

The Impact of Arab Governments' Entrepreneurship Support Initiatives on Their Performance According to the Arab Digital Economy Index



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Received date: 23/04/2025

Accepted date: 20/06/2025

Publication date: 01/07/2025

Abstract:

This study examined entrepreneurship concepts and analyzed initiatives by Arab governments (UAE, Saudi Arabia, Qatar, Egypt, Algeria) to support entrepreneurship through various programs, assessing their impact on government performance using the Arab Digital Economy Index (2018-2022). The findings confirm that these government initiatives significantly contributed to advancing entrepreneurship in the Arab world, as reflected in improved index scores, demonstrating Arab governments' commitment to fostering entrepreneurial activity through policy and program support.

Keywords: entrepreneurship; the digital economy; performance; government performance; the Arab digital economy index.

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Introduction:

Entrepreneurship has emerged as a critical pillar in both organizational and governmental agendas due to rapid transformations in the business environment. In the Arab world, this has manifested in a noticeable increase in startup activity and youth interest in launching private ventures rather than pursuing traditional employment. Arab governments have responded with strategic initiatives to support entrepreneurial ecosystems before and after business creation. These efforts aim to integrate startups into competitive markets, foster innovation, and contribute to economic growth through job creation. As part of broader economic diversification strategies, Arab countries are emphasizing digital transformation, making entrepreneurship a key enabler of productivity and global competitiveness. Accordingly, this study examines the impact of Arab governmental entrepreneurship initiatives on national performance using the Arab Digital Economy Index as a benchmark.

General Framework of the Research

Problem Statement

Given the centrality of entrepreneurship as a key variable in the Arab world aimed at enhancing performance and contributing to the digital economy, this study seeks to provide a clear understanding of the nature and impact of governmental initiatives supporting entrepreneurship on the performance of Arab governments, based on the Arab Digital Economy Index.

Accordingly, the main research question is:

Is there an impact of Arab governments' initiatives that support entrepreneurship on their performance according to the Arab Digital Economy Index?

Significance of the Study

The importance of this study lies in its attempt to identify the efforts and programs adopted by Arab governments to support entrepreneurship within organizations, through analyzing selected regional experiences and assessing the impact of such initiatives on governmental performance based on the pillars of the Arab Digital Economy Index.

Objectives of the Study

This study aims to achieve the following objectives:

- Define the concept and importance of entrepreneurship.
- Identify the initiatives of Arab governments in supporting entrepreneurship through case studies.

- Compare the development of governmental performance in supporting entrepreneurship as reflected by the Arab Digital Economy Index between 2018 and 2022.

Research Hypotheses

To explore the research problem, the following hypotheses are proposed:

There is no significant impact of Arab governments' entrepreneurship support initiatives on their performance based on the Arab Digital Economy Index.

Scope of the Study

- **Subject Scope:** The study focuses on the relationship between Arab governments' initiatives and their performance based on the Arab Digital Economy Index.
- **Time Scope:** The analysis is limited to data from July and August 2023.

Study Outline

I. Theoretical Context of Entrepreneurship

1. Definition of Entrepreneurship
2. Importance of Entrepreneurship

II. Theoretical Context of Performance

1. Definition of Performance: Linguistic and Conceptual Perspectives
2. Levels of Performance

III. The Arab Digital Economy Index

1. Examples of Arab Government Initiatives Supporting Entrepreneurship
2. Analytical Study of the Impact of the Selected Arab Governments' Initiatives on Their Performance According to the Arab Digital Economy Index

Theoretical Framework of Entrepreneurship

Definition of Entrepreneurship

The concept of entrepreneurship still lacks a universally accepted and comprehensive definition among business administration scholars. However, it is considered one of the most vital and promising fields in the economies of both developed and developing countries. Over time, the notion of entrepreneurship has evolved, and it can be defined as:

"A process through which opportunities are discovered, evaluated, and exploited to create future goods and services" (Bouatli, 2022, p. 463).

Entrepreneurship also refers to a new combination that includes five potential innovations: a new product, improved quality of an existing product, a new method not previously tested, a new market whether previously existing or not, or a new source of raw materials, whether newly discovered or newly utilized. These combinations are indicators of entrepreneurial activity (Tayr & Madhkhal, 2021, p. 194).

