

## Algeria

### **Entrepreneurship:**

Although the Algerian government has made certain efforts to promote private entrepreneurship, the overall climate remains challenging. More Algerian entrepreneurship occurs outside of the country-in Europe and North America-than in Algeria, while the national economy remains dominated by large state-owned petrochemical concerns. Programs such as the Algerian Startup Initiative (ASI) and Cyberparc Sidi Abdellah are seeking to help kick-start more innovative entrepreneurial activity and to raise awareness for the need to support entrepreneurship. However, little has come of these efforts thus far.

### **Venture Capital:**

One of the key elements preventing Algeria from achieving its entrepreneurship potential is a general lack of VC or similar financing for innovative new ventures and SMEs in the private sector.

The banking sector remains dominated by large state banks that have not proven very adept at financing private sector SMEs or innovative new private firms. Algeria's public bourse also remains moribund, with only three equities listed and two bonds traded.

The Algerian government recently launched a series of states-backed risk capital funds (e.g. El Dajazair Istithmar Spa) in an effort to promote venture financing and more structured investment in SMEs. Several Maghreb-region funds are also opportunistically investing in growth opportunities, such as Tuninvest, which has an office in Algiers.

Compared to its Maghreb peers Morocco and Tunisia, Algeria lags seriously behind in other forms of venture financing, especially those focused on young entrepreneurs. A sustained increase in innovative, high-impact entrepreneurship in Algeria is unlikely to emerge until stable enabling climate for private sector SME financing and VC investment emerges.