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research

 **BGLOBAL  
VENTURES**

**EA**  **GROUP**

March 2024

# Venture Capital in Central Asia and the Caucasus 2023

POWERED BY

 **DIGITAL & SPACE  
MINISTRY  
OF KAZAKHSTAN**

 **KPMG**

**crunchbase**



Market intelligence, research, and advisory firm specializing in fintech, venture capital, startups, tech ecosystems, and trends in the CIS & Central Asia region.



BGlobal Ventures provides financial and non-financial support for venture investors. BGlobal Ventures is subsidiary of Qazaqstan Investment Corporation JSC (Fund of funds).



EA Group is an investment firm focusing on VC, PE, and strategic investments. Company provides comprehensive support, driving growth and success through portfolio management, M&As, and strategic guidance for the companies they invest in.



The Ministry of Digital Development, Innovations, and Aerospace Industry of Kazakhstan oversees the nation's digital development, innovation, communication, public services, electronic industry, e-government, State Corporation "Government for Citizens," information security, aerospace industry, geodesy, and cartography.



Crunchbase is the leading provider of private-company prospecting and research solutions. 75 million users—including salespeople, entrepreneurs, investors, and market researchers—use Crunchbase to prospect for new business opportunities.



KPMG is a Big Four firm, a global network of independent member firms providing Audit, Tax, and Advisory services. KPMG's purpose and aspiration is to turn knowledge into value for the benefit of clients, people, and the world's capital markets.

# Meet the authors

## Core team



Ainur Zhanturina  
RISE Research



Maken Ibragimov  
Markets Mentor



Yerik Aubakirov  
EA Group

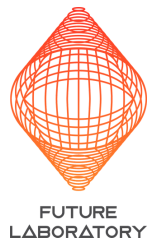


Abay Absamet  
BGlobal Ventures



Yerke Assemova  
KPMG Uzbekistan

## Contributors and knowledge partners



6

Countries  
covered

+30

Market leaders  
interviewed

+100

Startups  
surveyed

# Foreword

It gives me great pleasure to introduce the inaugural market research report on Venture Capital in Central Asia and the Caucasus. This study represents a significant milestone in our region's efforts to foster innovation and sustainable economic development.

Despite promising opportunities for venture capital investment in Central Asia and the Caucasus, the lack of reliable information has been a significant obstacle. In response, RISE Research, in collaboration with BGlobal Ventures and EA Group, conducted a thorough research initiative. Powered by the reputable knowledge partners such as Crunchbase and KPMG, this endeavor aimed to address the information gap and facilitate successful ventures, thereby contributing to the growth of our innovation ecosystem.

This report offers a comprehensive analysis, including comparative studies of the venture capital landscape across regions and detailed examinations of investment trends, market size and successful case studies from Kazakhstan and other Central Asian and Caucasus nations. Extensive efforts were made to collect and analyze data, including interviews with key stakeholders and the presentation of quantitative insights.

As the first of its kind, we anticipate that this report will serve as a valuable resource for investors seeking opportunities in our region. By shedding light on the venture capital landscape, we aim to facilitate informed decision-making and promote the growth of our innovation ecosystem.

I extend my sincere appreciation to our partners and stakeholders for their invaluable contributions to this endeavor. It is through collaborative efforts such as these that we can drive positive change and unlock the full potential of Central Asia and the Caucasus.



**Bagdat Mussin**

Minister of Digital Development, Innovations and Aerospace Industry of the Republic of Kazakhstan

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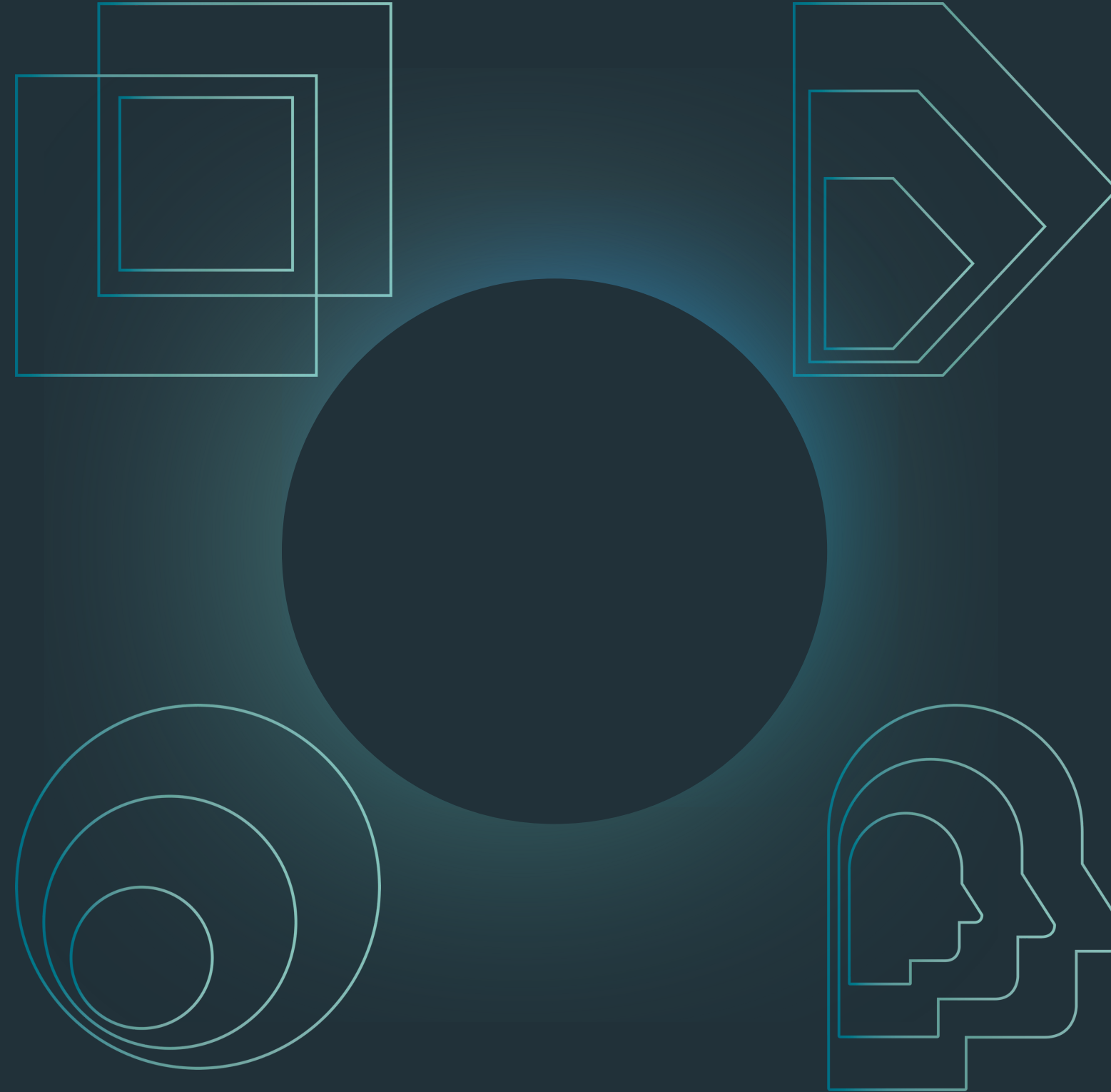
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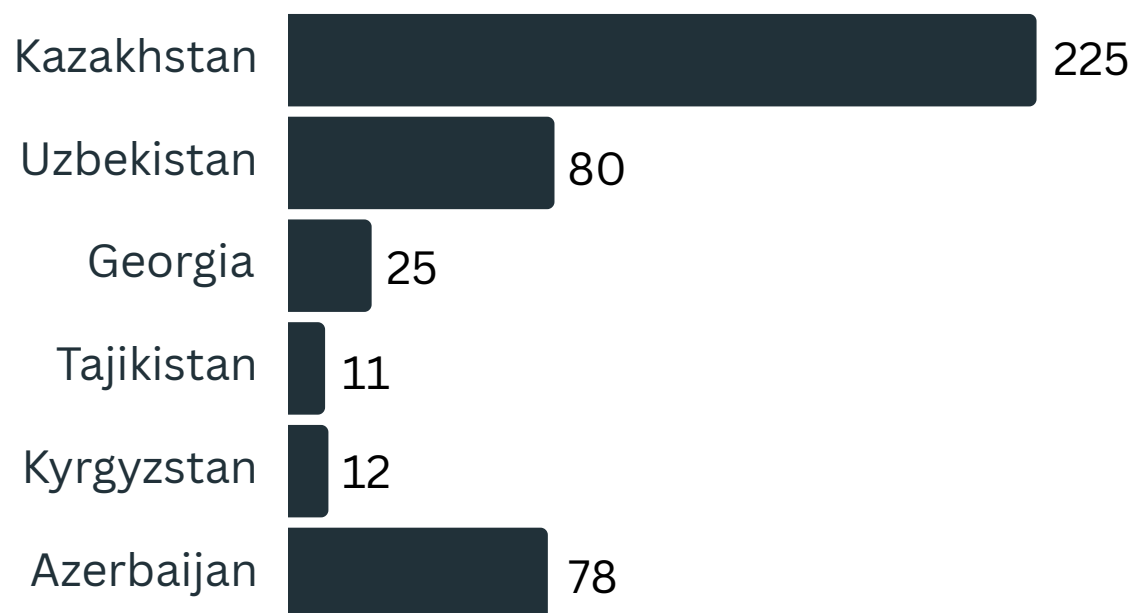
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VC trends & Perspectives

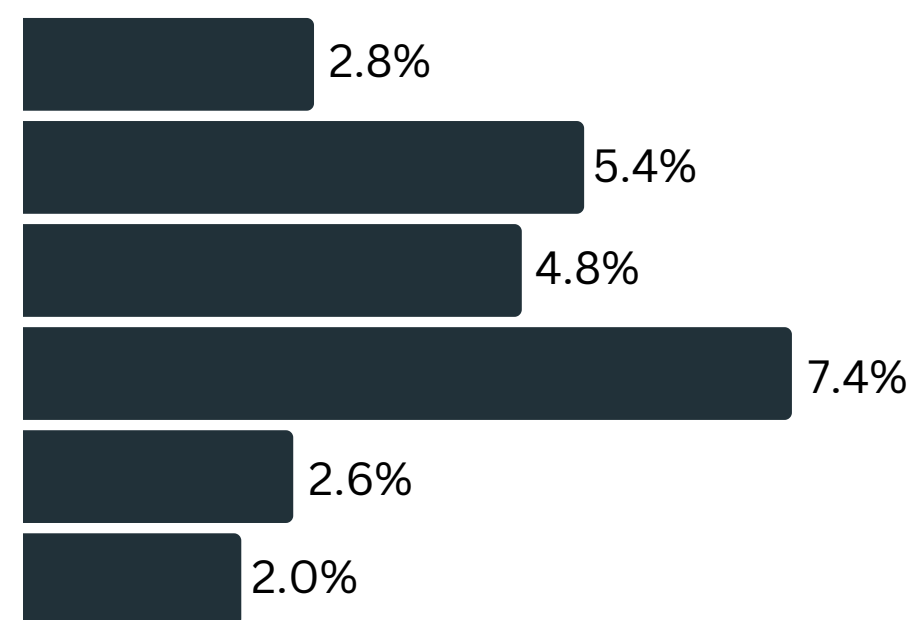


# The Caucasus & Central Asia (further - CCA) region comprises countries with a combined population of around 90 mln, maintaining an average population growth rate of 1.5%

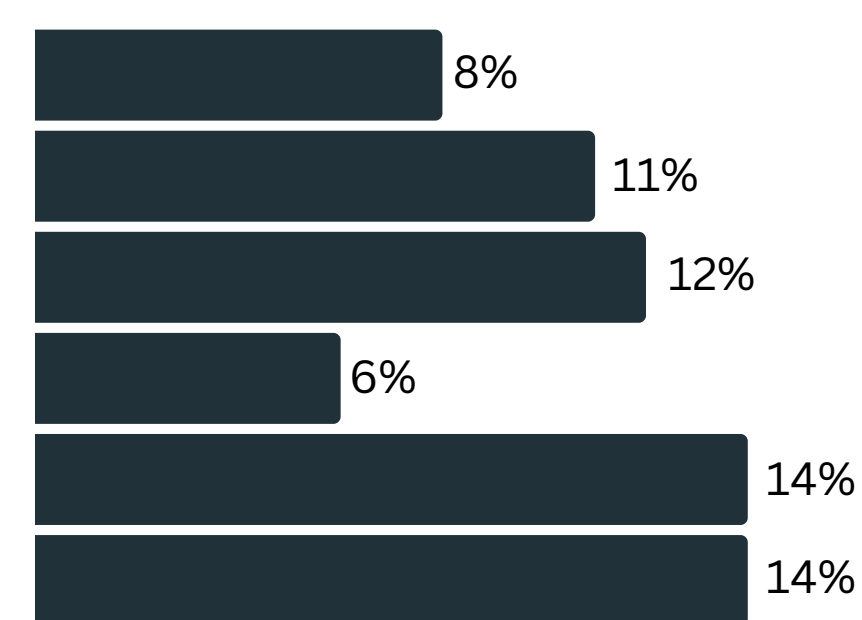
GDP in 2023, bln USD



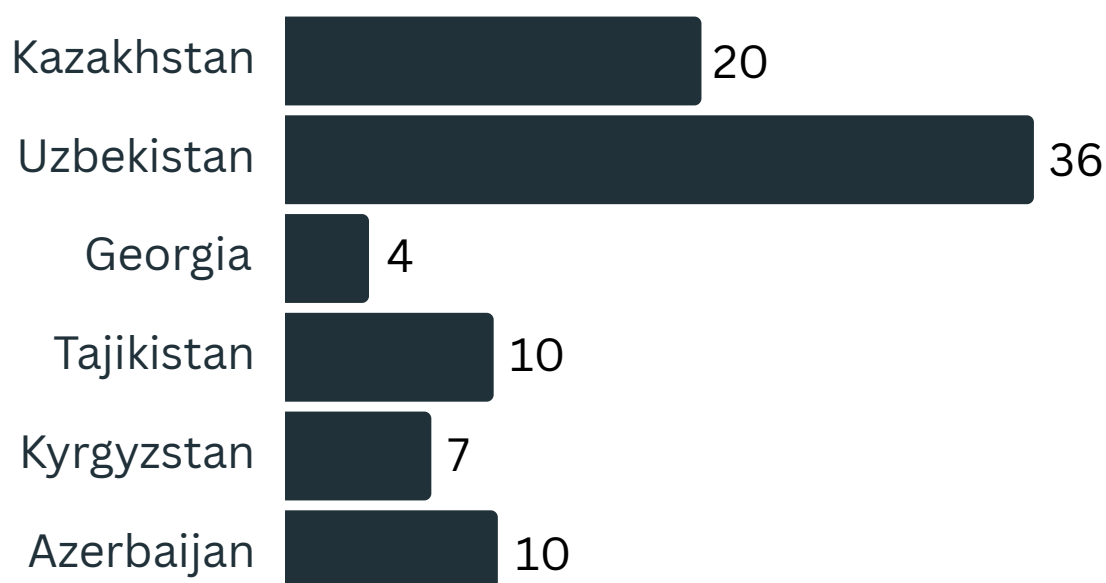
Real GDP avg growth rates for 2018-2022



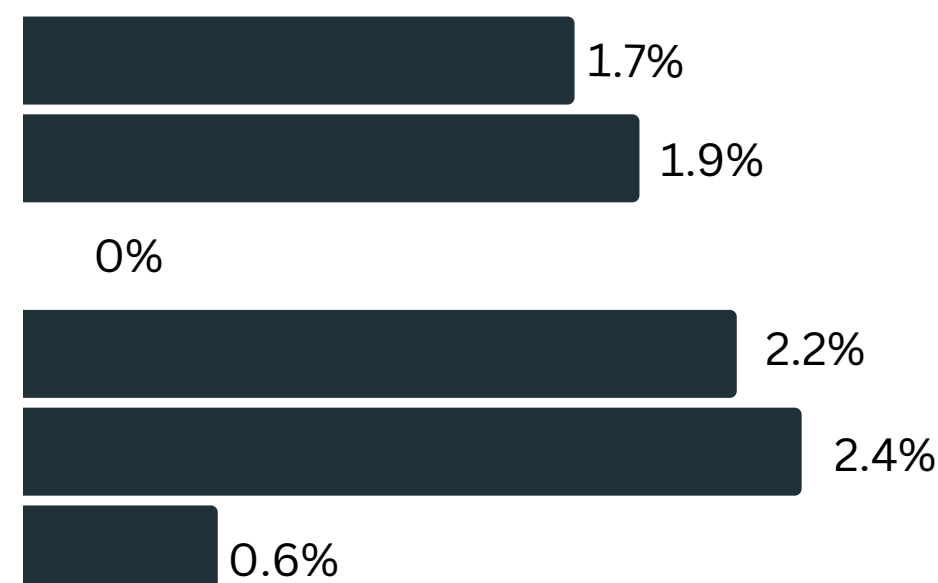
Inflation (annual %) in 2022



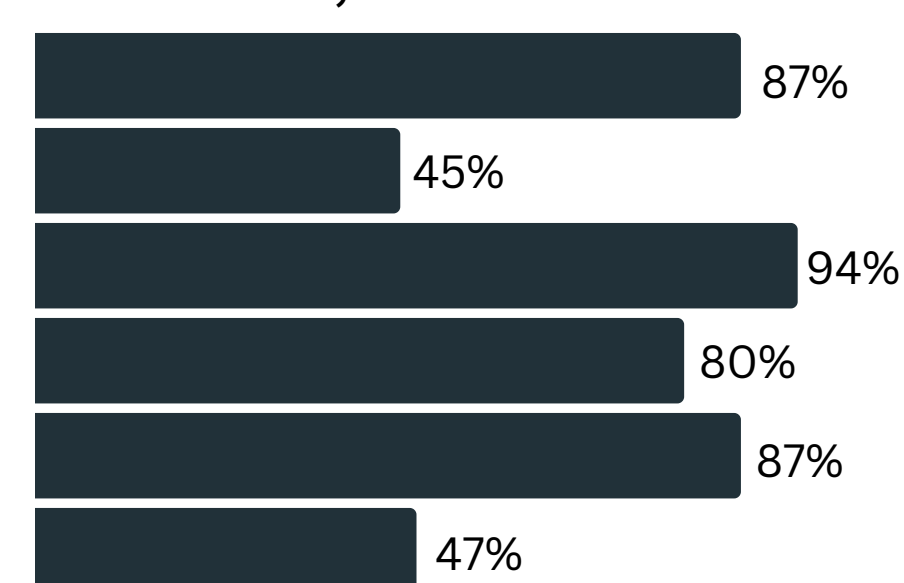
Population in 2022, mln people



Population avg growth rates for 2018-2022



Total external debt as a % of nominal GDP, 2023



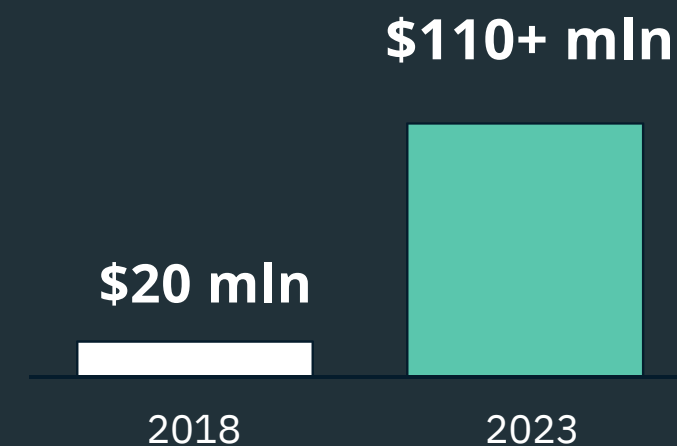


# The dynamic growth of the VC ecosystem in the CCA\* region over the last five years

“

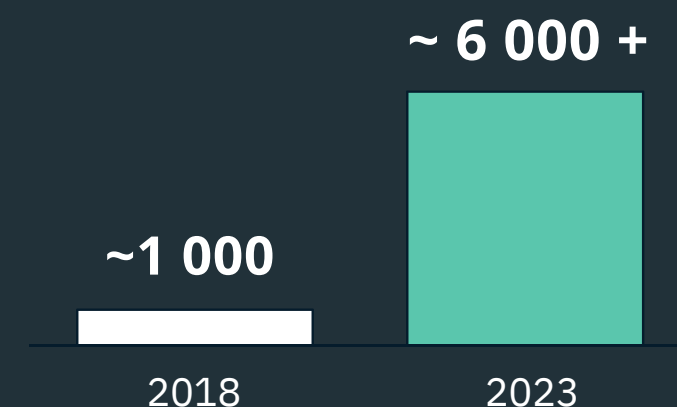
The startup scene has notably expanded, forming a developed ecosystem with numerous startups, funds, and venture investors. In the last two years, there has been a **shift from quantity to improved quality in both product development and business aspects**. This positive trend is evident, reflecting a more knowledgeable startup community compared to five years ago.