According to economist Joseph Schumpeter, the entrepreneur is:

"A person who has the will and ability to transform an idea into a successful innovation" (Chebout & Ben Ahmed, 2021, p. 665).

Entrepreneurship, therefore, is generally understood in the literature as involving several essential elements (Gabriel, 2020, p. 17):

1. Most scholars view entrepreneurship as a process, but they differ in detail: some see it as the utilization of various skills and resources to create wealth or added value, while others consider it a method to generate and develop new organizations.
2. Despite differing perspectives, most definitions agree that entrepreneurship involves creating something new of value, often with calculated risk.
3. An entrepreneur is someone who initiates and manages a new business and assumes its risks in order to create a new, valuable product.

Understanding Entrepreneurial Behavior

Understanding entrepreneurial behavior primarily involves recognizing its proactive nature in decision-making. Key aspects of entrepreneurial conduct include (Sakoushi & Majdal, 2019, p. 43):

- Challenging traditional business models and establishing new institutions.
- Continuously seeking to improve and develop one's business.
- Anticipating and adapting to changes in the business environment.
- Detecting changes early and evaluating their impacts.

- Ensuring that emerging business opportunities are inclusive and competitive.
- Creating a business environment that aligns with the organization's vision instead of being dictated by external or internal constraints.

Importance of Entrepreneurship

Entrepreneurial behavior is characterized by its high potential for exploiting opportunities and creativity. The goal is to establish innovative organizations capable of competing with distinctive products and services. The significance of entrepreneurship lies not only at the organizational level but also at the macroeconomic level. Its importance includes, but is not limited to (Qotb Moussa, Basyouni, & Abbas Zazoua, 2021, p. 638):

- It is a strategic mechanism for change, renewal, and development.
- It allows for optimal utilization of available resources to reach new products.
- It eliminates bureaucratic barriers and fosters creativity.
- It embraces risks and seizes innovative opportunities.
- It embodies core traits of growth strategy and competitive advantage.
- It contributes to society through profit generation and sustainable development.

Theoretical Framework of Performance

Definition of Performance

The term "performance" originates from the Latin word *performare*, which translates to "to execute" or "to carry out" (Evison & Cowie, 1983, p. 345). In economic contexts, performance is generally used to describe the degree of goal achievement and the efficiency in utilizing resources (Mazhouda, 2001, p. 88). It also refers to the institution's capacity to ensure continuity and balance between stakeholders and workers, as noted by Peter Drucker (1999, p. 73).

According to Babel'ová & Agustín (2021, p. 347), organizational performance is not merely the outcome of internal processes, but a sustainable pattern of actions aligned with economic, social, and environmental goals.

"Performance is the ability of an organization to maintain sustainability through achieving a balanced integration of its strategic objectives across various dimensions."

Levels of Performance

Organizational performance is assessed at multiple levels, facilitating evaluation and diagnosis. According to Ben Hamdan & Sobhi (2007, pp. 385–386), performance levels can be classified as:

- **Exceptional Performance:** Signifies long-term competitive advantage and financial robustness.
- **Prominent Performance:** Indicates operational excellence and strategic positioning.
- **Very Good Performance:** Reflects future clarity and financial stability.
- **Good Performance:** Represents moderate achievement with financial instability.
- **Average Performance:** Denotes imbalanced performance with funding difficulties.
- **Weak Performance:** Reveals significant weaknesses and operational risks.

Understanding these levels aids in identifying the **performance gap** — the difference between current and desired performance — which serves as a guide for strategic intervention.

Governmental Performance

Governmental performance refers to the cumulative outcome of individual and organizational outputs within public institutions. Al-Qahtani (2012, p. 71) defines it as:

"The aggregate of performance at the individual and organizational levels within the public sector, under the influence of socio-economic and cultural factors, aiming at optimal productivity with minimal costs and high-quality outcomes."

Governmental performance is thus a mirror of how efficiently and effectively ministries, agencies, and public bodies achieve their mandates.

Recent Perspectives on Performance Evaluation

Modern studies emphasize dynamic and data-driven approaches to performance evaluation. According to Kaplan & Norton's Balanced Scorecard model (2004), institutional performance should be measured across four

dimensions: financial outcomes, customer satisfaction, internal processes, and innovation capacity. This holistic view is especially critical in the context of **digital transformation** in governance (OECD, 2021).

