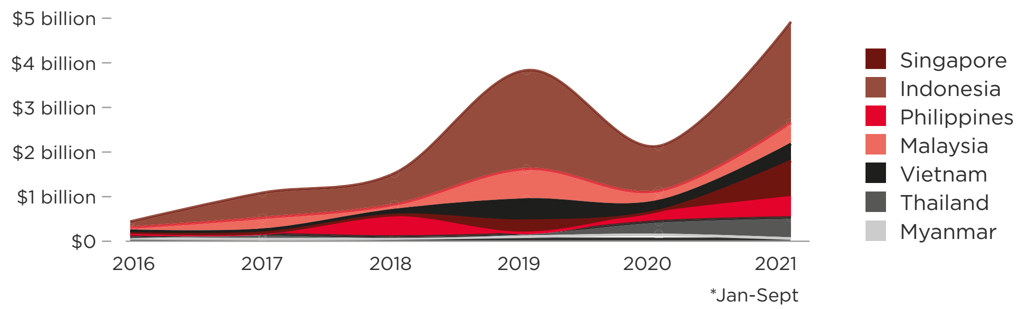
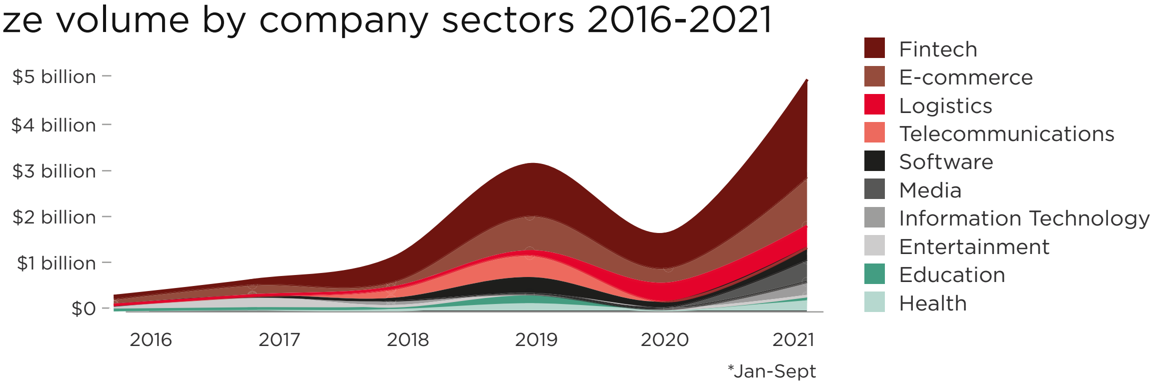


Figure 5

Deal size volume by company sectors 2016-2021



*Figures 4 and 5 exclude outliers.

Geographic and sector breakdown

Figure 6

Countries and cities by investment volumes

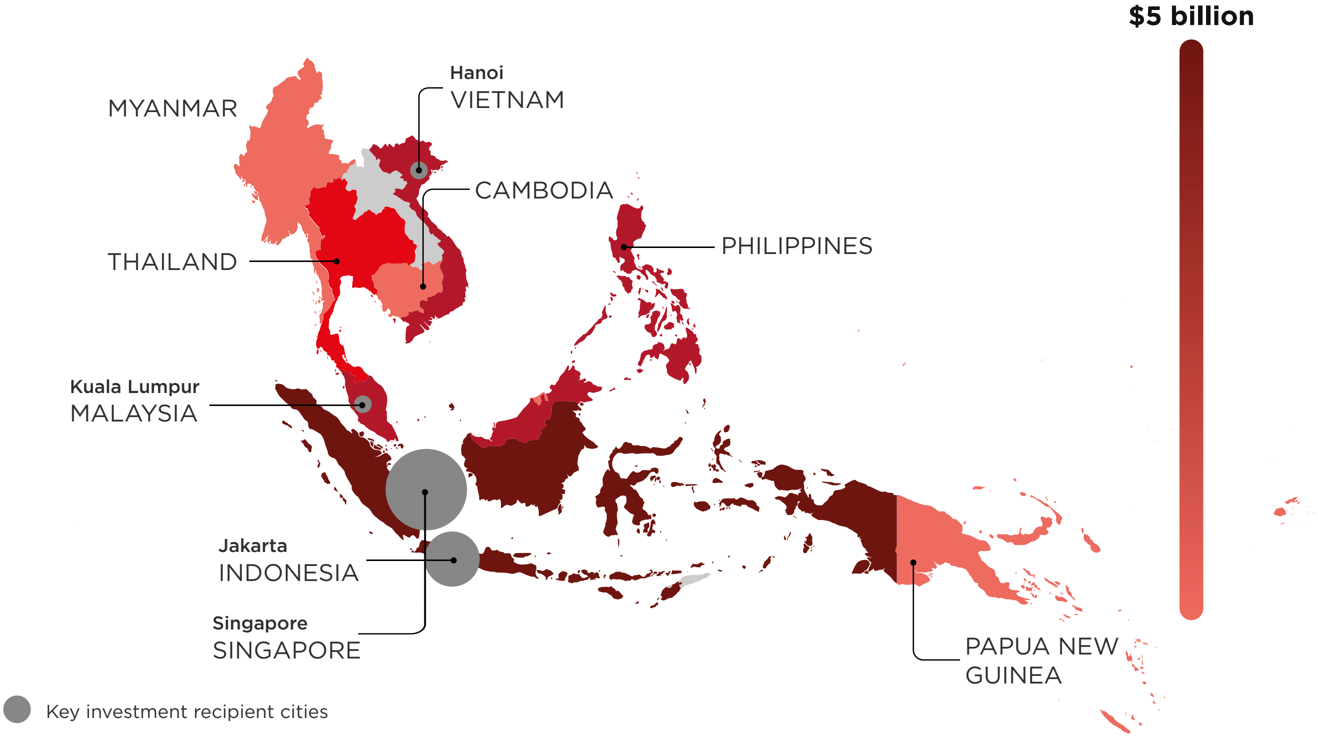
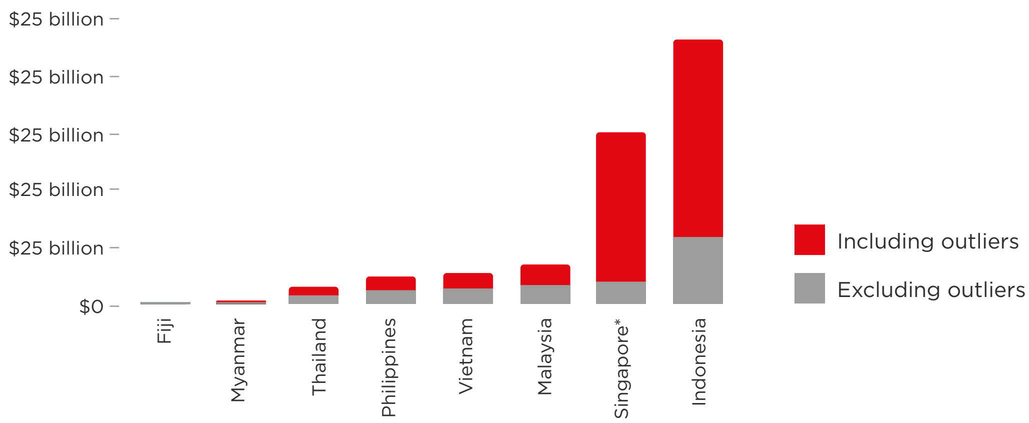