Murat Abdrakhmanov  
Venture investor



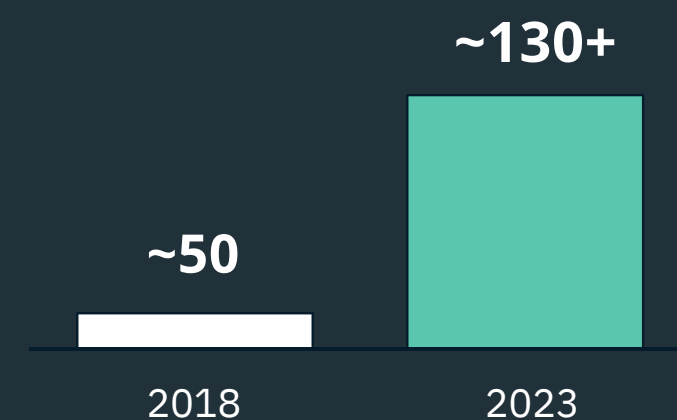
5.5x

The growth of VC deals amount in the region



6x

The growth on number of startups in the region

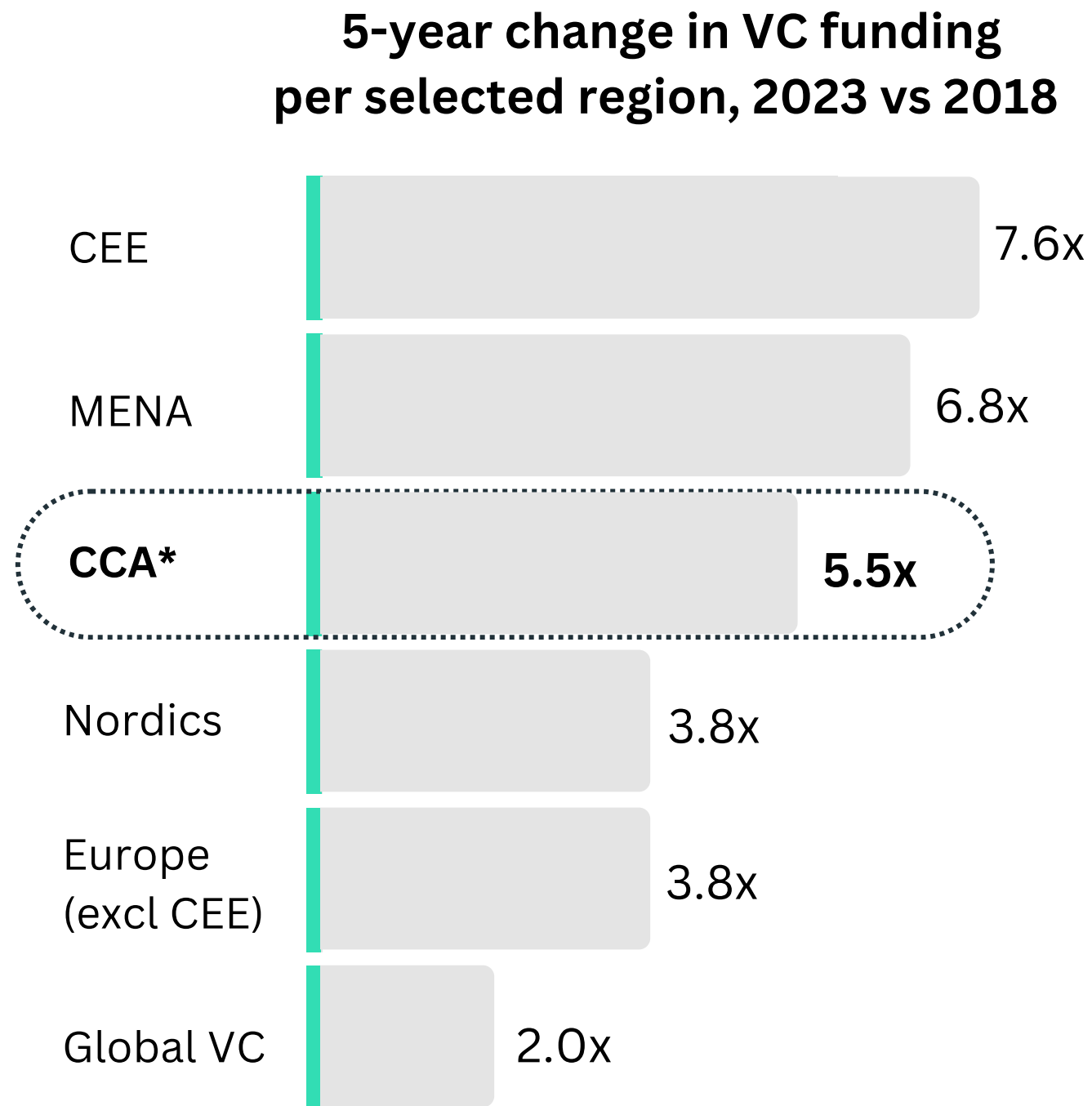


2.6x

Increase in active VC investors in the region

\*For the purposes of this study, CCA region includes Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan

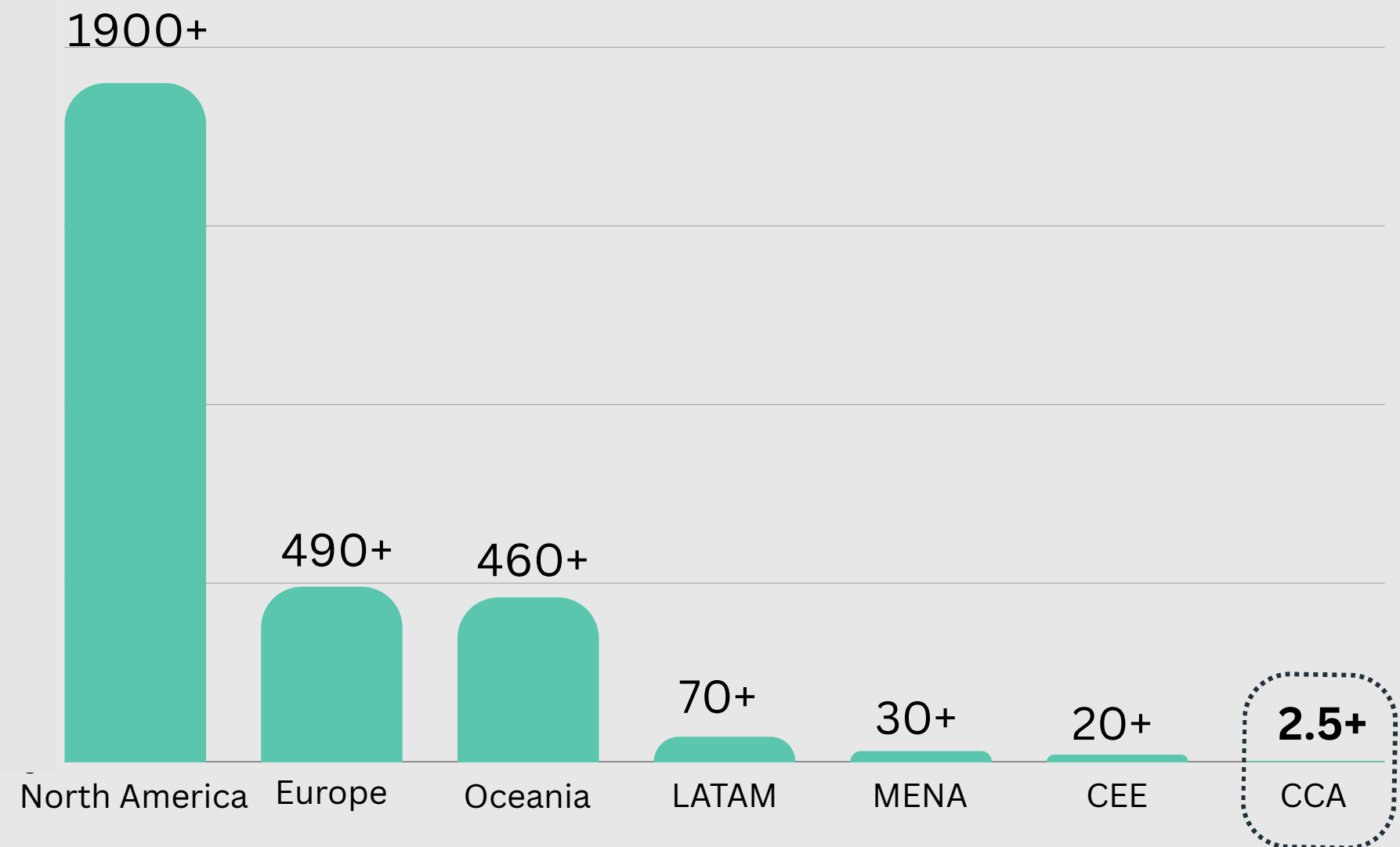
## CCA VC funding has grown faster in the medium term than global VC...



\*For the purposes of this study, CCA region includes Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan

## ...however, it is still a small ecosystem with potential for more investment opportunities

### Combined VC Funding per capita, 2018 - 2022, in USD



# We see an opportunity to increase VC volume in the Caucasus & Central Asia region

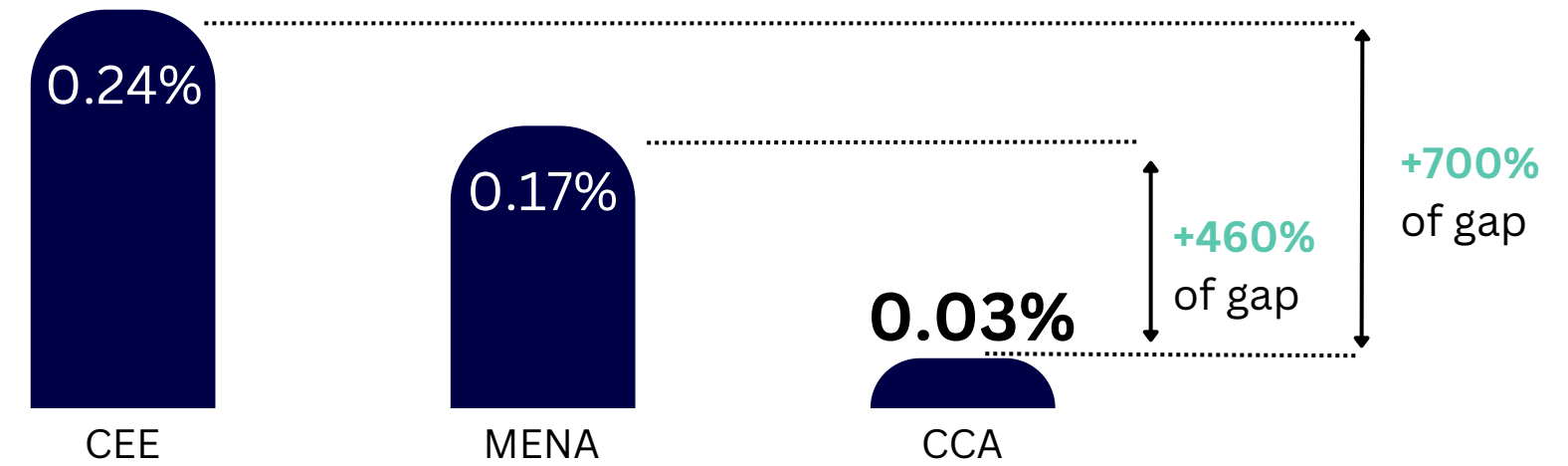


Startups face a big challenge: a lack of diverse funding sources due to **a significant capital deficit**. Insufficient investors, from **angels to venture funds**, hinder startups' growth and make them overly reliant on a **limited number of financial partners**.

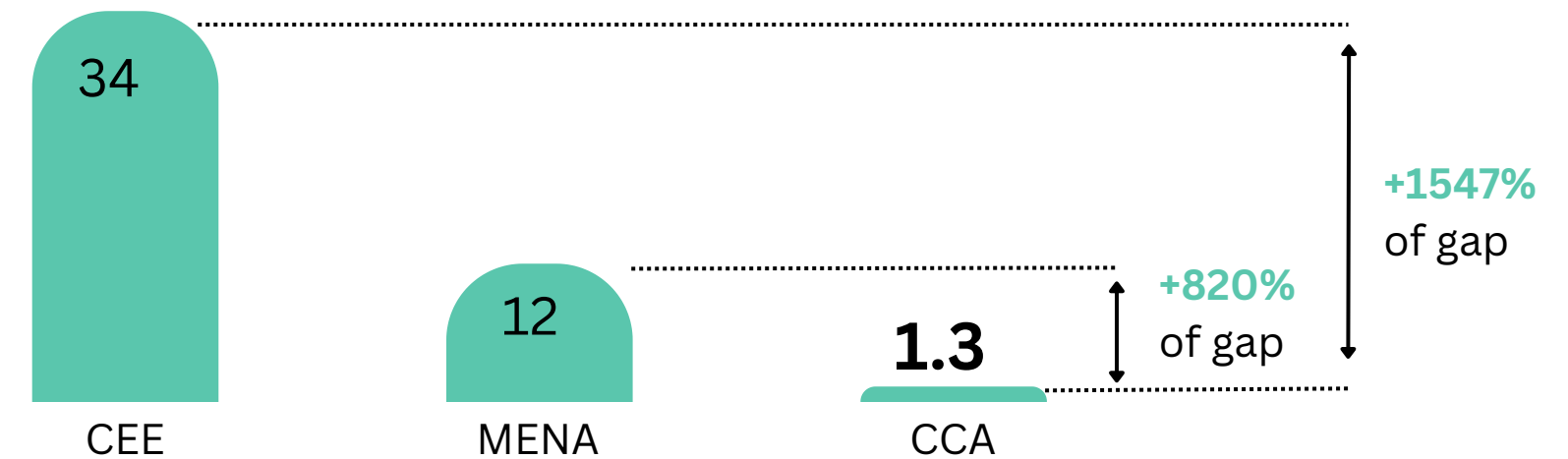
Adilbek Kamiyev  
EA Ventures

For the purposes of this study, CCA region includes Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan  
CEE region includes Bulgaria, Belarus, Czechia, Estonia, Croatia, Hungary, Lithuania, Latvia, Poland, Romania, Serbia, Slovak Rep-c, Slovenia, Ukraine  
MENA region includes United Arab Emirates, Turkiye, Saudi Arabia, Egypt, Iran, Jordan, Kuwait, Bahrain, Qatar, Morocco, Armenia, Yemen

## VC funding per GDP, 2022

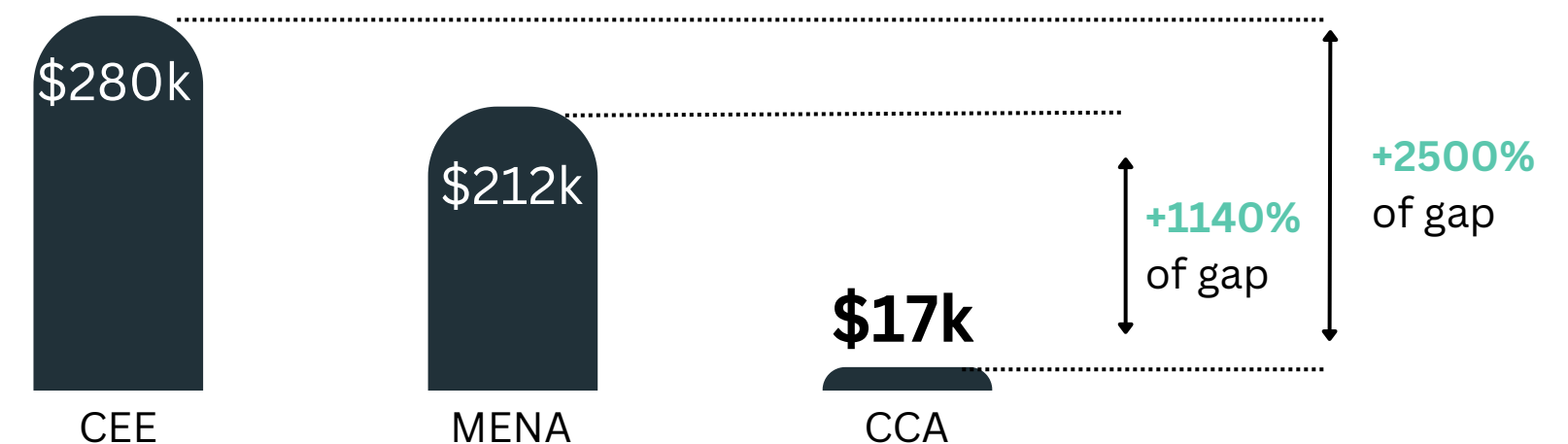


## VC funding per Capita, 2022, in USD



## VC funding per startup, 2022

Startups founded and/or HQ'ed in selected geographies



## 2023 VC deal amounts surpass \$110 mln in the Caucasus & Central Asia region



Crunchbase data shows that startup investment in the Central Asia and Caucasus region has increased in recent years, particularly for pre-seed and seed fundings in Kazakhstan, Georgia and Azerbaijan. With a growing local venture capital ecosystem, we look forward to seeing companies progress to raise early stage investment in 2024 and beyond."