In the Arab context, recent studies like الحميدة (2022) argue for incorporating **digital maturity indicators** and **citizen engagement levels** as part of governmental performance assessment, especially under e-government frameworks.

The Digital Economy and the Arab Digital Economy Index

Definition of the Digital Economy

The term *digital economy* first emerged in the United States as a descriptor for the continuous growth in productivity driven by advancements in information and communication technology (ICT) (Shweirb, 2023, p. 191). It has since gained global prominence and is now considered a key engine of sustainable development.

The digital economy is defined as:

"An economy based on the intensive use of digital technologies, enabling the flow of information, goods, services, and capital globally, in real time, and across all sectors" (UNESCWA, 2017, p. 5).

According to Regem, Wasel & Saadeh (2018, p. 44), the digital economy facilitates global market access through digital platforms, reduces transactional costs, and promotes efficiency and innovation across industries.

The core components of the digital economy include:

- **Digital infrastructure** (hardware, software, networks),
- **Digital platforms** (e-commerce, fintech, e-services),
- **Human capital** with ICT proficiency,
- **Legal and institutional frameworks** that ensure data protection and innovation enablement.

Arab scholars such as زعزوع (2022) emphasize that embracing the digital economy is crucial for Arab countries to diversify income sources and reduce dependency on oil revenues, especially in light of regional challenges.

The Arab Digital Economy Index

The **Arab Digital Economy Index (ADEI)** is one of the leading initiatives of the Arab Digital Economy Vision. It serves to assess and monitor the progress of Arab countries in digital transformation and offers strategic insights to

policymakers for advancing sustainable digital development (ADEI Report, 2022, pp. 42–49).

The ADEI is structured around **nine core pillars**, each reflecting a critical dimension of digital readiness:

1. **Institutional Framework:** Evaluates governance, transparency, and innovation-facilitating policies.
2. **Infrastructure:** Assesses ICT infrastructure, internet accessibility, and technological services.
3. **Workforce & Skills:** Measures human capital readiness for the digital economy.
4. **E-Government:** Examines the digital maturity of public service delivery.
5. **Innovation:** Focuses on R&D capabilities and technology adoption.
6. **Knowledge & Technology:** Evaluates technology transfer, internet penetration, and innovation uptake.
7. **Market Forces:** Assesses competitiveness, ease of doing business, and investment climate.
8. **Capital Market Growth:** Monitors financial sector depth, digital financing, and entrepreneurial funding.
9. **Sustainable Development:** Aligns digital strategies with the UN's SDGs.

These pillars are used to generate a composite index score for each country, allowing for cross-country comparisons and time-series analysis. For example, the **UAE** consistently ranks highest in institutional strength and e-government services, while countries like **Algeria and Egypt** have shown remarkable progress in infrastructure and innovation pillars post-2020 (ADEI, 2022).

Recent Scholarly Views

A 2023 World Bank report underscores the role of digital ecosystems in enhancing governmental responsiveness and transparency in the MENA region. Similarly, according to Al-Naimi & Al-Khalifa (2022), investment in digital entrepreneurship ecosystems is a major determinant of national competitiveness in GCC countries.

"The digital economy is no longer an option for Arab states, but a necessary trajectory for survival, integration, and global competitiveness." (Al-Khalifa, 2022)

Arab Governments' Initiatives Supporting Entrepreneurship

1. The United Arab Emirates (UAE)

The UAE stands out as a global model in supporting and regulating the entrepreneurship sector, having built a comprehensive ecosystem to nurture startups and accelerate their growth. The government has launched various strategic initiatives that position entrepreneurship as a key driver of GDP growth and economic diversification.

