



# The Development of CAREC Startup Ecosystem and its Impact on the Broader Digital Economy

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# Startup CAREC Portal

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The Central Asia Regional Economic Cooperation (CAREC) Program is a partnership of 11 countries and development partners working together to promote development through cooperation, leading to accelerated economic growth and poverty reduction.

## CAREC Startup Map

5603

Startups

61

Accelerators

291

Coworking spaces

171

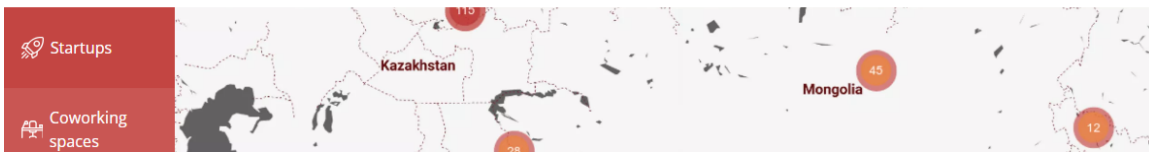
Unicorns

84

Exits

20

Pantheons










View at

<https://www.startupcarec.org/>

A database of startups, coworking spaces, accelerator, leaders and organizations in the CAREC Startup Ecosystem.

# 7 CAREC Countries Ranked top 100 in 2023

CAREC Rank & Change ↕	Global Rank & Change ↕	Country ↕	🕒 Total Score ↕	🕒 Quantity Score ↕	🕒 Quality Score ↕	🕒 Business Score ↕
1st <sup>0</sup> ↓	12th <sup>-2</sup> ↓	 <a href="#">China</a>	20.491	1.76	16.27	2.45
2nd <sup>0</sup> ↓	71st <sup>+2</sup> ↑	 <a href="#">Georgia</a>	1.054	0.36	0.16	0.53
3rd <sup>0</sup> ↓	73rd <sup>+1</sup> ↑	 <a href="#">Kazakhstan</a>	0.914	0.32	0.20	0.40
4th <sup>0</sup> ↓	76th <sup>0</sup> ↓	 <a href="#">Pakistan</a>	0.824	0.25	0.29	0.29
5th <sup>0</sup> ↓	79th <sup>+2</sup> ↑	 <a href="#">Mongolia</a>	0.714	0.30	0.13	0.28
6th <sup>0</sup> ↓	84th <sup>+1</sup> ↑	 <a href="#">Azerbaijan</a>	0.626	0.27	0.10	0.26
7th <sup>0</sup> ↓	99th <sup>+1</sup> ↑	 <a href="#">Kyrgyzstan</a>	0.295	0.12	0.06	0.11

# Key Insights from CAREC Startup Ecosystem

- All of CAREC's top 10 ranked cities are Chinese, showing the massive strength of China, with 43 ranked cities in total.
- All **Non-Chinese cities** within CAREC demonstrated **positive momentum** this year.
- **Pakistani cities, Karachi and Lahore**, surged more than 50 spots.
- **Dushanbe**, Tajikistan made a remarkable leap of 342 spots, debuting to the global top 1,000.
- **Bishkek** improved by 208 spots to reach 524th globally.
- **Almaty**, Kazakhstan, climbed 203 spots.



# Impact on the Broader Digital Economy

- Highly paid jobs and increased quality of life
- upgrade of the economy and its sectors
- Massive tax windfall from taxing on salaries, capital gains, local taxes
- Increased export
- Technology adds to the military and defensive capabilities of countries
- Technology boosts countries geopolitical status
- Technology is easily scalable to expand globally
- Prevention of brain drain and attraction of foreign talent



# Best Practices: Guidelines

## GENERAL GUIDELINES

- Our role is not to build the ecosystem, but to allow Entrepreneurs to fulfill their potential (fixing anomalies and roadblocks);
- If a government can only choose one activity to support its local ecosystem, it should just make sure it does no damage (bureaucracy, red tape, not providing basic infrastructure);
- Make sure you know when to pass the leadership to the private sector;

# Best Practices: Evaluate Your Startup Ecosystem

Define the most relevant indicators for you:

## Ecosystem stage

Early

Late

Inputs

- # of Incubators
- # of Accelerators
- # of Coworking spaces

- Amount of Funding
- # of Accelerators

Outputs

- # of Startups

- # of Unicorns
- # of Exits
- # of Tech workers



# Best Practices: Focus on Key Strengths

## Each startup ecosystem has unique strengths:

- There are very few generalist ecosystems globally (usually the top 10).
- Your ecosystem is better off focusing on one key vertical and achieve a critical mass and reputation in this vertical.
- Examples of overperforming ecosystems: Odense (Hardware and IoT), Stockholm (Energy).
- Creatively think about unfair advantages your city has in a specific vertical (geopolitical, historic, resources etc.).
- A great initiative for one ecosystem can be disastrous for another ecosystem (or even for the same ecosystem based on timing)

# Best Practices: Empower Entrepreneurs



## Form policies that are relevant for Entrepreneurs

- The easiest win is to ask the entrepreneurs about their specific challenges in the ecosystem
- Check where did the successful entrepreneurs go to, and what exactly was missing for them in your ecosystem.
- Ask foreign entrepreneurs what made them arrive to our ecosystem
- Specifically target problems mentioned by entrepreneurs (e.g. red tape, lack of talent to hire)

# Best Practices: Empower Entrepreneurs



## Move with caution

- Sometimes too much help makes more damage than good (creates entitlement mindset, doesn't let entrepreneurs fight for their own success, creates zombie startups)
- Focus on the macro (promotion, infrastructure, data, strategy) and not the micro (picking favorites)
- The less developed the ecosystem is, the more the public sector has to intervene

# Best Practices: Empower Entrepreneurs



## Policies empowering Stakeholders from the private sector:

- In the initial stages of your ecosystem support them financially and morally
- Avoid competition with them in later stages (e.g. public sector Coworking spaces)
- Outsource to private sector ecosystem developers instead of keeping activities in house
- Celebrate as ecosystem heroes (they have an ego just like everyone)
- Keep an open dialogue with them

# Thank you for listening!

Questions are welcomed.