Gené Teare

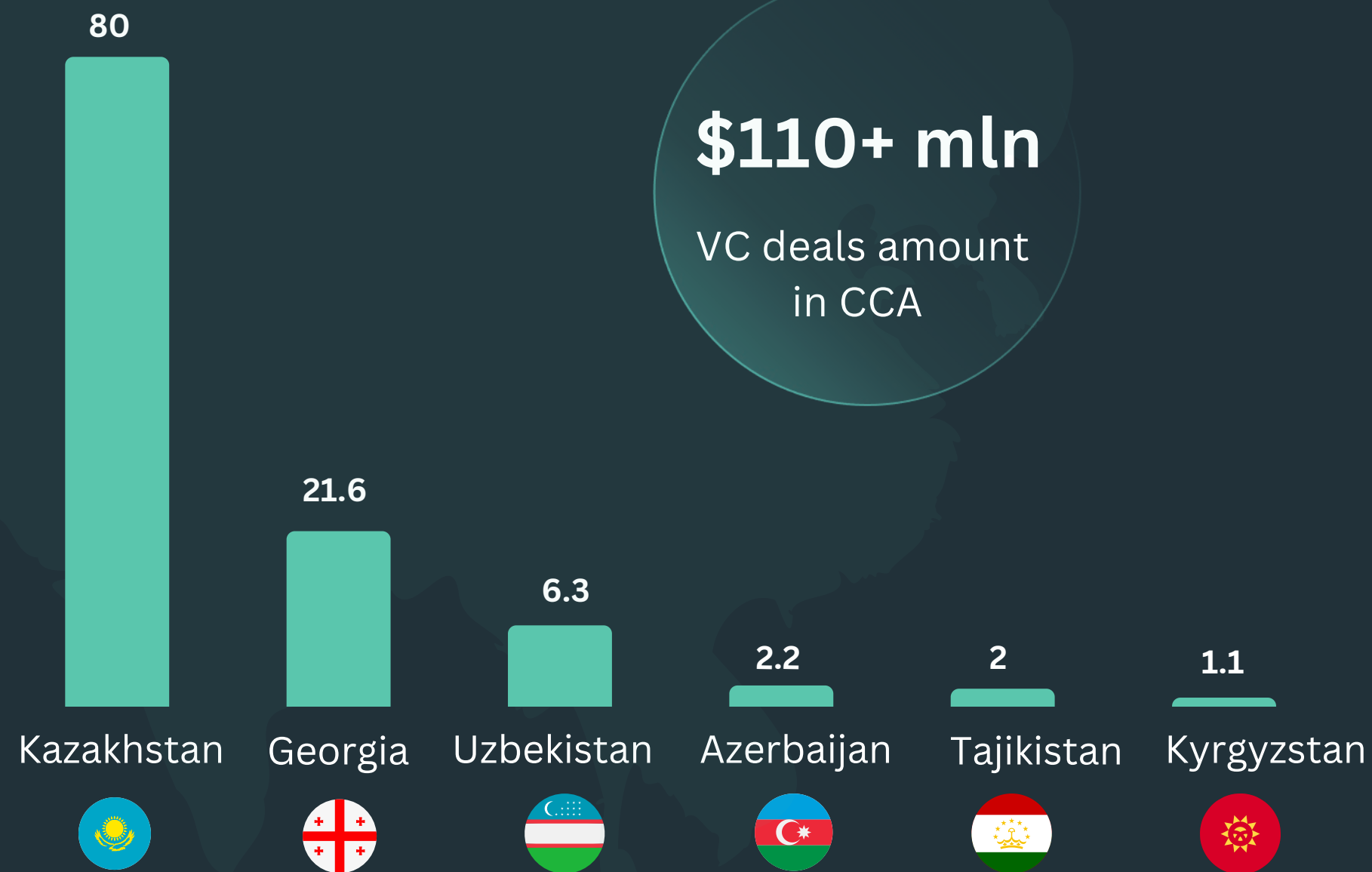
Senior Data Editor at Crunchbase News



Despite region's rapid growth, it's a small player in the venture market compared to Europe or the U.S. **We aim to consolidate with Central Asia and the Caucasus, creating a region of interest for global funds.**

Murat Abdrakhmanov  
Venture investor

Venture capital funding per country, 2023, \$ mln



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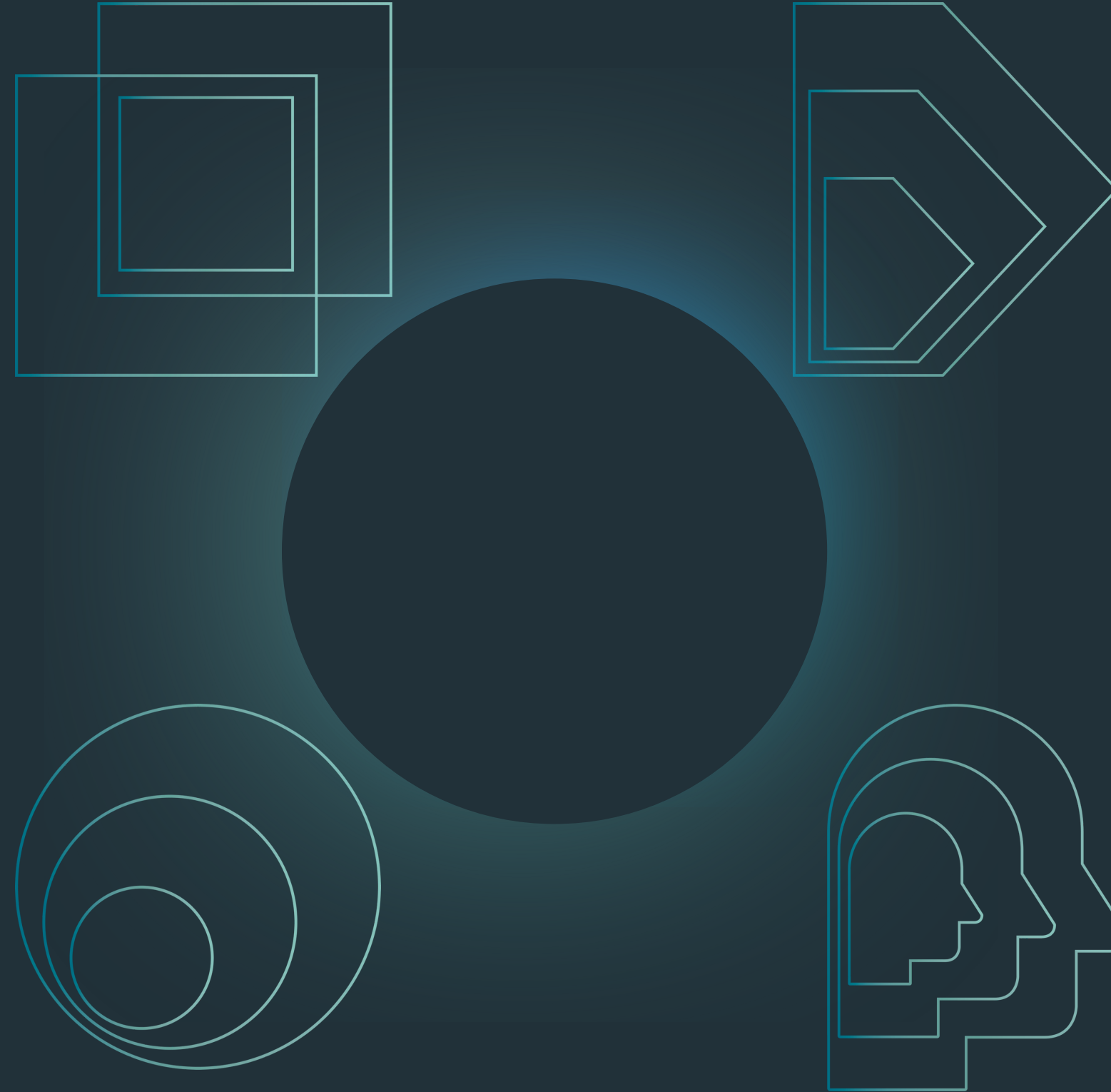
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# VC fund ecosystem in Kazakhstan (1/2)

Not exhaustive

VC Fund/ Management Company	Stage	Focus	Selected Kazakhstani Investments	Investment Phase
	Pre-seed/ Series A	Sector-agnostic		Active
	Pre-seed/ Seed	Enterprise SaaS		Active
	Pre-seed/ Series C	Agritech, E-commerce, Logtech, Fintech, Healthtech		Active
	Pre-seed/ Series A	Fintech, AI, Gaming, Healthtech		Active
	Pre-seed/ Seed	Sector-agnostic		
	Pre-seed/ Seed	Sector-agnostic		Active
	Pre-seed/ Series A	Sector-agnostic		Active
	Pre-seed/ Series A	Fintech, Medtech, Enterprise tech, E-commerce, AI		Active
























# VC fund ecosystem in Kazakhstan (2/2)

Not exhaustive

VC Fund/ Management Company	Stage	Focus	Selected Kazakhstani Investments	Investment Phase
 Sturgeon Capital	Seed/ Series B	Fintech, B2B software, Marketplace	 SMART SATU Automatize. Digitalize.  farel	Active
 TECH GARDEN VENTURES	Pre-seed/ Seed	4IR	 Verigram  antidolg  Bello  Paloma  Egistic  Kid Security	
 ANTLER	Pre-seed/ Series A	Sector-agnostic	 Introdex  appboxo	Active
 ALMAK CAPITAL INVESTMENT FIRM	Pre-see/ Seed	Medtech	 doq  checkdoc	Active
 Falconry/	Pre-seed/ Series A	Sector-agnostic	 SMART SATU Automatize. Digitalize.  ONE VISION	
 inDrive new ventures	Series A	Sector-agnostic		Active
 TESLA capital	Pre-see/ Seed	N/A	 SMART SATU Automatize. Digitalize.  RELOG  UvU  CTIgram  clockster	
 DOMiNO VENTURES	Pre-seed/ Series A	AI, Gaming, Web3	 GODAYS	Active

# VC fund ecosystem in Uzbekistan
















Not exhaustive

VC Fund/ Management Company	Stage	Focus	Selected Uzbekistani Investments	Investment Phase
	Pre-seed/ Seed	Sector-agnostic	     	Active
	Pre-seed/ Seed	Sector-agnostic	    	Active
	Seed/ Series B	Fintech, B2B software, Marketplace	    	Active
	Pre-seed/ Seed	Fintech	   	
	Pre-seed/ Seed	AI, Fintech, Saas, E-commerce, B2B solutions		Active
	Pre-seed/ Seed	Sector-agnostic	  	Active
	Pre-seed/ Seed	Sector-agnostic	 	Active
	Pre-seed/ Series A	AI, Gaming, Web3		Active
	Pre-seed/ Series C	N/A		Active
	Pre-seed/ Series A	Sector-agnostic		Active
	Pre-seed/ Series C	AgriTech, E-commerce, Logtech, Fintech, Healthtech		Active
















# VC fund ecosystem in Kyrgyzstan

*Not exhaustive*

VC Fund/ Management Company	Stage	Focus	Selected Kyrgyzstani Investments	Investment Phase
	Pre-seed/ Series A	Sector-agnostic	 	Active
	Pre-seed/ Seed	Sector-agnostic	  	Active
	Pre-seed/ Series A	Sector-agnostic	 	Active
	Pre-seed/ Seed	B2B software, marketplace		Active
	Pre-seed	Women's entrepreneurship		
	Pre-seed/ Series C	Agritech, E-commerce, Logtech, Fintech, Healthtech		Active
	Seed/ Series B	Fintech, B2B software, Marketplace		Active





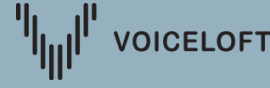





















# VC fund ecosystem in Tajikistan

Not exhaustive

VC Fund/ Management Company	Stage	Focus	Selected Tajikistani Investments	Investment Phase
	Pre-seed/ Seed	B2B software, marketplace		Active
	Pre-seed/ Series C	Agritech, E-commerce, Logtech, Fintech, Healthtech		Active
	Pre-seed/ Series C	N/A		Active
	Pre-seed/ Seed	Sector-agnostic		Active
	Pre-seed/ Seed	Sector-agnostic		Active
	N/A	N/A		
	Pre-seed/ Series A	Sector-agnostic		Active

































# VC fund ecosystem in Azerbaijan

Not exhaustive

VC Fund/ Management Company	Stage	Focus	Selected Azerbaijani Investments	Investment Phase
	Pre-seed/ Seed	Sector-agnostic	    	Active
	Seed	Sector-agnostic	   	Active
 <small>Fast track to global success</small>	Pre-seed/ Series A	N/A	 	Active
	Seed/Series A	Sector-agnostic	  	
	Pre-seed/ Seed	N/A	   	
	Pre-seed/ Series C	Sector-agnostic		Active
	Pre-seed/ Series A	AI, Gaming, Web3		Active

# VC fund ecosystem in Georgia

Not exhaustive

VC Fund/ Management Company	Stage	Focus	Selected Georgian Investments	Investment Phase
	Pre-seed/ Seed	Sector-agnostic	       	Active
	Pre-seed/ Seed	B2B software, marketplace	   	Active
	Pre-seed/ Seed	Sector-agnostic	  	Active
	Seed	Sector-agnostic	 	Active
	Pre-seed/ Series A	Fintech, Consumer technologies, Blockchain, Digital Health	 	Active
	Seed/ Series B	Fintech, B2B software, Marketplace	  	Active
	Pre-seed/ Series C	Sector-agnostic		Active
	Pre-seed/ Seed	Sector-agnostic		
	Pre-seed/ Series A	AI, Gaming, Web3		Active

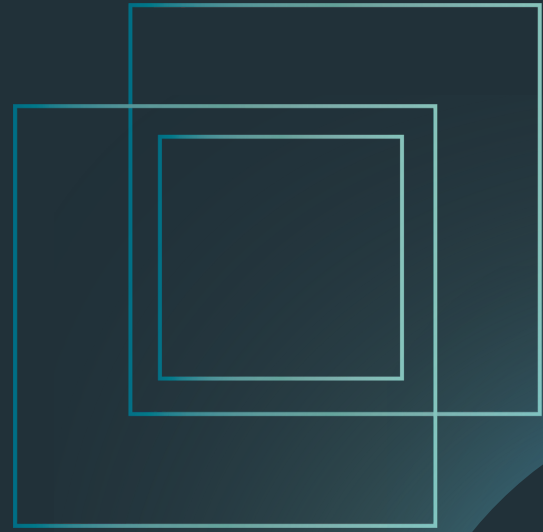
# Other VC ecosystem players in the Central Asia and Caucasus region

Not exhaustive

<p><b>Angel clubs</b></p>						
<p><b>Grants</b></p>						
<p><b>Incubators, Accelerators</b></p>						
<p><b>Kazakhstan</b></p>	<p><b>Uzbekistan</b></p>	<p><b>Kyrgyzstan</b></p>	<p><b>Tajikistan</b></p>	<p><b>Azerbaijan</b></p>	<p><b>Georgia</b></p>	

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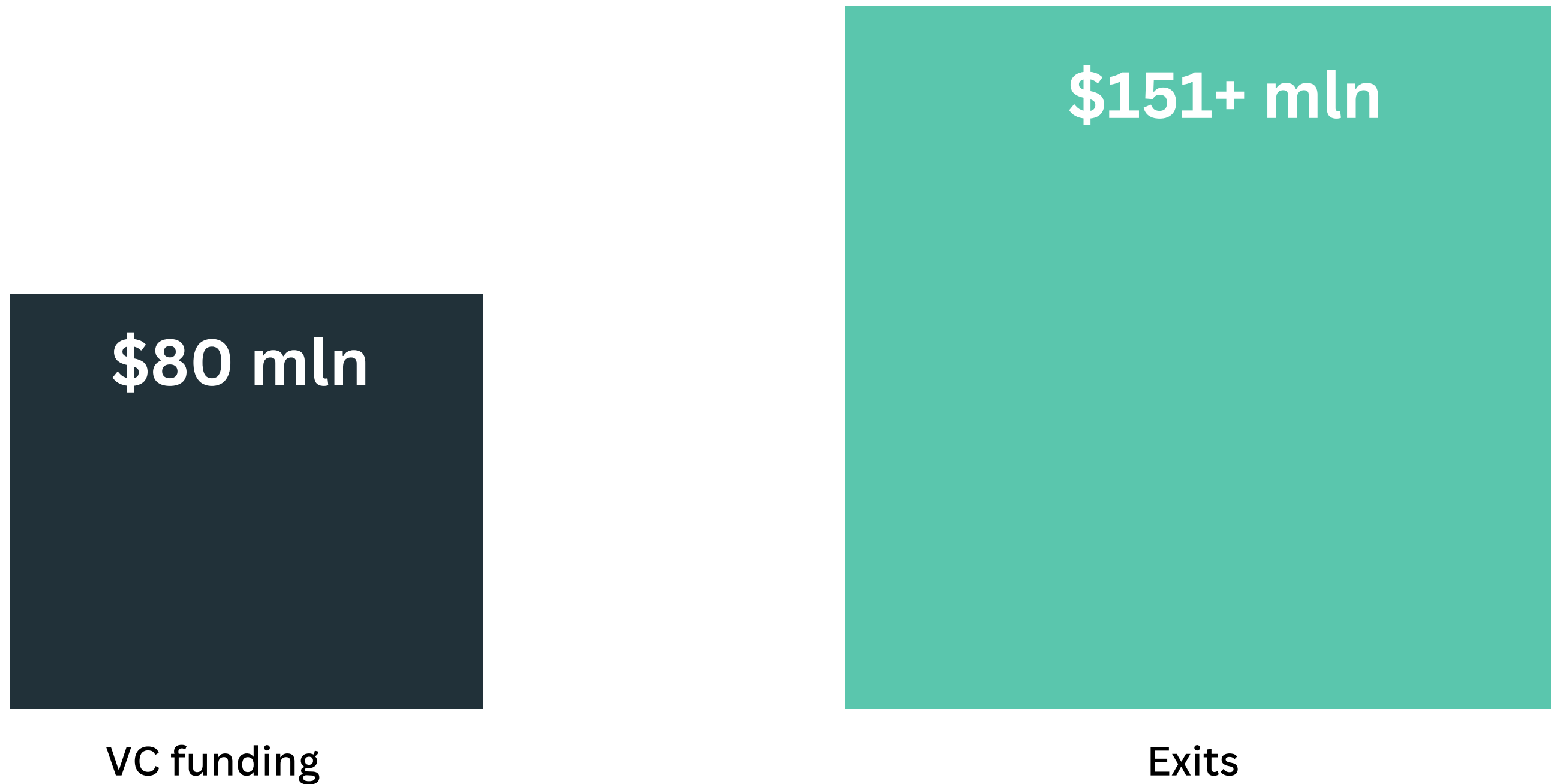