Figure 7

Headquarter countries by funding volumes



The analysis only considers Singaporean companies that show offices and/or operations across the Indo-Pacific region. Singapore would otherwise present significantly different figures.

Factoring out Singapore, Indonesia boasts the highest funding activity in the region, which counts comparatively more unicorns than any other neighbouring country. The successes over the past decade, in addition to extremely promising macro-economic indicators, have earnt the country the interest of international venture funds and witnessed corporate giants such as Tencent, Google, Alibaba, JD, Facebook, SoftBank, and PayPal battling to fund rival companies. As a result, Jakarta is now one of the most attractive centres of innovation in the region, alongside Singapore and Hong Kong. Although not enjoying the degree of investor appetite, countries like Malaysia, Thailand, the Philippines, and Vietnam present similar investment volumes. Superapps are by far the largest recipients of funding in terms of volume, followed by fintech and e-commerce. These sectors alone, excluding Grab's SPAC and Gojek and Tokopedia's merger, exceed $27 billion since 2016. In number of deals, fintech takes the lead with 300+ rounds, with e-commerce and education next in line. Controlling for outliers (Figures 8 and 9) the share of funding shifts, demonstrating that sector trends remain similar, with fintech and e-commerce as the top recipient in terms of both volume and size of deals.

Figures 8 and 9

Which sectors attract the most funding?

(unicorns mentioned are Grab, Gojek, Traveloka, Tokopedia and Bukalapak, 2016-2021)

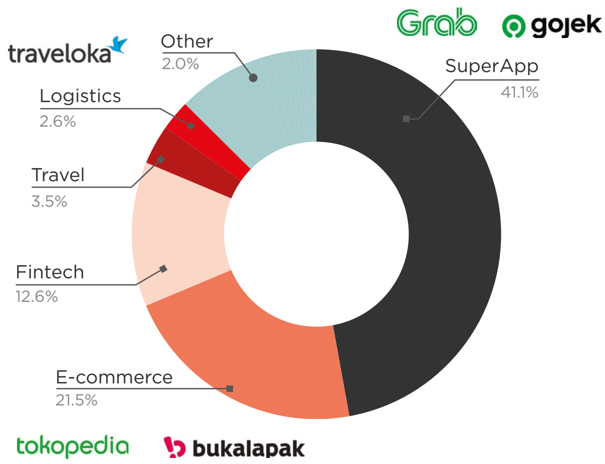


Figure 8: With unicorns

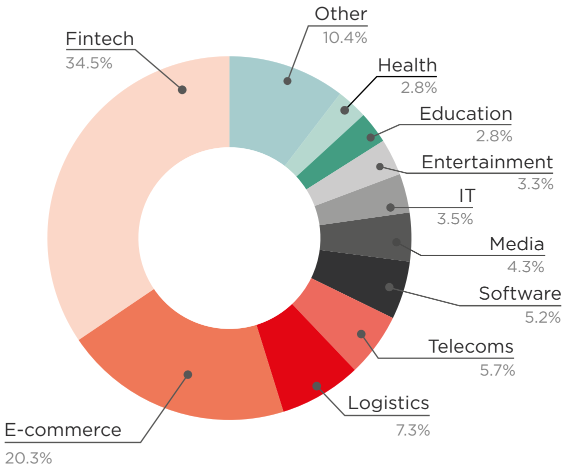


Figure 9: Without unicorns

Investor landscape

1 | Venture capital

The growth of an advanced venture capital scene is related to the achievement of a certain degree of maturity of a specific start-up ecosystem. As companies grow, they attract local investors looking to capture new opportunities and, as success stories increase, international players, corporates, and larger conglomerates enter the market. The **Indo-Pacific region has witnessed a sharp growth in the availability of corporate and venture capital,** including global leaders such as Sequoia Capital and Partech Partners, as well as an expansion of the mergers and acquisitions market.

2 | Mobile operators and phone manufacturers

Mobile operators and phone manufacturers continue to play a pivotal role in Indo-Pacific start-up investment and support. Start-up support from these companies goes beyond investment, as there are instances of regular **incubation and acceleration programmes**, as well as events such as **competitions and hackathons**. For example, Indonesian operator Telkomsel has made several investments through their corporate venture capital arm MDI Ventures in recent years, as well as hosting recurrent pitching competitions and accelerator programmes. In recent years, mobile operators have focused on unlocking opportunities for start-ups by allowing them to **plug into their underlying infrastructure and tap into their large customer base**. An example of phone manufacturer support comes from Huawei, announcing in August 2021 that they aim to invest $100m in start-ups in the region over the next three years.

3 | Development and government

When lower-income countries do not have the same access to private sector funding, whether corporate or venture capital, entrepreneurship support is provided by development, humanitarian, and philanthropic organisations. The UNDP has recently launched a network of Accelerator Labs in the region with the purpose of investigating local ecosystems to devise dedicated support strategies to help achieve the Sustainable Development Goals by 2030. Support in these ecosystems usually takes the form of **grants, competitions, and awards**, with very few instances of equity sales or debt agreements. This demonstrates the **important role of development and government technical assistance and funding as catalytic contributions** to emerging ecosystems and sectors that are yet to grow and attract the attention of private sector investors.

4 | Angel Investment Networks

The Indo-Pacific region has a **highly developed angel investment landscape**, counting dozens of networks led by high-net-worth individuals, founders, business school graduates, and investors. Starting from BANSEA, which was founded in 2001, all the way to country-level angel networks such as the Malaysian Business Angel Network, the Vietnam Angel Network, Angel Investment Network Indonesia, and the Cambodian Angel Investment Network. A defining aspect of the region's emerging angel investment community is the creation of start-up employee-led angel networks, such as the Fintech Angel Operators, which was launched by senior employees from leading fintechs, including Grab Financial, Stripe, and PayPal. Albeit less complex to set up than venture funds, angel networks seem to thrive in more capitalised ecosystems as the **presence of more success stories and capital for later stage rounds** tend to lure more investors than early-stage ecosystems.