According to the **UAE Ministry of Economy (2022)**, the government has implemented over **12 major federal initiatives** to support entrepreneurs and SMEs. These include:

- **Reducing Government Fees:** The Ministry of Finance announced the continued revision of service fees across federal entities, aiming to reduce financial burdens on investors while stimulating business activity (UAE MOF, 2022).
- **Government Procurement Program:** The Ministry of Economy signed partnerships with national institutions to ensure that SMEs benefit from at least **10% of federal procurement contracts**, in line with the law mandating **5–25% quotas** for SMEs in government-owned companies.
- **Startup Licensing Incentives:** Abu Dhabi's Department of Economic Development slashed business setup fees by over **90%**, reducing them to **AED 1,000**, and exempted entrepreneurs from several licensing requirements under a unified regulatory review (ADDED, 2022).
- **E-Commerce Enablement Program:** In partnership with Amazon and eBay, the **Khalifa Fund** launched the "e-Empowerment Initiative" to help startups enter global digital markets, under the broader "**Abu Dhabi Inspires**" strategy.
- **Legal Reform:** The UAE revised its trademark laws to allow entrepreneurs to register their brand **prior** to commercial licensing, thereby offering **temporary protection** during exhibitions and early-stage launches.
- **Entrepreneurial Nation Initiative (Moatn Riyat Al-Riyadah):** This initiative aims to make the UAE home to **20 unicorn startups** (valued at \$1B+) by **2031**, offering services like ERP planning,

insurance, internal auditing, and business counseling (UAE Ministry of Economy, 2022).

- **Industrial Strategy 2021:** The Ministry of Industry and Advanced Technology launched the "Operation 300bn" strategy to establish over **13,500 SMEs** by **2031**, supported by a **AED 30 billion** development fund from the Emirates Development Bank.
- **Freelancer Leave Program:** As part of the "**Projects of the 50**", the government introduced a program allowing federal employees to take paid leave (up to 12 months) to establish private businesses, with the government covering **50% of salaries** during the leave (NAFIS, 2022).
- **Graduate Fund:** A **AED 1 billion fund** was launched to provide micro-loans to university students and fresh graduates, helping them launch entrepreneurial ventures in cooperation with higher education institutions.

Recent Developments and Literature

According to **WEF (2023)**, the UAE ranks among the top 5 globally in "Entrepreneurial Environment" and "Startup Ecosystem Development." A study by **Al Suwaidi & Mahmoud (2023)** found that:

"Entrepreneurship in the UAE is significantly enhanced by centralized policy-making, agile business regulations, and a robust digital infrastructure that supports early-stage ventures."

On the Arab academic side, **الحمادي (2021)** argues that the UAE's strategic vision treats entrepreneurship not just as an economic tool, but as a national identity pillar, especially in youth policies and post-oil economic diversification strategies.

2. The Kingdom of Saudi Arabia

Saudi Arabia has made significant strides in supporting youth entrepreneurship as part of its national development strategy, **Vision 2030**. The government's approach focuses on facilitating access to funding, creating a supportive legal framework, providing business training, and establishing institutions specifically geared toward helping aspiring entrepreneurs—especially those whose startups have faced early failures.

According to the **General Authority for Small and Medium Enterprises (Monsha'at)**, several major initiatives have been launched:

- **Spark Program:** An intensive digital mentorship initiative designed for Saudi youth interested in launching their own businesses. It

helps participants develop business ideas, launch their startups, and create local employment opportunities. The program also provides business development tools and expert support (Monsha'at, 2022).

- **Entrepreneurship Challenge:** Organized by Monsha'at to encourage innovative solutions to national challenges in areas such as energy, environment, and education, the initiative incentivizes youth to develop real-world, market-ready innovations (Al-Luwani, 2020).

- **University Startup Program:** Targets students, faculty, and staff across Saudi universities to support them in turning graduation projects or innovative ideas into successful startups. The initiative promotes cross-disciplinary collaboration, provides financial support, and facilitates the transition from research to commercialization.

- **Prince Mohammed Bin Salman College for Business and Entrepreneurship:** Founded to align with Vision 2030's aim of building a knowledge-based economy, this college plays a pivotal role in leadership development and entrepreneurial education (MBSC, 2021).

- **National Entrepreneurship Institute (Riyadah):** A non-profit institution established by the Ministry of Energy and the Technical and Vocational Training Corporation (TVTC). It provides training, consultation, project incubation, and startup financing, especially for youth and graduates with entrepreneurial ambition.