# 3.1. Kazakhstan



# Venture capital funding and exits reached record levels in 2023

Venture capital funding and exits

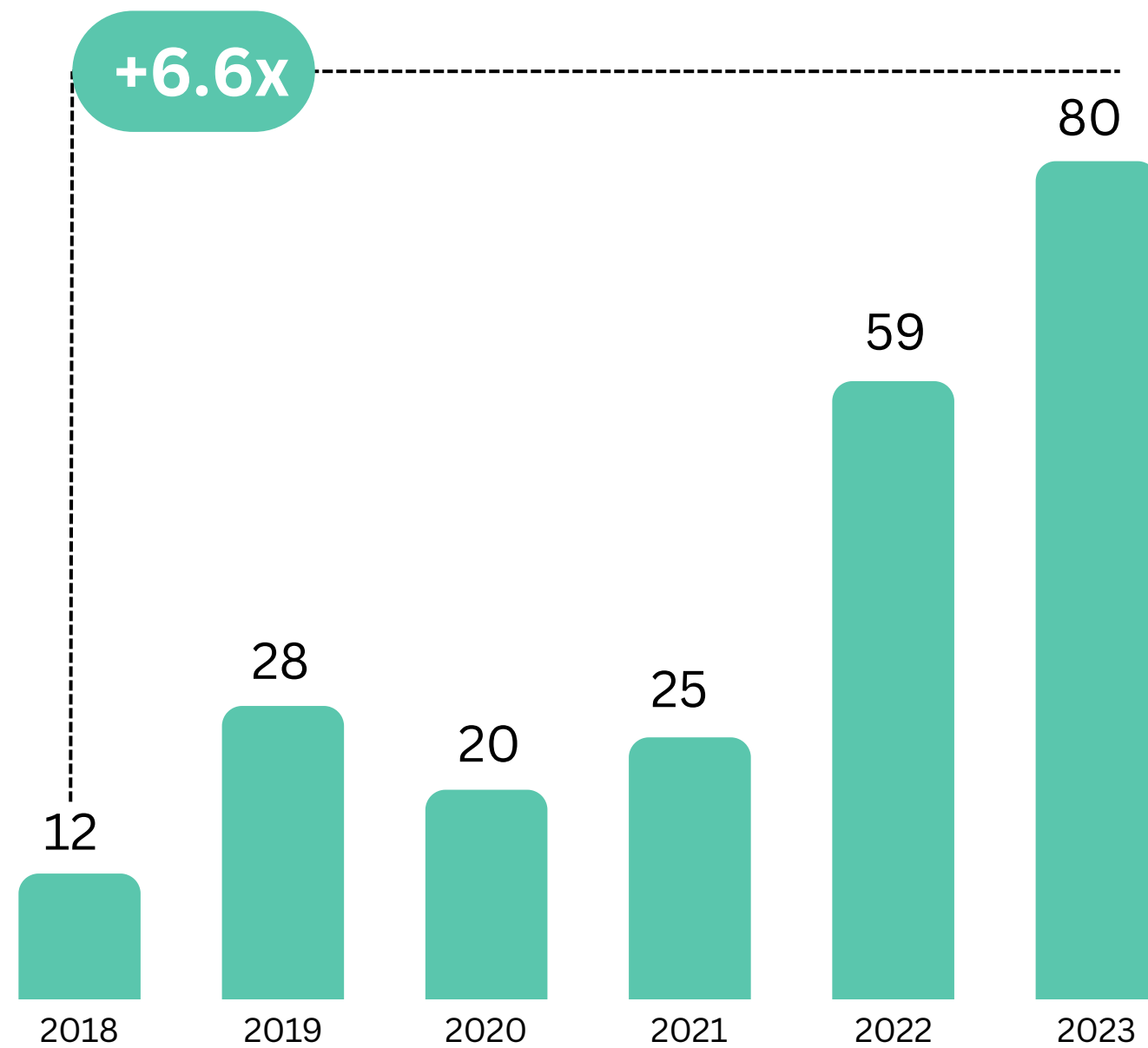




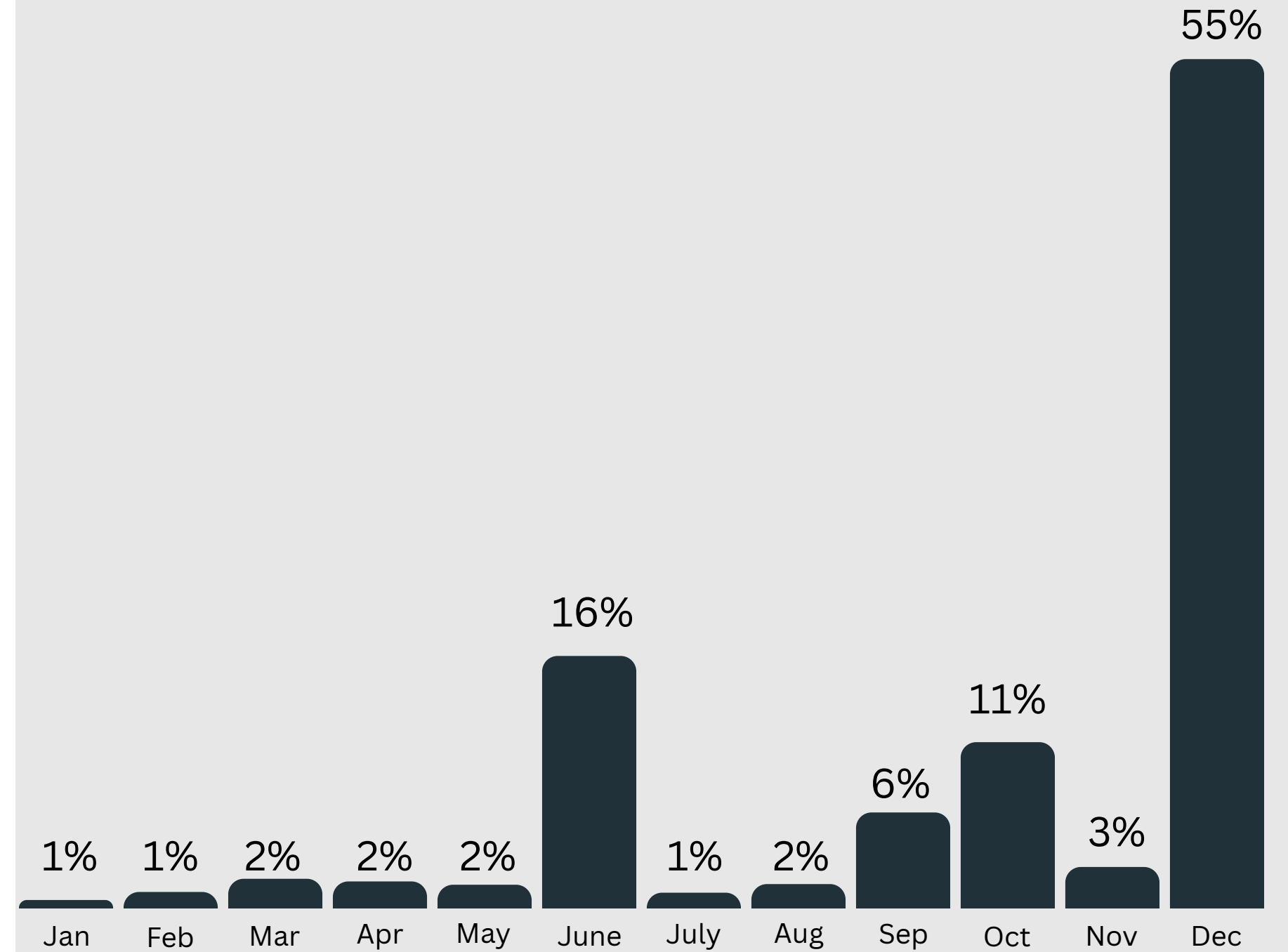


# Venture capital funding has grown by 5.8 times for the past six years

Kazakhstan venture capital volume, 2018 - 2023, \$ mln



Kazakhstan venture capital volume by months, 2023, %

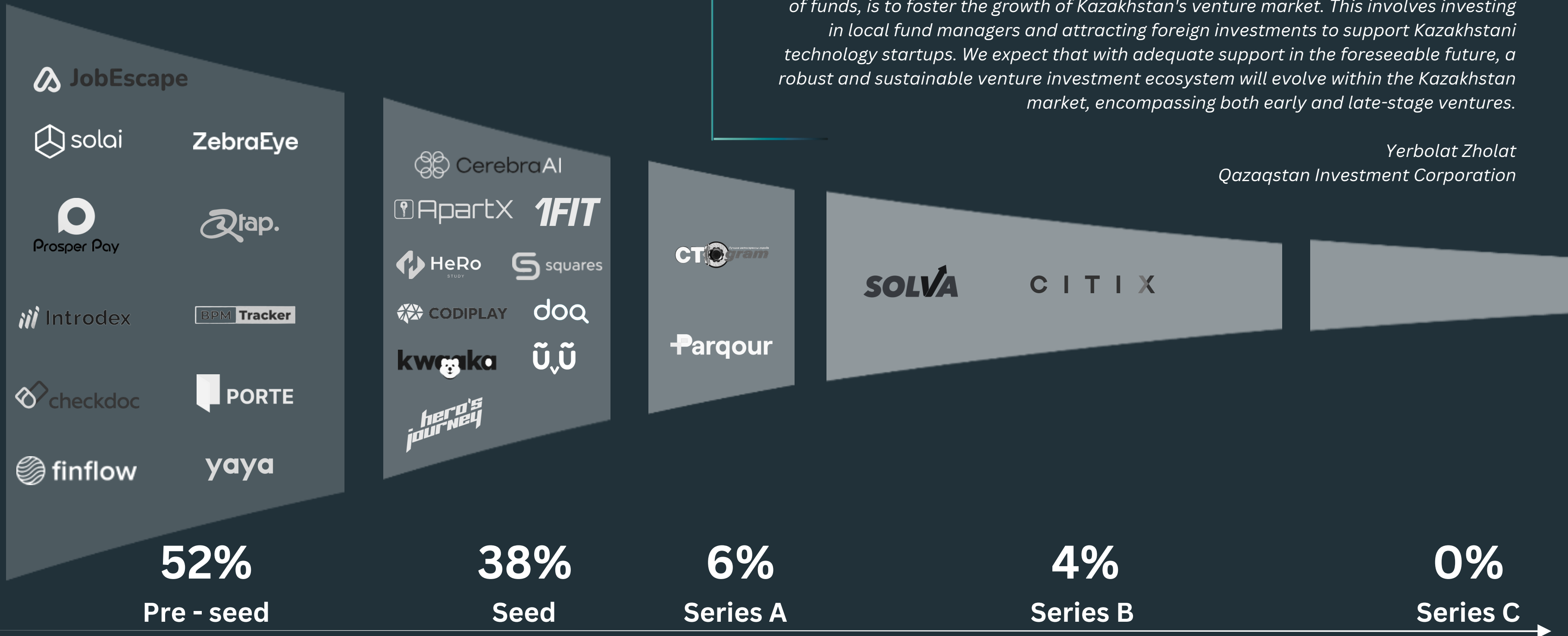


Source: Crunchbase, RISE Research' database, surveys and interviews with VC market players. 2018 -2022 data is from the report by MOST Ventures, Tech Hub, Whitehill



# Country demonstrates strong capabilities in investing in early-stage ventures, yet there is a notable gap in financing for scaling up

## VC rounds by the number of deals, 2023

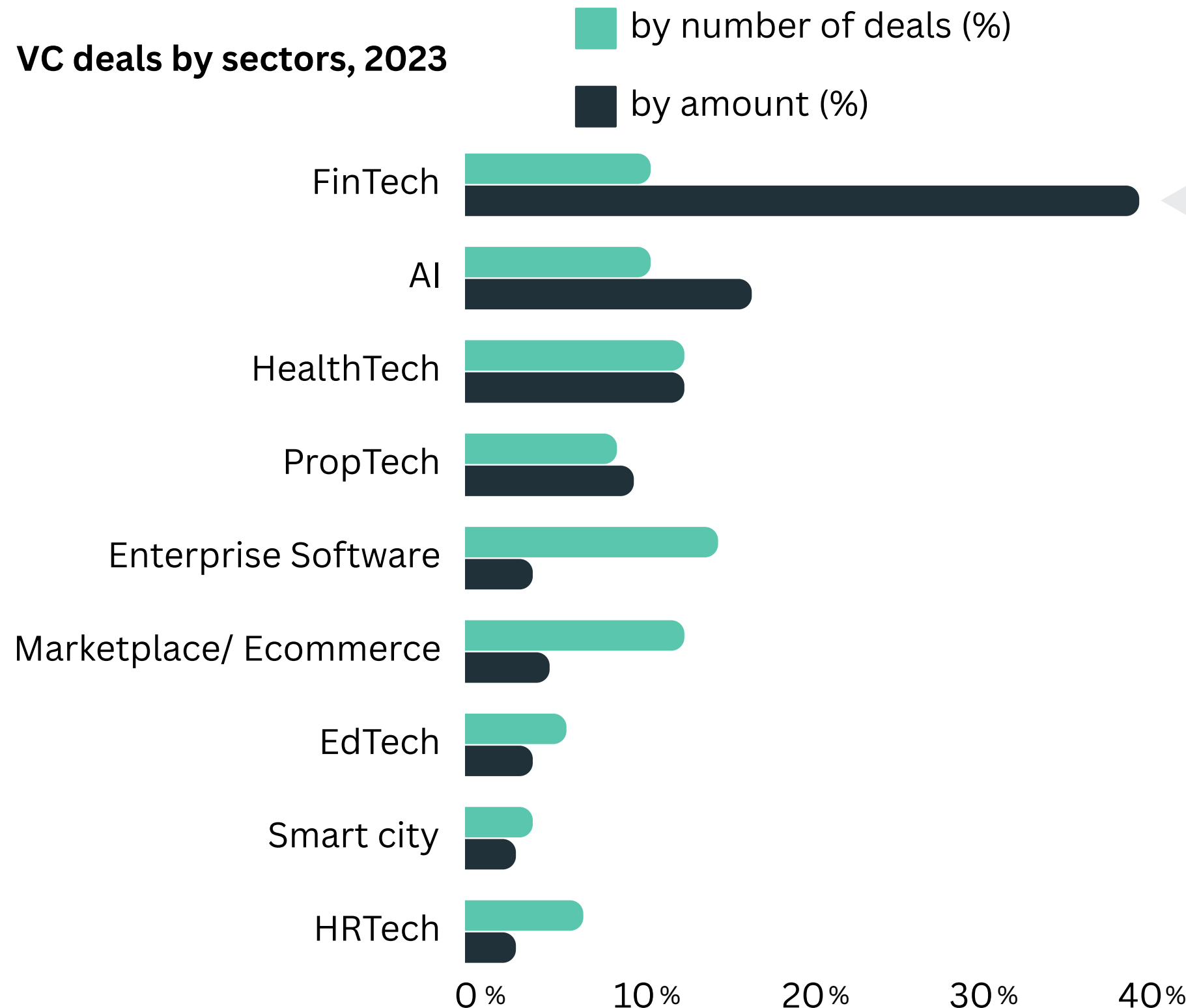


“ One of the primary goals of Qazaqstan Investment Corporation, operating as a fund of funds, is to foster the growth of Kazakhstan's venture market. This involves investing in local fund managers and attracting foreign investments to support Kazakhstani technology startups. We expect that with adequate support in the foreseeable future, a robust and sustainable venture investment ecosystem will evolve within the Kazakhstan market, encompassing both early and late-stage ventures.

Yerbolat Zholat  
Qazaqstan Investment Corporation



# In 2023, FinTech dominated VC deals, securing the highest funding amount across all industries



## Mature Fintech Rockstar

Solva, named "Fintech of the Year" in Kazakhstan for 2023, leads in unsecured non-bank lending. The company announced a \$20 mln investment from Neo Crystal Holdings, characterized as a venture capital deal according to the company's officials.



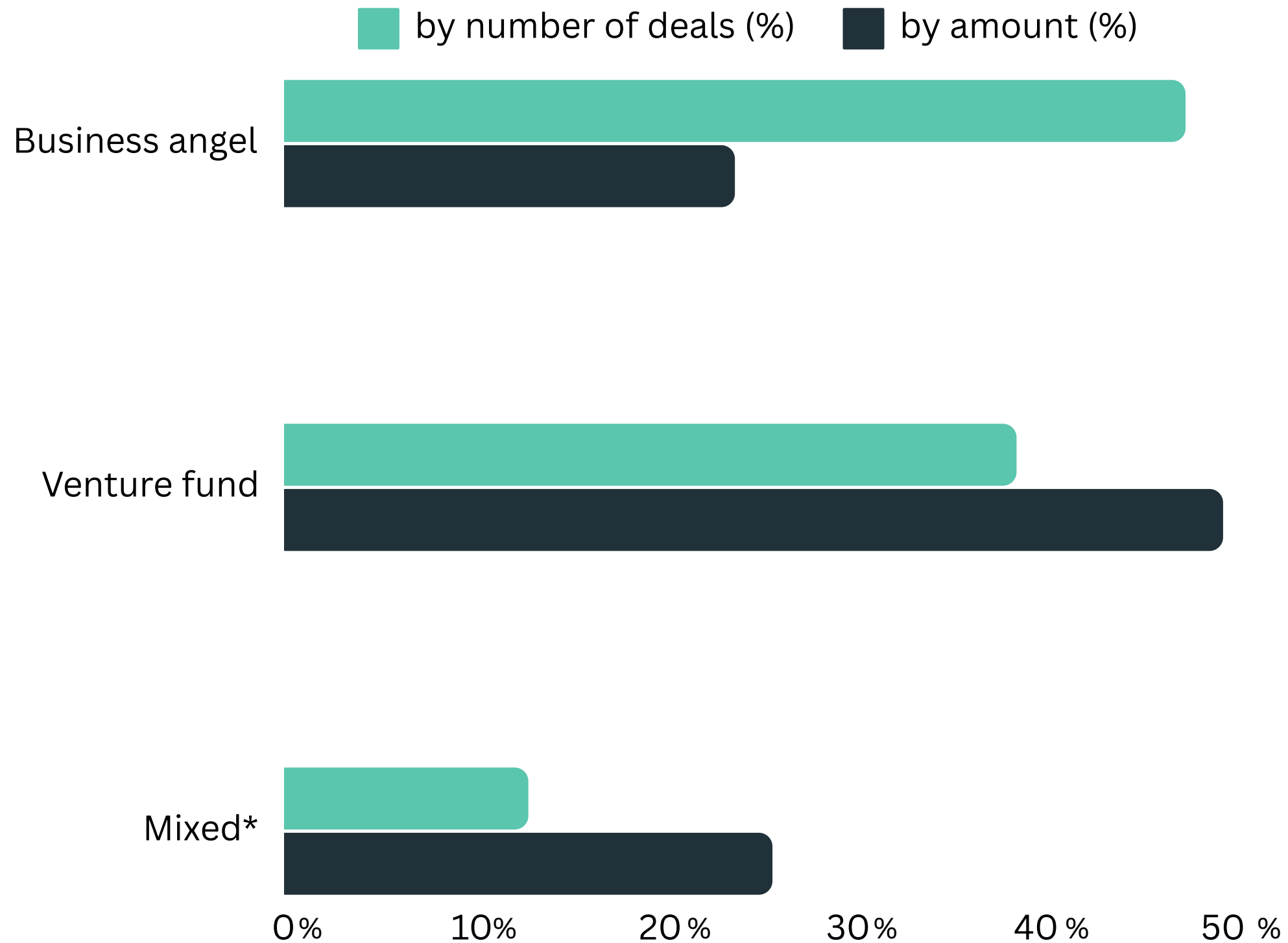
## Prosper Pay

## Rising Fintechstar

Prosper Pay is a fintech startup that provides an innovative earned wage access service. This service allows employees to track and access their earned income before the traditional payday.



