

Stocktaking: Swiss EP, May 2025

Ecosystem preconditions for Swiss EP success

Summary

After ten years of operations and with its final phase drawing to a close by the end of 2027, the time is right to reflect on what has been instrumental for the success of the Swiss Entrepreneurship Program (Swiss EP). What preconditions were present at the outset of the program in 2015 and which factors are instrumental for Swiss EP to create lasting impact in an entrepreneurial ecosystem?

This document investigates these questions with respect to our countries of activity and despite the contexts varying greatly some commonalities can be extracted to guide a potential Swiss EP expansion:

First, a **minimum viable ecosystem** must already be present, even if still in its early stages. In all three regions, some foundational elements—a modest level of startup activity, nascent support organizations, or donor-driven initiatives—provided the initial platform upon which further growth could be built. The Western Balkans demonstrated grassroots potential despite lacking mature, founder-led structures. Peru showcased a critical mass of early-stage ventures buoyed by public support, while Vietnam offered a diverse landscape with established economic centers and evolving support networks.

Second, the **presence of committed local champions and ecosystem support organizations** is vital. These entities, whether they are NGOs, incubators, accelerators, or even pioneering government bodies and albeit often imperfect, play a crucial role in catalyzing entrepreneurial activity from the ground up. The presence of such actors allows for the systemic approach promoted by Swiss EP. Across the regions, the involvement of mission-driven local actors is essential to move from externally funded, short-term interventions to more self-sustaining, locally owned systems.

Third, **enabling framework conditions**—such as supportive policies, access to finance, robust international connections, and high-quality human capital—are important. While each region faced its own unique challenges (from donor dependency and regulatory hurdles in the Western Balkans to a grant-driven mentality in Peru, and complex policy environments in Vietnam), stable macroeconomic fundamentals and evolving government initiatives have provided the necessary steppingstones for further innovation. In particular, the advancement of policies and resolutions in Vietnam and Serbia underscores how strategic government support can lay the groundwork for greater investment, improved access to capital, and enhanced technical talent.

All the different ecosystems come with their challenges and it is important to note that Swiss EP does not need a perfect ecosystem to thrive. In fact, it works best in contexts where some of the above-cited factors are already present but where the need for capacity-building and the international expertise that Swiss EP can provide still has a true impact.

Western Balkans

Introduction

Since its inception, Swiss EP has aimed to support and catalyze the development of entrepreneurial ecosystems in emerging markets. In the Western Balkans, this mission has meant engaging with fragmented, donor-driven environments where the concept of startups was still nascent in 2015. At that time, ecosystems across the region lacked many of the fundamental components necessary for startup success—such as founder-led communities, accessible early-stage capital, and tailored government support. The entrepreneurial landscape was characterized by weak local ownership, limited scaling support, and a widespread lack of understanding of what distinguishes startups from traditional SMEs. Yet, even in this early stage, signs of potential were visible: grassroots startup activity, motivated local champions, and a growing interest in tech entrepreneurship among younger generations.

Situation of the ecosystem at the start of the program

Back in 2015, the startup ecosystems in the Western Balkan countries were in their infancy, at best. Startups were a relatively new concept, and they operated in the shadow of the much larger and more prominent software development (outsourcing) industry. The difference between the two business models was not clearly understood. Few components and characteristics of a well-functioning startup ecosystem, if any, were in place ten years ago when Swiss EP started. Startup events and activities took place, raising awareness about startups and building elementary skills associated with running a startup. These types of activities were primarily implemented by local NGOs, commissioned to do so by international donor agency projects, and the focus often were on new business registration and job creation, rather than on company growth. In **these early days, startup support activities were more a continuation of traditional SME support methodologies**, which was not suitable for the startup business model.

There was very **limited government support** structures and programs in place, if any, tailored to address startups needs. Again, back in 2015, the space ideally held by the national or local government in a startup ecosystem, was filled by local NGO and their international donor sponsors. The level of local ownership for the startup ecosystem was consequently low. While some activities took place in support of startups in the idea- and early-stages of their development, very little was happening in the scaling stage. Except for Serbian Business Angels Network (established in 2009) and CEED Macedonia Business Angels Club (established in 2013), there was **no angel investment activities** in Western Balkans in 2015, which points to the startup ecosystem being entirely funded by public money and that very few startups were at the stage of development that they were attractive to private investors back then.