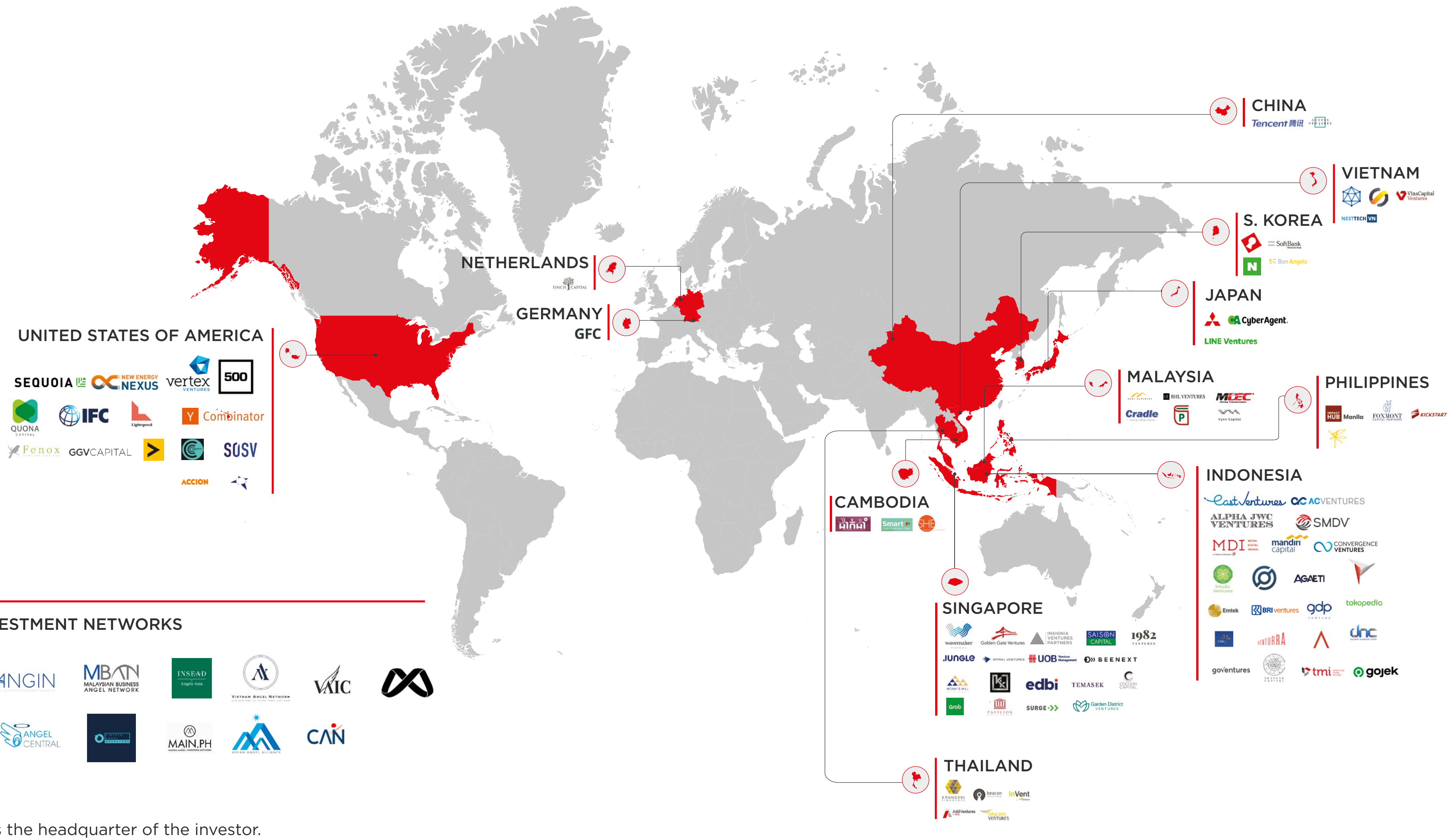
5 | Female-focused funds

Despite women-focused investment remaining largely made of development funds, **new vehicles in the Indo-Pacific region are starting to address the gender gap in start-up finance**. From Cambodia's She Investments, to support frameworks such as YHER in Fiji, and large VC funds such as Sequoia Spark and Gobi Partners, female-founded start-ups across the Indo-Pacific ecosystems are likely to see growth in capital availability from both institutional and private sources.

Supported by the UK and Australian governments, the Business and Sustainable Development Commission's Women Rising 2030 report proposes that businesses run by women are more likely to offer goods and services to communities with limited access to financial products and to prioritise the tackling of environmental issues. This reiterates the importance of investing in women-led start-ups and offering gender-smart technical assistance.

INDO-PACIFIC INVESTOR LANDSCAPE

Investing in start-ups with operations across the Indo-Pacific region



ANGEL INVESTMENT NETWORKS

bansea · ANGIN · MBAN MALAYSIAN BUSINESS ANGEL NETWORK · INSEAD Angels Asia · Vietnam Angel Network · VAIC · NEXEA · ANGEL CENTRAL · MAIN.PH · CAN

*Map displays the headquarter of the investor.

Investment composition
What types and stages of investment characterise the Indo-Pacific region?

The region is characterised by a highly diverse start-up landscape, which includes:

1. Advanced ecosystems such as Indonesia and Malaysia;

2. Emerging scenes including Cambodia and Myanmar; and

3. Nascent ecosystems such as those in the small Pacific Islands and Papua New Guinea.

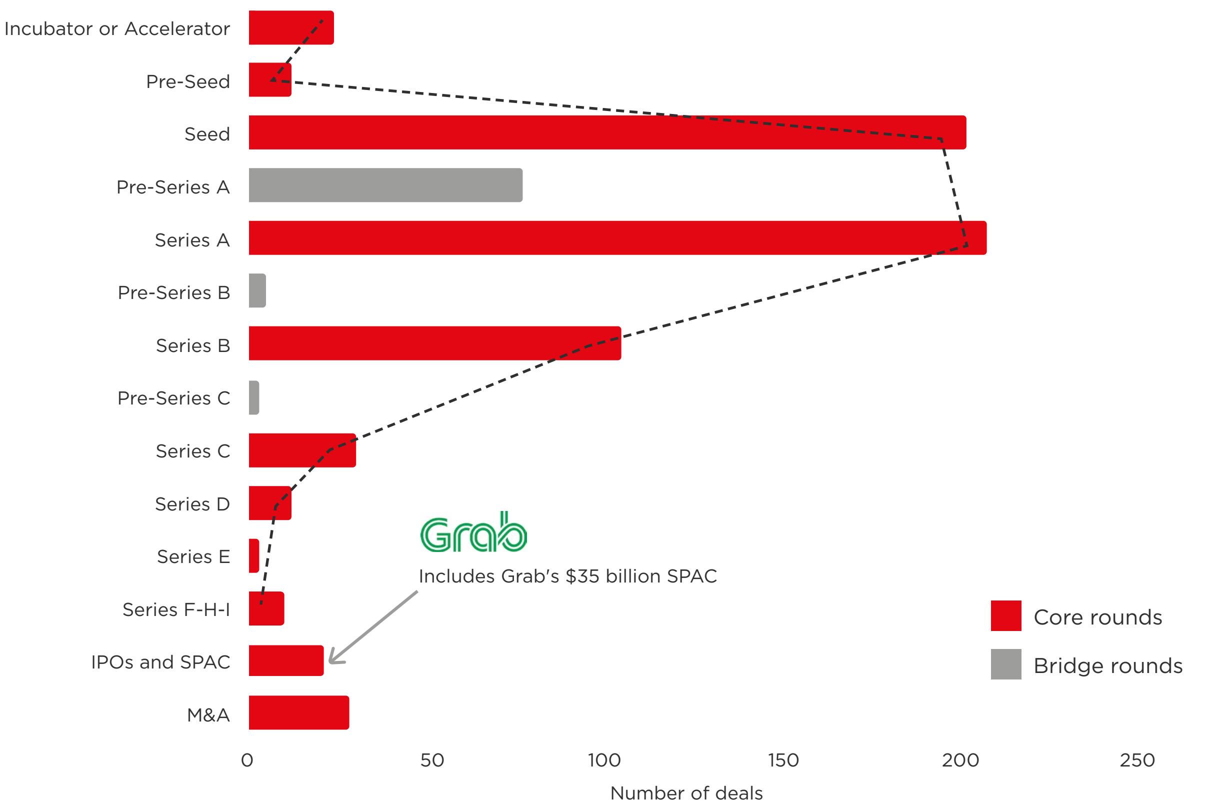
The level of maturity is directly correlated with the type of capital that is available to **entrepreneurs - grants, non-equity vehicles, and awards** tend to be concentrated at early-stages or in specific industry pools, especially dominated by impact and catalytic capital, largely driven by development finance and philanthropy. The Pacific Islands lack access to an adequate supply of private capital, therefore start-ups in these countries are largely funded by grants and development money.

As ecosystems become more advanced and success stories emerge, the perception of risk adjusts and private funds are made available and financial vehicles such as **venture capital, private equity funds, corporate innovation** programmes, and **debt** facilities begin to emerge. As such, the vast majority of funding rounds in more developed ecosystems involves private equity and venture deals.

Finally, although largely concentrated in Singapore, Indonesia, and Malaysia, which account for over 75 per cent of all disclosed acquisitions, the **mergers and acquisitions market** has grown from 2016 and 2021, exceeding 35 disclosed transactions, including GoJek and Tokopedia's recent large merger.

Figure 10

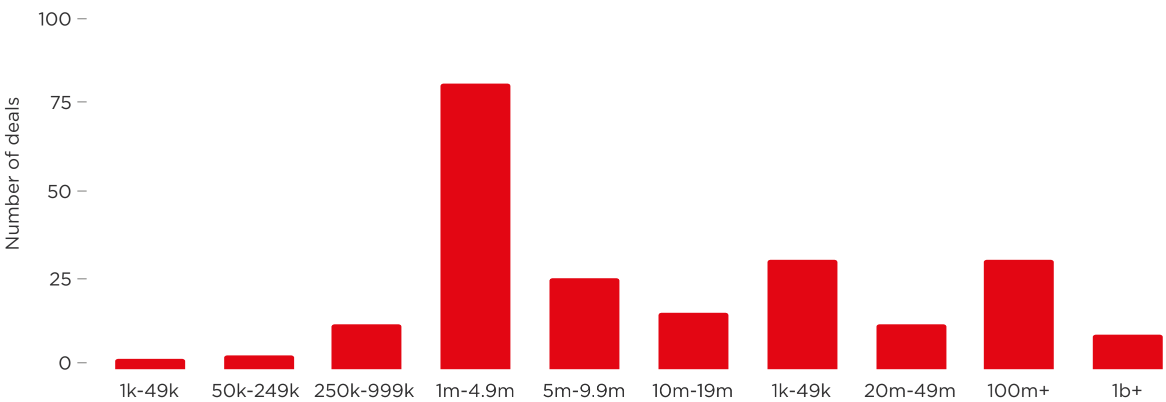
Maturity and stage breakdown



Figures 10 and 11 portray **291 deals** based on their size. Figure 11 shows the distribution of rounds that do not follow conventional start-up maturity labelling terminology, revealing a high number of deals between $1 million and $5 million that do not abide by this convention (i.e., whether they are pre-seed, seed or Series A etc.). Over 40 per cent of all deals announced between 2016 and September 2021 are not tied to a specific round stage, indicating a lack of strict abidance to the classification of start-up investment and deals. In all the deals analysed, half of the deal sizes remain undisclosed.