## VC deals by type of investors in 2023



“

A proactive measure could involve establishing **a public-private fund of funds with a budget of up to \$100 mln** to propel the development of the VC industry and its related sectors.

Mirat Akhmetsadykov  
MOST Ventures

“

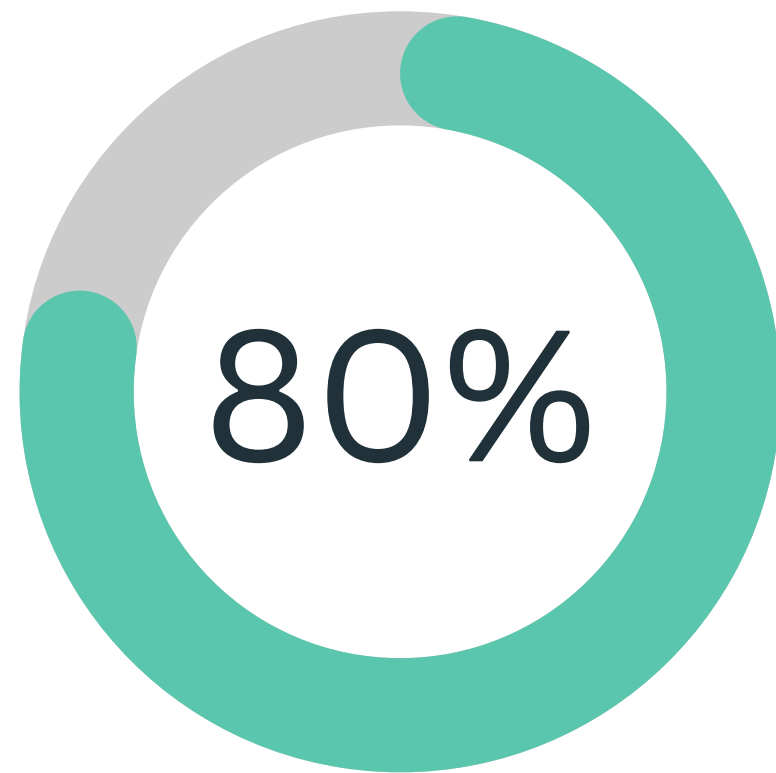
The regional venture market is becoming increasingly **attractive** for investment due to high growth **dynamics** and improving **pipeline quality**. Despite the active growth in the volume and number of venture deals in recent years, our region **still lacks a critical mass of active business angels and venture funds** at both early and late stages to meet the demand for investments from startups.

Abay Absamet  
BGlobal Ventures

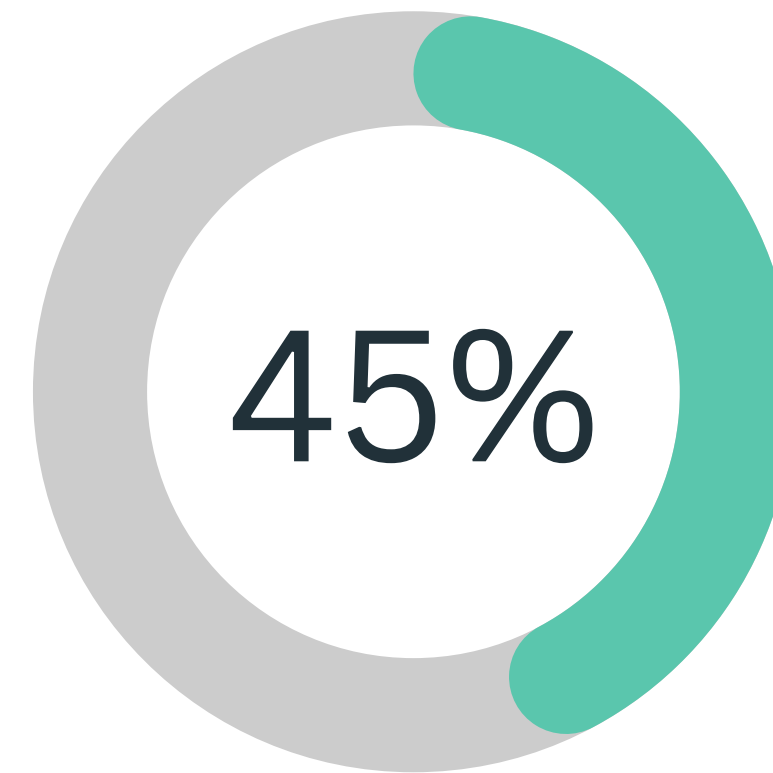
\*Mixed represents deals involving VC funds, business angels, and investment clubs. Specific investment amount breakdown is unavailable



Local investors represent 80% of venture capital deals by number, but only 45% by total investment amount, indicating a significant reliance on international investors for larger-scale funding



Local investors contribute to 80% of VC deals by volume



...but only 45% by total investment amount



# Angel investors are helping create the next generations of successful startups in Kazakhstan & beyond

	Investor	Number of investments	Amount of investments (mln \$)	Number of exits
	Murat Abdrakhmanov	52	24.5+	10+
	Yelzhan Kushekbaev	89	3+	5+
	Bakht Niyazov	32	4+	1+
	Olzhas Zhiyenkulov	15	10+	4+
	Vitaly Kim	14	1+	1+
	Yerlan Issekeshv	11	7+	2+
	Adil Nurgozhin	15	2+	7+

“

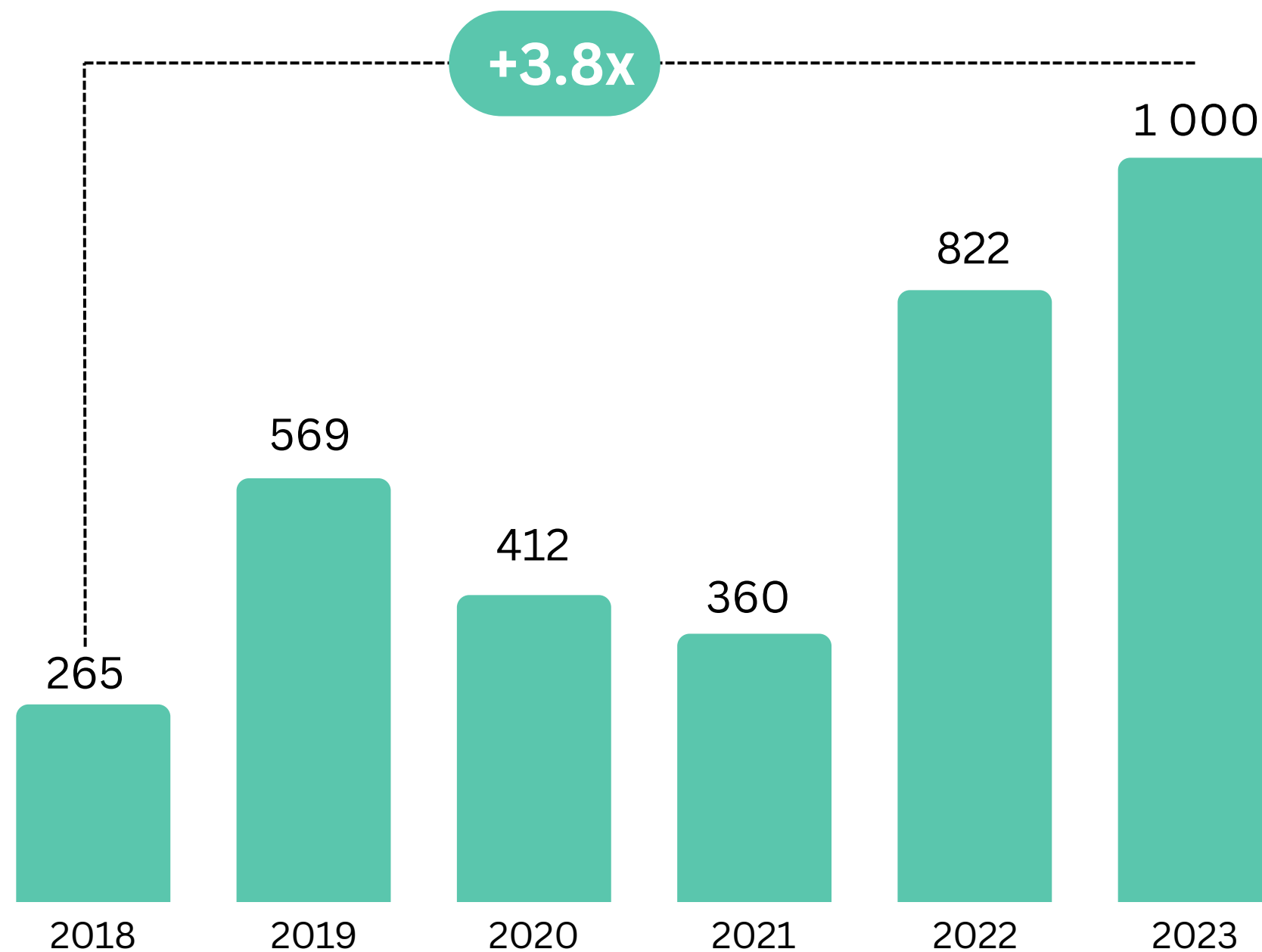
*We need more smart money, developing a **business angel culture** for diverse local and international investments.*

*Nurasyl Jarbassov  
Astana Venture Club*



# Fourfold growth in the average VC deal size reflects increasing investor confidence and maturing market dynamics

The average deal size, 2018 – 2023, \$ thousand










Venture capital investments in Kazakhstan are swiftly accelerating, showcasing a remarkable surge in enthusiasm towards our startups. Kazakh startups are progressively **drawing the attention of global investors**, making their potential to secure substantial funding from **prominent international venture funds increasingly feasible.**

Magzhan Madiyev  
Astana Hub



# In 2023, there were big structural exit opportunities through M&As

## 2023 M&A activity in tech companies

	Asset	Company Segment	Acquirer	Exit value (\$ mln)	Stake (%)
	Paybox	Fintech	Freedom Holding Corp.	11.5	na
	Aviata	E-com/ Marketplace	Freedom Holding Corp.	30.4	100%
	Chocotravel	E-com/ Marketplace	Freedom Holding Corp.	1.9	100%
	<u>Arbuz.kz</u>	E-com/ Marketplace	Freedom Holding Corp.	16.5	81.9%
	ReKassa	Fintech	Freedom Holding Corp.	2.5	na
	<u>Kolesa.kz</u>	E-com/ Marketplace	Kaspi	88.5	39.7%
	Open Networks	na	Halyk Bank	na	na
	<b>Total</b>			<b>151.3</b>	





**\$136 mln**

was invested in startups for the last years by Freedom Holding and its principal shareholder



E-commerce/ Marketplaces	
Payments	
HR	
Logistics	
Smart city	
Medtech	
Bussiness management	

“

*Big corporations/ companies need to **create VC arms**. Government, education/ science/ defense must effectively finance and commercialize **deep tech research**.*

*Yelzhan Kushekbayev  
Angel investor*

“

*We aimed to strengthen our ecosystem and leverage existing **data's potential**. Integrating **government and commercial databases** has yielded significant impact. Investments have also granted access to **top-tier talent** in the country.\**

*Timur Turlov  
Freedom Holding*



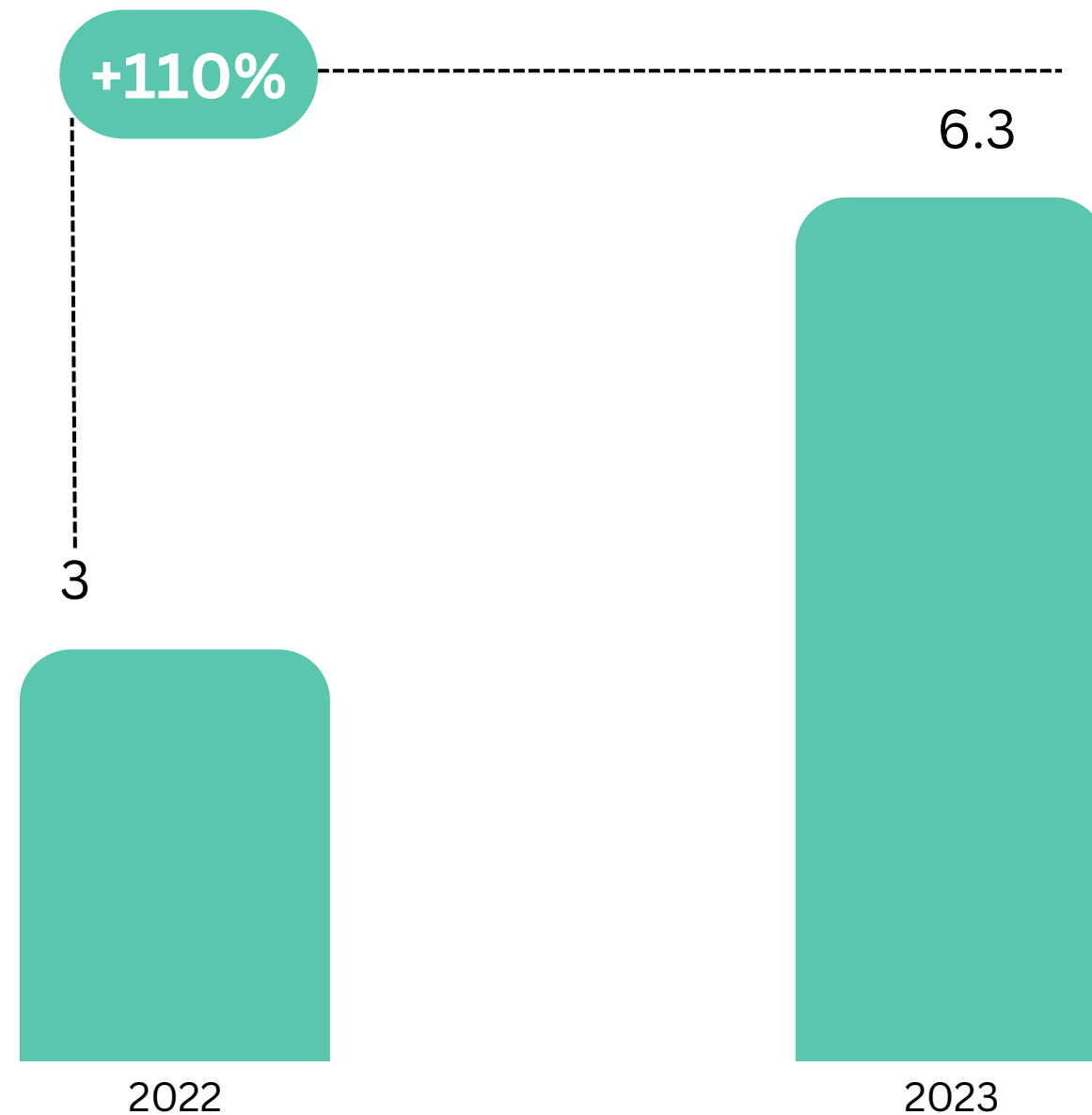
# 3.2. Uzbekistan

prepared by **KPMG**



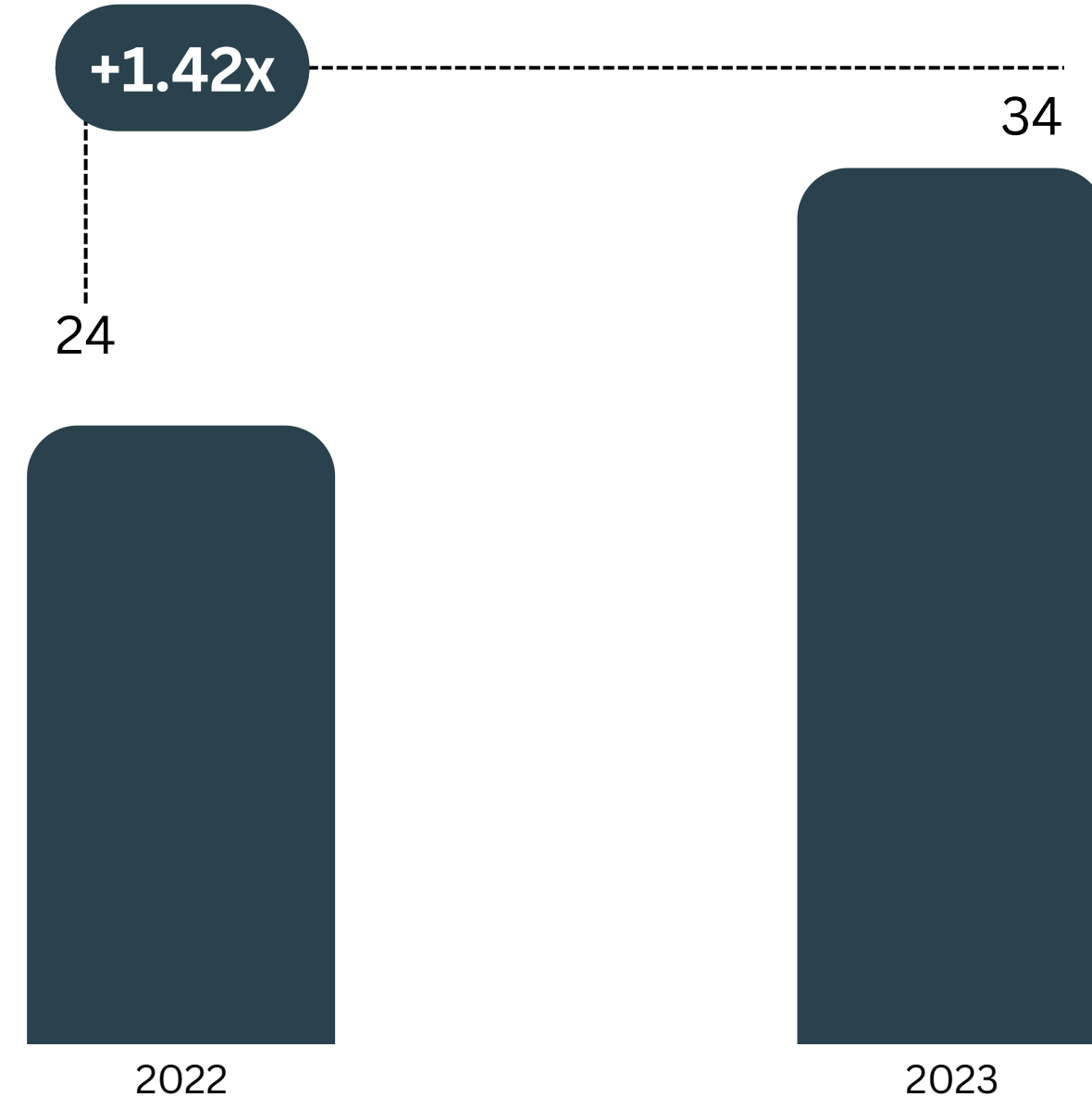
An upswing in venture capital funding was observed in 2023, indicating a positive growth trajectory in investment activity