- **"Eradah" & "Graduates" Programs:** These Riyadh-led programs offer funding of up to **SAR 300,000** for startups by diploma holders, and **SAR 500,000** for university graduates. They also provide training, licensing, and mentorship (Riyadah, 2023).

- **Mobile Business Units Program:** In collaboration with the Social Development Bank, this initiative licenses mobile food and service carts, promoting self-employment in under-served areas.

- **"Riadi" Initiative:** Developed in partnership with the Ministry of Education to foster entrepreneurial culture in schools and universities, it offers workshops and soft skills training (Monsha'at, 2022).

Recent Studies and Perspectives

A 2022 study by **Al-Faris & Al-Dossary** highlights that:

"Saudi Arabia's ecosystem for entrepreneurship has improved remarkably, driven by regulatory reforms, ease of business procedures, and strategic support through Vision 2030 initiatives."

Regionally, **العنزي (2021)** emphasizes the role of entrepreneurship in enhancing youth employability and reducing dependency on the public sector, noting the effectiveness of combining education with business incubation in university settings.

Internationally, the **GEM Report (Global Entrepreneurship Monitor, 2023)** ranks Saudi Arabia among the top 10 countries globally in terms of government support for entrepreneurship and ease of startup regulations.

3. The State of Qatar

Qatar places significant strategic importance on entrepreneurship and the development of small and medium enterprises (SMEs), aligning with its **Qatar National Vision 2030** and the UN's Sustainable Development Goals (SDGs). Through state-backed programs and institutions, Qatar aims to foster innovation, diversify the economy, and enable young entrepreneurs to build globally competitive ventures.

Key Initiatives :

- **Qatar Development Bank (QDB):** Acts as a primary driver of entrepreneurship by offering:
 - **Direct Lending Programs** for startups in sectors like manufacturing, education, healthcare, tourism, agriculture, and fisheries.
 - **"Ethmar" (Seed Funding Program):** A Sharia-compliant investment mechanism that provides equity-based financing for innovative projects (QDB, 2023).
 - **Consulting and Mentorship Services:** QDB offers legal, financial, and marketing advisory to help entrepreneurs prepare strong business plans and navigate funding processes.
 - **Co-working Spaces:** Entrepreneurs are provided with fully equipped office spaces for up to a year, including periodic reporting and mentoring through QDB's incubation framework.
- **Entrepreneurial Sabbatical Program:** Launched jointly by QDB and the Civil Service and Administrative Development Bureau, this program grants Qatari nationals time off from government jobs to focus full-time on developing their entrepreneurial ventures.
- **Digital Incubation Center (DIC) – Ministry of Communications and Information Technology:**
 - Focuses on **digital entrepreneurship** by supporting startups developing tech-based solutions.

- Offers training, mentorship, and access to technical infrastructure.
- Operates through tracks such as:
 - **Startup Track:** For early-stage tech companies.
 - **IdeaCamp:** For developers and innovators with promising ideas.
 - **Co-working Space:** Promotes collaboration between startups in a shared digital environment (DIC, 2023).
- **Qatar Business Incubation Center (QBIC):** Co-founded by QDB and NAMA Center, QBIC supports startups with programs such as:
 - **Start Your Company:** A hands-on spring and fall program focused on lean startup methodologies.
 - **Grow Your Company:** A growth accelerator for scale-ready startups in priority sectors.

Recent Evaluations and Literature

A study by **Al-Kuwari & El Amine (2022)** concluded that:

"Qatar's entrepreneurship environment has matured significantly due to integrated support programs and a policy-driven commitment to SME development."

From a local perspective, **العلي (2021)** stresses the importance of combining financial assistance with specialized incubation and legal facilitation to overcome early-stage startup barriers in the Qatari context.

Additionally, the **Global Innovation Index (2023)** ranks Qatar among the top Arab nations in innovation input efficiency, particularly in ICT infrastructure and business environment.

4. The Arab Republic of Egypt

Egypt has embraced entrepreneurship as a core element of its national development agenda. Through a series of public-private initiatives and institutional reforms, the Egyptian government aims to foster innovation, support startups, and enhance youth employment. These efforts align with the goals of **Egypt Vision 2030**, especially in the areas of industrial modernization, digital economy integration, and sustainable growth.