Figure 11

Distribution of funding

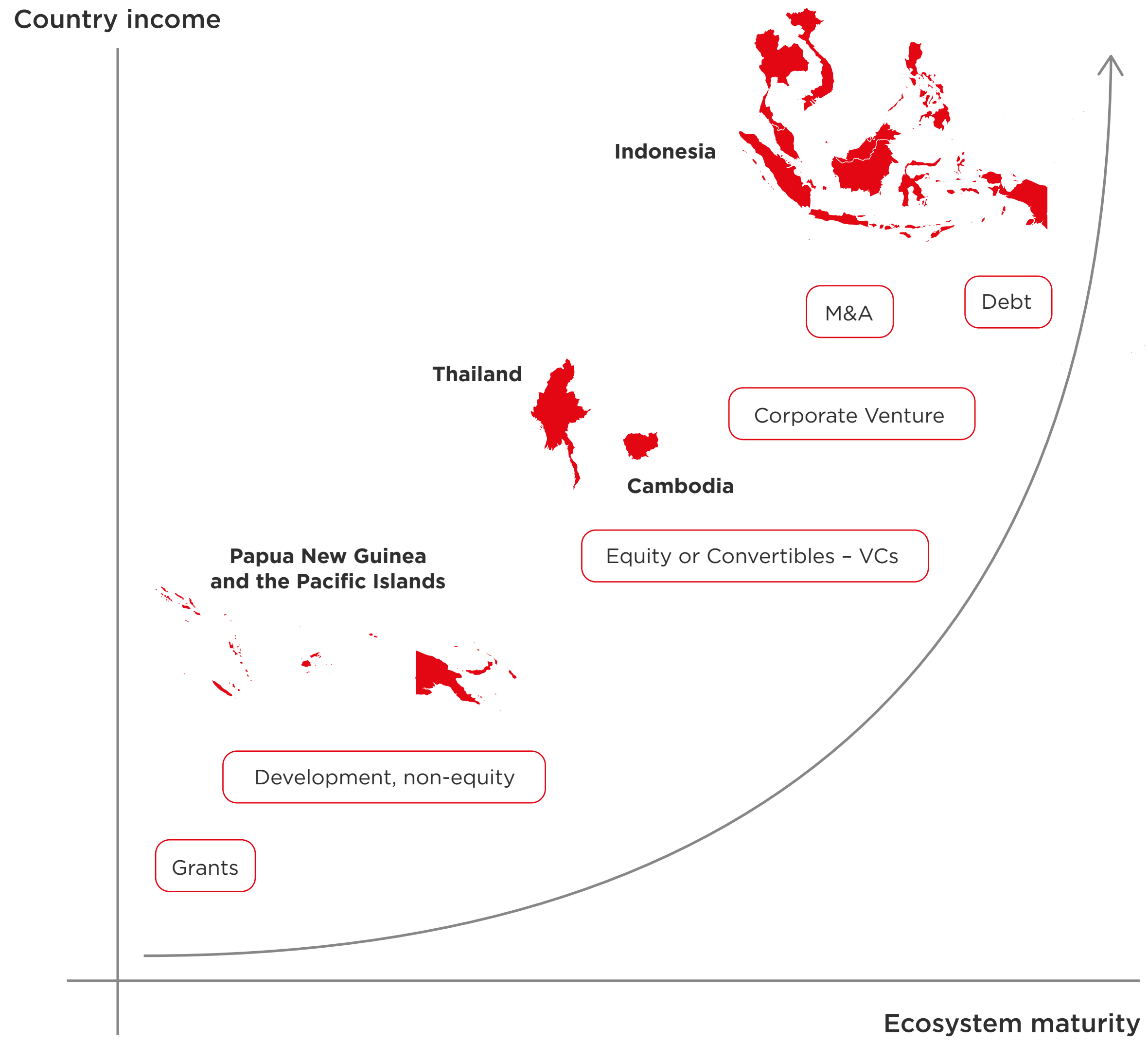


In addition to the inconsistencies detected in the stage labelling of deals, the data reveal a large number of rounds that are altogether undefined, in particular in the one million - 4.9 million range.

The charts demonstrate that the investment landscape is growing faster than frameworks around it can keep up with, and that there are still some definitional gaps to be addressed (many investors seemingly use their own taxonomy as opposed to following a common guideline). As many deals in the ecosystem remain undisclosed in terms of total figures, clarity on the stages is crucial to be able to map out and track the real growth of the start-up ecosystem.

Figure 12

Exploring the relation between a country's income and ecosystem maturity



The role that development grant funding plays in an ecosystem is determined by its development stage and the availability of other sources of capital. Ecosystem growth is partly a function of factors such as country's macroeconomic trends, and partly the result of companies' success, which attracts investors with financial interests and enables flows of cash in different forms - equity, debt, loans, mezzanine finance and beyond. The greater the success stories, the more the investment.

Grant funding is not necessarily tied to a 'type' of stakeholder, as both public and private sector organisations offer this type of support, but earlier stage ecosystems are more likely to see donors and development agencies provide grants, as they receive less corporate and investor involvement. **Grant funding remains a valuable resource for early-stage entrepreneurs** in both advanced ecosystems (such as Indonesia) and nascent ecosystems, but it is mainly used as start-up capital and hardly ever present in enough volumes to make an ecosystem sustainable.

It is therefore crucial that grant funding is not conceived in silos but rather approached using system thinking and included in multi-stakeholder agendas, such as thinking of how investors could participate in a company's growth at later stages, or what facilities are present to support companies via both financial and in-kind support.

Despite receiving large volumes of funding, Indonesia presents several aspects of lower-income economies, such as a high informal sector, lower access to credit and bank services, as well as socio-political vulnerabilities. Therefore, grant funding can present an avenue for young entrepreneurs and companies in developing innovative solutions to these challenges.

A look at the unicorns:

5 companies raised

81% of total funding

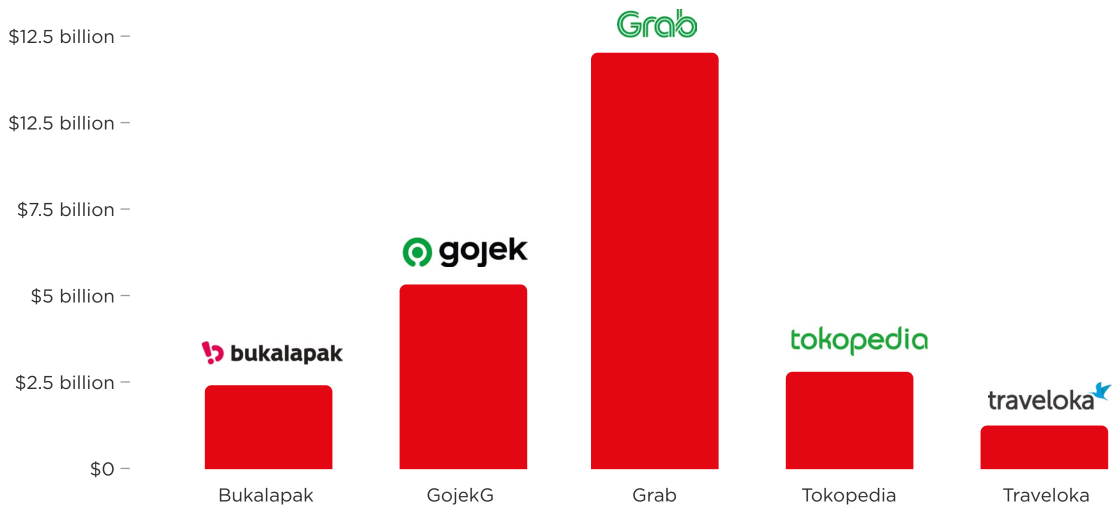
Five of the companies across the sample, several of which have received unicorn status in recent years, have raised at least 15 large deals and captured a significant volume of the funding landscape.