Venture capital funding in Uzbekistan, \$ mln



Venture capital deals number has grown by 1.42 times in 2023

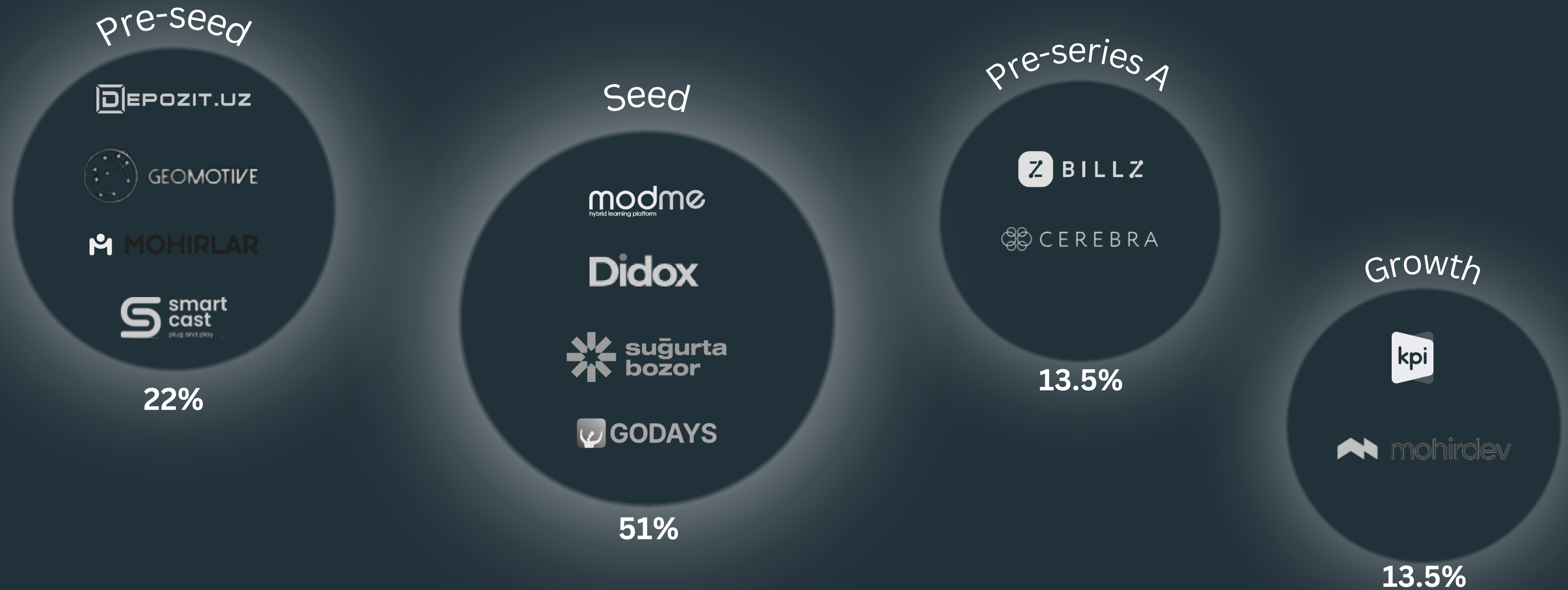
Uzbekistan venture capital deals





While the majority of investments were concentrated in the seed stage, there is a noticeable expansion across various developmental phases

VC rounds by the number of deals, 2023

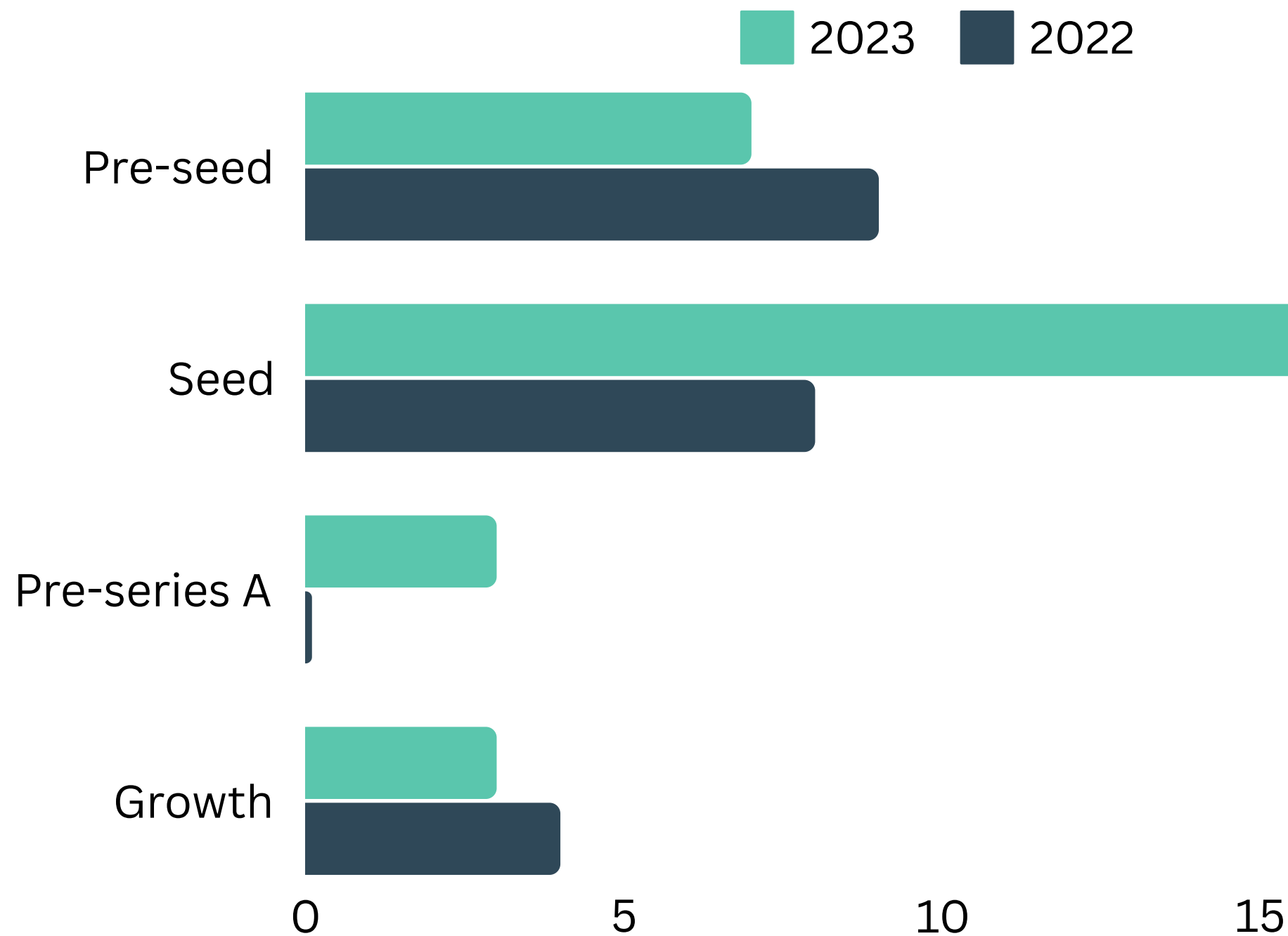


The list of startups is not exhaustive



# The market trend reveals a shift in investment focus, highlighting a dynamic and evolving investment landscape

VC rounds by the number of deals, compared



“

*In its early stages, the market is evolving favorably for startups, with strong support for exporters of startup products. Multiple new funds, both private and governmental, are set to emerge, with the first angel investment club already backing several startups.*

*Davronbek Parmonov  
AloqaVentures*

“

*Currently the majority of deals are at the pre-seed and seed rounds, but our focus is on developing pre-series A and growth deals as well.*

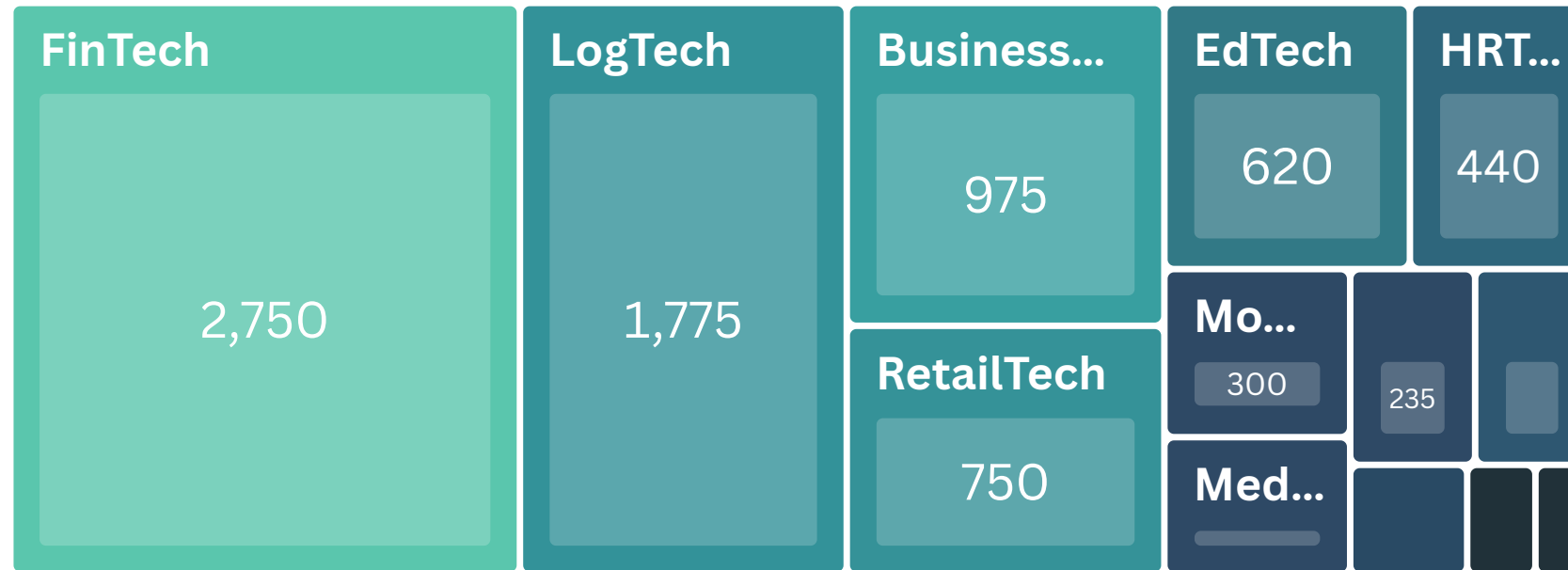
*Azamat Djurayev  
IT PARK Uzbekistan*



# In 2023, fintech deals ranked as the most prevalent among various sectors, highlighting their prominent position in the market

## VC deals by sectors, 2022-2023

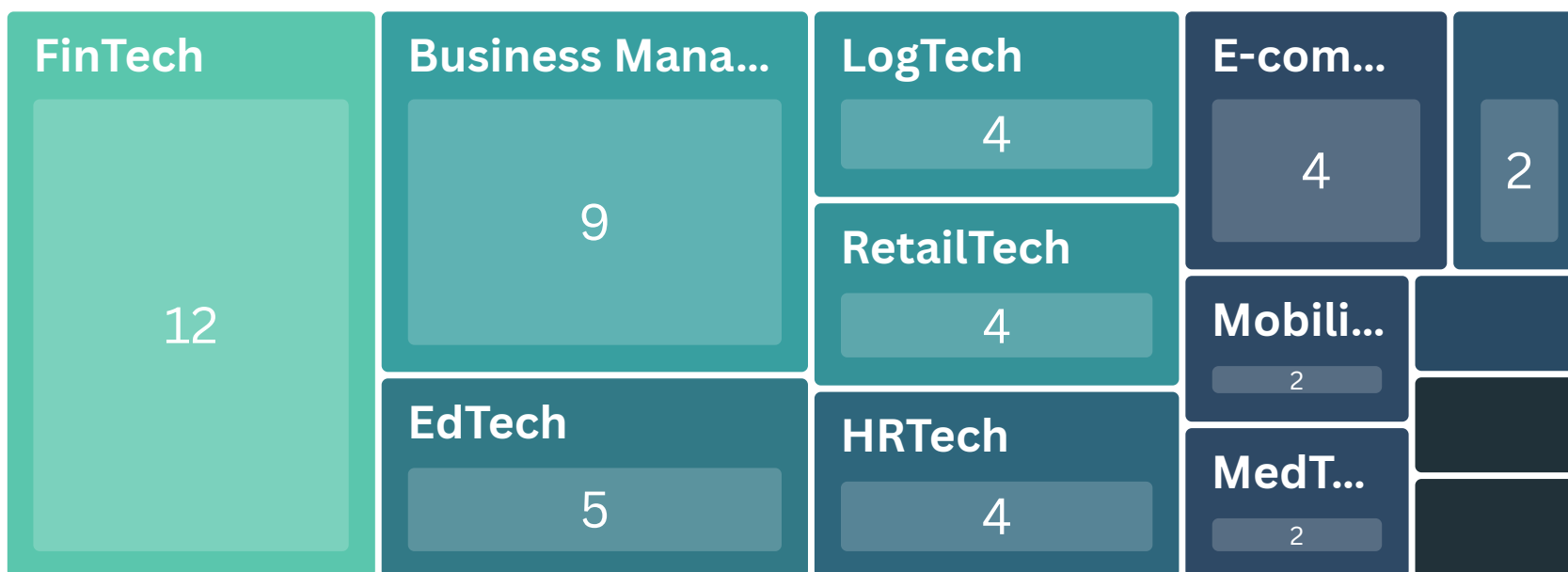
by amount of venture investment, \$ thousand



*It is necessary to motivate startups to develop more projects in MedTech and EdTech, since the FinTech and E-commerce markets are becoming saturated*

Dilshod Zufarov  
UZVCA

by number of deals



*The digitalization of the agricultural sector, alongside AgroTech, is progressing. In the meantime, we also aim to increase the number of projects in MedTech and EdTech.*

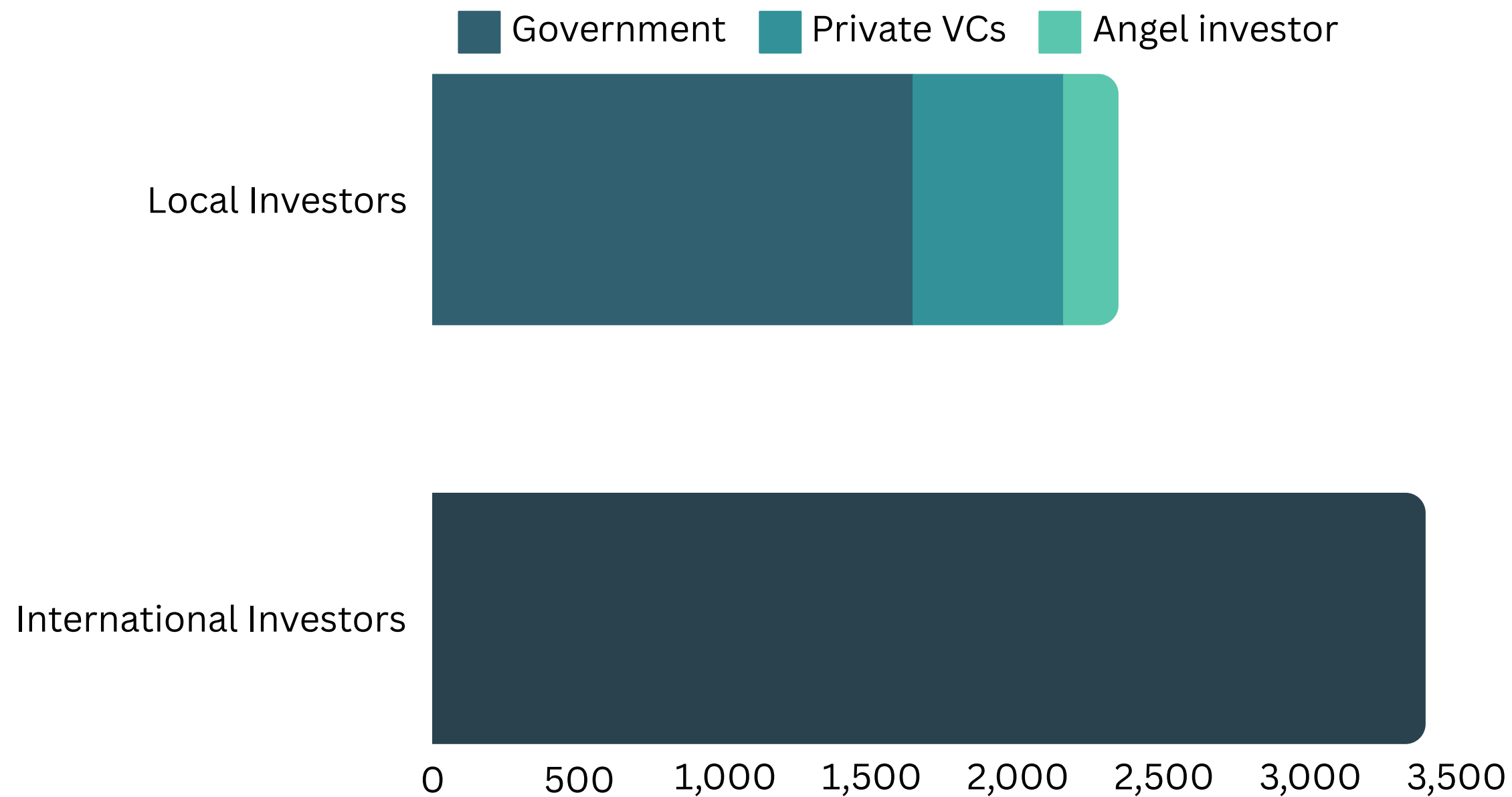
Azamat Djurayev  
IT PARK Uzbekistan



# In 2023, international investors accounted for 60% of the investments, surpassing the contribution made by local investors

## VC deals by investor types, 2023

by amount of venture investment, \$ thousand



“

Foreign investments will keep growing, however, stimulations are required to develop market. Uzbekistan can look at developed VC markets' practices at their early stage of VC development.

