

## **TD 06 : The Algerian Entrepreneurial Ecosystem**

The Isenberg model provides a framework for understanding entrepreneurial ecosystems by focusing on six key domains: Policy, Finance, Culture, Supports, Human Capital, and Markets. Analyzing Algeria through this lens reveals a dynamic but still developing ecosystem with both strengths and significant challenges.

### **1. Policy:**

**Strengths:** The Algerian government has increasingly recognized the importance of startups and entrepreneurship for economic diversification. This has led to the establishment of a Ministry of Startups and Knowledge Economy in 2020, signaling a political commitment. The government has also introduced measures like the Startup Act, aiming to simplify the creation of innovative businesses and offer tax incentives. The Algerian Startup Fund (ASF) was created to provide financial support for nascent ventures.

**Weaknesses:** Bureaucratic hurdles and administrative complexities remain significant obstacles for entrepreneurs. While the government aims to reduce red tape, implementation can be slow and inconsistent. Openness to international markets and foreign investment still needs improvement.

### **2. Finance:**

**Strengths:** The establishment of the Algerian Startup Fund (ASF) and the Algerian Innovation Fund, sometimes in partnership with foreign investors, represents a positive step towards providing funding for startups. There is a growing interest in supporting innovative projects with high potential.

**Weaknesses:** Access to diverse funding sources beyond government initiatives remains limited. Venture capital and angel investment are still nascent. The banking sector's involvement in financing early-stage ventures needs strengthening. Getting credit is reportedly a significant challenge.

### **3. Culture:**

**Strengths:** There's a growing recognition of entrepreneurship as a viable career path, particularly among the youth. Initiatives like the Algerian Startup Learning Expedition Program (ASEP) aim to foster an entrepreneurial mindset. The increasing number of innovation hubs and coworking spaces suggests a growing collaborative spirit.

Weaknesses: Traditional risk aversion and a preference for secure public sector jobs can still hinder the embrace of entrepreneurship. A strong culture of mentorship and learning from failure is still developing.

#### **4. Supports:**

Strengths: The number of incubators and accelerators has significantly increased in recent years, providing crucial resources and support to startups. Government organizations like the National Agency for the Promotion and Development of Technological Parks also play a role. Universities are increasingly involved in fostering entrepreneurship among graduates.

Weaknesses: The quality and effectiveness of support services may vary. There might be gaps in specialized support for specific industries or stages of growth. The connection and collaboration between different support organizations could be further strengthened.

#### **5. Human Capital:**

Strengths: Algeria possesses a young and educated population, representing a significant potential talent pool. The Ministry of Higher Education and Scientific Research is encouraging graduates to turn their ideas into startups.

Weaknesses: There might be a mismatch between the skills produced by the education system and the needs of a dynamic entrepreneurial ecosystem. Retaining talent within Algeria and attracting experienced entrepreneurs and mentors remain challenges.

#### **6. Markets:**

Strengths: Algeria has a large domestic market. The government's focus on improving services for the population can create opportunities for startups in various sectors.

Weaknesses: Access to international markets and integration into global value chains is limited. Bureaucratic hurdles can hinder cross-border trade. The competitive landscape and market dynamics for innovative products and services are still evolving.

#### **Overall Assessment and Recent Developments:**

The Algerian entrepreneurial ecosystem is in a phase of significant development and shows promising dynamics. The government's increasing focus and the establishment of dedicated institutions and funds are positive indicators. The rise in the number of startups and innovation hubs suggests a growing entrepreneurial momentum.

However, the ecosystem still faces considerable challenges. Overcoming bureaucratic obstacles, diversifying funding sources, fostering a stronger entrepreneurial culture, enhancing the quality of support services, developing specialized human capital, and improving access to international markets are crucial for the ecosystem's sustained growth and impact.

Recent data suggests that Algeria ranks relatively high in Africa in terms of the number of active startups, indicating progress. However, the focus should now shift towards the quality and sustainability of these ventures. Continued efforts to implement supportive policies, foster collaboration among stakeholders, and address the identified weaknesses will be essential for building a truly thriving entrepreneurial ecosystem in Algeria.