In summary, back in 2015 there was no real understanding about what a startup is and what makes startups different from SMEs in the Western Balkans. There existed no vision for the development of the country's ecosystems, and whatever activities were being implemented were mainly initiated and funded by external actors, such as international donor agencies, as most local entrepreneurs and support structures had limited or no experience dealing with startups.

Which framework conditions were present?

In 2015, **market liberalization** was underway, with most countries in Western Balkans pursuing privatization and deregulation to encourage competition and attract investment. Certain sectors of the local economies were dominated by monopolistic practices while foreign trade and investment was encouraged. **Structural reforms** remained incomplete. 10 years ago, all Western Balkan countries were either official candidates or potential candidates for EU membership. This push provided strong

incentives for aligning with the EU acquis. Startups were picking up global trends and best practices quicker than other industries. While most countries in the region had made significant strides in simplifying business registration, deeper regulatory challenges persisted. **Bureaucracy** remains burdensome, legal systems are still generally slow and unpredictable. Startups were a new phenomenon, and labor legislation and tax regimes were not tailored to their needs. **Access to finance** was one of the most critical bottlenecks for startups in the Western Balkans back in 2015. Traditional bank lending was the primary financial instrument available, but it was largely inaccessible to startups lacking collateral or track record. Venture capital and angel investment were almost non-existent, and public funding was sporadic and often donor-driven. One of Western Balkans' key strengths was its solid base of technical **talent**, especially in IT, engineering, and mathematics—thanks to relatively strong tertiary education systems and traditions. However, this was offset by a skills gap in entrepreneurial know-how, business development, and sales.

Moreover, **brain drain** meant that many of the most ambitious professionals were seeking better opportunities abroad, draining the region of much-needed human capital just as its ecosystems were starting to form. By 2015, the **entrepreneurial infrastructure** in the Western Balkans was still in its infancy but showing signs of growth. A handful of incubators and support programs had started to emerge, many of them backed by international donors or NGOs. Startup events were gaining traction, but they were mostly confined to capital cities. Government support was generally limited and uncoordinated, with few comprehensive policies or strategies dedicated to fostering startup ecosystems. Finally, the **cultural norms** continued to shape entrepreneurial activity in subtle but significant ways. In the region, entrepreneurship was viewed with skepticism, often linked to informality or failure. Job security—especially in the public sector—was still highly valued, and risk aversion was widespread. Nevertheless, a generational shift was beginning to take hold. This cultural shift, while still in its early stages, hinted at a more dynamic entrepreneurial future.

Obstacles to ecosystem development

Since 2015, efforts to build robust startup ecosystems in the Western Balkans have encountered a range of persistent challenges, both structural and cultural. These obstacles are slowly being overcome and in 2025 they offer less hindrance to the region's ability to support startups throughout their full business growth cycle—from ideation to scaling and international expansion.

Cultural barriers remain one of the most deeply rooted issues. The idea of a “give first” culture—where founders share knowledge, mentor peers, and build trust without expecting immediate personal gain—has yet to take hold across most of the region. That said, we see great progress in this key mindset. Trust among entrepreneurs was generally low but has improved, and the startup community is less fragmented today by competition and skepticism than 10 years ago. Some founders and startup support organizations still view peers more as rivals than collaborators, limiting opportunities for knowledge exchange and mutual support. Additionally, societal attitudes more often framed entrepreneurship as risky or second-best, especially in comparison to stable public sector employment. This stigma is less prominent today, giving the next generation more space to pursue entrepreneurial paths.

Compounding the cultural challenges is the **fragmentation and inconsistency of startup support structures**. Most programs were and still are short-term and largely donor-driven, with little continuity or alignment between them. Support is still concentrated overwhelmingly at the early stages of the startup journey—ideation and prototyping—with few programs offering meaningful advice or investment-readiness support to startups ready to scale. Local ownership of the ecosystem is still weak in most countries, as local NGOs often serve as the primary actors, operating with external funding and programs without sustained engagement from local founders and stakeholders.

One of the most critical issues is that **entrepreneurs are not leading their own ecosystems**. Instead, donor organizations, NGOs, and public agencies continue to dominate the ecosystem narrative. This

contradicts global best practice, which emphasizes founder-led communities as essential for sustainability and relevance. Without founders in leadership roles, startup communities struggle to evolve organically and respond authentically to entrepreneurs' needs.