Dilshod Zufarov  
UZVCA

“

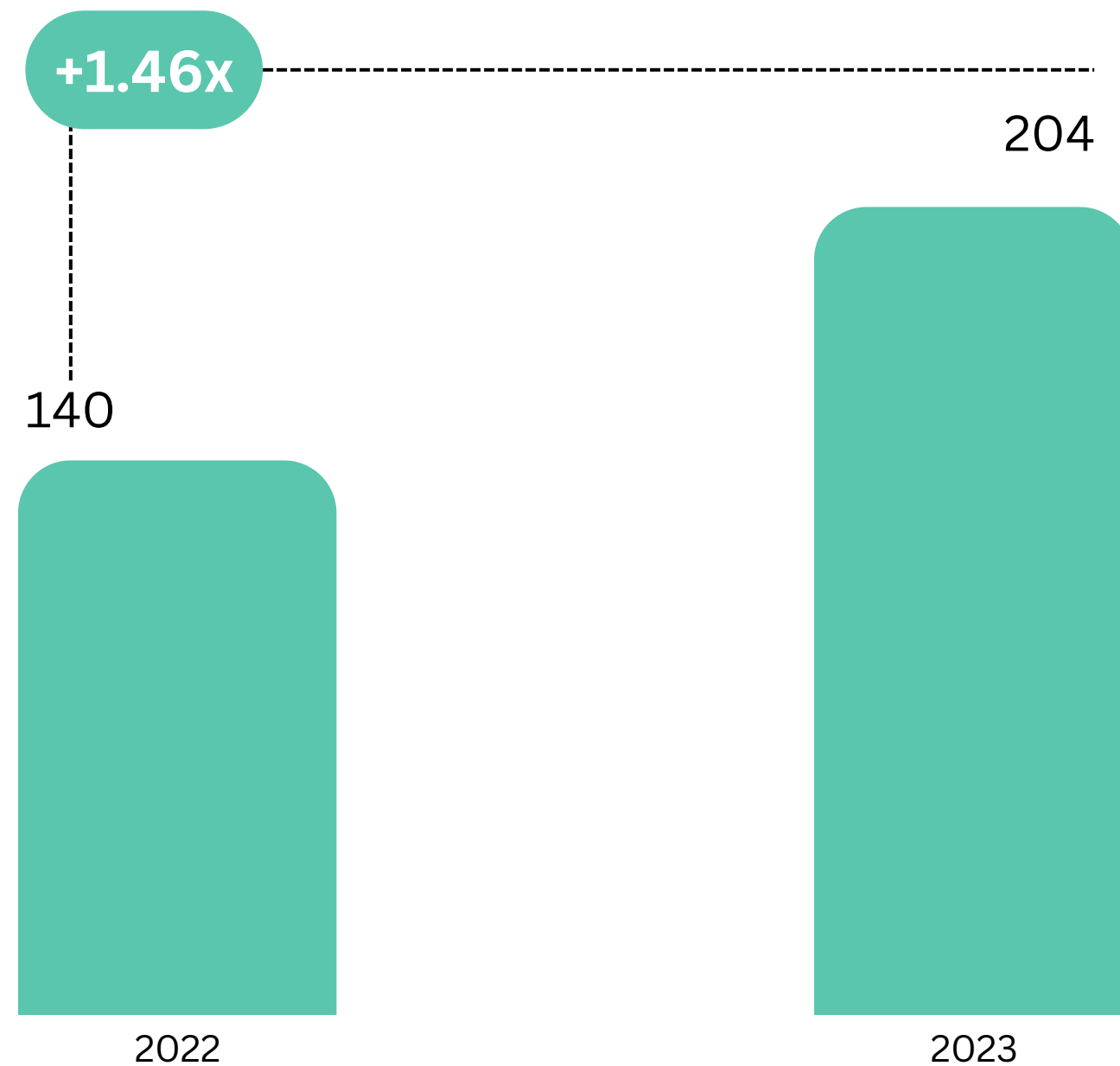
IT Park is in discussions with global venture funds. Currently, Sturgeon Capital, Plug and Play, and Damina are active in the country. Moreover, we intend to organize events to attract additional funds in 2024.

Azamat Djurayev  
IT PARK Uzbekistan



# The market dynamics suggests a promising direction in the development of VC market in Uzbekistan

The average VC deal size compared, \$ thousand



“

*The deals closed in this period formed the next big stage in the development of Uzbekistan’s venture market.*

*Dilshod Zufarov  
UZVCA*

“

*In 2024, there are significant legal developments planned, including the introduction of laws for venture capital funds and the integration of English law into the IT Park. To foster innovation and growth, a Fund-of-Funds is being developed alongside the creation of a regulatory sandbox.*

*Davronbek Parmonov  
AloqaVentures*





# AloqaVentures

has invested

## \$2.4 mln

FinTech



Business Management



Mobility



EdTech



E-commerce



*We will operate in three key areas: Talents, Policy, and Capital, to orchestrate a strong funnel from incubation to IPOs, and M&A.*



*Davronbek Parmonov  
AloqaVentures*



# The foremost venture capital contributors shape the dynamic landscape of the industry

UzVC

has invested

\$0.88 mln

FinTech



Business Management



AgTech

Pastoral

EdTech



InsurTech



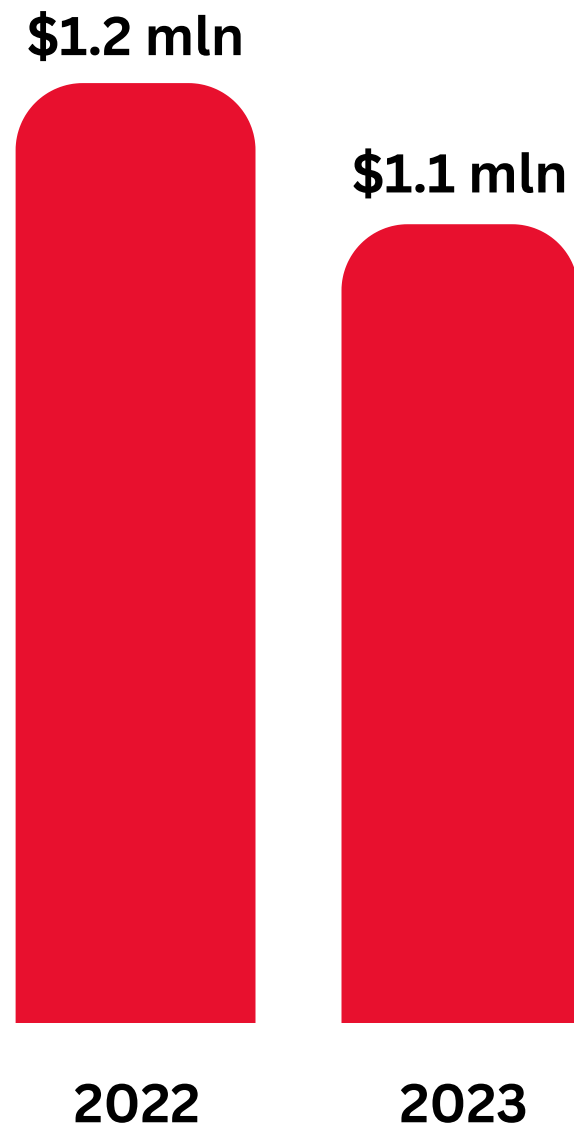


# 3.3. Kyrgyzstan



# Exporter of IT specialists with a high potential for the development of the domestic startup market

## Total amount of VC funding in 2022 - 2023



In recent years there has been an increase in **qualified technical specialists** in Kyrgyzstan. However, due to a rather small domestic market and lack of funding, these talents **goes abroad**, founding projects with no or minor connection to Kyrgyzstan.

Among the major Kyrgyz projects abroad are **Appboxo, Behavox, Kodif, EnsiliTech** etc.

A number of initiatives and ecosystem players are being created to retain talents in the country. One of the most prominent players is **Accelerate Prosperity**, a global initiative of the Aga Khan Development Network (AKDN).

Notable sector: **EdTech, Retail SaaS, FinTech**

Modal round in 2023: **Pre-seed**

## Selected investments in 2022 - 2023

	Undisclosed   Seed May 2022		\$500k   Seed November 2022
	<b>Accelerate Prosperity</b>		<b>Most Ventures, Umay Angels Club</b>
	\$100k   Pre-seed November 2023		\$500k   Pre-seed August 2023
	<b>Evgeny Matveev</b>		<b>Antler</b>



“

Accelerate Prosperity's mission is to enable talented Kyrgyzstani people to grow within and beyond the country. To achieve this, we develop the entire technology ecosystem of the country by conducting **industry events, challenges, incubations/accelerations, government pro bono projects, as well as providing funding to early-stage startups.**

Zhyldyz Isabekova  
Accelerate Prosperity Kyrgyzstan

“

Kyrgyzstan has long been **a leader in the region in terms of outsourcing IT services**, but things are different with product development. Product startups in the country are developing in spite of, rather than thanks to, the current situation. The market still **lacks VC financing (especially angel investments)**, more supporting measures, and greater popularization of startups.

Syrqa Tilekova  
NB Fit

“

We need to consolidate our efforts **to integrate the Central Asian ecosystem into the global startup landscape**. I believe that our region will produce global success stories in the years ahead. This is why we at AD Ventures are dedicated to increasing VC funding to fuel these stories.

Daniel Abdyldaev  
AD Ventures



# 3.4. Azerbaijan



# VC market consolidation through the emergence of the first major domestic fund

## Total amount of VC funding in 2022 - 2023





Although public data shows a decline in overall venture capital funding, the **average check per round** in the market is growing. So while in 2022 funding was raised at an average of **95k** per round, in 2023 that number has risen to **163k**.

One of the reasons for consolidation is the emergence of the first large venture capital fund in the country - **Caucasus Ventures**. This is an impulse for the country's ecosystem, which significantly increases market maturity.

Notable sectors: **HRTech, E-commerce, Enterprise SaaS**

Modal round in 2023: **Seed**

## Selected investments in 2022 - 2023

	\$200k   Pre-seed July 2022  <b>Business Angel</b>		\$300k   Seed June 2022  <b>Khazar Ventures, MBA Club Investment Network</b>
	\$300k   Seed October 2023  <b>Caucasus Ventures, Business Angel</b>		Undisclosed   Seed November 2023  <b>Caucasus Ventures</b>
	Undisclosed   Seed November 2023  <b>Caucasus Ventures</b>		\$500k   Seed December 2023  <b>Caucasus Ventures, etc</b>



“

There is only 1 VC fund and 3 business angel clubs active in Azerbaijan to date, and the number of deals is below 30 per year. **The Innovation & Digital Development Agency** actively supports local investors and attracts international VC funds and business angel networks **by investing in venture funds as a Limited Partner, and organizing multiple types of training for investors.**

Igor Ovcharenko  
Innovation and Digital Development Agency

“

It can be affirmed that Azerbaijan has successfully **established the essential components for nurturing a startup/venture ecosystem.** The presence of incubation/acceleration programs, coupled with a shared understanding among the state and society, has resulted in the emergence of approximately **400 startup companies.** Notably, a **fully-fledged national venture fund, Caucasus Ventures,** has been introduced. In our role at Caucasus Ventures, we have pioneered fund operation model, collaborated with the financial sector, and played a pivotal role in shaping the legal framework for venture investments.

Məmməd Kərim  
Caucasus Ventures



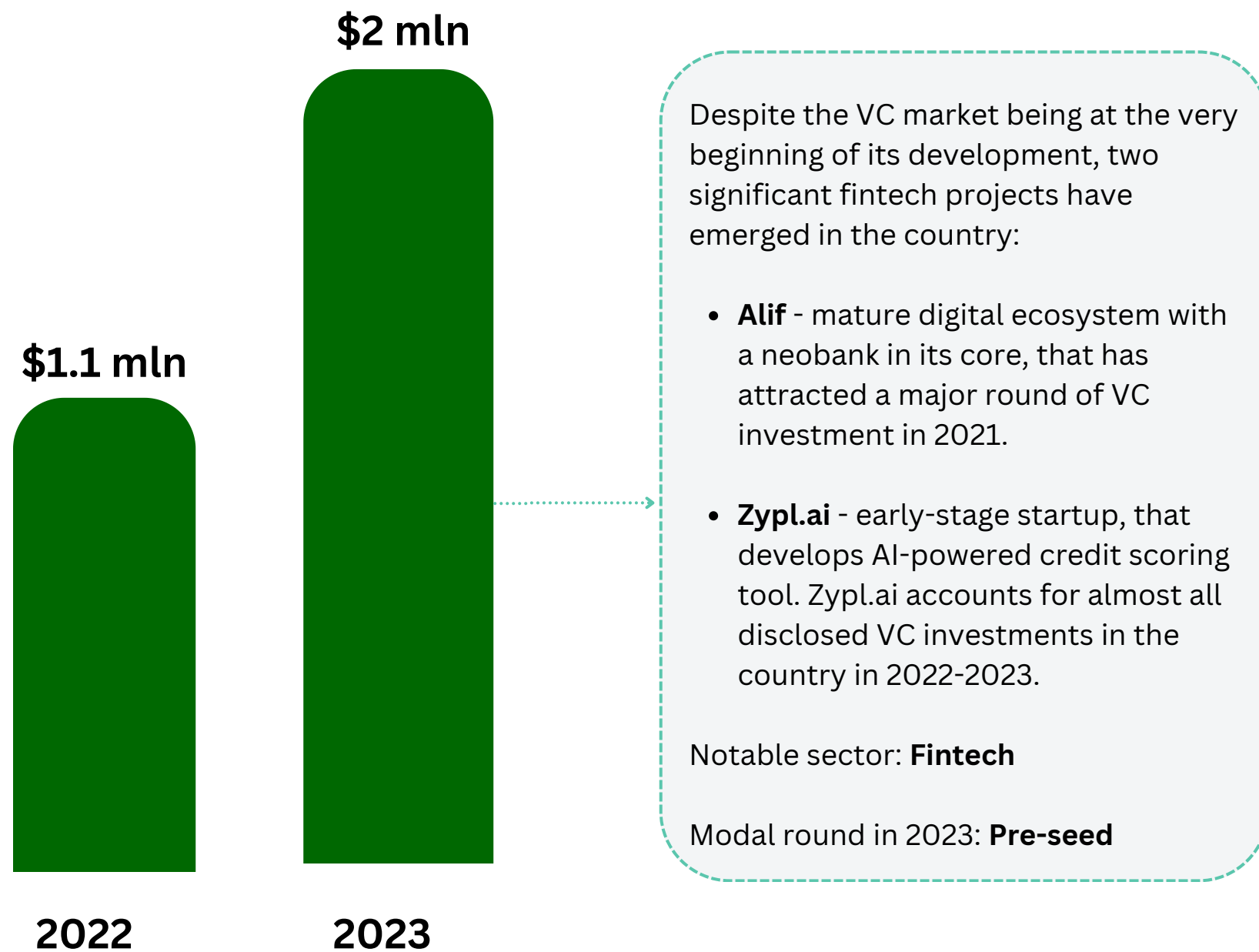


# 3.5. Tajikistan

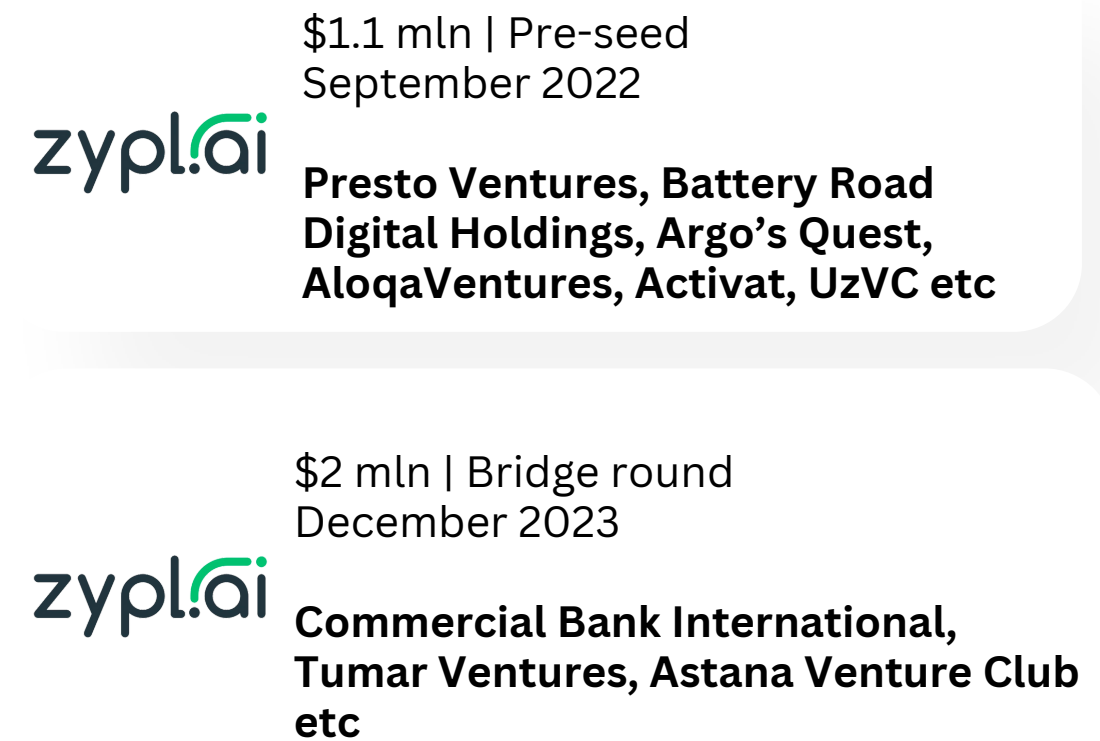


# Two fintech stars may give impetus to the inchoate VC market

## Total amount of VC funding in 2022 - 2023



## Selected investments in 2022 - 2023





“

*In many technological areas, given the early stages of the country's VC/startup ecosystem, there may be **almost no direct competitors**. Therefore, the probability of success of those **startups that are first to market** is rather significant.*

Umedjon Hikmatov  
Zypl.ai

“

*Strategic measures, including **quality startup events, government-backed programs, and establishing an IT park**, alongside **tax benefits for VCs, angel investors, and startups**, are vital for fostering growth. Improving internet infrastructure further contribute to creating an environment conducive to the development of a robust startup ecosystem.*

Jahongir Zabiroy  
Alif Holding, Somon.tj

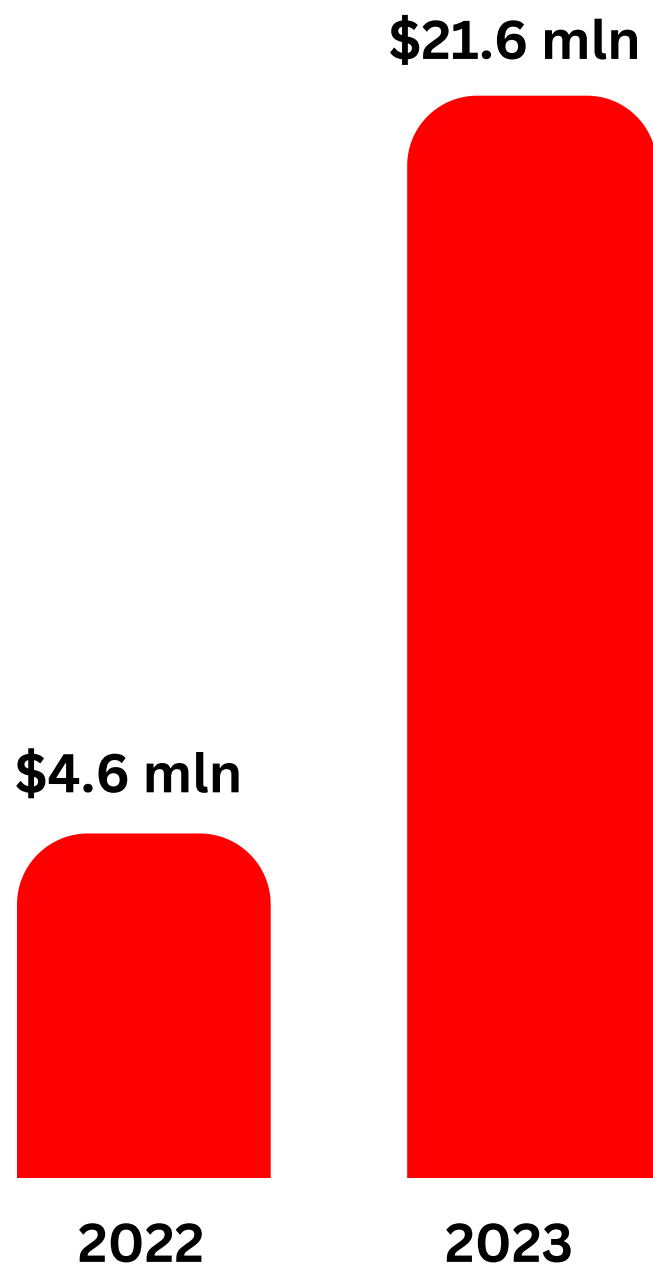


# 3.6. Georgia



# Favourable state support stimulates the development of the fast-growing tech market

## Total amount of VC funding in 2022 - 2023



Several government initiatives, most notably the establishment of **Georgia's Innovation and Technology Agency (GITA)**, have led to the significant development of the country's VC market. GITA provides grants, training and technical support, thus powering early stage startups and attracting foreign VC funds.