Key Initiatives :

- **Technology Innovation and Entrepreneurship Center (TIEC):**

- Provides financial support of up to **EGP 180,000**, including **EGP 60,000 in cash** for selected startups.
- Offers full legal registration assistance, mentorship teams, and workspace for startups using technology to build scalable solutions.
- Hosts investor networking sessions for promising entrepreneurs.
- TIEC also runs accelerator programs to help young innovators turn their ideas into viable businesses (TIEC, 2023).
- **Injaz Egypt:**
 - Organizes two major competitions: "**Dare to Dream**" for students and "**Startup Egypt**" for early-stage companies.
 - Offers incubation services, office space, mentorship (3 to 6 months), and financial grants to help startups develop viable models across various sectors.
- **Flat6Labs Cairo:**
 - Offers funding between **\$30,000 and \$45,000 USD** in exchange for equity (typically ~10%).
 - Supports startups with legal structuring, financial tracking, access to co-working spaces, and links to regional and global investors.
- **Falak Startups:**
 - A government-backed accelerator offering up to **EGP 1 million** in funding plus customized mentorship sessions.
 - Works closely with strategic partners and advisors across different industries.
- **TechSpace – Nile University:**
 - Specializes in tech startups and offers in-kind support worth up to **EGP 120,000**, including business services and mentorship from IBM.
 - Provides tax guidance and one-year free office space.
- **NilePreneurs (NP):**
 - A national initiative funded by the **Central Bank of Egypt**, operated by Nile University.

- Supports entrepreneurs with legal registration, innovation labs, and access to investors in priority industries like manufacturing, agriculture, and fintech.
- **iHub – Ain Shams University:**
 - Offers startup incubation, coworking space, and programs like **iSpark** and **iCamp**, with support from academic and industry mentors.

Recent Academic & Institutional Assessments

According to a 2023 joint study by the **World Bank** and the **Ministry of International Cooperation**, Egypt has made significant progress in improving its entrepreneurial ecosystem through legal reforms and youth-centered innovation hubs.

Moreover, **Kotb Moussa, Basyouni & Zazoua (2021, p. 641)** highlight:

"The Egyptian entrepreneurial landscape is increasingly dynamic due to institutional support, university incubators, and tech-driven startup policies that aim to integrate entrepreneurship into national development."

From the Arab perspective, **الدالي (2022)** emphasizes that Egypt's strategy blends funding, capacity building, and market access—especially for university-

based entrepreneurs.

5. The People's Democratic Republic of Algeria

In recent years, Algeria has made significant efforts to support entrepreneurship, particularly among youth and tech-oriented innovators. Although governmental support dates back to the 1990s, contemporary policies emphasize the **knowledge economy**, **digital transformation**, and **startup ecosystem development**, especially after 2020 under the leadership of President Abdelmadjid Tebboune.

Key Initiatives:

- **Preferential Corporate Taxation:**
 - Algeria has introduced several tax incentives for startups, reducing corporate tax from **42% to 25%** since 2006, and as low as **12.5%** for reinvested profits (Boudrama, 2012, p. 431).
- **National Startup Conference – Algeria Disrupt (2020):**
 - President Tebboune announced the **creation of the National Fund for Startup Financing (ASF)** with a capital of **1.2 billion DZD**, in cooperation with six public banks.

- The fund supports businesses bearing the **"Startup Label"**, and has since funded over **390 projects**, investing more than **1.2 billion DZD** to date (Algeriadisrupt.com, 2023).
- **Algeria Venture Accelerator:**
 - A government-backed accelerator launched to fast-track the creation of innovative startups.
 - Promotes regional hubs in all 58 wilayas (provinces) and runs public programs in tech and fintech sectors (Aventure.dz, 2023).
- **Legal & Regulatory Reforms:**
 - Algeria implemented major legal changes to support digital commerce and entrepreneurship:
 - Enabling electronic payment systems and fintech innovation labs.
 - Establishing a framework for **equity crowdfunding** and **startup-friendly commerce law**.
- **Startup Hubs & Incubators:**
 - The government aims to establish at least one incubator and accelerator in every province.
 - Created a **Startup Observatory** to evaluate incubator performance and track innovation metrics.
- **Open Innovation Programs:**
 - Launched partnerships with multinational companies and regional organizations to stimulate open innovation.
 - A key initiative is **Africa by IncubMe**, a regional incubator program supported by public and private sectors to position Algeria as an innovation hub in Africa.
- **Sector-Specific Priorities:**
 - Emphasis on entrepreneurship to address strategic national challenges such as:
 - **Water security, energy transition, and food security** through smart startup solutions.