Mentorship is less of a gap today. NGOs still rely mainly on consultants or generalists without real startup experience in implementing programs. However, with more and more experienced founders emerging, and the give back culture taking hold, there is more volunteering to mentor the next generation. The concept of unpaid, values-driven mentorship is slowly becoming an integral part of the region's entrepreneurial culture, giving access to the experiences and practical insights that peer mentorship provides.

Access to finance is another major barrier to ecosystem development in Western Balkans. Traditional bank financing is still inaccessible to startups due to a lack of collateral and appetite for risk. Angel and venture capital investment is evolving but remains limited, with only a handful of early-stage angel networks located in the region. This lack of funding options creates a "Valley of Death" for startups attempting to move beyond MVP and scale, especially those in need of smart capital and investor networks.

At the policy and institutional level, **government engagement is often limited or misdirected.** In some countries, such as Kosovo government show no interest in startup ecosystem development. In some cases, interventions are top-down, without a clear demand, or focused more on control than enabling others in the ecosystem.

Despite a strong base of technical talent in fields like IT and engineering, there are **significant human capital gaps**—particularly in business development, sales, marketing, and growth strategy. This is compounded by ongoing brain drain, with many of the most ambitious young professionals continuing to seek better opportunities abroad.

Lastly, **universities and corporations remain largely disengaged** from the startup ecosystem. Academia, like other local NGOs, are often active in the ecosystem as part of an international donor project, rather by their own strategic will. Corporations, in the majority of countries, remain mostly absent from the ecosystem and disconnected from early-stage innovation, with Serbia being an exemption.

What preconditions are needed for Swiss EP to make an impact?

Minimum Viable Ecosystem Infrastructure: Swiss EP has learned that while it can catalyze ecosystem development, it cannot start from absolute zero. There must be *some existing activity*—events, programs, startup hubs, or networks—that signals at least *early-stage awareness* and *interest in startups*. There should be at least a small community of entrepreneurs and startups, even if early-stage or nascent, to build upon. This foundation is essential to avoid wasting time on awareness-raising alone and instead start from building momentum. In 2015, the Western Balkan countries had NGO-led incubators and events were taking place, even if fragmented and not founder-driven. This gave Swiss EP something to work with.

Presence of Local Champions: Ecosystem growth cannot be outsourced. Swiss EP's model relies on working through credible, mission-aligned local partners (entrepreneurs, ecosystem builders, or program hosts, etc.) who are embedded in their communities. These *local champions* must have trust among peers, a track record of action, and the energy to push things forward without external prompting. Without these individuals or organizations with 'skin-in-the-game', Swiss EP risks becoming a "program without roots." In ecosystems where Swiss EP struggled, it was often due to weak or self-serving intermediaries who saw the program as another funding source rather than buying

into the mission. Conversely, ecosystems with proactive individuals—who “owned” the local change process, acted as multipliers within their communities, saw improved performance.

Openness to Collaboration and “Give First” Mentality: While the “give first” culture may not yet be mainstream, there needs to be a *minimum level of openness*—a willingness to share, learn, and experiment. Swiss EP cannot force collaboration or trust, but it can nurture it—*if actors are receptive*. The presence of even a handful of early adopters of mentoring or peer support is often enough to start. In cultures where giving without immediate return was viewed with suspicion (e.g., parts of the Balkans), Swiss EP focused on *practical exposure*—bringing in experienced founders who led by example. Over time, this shifted norms, but only where openness to change existed. Ecosystem actors should demonstrate some degree of trust and willingness to collaborate, even if currently informal or ad hoc.

Plurality and Bottom-up Potential: Ecosystems dominated by a single actor—be it a dominant NGO or public agency—often resist change, prioritize control, and crowd out emerging actors. Swiss EP needs environments where *multiple players* are allowed and encouraged to contribute. This plurality enables experimentation and peer learning across different models and verticals. Swiss EP saw faster traction in places with *many small actors* trying to support entrepreneurs, with a bottom-up approach, rather than a single, entrenched “gatekeeper” running everything. The program can help coordinate and elevate plurality, but it cannot manufacture it.

Supportive or Neutral Government Environment: Swiss EP does not rely on the government to lead—but it needs them *not to obstruct*. The best-case scenario is where governments play an enabling role: listening to the community, co-investing without control, avoiding bureaucratic overreach and allowing space for the ecosystem to grow organically. The worst-case is top-down intervention, policy without consultation, and purposeless inclusion of entrepreneurs. In the Balkans, where some governments tried to control the narrative, Swiss EP had to circumvent rather than engage. Where governments listened (even passively), change was more systemic and lasting.

