

STARTUPS IN ALGERIA: OPPORTUNITIES AND CHALLENGES

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Abstract:

Algeria's startup ecosystem is undergoing a transformative period, marked by a strong governmental commitment to economic diversification beyond its traditional dependence on hydrocarbons. This study aims to explore the current startup landscape in Algeria, its growth opportunities, and the key challenges they must overcome to achieve success. Accordingly, a dual research approach was adopted, relying on a descriptive and analytical methodology to comprehensively explore the topic. The study concluded that Algeria is experiencing an evolving ecosystem due to the establishment of a supportive legal framework for startups. Enhanced by the governmental funding and support despite the untapped market potential. However, many challenges hinder the growth of Algerian startups, such as bureaucracy, access to finance, the talent gap, and infrastructure limitations.

Keywords: Startups, Algeria, ecosystem, challenges, opportunities.

JEL Classification Codes : L26, M13, O31, O38, O14.

1. INTRODUCTION

Promoting entrepreneurship in the form of startups is a policy activity being given high priority all over the world. Every year, millions of startups begin their operations worldwide and hence have a profound impact on the economy they are operating in. (Zaeem, 2023). Thus, creating startups is relatively new and requires a systematic understanding. (Alla & Aliaksandr, 2020, p. 170)

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In this context, Algeria, is witnessing a growing entrepreneurial spirit, particularly among its young population. The creation of startups is crucial for job creation and economic diversification, contributing to the country's socio-economic development. (BENHAH, 2024)

As maintained by the Algerian law, a startup is a newly established business characterized by innovation, scalability, and a focus on high-growth potential. Typically, it is a young company aiming to introduce innovative products, services, or business models to the market.

Algeria through the establishment of a dedicated Ministry of Knowledge Economy, Startups, and Micro-enterprises in 2020 distinguishes itself by having a formal legal definition for startups, laid out in Executive Decree 20-254 of 2020. This structured approach provides clear statutory criteria for a venture to qualify for the Startup Label, which is considered as a cornerstone of the government's strategy, designed to provide legal clarity and facilitate access to a wide range of support mechanisms.

This study aims to provide a comprehensive analysis of this burgeoning landscape, dissecting the unique opportunities it presents and the significant challenges that persist. By examining the interplay of proactive government policy, institutional support, market dynamics, and human capital, we seek to understand the full potential of Algeria's as an emerging startup nation.

Research Question: Based on the aforementioned points, this study is framed by the primary question:

What are the opportunities and challenges facing startups in Algeria?

Research aims: The research aims to achieve the following objectives:

- To have a conceptual clarity of start-ups in Algeria.
- To analyze the current state and growth of the entrepreneurial landscape and startup ecosystem in Algeria,
- To identify and evaluate the favorable conditions that are enabling the growth of Algerian startups,
- To determine the obstacles that hinder the creation, growth, and long-term sustainability of Algerian startups.

Methodology: This study employs a dual methodology. Firstly, a descriptive approach was utilized to establish a comprehensive conceptual and theoretical framework of startups. Secondly, an analytical approach was adopted to analyze the data collected about the startup ecosystem within the Algerian context.

2. Conceptual foundations of startups

2.1 Startup definition

Startups are entrepreneurial, innovative and competitive forms of doing business, new business models or manufacturing technologies for a known product. (Luchko, Szmitka, & Dmuchowski, 2019). The term startup is not a new word anymore and is used widely in all business sectors. Although widely popular, startups do not have one universally accepted definition. (Mahima, p. 9) Thus, there is a lack of literature on outlining what a startup is. According to the well-known Silicon Valley serial entrepreneur Steve blank, startup is a temporary organization designed to search for a repeatable and scalable business model. (The global startup ecosystem report, 2023, p. 23). Startups are being categorized according to four overlapping variables- age of incorporation, innovation, growth and risk/uncertainty. (Zaem, 2023, p. 3) Based on this concept, startups are businesses with the following features: (Tobias, Christoph, Jana, & Julia, 2023, p. 15)

- Startups younger than 10 years.
- Startups feature (highly) innovative technologies and/or business models.
- Startups have or strive for a significant employee and/or sales growth.

In Algeria, considered as a startup every company subject to the Algerian law, and respect the following standards: (Gazette, 2020)

- The company must not be older than eight years.
- The company's business model should be based on innovative products or services, business model, or any innovative idea.
- The annual turnover must not exceed the amount determined by the National Committee.
- At least 50% of the company must be owned by natural persons or accredited investment funds, or by other companies that have received the startup label.
- The company must have significant growth potential.
- The number of workers must not exceed 250 workers.