Recent Literature and Strategic Outlook

A study by **Cherif & Bouguerra (2023)** observes that:

"Algeria's post-2020 entrepreneurship policy represents a strategic shift toward integrating youth-led innovation into national development and the digital economy."

On the regional level, **بن مسعود (2022)** asserts that while Algeria's startup ecosystem is still in its formative stage, the creation of sectoral incubators and access to early-stage funding are promising signs of transformation.

Globally, the **StartupBlink Ecosystem Index (2023)** noted Algeria's **notable rise** in digital infrastructure ranking due to state investments in **FTTH (Fiber to the Home)** and digital inclusion policies.

Comparative Analysis of Arab Governments' Performance in Entrepreneurship and the Digital Economy (2023–2024)

AE United Arab Emirates (UAE)

- **Global Ranking:**

Ranked **1st globally** in the *Global Entrepreneurship Monitor (GEM) 2023–2024*, with a record-breaking score of **7.7**, the highest in GEM's history (UAE Ministry of Economy, 2024).

- **Index Excellence:**

Scored highest in 12 of 13 global indicators, including access to finance, market entry ease, R&D, and knowledge transfer.

- **Women Entrepreneurship:**

Among the **top 5 countries worldwide** for supporting women entrepreneurs (mebusiness.ae, 2024).

- **Digital Economy Growth:**

The UAE's digital economy is expected to grow from **\$38 billion** to **\$140 billion** by 2031 ([Arab News, 2023](#)).

SA Saudi Arabia

- **Global Ranking:**

Ranked **3rd globally** in *GEM 2023–2024*.

- **Entrepreneurial Environment Score:**

Improved from **5.0 in 2019** to **6.3 in 2023**, reflecting the success of Vision 2030 policies ([Arab News, 2024](#)).

- **Women Entrepreneurs:**

In 2023, **8 out of every 10 new businesses** were started by women—a significant milestone.

- **Digital Economy Size:**

Grew from **\$111 billion in 2021** to **\$123 billion in 2023**, with an annual growth rate of **10.3%** ([Argaam, 2024](#)).

QA Qatar

- **Global Ranking:**

Ranked **5th globally** in *GEM 2023–2024*.

- **Startup Ecosystem:**

Qatar continues to invest in business incubators, digital hubs, and SME financing, led by Qatar Development Bank and the Ministry of Communications and IT.

DZ Algeria

- **Regional Standing:**

According to a 2023 academic review, Algeria ranked **last among 12 Arab countries** in the Arab Digital Economy Index between 2018–2022 (ASJP, 2023).

- **Digital Infrastructure:**

While there's noticeable progress in **fiber-optic connectivity (FTTH)**, performance remains low in areas like **e-government** and **innovation**.

Conclusion

The UAE and Saudi Arabia continue to lead the Arab world in entrepreneurship development and digital transformation, with world-class ecosystems and aggressive investment strategies. Qatar maintains a strong position with targeted policy initiatives. Algeria, while showing signs of digital infrastructure improvements, still faces challenges in institutional performance and innovation output.

Comparative Analysis of Arab Governments' Performance According to the Arab Digital Economy Index

The comparative analysis of the performance of Arab governments in supporting entrepreneurship is based on the **Arab Digital Economy Index (ADEI)**, which includes multiple dimensions that measure the extent of digital transformation, innovation, and policy effectiveness. This section focuses on five Arab countries: the **United Arab Emirates, Saudi Arabia, Qatar, Egypt, and Algeria**, evaluating their progress between 2018 and 2022, with updated insights for 2023–2024.

1. United Arab Emirates (UAE)

Ranked 1st globally in GEM 2023–2024 (score: 7.7/10) due to:

Leading e-government services, digital infrastructure, and startup institutional support (ADEI).

Entrepreneurial Nation Strategy 2031 aims to create 20 unicorns by 2031 (UAE Ministry of Economy, 2024).

