People's Democratic Republic of Algeria
Ministry of Higher Education and Scientific Research
Badji Mokhtar - Annaba University,
Faculty of Economic, Commercial and Management Sciences
Department of Economic Sciences

Pedagogical Document

ENTREPRENEURSHIP

Second Year Economic Sciences, Semester 4

Exploratory Teaching Unit

1 Credit | Coefficient 1 | 15 Hours of Lectures and Tutorials

Eleven Units

From the Concept of Entrepreneurship to the Self-Employed Contractor Status

Prepared by

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Academic Year 2025 to 2026

First Edition

COURSE SYLLABUS
Entrepreneurship

Module	Entrepreneurship (Entrepreneuriat)
Level	Second Year, Bachelor of Economic Sciences
Semester	Semester 4
Type	Exploratory Teaching Unit
Credit	1
Coefficient	1
Hours	15 hours total: 10 hours of lectures and 5 hours of tutorial sessions
Language	English
Instructor	Dr. Hassiba Almi, Lecturer Class B, Head of the Department of Economic Sciences
Faculty	Faculty of Economic, Commercial and Management Sciences, Badji Mokhtar - Annaba University
Contact	Department of Economic Sciences, Building X, Office XX. Reception hours: to be confirmed at the start of the semester.
Assessment	Continuous assessment: 40 per cent. Final written examination: 60 per cent.
Academic year	2025 to 2026

1. Description of the Module

The module Entrepreneurship trains the student to understand, analyse, and practise the process of creating and managing innovative ventures in the Algerian context. The module covers the full arc from the theoretical definition of

entrepreneurship to the legal registration of an independent professional activity. It places the student at the centre of the learning experience and produces, at the end of each unit, a concrete deliverable: a pitch, a validated idea, a financing plan, or a career calendar.

2. Position in the Training Programme

The module sits in the Exploratory Teaching Unit of Semester 4 and completes the economic training of the student with a practical, applied dimension. It connects to the Microeconomics, Business Law, and Industrial Economics modules of Semesters 1 to 3 by showing how theoretical economic concepts translate into real venture decisions. It prepares the student for the Final Year Dissertation, for the potential activation of the Academic Startup Pathway under Decision 1275, and for the professional choices that follow graduation.

3. Prerequisites

You need a working understanding of supply and demand, market structures, and the basic legal forms of enterprise. You need the ability to read a basic financial statement. No prior experience of entrepreneurship is required. The module builds the conceptual and practical framework from the first unit.

4. Targeted Skills

At the end of the module, you are able to define entrepreneurship, identify an innovative opportunity, build a Business Model Canvas and a Business Plan, navigate the Algerian support and financing ecosystem, understand the conditions of the national Startup Label, deliver a structured investor pitch, file a basic patent application, and register as a self-employed contractor. All skills are assessed through formative activities embedded in each unit and through a final written examination.

5. Structure of the Module

Unit	Title	Core Topic
1	Introduction to Entrepreneurship and the Entrepreneur	Definitions, history, dimensions, profiles.
2	Forms of Entrepreneurship	New ventures, acquisition, intrapreneurship, social entrepreneurship.
3	Project Idea Generation	Drucker, Design Thinking, SCAMPER, validation.
4	From Idea to Plan	BMC, Lean Canvas, Business Plan, financial plan.
5	Support Structures in Algeria	ANADE, CNAC, ANGEM, AAPI, university structures.
6	Financing Bodies in Algeria	Triangular model, banks, Islamic finance, FGAR, ASF.
7	Startups in Algeria	Definitions, lifecycle, success factors, ecosystem.
8	The Entrepreneurial University and Decision 1275	Academic startup pathway, four pillars, evaluation grid.
9	Project Pitching	Aristotle, five formats, investor pitch, delivery, Q&A.
10	Labels, Innovation Financing, and Acceleration	Patent Label, Startup Label, ASF, Algeria Venture.
11	The Self-Employed Contractor: Law 22-23	Registration, rights, obligations, transition.

6. Assessment Methods

Continuous assessment accounts for 40 per cent of the final grade. It includes three components: an oral pitch in tutorial session 9 (10 per cent), a written

Business Plan extract in tutorial sessions 3 and 4 (15 per cent), and a written analysis of an Algerian case in tutorial session 7 (15 per cent). The final written examination accounts for 60 per cent and covers the entire module in a three-hour written paper.

7. Teaching and Learning Methods

Lectures follow a structured learning sequence with clear intermediate objectives. Each lecture links theory to an Algerian case and ends with a formative self-assessment exercise. Tutorial sessions apply the lecture content to a project that the student develops progressively across the semester. The project reaches completion in tutorial session 4 with a validated Business Plan, then advances through the pitch in session 9. The student uses real Algerian data throughout: ONS statistics, Ministry of Knowledge Economy reports, ANADE financing guides, and startup.dz.

8. Support Resources

The primary resource is this pedagogical document. Supplementary sources include the Algeria Startup Fund annual report, the Ministry of Knowledge Economy startup ecosystem report, the GEM global report, the World Bank Algeria economic updates, the INAPI patent database, and the startup.dz platform. Additional reading suggestions appear at the end of each unit.

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LIST OF ABBREVIATIONS

Abbreviation	Full Form and Definition
AAPI	Agence Algérienne de Promotion de l'Investissement (Algerian Agency for Investment Promotion). Successor of ANDI, created by Law 22-18 of 2022.
ANADE	Agence Nationale d'Appui et de Développement de l'Entrepreneuriat (National Agency for the Support and Development of Entrepreneurship). Successor of ANSEJ, renamed November 2020.
ANEM	Agence Nationale de l'Emploi (National Employment Agency).
ANGEM	Agence Nationale de Gestion du Microcrédit (National Agency for Microcredit Management).
ASF	Algeria Startup Fund. The public equity investment fund for labelled startups, created by Decree 20-254 of August 2020.
BADR	Banque de l'Agriculture et du Développement Rural (Bank of Agriculture and Rural Development).
BDL	Banque de Développement Local (Local Development Bank).
BEA	Banque Extérieure d'Algérie (External Bank of Algeria).
BLUE	Bureau de Liaison Université-Entreprise (University-Enterprise Liaison Office).
BMC	Business Model Canvas. A one-page strategic planning tool with nine blocks, developed by Osterwalder and Pigneur (2010).
BNA	Banque Nationale d'Algérie (National Bank of Algeria).
CAC	Customer Acquisition Cost. The total cost of acquiring one paying customer.
CASNOS	Caisse Nationale de Sécurité Sociale des Non-Salariés (Non-Salaried Workers Social Security Fund).

CATI	Centre d'Appui à la Technologie et à l'Innovation (Technology and Innovation Support Centre). Operates through agreements between universities and INAPI.
CB Insights	A research firm that publishes post-mortem analyses of failed startups.
CGCI	Caisse de Garantie des Crédits d'Investissement aux PME (Mutual Credit Guarantee Company for SME Investment).
CNAC	Caisse Nationale d'Assurance Chômage (National Unemployment Insurance Fund).
CNRC	Centre National du Registre de Commerce (National Centre of the Commercial Register).
CPA	Crédit Populaire d'Algérie (Popular Credit of Algeria).
DGI	Direction Générale des Impôts (General Directorate of Taxes).
DZD	Dinar Algérien. The Algerian national currency.
EURL	Entreprise Unipersonnelle à Responsabilité Limitée. A single-owner limited liability company.
FabLab	Fabrication Laboratory. A public workshop providing digital fabrication and prototyping equipment, operated by Algeria Venture.
FGAR	Fonds de Garantie des Crédits aux Petites et Moyennes Entreprises (Fund for SME Loan Guarantees).
GEM	Global Entrepreneurship Monitor. An annual survey covering entrepreneurial activity in more than 60 economies.
IBS	Impôt sur les Bénéfices des Sociétés (Corporate Income Tax). Rate: 26 per cent of net profit.
IDEO	An international design and innovation consultancy, originator of the Design Thinking methodology.
ILO	International Labour Organisation.

INAPI	Institut National Algérien de la Propriété Industrielle (National Algerian Institute for Industrial Property). The sole patent authority in Algeria.
LTV	Lifetime Value. The total revenue a business expects from one customer over the duration of the relationship.
MVP	Minimum Viable Product. The earliest version of a product that collects validated learning from customers.
NIF	Numéro d'Identification Fiscale (Tax Identification Number).
OECD	Organisation for Economic Co-operation and Development.
ONDA	Office National des Droits d'Auteur (National Copyright Office of Algeria).
ONS	Office National des Statistiques (National Office of Statistics of Algeria).
OPU	Office des Publications Universitaires (Office of University Publications).
PCT	Patent Cooperation Treaty. An international agreement administered by WIPO allowing a single patent filing to cover 157 member states.
PME	Petites et Moyennes Entreprises (Small and Medium Enterprises). Also noted as SME in English-language texts.
R&D	Research and Development.
SAM	Serviceable Addressable Market. The portion of the total addressable market that a venture can realistically reach.
SARL	Société à Responsabilité Limitée. A multi-owner limited liability company.
SCAMPER	Substitute, Combine, Adapt, Modify, Put to other uses, Eliminate, Reverse. An ideation technique developed by Eberle (1996).
SIT	Systematic Inventive Thinking. An innovation methodology developed by Goldenberg and Mazursky (2002).

SME	Small and Medium Enterprise.
SNMG	Salaire National Minimum Garanti (National Guaranteed Minimum Wage).
SOM	Share of Market. The realistic percentage of the SAM that the venture targets in a defined period.
SPA	Société par Actions (Joint-Stock Company).
SPAS	Société par Actions Simplifiée (Simplified Joint-Stock Company). A flexible legal form reserved for labelled startups, introduced by the 2022 Commercial Code reform.
TAM	Total Addressable Market. The total revenue opportunity available if the venture captured 100 per cent of its target market.
TAP	Taxe sur l'Activité Professionnelle (Tax on Professional Activity).
TVA	Taxe sur la Valeur Ajoutée (Value Added Tax). Also noted as VAT in English-language texts.
UBMA	Université Badji Mokhtar Annaba (Badji Mokhtar Annaba University of Annaba).
VAT	Value Added Tax.
WIPO	World Intellectual Property Organisation.

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GENERAL INTRODUCTION

The Course and Its Objectives

This pedagogical document covers the module Entrepreneurship taught in the fourth semester of the Second Year of the Bachelor of Economic Sciences at Badji Mokhtar Annaba University in Annaba. The module carries one credit and one coefficient, with 15 contact hours distributed between lectures and tutorial sessions. The document contains eleven units that progress from the foundational concepts of entrepreneurship to the specific legal and institutional reality of the Algerian context in 2025.

Each unit follows a consistent structure. It opens with the prerequisites, then states the learning objectives mapped to the six levels of Bloom's Revised Taxonomy as adapted by Anderson and Krathwohl (2001). The unit develops its content through a sequence of numbered sections, each anchored to a real Algerian case, a practical exercise, or a validated dataset. The unit closes with a set of tutorial activities, a self-assessment section, a summary, and a bibliography of named sources that you use to go further.

The document applies to the standard lecture format of the national higher education system. The instructor delivers the content in class, the student applies the content in tutorial sessions, and the student consolidates the learning through the formative exercises embedded in each unit. The final written examination and the continuous assessment together confirm the acquisition of the targeted skills.

Position of the Module in the Training Programme

The module occupies the Exploratory Teaching Unit of Semester 4. This position is deliberate. The previous six semesters taught you the analytical tools of economics: microeconomic theory, macroeconomic modelling, business law, quantitative methods, and international economics. The Entrepreneurship module

asks you to use those tools in a different mode. You no longer analyse markets from a distance. You build one. The module connects to the Final Year Dissertation, to the academic startup pathway under Ministerial Decision 1275 of September 27, 2022, and to the professional options you face after graduation: employment, company creation, or independent professional activity.

The module also aligns with the national development priorities set by the Ministry of Knowledge Economy and Startups. Algeria targets 4,000 labelled startups by 2030. The faculty that trains the analysts, the managers, and the economists of the next decade bears a direct responsibility toward that target. This document equips you with the vocabulary, the legal knowledge, and the practical tools to act inside the ecosystem rather than to observe it from a distance.

Structure of the Eleven Units

The eleven units form a single progression with three phases.

The first phase, Units 1 to 4, builds the conceptual and strategic foundation. Unit 1 defines entrepreneurship and the entrepreneur. Unit 2 maps the forms that entrepreneurship takes: new ventures, acquisitions, intrapreneurship, and social enterprises. Unit 3 develops the methods for generating, evaluating, and validating a project idea. Unit 4 connects the validated idea to a written Business Plan through the Business Model Canvas and four complementary planning approaches.

The second phase, Units 5 to 8, situates the venture inside the Algerian institutional environment. Unit 5 maps the support structures: ANADE, CNAC, ANGEM, AAPI, and the university-based structures. Unit 6 maps the financing bodies: the triangular public financing model, the five public banks, the Islamic finance window opened in 2020, the guarantee funds, and the equity instruments. Unit 7 examines the startup as a specific category of venture, with its legal definition, its lifecycle, its success factors, and its place in the Algerian ecosystem

of 2025. Unit 8 brings the analysis inside the university, tracing the academic startup pathway from the student's first registration at the Maison de l'Entrepreneuriat to the signature of the Startup Certificate at the final dissertation defence.

The third phase, Units 9 to 11, develops the execution skills. Unit 9 trains the student to pitch a project to any audience: the investor, the public agency, or the competition jury. Unit 10 covers the four instruments that protect and fund innovation: the Patent Label, the Startup Label, the Algeria Startup Fund, and the Algeria Venture acceleration programme. Unit 11 introduces the simplest legal form of independent professional activity, the self-employed contractor status under Law 22-23, and connects it to the wider career trajectory that the eleven units together support.

How to Use This Document

You read each unit before the corresponding lecture. You arrive in class with the reading done and the self-assessment questions attempted. You use the tutorial sessions to apply the content to your own project, which you develop progressively from Unit 3 onward. By the time you reach Unit 9, you hold a validated idea, a Business Model Canvas, a Business Plan, a financing plan, and a pitch script. The rest of the course turns those materials into a credible startup application.

The bibliography at the end of each unit is a starting point, not a ceiling. Every named reference is a full published source that you locate through the university library, through Google Scholar, or through the official websites of the Algerian agencies cited. When a law is cited, read the relevant articles in the Official Gazette. When a decree is cited, access it at joradp.dz. When a ministry report is cited, access it at the ministry website. Primary sources produce better arguments than secondary summaries.

Targeted Skills at the End of the Module

At the end of the eleven units, you hold six practical competences. First, you define entrepreneurship with precision and place a given venture inside the right form and the right stage. Second, you generate a validated project idea using at least two of the methods covered in Unit 3 and you filter the idea against the three-criterion validation model. Third, you build a complete Business Model Canvas and a Financial Plan that a public agency or a private investor reads without additional explanation. Fourth, you deliver an eight-minute investor pitch from memory, manage three hostile questions with composure, and receive a score above 70 per cent on the seven-criterion rubric of Unit 9. Fifth, you file an Algerian patent application on paper or complete the startup.dz Startup Label application for your validated project. Sixth, you design a two-year personal career plan that starts with the right legal form, connects to the right public instrument, and accounts for the transition conditions at each stage.

Unit 1
Introduction to Entrepreneurship and the Entrepreneur

The word entrepreneurship appears everywhere around you. Your professors use it in lectures. Newspapers describe young Algerians who start companies after graduation. Government documents frame it as a national priority. Yet the term stays general, and most students enter this course without a precise definition.

This unit gives you a working definition of entrepreneurship. It traces how the concept took shape across four centuries of economic thought. It breaks the concept into four measurable dimensions. And it shows what entrepreneurs deliver to the economy, society, and the environment.

By the end of the unit, you will read business news with a sharper analytical eye. You tell the difference between an entrepreneur, a small business owner, and an inventor. You identify the building blocks that separate entrepreneurial action from routine economic activity.

1.1 Prerequisites

Before you start this unit, you should already know the basic concept of an enterprise and its main classifications. You should be familiar with the distinction between public, private, and mixed enterprises. You should also recognise the size categories: micro, small, medium, and large. The course assumes that you have attended at least one introductory session of your university business incubator, organised by the Maison de l'Entrepreneuriat.

1.2 Learning Objectives

This unit follows the revised taxonomy of Bloom and presents objectives at five cognitive levels. Table 1.1 maps each objective to its level and to the section of the unit that develops it.

Table 1.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You define entrepreneurship and you list its four core elements.	Sections 1.3 and 1.4
Understand	You explain the difference between creativity, innovation, and invention.	Section 1.6
Apply	You apply the entrepreneurial process to a project idea drawn from your environment.	Section 1.4 and TD 1
Analyse	You compare the views of Cantillon, Schumpeter, Kirzner, and Drucker on the entrepreneur's function.	Section 1.4
Evaluate	You assess how entrepreneurship addresses an Algerian social or environmental challenge.	Section 1.8 and TD 3

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

1.3 Linguistic and Conceptual Roots

The English term entrepreneur entered economic literature through French. The verb entreprendre means to undertake, to take in hand a task that needs effort and accepts risk. The Arabic equivalent, (مقاولة), comes from the root (قول), which carries the same idea of agreement, undertaking, and assumption of an obligation. Both languages describe the same human action. A person commits to a project whose outcome stays uncertain, and the person bears the consequences of that commitment.

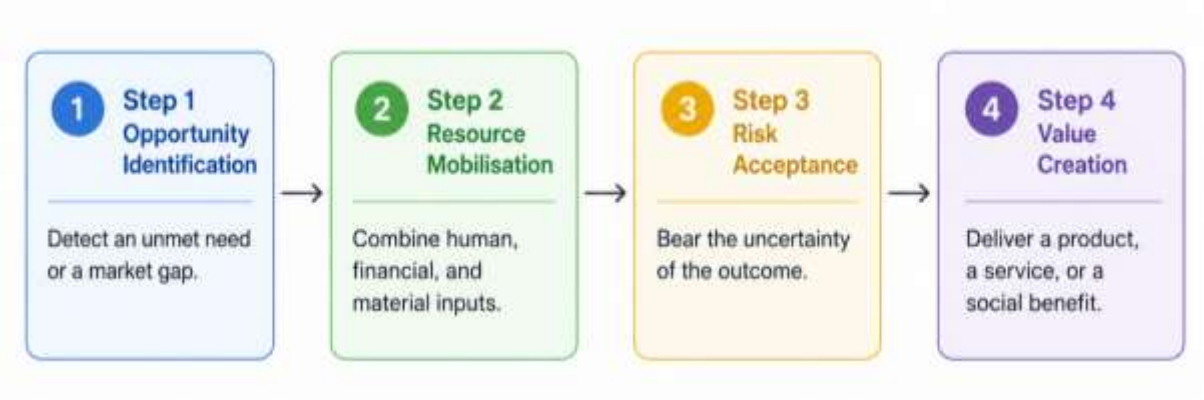
Arabic textbooks often link the term (ريادة الأعمال) to the verb (يرود ، راد), which means to seek a path, to scout ahead, to look for water in the desert. The connection underlines the exploratory dimension of entrepreneurship. The entrepreneur scouts for opportunities others have missed and then commits

resources to act on them. Two layers of meaning sit inside the Arabic term, and you should keep both in mind. The first layer points to undertaking and risk. The second layer points to scouting and opportunity.

1.4 Operational Definitions

A working definition for this course reads as follows. Entrepreneurship is the process by which a person identifies an opportunity, mobilises resources, accepts risk, and creates value. The value created is economic, social, or environmental. The four elements of the definition appear in nearly every academic treatment of the subject. Figure 1.1 illustrates the four-step process in its simplest form.

Figure 1.1: The Four-Step Entrepreneurial Process



Source: Prepared by the author, based on Drucker (1985) and Mellor (2009).

Each generation of economists has emphasised one of the four elements. The history of the concept turns into a debate over which element matters most. The next paragraphs walk you through that debate.

1.4.1 Cantillon and the Entrepreneur as Risk-Bearer

Richard Cantillon, an Irish-French banker, wrote the first serious economic analysis of the entrepreneur in 1755. His Essay on the Nature of Trade in General described the entrepreneur as a merchant who buys raw materials at a fixed price, processes them, and later sells the finished product at a price set by the market. Cantillon (1755) isolated risk-bearing as the entrepreneur's distinctive function. The farmer who plants wheat, not knowing the price of bread three months later,

performs the same role. The entrepreneur transforms a known cost into an unknown revenue and pockets, or absorbs, the difference.