Market Signals and Entrepreneurial Intent: Swiss EP looks for signs that *real entrepreneurial ambition exists*: founders trying to solve meaningful problems, build scalable businesses, and engage international markets. Swiss EP requires signs of entrepreneurial ambition—interest in building startups beyond freelancing or outsourcing models. If the dominant mindset is still grant-seeking, Swiss EP can support a shift—but only if there is genuine interest from some entrepreneurs to build real companies. In ecosystems where founders cycled from grant to grant, progress was slow unless new narratives—through ecosystem visits or role models—were introduced. Swiss EP often found the best traction by identifying successful “*hidden entrepreneurs*”—people outside the traditional startup circle.

Donor Coordination or Interest: Swiss EP often complements other donor-funded efforts. Having some donor presence or interest in entrepreneurship helps validate the opportunity space and creates possibilities for synergy. However, Swiss EP avoids duplicating top-down, checklist-style interventions and prefers donors who value *flexibility and founder-focus*. Rigid donor frameworks made it harder to respond to fast-moving ecosystem needs. Swiss EP often works best when co-funded or endorsed by bilateral or multilateral donors who understand its flexible, founder-first approach. SECO’s openness to adapt and lack of a dogmatic approach was moreover vital to maximize the impact of Swiss EP.

Access to Entrepreneurial Talent and Early Successes: While unicorns aren’t expected, Swiss EP needs *early examples of success* to work with—startups showing traction, returning diaspora with startup experience, or software development companies making the leap to products. This signals to others that growth is possible and provides material for storytelling, mentoring, and inspiration. In countries with no visible success stories, Swiss EP initially had to “import” inspiration through international experts, but with time local success stories and role models emerged.

Need and Opportunity for Impact: Swiss EP prioritizes countries where there is a clear gap between potential and current support, and where its presence could catalyze a shift. It doesn't aim to be just another program—it looks for entry points where a few well-placed interventions could *unlock systemic change*. Swiss EP made the most difference in places with *latent energy but no coordination*. Where ambition existed but the ecosystem was messy or disorganized, Swiss EP became a trusted facilitator and connector.

Conclusion

Swiss EP doesn't require a perfect ecosystem—it thrives in messy, emerging contexts. However, for its model to work, there must be enough openness, energy, and entrepreneurial intent to build from. It seeks bottom-up potential, local leadership, and a readiness for change, not full ecosystem maturity.

Peru

Introduction

When Swiss EP was launched in Peru in 2015, the country had enjoyed over a decade of macroeconomic growth, stable inflation, and expanding international trade due to multiple Free Trade Agreements. Despite these favorable macroeconomic conditions, Peru's entrepreneurial ecosystem for fast-growth, innovative companies was still at an early-stage in Lima, and practically non-existent in the other major Peruvian cities. Startup activity was increasing, largely driven by public grants such as those from the federal government contest called Startup Peru, but the private sector's role in nurturing entrepreneurship remained limited. Society largely valued corporate careers or traditional business paths over entrepreneurial risk-taking. Swiss EP entered this environment not to build the ecosystem itself but to catalyze and connect existing actors, relying on critical enabling conditions: a visible mass of entrepreneurial activity, early investment interest, baseline public support, and a willingness among ecosystem players to collaborate beyond their scope and singular objectives. Navigating Peru's relationship-driven culture, and understanding of its openness to receive and work with multilateral organizations, was essential to achieving traction. This document synthesizes the key preconditions, non-negotiables, and lessons learned from Peru, serving as a framework to select future countries where Swiss EP can maximize its impact.

Situation of the ecosystem at the start of the program

The beginning elements were present in the Lima ecosystem. Both Startup Peru began its startup equity-free grants in 2013, the same year that the 'University Law' established that all Universities had to have an incubator or business support option. Some potential actors with ecosystem roles led initiatives openly and collaboratively.

Peru's entrepreneurial ecosystem in 2015 was characterized by:

- **Public grants as the main source of pre-seed capital:** Startup Peru started in 2014. Over 500 startups had received funding from ProInnovate, formerly called Innovate Peru, since 2014.
- **Growing support infrastructure:** A handful of incubators, accelerators, and coworking spaces, but their quality and specialization varied significantly, with some providing more effective support than others.
- **Emerging angel networks:** Early-stage investors were forming but remained cautious. The few networks that existed focused on building capacity around angel investment, but did not facilitate the investment themselves.
- **Diaspora interest:** Entrepreneurs abroad maintained ties but lacked structured engagement channels or opportunities to connect.