2.2 The Significance of startups driving economic growth

Startups are companies creating completely new product or service, neither basing on duplicated offers of other entities operating on the market, nor imitating the already existing initiatives. Their activity is burdened by a considerable degree of risk. (Joanna & Jakub, 2018, p. 70) Start-ups create jobs by being innovative, flexible, and quick to adapt to market needs. As a result, they are becoming an important source of employment opportunities in economies around the world,

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and by providing opportunities for career development and on-the-job training, start-ups often play a crucial role in bridging skills gaps.

In the context of competition, startups emerge not only as harbingers of economic growth and employment but as formidable agents of change, fundamentally altering the competitive dynamics within industries. (Yuwei, 2024, pp. 6-7)

Furthermore, startups have an important role in driving the transition towards a circular economy by embracing particular business models that demand distinct resources and expertise tailored to an economy's specific contextual needs. (Magnus, et al., 2024, p. 4)

3. Landscape of entrepreneurship and startups in Algeria

3.1 An overview of the startup ecosystem in Algeria

The Algerian government has introduced several initiatives and policies to foster the growth of startups and promote entrepreneurial culture.

One of the implications of Algeria's Vision 2030 is the transition of the country from an oil-based economy to a knowledge-based one. Accordingly, diversification is the backbone of the country's economic strategy. To achieve this vision, the Algerian government launched a range of initiatives to foster technology and digital innovation, including startup acceleration and incubation, funding programs, job creation, capacity building, regulatory updates, and SME support.

Therefore, Algeria is making strides in creating a vibrant economy of startups through a network of institutions and policies that foster entrepreneurship. After putting in place legislation promoting entrepreneurship, the government is continuing its efforts with the injection of 411\$ million into the public fund dedicated to start-ups, the Algerian Startup Fund. (Jeune Afrique, 2023)

The government has committed to upgrading an incubator system for emerging startups and the digital economy through the following actions:

- Creating a regulatory framework for open innovation and electronic payment intermediaries and implementing regulations for crowdfunding,
- Revising the legislative framework for e-commerce to make it more flexible for startups,
- Simplifying business creation procedures for startups and other first-time investors,
- The creation of statuses for freelancers and self-employed entrepreneurs,
- Strengthening the role of startups as a driver of financial inclusion through e-payments and e-commerce,

- The creation of regional representations of the Algerian Startup Fund, and the launch of the startup acceleration program via the public accelerator Algeria Venture,
- The creation of incubators and accelerators in all the country's cities (wilaya), and the establishment of an incubator evaluation and upgrading system,
- The creation of a Finlab for startups in the financial technologies sector-fintech,
- Reducing employer contributions for startups and Facilitating access to e-payments for start-ups,
- Encouraging venture capital, due to its key role in financing innovation, and streamlining administrative procedures for creating investment funds and mutual funds for innovation,
- Identifying international rankings related to startups, innovation, and the knowledge economy, and improving Algeria's position. (start-up, 2022)

In the same context of improving Algeria's rankings, and according to the doing business report (2020), Algeria is ranked 157 out of 190 countries in terms of ease of doing business. In the same perspective, based on the global entrepreneurship index (2019), Algeria is ranked 88 out of 137 countries in terms of country's entrepreneurial ecosystem, where enterprise is a crucial engine of economic growth.

From a digital perspective, the country ranked 101 out of 116 countries according to the digital platform economy index (2020) in terms of digital ecosystems and entrepreneurial ecosystems.

Furthermore, corresponding to the global digital platforms power index 2023, Algeria categorized among lagging countries with potential but lagging factors like Weak regulation, lack of infrastructure support, the infancy of the ICT markets, etc., are holding them back. There is still a long way to go until digital platforms and their economic impact become noticeable in those countries. (Global digital platform power index , 2023, p. 40)

In addition, conforming to the global digitalization index GDI-2024 which examined the investment and application of digital infrastructure, Algeria ranked 69 out of 77 countries. These countries are grouped into three clusters — Starters, Adopters, and Frontrunners—based on their levels of ICT and economic development. Algeria categorized among the starters, which are in the early stage of ICT infrastructure build-out, most of them are developing and emerging market countries. These countries face gaps in MBB coverage and fiber access, and need to enhance connectivity in every aspect and give more people access to the digital economy. (Global digitalization index- GDI , 2024)