Cantillon's contribution still shapes the way insurance companies, banks, and tax authorities classify economic actors. When Algerian regulation distinguishes between the salaried employee and the self-employed contractor, it draws directly on Cantillon's logic.

1.4.2 Schumpeter and the Entrepreneur as Innovator

Joseph Schumpeter shifted the emphasis from risk to innovation. In The Theory of Economic Development, Schumpeter (1934) argued that the entrepreneur introduces new combinations into the economic system. A new combination takes one of five forms. The first is the introduction of a new product. The second is a new method of production. The third is the opening of a new market. The fourth is the conquest of a new source of raw materials. The fifth is the implementation of a new form of organisation, such as the creation of a monopoly position or the breaking of one.

Schumpeter coined the term "creative destruction" to describe the consequences of these new combinations. The new combination replaces the old one. The new product makes the old product obsolete. The new production method puts the old factory out of business. The economy moves forward because some firms fail. Without failure, no progress takes place. The lesson sits at the heart of every modern policy on entrepreneurship and competition.

1.4.3 Kirzner and the Entrepreneur as an Alert Actor

Kirzner, an Austrian-American economist, added a third pillar to the discussion. In Competition and Entrepreneurship, Kirzner (1973) emphasised alertness. The entrepreneur, in his account, sees opportunities that other market participants

have overlooked. By acting on those opportunities, the entrepreneur restores equilibrium to a market that contained pricing or allocation errors. The Kirznerian entrepreneur does not need to invent anything. The entrepreneur arbitrages between two prices, two locations, and two customer needs, earning a margin in the process.

The Kirznerian view explains a large share of Algerian small-business activity. The young trader who imports phone accessories from Yiwu and sells them in El Hadjar fits the model. The shop owner spots a gap between the wholesale price abroad and the retail price at home. The shop owner closes the gap and earns the margin.

1.4.4 Drucker and the Entrepreneur as a Manager of Change

Peter Drucker brought the three threads together for the management literature. In Innovation and Entrepreneurship, Drucker (1985) argued that the entrepreneur treats change as the norm rather than as a disturbance. Where others see a threat, the entrepreneur sees a source of opportunity. The entrepreneur then organises resources around that opportunity to produce a new good or a new service. Drucker turned entrepreneurship into a discipline to be learned and practised, not a personality trait you are born with. The shift in framing opened the door to entrepreneurship education at the university level, the very framework that supports this course.

Table 1.2: Comparative Definitions of the Entrepreneur

Author	Year	Defining Feature	Practical Example
Richard Cantillon	1755	Bears the risk between known costs and uncertain revenue.	A wheat farmer who plants in autumn and sells in summer.
Jean-Baptiste Say	1803	Shifts resources from a low-yield use to a higher-yield use.	A landowner who turns olive groves into a processing plant.
Joseph Schumpeter	1934	Introduces new combinations and triggers creative destruction.	A founder who replaces traditional taxis with a ride-hailing app.
Kirzner	1973	Stays alert to unnoticed opportunities and corrects the market.	A trader who imports a low-cost product from a foreign market.
Peter Drucker	1985	Treats change as a source of opportunity and applies a discipline.	A consultant who turns demographic data into a new service line.
Global Entrepreneurship Monitor	Annual, since 1999	Defines entrepreneurial activity as any attempt to create a new business.	A student who registers as an auto-entrepreneur on Sijilat.

Source: Compiled by the author.

1.5 Historical Development of Entrepreneurship

The entrepreneur did not appear in the eighteenth century out of nothing. The activity is older than economic theory itself. What changed over the centuries was the social status of the entrepreneur, the legal framework surrounding the activity, and the types of opportunities the economy offered. Table 1.3 organises this history into four periods.

Table 1.3: Four Historical Periods of Entrepreneurial Activity

Period	Dominant Type of Entrepreneur	Typical Activity	Institutional Context
Antiquity to medieval period	The merchant adventurer.	Long-distance trade by caravan or ship.	Family partnerships, religious endowments, no formal company law.
Renaissance to early industrial age (1500 to 1800)	The capitalist proprietor and the inventor.	Shipbuilding, textile workshops, early manufacturing.	Royal charters, joint-stock companies, the first patent statutes.
Industrial Revolution to mid-twentieth century (1800 to 1950)	The industrialist and the financier.	Steel, railways, chemicals, mass production of consumer goods.	Limited liability, modern banking, stock exchanges.
Late twentieth century to today (1950 to present)	The technology founder, the social entrepreneur, the green entrepreneur.	Software, biotechnology, digital platforms, sustainable products.	Venture capital, business incubators, startup laws, innovation funds.

Source: Author, drawing on Mellor (2009) and Landes, Mokyr and Baumol (2010).

Algeria followed the global pattern with a delay tied to its political and economic history. The colonial period restricted indigenous entrepreneurship to small trade and craft. After 1962, the socialist economic model placed industrial entrepreneurship in the hands of the state. The structural reform of 1988 and the 2001 SME law opened space for private initiative. The 2020 startup law and the 2022 entrepreneurship support reform brought the country into the contemporary period and aligned it with the global ecosystem.

1.6 The Four Dimensions of Entrepreneurship

The entrepreneurial process rests on four dimensions that work together. You meet the four dimensions in every academic textbook on the subject. The first is creativity. The second is innovation. The third is initiative. The fourth is risk-taking. Each dimension answers a different question about the entrepreneur.

1.6.1 Creativity

Creativity answers the question: where does the new idea come from? Creativity is the cognitive ability to generate ideas that depart from existing patterns. Amabile (1996) identified three components of creative output: domain-relevant skills, creativity-relevant processes, and intrinsic task motivation. You need knowledge in a field. You need techniques to combine that knowledge in unfamiliar ways. And you need genuine interest in the problem you are working on. The absence of any one of the three components leaves creativity incomplete.

Creativity by itself produces no economic outcome. A creative idea remains in the mind of the person who had it until that person, or someone else, turns it into a product, a service, or a process. The transformation step is innovation, and the two terms are not synonyms.

1.6.2 Innovation

Innovation answers the question: how does an idea reach the market? Innovation is the application of a creative idea to produce a tangible result that the market accepts and pays for. The OECD Oslo Manual (2018) classifies innovation into four types: product innovation, process innovation, marketing innovation, and organisational innovation. A new mobile application that connects students with home-cooked meals counts as a product innovation. A new method to deliver lectures online counts as a process innovation. A new advertising format that reaches a previously inactive customer segment counts as a marketing innovation. A new way to organise a delivery team counts as an organisational innovation.

Table 1.4: Differences Between Creativity and Innovation

Criterion	Creativity	Innovation
Nature	A cognitive act, mental in character.	A practical act, organisational in character.
Output	A new idea or a new association of ideas.	A product, a service, a process, or a model accepted by the market.
Measurement	Hard to measure, judged by experts and peers.	Measured by sales, market share, productivity gains, or social impact.
Scope	Individual or small group.	Organisational, sectoral, or systemic.
Role in entrepreneurship	Provides the input.	Provides the output that creates economic value.

Source: Author, based on Amabile (1996) and OECD Oslo Manual (2018).

Invention, often confused with innovation, is yet another concept. Invention refers to the act of creating something new from a technical standpoint, regardless of its commercial outcome. A patented device that no firm produces is an invention. The same device, manufactured and sold at scale, becomes an innovation. Mellor (2009) put the distinction in a memorable line: invention is not innovation, and the difference between the two is the company's survival.

1.6.3 Initiative

Initiative answers the question: who acts first? Initiative is the willingness to start the process without waiting for an external instruction. The dimension explains why two students with the same idea may end up in two different places. The first one writes a business plan, registers a company, and approaches an incubator. The second one waits for the right moment that never comes. Initiative is the

bridge between thinking and doing, and the bridge is short for some people and long for others.

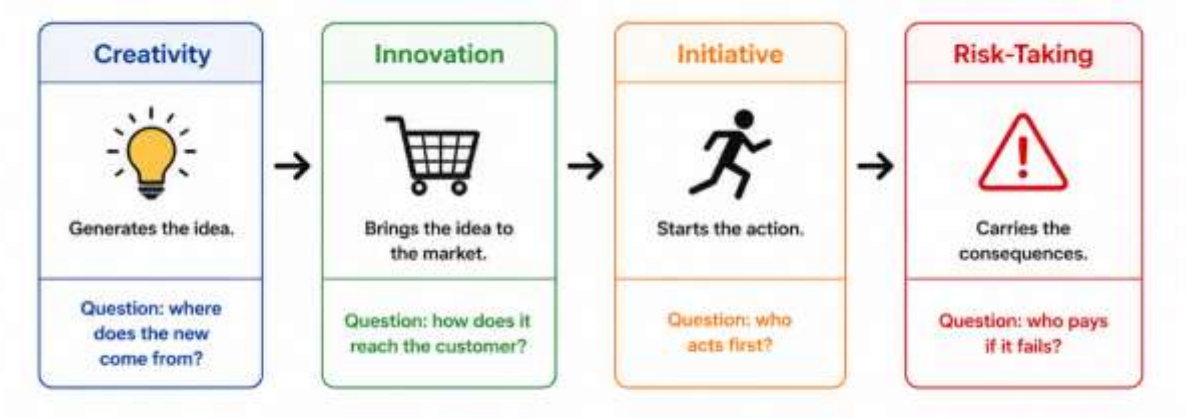
Research by McClelland (1961) on the need for achievement suggested that initiative correlates with a measurable psychological trait. People with a strong need for achievement set themselves moderately difficult goals and act on them without external pressure. The trait can be observed, measured, and trained. Entrepreneurship education at the university level aims, among other things, to strengthen this trait in students who possess it in latent form.

1.6.4 Risk-Taking

Risk-taking answers the question: who pays if the project fails? Risk in entrepreneurship takes four practical forms. The first is financial risk: the loss of personal savings, family loans, or bank credit. The second is professional risk: the time spent on the venture cannot be spent on a salaried career. The third is psychological risk: the stress of repeated setbacks, the fear of public failure, the strain on family relationships. The fourth is social risk: the cultural penalty that some societies still attach to entrepreneurial failure.

Calculated risk-taking distinguishes the entrepreneur from the gambler. The entrepreneur studies the market, builds a financial model, runs a small pilot, and gathers data before scaling up. The gambler bets without information. Brockhaus (1980) showed that successful entrepreneurs accept moderate risk, not extreme risk. The finding has stayed stable across cultures and decades.

Figure 1.2: The Four Dimensions of Entrepreneurship and Their Functions



Source: prepared by the author.

1.7 Characteristics of Entrepreneurs

Decades of research have asked one simple question. Are entrepreneurs different from other people, and if so, in what way? The early work focused on personality traits. Later work moved toward behaviours and competencies. The evidence today supports a hybrid view. Entrepreneurs share a small set of stable personality traits and acquire a set of skills through experience and training.

1.7.1 Personality Traits

McClelland (1961) opened the field with the need for achievement. Brockhaus (1980) added the locus of control, the belief that outcomes depend on the person's own actions rather than on external forces. Rauch and Frese (2007) conducted a meta-analysis of more than 100 studies and confirmed that five personality traits exhibit a stable correlation with entrepreneurial activity and success.

Table 1.5: Five Personality Traits Associated with Entrepreneurs

Trait	Behavioural Description	Effect on Venture
Need for achievement	Sets moderately difficult goals and works toward them without external pressure.	Stronger goal-setting and persistence.
Internal locus of control	Believes outcomes depend on personal action rather than on luck.	Higher problem-solving orientation.

Tolerance of ambiguity	Stays calm in front of incomplete information and uncertain outcomes.	Better decision-making under uncertainty.
Proactive personality	Acts in advance of future problems and opportunities.	Faster identification of opportunities.
Self-efficacy	Believes in personal ability to perform a specific task and to reach a defined goal.	Greater willingness to start and to persist.

Source: Author, summarising Rauch and Frese (2007), Journal of Occupational and Organizational Psychology.

1.7.2 Behavioural Patterns

Personality alone does not produce a venture. The traits become operational through behaviours that the entrepreneur repeats day after day. Five behaviours appear in every fieldwork on successful entrepreneurs. The entrepreneur observes the environment systematically. The entrepreneur talks to many customers before building anything. The entrepreneur works with limited resources and refuses to wait for the perfect set of inputs. The entrepreneur measures results and adjusts the plan when the data contradict the plan. The entrepreneur builds a network of mentors, peers, and partners and protects it through consistent communication.

1.7.3 Skills and Competencies

The entrepreneurial role brings together three families of skills. The first family is technical, tied to the product or service that the venture sells. A founder of a software company writes code or hires people who do. A founder of a food business knows the recipes or hires a chef who does. The second family is managerial. The entrepreneur plans, organises, hires, evaluates, and corrects. The third family is interpersonal. The entrepreneur sells the idea to investors, motivates a team, negotiates with suppliers, and resolves conflicts with customers. The three families do not need to sit in one head, and most successful ventures rely on a founding team that combines the three.

1.8 Roles of Entrepreneurship in Society

Public policy treats entrepreneurship as a tool for three goals: economic growth, social inclusion, and environmental sustainability. The three goals correspond to the three roles that entrepreneurs play. You should learn to identify each role and to support claims about each role with data and examples.

1.8.1 Economic Role

Entrepreneurs create jobs. Birch (1979) conducted the first large-scale study of job creation in the United States and found that small and young firms account for the majority of net new jobs. The finding has been replicated in dozens of countries and decades. The OECD (2017) reported that firms aged less than five years generated about 50 per cent of net new jobs in member economies, even though they accounted for less than 20 per cent of total employment.

Entrepreneurs raise productivity. New firms enter the market with better technology, leaner organisation, or sharper customer focus. Older firms either match the new standard or lose market share. Aghion and Howitt (1992) modelled the mechanism formally and showed that the entry of new firms accounts for a substantial share of long-run productivity growth in advanced economies.

Entrepreneurs widen the tax base. New ventures, once they grow, pay corporate tax, value-added tax, and payroll tax. The Algerian Ministry of Finance reported in 2023 that small and medium enterprises contributed about 41 per cent of non-hydrocarbon tax revenue. The figure underlines the fiscal importance of a healthy entrepreneurial sector.

1.8.2 Social Role

Entrepreneurs solve community problems that the public sector cannot reach quickly. A young engineer in Tizi Ouzou who builds a delivery service for elderly residents in mountain villages provides a service that the postal system does not. A graduate in Constantine who launches a tutoring platform for high-school

students in remote areas extends the reach of the formal education system. The two examples are concrete, and you find similar cases in every wilaya.

Entrepreneurs reduce social inequality when they hire from disadvantaged groups. Yunus (2007) documented the role of microfinance entrepreneurs in Bangladesh and showed how access to small loans pulled families out of extreme poverty. The Algerian National Agency for Microenterprise Management, ANGEM, applies the same logic. Microenterprise entrepreneurs hire family members and neighbours and turn informal activity into formal income.

Entrepreneurs strengthen civil society. The founder of a venture builds relations with suppliers, customers, banks, and public agencies. The relations form a network of trust that the social science literature calls social capital. Putnam (2000) argued that social capital is a foundation of democratic governance and economic development. Entrepreneurs add to that foundation through their daily transactions.

1.8.3 Environmental Role

Entrepreneurs deliver solutions to environmental problems when public policy alone cannot move fast enough. Solar installation companies, recycling firms, water-saving technology providers, and electric mobility ventures fill gaps that legislation cannot fill on its own. The European Environment Agency (2022) reported that small green firms launched after 2015 brought to market more than 60 per cent of the new climate-mitigation technologies in the European Union.

Algeria offers a clear field for green entrepreneurship. The country has high solar irradiation, large arid surfaces, and an industrial base that needs cleaner inputs. The 2022 National Climate Plan listed entrepreneurship in renewable energy and waste valorisation among the priority sectors for public support. Students who plan to enter green entrepreneurship find a policy environment that increasingly rewards their projects.

Table 1.6: Roles of Entrepreneurship at Three Levels

Level	Main Contributions	Indicator Used to Measure It
Economic	Job creation, productivity gains, tax revenue, market competition.	Net new jobs, total factor productivity growth, share of SME tax in total revenue.
Social	Community problem-solving, reduction of inequality, social capital formation.	Number of beneficiaries, poverty headcount changes, density of associations.
Environmental	Green technologies, circular economy, sustainable consumption.	Tonnes of CO2 avoided, share of green firms in new registrations, recycling rates.

Source: Author, drawing on Birch (1979), Aghion and Howitt (1992), Putnam (2000), and EEA (2022).

1.9 Three Algerian Cases for Discussion

Theory becomes useful when you connect it to cases that you can observe with your own eyes. The three cases below come from the Algerian entrepreneurial scene. You should read each case once, then return to sections 1.4, 1.6, and 1.7 to identify which definition, dimension, and trait fits the case best.

1.9.1 Yassir, the Multi-Service Platform

Yassir was founded in 2017 in Algiers by Noureddine Tayebi and El Mahdi Yettou. The company started as a ride-hailing service that connected drivers with passengers through a mobile application. The founders identified a gap in urban transport. Existing taxi services lacked transparent pricing, mobile booking, and large fleets in growing peri-urban areas. The company expanded into food delivery, parcel delivery, and digital payments. By 2024, Yassir operated in eight countries across Africa and the Middle East and had raised more than 200 million United States dollars in international venture capital.

Discussion question: which of the four definitions in Table 1.2 fits Yassir best? Which dimensions of section 1.6 does the case illustrate most clearly?

1.9.2 Temtem, the Cosmetic Brand from Béjaïa

Temtem started in 2018 as a small home-based brand of natural cosmetics. The founder, a young woman from Béjaïa, used local olive oil, argan oil, and prickly pear extracts to produce skin-care products. The early customers were friends and neighbours. The brand grew through Instagram marketing and direct shipping. By 2023, Temtem had a registered trademark, a small production unit, and distribution in pharmacies across five wilayas. The case illustrates how a craft activity turns into a formal venture, how digital channels reduce the cost of market entry, and how a local raw material becomes a competitive advantage.

Discussion question: which Schumpeterian new combination does Temtem embody? How does the case fit the Kirznerian view of entrepreneurial alertness?

1.9.3 A Student Project from the University of Annaba

In 2024, a team of three students at Badji Mokhtar University developed a low-cost soil-moisture sensor for small farms in the eastern highlands. The team obtained the academic startup label under Decision 1275, joined the university business incubator, and applied for support from ANADE. The project addresses a documented problem. Algerian small farmers irrigate by intuition, often over-water or under-water, and lose between 10 and 25 per cent of their potential yield as a result. The sensor sends data to a basic mobile phone through SMS, which avoids the need for a smartphone or a stable internet connection.

Discussion question: which trait from Table 1.5 do the founders demonstrate most strongly? Which role from Table 1.6 does the project play?

1.10 Tutorial Activities

The activities below correspond to the tutorial sessions of the unit. Each activity links to one or more learning objectives in Table 1.1. You complete the activities in pairs or in groups of three, and you report back to the class in the next session.

TD 1. The Entrepreneur in Your Family or Neighbourhood

Identify a person in your family, your neighbourhood, or your wilaya who runs a small business. Conduct a short interview of fifteen to twenty minutes. Ask the person five questions. First, what opportunity did the person see when starting the business? Second, what resources did the person mobilise, and where did the resources come from? Third, what risk did the person accept, and how did the person manage that risk? Fourth, what value does the business create for its customers and for the local community? Fifth, what would the person change if starting again today? Write a one-page report and present the main findings to the class.

TD 2. Creativity Versus Innovation in a Local Context

Choose one product that you use every day in Annaba: a bus service, a sandwich from a local kiosk, a course pack from the photocopy shop near the campus. Apply the SCAMPER framework, which stands for Substitute, Combine, Adapt, Modify, Put to other uses, Eliminate, and Reverse. Generate at least seven creative ideas to improve the chosen product. Then select one idea and describe how you would turn it into an innovation that the market accepts. Use the criteria of Table 1.4 to justify the difference between the creative idea and its innovative outcome.

TD 3. The Three Roles, Documented with Data

Form a group of three students. Each student picks one role from Table 1.6: economic, social, or environmental. The student finds one Algerian source of data published between 2020 and 2025 that supports a claim about that role.

Acceptable sources include the National Office of Statistics, the Ministry of Industry, the Ministry of Environment, ANADE annual reports, and reports of the Maison de l'Entrepreneuriat. The group then writes a joint two-page note that combines the three pieces of evidence into a single argument about the contribution of entrepreneurship in Algeria.

TD 4. Diagnosis of an Entrepreneur You Admire

Choose an entrepreneur, Algerian or international, whom you admire. Apply Table 1.5 to the person and rate the person on each of the five traits, on a scale from one to five. Justify each rating with one specific behaviour or decision that the person took. Bring the diagnosis to the next class for a fifteen-minute discussion in pairs.