Which framework conditions were present?

Underpinning these dynamics were solid macroeconomic fundamentals—3–4% annual GDP growth, liberal trade policies with the U.S., China, and EU, and a rising middle class driving demand for innovative services. Digital connectivity was improving, though uneven across regions, and development agencies like SECO and the IDB were actively supporting competitiveness initiatives. While the program supports various sectors, there's a tendency for ecosystems to be heavily weighted towards IT-based businesses

Nevertheless, the ecosystem's reliance on grants, nascent private capital, and variable institutional quality left startups with few pathways to sustainable scale.

Obstacles to ecosystem development

Key barriers that limited scalable entrepreneurship included:

- **Grant-driven mentality:** Securing public funding often replaced market validation as the primary success metric. This dependence on public funding poses a risk to the long-term sustainability of startups, as it can detract from the need for market validation and revenue generation.
- **Fragmentation among support organizations:** Incubators and accelerators operated in silos, competing for resources rather than collaborating.
- **Capital shortages:** Local angel investors were conservative, and venture capital funds were virtually absent.
- **Weak scale-up mechanisms:** Lack of specialized acceleration and market-expansion programs for growth-stage firms.
- **Cultural risk aversion:** A preference for job security and corporate prestige over entrepreneurial ventures.
- **Gender gaps:** Underrepresentation of women among founders and investors necessitated targeted interventions.
- **Policy:** Low public and private investment in innovation (0.1% of GDP; 2.5% of Sales respectively) constrained growth potential and weak venture capital frameworks/ regulatory incentives for local investors to support high-growth ventures limited access to funding.

These structural and cultural obstacles underscored the need for interventions that went beyond funding to address mindset, collaboration, and ecosystem coherence.

What preconditions are needed for Swiss EP to make an impact?

Swiss EP's experience in Peru indicates the following enabling preconditions:

- **Visible entrepreneurial activity:** A critical mass of early-stage startups signaling demand for support.
- **Baseline ecosystem actors:** Functional incubators, accelerators, angel networks, and coworking spaces. This includes a mix of nascent and more developed organizations, with varying levels of capacity and effectiveness.
- **Complementary public support:** Government programs that facilitate innovation without crowding out private initiative.
- **Collaborative culture:** Willingness among ecosystem players to share vision and resources.
- **Emerging investment signals:** Even modest angel investments that seed a risk–reward culture.
- **Diaspora connectivity:** Networks of returnee entrepreneurs and investors bringing international experience.

Before launching Swiss EP in a new market, ensure these non-negotiables are in place:

- **Autonomous partner selection:** Rigorous criteria to choose mission-aligned organizations capable of absorbing and sustaining support.
- **Operational independence:** Freedom from political cycles and bureaucratic constraints to maintain agility.
- **Capacity-building focus:** Long-term strengthening of partner organizations' strategy, governance, and service delivery.
- **Inclusivity mandate:** Proactive promotion of gender parity and diversity across all ecosystem levels.
- **Access to catalytic expertise:** Ready engagement of local and international mentors, investors, and technical experts.

Additionally, tailor engagement strategies to local cultures by:

- Investing time in trust-based relationship-building.
- Mapping informal influence networks to navigate power dynamics.
- Showcasing early success stories to shift public perceptions and inspire aspiring entrepreneurs.

One critical factor enabling Swiss EP's Peru success was its adaptive, facilitative approach. By positioning itself as a neutral, non-competitive actor, the program built credibility and trust rapidly. Swiss EP's perceived 'Swissness,' characterized by neutrality and reliability, fostered trust and enhanced its influence within the ecosystems. Swiss EP's flexibility in customizing support, integration into existing initiatives, and strategic emphasis on organizational sustainability (rather than dependency on grants) created ripple effects across the ecosystem. Its cultural sensitivity—honoring Peru's relational business norms—accelerated buy-in and magnified impact.