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Another important benchmark measures the level of ICT development, is the ICT development index. The IDI scores of Algeria are: 77.8-80.9-86.1 out of 100 for the years 2023-2024-2025 respectively. The evolution of the IDI indicates a solid foundation of ICT development, an effective policies and investment in the ICT sector. In 2025, Algeria has climbed 15 places in the global ranking from 89th to 74th due to the government commitment to digital transformation aligning with national vision. (The ICT Development Index, 2025, p. 5)

Another significant view on innovation reveals that Algeria's "modest innovation" status, indicated by its score of 1,283 on the CTA's 2025 global innovation scorecard, shows that a country has recognized the value of innovation and is making active investments in fundamental elements such as startup support and digital infrastructure. Algeria received the final F (between 0.000 and 0.337) in the startups and small business friendly category, which assessed how easy it is to start a new business in a country. (Global innovation scorecard CTA, 2025)

The GII 2024 paints a picture of an Algerian startup landscape that is emerging and showing potential, driven by government initiatives and a growing talent pool, but significantly constrained by underdeveloped financial markets, limited capacity for innovation commercialization, and an overall less sophisticated business environment.

Additionally, Algeria is ranked 115 out 133 countries in the global innovation index 2024. Among 38 lower middle income group economies, Algeria ranked 29th, and within the 18 economies in Northern Africa and Western Asia, Algeria ranked 18th. Correspondingly, these metrics indicate that Algeria is making some progress in its innovation landscape by investing in innovation, but it is not effectively translating these investments into higher-quality outputs. (Soumitra, Bruno, Lorena Rivera, & Sacha, 2024)

Algeria's improving scores and ranking in different global reports have a profoundly positive impact on the startup ecosystem.

Below (Table1) presents an overview of Algeria's ranking according to the Global Startup Ecosystem Index 2021-2025.

Table 1. Algeria's ranking 2021-2025

Years	2021	2022	2023	2024	2025
Rankings	120 th	115 th	119 th	115 th	111 th

Source: Established by the authors based on: Startup Blink Global Startup Ecosystem Index.

Before 2021, the Algerian startup scene was relatively nascent with fewer formal support structures. Algeria was ranked for the first time in 2021.

In 2025, Algeria is ranking 111th globally, up 4 spots from 2024, indicating a positive upward trend. Algeria holds the 4th position in Northern Africa.

The startup landscape in Algeria has evolved from a nascent stage in 2018 to a rapidly growing and internationally recognized ecosystem by 2025. Algeria's ranking has improved significantly in recent years, which indicates a continuous development in the startup ecosystem. However, Algeria has not yet reached the desired level compared to its neighboring North African countries, emphasizing the need for ongoing progress in many domains like access to funding, digital infrastructure, and simplified administrative procedures.

3.2 Characteristics of startups in Algeria

3.2.1 Strong reliance on government support: The Algerian startup ecosystem is strongly supported by the government through various initiatives, including the Ministry of Knowledge Economy, Startups and Micro-enterprises, the Algerian Startup Fund (ASF), and a labeling system that provides significant incentives. This indicates that many startups depend, to some extent, on these support structures.

3.2.2 Startups are job engines: Algerian startups create jobs for founders and employees who drive innovation and economic growth by fostering a culture of entrepreneurship, innovation, and risk-taking. These businesses serve local needs and also contribute to a more dynamic workforce in Algeria. The top hiring startups in Algeria are Yassir, Freehali, Legal Doctrine, and Temtem, respectively. (Top Hiring Startups in Algeria by Employee Number, 2025)

3.2.3 Startups labelling system: is a pioneering mechanism introduced by the executive decree 20–254 on September 15, 2020, aimed at fostering a vibrant ecosystem for young innovators. Securing the “startup label” is a process grounded in clear, objective standards designed to identify and promote true innovation. The system offers significant incentives such as tax incentives, generous R&D tax deductions, financial support programs, and access to funding. (label startup, 2025)

3.2.4 Youthful and digitally savvy founders: Algeria has a predominantly young population, with a median age of 28.6 years (World Population Dashboard-Algeria, 2025). This demographic represents a promising base of aspiring entrepreneurs who are eager to take advantages of technology, given the widespread use of mobile phones and a growing digital culture.