1.11 Self-Assessment

The questions below test your mastery of the unit. Write a short answer in your own words for each question, then check your answers against the relevant section of the unit. Aim for paragraphs of four to six sentences for the open questions, and short, precise answers for the factual questions.

1.11.1 Factual Questions

Question 1. State the four elements of the working definition of entrepreneurship given in section 1.4.

Question 2. Name the five forms of new combinations identified by Schumpeter (1934).

Question 3. Define creative destruction in your own words and give one Algerian example.

Question 4. List the four types of innovation in the OECD Oslo Manual (2018) and give one example of each.

Question 5. Name the five personality traits identified by Rauch and Frese (2007) and explain the difference between two of them.

1.11.2 Open Questions

Question 6. Compare Cantillon, Schumpeter, and Kirzner. For each author, identify the central function that the entrepreneur performs. Then argue which of the three views fits the Algerian context best, and justify your choice with at least two arguments.

Question 7. Explain the difference between an inventor and an entrepreneur. Use the case of a person who designs a new agricultural tool but never sells it, and the case of a person who buys the design and turns it into a successful product.

Question 8. Discuss the social role of entrepreneurship in a wilaya that you know well. Identify one social problem in that wilaya and describe how a small venture could address it.

Question 9. Analyse the role of risk-taking in entrepreneurship. Distinguish between calculated risk and gambling, and explain why the distinction matters for public policy.

Question 10. Reflect on your own entrepreneurial profile. Which of the five traits in Table 1.5 do you believe you possess most strongly? Which one do you need to develop further? What concrete action will you take in the next three months to strengthen the weaker trait?

1.12 Summary of the Unit

Entrepreneurship is the process by which a person identifies an opportunity, mobilises resources, accepts risk, and creates economic, social, or environmental value. The history of the concept shows a debate over which of the four elements matters most. Cantillon (1755) emphasised risk. Schumpeter (1934) emphasised innovation. Kirzner (1973) emphasised alertness to opportunity. Drucker (1985) treated the activity as a learnable discipline that integrates the three threads.

The entrepreneurial process rests on four dimensions: creativity, innovation, initiative, and risk-taking. Creativity generates new ideas. Innovation brings the idea to the market. The initiative starts the action. Risk-taking carries the

consequences. The four dimensions appear together, and the absence of one of them weakens the venture.

Personality research identifies five traits that correlate with entrepreneurial success: need for achievement, internal locus of control, tolerance of ambiguity, proactive personality, and self-efficacy. The traits become operational through observable behaviours and through three families of skills: technical, managerial, and interpersonal. The evidence supports the view that you train and strengthen these traits and skills, even if some of them have a partly innate component.

Entrepreneurship serves three social functions. Economically, it creates jobs, raises productivity, and widens the tax base. Socially, it solves community problems, reduces inequality, and forms social capital. Environmentally, it brings green technologies and circular models to market faster than legislation alone could. The Algerian policy framework, especially the 2020 startup law, the 2022 reform of entrepreneurship support, and Decision 1275 on academic startup labels, ties these three functions to the work of universities and to the future of your generation.

The next unit moves from concepts to practical pathways. You will study the three forms of entrepreneurship: the creation of a new firm, the acquisition of an existing one, and intrapreneurship inside an established organisation. You will learn how to choose the form that matches your profile, your resources, and your time horizon.

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Unit 2
Forms of Entrepreneurship

Most students think of entrepreneurship as one road. You quit your job, you raise money, and you start a company from zero. The picture matches the popular image, but the picture is incomplete. Entrepreneurship takes several forms, each suited to a different profile, stage of life, and level of resources.

This unit walks you through the three main forms of entrepreneurial activity. You learn the conditions under which each form succeeds. You study the trade-offs between ownership, risk, autonomy, and speed. You apply the analysis to your own situation and decide which form suits your profile today, and which form might suit you in five years.

By the end of the unit, you will choose a form of entrepreneurship for a specific case and defend the choice with a written argument. You will read a business newspaper and place each new venture you encounter into one of the categories developed below.

2.1 Prerequisites

Before you start this unit, you should master the working definition of entrepreneurship given in Unit 1, section 1.4. You should remember the four core elements of the entrepreneurial process: opportunity identification, resource mobilisation, risk acceptance, and value creation. You should distinguish creativity from innovation, as set out in Table 1.4 of Unit 1. The unit also assumes that you understand the basic legal forms of an Algerian enterprise: SARL, EURL, SPA, and the auto-entrepreneur status.

2.2 Learning Objectives

Table 2.1 sets the learning objectives of the unit and links each objective to the relevant section. The objectives follow the revised Bloom taxonomy (Anderson and Krathwohl, 2001).

Table 2.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You list the three main forms of entrepreneurship and define each one in your own words.	Sections 2.4, 2.5, and 2.6
Understand	You explain the trade-offs between ownership, risk, autonomy, and time-to-revenue.	Section 2.8
Apply	You apply the decision matrix to a real profile and recommend a form of entrepreneurship.	Section 2.8 and TD 2
Analyse	You break down a real Algerian case and identify the form, the conditions, and the success drivers.	Section 2.10 and TD 3
Evaluate	You judge whether intrapreneurship inside a public Algerian firm offers a credible career path.	Section 2.6 and TD 4

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

2.3 Why the Form You Choose Matters

The form of entrepreneurship that you choose shapes the years that follow your decision. The form determines how much money you need at the start, how long you wait before the first revenue arrives, how much control you keep over the strategy, and how much risk you carry on your own shoulders. Two students with the same idea, who pick two different forms, end up with two very different careers.

Reynolds and White (1997) showed that the survival rate of a venture depends as much on the form of entry as on the quality of the original idea. A weak idea inside a well-chosen form sometimes outperforms a strong idea inside the wrong form. The lesson runs counter to the romantic image of entrepreneurship, but it stays solid across decades of empirical work.

Three primary forms cover most of the academic and policy literature. The first form is the creation of a new enterprise from zero. The second form is the acquisition of an existing business. The third form is intrapreneurship, the practice of entrepreneurial behaviour inside an established organisation. Each form has a body of research behind it, and each form has a clear set of conditions that increase the probability of success.

2.4 Creating a New Enterprise

The creation of a new enterprise covers the situation in which you start a venture from zero. You have an idea. You build a team or you act alone. You register a legal structure. You assemble the first capital. You sell to the first customers. You scale or you fail. The path matches the popular image of entrepreneurship and represents about 60 per cent of new business activity in Algeria, according to the National Centre of the Commercial Register data published in 2024.

2.4.1 The Process of Creating a New Venture

Gartner (1985) described the creation of a new venture as the simultaneous interaction of four variables: the individual entrepreneur, the organisation that the entrepreneur builds, the environment in which the venture operates, and the process by which the entrepreneur turns an idea into a functioning business. Each variable carries weight, and the absence of any one of them weakens the venture from the start.

The process itself unfolds in five phases. In the first phase, you formalise the idea and validate the demand through customer interviews. In the second phase, you write a business plan and a Business Model Canvas, which Unit 4 will develop in detail. In the third phase, you assemble the legal, financial, and human resources. In the fourth phase, you launch the product or the service and you collect the first sales data. In the fifth phase, you adjust the strategy on the basis of the data and you prepare the venture for growth or for closure.

2.4.2 Advantages of Creating a New Enterprise

Three advantages stand out. The first advantage is full ownership. The founder keeps the equity and decides the strategy without an external owner who imposes constraints. The second advantage is creative freedom. The founder shapes the product, the brand, the team culture, and the customer relationships from the first day. No prior decision restricts the founder. The third advantage is the alignment between the venture and the personal goals of the founder. The founder builds the kind of company that the founder wants to lead.

2.4.3 Challenges of Creating a New Enterprise

Three challenges balance the advantages. The first challenge is the long delay before the first revenue. Most new ventures need between six and eighteen months to reach the first paying customer. During that period, the founder lives on personal savings, family support, or seed funding. The second challenge is the

high failure rate. The OECD (2017) reported that about 50 per cent of new ventures in member economies close within five years of creation, and the Algerian rate falls within the same range. The third challenge is the absence of brand recognition. The first customers must trust an unknown name, an unknown founder, and an untested product. Trust takes time to build, and time costs money.

2.4.4 Critical Success Factors

Cooper (1981) identified three families of factors that explain the survival of new ventures. The first family covers the founder's experience: prior work in the same industry, prior management responsibility, and prior exposure to entrepreneurship through family or community. The second family covers the early customer relationships: the speed of the first sale, the depth of the relationship with the first ten customers, and the willingness of those customers to recommend the venture to others. The third family covers the financial discipline: the gap between the planned and the actual cash burn, the speed at which the founder reacts to a deviation, and the diversification of the revenue base after the first year.

2.5 Buying an Existing Business

The acquisition of an existing business covers the situation in which you become the owner of a company that already operates. The company has customers. The company has employees. The company has a reputation, a balance sheet, and a track record. You pay a price for that bundle, and you take over the daily management. The form represents a large share of entrepreneurial activity in mature economies and a growing share in Algeria, especially in the context of family-business succession.

2.5.1 Three Types of Acquisition

Three legal mechanisms structure most acquisitions. The first mechanism is the asset purchase. You buy the productive assets of the company: the equipment, the

inventory, the customer contracts, the trademark. You leave behind the liabilities, especially the debts and the labour disputes. The second mechanism is the share purchase. You buy the shares of the company and you become the new owner of everything: the assets and the liabilities. The price reflects the net position. The third mechanism is the family transmission. The current owner, often a parent or an uncle, transfers the business to a younger member of the family in exchange for a discounted price, a delayed payment plan, or a non-monetary commitment to keep the business in the family.

2.5.2 Advantages of Buying an Existing Business

Three advantages distinguish the acquisition path. The first advantage is the immediate revenue. From the first day, the cash register works, the salaries are paid, and the customers walk in. You skip the long zero-revenue period of a new venture. The second advantage is the proven business model. The customers exist. The suppliers exist. The processes exist. You inherit a system that works, even if the system needs improvement. The third advantage is the access to financing. Banks and investors trust an established balance sheet more than a business plan. The Algerian banking sector, which remains conservative on new ventures, lends more readily against the assets of an existing company.

2.5.3 Challenges of Buying an Existing Business

Three challenges deserve close attention. The first challenge is the price. The seller knows the value of the business, sometimes better than the buyer. The buyer pays a premium that reflects the goodwill, the customer base, and the brand. A high entry price reduces the future return on investment. The second challenge is the hidden liability. The business may carry debts, tax disputes, or labour conflicts that the buyer discovers after the deal closes. The third challenge is the cultural integration. The existing employees are loyal to the previous owner. The new owner needs months, sometimes years, to build the same loyalty and to introduce changes without triggering resistance.

2.5.4 Due Diligence

Due diligence is the systematic investigation that the buyer carries out before signing the deal. The investigation covers four domains. The financial domain examines the last three to five years of accounts, the cash flow, the receivables, and the debt. The legal domain examines the contracts, the licences, the disputes, and the intellectual property. The commercial domain examines the customer base, the supplier dependencies, and the competitive position. The human resources domain examines the employment contracts, the social security situation, and the key-person dependencies.

Table 2.2: Basic Due Diligence Checklist for an Acquisition

Domain	Items to Verify	Typical Documents
Financial	Three to five years of audited accounts, cash flow statement, debt schedule, tax compliance.	Annual reports, bank statements, tax certificates.
Legal	Active contracts, licences, intellectual property registrations, ongoing disputes.	Commercial register extract, contracts, court records.
Commercial	Customer concentration, supplier dependencies, competitive position, market share.	Sales reports, customer list, supplier contracts.
Human resources	Employment contracts, key-person dependencies, social security record, salary structure.	Payroll register, CASNOS records, employment contracts.

Source: Author, adapted from Mellor (2009), chapter 6, and Bygrave and Zacharakis (2014).

2.6 Intrapreneurship: Entrepreneurship Inside a Firm

Intrapreneurship covers the situation in which you act like an entrepreneur, but inside a company that already employs you. You spot an opportunity. You build a small team. You secure resources from the management. You launch a new product, a new service, or a new business unit. The legal structure remains the parent company, and the financial risk stays on the company's balance sheet, not on yours.

2.6.1 Origin of the Concept

Pinchot (1985) coined the term intrapreneur in his book Intrapreneuring. He defined the intrapreneur as a person who takes a hands-on responsibility for turning an idea into a profitable reality inside an existing organisation. The concept addressed a problem that large American firms faced in the 1980s. Talented employees with entrepreneurial drive were leaving their employers and starting competing firms. Intrapreneurship offered a way to keep that talent inside the firm by giving it space, resources, and a fair share of the upside.

Sharma and Chrisman (1999) refined the academic definition. They distinguished three forms of corporate entrepreneurship. The first form is corporate venturing, the creation of a new business unit inside the parent firm. The second form is innovation, the introduction of new products or processes that change the way the firm operates. The third form is strategic renewal, the transformation of the parent firm itself through new strategies, structures, or capabilities.

2.6.2 Conditions That Allow Intrapreneurship to Thrive

Pinchot identified five organisational conditions that increase the probability of intrapreneurial success. The first condition is the freedom to fail. The intrapreneur knows that an unsuccessful project does not end the career. The second condition is access to resources. The intrapreneur obtains a budget, a workspace, and the right to recruit a small team. The third condition is the right to bypass the standard

hierarchy. The intrapreneur reports directly to a senior sponsor who shields the project from middle-management pushback. The fourth condition is a fair share of the upside. The intrapreneur receives a bonus, equity in the spin-off, or a public recognition. The fifth condition is the tolerance for unconventional behaviour. The intrapreneur breaks rules that block progress, and the company does not punish that behaviour as long as the rules broken are procedural rather than ethical.

2.6.3 Advantages of Intrapreneurship

Three advantages attract employees toward this path. The first advantage is the lower personal financial risk. The company carries the financial loss if the project fails, and the employee keeps the salary during the experiment. The second advantage is the access to corporate resources. The intrapreneur uses the existing customer base, the brand, the distribution network, and the cash flow of the parent firm. The third advantage is the learning effect. The intrapreneur acquires entrepreneurial skills inside a protected environment, which prepares the employee for a future independent venture if that path becomes attractive later.

2.6.4 Challenges of Intrapreneurship

Three challenges limit the form. The first challenge is the limited autonomy. The intrapreneur reports to a hierarchy that may shift priorities, change the budget, or reassign the team without warning. The second challenge is the cultural friction. Established firms develop routines, and routines resist disruption. The intrapreneur fights internal politics as much as the intrapreneur fights the external market. The third challenge is the limited financial reward. Even with a fair bonus structure, the intrapreneur captures a small share of the value created compared with the share that an independent founder captures.

2.6.5 Intrapreneurship in the Algerian Context

Intrapreneurship in Algeria remains modest in scale, but the concept has gained traction since 2018, especially in the telecommunications, banking, and energy sectors. Sonatrach launched an internal innovation programme in 2019 that produced several intrapreneurial initiatives in maintenance technology and digital services. Mobilis and Djezzy run regular intrapreneurship competitions that fund the best internal proposals from their employees. The CAAR insurance group introduced a corporate venture unit in 2022. The trend matches a global pattern. Large Algerian firms recognise that their best young employees seek entrepreneurial work, and the firms create internal structures to retain that talent.

2.7 Other Emerging Forms

The three main forms cover most cases, but the field has widened since the 1990s. Four additional forms deserve attention because you will meet them in your professional life and in the academic literature.

2.7.1 Social Entrepreneurship

Social entrepreneurship targets a social or environmental problem with a business approach. The venture generates revenue, but the primary goal is impact rather than profit maximisation. Yunus (2007) described social business as a venture that covers its costs through sales, returns the initial capital to investors, but reinvests all surplus into the social mission. The Algerian non-profit sector has produced several initiatives along these lines, especially in vocational training for school dropouts and in waste recycling in major cities.

2.7.2 Family Business Succession

Family business succession is a specific case of acquisition in which the new owner inherits the firm from a parent, an uncle, or a sibling. The form dominates the Algerian private sector. The Ministry of Industry estimated in 2023 that more than 70 per cent of Algerian SMEs are family firms, and the median age of the founders has crossed 60 years. The succession decisions of the next decade will shape the industrial map of the country. Sharma, Chrisman, and Chua (2003) showed that the long-term survival of family firms depends on the early preparation of the successor, the formal training of that successor in management, and the explicit separation of family interests from business interests.

2.7.3 Franchising

Franchising sits between the new venture and the acquisition. The franchisee buys the right to use a proven brand and a tested business model from the franchisor. The franchisee pays an initial fee and a recurring royalty. In return, the franchisee receives training, marketing support, and a defined territory. The form reduces

the risk of failure but limits the strategic autonomy. International chains in fast food and personal care have entered Algeria through franchising agreements with local partners since 2010.

2.7.4 Necessity Entrepreneurship Versus Opportunity Entrepreneurship

The Global Entrepreneurship Monitor draws an important line between two motivations. Opportunity entrepreneurship covers the case in which the founder identifies an attractive market opening and chooses to act on it, even though the founder has other employment options. Necessity entrepreneurship covers the case in which the founder starts a venture because no salaried job is available. The distinction matters for policy. Opportunity ventures usually grow faster, hire more employees, and innovate more often. Necessity ventures stabilise income for the founder but rarely scale. GEM (2024) reported that necessity entrepreneurship represents about 30 per cent of new ventures in Algeria, a figure higher than the OECD average and similar to other middle-income economies in the region.

2.8 Choosing the Form That Fits Your Situation

The choice of a form rests on five questions. The questions form a decision matrix that you apply to your own profile or to the profile of a person you advise.

Question one: how much capital do you have at the start? A new venture in technology needs little capital. A new venture in manufacturing needs a lot. An acquisition needs the most. Intrapreneurship needs none of your own.

Question two: how much risk do you accept on a personal level? A new venture exposes you to high financial and reputational risk. An acquisition exposes you to medium financial risk and low reputational risk. Intrapreneurship exposes you to low financial risk and limited reputational risk.

Question three: how much autonomy do you want? A new venture gives full autonomy. An acquisition gives high autonomy after a transition period. Intrapreneurship gives limited autonomy.

Question four: how fast do you need the first revenue? A new venture takes six to eighteen months. An acquisition delivers revenue from day one. Intrapreneurship pays a salary from the first day, but the impact bonus arrives later.

Question five: what experience do you bring? A new venture suits founders with strong domain knowledge and a willingness to learn management on the job. An acquisition suits founders with management experience and access to financing. Intrapreneurship suits employees who already work in the target sector and have built internal credibility.

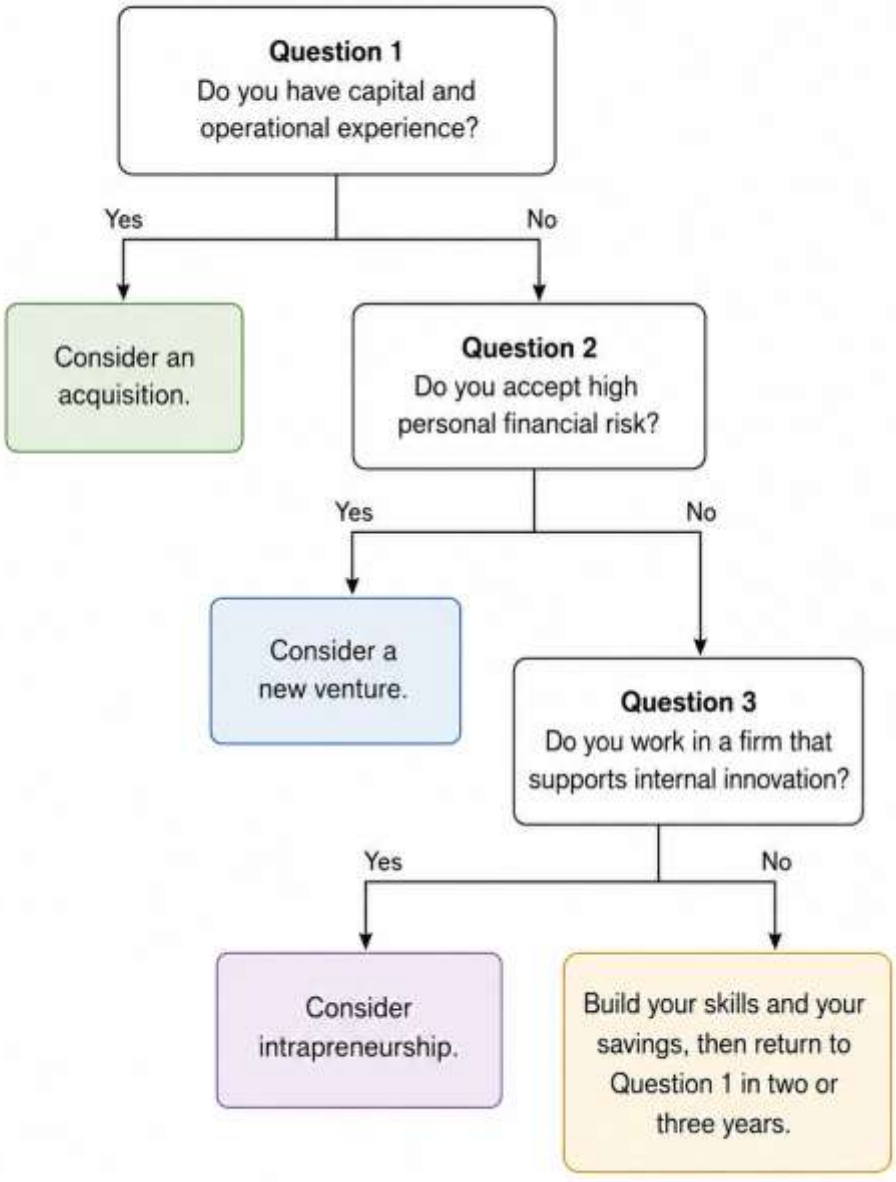
Table 2.3: Comparative Profile of the Three Main Forms

Criterion	New Venture	Acquisition	Intrapreneurship
Initial capital required	Low to medium, depending on sector.	High, often the price of the business.	None from the founder.
Personal financial risk	High.	Medium to high.	Low.
Strategic autonomy	Full.	High after transition.	Limited.
Time to first revenue	Six to eighteen months.	Immediate.	Salary from day one.
Failure rate (approximate)	50 per cent within five years.	20 to 30 per cent within five years.	Project-level failure does not end the career.