Significant growth in 2023 is largely attributable to **4 large deals** (Pave Bank, Cargon, Hexacore and CityPay.io), which account for more than half of the total volume.

Notable sectors: **Web3, Logistics, Gaming, FinTech**

Modal round in 2023: **Seed**

## Selected investments in 2022 - 2023

<p>\$700k   Pre-seed April 2022</p> <p><b>Presto Ventures etc.</b></p>	<p>\$2 mln   Seed May 2023</p> <p><b>Tether, Presto Ventures, Angels</b></p>
<p>\$3.5 mln   Series A July 2023</p> <p><b>Scalo Technologies, Estoty, Xsolla</b></p>	<p>\$330k   Pre-seed December 2023</p> <p><b>Presto Ventures, Busines Angels</b></p>
<p>\$5.2 mln   Seed December 2023</p> <p><b>468 Capital, BR Capital, Quona Capital etc.</b></p>	<p>\$1.7 mln   Seed December 2023</p> <p><b>Sturgeon Capital, UzVC, AloqaVentures, Caucasus Ventures etc.</b></p>



“

*The government's proactive measures have spawned a flourishing startup scene, but the **focus must now shift to fortifying a dynamic venture ecosystem**. Venture capital remains overlooked, with the majority favoring traditional bank deposits. To propel domestic innovation, **it's essential to demystify and popularize venture capital**, reducing reliance on foreign funds.*

Irakli Kashibadze  
Future Laboratory

“

*A **robust startup ecosystem** and an **agile business environment** present a compelling opportunity for venture capitalists to invest in Georgian startups at **notably lower costs** compared to the EU and US. Simultaneously, investors stand to reap substantial rewards by leveraging **the unique hub opportunities** offered by Georgia.*

Levan Lashkarava  
Axel

1

Macro & digital economy



2

VC ecosystem map & Investor guide



3

Deal analysis

- 3.1 Kazakhstan
- 3.2 Uzbekistan
- 3.3 Kyrgyzstan
- 3.4 Azerbaijan
- 3.5 Tajikistan
- 3.6 Georgia



4

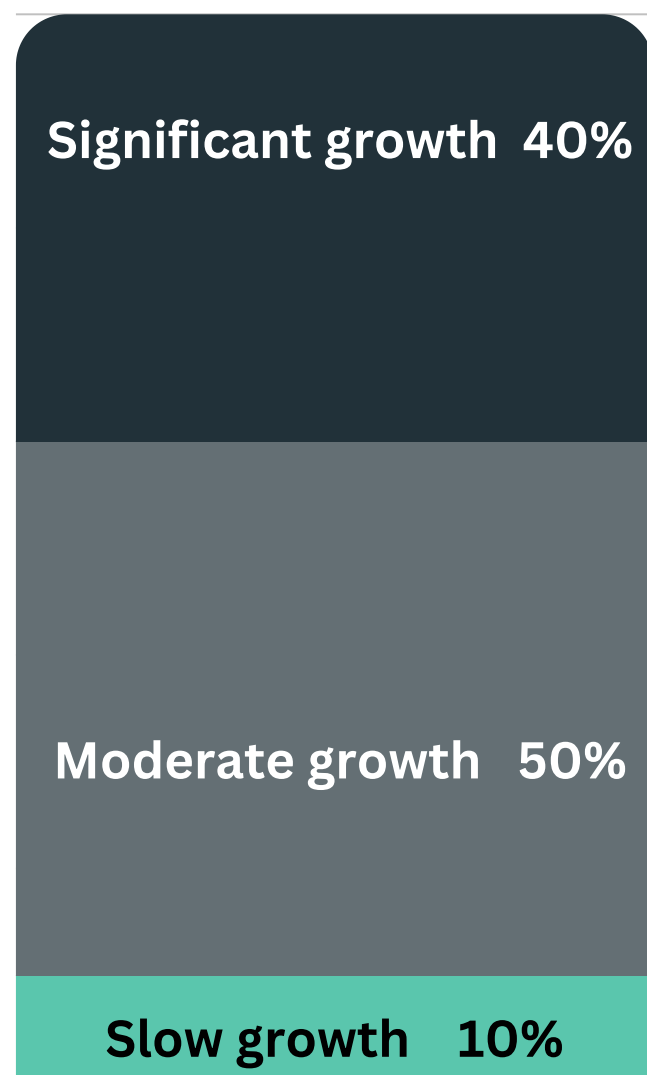
VC trends & Perspectives



# More than 30 investors from the region shared their top predictions for 2024

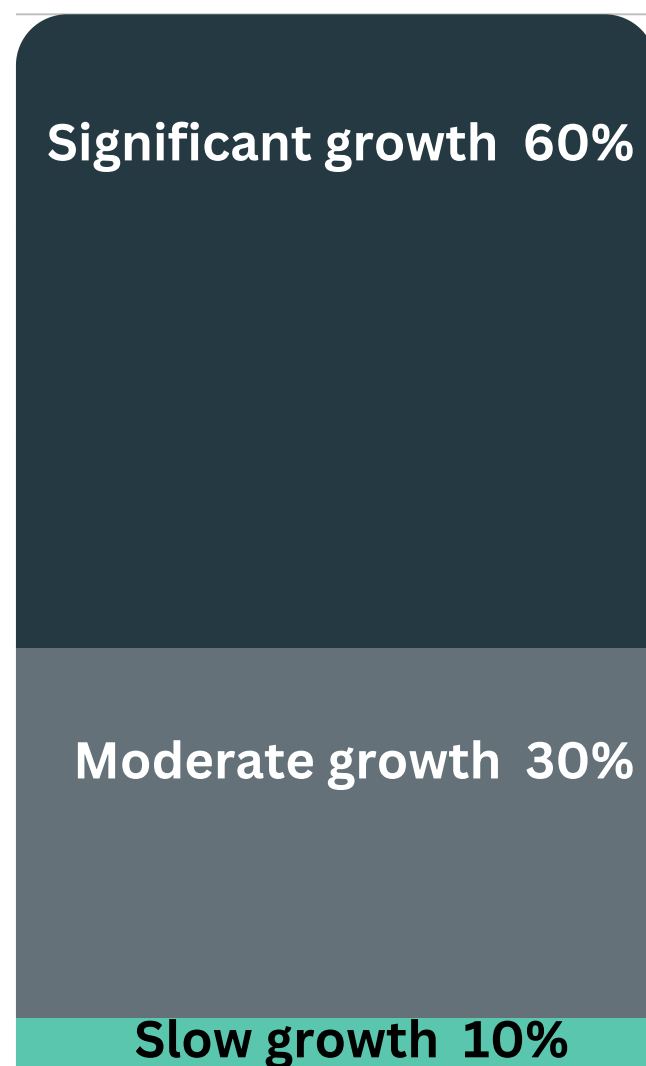
## VC activity

Over the next year, what do you expect to happen to VC investment activity in the region?



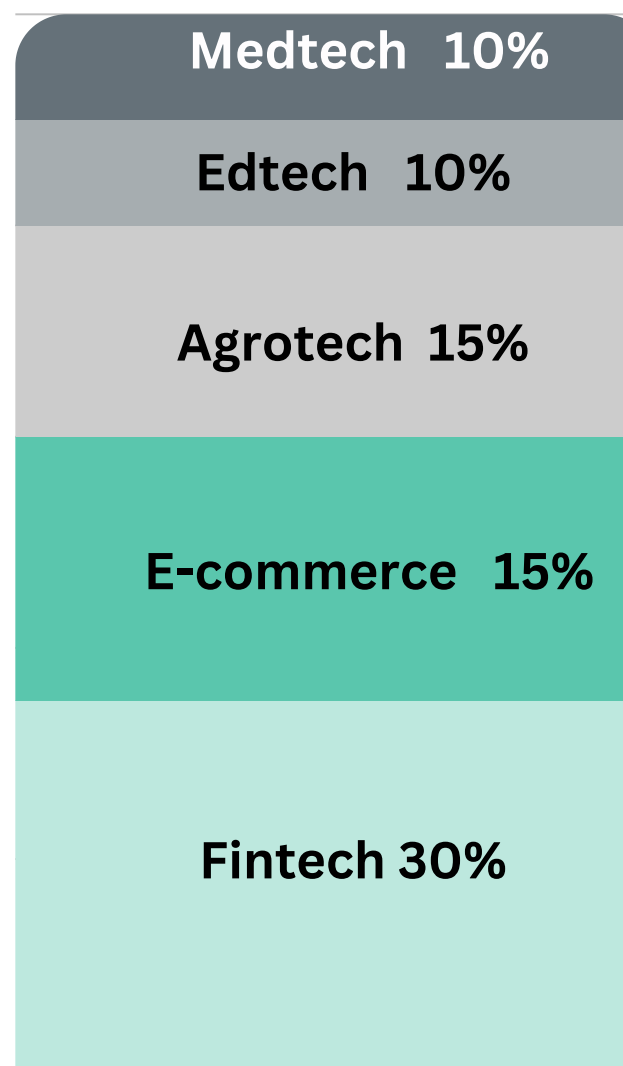
## New players

Evaluate the probability of new venture funds and business angels emerging in 2024



## Industry

What sector/industry would you consider as the most promising for VC investments in the near future?



## Challenges & barriers

What do you see as the biggest challenges and barriers for the VC industry to overcome?

- Market reliance on government
- Regulatory restrictions on venture investments by banks
- Geopolitical, economic, and regulatory uncertainties
- Educational and language barriers
- Limited pipeline of quality startups, and talents ready to dive into risky ventures



## What is needed in Kazakhstan

*What additional resources or measures could enhance the growth of the VC ecosystem?*



Enhance state funding for venture capital funds at all stages



Entry of players from diverse sectors as banking, insurance, pension funds and endowments



Support for non-governmental venture studios/accelerators/incubators



Development of late stage funds and CVC's



Allow proven entrepreneurs to attain accreditation as angel investors, certified by the financial regulator



Implementation of Tax incentives for qualified angel investors



Leverage the AIFC jurisdiction for novel financing avenues to enhance VC market liquidity

“

*Within the ever-evolving landscape of emerging markets, the profound influence of venture capital in nurturing innovation takes center stage. Expanding on the robust data-driven findings of this report, we tried to emphasize practical ideas to resonate with readers aiming to optimize innovation within the VC landscape.*

*At the outset, recommendations include **pre-registration sandbox for startups to test ideas** and refine models without the immediate need for legal entity registration. Additionally, supporting **a salary subsidy program for tech founders** transitioning from full-time employment to entrepreneurship aligns with the unique challenges in emerging countries.*

*Additional initiatives focus on maintaining **a consistent flow of capital** to drive the innovation engine. This involves allowing proven entrepreneurs to acquire formal accreditations as **professional investors, fostering collaboration with institutions, and encouraging diverse entities—from endowments to governmental bodies—to invest in VC funds**. These elements form the foundation of our recommendations.*

*Furthermore, promoting **GP-friendly terms: easing compliance burdens, subsidizing their fees, borne by the funds they manage**. Finally, yet importantly, leveraging the **AIFC jurisdiction**, characterized by its common law foundation and adaptable regulatory framework. Novel financing avenues such as **security token offerings and direct listing conditions** developed in the AIFC emerge as strategic moves to enhance liquidity for startups. In presenting these ideas, our goal is to inspire **practical steps** and insightful thinking for anyone operating at the crossroads of the VC landscape, fostering the unlocking of its innovative potential together.”*



Nazgul Batemirova  
BaitechStudio



Currently, Uzbekistan is implementing several measures to develop the VC sector. However, it may be beneficial to consider measures used in countries with established VC markets. For instance, the state could insure investors against startup bankruptcy and provide cashback. In addition, the state can offer grants to angel investors on the condition that they invest these funds in startups and contribute their own funds equal to or greater than the amount of the grant provided. This approach has been successful in technologically advanced countries.

Currently, the FinTech and E-commerce sectors are well-developed in Uzbekistan, but there is a need to **develop projects in HRTech, MedTech, EdTech, and EcologyTech**. Major startups attract investment from funds formed by banks. To develop other sectors, funds must express interest and search for projects in those areas.

To develop the venture capital market in Uzbekistan, it is essential to establish **a new partnership mindset** that increases trust levels between partners to facilitate deals. Additionally, launching **educational programs** for startups is crucial. Furthermore, creating **a unified strategy** with a focus on selected industries, in which the state is interested, is necessary. For instance, if a country aims to promote sports, it should initiate projects in the sports sector.

Additionally, we conducted a study on the role of women in innovation and found that women are more successful in small projects that require **attention, care, and versatility**. Interestingly, these same qualities are also essential for creating a successful business or startup from an idea, and women are biologically predisposed to possess them. Therefore, we believe that **creating women's communities** to develop entrepreneurship and startups is crucial. In foreign venture capital markets, female angels have shown impressive results. Women investors, women angels - this is what we want to see in the future of Uzbekistan.



*Dilshod Zufarov*  
Uzbekistan Venture Capital Association (UZVCA)  
UzAngels Business Angels Club

## What is needed in Uzbekistan

The IT Park Uzbekistan employs various mechanisms to foster the growth of the VC ecosystem:



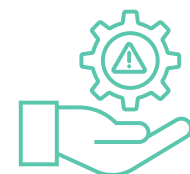
Attracting foreign venture funds and business angels to Uzbekistan;



Introducing venture investment-related terminologies into Uzbekistan's legislative framework;



Bringing in international accelerators and incubators;



Offering residency for venture funds that establish their presence in Uzbekistan.



The venture market in Uzbekistan is experiencing active growth, with IT Park taking a leading role in driving this progress. The strategies employed by IT Park are specifically designed to encourage the expansion and fortification of the venture sector.

A primary focus is on **attracting foreign venture funds** and business angels to Uzbekistan. This not only increases investment but also brings fresh knowledge and experience to the local market, fostering a favorable investment climate. At the moment, Sturgeon Capital and Plug and Play are actively working in Uzbekistan, there also has been signed a memorandum with Domino Ventures.

In collaboration with the Ministry of Digital Technologies, IT Park is actively enhancing the **legal framework** for venture investing by introducing and integrating venture investment-related terminologies and concepts into Uzbekistan's legislative framework. This initiative aims to create a **more transparent environment for venture investors**, making the market more accessible and appealing.

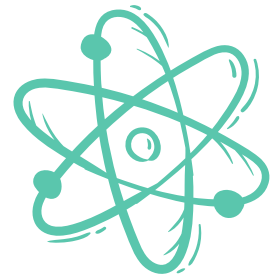
Another significant effort is directed towards **attracting international accelerators and incubators**. This facilitates the exchange of expertise, provides local startups with valuable training in global best practices, and assists Uzbek startups in entering international markets and establishing connections with the global business community. Notable programs include Tumaris.Tech, Plug and Play, and AloqaTech Lab, which have been instrumental in supporting both local startups and those across Central Asia.

IT Park extends **residency opportunities** to venture funds establishing offices in Uzbekistan, offering benefits such as tax exemptions, customs privileges, and specialized visas for IT professionals.



Azamat Djuraev  
IT Park Uzbekistan

*What do you see as the key strengths of CCA relevant to the long-term growth of the VC market?*



1

An ideal testing ground before venturing into global markets



2

Comparatively modest startup valuations



3

The youthful population and robust technological expertise, a pool of talented young IT entrepreneurs, making it cost-effective for experimentation

“ The government should back the venture market—a complex, resource-intensive business. Despite its challenges, investing \$1 in a venture project generates a \$5 return in GDP. ”

Alim Khamitov  
MOST Ventures

“ We're seeking a region's "unicorn" with global success, consistently raising rounds with international venture capitalists. This success would boost all our startups, positioning Kazakhstan and Central Asia as a valuable region for global VC firms and setting a role model for local tech entrepreneurs. ”

Adilbek Kamiyev  
EA Ventures

“ Kazakhstan must prioritize developing its institutional investor market and exit strategies to foster a conducive environment for venture and private capital. Enhancing institutional investors' role involves establishing transparent regulatory frameworks and incentives to attract both domestic and international capital. Furthermore, evolving the exit market will offer clear investment realization prospects, fostering sustainable investment growth and supporting innovative projects throughout their development. ”

Pavel Koktyshev  
MOST Ventures

“ Now, the emphasis is on fostering organic growth, which can be facilitated by the entry of players from the banking and insurance sectors – two of the most digitized and technologically advanced industries. Additionally, creating favorable conditions for talent migration from neighboring countries, such as Mongolia, Azerbaijan, Georgia, Pakistan, or India, could further contribute to our strategic goals. ”

Mirat Akhmetsadykov  
MOST Ventures

# Methodology & definitions

## Venture capital deal

Venture capital deal is an investment in a high-risk and potentially high-yielding technology based project. The term “investment” refers to the acquisition of a share in a privately-held investee’s shareholder/charter capital and/or the lending of funds with convertible shares/equity (on suspensive conditions included).

## Data sources used in this report

RISE Research’s proprietary database and aggregate data from multiple sources: Crunchbase data, public information, interviews and surveys.

Investment rounds are sourced from Crunchbase, public disclosures including press releases, news, filings and verified user-submitted information.

All data is verified and curated manually. The report includes data up until the 31 December 2023.

## Venture capital deals list

Investment numbers refer to rounds such as pre-seed, seed, series A, B, C, .... late stage, and growth equity rounds

Venture capital investment figures exclude debt or other non-equity funding, lending capital, grants and ICOs. Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data.

The deal date shown is the date when a deal was announced in the media, or company reports, unless otherwise specified.

## Quality of the data and adjustments

Our analysis began with comprehensive collection of publicly available venture capital market data, followed by consultations with industry experts from each country to address the partial representation of market activity in the available data. Adjustments were made to the total market volume accordingly, with specific adjustments applied to individual countries based on expert insights: Kazakhstan (40%), Georgia (40%), Azerbaijan and Kyrgyzstan (50%), Uzbekistan (10%), and Tajikistan (0%). However, the analysis presented is based only on the observable publicly available deals.

## Geographic scope of this report

The geographic scope includes startups that are headquartered within the Central Asia and Caucasus region only.

Covered countries: Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, Azerbaijan and Georgia.

RISE  
research

BGLOBAL  
VENTURES

EA GROUP

## Contacts

**Ainur Zhanturina**

+ 7 702 217 73 51

ainur@fintech-consult.com

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