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3.2.5 Innovation drivers: Algerian startups tend to focus on innovation and develop new products, services, or business models that address unmet needs or significantly improve existing solutions. (Hamza, Almi, & Boucenna, 2024)

3.2.6 High growth potential and scalability: Startups in Algeria are generally created with the ambition to scale rapidly and achieve significant market penetration, which differentiates them from traditional small and medium-sized enterprises (SMEs). (AOUISSI & HAMRA, 2025)

These characteristics show how Algeria's startup landscape is dynamic and evolving, driven by a young, innovative population and supportive government policies, while continuing to work to overcome the obstacles in a developing ecosystem.

3.3 Number of startups in Algeria

Since 2024, more than 5,000 start-ups have been recorded at the ministry level, including 811 having obtained the Start-up label (active startups) with most in early stages (seed/pre-seed). only 10 % reach series A funding due to funding challenges. (Active startups: Algeria in the big leagues, 2023)

Table 2. Top Algerian Startups

City	Algiers	Annaba	Blida	El Oued	Jijel	Mostaganem	Oran	Setif	Telemcen	Total
Nbr startups	27	2	3	1	1	3	3	2	1	43

Source : <https://www.startupranking.com/top/algeria>

The number of startups in Algeria is experiencing a significant increase, recording between 2021 and 2023, an increase of 228%, which confirms a continuous upward trend. (Kada, Siham, & Datoussaid, 2024, p. 64)

Algiers is the leading city for startups in Algeria, holding the 1st national rank. Globally, Algiers is ranked 543rd according to the Global Startup Ecosystem Index 2025, a decrease of 41 spots from the previous year, despite the overall country improvement.

Algiers as the country's capital is home for 27 out of 43 top startups (approximately 63 %), this shows its role as Algeria's primary economic and technological hub. This concentration is explained by the better access to funding, infrastructure, talent, and government support. Elsewhere, Oran, Blida, and Mostaganem each have 3 startups, indicating emerging but limited entrepreneurial activity. Annaba and Setif (2 startups each) show minor activity. El Oued, Jijel, and Telemcen (1 startup each) reflect minimal startup ecosystems.

3.4 Key sectors

In Algeria, the startup ecosystem is growing in several sectors due to digital transformation, local market needs, and government support. The most prominent sectors for startups in Algeria are the following:

3.4.1 E-commerce & delivery services: With increasing internet access and smartphone usage, e-commerce platforms are gaining traction. Online marketplaces, last-mile delivery and logistics startups, and grocery delivery platforms are gaining traction in the same way. The top three e-commerce and retail startups in Algeria for 2025 are Zawwali in a 3rd national rank, Piassa in a 7th rank, and UbexPay Limited in the 9th rank (32 Top startups in Algeria for July 2025, 2025). These startups are enhancing the consumer's shopping experience and also driving economic growth by creating jobs and improving supply chain efficiencies.

3.4.2 Fintech: Financial technology startups are offering solutions for digital payments, mobile banking, digital wallets, and crowdfunding. This Financial technology is crucial for the Algerian economy. It offers a large-scale innovative financial solutions accessible to all. Also, it offers unlimited opportunities to transform and modernize the financial landscape and provides access to financial services for all through innovative technologies (ZARAA & BENMANSEUR, 2024, pp. 6-7). The three top Fintech startups in Algeria for 2025 are 3S Pay in the 10th national rank, maykiha in the 11th rank, and Amentech in the 13th rank. (Top 3 Fintech Startups in Algiers for 2025, 2025)

3.4.3 Agritech: The agricultural sector in Algeria is promising for innovation. Startups are leveraging technology to improve agricultural practices, supply chains, optimize farming practices, and connect farmers with markets using farm management software, smart irrigation and precision agriculture, and online platforms connecting farmers to markets.