Suited to	Domain expert with appetite for risk.	Manager with capital and operational experience.	Employee with internal credibility and corporate skills.

Source: Author, drawing on Cooper (1981), Mellor (2009), Bygrave and Zacharakis (2014), and OECD (2017).

Figure 2.1: Decision Path for Choosing a Form of Entrepreneurship



Source: Author, simplified decision tree based on the criteria of Table 2.3.

2.9 Combining Forms Across a Career

The three forms do not exclude one another. Many entrepreneurs combine the forms across their careers. A graduate joins a large firm and practises intrapreneurship for five years. The graduate builds skills, contacts, and savings. The graduate then leaves the firm and creates a new venture in the same industry. After ten years, the venture matures, and the founder buys a smaller competitor and merges the two operations. The career path moves from intrapreneurship to new venture creation to acquisition. The pattern fits many of the successful Algerian entrepreneurs profiled by the National Agency for Investment Development between 2018 and 2024.

Ucbasaran, Westhead, and Wright (2008) introduced the term habitual entrepreneur to describe a person who runs more than one venture across a career. The literature distinguishes serial entrepreneurs, who run ventures one after the other, from portfolio entrepreneurs, who own several ventures at the same time. The two types share a common feature. They treat entrepreneurship as a long-term career path rather than as a single project.

2.10 Three Algerian Cases for Discussion

2.10.1 Cevital, an Acquisition That Became an Industrial Group

Issad Rebrab founded Cevital in 1971 as a small metalworking firm in Algiers. The strategic shift came in 1998, when Rebrab acquired a sugar refinery near the port of Béjaïa. The acquisition gave Cevital immediate access to a large industrial site, an existing labour force, and an established import infrastructure. From that base, the group expanded into edible oil, margarine, mineral water, glass, and electronics. By 2024, Cevital employed more than 18,000 people and ranked as the largest private industrial group in Algeria. The case shows how an acquisition serves as a platform for organic growth and for further acquisitions.

Discussion question: classify the steps of Cevital's growth into the three forms covered in this unit. At which moment did each form play the central role?

2.10.2 Mobilis and Internal Intrapreneurship

Mobilis, the public mobile telecommunications operator, launched an internal innovation programme called Mobilis Lab in 2019. The programme invites employees to submit project proposals in digital services, mobile payment, and customer experience. Selected proposals receive a budget, a small dedicated team, and a six-month development window. By 2023, Mobilis Lab had launched four products, two of which generated measurable revenue for the parent firm. The case illustrates the conditions that allow intrapreneurship to succeed inside a public Algerian enterprise.

Discussion question: which of the five conditions identified by Pinchot (1985) does Mobilis Lab satisfy, and which conditions deserve further development?

2.10.3 A Family Bakery in Annaba

A family bakery in the centre of Annaba has operated since 1976. The founder, now 78 years old, plans to transfer the business to his daughter, a 32-year-old graduate of the Faculty of Economics. The daughter wants to modernise the equipment, introduce a delivery service through a mobile application, and open a second branch in a new neighbourhood. The father agrees with the modernisation but resists the second branch, which he sees as too risky. The case shows the typical tensions of family business succession.

Discussion question: which due diligence items from Table 2.2 deserve special attention in this case? How would you advise the daughter to balance respect for the family legacy with the need for change?

2.11 Tutorial Activities

TD 1. Form Identification in the Local Press

Read three articles from the Algerian economic press published in the last three months. Choose articles that describe a recent venture creation, an acquisition, or an intrapreneurial initiative. For each article, identify the form of entrepreneurship, the founder or the parent firm, the source of capital, and the stage of development. Bring your three summaries to the next session and present one of them to the class in five minutes.

TD 2. Apply the Decision Matrix to Three Profiles

The instructor will distribute three profiles. Profile A describes a 22-year-old engineering graduate with no savings and no work experience. Profile B describes a 38-year-old marketing manager with ten years of experience and savings worth twelve million dinars. Profile C describes a 28-year-old employee in a public bank who feels under-used in the current position. For each profile, apply the decision matrix of section 2.8 and recommend a form of entrepreneurship. Justify your recommendation with at least three arguments per profile. Submit a two-page note at the end of the session.

TD 3. Due Diligence Simulation

Form a group of four students. The group acts as the advisory team of a young investor who plans to acquire a small printing shop in El Hadjar. The instructor provides a basic file with three years of accounts, a list of customers, and a list of employees. The group prepares a one-page due diligence report that flags the three most serious concerns and recommends three concrete actions before the deal closes. The exercise trains your ability to read financial documents and to identify hidden liabilities.

TD 4. Intrapreneurship Inside a Public Firm

Choose one large public Algerian firm: Sonelgaz, Air Algérie, Algérie Télécom, or Sonatrach. Investigate whether the firm has an internal innovation programme. Use the corporate website, the press archives, and the LinkedIn pages of the firm's managers as sources. Write a two-page note that describes the programme, evaluates it against the five conditions of Pinchot (1985), and proposes one improvement. Submit the note within ten days.

2.12 Self-Assessment

2.12.1 Factual Questions

Question 1. List the three main forms of entrepreneurship and define each one in two sentences.

Question 2. Name the three legal mechanisms used to acquire an existing business and state the main difference between asset purchase and share purchase.

Question 3. Give the five conditions for successful intrapreneurship identified by Pinchot (1985).

Question 4. State the difference between necessity entrepreneurship and opportunity entrepreneurship as defined by GEM.

Question 5. Identify the four domains of due diligence in an acquisition and give one item to verify in each domain.

2.12.2 Open Questions

Question 6. Compare the three main forms of entrepreneurship along the five criteria of Table 2.3. Which form fits a young Algerian graduate with limited savings and a strong technical idea? Justify your answer.

Question 7. Discuss the role of family business succession in the Algerian private sector. Use the data on family firms in Algeria and the framework of Sharma, Chrisman, and Chua (2003) to support your discussion.

Question 8. Argue for or against the following statement: intrapreneurship inside a large public firm in Algeria offers a credible career path for a young manager. Use at least two arguments and one concrete example.

Question 9. Imagine that you have ten million dinars to invest in an entrepreneurial project. Choose one of the three main forms, justify the choice, and outline the first three steps you would take in the first ninety days.

Question 10. Reflect on your own profile. Which form of entrepreneurship matches your situation today? Which form might suit you better in five years? What three actions will you take in the next twelve months to prepare for that future form?

2.13 Summary of the Unit

Entrepreneurship takes three main forms: the creation of a new enterprise, the acquisition of an existing business, and intrapreneurship. Each form fits a different profile, demands a different level of capital, exposes the founder to a different level of risk, and produces revenue at a different speed.

Creating a new enterprise gives full ownership and creative freedom but exposes the founder to a high failure rate and a long zero-revenue period. Critical success factors include prior industry experience, the speed of the first customer relationships, and financial discipline.

Buying an existing business delivers immediate revenue and a proven model but requires significant capital, careful due diligence, and patience with cultural integration. The form has gained importance in Algeria through family business succession, given the demographic structure of private firm owners.

Intrapreneurship lets the employee act with entrepreneurial intent inside an established organisation. The form lowers personal financial risk and provides access to corporate resources, but it limits autonomy and reduces the share of the value that the intrapreneur captures. The five conditions identified by Pinchot (1985) determine whether intrapreneurship thrives in a given firm.

Four additional forms enrich the picture. Social entrepreneurship places impact above profit. Family business succession transfers the firm to the next generation. Franchising sits between a new venture and an acquisition. The GEM distinction between opportunity and necessity entrepreneurship explains a large part of the variation in venture performance across countries.

The choice of a form rests on five questions about capital, risk, autonomy, time-to-revenue, and experience. Most successful entrepreneurs combine forms across a career. The next unit moves from forms to the first practical step of any entrepreneurial path: how to find an idea and turn it into a validated business opportunity.

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Unit 3

Project Idea Generation

Stages, Sources, and Methods

Every venture begins with an idea. The quality of that idea sets a ceiling on what the venture can become. A weak idea, even with strong execution, rarely produces a thriving company. A strong idea, paired with disciplined execution, opens a path to growth. The first practical step in your entrepreneurial journey is therefore the generation of ideas, the selection of one that fits your context, and the validation of that idea with real customers.

This unit teaches you a structured method for producing ideas. You learn to look for ideas in the right places. You learn to apply techniques that disciplined practitioners use to break out of routine thinking. You learn to evaluate ideas before you invest time and money. And you learn to test ideas with the smallest possible commitment, so that failure costs you a week, not a year.

By the end of the unit, you will produce a written list of at least twenty business ideas grounded in your environment. You will narrow that list to three candidates. You will run a basic evaluation on each candidate. And you will select one idea to carry forward into Unit 4 for constructing the Business Model Canvas.

3.1 Prerequisites

Before you start this unit, you should have a working definition of entrepreneurship as a process of identifying opportunities, mobilising resources, accepting risk, and creating value, as developed in Unit 1. You should distinguish creativity from innovation, since the unit asks you to perform both. You should also have chosen the form of entrepreneurship that best fits your profile, following the Unit 2 decision matrix. The form determines the type of idea that suits your situation. A new venture needs an idea that scales. An acquisition needs

an idea about how to improve an existing business. Intrapreneurship requires an idea that aligns with your employer's strategy.

3.2 Learning Objectives

Table 3.1 lists the unit's learning objectives and links each objective to the section that develops it. The objectives follow the revised Bloom taxonomy.

Table 3.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You name the four stages of idea generation and the seven sources of innovation defined by Drucker (1985).	Sections 3.4 and 3.5
Understand	You explain the difference between divergent thinking and convergent thinking in idea generation.	Section 3.6
Apply	You apply brainstorming, SCAMPER, and Design Thinking to generate at least twenty ideas in your environment.	Sections 3.6 and TD 1, TD 2
Analyse	You break down a candidate idea using SWOT analysis and the feasibility filter.	Section 3.7
Evaluate	You judge whether a generated idea qualifies as a validated business opportunity.	Section 3.8 and TD 4

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

3.3 The Idea as the Foundation of the Venture

The idea is the seed of the venture. The seed determines the species of plant that grows. A vegetable seed produces a vegetable. An olive pit produces an olive tree. The same logic applies in entrepreneurship. A weak idea produces a fragile venture, no matter how much water and sunlight you pour on it. The first task of the entrepreneur is therefore to choose the right seed.

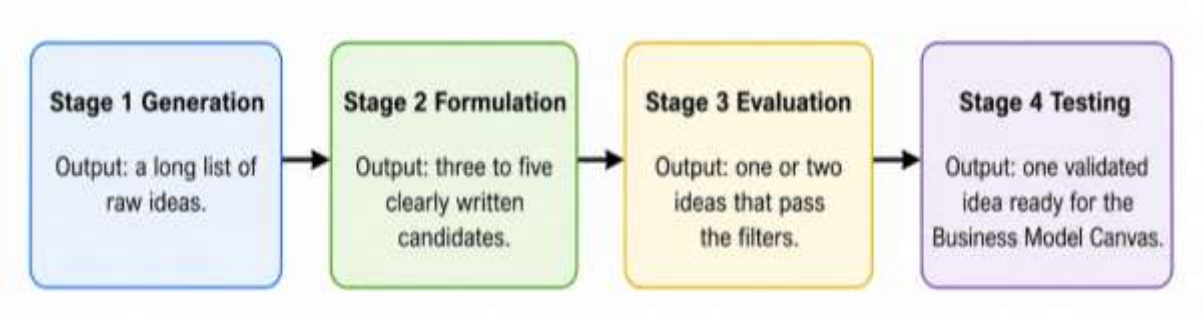
Drucker (1985) made an important observation. The popular image of innovation centres on the inspired genius who finds a brilliant idea by accident. The empirical evidence tells a different story. Most successful innovations come from the systematic search for opportunities in defined places. Drucker identified seven sources of innovation, and he ranked them from the easiest to the hardest to act on. The ranking matters for you, because the easiest sources are also the closest to your daily environment as a student in Annaba.

Sarasvathy (2008) added a second observation. Expert entrepreneurs do not start with a fixed idea and look for resources. They start with the resources they have, including their own skills, contacts, and savings. They then ask: given what I have, what venture can I build? The reasoning is called effectuation, and it shapes the way you should generate your own ideas. You start with who you are, what you know, and whom you know. The ideas that grow from this base have a higher chance of survival than ideas borrowed from a foreign context.

3.4 The Four Stages of Idea Generation

The path from a vague intuition to a tested business idea passes through four stages. Each stage produces a defined output. You move to the next stage only when the output of the current stage meets a clear standard. The structure prevents the common mistake of falling in love with the first idea you produce.

Figure 3.1: The Four Stages of Idea Generation



Source: Author, drawing on Hisrich, Peters and Shepherd (2017) and Maurya (2012).

3.4.1 Stage 1: Generation

In the first stage, you produce a long list of raw ideas. Quantity matters more than quality at this point. You list every idea that comes to mind, no matter how small or how unlikely. You suspend judgment. You write down ideas that seem unrealistic, ideas that already exist somewhere else, ideas that look too simple. The mental discipline you train here is divergent thinking. You open the funnel as wide as possible. The standard output of stage one is a list of at least twenty ideas in a defined domain.

Practical hint. Carry a small notebook for one full week and write down every problem you encounter, every frustration you observe in others, every product you wished existed but could not find. The notebook becomes the raw material for stage one.

3.4.2 Stage 2: Formulation

In the second stage, you turn raw ideas into clear, written statements. A raw idea sits in your head as a vague intention. A formulated idea sits on paper as a sentence that another person reads and understands. The standard format reads as follows. The product or service offered is something. The target customer is someone with a defined need. The problem solved is described in one sentence. The way the venture earns money is stated in one sentence. The output of stage

two is a list of three to five candidates, each described in a paragraph of four to six sentences.

3.4.3 Stage 3: Evaluation

In the third stage, you apply filters to the candidates. The filters check three dimensions. The first dimension is desirability: does the customer want this product or service strongly enough to pay for it? The second dimension is feasibility: can you actually build the solution with the technical and human resources available to you? The third dimension is viability: does the business model produce a margin that covers the costs and leaves a profit? An idea that fails one of the three filters does not move forward. The output of stage three is one or two candidate ideas that pass all three filters.

Brown (2009), the chief executive of IDEO, summarised the three filters as the heart of Design Thinking. Section 3.6.2 details the method.

3.4.4 Stage 4: Testing

In the fourth stage, you confront the surviving idea with the real world. You speak to potential customers. You build the smallest possible version of the product, called a minimum viable product, and you put it in front of users. You collect feedback, and you adjust the idea based on what you hear. Ries (2011) called the method the Lean Startup. The point is to learn fast, before you invest serious money. The output of stage four is one validated idea, supported by qualitative or quantitative evidence that customers actually want it and pay for it.

3.5 Where Ideas Come From: The Seven Sources of Innovation

Drucker (1985) argued that ideas are not the product of inspiration but of systematic search in seven defined areas. The seven sources are listed in order of difficulty. The first four sit inside the firm or the industry. The last three sit outside, in society at large. The first four are easier to act on, because the entrepreneur sees them clearly from a daily working position.

Table 3.2: Drucker's Seven Sources of Innovation

No.	Source	What to Look For	Algerian Example
1	**The unexpected**	Unexpected success or failure of an existing product, unexpected behaviour of customers.	Sudden popularity of frozen Algerian dishes among the diaspora during the 2020 pandemic.
2	**Incongruities**	Gaps between what an industry assumes and what really happens on the ground.	Banks claim to serve SMEs, but only 11 per cent of SME loan applications are approved.
3	**Process needs**	A weak link in an existing process that all participants accept as inevitable.	The slow process of issuing administrative documents that produced the e-government startups.
4	**Industry and market changes**	Sudden growth in an industry, the entry of new competitors, the convergence of two markets.	The growth of online food delivery in Algiers between 2020 and 2024.
5	**Demographics**	Changes in the age structure, in education levels, in the urban-rural balance.	The rise of the elderly population that needs home-care services.

6	**Changes in perception**	Shifts in what people consider normal, healthy, modern, or acceptable.	The rise of demand for organic food and natural cosmetics in urban Algeria.
7	**New knowledge**	Scientific or technical breakthroughs that allow new products and services.	Solar panel cost reductions that opened the market for off-grid agricultural irrigation.

Source: Author, adapted from Drucker (1985), Innovation and Entrepreneurship, chapters 3 to 9.

3.5.1 How to Use the Seven Sources in Practice

You scan each source on a regular schedule. Once a week, you read the economic press and you list every unexpected event you find. Once a month, you talk to a person who works in a different industry and you ask about the gaps that frustrate them. Twice a year, you read the demographic statistics published by the National Office of Statistics and you note the shifts that affect your region. The discipline of regular scanning produces more ideas than any single brainstorming session.

3.5.2 Sources Specific to a Student Profile

Three sources sit closest to your situation as a university student. The first source is your own daily life on campus and at home. You and your peers are customers of dozens of services, and you notice every weakness in those services. The second source is your area of study. The economic, commercial, and management sciences expose you to data and theories that most consumers ignore. You see structures where others see noise. The third source is the network of student associations, the business incubator, and the Maison de l'Entrepreneuriat, which connect you to mentors, alumni, and external partners who carry ideas they have no time to develop themselves.

3.6 Methods for Generating Ideas

Methods are tools. You pick the right tool for the job at hand. A brainstorming session opens the funnel wide. SCAMPER improves an existing product. Design Thinking puts the customer at the centre. Each method has a structure, a defined output, and a typical duration. The next subsections describe the four methods that you should master before the end of this course.

3.6.1 Brainstorming

Osborn (1953) introduced brainstorming as a structured group technique to produce a large number of ideas in a short time. The method rests on four rules that the group respects without exception. The first rule is to suspend criticism during the session. No idea is rejected at this stage. The second rule is to favour quantity over quality. The group aims for a high count of ideas, not for depth on any single one. The third rule is to welcome unusual ideas. Wild associations open paths that conventional ideas keep closed. The fourth rule is to build on the ideas of others. A weak idea from one participant becomes a strong idea after a second participant adds a twist.

A standard brainstorming session lasts forty-five minutes. The group includes six to ten participants and a facilitator. The facilitator writes every idea on a board, enforces the four rules, and keeps the energy high. The session ends with a written list of fifty to one hundred ideas. Evaluation happens in a separate session, at least one day later, with the same group or a different group.

3.6.2 Design Thinking

Design Thinking places the user at the centre of the idea generation process. The method comes from the design firm IDEO, which formalised it in the 1990s under the leadership of Tim Brown and David Kelley. Brown (2009) described the method as a five-stage cycle: empathise, define, ideate, prototype, and test. The cycle is iterative. You return to earlier stages as you learn from later stages.