Conclusion

Swiss EP's Peru journey demonstrates that effective ecosystem development requires a blend of favorable macroeconomic and policy conditions, an existing entrepreneurial base, and a culture open to collaboration. While Swiss EP's catalytic support is instrumental, it must land on a foundation of active entrepreneurs, supportive public initiatives, emerging investment, and collaboration between different stakeholders. This is especially relevant when considering that measuring the precise impact of Swiss EP, especially in terms of job creation, is challenging due to data limitations and the complex nature of ecosystem dynamics

Safeguarding non-negotiables—operational autonomy, strategic partner selection, capacity-building orientation, inclusivity, and cultural adaptability—ensures that interventions deliver lasting, scalable benefits. Ensuring the financial sustainability of both startups and partner organizations remains a key challenge, requiring a shift away from grant dependence towards market-based solutions. Swiss EP's additionality lies in its focus on strengthening ecosystem enablers and providing specialized support, rather than simply duplicating existing funding mechanisms. By applying these lessons systematically, Swiss EP can replicate Peru's success, fostering vibrant entrepreneurial ecosystems that sustain themselves long after external support concludes.

Vietnam

Introduction

Swiss EP has been dedicated to fostering and accelerating entrepreneurship in emerging markets. In Vietnam, this involved engaging with a vast, dynamic population that is increasingly oriented toward global connectivity. At the start of the program, the startup concept, acceleration models, and angel investments were still in their infancy, making mentoring and other support initiatives both exciting and novel. Although Vietnam possessed numerous large SMEs and state-owned enterprises, few major startup triumphs had emerged. Nonetheless, the government demonstrated its commitment to strengthening the country's capabilities by leveraging a deep pool of tech talent and a robust STEM-focused education system.

Situation of the ecosystem at the start of the program

Vietnam at the outset of Swiss EP consisted of a very large country (100M) with a few strong economic centers: Ho Chi Minh City, Ha Noi and Da Nang.

Ho Chi Minh City (HCMC) stood out as the most advanced and populous urban center, with approximately 12 million residents, and emerged as a hub for international companies primarily focused on low-cost manufacturing. The local government's openness attracted many Western firms, venture capitalists, and programs looking to establish a presence in the region. Regional VCs often described HCMC as a sprawling Southeast Asian metropolis that, while distinct from Ho Chi Minh City's counterpart in Hanoi, offered a more business-friendly environment. At the program's outset, there was palpable excitement among founders, potential investors, and government stakeholders regarding the promise of entrepreneurship. Although only a few ecosystem support organizations had been clearly identified, these early signs enabled us to swiftly pinpoint and collaborate with the most promising partners, particularly in key sectors such as IT, e-commerce, and logistics.

Hanoi is the capital of Vietnam and serves as the center of political power, with a population of around eight million. Historically, the city has been home to the country's premier universities and houses many state-owned enterprises. It has long maintained strength in technical fields and infrastructure, and major telecommunications companies and financial institutions are headquartered here. A word of caution: assessments often compared the more business friendly startup and entrepreneurial activities of HCMC with those in Hanoi, mistakenly assuming that most entrepreneurs, if not all, were concentrated in HCMC. In reality, there was a significant amount of entrepreneurial activity, often times catalyzed by government spending on things like infrastructure, telecom, and fintech. As seen in cities like Washington, D.C., the presence of government institutions plays a crucial role in fostering an ecosystem, channeling government funding to major universities and state enterprises.

Da Nang was the third ecosystem selected for Swiss EP programs. Over time, Da Nang has made strides to integrate AI and semiconductor capabilities. When we began, the population was slightly over one million, and its strongest sector at the time was tourism.

The three ecosystems were familiar with one another, their interaction was limited, with minimal collaboration among ecosystem players and scant cooperation between universities, startups, and corporates. One key insight from our first Summit was that startups in Hanoi and Da Nang often look to Ho Chi Minh City for expansion and then to Singapore for entering global markets.

Which framework conditions were present?

Government in Vietnam is centrally controlled, with major government programs emerging from Hanoi. Initially, the **government was well-intentioned but still in the process of learning** how best to support startups and advance the economy. New policies had to pass through multiple ministries, resulting in confusion and inefficiencies during implementation. This was notably evident in issues

related to accessing international finance. Although international investors were clearly enthusiastic about Vietnam's potential, they were often unsure how to identify the best companies, leading those companies to relocate to hubs like Singapore to better connect with investors.

In 2015, Vietnam's market and economic framework was characterized by **rapid market liberalization** and globalization. The country was emerging as a low-cost source of components and a key manufacturing center, enjoying macroeconomic stability. However, **ease of doing business remained challenging** due to a highly regulated environment—particularly for international investments—which often forced startups to incorporate abroad. Despite this, the large domestic market of 100 million people allowed startups to thrive locally, reducing the immediate need for early international expansion, though access to local capital remained limited.