The Ministry of Knowledge Economy, Start-ups and Micro-Enterprises launched an initiative called AgriTech DZ dedicated to fostering innovation in Algeria's agricultural sector. This program represents a collaboration between Algeria and Germany, the initiative aims to integrate cutting-edge technologies into agriculture to enhance productivity, sustainability, and efficiency. (AgriTech DZ Overview, 2025)

3.4.4 Edtech: With a large youth population and a growing demand for E-education, edtech startups are developing innovative solutions to improve education access and quality by using E-learning platforms, language learning apps, and STEM education for kids. Siamois QCM, Dzostad, and Academiataouna

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are successful edtech startups in Algeria, ranked nationally in 2nd, 9th and 10th, respectively, in 2024. (Salah & Samir, 2024)

3.4.5 Transportation and ride-hailing: Algeria's transportation sector is experiencing a significant shift towards digitalization, with several startups emerging to address urban mobility, logistics, and delivery needs. The top startup of this sector is the national and regional leader Yassir, the most successful and well-known Algerian startup, having achieved "super app" status. Another prominent Algerian ride-hailing and delivery platform is Temtem, in the 2nd national rank, as it is mentioned in table.3.

3.4.6 Software & Data: This is a foundational sector, as many innovative solutions across various industries rely on software development, data analytics, and artificial intelligence.

There are also other sectors emerging in the Algerian landscape such as **HealthTech**, including telemedicine and online doctor consultations, pharmacy delivery services, and AI-driven diagnostics. Startups emerging in this sector like DZDOC and E-Tabib. **Renewable energy and sustainability** where Algerian startups are exploring opportunities in solar energy, waste management and recycling, and eco-friendly solutions. The Algerian government vision based on the success of the energy transition requires a favourable environment for innovation and entrepreneurship. The use of new renewable energies must be associated with the development of industrial sectors capable of competing at the international level (Transition énergétique en Algérie : Défis et perspectives, 2022).

The table below presents the best startups in Algeria for 2025, including their industry, various rankings, and employee ranges.

Table 3. Best startups in Algeria for 2025

Startup	Industry/ Subindustry	Global Ranking	Regional Ranking	National Ranking	Employee range
	Software & Data/Apps	512	1	1	501-1000
	Transportation/Rid e-Hailing	62989	219	2	11-50
	E-commerce & Retail	77004	281	3	1-10
	Transportation	80167	292	4	11-50

Fatoura by Brainiac 	Software & Data/ Enterprise Technology	81458	301	5	11-50
Legal Doctrine 	Software & Data/Enterprise Technology	90721	340	6	51-100
Piassa 	E-commerce & Retail	98442	397	7	1-10
Moufid BI 	Software & Data/Data Analytics	101623	418	8	1-10
UbexPav Limited 	E-commerce & Retail	102230	420	9	11-50
GoPlatform 	Social & Leisure/Gaming	103922	433	10	11-50
Freehali 	E-commerce & Retail/Social Commerce	104431	439	11	251-500

Source: Elaborated by authors based on: <https://www.startupblink.com/top-startups/algeria>

The dataset indicates that Algeria's startup scene is best represented in E-commerce & Retail, Software & Data and transportation. The majority of the startups fall into the smaller employee ranges 11-50. Yassir is the only startup in Algeria considered to be the top performer in both national and regional ranking and global ranking jumps +67 positions, with a total funding of \$368.2M. Temtem with a total funding of \$5.7M, holds the 2nd position nationally and jumps regionally +3 positions but it has declined globally – 4021 positions. The top three Zawwali with a total funding of \$100K, shows a steady progress nationally +1 position, regionally +51 positions and globally + 9611 positions.

Based on tables 2 and 3. Algeria, and particularly Algiers, is an emerging force in the regional startup landscape with a growing number of entities and some notable successes in key industries like Software & Data, E-commerce and transportation, there's still a considerable path to reach the maturity and robustness of leading global startup ecosystems, especially concerning access to diverse funding and overall business environment sophistication.

4.Opportunities for Algerian startups

4.1 Supportive regulatory and legal framework

Algeria has proactively developed a legal and regulatory environment designed to stimulate and support its emerging startup ecosystem, summarized as follows:

- The executive decree 20-254, the primary legal text defining startups, innovative projects, and incubators, and establishing the National Committee for their labelling (Executive Decree No. 20-254, 2020).

- The Finance Laws of 2021, 2022 (Salah & Samir, 2024, p. 3360) and 2023 have established a comprehensive legal system specifically tailored to regulate and empower startups, and the executive decree 21-170 setting the conditions and terms for granting tax benefits to companies with the start-up or incubator label (Executive Decree No.21-170, 2021).

- The Law No. 22-09, Amending and supplementing the commercial code, which includes provisions for simplified company forms suitable for startups. The law focuses on supporting startups by providing a clear and appropriate legal framework for their establishment and management (Law No. 22-09, 2021).