In the empathise stage, you observe users and you interview them. You watch what they do, not only what they say. You note the gap between their stated needs and their real behaviour. In the define stage, you write a problem statement that captures the most pressing user need. The statement reads: a specific user needs a specific outcome, because of a specific reason. In the ideate stage, you brainstorm solutions to the problem you defined. In the prototype stage, you build a low-cost, low-fidelity version of the solution: a paper sketch, a slide deck, a non-functional mock-up. In the test stage, you put the prototype in front of users and you observe their reactions. The feedback drives the next iteration.

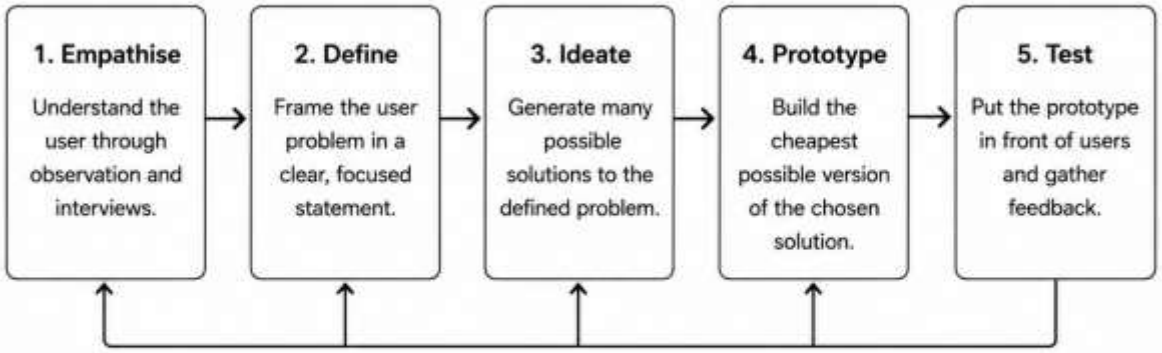
Kelley and Kelley (2013) emphasised that anyone who follows the discipline produces useful ideas. Design Thinking is not the privilege of trained designers. The method works for an economist, an engineer, a teacher, or a student of management.

Table 3.3: The Five Stages of Design Thinking

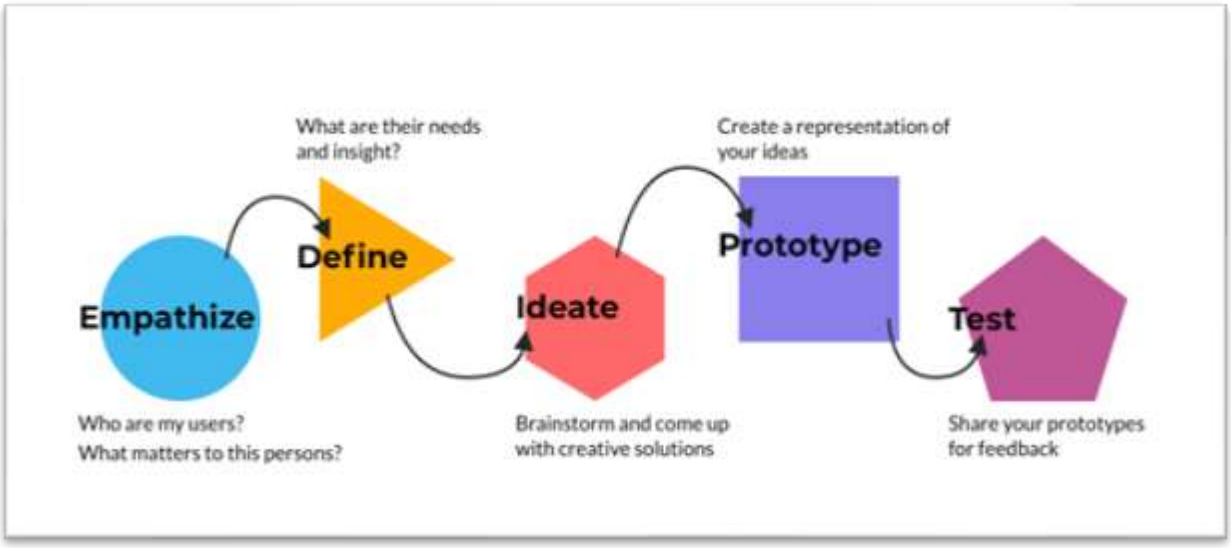
Stage	Goal	Typical Output
Empathise	Understand the user through observation and interviews.	Field notes, interview transcripts, user journey maps.
Define	Frame the user problem in a clear, focused statement.	A one-sentence problem statement, three to five user needs.
Ideate	Generate many possible solutions to the defined problem.	A list of fifty or more candidate solutions.
Prototype	Build the cheapest possible version of the chosen solution.	Paper sketch, slide deck, mock-up, or basic functional sample.
Test	Put the prototype in front of users and gather feedback.	List of confirmations, list of corrections, decision to iterate or proceed.

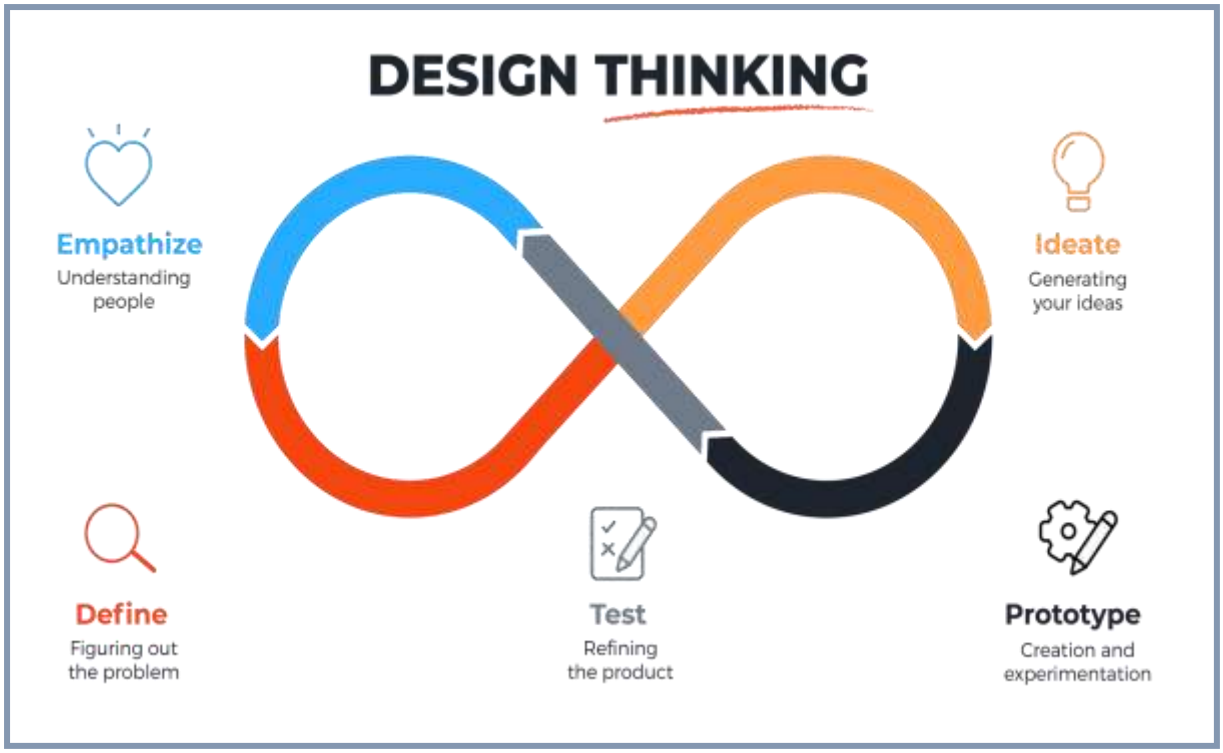
Source: Author, adapted from Brown (2009) and IDEO (2015), The Field Guide to Human-Centered Design.

Figure 3.2: The Five Stages of Design Thinking



Source: Author, adapted from Brown (2009) and IDEO (2015), *The Field Guide to Human-Centered Design*.





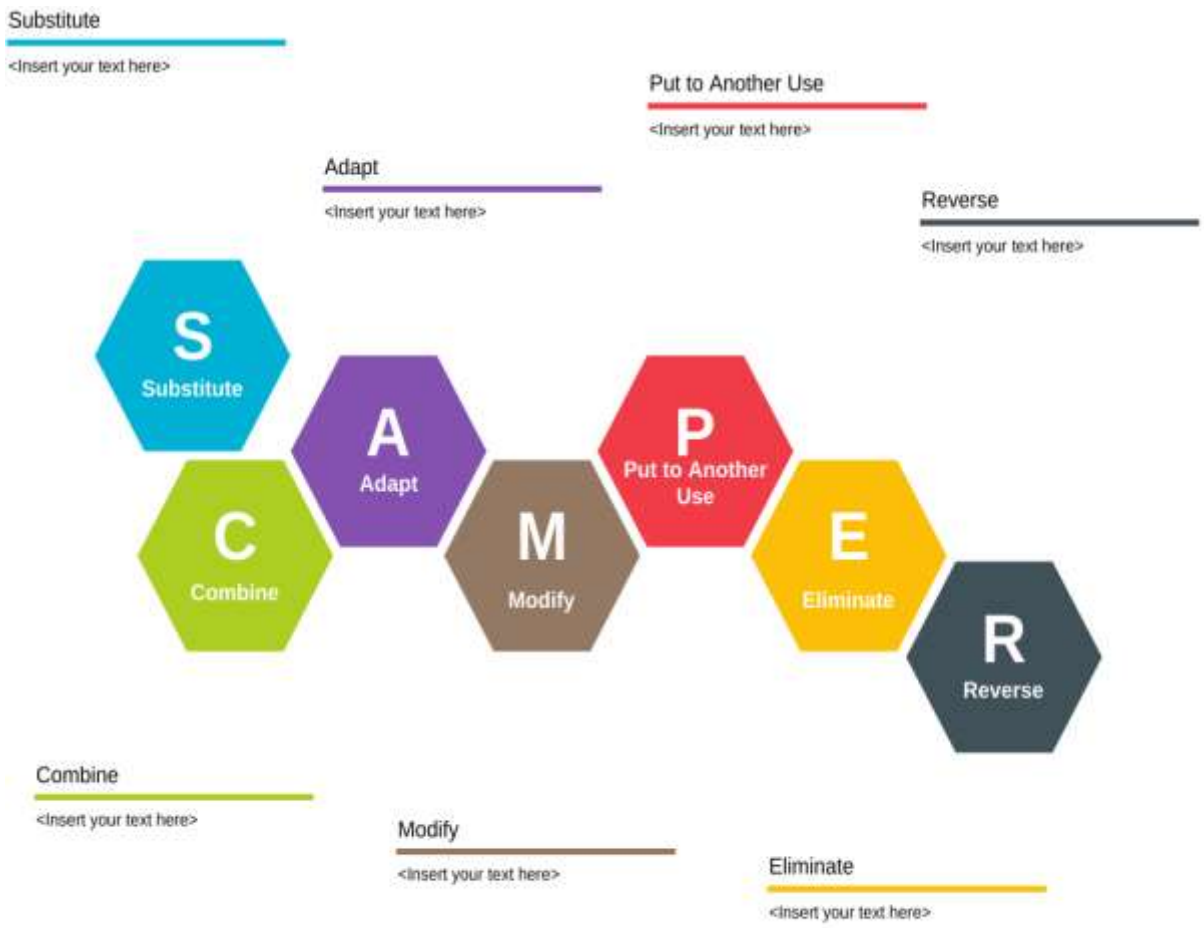
3.6.3 SCAMPER

Eberle (1996) developed SCAMPER as a checklist for the systematic improvement of an existing product or service. The acronym names seven actions. You apply each action to the chosen target and you write down the ideas that the action produces. The method works well when you start from a known product and you want to generate variants and improvements. SCAMPER suits the form of entrepreneurship that you described in Unit 2 as the acquisition or the gradual improvement of an existing line of business.

Table 3.4: SCAMPER Applied to a Bottle of Mineral Water

Letter	Action	Question	Idea Produced
S	**Substitute**	What can you replace inside the product?	Replace plastic with biodegradable material.
C	**Combine**	What can you combine with the product?	Combine the bottle with a vitamin tablet that the user releases on demand.

A	**Adapt**	What can you adapt from another field?	Adapt the wine bottle aesthetics to a premium water brand.
M	**Modify**	What can you change in shape, size, or function?	A foldable bottle that students fit in a backpack pocket.
P	**Put to other use**	What other use can the empty bottle serve?	A bottle designed to become a flower pot after use.
E	**Eliminate**	What part of the product can you remove?	Remove the printed label, sell water in a refillable container.
R	**Reverse**	What can you do in the opposite order?	The customer brings the empty bottle and the water station fills it.

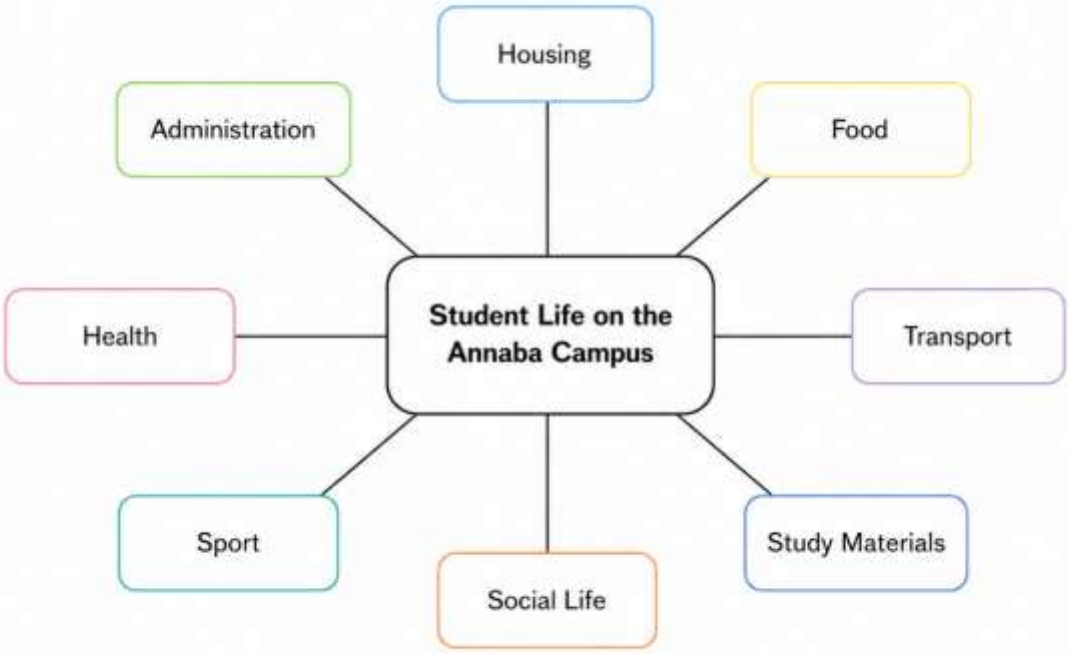


Source: Author, applied to a common product, based on Eberle (1996).

3.6.4 Mind Mapping

Buzan (1974) introduced the mind map as a visual technique to organise ideas around a central theme. You write the theme in the centre of the page. You draw branches outward, one branch per major dimension. You add sub-branches for sub-ideas. The result captures connections that a linear list misses. Mind maps work well in the early stages of idea generation, when you want to map a domain rather than a single product. A mind map of student life on the Annaba campus, for example, opens at least eight branches: housing, food, transport, study materials, social life, sport, health, and administration. Each branch produces a flow of ideas for ventures that target that aspect of student life.

Figure 3.3: Mind Map Example – Student Life on the Annaba Campus



Source: Author, based on Buzan (1974).

3.6.5 Discussion Circles

A discussion circle gathers eight to fourteen participants who share a common interest. The group meets for ninety minutes and focuses on one defined topic, often a specific frustration that the participants experience together. The facilitator keeps the group on the topic and ensures that every participant speaks. The output is a written summary of the perceived problem and a short list of candidate solutions. The method differs from brainstorming because the participants share a common context. The shared context produces ideas that fit the context tightly, while brainstorming aims for breadth.

3.6.6 Systematic Inventive Thinking

Goldenberg and Mazursky (2002) developed Systematic Inventive Thinking as a structured alternative to brainstorming. The method starts from the existing product and applies five operators in a defined order. The operators are

subtraction, multiplication, division, task unification, and attribute dependency. Subtraction removes a component and asks what value the modified product still delivers. Multiplication adds copies of a component. Division splits a component into separate pieces. Task unification assigns a new function to an existing component. Attribute dependency creates a link between two attributes that previously varied independently. The method produces fewer raw ideas than brainstorming, but the ideas show a higher rate of practical conversion into innovations.

3.7 Evaluating Candidate Ideas

The transition from a list of raw ideas to a short list of candidates requires evaluation. Two tools cover most situations. The first tool is the SWOT analysis, which positions an idea against the environment. The second tool is the desirability, feasibility, viability filter, which checks the three conditions for a workable business idea.

3.7.1 SWOT Analysis

SWOT stands for strengths, weaknesses, opportunities, and threats. The four words organise the analysis. Strengths and weaknesses describe the internal characteristics of the idea and the team that pursues it. Opportunities and threats describe the external environment in which the idea will operate. The exercise produces a one-page document. The document does not deliver a verdict on the idea. The document delivers a structured picture that helps the team make the verdict.

Table 3.5: SWOT Analysis Applied to a Student Idea: Mobile Pharmacy Delivery in Saïda

Strengths	Founder lives in the wilaya and knows the elderly population. Low initial capital required. Direct delivery model with two scooters.
Weaknesses	No prior experience in regulated drug distribution. Single founder, no co-founder with operational background. Limited marketing budget.

Opportunities	Aging population in the wilaya. Limited number of pharmacies in remote rural areas. Public policy that supports rural service ventures through ANADE.
Threats	Restrictive regulation on pharmaceutical delivery. Low margins on prescription drugs. Risk of counterfeit medication in the supply chain.



Source: Author, applied to the case introduced in section 3.9.

Figure 3.4: SWOT Analysis

SWOT stands for strengths, weaknesses, opportunities, and threats.

	Strengths *Internal factors that give an advantage.*	Weaknesses *Internal factors that place us at a disadvantage.*
Internal (Within the organisation)	• What are we good at? • What resources do we have? • What do others see as our strengths?	• What are we not good at? • What resources are we lacking? • What do others see as our weaknesses?
	Opportunities *External factors that we can use to our advantage.*	**Threats** *External factors that could cause problems.*
External (Outside the organisation)	• What trends can we benefit from? • What needs are not being met? • What changes in the environment create openings?	• What obstacles do we face? • What are competitors doing? • What risks could harm our idea?

Strengths and weaknesses are internal. Opportunities and threats are external. The goal is understanding, not a verdict.

Source: Author.

3.7.2 The Desirability, Feasibility, Viability Filter

Brown (2009) presented the three filters as the heart of Design Thinking. You apply the three filters in sequence. Desirability asks whether the user wants the product enough to pay for it. The test happens through interviews, surveys, or a small-scale pilot. Feasibility asks whether you can actually build the solution with the technical and human resources available. The test happens through a technical assessment by an expert. Viability asks whether the business model produces a margin that covers the costs and leaves a profit. The test happens through a basic financial projection over three years.

Table 3.6: The Three Filters for a Workable Business Idea

Filter	Question Asked	How to Test It Quickly
Desirability	Does the user want this enough to pay for it?	Twenty short interviews with target users in their context.
Feasibility	Can you build the solution with what you have?	Technical review by a domain expert, prototype in two weeks.
Viability	Does the business model leave a profit after costs?	Simple three-year projection on one spreadsheet page.

Source: Author, based on Brown (2009) and Maurya (2012).

3.8 From an Idea to a Validated Business Opportunity

Not every idea is a business opportunity. The two terms describe different things, and you should keep the distinction sharp. An idea sits in your head as a concept. A business opportunity sits in front of you as evidence that customers want something, that you can deliver it, and that the model produces a margin.

Ries (2011) coined the phrase validated learning to describe the transition from idea to opportunity. The transition rests on three pieces of evidence. The first piece is qualitative evidence, gathered through interviews. You speak with at least twenty potential users. You ask about the problem you intend to solve, and you

record their words. If fewer than half of the interviewees describe the problem in their own terms, the idea fails the qualitative test. The second piece is behavioural evidence, gathered through a small pilot. You build the minimum viable product and you offer it to the first users. You measure whether they actually use it, not whether they say they would. The third piece is financial evidence, gathered through a pre-sale or a deposit. The strongest signal that an idea is an opportunity is a customer who pays for it before the full product exists.