The institutional and **regulatory environment was in a state of rapid transition** with considerable international support. Legal processes and business registration were evolving, and while early hurdles existed, entrepreneurs generally felt that challenges could be overcome, even if the investor environment was not yet optimal. Tax incentives were minimal, and government support policies—primarily steered by the Ministry of Science and Technology (MOST)—were in their early stages, with inconsistent local execution. International donor programs played a crucial role in building an understanding of entrepreneurship during this period.

Human capital in Vietnam was strengthened by an exceptional STEM education system, with significant investment from families and keen recognition by international tech companies. English proficiency was comparatively strong for the region, and an emerging entrepreneurial mindset helped drive early business initiatives. The country's innovation and digital infrastructure also stood out, marked by high smartphone penetration, a tech-savvy young population, and the early emergence of coworking spaces and maker spaces, which, alongside multiple large universities, supported a dense startup ecosystem despite limited university-industry collaboration.

Connectivity and social-cultural factors further bolstered Vietnam's growth. The country enjoyed efficient travel and logistics, supported by strong air links among key cities, which facilitated regional and international business activities. A growing global **Vietnamese diaspora** began to establish influential investor networks, aiding in international outreach. Socially, although diversity was limited, the significant representation of women in both the workforce and among business leaders, combined with a large youth demographic, injected fresh energy and talent into the market, further strengthening the entrepreneurial landscape.

In ten years, the Vietnamese framework conditions have further developed favorably for the emerging startup ecosystem, and important examples are that the government has adopted Resolution No. 57-NQ/TW (December 2024), followed by national Resolution 98, and then HCMC introduced Resolution 20. This landmark resolution underscores science, technology, and digital transformation as pivotal drivers of Vietnam's socio-economic development. It sets ambitious targets, including:

- Allocating 2% of GDP to research and development by 2030.
- Positioning Vietnam among the top 50 globally in digital competitiveness.
- Establishing special mechanisms to attract high-quality talent and promote innovation.

Moreover, Resolution 98, passed by the National Assembly, marked a firm commitment to fostering innovation across Vietnam. Building on this national mandate, Ho Chi Minh City introduced Resolution 20, which outlines the implementation of a grant program and introduces a tax incentive initiative—currently still under review. This progressive resolution is anticipated to significantly enhance HCMC's ecosystem, making the city even more supportive of innovation and entrepreneurship.

Obstacles to ecosystem development

In Vietnam, macro-level challenges significantly hinder the growth of the startup ecosystem. One major issue lies in **government policies that are often outdated** or have unintended consequences.

These policies complicate raising international finance and restrict the smooth flow of capital, with changing guidelines and uncertainty in timelines adding to the overall instability in the market.

Another challenge is the broader regulatory environment, which remains highly complex and unpredictable. Investors, both foreign and local, face difficulties navigating restrictions that hinder fluid financial operations and overall market confidence. This **regulatory uncertainty** makes long-term strategic planning challenging for startups and investors alike, slowing the pace of innovation and expansion.

Additionally, the **limited availability of robust, venture-scale capital** is a significant macro impediment. A sparse local venture capital landscape, coupled with barriers to international funding, means that promising startups often struggle to secure the necessary resources to scale their operations. This funding gap is compounded by a market culture that is generally risk-averse when it comes to startup investments.

Finally, the overall **market structure and socio-economic environment** contribute to the challenges. While Vietnam boasts a large domestic market, the current ecosystem dynamics and a traditional preference for proven business models delay the adoption of innovative and entrepreneurial ventures. Combined, these macro-level issues still create an environment where systemic barriers often overshadow the country's potential for dynamic startup growth.

Within Swiss EP's range of activities, the relative youth of the ecosystem results in a **shortage of experienced founders** that can serve as mentors to the next generation of founders. Partner Organizations often remain dependent on government funding and still struggle to find financially sustainable business models. However, we have seen great advances in both these aspects in recent years and are confident that the ecosystem is on the right path.

What preconditions are needed for Swiss EP to make an impact?

For Swiss EP to make an impact, there must already be a **startup ecosystem in place**—even if it is still in its early stages. At its core, there should be ecosystem support organizations that Swiss EP can leverage to remain lean and efficient. These existing organizations empower local players, rather than having Swiss EP build entirely new, foreign-driven structures. It's understandable that accelerators and incubators in an emerging ecosystem may not yet be fully privately funded; in these cases, government or development support is valuable during the initial phase. Over time, the increasing involvement of private players will be a strong indicator of the ecosystem's growing maturity and sustainability.