- The executive decree No. 20-356, establishes an institution for the promotion and management of support structures for startups and defines its missions, organization, and functioning. The decree aims to support and develop start-ups in Algeria by providing appropriate support structures. (Executive Decree No.20-356, 2020)

- The executive decree No. 23-93, specifies the conditions and modalities for employees to benefit from leave to create a startup. The decree contributes to encouraging public employees to embrace the spirit of initiative and entrepreneurship by establishing start-ups. The establishment of start-ups by public employees can leverage their expertise and skills in their fields of work which lead to economic development and create new job opportunities (Executive Decree No.23-93, 2023).

- This framework is further bolstered by Law 15-21, which includes directives on scientific research and technological development, this law contributes to promoting innovation and entrepreneurship across various sectors and aims to transform scientific research outcomes into products and services of economic value. (Law 15-21, 2015)

4.2 Government initiatives

The Algerian government is increasingly focused on supporting startups and entrepreneurship by offering initiatives and programs to encourage innovation and value creation.

The establishment of the Ministry of Knowledge Economy, Startups, and Micro-enterprises in 2020 was a pivotal institutional development that effectively formalized and centralized government support for the startup sector and signaling a strong political will to drive innovation.

Additionally, Algeria Startup Challenge is the biggest startup program that creates opportunities for innovation actors. The program governs a unique ecosystem that unites institutions, economic players, innovators, startups, and experts, while generating impactful solutions through numerous open innovation challenges. The challenge operates under the patronage of the Ministry of Knowledge Economy, Startups and Micro-Enterprises, demonstrating strong government support and alignment with national objectives for startup development. (Algeria's leading startup program , 2025)

The launch of an electronic platform for startups was another initiative, established in October 2020. This platform serves as a central hub for all stakeholders in the startup ecosystem, aiming to facilitate future partnerships with both public and private entities in various projects (HADJADJ & BOUCHEKIFA, 2025, p. 132).

Further institutional support comes from Algeria Venture (A-Venture), established in 2021 as the country's first state-owned accelerator. A-Venture focuses on supporting local founders and guiding early-stage startups towards scalability by providing practical mentorship, sharing workspaces, and leveraging a network of public and private partners. It often collaborates with international entities such as Google for Startups. (Read about Algeria Venture, 2025)A-Venture also extends its reach by supporting local incubators through its "Kick-Start" program and actively promotes open innovation by connecting agile startups with forward-looking corporations to co-create real-world solutions.

Similarly, Algeria Disrupt program is a legal and regulatory framework that aims to promote startups and accelerate their growth. The program also introduces a new public investment fund dedicated to startups as well as a startup accelerator A-venture. (Decouvrez Algeria Disrupt, 2025)

Subsequently, to enhance the global competitiveness of Algerian startups, the Ministry of Knowledge Economy, Startups, and Micro-enterprises, in collaboration with Algeria Venture, launched the Algerian Startup Expedition Program (ASEP). This program sends labeled startups to leading global innovation hubs such as San Francisco, Boston, Seoul, and Shenzhen through fully funded international immersion trips. Accelerated growth, access to international investors, accelerators, and tech ecosystems, as well as workshops,

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pitch sessions, and business-to-business (B2B) networking opportunities are the objectives of this program (Algerian Startup learning Expedition Program, 2025).

4.3 Funding mechanisms

The Algerian government is demonstrating its commitment to fostering a dynamic startup ecosystem through a dedicated funding mechanism. A cornerstone of this governmental support is the Algerian Startup Fund (ASF). Launched in 2020 with a capital of 2.4 billion dinars, focused on providing tailored investment solutions, including venture capital (equity investment, potential with financing tiers set at 2 million, 5 million, and up to 20 million dinars), advisory support, and seed funding. The ASF has already made a significant impact, having funded over 100 startups across 20 diverse business sectors. It is important to note that startups must first obtain the official "Label Startup" to be eligible to apply for ASF funding. (Algerian Startup Fund, 2025)

Eventually, the Algerian startups receive financing from different sources. First, Business angels such as Casbah Business Angels and Business Angels Algeria Diaspora (BAALDI). Additionally, crowdfunding platforms like NINVESTI and TWIZA. Also, Algerian startups received funding from private equity firms like AIF (Algerian Investment Fund) and FINALEP. (Sarraf, Mehdi, Amine, & Nadia, 2024, p. 136)