Grab and Gojek have emerged as two of the biggest "superapps" on the continent, providing a one-stop shop for consumers to access services such as online shopping, ride-hailing and payments. The appeal of these umbrella apps is a centralised platform for a multitude of services. The platforms largely follow the WeChat model, the Chinese superapp that allows users to message and make payments from the same platform. This model is now well established in Asia, and is also gaining prevalence in Africa and Latin America, as deeper mobile penetration means that an increasing number of people are gaining access to smartphones, internet and mobile data for the first time, and the integration of financial services is filling a significant gap for the unbanked in these regions. Tokopedia and Bukalapak are both e-commerce platforms, reflecting the rise of the platform and internet economy, whereby more and more consumers are doing their shopping through online channels. Finally, Traveloka is all-in-one booking platform for travel, which can be directly related to Asia quickly becoming the fastest-growing tourism sector in the world.

Aside from the intrinsic, economic value these companies have been adding to their own tech scenes, the media coverage and debate these success stories have ignited has trickled down to the rest of the ecosystems in these countries by way of attracting investor and corporate interest.

Figure 13

Companies that have raised $1 billion +



* The chart and subsequent analysis excludes Grab's $35 billion dollar SPAC,however the figure has been counted towards the total for the sum of outlier deals.
** The chart and figures exclude Gojek and Tokopedia's $18 billion dollar merger.
*** There is a margin of error in the total volume of deals, and is based on the availability of disclosed and available data. The purpose of highlighting the unicorns is to showcase the weight a selected number of companies have on the total funding landscape

Investor readiness

The degree of maturity and attractiveness of a start-up ecosystem is often gauged through an investment-focused lens in that it is largely based on metrics such as the numbers of deals, successful exits, mergers and acquisitions, and overall funding deployed in a given timeframe. Inspecting the investor readiness of companies operating in each ecosystem is an effective way to understand why some succeed and others fall behind.

The framework below was built by surveying dozens of entrepreneurs active across emerging markets and provides a guideline to understand the evidence investors seek when deploying capital. More advanced ecosystems, which attract a higher number of growth-stage deals, tend to present a higher number of companies meeting the milestones in the second part of Figure 15 labelled ‘Growth’, hence attracting later stage funds. Start-ups that fall into this growth category include the high-performing start-ups that attract the largest investments, such as ride-hailing and payments firm Gojek that attracted an additional $300 million investment from Telkomsel (Indonesia’s biggest mobile operator) in May 2021, after an initial investment of $150 million in November 2020.

Figure 14

Investor readiness evidence framework

	Accelerator & Pre-Seed	Seed	Series A	Series B	
Idea	✓	✓	✓	✓	Early
Early Team	✓	✓	✓	✓	
Market Analysis	✓	✓	✓	✓	
Prototyping Phase	✓	✓	✓	✓	
Completed Business Plan	✓	✓	✓	✓	
Beta and User Testing	✓	✓	✓	✓	
MVP Launched		✓	✓	✓	
Product-Market Fit		✓	✓	✓	
Generating Revenues		✓	✓	✓	
Launching New Products		✓	✓	✓	Growth
Having Tangible Assets			✓	✓	
In-House Tech Team			✓	✓	
Expand to New Markets			✓	✓	
Profits			✓	✓	
Structuring For M&A				✓	

*Based on a survey taken by 80 investors active across emerging markets (Latin America, Africa, South/east Asia) by Briter Bridges and Founders Factory.

While developed ecosystems, such as those found in Indonesia and Malaysia, are characterised by large and frequent investments, the emergent ecosystems of the smaller **Pacific Island countries are starting to show increasing attention from investors**.

A prime example of digital innovation attracting support and investment is the Maua solution from Samoan geospatial start-up SkyEye. In November 2018, the GSMA Ecosystem Accelerator programme – supported by the Australian Government and UK Foreign, Commonwealth & Development Office (FCDO) – awarded SkyEye an Innovation Fund grant to launch Maua. Following that, in 2019, SkyEye was supported by the United Nations Economic Commission for Asia and the Pacific (ESCAP) and the United Nations Capital Development Fund (UNCDF) to develop Samoa's first-ever home-grown interoperable payments system - MauaPay. This digital solution allows any bank (national or international), e-commerce platform or shop wanting to move towards digital payments to connect. Developing SkyEye's e-commerce platform is important for accelerating Samoa's digital economy and tranforming the lives of its citizens. SkyEye's funding journey highlights the importance of grant funding and technical assistance for start-ups in the region.

As more solutions and success stories are developed in the island nations, so too will private and venture capital investment increase in the region.

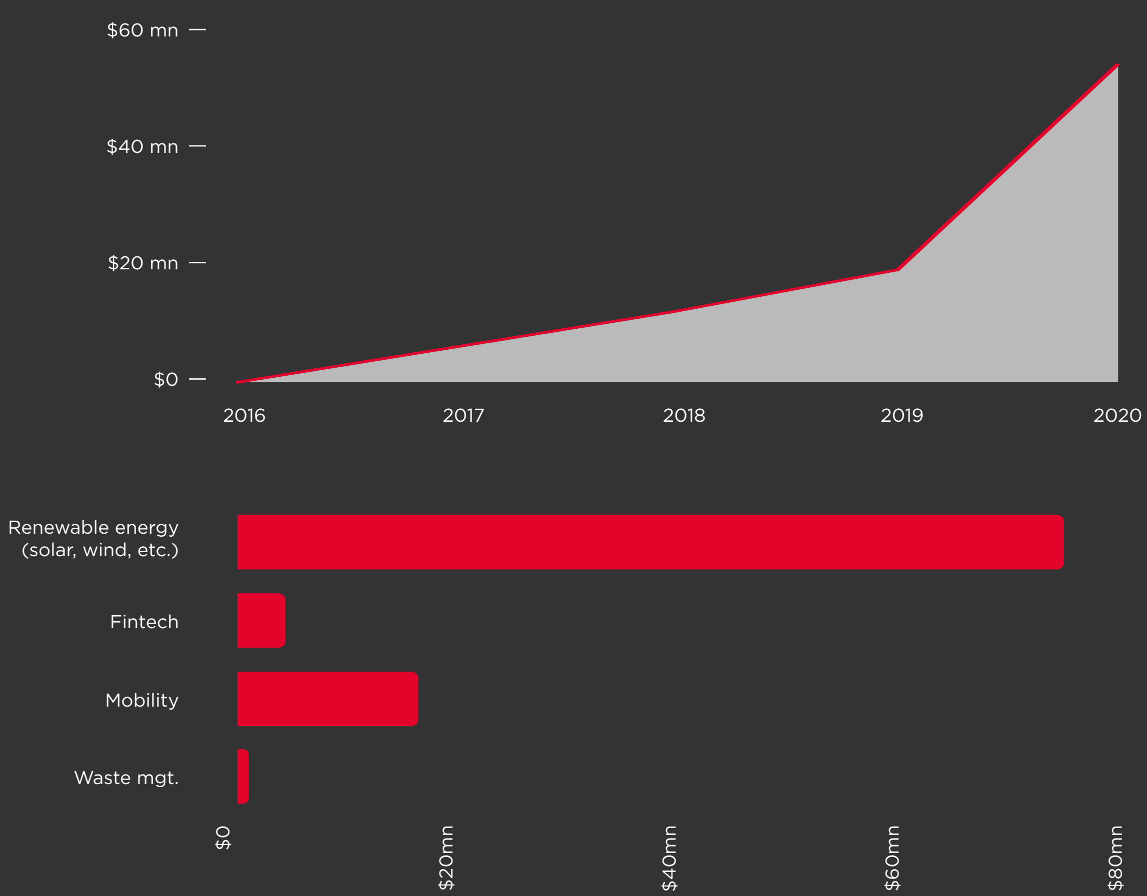
ClimateTech landscape and funding trends