In addition to a supportive ecosystem framework, there must be **active financial stakeholders**. This includes the presence of active investors, as well as wealthy individuals and organizations with the potential to become angel investors. Venture capital interest is also important, even if these firms lack a local office, as their engagement signals wider market confidence and access to much-needed capital.

Robust **international connections** are another key requirement. This includes strong trade relationships and networks with international manufacturers, which can provide startups with access to global markets. In a similar vein, leading academic institutions should be actively implementing innovation and entrepreneurship programs and fostering international collaborations. The presence of several top-tier universities further strengthens the ecosystem by generating fresh ideas and talent.

Finally, it is essential to have **active government support** and a rich pool of **human capital**. Government backing—whether through improved entrepreneurial policies, dedicated champion ministries, or supportive investment programs—can create an enabling environment for innovation. A highly educated, digitally savvy workforce with strong English competency, bolstered by a significant number of internationally educated professionals, is critical. Equally important is the presence of local champions: successful entrepreneurs who are committed to long-term support and giving back to the community, thereby inspiring future generations and driving sustained ecosystem growth.

Conclusion

In conclusion, the Swiss EP program’s impact in Vietnam hinges on the presence and quality of several key preconditions. There must be an existing startup ecosystem—even if still in its formative stages—with robust ecosystem support organizations that can be leveraged effectively. While these organizations may initially depend on public support, the long-term aim should be for a thriving mix of private and public entities that foster sustainability and growth.

Financially, the ecosystem requires active investors, potential angel investors, and even remote venture capital interest to ensure that startups can access needed funding. Strong international trade ties, well-connected manufacturing networks, and leadership from top-tier universities—actively engaged in innovation and entrepreneurship—further reinforce the groundwork necessary for future success.

Lastly, a supportive government presence along with a highly educated, digitally savvy workforce and committed local champions creates an enabling environment where entrepreneurial activity can flourish. By meeting these macro preconditions, Swiss EP is well-positioned to drive innovative startups and nurture the evolution of Vietnam’s dynamic entrepreneurial ecosystem.

In evaluating the feasibility of implementing a Swiss EP in new ecosystems it may be helpful to implement a scoring system such as the example in the addendum.

Addendum: Scoring system for Ecosystem Readiness for Swiss EP

Framework Condition	Scoring Scale (Example)	Country A	Country B	Country C
Market liberalization	1-5 (Restricted to Open)	3	4	2
Globalization & trade openness	1-5 (Isolated to Integrated)	4	3	2
Macroeconomic stability	1-5 (Volatile to Stable)	4	3	2
Ease of Doing Business	1-5 (Difficult to Easy)	4	2	3
Size & growth of domestic market	1-5 (Small to Large)	3	4	2
Access to capital markets	1-5 (None to Robust)	3	2	2
Legal infrastructure	1-5 (Weak to Strong)	4	3	2
Business registration and exit processes	1-5 (Cumbersome to Streamlined)	3	2	3
Tax incentives or barriers	1-5 (Negative to Positive)	2	3	3
Government support policies	1-5 (Absent to Comprehensive)	4	3	2
Quality of the education system	1-5 (Poor to Excellent)	4	3	2
English language proficiency	1-5 (Low to High)	3	4	2
Labor market flexibility	1-5 (Rigid to Flexible)	3	2	4
Entrepreneurial mindset & culture	1-5 (Risk-averse to Entrepreneurial)	4	3	2

University-industry collaboration	1-5 (Nonexistent to Active)	2	3	1
Startup density	1-5 (Sparse to Dense)	3	2	2
Digital readiness	1-5 (Poor to Excellent)	4	3	2
Access to labs, coworking, maker spaces	1-5 (None to Abundant)	3	4	2
Travel & logistics access	1-5 (Limited to Excellent)	4	2	3
Global diaspora or investor network	1-5 (Disconnected to Engaged)	3	4	2
Participation in global startup networks	1-5 (None to High)	2	3	2
Social capital & trust	1-5 (Low to High)	4	3	2
Diversity & inclusion	1-5 (Exclusive to Inclusive)	3	4	2
Youth demographics	1-5 (Aging to Youthful)	4	2	3

Our Enablers

powered by:



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