Maurya (2012) provided a one-page tool called the Lean Canvas, derived from the Business Model Canvas of Osterwalder and Pigneur. The Lean Canvas captures the problem, the customer segment, the value proposition, the solution, the channels, the revenue streams, the cost structure, the key metrics, and the unfair advantage in a single sheet. You revise the canvas every time you learn something new from a customer. The discipline keeps the team aligned and prevents drift toward irrelevant features.

3.9 Three Algerian Cases for Discussion

3.9.1 Mobile Pharmacy Delivery in Saïda

A young graduate from the wilaya of Saïda observed that elderly residents in mountain villages struggled to reach pharmacies during the winter months. The villages lie at an altitude that receives heavy snow, and public transport stops for several days at a time. The graduate generated the idea through observation. The graduate formulated the idea as a delivery service that connects pharmacies in the wilaya capital with elderly customers in three pilot villages. The graduate evaluated the idea against the SWOT framework and the three filters. The graduate then tested the idea by running a four-week pilot with ten households. The pilot revealed that the idea was viable for chronic medication but failed for acute care, where patients needed the prescription within hours rather than within

a day. The founder narrowed the scope to chronic medication delivery and obtained ANADE financing on that basis.

Discussion question: identify the source of innovation that the graduate exploited, using Drucker's seven sources from Table 3.2. Which stage of the four-stage process did the pilot belong to?

3.9.2 A Bamboo Packaging Project from the University of Tlemcen

A team of three students at the University of Tlemcen applied SCAMPER to the standard plastic packaging used in local food markets. The Substitute step produced the central idea: replace plastic with bamboo, an abundant local material. The team validated the idea through interviews with twenty market vendors. Eleven of them expressed interest, and four agreed to pay for a small pilot batch. The team built a basic prototype, refined it after feedback, and joined the university business incubator. The case shows how a single SCAMPER question, followed by disciplined testing, produces a workable idea.

Discussion question: which step of SCAMPER produced the breakthrough, and why? Apply the desirability, feasibility, viability filter to the project at the moment of the first prototype.

3.9.3 An Educational Platform for High-School Students in Constantine

A graduate of the University of Constantine identified an incongruity between the demand for private tutoring and the cost that families in rural areas faced. Urban families paid five thousand dinars per month for a single subject. Rural families could not access the same quality at any price. The graduate built a low-bandwidth online platform that connects rural students with tutors based in urban centres. The first version of the platform served fifty students. After six months of operation, the graduate gathered enough data to apply for a startup label and to enter the Algeria Venture acceleration programme. The case shows how an idea

derived from an observed incongruity, in the sense of Drucker's source two, scales when the founder applies disciplined validation.

Discussion question: describe the validated learning that the graduate gathered during the first six months. Which key metric should the platform track to confirm that the idea remains a viable opportunity?

3.10 Tutorial Activities

TD 1. Generate Twenty Ideas in One Session

Form a group of six students. The group selects one of three domains: student life on the Annaba campus, the local food market, or transport between Annaba and the surrounding villages. The group runs a 45-minute brainstorming session using Osborn's (1953) four rules. The output is a written list of at least twenty ideas. After the session, the group identifies the three most promising ideas and explains the choice in one paragraph per idea.

TD 2. Apply SCAMPER to a Local Product

Each student picks a product or a service that they use every week in Annaba: a bus ticket, a sandwich from a local kiosk, a haircut, a mobile phone subscription, a course pack from the photocopy shop. The student applies all seven SCAMPER actions to the chosen target. The student writes one idea per action, for a total of seven ideas. The student then selects the strongest idea and writes a paragraph that justifies the choice. Submit the exercise as a one-page document at the next session.

TD 3. Run Five User Interviews

Each student selects one idea from the previous activities. The student conducts five short interviews with potential users of the proposed product or service. Each interview lasts ten to fifteen minutes. The student asks about the problem the idea addresses, not about the idea itself. The point is to confirm that the problem is real and that the user already tries to solve it in some way. The student writes a

one-page summary listing the problem statements heard from users, the workarounds users currently use, and the willingness to pay they expressed.

TD 4. Build a Lean Canvas for Your Selected Idea

By the end of the unit, each student selects one idea that survives the previous activities. The student fills the nine boxes of the Lean Canvas: problem, customer segment, value proposition, solution, channels, revenue streams, cost structure, key metrics, and unfair advantage. The Lean Canvas is one page, and each box contains two or three short bullet entries. The output of this activity is the input for Unit 4, which builds the full Business Model Canvas and the Business Plan.

3.11 Self-Assessment

3.11.1 Factual Questions

Question 1. Name the four stages of idea generation and state the output of each stage.

Question 2. List the seven sources of innovation identified by Drucker (1985) and give one Algerian example for any three of them.

Question 3. State the four rules of brainstorming as defined by Osborn (1953).

Question 4. Describe the five stages of Design Thinking and give one practical task for each stage.

Question 5. Explain SCAMPER and apply at least three of its seven actions to a local product of your choice.

3.11.2 Open Questions

Question 6. Explain the difference between an idea and a validated business opportunity. Use a real or imagined example to illustrate the transition between the two.

Question 7. Argue for or against the following statement: brainstorming produces more useful ideas than Design Thinking for a student venture in Algeria. Use at least two arguments and one concrete example.

Question 8. Apply Drucker's seven sources to a sector that you observe directly: food, transport, education, health, or housing in Annaba. Identify two opportunities in that sector and indicate the source that produced each one.

Question 9. Discuss the role of effectuation, as introduced by Sarasvathy (2008), in the way you generate your own business ideas. What resources do you start with, and what ideas does that base suggest?

Question 10. Reflect on a frustration that you and your peers experience on a weekly basis. Formulate a venture idea that addresses the frustration. Apply the desirability, feasibility, viability filter to your idea and report the results in three short paragraphs.

3.12 Summary of the Unit

Idea generation is the first practical step in any entrepreneurial venture. The quality of the idea sets a ceiling on what the venture can achieve. The work moves through four stages. Stage one produces a long list of raw ideas. Stage two formulates the strongest candidates as written statements. Stage three evaluates the candidates against the desirability, feasibility, viability filter. Stage four tests the surviving idea with real users. Drucker (1985) showed that ideas come from systematic search rather than from inspiration. He identified seven sources: the unexpected, incongruities, process needs, industry and market changes, demographics, changes in perception, and new knowledge. The first four sit close to the daily experience of an entrepreneur, while the last three demand external observation. Several methods support the work. Brainstorming opens the funnel wide and produces volume. Design Thinking centres the user and follows a five-stage cycle. SCAMPER systematically improves an existing product through seven defined actions. Mind mapping organises ideas around a central theme. Discussion circles gather a small group around a common frustration. Systematic Inventive Thinking starts from the existing product and applies five operators to generate variants. Evaluation rests on two tools. SWOT positions the idea against the environment. The desirability, feasibility, viability filter checks the three conditions that any workable idea must satisfy. The transition from idea to opportunity requires validated learning: qualitative evidence from interviews, behavioural evidence from a pilot, and financial evidence from a pre-sale or a deposit. The Lean Canvas summarises the venture on a single page and helps the team adjust the model as new evidence arrives.

The next unit moves from the validated idea to a complete business plan. You will learn to fill the Business Model Canvas in detail, to write a structured business plan, and to plan the implementation of your venture from the legal registration to the first ninety days of operation.

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Unit 4

From Idea to Plan

Business Model Canvas, Business Plan, and Implementation

A validated idea sits in your hands at the end of Unit 3. The idea has passed the desirability, feasibility, and viability filters. The next task is the construction of a plan that turns the idea into a working venture. The plan transforms a private intention into a public commitment. The plan also turns informal knowledge that you keep in your head into formal knowledge that a partner, a banker, or an investor reads in twenty minutes.

This unit teaches you two complementary tools. The first tool is the Business Model Canvas, a one-page visual that captures the logic of your venture in nine blocks. The second tool is the Business Plan, a structured document of fifteen to thirty pages that develops the same logic in detail and adds market, operational, and financial analyses. You learn to use both tools, and you learn when to favour one over the other.

The unit also presents three modern alternatives to the classical Business Plan: effectuation, the Lean Startup, and discovery-driven planning. Each alternative responds to a specific weakness of the classical model. You learn to combine the tools rather than to choose one tool against the others. The unit closes with a four-phase implementation process that takes you from a signed Business Plan to your first paying customer.

4.1 Prerequisites

Before you start this unit, you should have a validated idea, produced through the work of Unit 3. The idea should pass the three filters of desirability, feasibility, and viability. You should also be familiar with the basic legal forms of an Algerian enterprise, including the SARL, the EURL, the SPA, and the auto-

entrepreneur status, as introduced in Unit 2. The unit assumes that you read a balance sheet at a basic level and that you understand the difference between revenue, gross margin, operating profit, and net profit.

4.2 Learning Objectives

Table 4.1 lists the learning objectives of the unit and links each objective to the section that develops it. The objectives follow the revised Bloom taxonomy.

Table 4.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You name the nine blocks of the Business Model Canvas and the eight standard sections of a Business Plan.	Sections 4.5 and 4.6
Understand	You explain the difference between the Business Model Canvas, the Lean Canvas, and the classical Business Plan.	Sections 4.5 and 4.7
Apply	You build a complete Business Model Canvas for your validated idea.	Section 4.5 and TD 1
Analyse	You break down a real Algerian Business Plan and identify its strengths and weaknesses.	Section 4.10 and TD 3
Evaluate	You judge whether a venture is ready to enter the implementation phase, on the basis of three readiness criteria.	Section 4.9 and TD 4
Create	You write a short Business Plan of two to three pages for your validated idea.	Section 4.6 and TD 2

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

4.3 Why a Plan Matters: The Empirical Evidence

A long debate divides researchers and practitioners. One side argues that a written plan increases the probability of success. The other side argues that the time you spend on planning is time you do not spend on selling. The empirical evidence offers a balanced answer that you should read carefully.

Brinckmann, Grichnik, and Kapsa (2010) carried out a meta-analysis of forty-six studies covering more than eleven thousand new ventures. The result showed a positive relationship between business planning and venture performance. The relationship was stronger for established ventures than for very young ones, and stronger in stable environments than in turbulent ones. Chwolka and Raith (2012) reached a similar conclusion through a decision-theoretical model. A written plan adds value when it forces the founder to confront uncertain assumptions early and to abandon weak ideas before the major financial commitments arrive.

Gruber (2007) added a contingency view. The optimal level of planning depends on the environment. In a dynamic, fast-changing market, a heavy plan written in advance becomes obsolete before the launch date. A light plan, revised every few weeks, fits better. In a stable, predictable market, a comprehensive plan reduces risk and helps the founder secure financing. The contingency view reconciles the two camps and gives you a practical rule. The plan should match the volatility of the market that you target.

Mas, Massaro, Paoloni, and Kianto (2021) added a third insight. The Business Plan plays a role beyond the document itself. The act of writing the plan turns tacit knowledge into explicit knowledge. The founder discovers gaps in the reasoning, contradictions in the assumptions, and missing pieces of information. A team that writes a plan together aligns faster than a team that talks about the same idea without a written reference.

4.4 Two Complementary Tools, Not Two Alternatives

Students often ask whether to use the Business Model Canvas or the Business Plan. The right answer is to use both, but at different moments. The Canvas works well in the early stages, when the idea is still flexible and the team needs to test several variants quickly. The Business Plan works well later, when the model has stabilised and the team needs to communicate the venture to a bank, an investor, or a public agency.

Table 4.2: Business Model Canvas Compared with the Business Plan

Criterion	Business Model Canvas	Business Plan
Length	One page, nine blocks.	Fifteen to thirty pages, eight sections.
Time to produce	Two to four hours for a first draft.	Two to four weeks for a first draft.
Best stage of use	Early ideation and validation.	Funding application and operational launch.
Audience	The founding team and early advisors.	Bankers, investors, public agencies, partners.
Strength	Speed, visual overview, easy to revise.	Depth, financial detail, formal credibility.
Weakness	Lacks financial detail and risk analysis.	Slow to revise once written.

Source: Author, drawing on Osterwalder and Pigneur (2010), Maurya (2012), and Mansoori and Lackéus (2019).

4.5 The Business Model Canvas

4.5.1 Origin and Logic

Osterwalder and Pigneur (2010) introduced the Business Model Canvas in their book Business Model Generation. The book grew out of Osterwalder's doctoral

thesis at the University of Lausanne and out of a global collaboration with more than four hundred practitioners from forty-five countries. The Canvas captures the entire logic of a business model on one page through nine blocks, organised around a central idea: the value proposition. Four blocks sit on the right side of the canvas and describe the customer-facing part of the model. Four blocks sit on the left side and describe the internal capability part. The ninth block, value proposition, sits in the centre and connects the two sides.

4.5.2 The Nine Blocks Explained

Each block answers a specific question. Table 4.3 lists the question, the typical content, and a worked example for the case of a solar phone-charging station that you will revisit in section 4.10.

Table 4.3: The Nine Blocks of the Business Model Canvas

No.	Block	Question Answered	Solar Charging Example
1	**Customer Segments**	Who are the people that pay for or use the product?	University students, mainly between 18 and 25 years old, who carry a smartphone and stay on campus for long hours.
2	**Value Proposition**	What problem do you solve, and how is your offer better than the alternative?	Convenient charging in shaded outdoor spaces between classes, without the need to find a power outlet inside a crowded café.
3	**Channels**	How do you reach the customer with the offer?	Physical stations placed near classrooms, the library, the cafeteria, and the bus stop.
4	**Customer Relationships**	What kind of relationship do you build with the customer?	Self-service through a coin slot or a QR code payment,

			with a customer support number on each station.
5	**Revenue Streams**	How does the venture earn money?	Pay-per-use at fifty dinars per fifteen-minute session, plus a monthly subscription for daily users.
6	**Key Resources**	What assets do you need to deliver the offer?	Solar panels, charging units, batteries, payment terminals, station structure, mobile application.
7	**Key Activities**	What activities does the venture perform every day?	Station maintenance, payment system management, customer support, weekly cleaning rounds.
8	**Key Partnerships**	Who provides the inputs that you do not produce yourself?	Solar panel supplier, university administration, payment service provider, mobile application developer.
9	**Cost Structure**	What are the main costs of the venture?	One-time investment in stations, recurring maintenance, payment processing fees, university royalty.

Source: Author, adapted from Osterwalder and Pigneur (2010), chapter 1.

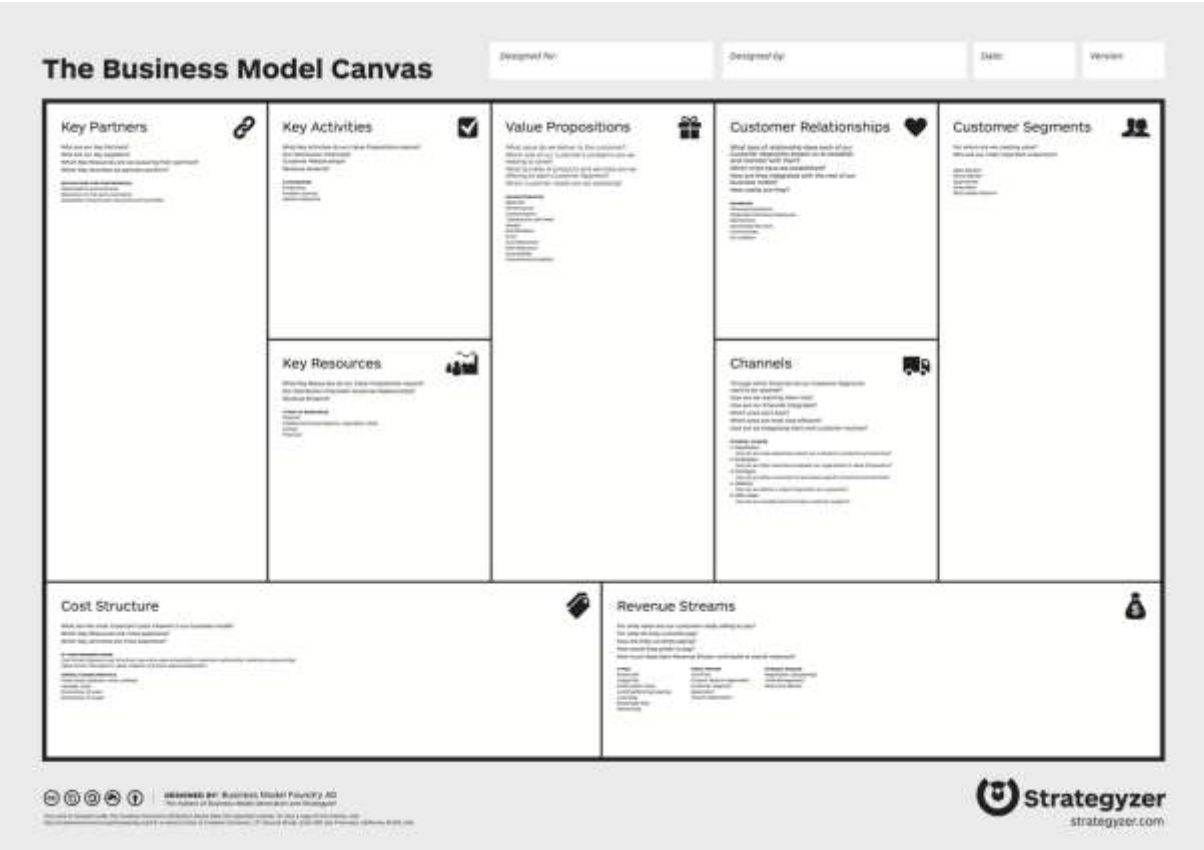
4.5.3 Visual Layout of the Canvas

The original layout of the Canvas places the nine blocks in a defined geometric pattern. Figure 4.1 presents a simplified version of that layout that you reproduce on a sheet of paper or on a whiteboard before you fill it. The layout matters because it shows the relationships between the blocks. Customer segments and value propositions are placed on the same horizontal line. Channels and customer relationships sit between them. Revenue streams sit at the bottom of the right side.

Key activities, resources, and partnerships sit on the left side. Cost structure sits at the bottom of the left side and faces the revenue streams across the canvas.

Figure 4.1: Simplified Layout of the Business Model Canvas

<table>
<tr><td rowspan="2">Key Partnerships (8)</td><td>Key Activities (7)</td><td rowspan="2">Value Proposition (2)</td><td>Customer Relationships (4)</td><td rowspan="2">Customer Segments (1)</td></tr>
<tr><td>Key Resources (6)</td><td>Channels (3)</td></tr>
<tr><td colspan="2">Cost Structure (9)</td><td></td><td colspan="2">Revenue Streams (5)</td></tr>
</table>



Source: Author, simplified from Osterwalder and Pigneur (2010).

4.5.4 The Lean Canvas as an Alternative

Maurya (2012) adapted the Business Model Canvas for early-stage startups in technology and digital services. The result is the Lean Canvas. Maurya replaced four blocks of the original canvas with four blocks that he considered more useful

at the early stage of a startup. Customer relationships and key activities became Problem and Solution. Key resources became Key Metrics. Key partnerships became Unfair Advantage. The change reflects a different priority. Maurya argued that an early startup should focus on the problem, the solution, the way the team measures progress, and the durable competitive edge. The other four blocks of the Business Model Canvas remain identical in the Lean Canvas: customer segments, value proposition, channels, revenue streams, and cost structure.

4.5.5 How to Use the Canvas in Practice

You produce the first version of your canvas in a single working session of two to four hours. You fill the blocks in a defined order. You start with customer segments. You then write the value proposition that addresses those segments. You move to channels and customer relationships, both on the right side of the canvas. You list the revenue streams. You then move to the left side. You write the key activities, the key resources, and the key partnerships. You finish with the cost structure. The order matters. Each block depends on the blocks that precede it, and a top-down sequence produces a coherent first version.

After the first session, you carry the canvas with you. You revise it after every customer interview, every conversation with a potential partner, every piece of evidence that contradicts an assumption. The canvas is a living document. A printed canvas on a wall, with sticky notes that the team moves and replaces, works better than a fixed digital file.

4.6 The Business Plan

4.6.1 Definition and Purpose

A Business Plan is a written document that describes a venture, the strategy that drives the venture, the market in which the venture operates, the operations that the venture performs, and the financial projections that the venture supports. The document sits between the founder and the outside world. Bankers read it before they grant a loan. Investors read it before they sign a term sheet. Public agencies read it before they award a grant or a startup label. Future employees read short sections of it before they accept an offer.