51 climate-focused companies raised

0.7% of total funding

Figures 15 and 16

Funding in ClimateTech, history and sector comparison



*Figures, charts and analysis exclude outliers

Climate technology, sustainable agriculture, and waste management solutions are playing an increasingly important role in mitigating the impact of climate change. In terms of innovative climate technology, start-ups can fall into the following categories:

- **Climate mitigation:** Limiting the contributing factors to climate change through solutions such as renewable energy, reforestation, as well as transport, mobility and logistics;
- **Climate adaptation:** Solutions that assist in adapting to actual or expected climate events and its effects, such as waste management - including electronic, plastic and general waste; and
- **Climate resilience:** Enabling systems to cope with hazardous climate events or disturbances, such as smart agriculture technology.

It must be noted that certain solutions might cut across resilience and adaptation, such as ATEC providing sustainable, affordable, and accessible bio-digestors (adaptation) as well as clean cooking solutions (mitigation) aimed at low-income households in Cambodia and Bangladesh.

Although investment into climate impact and environment-focused ventures makes up a relatively small proportion of the total, SMEs and start-ups developing solutions with a focus on the environment are increasingly gaining traction. This is in part because several investors and accelerators are incorporating climate concerns into their mandates as strategic investments for a sustainable future, such as the New Energy Nexus. Since 2016, energy and solar energy companies make up 67 per cent of total funding into the space, and electric vehicle manufacturers and distributors received 20 per cent. Indonesia is the top recipient of funding for climate focused companies (at 51 per cent), followed by Myanmar (16 per cent) and Singapore (15 per cent).

Considering clean technology and energy, it is key to differentiate between the MSME and start-up landscape, and the broader agendas (predominantly driven by regional and national governments). While funding to ClimateTech start-ups is gradually increasing, it remains limited. The funding allocated to start-ups remains primarily at the seed stage, with only a handful of investment at Series A and B stages, such as Singapore-based SolarHome. The bigger investments in the climate-focused space are directed towards private sector projects, such as large-scale centralised solar plants.

Government efforts in the region towards electrification involve multi-dimensional projects which include national grid extension, micro-hydro, and off-grid solar technologies. While there is growing interest in innovative solutions that have potential to address climate challenges in countries across the Indo-Pacific, donor and government funding remains a crucial supporter in terms of grant funding and research and complementary support.

Most climate-focused investments are directed towards the clean energy sector, such as solar home systems, but ClimateTech is also seeing alignment with other verticals:

- **Fintech:** The integration of climate-focused solutions into fintech is slowly emerging globally, with the growth of global crowdfunding for solar energy providers such as SolarHome, and blockchain and energy trading tools, such as Blockfint in Thailand;
- **Mobility:** In the mobility space, the design, manufacturing, and distribution of the electric vehicle marketplace is growing rapidly, playing a crucial role in the region's efforts towards a net zero economy. If planned carefully with clear climate impact assessments, these solutions (such as minibuses and ride sharing) have the potential to facilitate a shift from private vehicles and resulting GHG emissions to greener forms of transportation. Start-ups such as the superapp Grab are pioneering on-demand shared rides in minibuses or other vehicles with a smartphone app. In the Indo-Pacific, 4EV in Thailand, and Dat Bike in Vietnam are emerging as key players in the mobility sector.
- **Waste Management:** Combatting the ever-rising plastic pollution problem in the region and working towards SDG 12 of Responsible Consumption and Production, there are a number of waste management companies that offer solutions in the space of recycling, upcycling, and disposal, such as RecyGlo in Myanmar; and
- **Natural resource management:** There is increasing evidence that digital solutions can significantly improve the efficiency, responsiveness and efficacy of natural resource management activities, defined as the sustainable use and management of the planet's natural resources, such as forests, oceans and air. One start-up operating in this space is Cloop, a social enterprise in the Philippines that provides economic opportunities for the underserved by setting up small-scale recycling centers that produce high-value products.