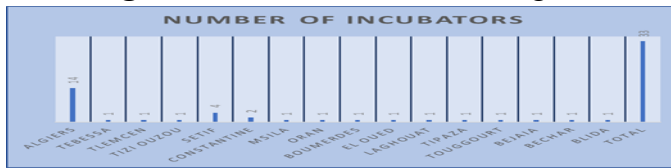
Furthermore, incubators play a pivotal role in bridging this gap by connecting entrepreneurs with potential investors, venture capitalists, and government funding initiatives such as IncubMe. (Strategies for Launching Successful Startups in Algeria, 2023)

4.4 Evolving ecosystem and institutional support

Algeria's startup ecosystem is experiencing a significant evolution, marked by the proliferation and strengthening of different institutional support structures. The period between 2021 and 2025 saw a substantial increase in the number of innovation hubs, growing from 14 to 60 (Incubators in Algeria, 2025), indicating a rapid expansion of the supportive infrastructure. This expanding network comprises both public and private incubators and accelerators, including notable entities such as Leancubator, IncubMe, Algeria Venture, CapCowork, and Alinov (Hamza, Almi, & Boucenna, 2024, p. 249). According to the executive decree 20-254, these organizations provide a comprehensive suite of essential services, including physical accommodation, specialized training, counseling, mentorship, access to crucial resources, and valuable networking opportunities, all designed to nurture early-stage ventures. Below are the key indicators of one of the incubators accredited by the national committee for the incubator label in Algeria.

Leancubator's indicators show more than 50 programs and projects addressing critical needs across various industries, more than 350 startups and SMEs supported through tailored programs, market & funding access, 50 experts and Coaches Network in various fields, more than 250 events and Workshops fostering knowledge-sharing, networking, 4000 project Holders and Entrepreneurs provided with business training and more than 200046 Community Members cultivating a thriving innovation ecosystem. (Leancubator, 2025) The following figure presents the number of incubators accredited by the national committee for the incubator label in Algeria.

Fig.1. Number of incubators in Algeria



Source: Elaborated by the authors based on: <https://startup.dz/incubateurs-par-wilaya>

According to Figure 1, there are 33 incubators across the listed wilayas. With 14, Algiers is the leading wilaya with a higher number of incubators. Setif has the second-highest number of incubators with four. Constantine has two incubators. The remaining 12 wilayas listed—Tebessa, Tlemcen, Tizi Ouzou, Msila, Oran, Boumerdes, El Oued, Laghouat, Tipaza, Tougourt, Bejaia, and Bechar—each have only one incubator.

In addition, Algerian universities are increasingly recognized as pivotal catalysts within this ecosystem. They are actively fostering an entrepreneurial spirit and driving innovation, largely through the establishment of their own startup incubators and accelerators. The aim of university incubators is to encourage the development of start-ups by providing them with favorable conditions (technical, financial and human) for the creation of businesses based on public research projects.

Furthermore, the Ministerial order 1275, are actively facilitating the creation and development of student startup projects, integrating incubators directly into universities to transform graduation projects into viable businesses. This approach is enhancing students' capacity to develop viable projects through specialized training in digital marketing, artificial intelligence, and project management, thereby promoting their integration into the labor market and contributing to national economic growth.

The Ministry of Higher Education and Scientific Research has set up a system that encourages and fosters university students to get into the world of

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entrepreneurship with an open mind to innovation and creativity. The following key indicators show the willingness of the ministry: 117 university establishments with 118 incubators and 2100 incubated startups, 116 Entrepreneurial Development Centers (CDE), 93 Centers of Technology and Innovation (CATI), 58 AI Labs, 63 FabLabs, and 3 Technoparks. (Ahmed, 2024)

4.5 Growing domestic market

Startups in Algeria have the potential to address local needs and develop solutions that are specifically tailored to the Algerian market. There is growing opportunity for Algerian startups to collaborate with international partners, accessing funding and expertise from abroad. The government action plans support economic diversification and enhancement of nonhydrocarbon exports to boost sources of resilient revenues for the country, including through entrepreneurship, improvement of business climate, and facilitating exports. (Bank, 2024)

5. Challenges facing startups in Algeria

Despite the opportunities and governmental support, startups in Algeria face significant challenges that hinder their growth and sustainability:

5.1 Regulatory and bureaucratic hurdles

One of the most prominent and frequently cited challenges for startups in Algeria is the complex and often inefficient regulatory environment. Despite recent legal reforms that aim to simplify procedures, entrepreneurs still face lengthy bureaucratic processes for business registration, obtaining permits, and ensuring compliance with various regulatory requirements. These procedures can be frustrating and time-consuming, diverting valuable resources and attention away from core business development. Furthermore, the complexity and frequent changes in the Algerian regulatory framework create uncertainty for entrepreneurial activities, as startups must constantly adapt to new regulations and requirements. (Sami, Aboubaker, & Elyas, 2025, p. 53)

5.2 Limited access to funding

Finance is an integral part of the startup process. Any startup would face financial issues and problems for several reasons and in different stages (Aidin & Hiroko Kawamorita, 2015, p. 7). Limited access to finance remains a significant and pervasive difficulty for Algerian startups across all stages of development. The ecosystem faces a scarcity of diverse funding sources beyond government initiatives, with limited participation from private venture capital firms and angel investors. (Hamza, Almi, & Boucenna, 2024, p. 249)

5.3 Infrastructure and technological limitations

Underdeveloped infrastructure and technological limitations pose significant operational challenges for startups in Algeria. Key issues include internet instability and limited usage, which directly impact the viability and continuity of technology-dependent businesses (Hamza, Almi, & Boucenna, 2024, p. 253). Despite advancements in internet and mobile connectivity, there are still disparities in access and adoption rates between urban and rural areas.

The incomplete implementation of electronic payments and weak e-commerce activities further constrain the digital economy. While there is a growing demand for online payment and purchases, credit and debit card usage remains low, with cash-on-delivery being the predominant payment method (Sami, Aboubaker, & Elyas, 2025, p. 52). This lack of widespread digital payment adoption limits the scalability of e-commerce and fintech solutions, which are critical for a modern digital economy.

5.4 Talent acquisition and human capital development

A persistent challenge for Algerian startups is the deficiency of skills and the broader issue of human capital development. More broadly, startups are struggling with the difficulty of accessing skilled labor and experienced talent.

The local talent pool is often perceived as undeveloped and insufficiently experienced to thrive in a dynamic startup environment. This situation is partly attributed to a lack of relevant training schemes and insufficient support for developing a skilled workforce (Ouamer, 2024, p. 11). The education system, with many universities not ranking highly internationally, contributes to an increase in the number of low-skilled workers. This creates a talent pipeline challenge, where the startup ecosystem often resorts to capturing talent from established organizations rather than growing afterwards. The phenomenon of brain drain, where highly educated and skilled individuals leave the country for opportunities abroad, further exacerbates this talent gap (Hamza, Almi, & Boucenna, 2024, p. 252). Without a robust strategy for enhancing education, providing specialized training, and implementing effective retention mechanisms, the human capital limitations will continue to constrain the growth and scalability of Algerian startups.

5.5 Limited market reach

Startups in Algeria frequently encounter difficulties in effectively penetrating both local and international markets. This challenge is often attributed to inadequate market research and a limited understanding of consumer demands, which can

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lead to marketing problems and a lack of market need for products or services, contributing significantly to startup failures. (Ouamer, 2024, p. 12) Moreover, the start-up market in Algeria is relatively weak and limited due to several factors, including internet instability and limited usage, the incomplete implementation of electronic payments, weak e-commerce activities, and a lack of start-up culture. As a result, the start-up market in Algeria is quite small, and returns may be minimal. (Sami, Aboubaker, & Elyas, 2025, p. 54)

6. CONCLUSION

Algeria's commitment towards establishing a thriving startup ecosystem is characterized by both significant progress and persistent challenges. Algeria offers promising opportunities for emerging startups. The proactive role of the Ministry of Knowledge Economy, Startups, and Micro-enterprises, along with public investment vehicles like the ASF provides critical financial and structural support. Furthermore, an evolving supportive environment is created by a growing network of incubators, accelerators, and universities, while significant untapped market potential exists in various emerging industries.

However, the Algerian ecosystem faces persistent challenges that could hinder its long-term growth. These include entrenched bureaucratic hurdles and administrative complexities that can slow business operations, a continued reliance on public funding, and a notable talent gap exacerbated by brain drain. Additionally, underdeveloped market infrastructure. To fully unlock its potential, Algeria must streamline administrative processes, vigorously attract private investment, and make strategic, long-term investments in human capital and digital infrastructure. By addressing these systemic issues, Algeria can solidify its position as a regional hub for innovation.

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