Pareras (2024) noted that the Business Plan also performs an internal function. The act of writing a Business Plan forces the founder to think through every dimension of the venture. The founder discovers contradictions, fills missing pieces, and rejects weak ideas before the launch. The internal function explains why experienced founders write a Business Plan even when no external party asks for one.

4.6.2 The Eight Standard Sections

A Business Plan typically contains eight sections. The exact order varies by audience and by sector, but the content stays similar across plans. Table 4.4 lists the sections, the purpose of each one, and the approximate length in pages for a Business Plan addressed to an Algerian bank.

Table 4.4: The Eight Standard Sections of a Business Plan

No.	Section	Purpose and Content	Approximate Length
1	**Executive Summary**	A two-page summary of the entire plan. Includes the business concept, the market opportunity, the team, and the funding request. Written last, placed first.	2 pages

2	**Business Description**	The mission, the vision, the legal form, the founders' profiles, the location, and the stage of development.	2 to 3 pages
3	**Market Analysis**	The size of the market, the segments, the trends, the competitors, and a SWOT analysis. Quantitative data drawn from official sources.	3 to 5 pages
4	**Marketing Strategy**	The product, the price, the distribution, and the promotion (the 4Ps). The customer acquisition cost and the expected lifetime value.	2 to 3 pages
5	**Operational Plan**	Production process, location, supply chain, technology, quality control, and the legal authorisations required.	2 to 3 pages
6	**Management Team**	The founders, the key employees, the advisory board, the organisational chart, and the recruitment plan for the first year.	1 to 2 pages
7	**Financial Plan**	Start-up costs, three-year projections of profit and loss, cash flow, balance sheet, break-even analysis, and the funding request.	4 to 6 pages
8	**Appendices**	Founders' CVs, supplier letters of intent, customer testimonials, technical specifications, regulatory documents.	Variable

Source: Author, drawing on Pareras (2024), Bygrave and Zacharakis (2014), and the ANADE template guide (2024).

4.6.3 Three Common Mistakes to Avoid

First mistake. The plan describes the product in great technical detail and devotes only a few lines to the market. Bankers and investors read the market section first. They want to know who pays, why they pay, and how much. A plan that buries

the market analysis at the end of the document signals that the founder built the product before checking the demand.

Second mistake. The financial projections show a perfect line that grows without setbacks. No real venture grows in a straight line. A realistic plan shows three scenarios: a base case, a pessimistic case, and an optimistic case. The pessimistic case demonstrates that the founder has thought about what happens if the first year falls short of expectations.

Third mistake. The team section lists names and titles without explaining why this team can deliver the venture better than another team. The reader of a Business Plan invests in people more than in ideas. A strong team section answers one question. Why are you and your co-founders the right people to solve this specific problem in this specific market?

4.7 Modern Approaches Beyond the Classical Plan

The classical Business Plan was built for a stable industrial economy in which the founder predicted demand, sized the market, and committed resources before the launch. The model still serves well in regulated, slow-changing sectors. In fast-changing sectors and in early-stage startups, three alternative approaches have gained ground since the 1990s. Mansoori and Lackéus (2019) compared the four approaches systematically and concluded that the choice depends on the level of uncertainty that the venture faces.

4.7.1 Effectuation

Sarasvathy (2008) studied the reasoning patterns of expert entrepreneurs through controlled experiments. The dominant pattern, which she called effectuation, reverses the logic of classical planning. The classical planner starts with a goal and then assembles the means to reach it. The effectuator starts with the means and then asks what goals those means make possible. The effectuator works with what is at hand: personal skills, contacts, savings, and accessible partnerships. The effectuator commits a small amount that the entrepreneur can afford to lose, observes the result, and adjusts the next step accordingly. The approach suits high-uncertainty environments in which long-range forecasts have low value.

4.7.2 The Lean Startup

Ries (2011) developed the Lean Startup as a practical method for technology ventures. The method rests on a build-measure-learn cycle. The founder builds a minimum viable product. The founder measures the response of real users. The founder learns from the data and decides whether to persevere with the current direction or to pivot toward a new direction. Blank and Dorf (2012) extended the same logic in The Startup Owner's Manual through the customer development process. The startup tests the problem with potential users, validates the solution, builds the customer base, and only then scales the business. The approach treats

the early stage of a startup as a search for the right business model rather than as the execution of a known plan.

4.7.3 Discovery-Driven Planning

McGrath and MacMillan (1995) developed discovery-driven planning at the Wharton School. The method targets ventures that face high uncertainty about a small set of critical assumptions. The founder writes a plan that lists every key assumption, ranks the assumptions by importance, and tests the most critical ones at the lowest possible cost. The founder revises the plan after each test. The approach combines the structure of the classical plan with the iterative discipline of the Lean Startup.

Table 4.5: Four Approaches to Planning a Venture

Approach	Best Fit	Central Tool	Author of Reference
Classical Business Plan	Stable markets, regulated sectors, larger funding rounds.	Written plan of fifteen to thirty pages.	Bygrave and Zacharakis (2014), Pareras (2024).
Effectuation	Founders with strong networks but limited starting capital.	Means-based reasoning, affordable loss principle.	Sarasvathy (2008).
Lean Startup	Technology and digital ventures with rapid iteration.	Minimum viable product, build-measure-learn cycle.	Ries (2011), Blank and Dorf (2012).
Discovery-Driven Planning	New ventures within established firms (intrapreneurship).	Reverse income statement, assumption checklist.	McGrath and MacMillan (1995).

Source: Author, synthesised from Mansoori and Lackéus (2019), Small Business Economics.

The four approaches are not exclusive. A modern founder combines them. The founder applies effectuation in the first weeks, while the team and the resources are still being assembled. The founder shifts to the Lean Startup approach during the first product-market fit experiments. The founder writes a classical Business Plan once the model stabilises and a bank loan or an equity investment becomes the next step. The founder applies discovery-driven planning whenever the venture launches a new line of business that carries fresh uncertainty.

4.8 The Financial Plan in Detail

The financial plan deserves its own section because most plans fail at this point. The founder builds an attractive narrative but leaves the numbers vague. A serious banker or investor reads the financial section first and stops if the numbers are inconsistent with the rest of the plan. Three documents form the core of the financial plan: the start-up budget, the three-year profit and loss projection, and the cash flow forecast.

4.8.1 The Start-Up Budget

The start-up budget lists every expense that the founder must pay before the first revenue arrives. The list includes legal registration fees, equipment purchases, the first stock of inventory, the first three months of rent, the first three months of salaries, the marketing launch costs, and a contingency reserve of at least 15 per cent of the total. The budget answers a single question for the banker. How much money does the founder need to bring the venture to its first paying customer?

4.8.2 The Three-Year Profit and Loss Projection

The profit and loss projection covers three years, broken down by month for the first year and by quarter for years two and three. The projection lists the revenue forecasts, the cost of goods sold, the gross margin, the fixed operating costs, the depreciation, the financial costs, and the net result. The projection uses three scenarios: a base case based on realistic assumptions, a pessimistic case in which the revenue grows half as fast as expected, and an optimistic case in which the revenue grows fifty per cent faster. The pessimistic case shows the moment at which the venture would need additional financing to survive.

4.8.3 The Cash Flow Forecast

The cash flow forecast tracks the inflows and outflows of cash, month by month, during the first eighteen to twenty-four months. The forecast differs from the profit and loss projection because it captures the timing of payments. A venture

can earn a profit on paper but run out of cash if customers pay late while suppliers demand payment on delivery. The cash flow forecast shows the lowest cash position of the venture during the first two years and helps the founder size the working capital needs correctly.

4.8.4 Break-Even Analysis

The break-even analysis identifies the level of sales at which the venture covers its total costs without yet making a profit. The calculation rests on a simple equation. The break-even revenue equals the fixed costs divided by the gross margin rate. A venture with fixed costs of one million dinars per year and a gross margin of forty per cent reaches break-even at two million five hundred thousand dinars of annual revenue. The analysis helps the founder set realistic monthly sales targets and identify the moment at which the venture stops draining the founder's savings.

4.9 The Implementation Process: From Plan to First Customer

A plan that nobody implements stays on a shelf. The implementation process bridges the gap between the signed Business Plan and the day on which the first customer pays. Baldassarre, Konietzko, Brown, Calabretta, Bocken, Karpen, and Hultink (2020) called this gap the design-implementation gap and showed that prototyping and small-scale pilots help close it. The implementation process unfolds in four phases.

Figure 4.2: The Four Phases of the Implementation Process



Source: Author, based on Baldassarre and colleagues (2020) and the ANADE accompaniment guide.

4.9.1 Phase 1: Legal and Administrative Setup (Days 1 to 30)

In phase one, you turn the venture into a legal entity. You choose the legal form, you register the company at the National Centre of the Commercial Register, you obtain the tax identification number, you register at the social security agencies (CNAS for employees and CASNOS for the self-employed), and you open a corporate bank account. You also obtain the sector-specific authorisations: a hygiene certificate for a food venture, a transport licence for a delivery venture, a pharmaceutical authorisation for a health venture. The phase ends when the company holds every document needed to issue an invoice.

4.9.2 Phase 2: Resource Mobilisation (Days 30 to 90)

In phase two, you assemble the resources that the Business Plan requires. You secure the financing through ANADE, CNAC, FGAR, a bank loan, or a combination of the four. You buy the equipment, you sign the lease for the workspace, you connect the utilities, and you recruit the first one to three employees. You also build the basic operational systems: the accounting software, the customer relationship management tool, and the payment system. The phase ends when the venture is ready to serve a customer.

4.9.3 Phase 3: Soft Launch and Validation (Days 90 to 180)

In phase three, you serve a small set of pilot customers. The pilot tests the operational system under real conditions. The pilot reveals weaknesses in the supply chain, in the customer service script, in the pricing model, and in the team coordination. You correct the weaknesses one by one. You collect testimonials from the pilot customers. You build a small marketing case study based on the pilot data. The phase ends when the operational system delivers consistent quality at the planned cost.

4.9.4 Phase 4: Iteration and Growth (Beyond Day 180)

In phase four, you scale the venture. You increase the marketing investment. You hire additional staff. You expand the geographic coverage. You add new products or services on the basis of the customer feedback collected during the pilot. You revise the Business Plan and the Business Model Canvas every quarter to reflect the new reality. The first year ends with a comparison between the planned numbers and the actual numbers. The comparison drives the strategic decisions of year two.

4.9.5 Three Readiness Criteria Before You Move from Plan to Action

Before you launch the implementation, you check three readiness criteria. The first criterion is financial readiness. The funding gap between the start-up budget

and the available capital must be zero or negative. A positive gap means that the venture will run out of cash before it generates enough revenue to survive. The second criterion is team readiness. The founding team must include the three families of skills identified in Unit 1, section 1.7.3: technical, managerial, and interpersonal. A team missing one family must close the gap before the launch through a hire, a partner, or an advisor. The third criterion is customer readiness. The venture must hold at least three pre-orders, three letters of intent, or three signed contracts that confirm the demand. Without customer readiness, the implementation begins blind.

4.10 Three Algerian Cases for Discussion

4.10.1 Nour, Solar Charging Stations in Saïda

Nour, a third-year student of management at a university in the wilaya of Saïda, validated her idea of solar phone-charging stations through twenty interviews with peers and a one-week observation of charging behaviour on the campus. She built a Business Model Canvas in a single afternoon (see Table 4.3 above). She then drafted a short Business Plan of twelve pages, which she submitted to ANADE for financing. The plan included a start-up budget of one million two hundred thousand dinars, a three-year profit and loss projection, a cash flow forecast, and a break-even analysis at one hundred and forty thousand dinars of monthly revenue. Nour received the ANADE financing, completed the legal setup in three weeks, and installed the first three stations on the campus during the autumn semester. The case shows the full chain from a validated idea to an operating venture.

Discussion question: which of the three readiness criteria did Nour satisfy before the launch? Which one was the weakest, and how did she compensate for it?

4.10.2 Yassir, the Business Model of a Multi-Service Platform

Yassir, the multi-service platform introduced in Unit 2, started with a Business Model Canvas focused on ride-hailing. The customer segments were urban passengers and freelance drivers. The value proposition combined transparent pricing, mobile booking, and a dense fleet. The company expanded the canvas progressively. By 2024, Yassir served four customer segments through one application: ride-hailing passengers, food delivery customers, parcel senders, and digital wallet users. Each new segment added value propositions, channels, and revenue streams while sharing the same key resources: the technology platform, the driver network, and the customer base. The case shows how a Business Model Canvas evolves as a venture scales and how the founder uses the canvas to coordinate the addition of new lines of business.

Discussion question: how did the cost structure change as Yassir added new customer segments? Which key activities became more important, and which ones became commodities?

4.10.3 A Business Plan Rejected by an Algerian Bank

A young engineer in Constantine submitted a Business Plan for a small chocolate manufacturing unit. The plan ran to forty-seven pages. The product description filled twenty pages. The market analysis covered three pages with general statements about the rising consumption of chocolate in North Africa. The financial section showed a profit and loss projection that grew at thirty per cent per year for five years, with no scenario analysis. The bank rejected the plan after a single review. The rejection letter cited three reasons: insufficient market analysis, unrealistic financial projections, and the absence of a clear answer to the question of why the founding engineer was the right person to run a chocolate factory. The case shows the three common mistakes of section 4.6.3 in concrete form.

Discussion question: redesign the structure of this plan in five steps. Which sections would you shorten, which sections would you expand, and which evidence would you add to address each rejection reason?

4.11 Tutorial Activities

TD 1. Build a Complete Business Model Canvas for Your Idea

Take the validated idea that you produced at the end of Unit 3. Print the empty Business Model Canvas template on an A3 sheet, or draw it on a whiteboard. Fill the nine blocks in the order described in section 4.5.5: customer segments, value proposition, channels, customer relationships, revenue streams, key activities, key resources, key partnerships, and cost structure. Each block carries three to five short statements. After the first version, identify the three blocks that depend most heavily on assumptions you have not tested. Plan three actions in the next two weeks to test those assumptions. Submit the canvas and the action plan at the next session.

TD 2. Draft a Short Business Plan

Using the eight-section structure of Table 4.4, write a short Business Plan of three to four pages for your validated idea. The plan must contain at least the executive summary, the business description, the market analysis, the marketing strategy, and a basic financial plan with a start-up budget and a three-year revenue projection. Use real data from official Algerian sources for the market analysis: the National Office of Statistics, the Ministry of Industry, or sector-specific reports. Submit the plan within two weeks.

TD 3. Peer Review of a Business Plan

Exchange your Business Plan from TD 2 with two classmates. Read each plan and write a one-page review for each one. The review applies a checklist with five criteria: the clarity of the value proposition, the depth of the market analysis, the realism of the financial projections, the strength of the team description, and the consistency between the sections. Highlight one strength and one improvement opportunity for each criterion. Return the reviews to the authors at the next session.

TD 4. Choose Your Planning Approach

Read the case of an Algerian venture (provided by the instructor) and identify the planning approach that the founders used. Apply the framework of Table 4.5 to justify your identification. Then propose a different approach that the founders could have used, and argue whether the alternative approach would have produced a different outcome. Submit a two-page note within ten days.

4.12 Self-Assessment

4.12.1 Factual Questions

Question 1. Name the nine blocks of the Business Model Canvas in the order recommended for filling them.

Question 2. Name the eight standard sections of a Business Plan and state the typical length of each section in pages.

Question 3. Explain the difference between the Business Model Canvas and the Lean Canvas, and identify the four blocks that change between the two tools.

Question 4. Name the four approaches to planning a venture covered in section 4.7 and the author who introduced each one.

Question 5. Define the three documents that form the core of the financial plan.

4.12.2 Open Questions

Question 6. Discuss the contingency view of Gruber (2007). Apply the view to two Algerian sectors of your choice and indicate whether each sector calls for a heavy classical Business Plan or for a lighter Lean Startup approach. Justify your answer.

Question 7. Compare effectuation and the Lean Startup. Identify the situation in which one approach outperforms the other and the situation in which both approaches converge on the same recommendation.

Question 8. Argue for or against the following statement: a Business Plan that the founder writes only for an internal purpose has no value. Use at least two arguments and one concrete example drawn from Mas, Massaro, Paoloni, and Kianto (2021).

Question 9. Apply the three readiness criteria of section 4.9.5 to a venture project that you observe directly. Identify the gaps and propose a concrete action plan to close each gap within ninety days.

Question 10. Reflect on your own situation. Do you have a validated idea today? If yes, which planning approach fits the idea best, and why? If not, what concrete steps will you take in the next three months to reach the validation stage?

4.13 Summary of the Unit

The transition from a validated idea to a working venture rests on a written plan. The empirical evidence supports a positive relationship between business planning and venture performance, especially in stable environments and at later stages of development. The plan adds value beyond the document itself by forcing the founder to confront uncertain assumptions and by turning tacit knowledge into explicit knowledge that the team shares.

Two complementary tools dominate the field. The Business Model Canvas (Osterwalder and Pigneur, 2010) captures the logic of the venture on one page through nine blocks: customer segments, value proposition, channels, customer relationships, revenue streams, key activities, key resources, key partnerships, and cost structure. The Business Plan covers the same logic in detail across eight sections of fifteen to thirty pages and adds the depth that bankers, investors, and public agencies expect.

Three modern approaches enrich the classical planning tradition. Effectuation (Sarasvathy, 2008) starts from the means at hand and asks what goals those means make possible. The Lean Startup (Ries, 2011; Blank and Dorf, 2012) treats the early stage as a search for the right business model through build-measure-learn cycles. Discovery-driven planning (McGrath and MacMillan, 1995) lists the critical assumptions, ranks them, and tests the most important ones at the lowest possible cost. The four approaches combine in practice. The founder applies effectuation in the first weeks, the Lean Startup during product-market fit experiments, the classical Business Plan at the funding stage, and discovery-driven planning whenever a new line of business carries fresh uncertainty.

The financial plan deserves close attention because most plans fail at this point. The plan rests on three documents: the start-up budget, the three-year profit and loss projection in three scenarios, and the cash flow forecast. The break-even analysis identifies the level of sales at which the venture covers its total costs.

The implementation process bridges the gap between the signed plan and the first paying customer through four phases: legal setup in days one to thirty, resource mobilisation in days thirty to ninety, soft launch and validation in days ninety to one hundred and eighty, and iteration and growth from day one hundred and eighty onwards. Three readiness criteria guide the move from plan to action: financial readiness, team readiness, and customer readiness.

The next unit moves from the venture itself to the institutional environment that surrounds it. You will study the support structures for entrepreneurship in Algeria, including ANADE, CNAC, ANGEM, and the network of business incubators, and you will learn how to engage with each one at the right moment of your project.

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Unit 5

Entrepreneurial Environment in Algeria

Part One: Support Structures and Accompaniment

A venture does not grow in a vacuum. The founder builds the project inside an institutional environment that opens doors, blocks paths, and shapes the speed at which the project moves from a written plan to a working business. The Algerian state has built this environment in stages over the last twenty-five years. The result is a network of public agencies, university structures, and acceleration programmes that you should learn to recognise and to engage at the right moment of your project.

This unit gives you a map of the Algerian support ecosystem. The map covers the public agencies that finance and accompany new ventures: ANADE, CNAC, ANGEM, AAPI, and ANEM. The map covers the university-based structures that serve student entrepreneurs: the Maison de l'Entrepreneuriat, the business incubator, CATI, and BLUE. The map covers the acceleration layer represented by Algeria Venture. And the map covers the regional ecosystem of Annaba, where you operate as a student of Badji Mokhtar University.

By the end of the unit, you choose the right structure to engage at each stage of your project. You read an Algerian funding announcement and identify the conditions, the timeline, and the required documents without hesitation. You understand the difference between support, which describes the broad mechanisms, and accompaniment, which describes the personal relationship between the entrepreneur and the advisor.

5.1 Prerequisites

Before you start this unit, you should have a validated idea, a Business Model Canvas, and a draft Business Plan, as built through Units 3 and 4. You should

distinguish the three forms of entrepreneurship from Unit 2, since each form engages different structures of the ecosystem. You should also be familiar with the basic legal forms of an Algerian enterprise, including the auto-entrepreneur, the EURL, the SARL, the SPA, and the new Société par Actions Simplifiée (SPAS) introduced for labelled startups.

5.2 Learning Objectives

Table 5.1 lists the learning objectives of the unit and links each objective to the section that develops it. The objectives follow the revised Bloom taxonomy.