Figure 17

Distribution of funding to ClimateTech start-ups (2016-2021)*

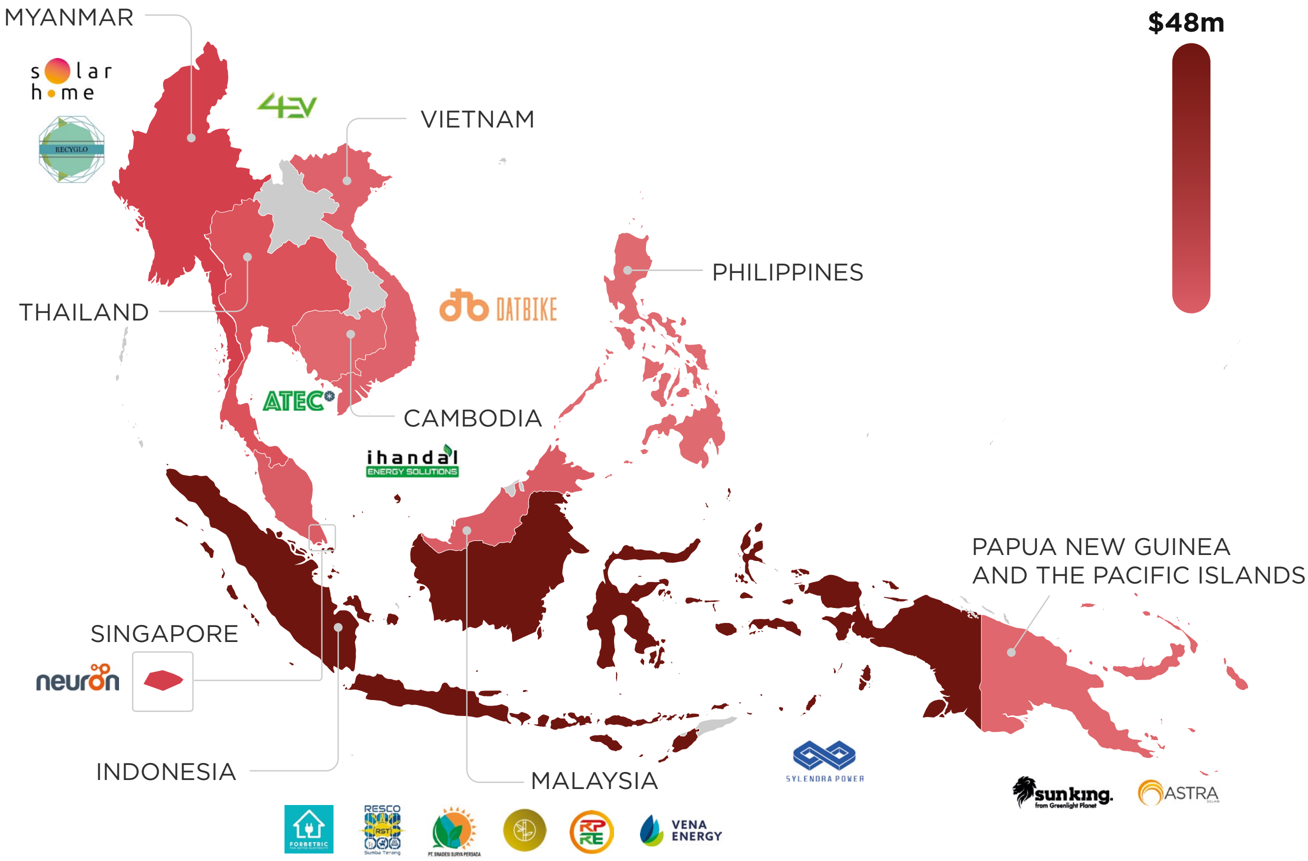


*Figure 17 shows top-funded ClimateTech start-ups and is not a comprehensive list

Private sector and donor funding is crucial for making a meaningful impact on the challenges posed by climate change in the Indo-Pacific. As is evident in Figure 17, ClimateTech start-ups in Singapore and Indonesia receive the most funding, indicating that there is opportunity for funding climate innovation in other countries such as Vietnam, Myanmar, Cambodia, and certainly the Pacific Islands that are especially vulnerable to climate change. This is also where government and NGOs and private investors can play a pivotal role in bridging the climate finance gap to catalyse the development of innovative climate solutions in the region as a whole.

Active investors in ClimateTech**

** It is important to highlight that the terminology in the ClimateTech sector is not homogeneous, and there may be a risk of semantic biases in the results. The terms green technology, clean technology, climate change, and renewables are also used in the industry.

Key takeaways

The fast pace of start-up ecosystems' development in the Indo-Pacific region is characterised by a number of striking trends:

1. Investment across the Indo-Pacific region is promisingly distributed, with only a handful of countries lagging significantly behind, such as Myanmar, Cambodia, Laos, and the Pacific Islands. More success stories are needed for the investment appetite to grow, and partnerships could be explored to attract leverage and global names.

2. The success of players such as Grab, GoJek, Tokopedia, Traveloka, and SEA, have boosted investment appetite towards the region. The intense competition between successful tech start-ups has attracted global corporates such as Facebook, Google, Alibaba, Tencent, and SoftBank, who have engaged in a 'financial scramble', characterised by large funding injections, mergers, and acquisitions, to gain a strong foothold in the region.

3. There is a correlation, though not a direct cause detected, between a country's wealth and the type of capital availability for SMEs and start-ups. While grants and non-equity assistance led by development finance and philanthropy or impact funding are characteristic of less advanced ecosystems, venture capital and debt markets tend to appear at later stages.

4. There is an increasing movement towards emphasising female founders and the need to fill the gender gap in start-up finance.

5. Financial technology and e-commerce, especially driven by super-apps and online marketplaces, capture the majority of investment in the region.

6. Indonesia's start-up scene has become a clear leader in the region, second only to Singapore, China, India, and the 'Asian Tigers' (Hong Kong, Singapore, South Korea, and Taiwan). Malaysia, the Philippines, and Vietnam follow suit by volume of investment.

7. The ClimateTech landscape sees high investment into large scale solar projects and conglomerates, with local start-ups having limited access to capital. However, impact investors and foundations are starting to bet on the sector.

Recommendations for key stakeholders

Start-ups: For entrepreneurs based in countries with nascent investment communities, looking at their potential funding journey in a strategic way is crucial. This implies **seeking right partners and earning corporate and client interests early on** in the fundraising journey. As the number of success stories emerge, founders and newcomers can learn avoid strategies that end up with low profitability.

Private sector investors: Multi-stakeholder collaboration is crucial as more financing vehicles (e.g., early-stage grants and risk capital) are made available. This means **community building for investors can be beneficial** in order to identify leads early and nurture entrepreneurs until they reach investable stages. The angel investment community in the Indo-Pacific region is extremely vibrant, dominated by diaspora returnees and successful local entrepreneurs. This works as a starting point to familiarise themselves with the entrepreneurial opportunities in this market.

Donors: Development and humanitarian initiatives, from programming to cash funding, are present in both advanced and nascent ecosystems, in that they are proportionate to the size of their economy and ecosystem. Donor funding is observed to be more **crucial in earlier-stage ecosystems** due to its share over the total volume of available resources. Most donor money is time-bound, programme and mandate-based. It is therefore important for donors to **work synergistically with private and non-development public agencies** in order to nurture a diverse capital pool that is able to sustain portfolio companies over time, even after donors' resources have come to an end.

Corporates and Mobile Operators: As an increasing number of start-ups in emerging markets are seeing the mergers and acquisitions route often become a more viable growth (or exit) route than public listing, corporates and mobile operators have a unique opportunity to seize this momentum to enter conversations and support companies in their development from early stages. This implies becoming part of the investment community and actively participating in the ecosystem. Corporates, differently from pure investors, can **leverage additional 'in-kind' resources** such as user and client base, technology infrastructure, larger risk capital, and research and development departments.

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