2. Saudi Arabia

Ranked 3rd globally (GEM 2024), driven by Vision 2030 initiatives:

Monsha'at accelerators, Spark Platform for youth, and business regulatory reforms.

Women's entrepreneurship surged (8 women per 10 men entrepreneurs in 2023).

Notable ADEI growth in digital government services and fintech adoption.

3. Qatar

Ranked 5th globally (GEM 2024), excelling in:

Institutional support (e.g., QDB's Ethmar, Digital Incubation Center).

High ICT penetration and university-level entrepreneurial education.

Despite smaller market size, Qatar is a regional innovation hub for SMEs.

Egypt

Egypt's performance in the Arab Digital Economy Index has been mixed. It shows strength in:

- University-led incubation centers (e.g., NilePreneurs, TIEC),
- Startup finance programs (e.g., Flat6Labs, Falak),
- Youth entrepreneurship training.

However, challenges persist in:

- Bureaucratic licensing procedures,
- Digital infrastructure outside major cities,
- Limited public-private policy coordination (Kotb Moussa et al., 2021).

Yet, Egypt continues to climb regionally, and a 2023 World Bank review emphasized the role of digital hubs in promoting inclusive innovation.

Algeria

Algeria ranked among the lowest Arab countries in ADEI 2022. While initiatives such as **Algeria Venture** and the **National Startup Fund** have provided momentum, structural issues remain:

- Weak performance in e-government and digital services,
- Delays in implementing legal frameworks for startups,
- Uneven regional access to incubators and training (Cherif & Bouguerra, 2023).

Nevertheless, Algeria's **Startup Label** program and new regulatory efforts show promise, especially with the goal of creating innovation hubs in all 58 wilayas.

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Results and Analysis of the Study

This section presents the analytical results of the study by evaluating the impact of government initiatives supporting entrepreneurship on national performance, based on the **Arab Digital Economy Index (ADEI)**. The results are discussed separately for each country, covering the period **2018–2022**, with recent updates integrated where applicable.

1. United Arab Emirates (UAE)

- Consistently top-ranked in ADEI pillars (e.g., e-government, innovation, institutional framework).
- Entrepreneurial Nation (2021) strategy boosted innovation and digital governance.

2. Saudi Arabia

- Steady growth in digital infrastructure & human capital (Vision 2030 initiatives).
- Spark Program and university accelerators increased startup growth, especially for women entrepreneurs.

3. Qatar

- Strong e-government & digital infrastructure (supported by QDB and DIC).
- Tech-focused programs (Ethmar, QBIC) enhanced funding but limited by market size.

4. Egypt

- Moderate progress in e-government & knowledge economy (NilePreneurs, TIEC).
- Challenges: Fragmented policies and slow innovation growth.

5. Algeria

- Low ADEI scores (e-government, innovation, capital markets).
- Startup Fund & Algeria Venture had limited impact due to bureaucracy and weak digital infrastructure.

Conclusion & Key Takeaways:

- UAE and Saudi Arabia lead due to strong policies, investment, and institutional support.
- Qatar performs well but on a smaller scale.
- Egypt is improving but faces coordination issues.
- Algeria struggles with structural and bureaucratic barriers.
- The study confirms that government entrepreneurship initiatives significantly impact national performance (measured by ADEI).

Policy Recommendations

Based on the findings, the study proposes the following recommendations for enhancing the effectiveness of entrepreneurship policies across the Arab region:

Institutional Integration – Strengthen coordination between ministries, universities, and the private sector to align strategies and prevent overlap.

Regulatory Simplification – Simplify licensing, taxation, and startup registration to lower barriers and encourage formal entrepreneurship.

Targeted Financing – Expand funding programs for youth, women, and early-stage startups to promote inclusive innovation and regional economic growth.

Digital Inclusion – Address infrastructure gaps in rural and underserved areas to enhance e-government services and digital entrepreneurship.

Monitoring & Evaluation – Establish national observatories to track entrepreneurial ecosystem performance and support data-driven policies.

Pan-Arab Collaboration – Boost knowledge-sharing and regional initiatives (e.g., under the Arab League or ESCWA) to foster cross-border startup cooperation and innovation.

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