Table 5.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You name the main public agencies and university structures that compose the Algerian support ecosystem.	Sections 5.7 and 5.8
Understand	You explain the difference between support and accompaniment, and the four stages of the accompaniment process.	Sections 5.4 and 5.5
Apply	You match a venture profile to the most relevant support structure and to the accompaniment type that fits its current stage.	Sections 5.6 and 5.7, TD 1 and TD 2
Analyse	You break down the regional ecosystem of Annaba and identify the role of each institution in a student venture.	Section 5.10 and TD 3
Evaluate	You judge the quality of the accompaniment received by a real venture and propose an improvement plan.	Section 5.11 and TD 4

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

5.3 The Ecosystem as the Hidden Variable of Success

Two students with identical projects can reach two different outcomes. The first student knows the support structures, applies for the right financing at the right time, joins the right incubator, and finds a mentor through the Maison de l'Entrepreneuriat. The second student tries to do everything alone and stops after the first administrative obstacle. The difference between the two outcomes is the ecosystem, not the project.

Isenberg (2010) introduced the concept of the entrepreneurship ecosystem in the Harvard Business Review. The ecosystem combines six interacting domains: a supportive culture, enabling policies and leadership, availability of finance, quality human capital, venture-friendly markets, and a range of institutional and infrastructural supports. A weak link in any one domain limits the impact of the others. The Algerian state has built ecosystem components since the early 2000s, with three waves of reform. The first wave, between 1996 and 2010, created the historical agencies. The second wave, between 2011 and 2019, built the university support structures. The third wave, since 2020, introduced the startup label, the Algeria Venture acceleration programme, and the SPAS legal form.

Bouazza, Ardjouman, and Abada (2015) studied the growth factors of Algerian SMEs and identified the institutional environment as the second most influential variable, behind only the personal characteristics of the founder. The finding gives the ecosystem a central place in your strategy. The map of the ecosystem deserves the same attention as the Business Plan itself.

5.4 Two Concepts That Students Often Confuse: Support and Accompaniment

Arabic and French academic literature distinguishes carefully between two terms. The first term is support (الدعم, soutien). The second term is accompaniment (المرافقة, accompagnement). The two words point to different realities, and a serious analysis keeps the two apart.

Support refers to the broad institutional mechanisms that the state and other actors put in place to make entrepreneurship easier. Support takes the form of subsidies, tax exemptions, soft loans, guarantee funds, public infrastructure, and policy reforms. Support sits at the level of the system. Support does not engage with the individual entrepreneur as a person.

Accompaniment refers to the personalised, human-centred relationship between an advisor and an entrepreneur during the planning, launch, and growth of a venture. Accompaniment takes the form of one-to-one meetings, structured mentoring sessions, written feedback on the Business Plan, and emotional support during difficult moments. Sammut (2003) described accompaniment as a process that combines four elements: a defined relationship between two persons, a series of structured interactions, an evolution of the entrepreneur's skills over time, and the gradual transfer of decision-making capacity from the advisor to the entrepreneur.

Cuzin and Fayolle (2004) identified three dimensions that structure good accompaniment. The first dimension is the position of the advisor: a counsellor, a coach, or a mentor. The second dimension is the type of relationship: punctual, regular, or intensive. The third dimension is the content of the exchange: technical, managerial, or psychological. A successful accompaniment combines the right position, the right intensity, and the right content for the stage that the venture has reached.

Table 5.2: Support and Accompaniment Compared

Criterion	Support	Accompaniment
Nature	Institutional, policy-based, system-level.	Personal, relational, individual-level.
Typical content	Subsidies, soft loans, tax exemptions, infrastructure.	Mentoring, advice, training, written feedback.

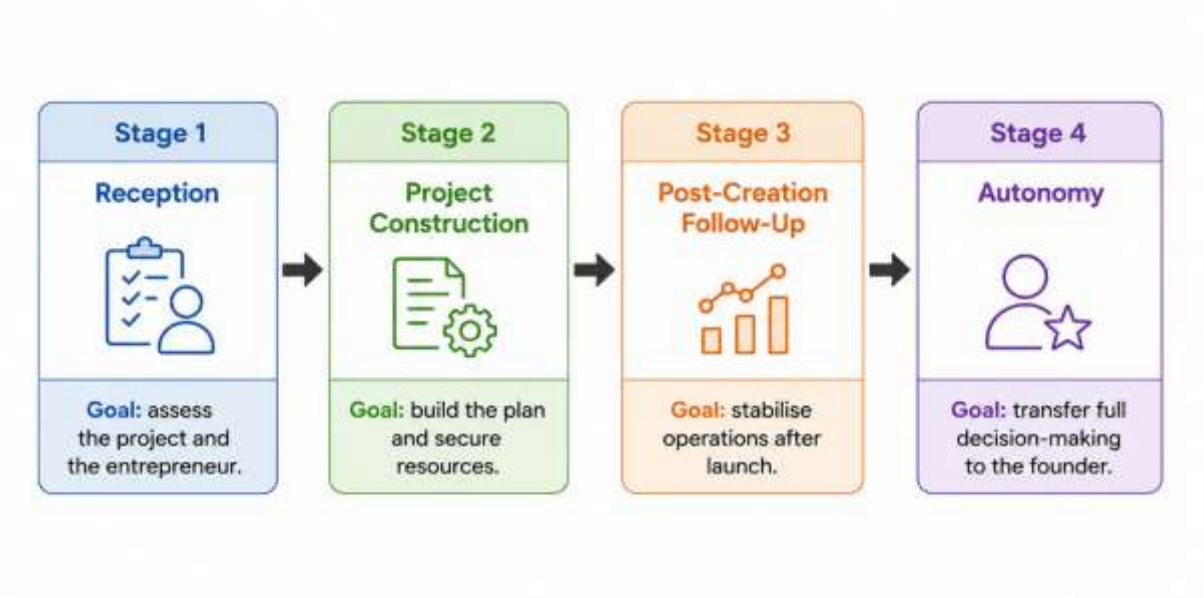
Provider	State agencies, banks, international donors.	Incubators, university advisors, individual mentors.
Duration	Variable, often tied to a single transaction.	Continuous, often two to three years per venture.
Output for the founder	Resources to launch and operate the venture.	Skills, judgement, network, and confidence.

Source: Author, drawing on Sammut (2003), Cuzin and Fayolle (2004), and Chabaud and Sammut (2014).

5.5 The Four Stages of Entrepreneurial Accompaniment

The accompaniment process unfolds in four stages. Each stage has its own goal, its own duration, and its own indicators of progress. The advisor and the entrepreneur agree on the stage they are in, and they move forward only when the goal of the current stage is reached.

Figure 5.1: The Four Stages of Entrepreneurial Accompaniment



Source: Author, adapted from Sammut (2003) and the ANADE accompaniment guide (2024).

5.5.1 Stage 1: Reception

In the reception stage, the entrepreneur meets with the advisor for an initial orientation. The advisor listens to the project, assesses the entrepreneur's seriousness, and identifies the basic gaps in knowledge, skills, and resources. The

reception stage typically lasts one to four weeks. The output is a written diagnostic that maps the project's strengths and weaknesses, the entrepreneur's personal profile, and the specific needs that the next stages must address.

5.5.2 Stage 2: Project Construction

In the construction stage, the advisor and the entrepreneur work together on the Business Plan, the legal setup, and the financial application. The stage lasts two to six months for most ventures. The advisor reviews each draft of the plan, challenges assumptions, suggests sources of data, and helps the entrepreneur refine the financial projections. The stage ends when the venture obtains the financing it needs, completes the legal registration, and operates from a fixed location.

5.5.3 Stage 3: Post-Creation Follow-Up

Post-creation follow-up covers the first two years of operation. Sammut (2003) showed that this stage receives less attention than the launch stage in most national programmes, even though the survival rate of new ventures depends heavily on the quality of post-creation support. The advisor visits the venture monthly, reviews the cash flow, helps with supplier and customer issues, and suggests adjustments to the strategy on the basis of the operational data. The stage ends when the venture reaches a stable operational rhythm and the founder no longer needs regular external advice on day-to-day matters.

5.5.4 Stage 4: Autonomy

In the autonomy stage, the advisor steps back. The entrepreneur takes full responsibility for strategy and operations. The advisor remains available for occasional consultation, particularly on strategic decisions: a major investment, a new product line, a partnership with an external actor. The stage marks the formal end of the accompaniment programme. The transition is rarely abrupt, and a good

advisor manages the disengagement carefully so that the entrepreneur leaves the programme with confidence rather than with anxiety.

5.6 The Seven Types of Accompaniment

Accompaniment covers seven content areas. A serious programme combines several of them, with the mix adjusted to the stage that the venture has reached. The Maison de l'Entrepreneuriat at your university provides the seven types under one roof, often through partnerships with external specialists when the in-house capacity is insufficient.

Table 5.3: The Seven Types of Entrepreneurial Accompaniment

No.	Type	Content	Typical Provider in Annaba
1	**Moral and strategic**	Clarification of vision, refinement of the business idea, and confidence building.	Maison de l'Entrepreneuriat, individual mentors.
2	**Technical**	Selection of production technologies, operational design, technical risk reduction.	CATI, university research laboratories.
3	**Communication and brand**	Brand identity, marketing channels, customer communication, and advertising strategy.	Private agencies, BLUE office, student associations.
4	**Training-based**	Workshops, structured training sessions, and access to professional networks.	Maison de l'Entrepreneuriat, Algeria Venture FabLab.
5	**Technological**	Adoption of digital tools, automation of internal processes, and use of online platforms.	CATI, the Algeria Venture FabLab, university computer centre.

6	**Administrative**	Paperwork, registration on the Sijilat platform, permits, social security, and tax compliance.	AAPI One-Stop Shop, ANADE local branch.
7	**Financial**	Funding sources, tax exemptions, grants, and loan guarantees.	ANADE, CNAC, ANGEM, FGAR, public banks.

Source: Author, drawing on Boukhentache (2018) and the ANADE programme guide (2024).

5.7 The Main Public Support Structures

The public ecosystem rests on five main agencies, each with a distinct mandate and a distinct target audience. You learn to identify the right agency for each profile and each stage. A wrong choice wastes time and weakens the application. A correct choice unlocks the resources that the project needs.

5.7.1 ANADE: The Agency for Youth Entrepreneurship

ANADE, the Agence Nationale d'Appui et de Développement de l'Entrepreneuriat, replaced ANSEJ in November 2020 by Executive Decree 20-329. The new name reflects an expanded mandate: from a narrow focus on youth employment to a broader support of entrepreneurship as a tool for economic development. ANADE targets project holders aged 19 to 40, with priority for graduates and for projects in the productive sectors. The financing model is triangular: a personal contribution that ranges from 1 to 2 per cent of the total project cost, an interest-free loan from ANADE, and a commercial bank loan at preferential rates. ANADE also provides tax exemptions during the launch period, accompaniment by an in-house advisor, and post-creation monitoring during the first three years.

5.7.2 CNAC: The Unemployment Insurance Path

CNAC, the Caisse Nationale d'Assurance Chômage, targets unemployed persons aged 30 to 55 who lost their salaried position and who hold a project that creates their own employment. The CNAC programme combines a pre-activity training

of one to two months, a financial package similar to the ANADE triangular scheme, and a follow-up during the first three years of activity. The CNAC pathway suits older candidates with prior professional experience who decide to convert that experience into an entrepreneurial venture.

5.7.3 ANGEM: The Microcredit Agency

ANGEM, the Agence Nationale de Gestion du Microcrédit, addresses a different segment: persons without formal employment, often women in rural areas, who launch a small craft or service activity from home. The maximum credit reaches one million dinars for the purchase of raw materials and basic equipment. ANGEM operates through an extensive local network with a branch in every wilaya, including Annaba. The agency combines the credit with a short training and a basic accompaniment during the first year of operation. The 2024 ANGEM annual report indicated that the wilaya of Annaba alone hosted more than 4,800 active microcredit beneficiaries, with a strong concentration in textile, food processing, and personal services.

5.7.4 ANEM: The Employment Agency

ANEM, the Agence Nationale de l'Emploi, holds a placement mandate that focuses on connecting job seekers with employers. The connection with entrepreneurship sits at the orientation stage. ANEM directs candidates with an entrepreneurial profile toward ANADE, CNAC, or ANGEM, depending on age and circumstances. The agency also organises regular forums that gather employers, public institutions, and project holders. A student near graduation should visit the ANEM branch in Annaba at least once during the final semester.

5.7.5 AAPI: The One-Stop Shop for Investment

AAPI, the Agence Algérienne de Promotion de l'Investissement, replaced ANDI in 2022 under Investment Law 22-18. AAPI manages the one-stop shop for investment registration. A new venture above a certain size threshold registers

through the AAPI digital portal and obtains, in a single procedure, the investment certificate, the tax registration, and the access to sector-specific incentives. AAPI also accompanies foreign investors and supports projects that mix Algerian and foreign capital under the rules that follow from the recent reforms of 2022 to 2025.

Table 5.4: The Five Main Public Support Agencies in Algeria

Agency	Target Audience	Main Service	Best Stage of Engagement
ANADE	Project holders aged 19 to 40, especially graduates.	Triangular financing, tax exemptions, three-year accompaniment.	After idea validation and Business Plan draft.
CNAC	Unemployed persons aged 30 to 55.	Pre-activity training, financing package, follow-up.	After loss of a salaried position.
ANGEM	Persons without formal employment, often women in rural and peri-urban areas.	Microcredit up to one million dinars, basic accompaniment.	From the first idea, even before the Business Plan.
ANEM	Job seekers with or without a project idea.	Job placement and orientation toward entrepreneurship agencies.	Final year of study or first months after graduation.
AAPI	Investors above a defined threshold, including foreign partners.	One-stop shop registration and incentives access.	At the legal registration stage, for medium and large projects.

Source: Author, compiled from official agency websites and the Ministry of Industry guide (2024).

5.8 University-Based Support Structures

The university plays a growing role in the entrepreneurship ecosystem. Three institutional reforms over the last fifteen years have shaped that role. The 2012 Ministerial Decree created the Maison de l'Entrepreneuriat in every university. The 2014 cooperation between the Ministry of Higher Education and WIPO introduced the CATI network. The 2022 reform under Decision 1275 introduced the academic startup label and the academic patent label, which together turned the university into a credentialing actor for student-led ventures.

5.8.1 The Maison de l'Entrepreneuriat

The Maison de l'Entrepreneuriat, also known as Dar El Maqawalati, serves as the entry point for any student interested in entrepreneurship. The structure exists in every Algerian university, including Badji Mokhtar University. The mission rests on four pillars: orientation of new students toward entrepreneurial pathways, organisation of awareness events and competitions, training in basic entrepreneurial skills, and connection with the broader ecosystem. The Maison de l'Entrepreneuriat does not finance projects directly. The structure prepares students to engage with the financing agencies described in section 5.7 and with the incubator described in section 5.8.2.

5.8.2 The University Business Incubator

The university business incubator hosts student and researcher projects beyond the orientation stage. The Badji Mokhtar University Incubator, located on the Sidi Amar campus, runs a three-phase programme. The first phase covers entrepreneurial culture and pre-incubation, with a duration of three months. Students attend workshops, refine their idea, and prepare a basic Business Model Canvas. The second phase covers prototype development and proof-of-concept work, with a duration of six to nine months. Students build a minimum viable product, test it with users, and produce a complete Business Plan. The third phase

covers market entry, with a duration of three to six months. Students obtain the academic startup label, apply for ANADE financing or for the Algeria Startup Fund, and prepare the legal registration. The Annaba incubator supported more than 240 student projects between 2020 and 2024, with a survival rate above the national average for new ventures.

5.8.3 CATI: The Centre for Technology and Innovation Support

CATI, the Centre d'Appui à la Technologie et à l'Innovation, was established in Algerian universities through a partnership with the World Intellectual Property Organisation. CATI serves projects that rest on a technical or scientific innovation. The centre provides three services. The first service is access to global patent databases and freedom-to-operate analyses. The second service is advisory support during the patent filing process at the INAPI in Algiers. The third service is connection with the academic patent label under Decision 1275, which unlocks specific public financing for innovation-based ventures. A student project in engineering, agronomy, biotechnology, or computer science begins its institutional journey at CATI before any other structure.

5.8.4 BLUE: The University-Enterprise Liaison Office

BLUE, the Bureau de Liaison Université-Entreprise, formalises the connection between the academic world and the productive sector. The office facilitates internships, joint research and development projects, and technology transfer agreements. From the perspective of a student entrepreneur, BLUE plays two specific roles. The first role is access to industrial mentors who advise the student on the market reality of a sector. The second role is the introduction to potential first customers, especially among the Annaba industrial cluster that includes companies such as El Hadjar steel, Fertial, and Asmidal.

5.9 The Acceleration Layer: Algeria Venture and the Startup Label

The third wave of ecosystem reform, since 2020, added an acceleration layer that targets the most innovative ventures. The layer rests on three components: the startup label, Algeria Venture as the public accelerator, and the Algeria Startup Fund as the dedicated financing vehicle.

5.9.1 The Startup Label

Executive Decree 20-254 of August 2020 created the startup label as an official certification granted by the National Startup Committee. The label rewards ventures that meet four conditions. The first condition is the age limit: the company must have been incorporated less than eight years ago. The second condition is the innovation requirement: the business model must rest on a creative product, service, or business concept. The third condition is the ownership structure: at least 50 per cent of the capital must be held by Algerian individuals, accredited investment funds, or other labelled startups. The fourth condition is the size limit: the workforce must not exceed 250 employees. The label opens access to a three-year exemption from corporate tax, an exemption from customs duties on imported equipment, eligibility for the Algeria Startup Fund, and the right to operate in foreign currency for export activity.

5.9.2 Algeria Venture

Algeria Venture, also called A-Venture, serves as the public accelerator. The structure runs cohort-based programmes of three to six months, each accepting fifteen to twenty selected ventures. The programme combines technical training, mentoring by domain experts, access to a national FabLab, and connections with potential investors. Algeria Venture also operates a network of FabLabs in major cities. The FabLab in Algiers includes equipment for rapid prototyping: 3D printers, laser cutters, electronic test benches, and software development workstations. A student project that needs a physical prototype but lacks the

equipment at the home university can apply for FabLab access through the local Maison de l'Entrepreneuriat.

5.9.3 The Algeria Startup Fund (ASF)

The Algeria Startup Fund, established by Executive Decree 20-254, provides equity financing to labelled startups. The fund takes a minority stake in the venture in exchange for a capital contribution that ranges from five million to one hundred and fifty million dinars. The fund accepts an exit through a buyback by the founders or through a secondary sale after three to five years. ASF financing differs from a bank loan. The fund shares the risk of the venture and the upside of growth, while a bank loan must be reimbursed regardless of the venture's performance.

5.10 The Annaba Ecosystem in Practice

Annaba sits in a privileged position within the Algerian ecosystem. The city hosts a major university, a heavy industrial cluster, a Mediterranean port, and a growing service sector. The combination produces a dense set of opportunities for student entrepreneurs. Table 5.5 maps the Annaba ecosystem and the typical role of each actor in a student project.

Table 5.5: The Annaba Entrepreneurial Ecosystem at a Glance

Actor	Mission	How a Student Engages
Maison de l'Entrepreneuriat (UBMA)	Awareness, orientation, and basic training.	Visit during the second year, attend at least three workshops.
UBMA Business Incubator (Sidi Amar)	Three-phase programme: pre-incubation, prototyping, market entry.	Apply with a Business Model Canvas at the end of the second year.
CATI (UBMA)	Patent advisory and technology transfer support.	Engage when the project rests on a technical innovation.

BLUE (UBMA)	Industrial connections and internship coordination.	Use during the third and fourth years for internships and customer access.
ANADE Annaba branch	Triangular financing for ventures led by graduates aged 19 to 40.	File the application after the Business Plan is signed by the incubator.
ANGEM Annaba branch	Microcredits for craft and service activities.	Suitable for small home-based ventures, especially in textile and food processing.
CNAC Annaba branch	Financing and training for unemployed persons aged 30 to 55.	Useful for older students who already held a salaried position.
Industrial cluster (El Hadjar, Fertial, Asmidal)	Potential first customers and industrial partners.	Approach through BLUE for B2B project ideas.
Port of Annaba	Logistics infrastructure for export-oriented ventures.	Useful for projects in agro-export and processed food.

Source: Author, compiled from agency websites, the UBMA Incubator brochure (2024), and field observation.

5.11 Persistent Challenges and the Reform Trajectory

The ecosystem has improved over two decades, but real obstacles remain. A serious analyst recognises both the progress and the gaps. Three challenges deserve a careful look.

5.11.1 Administrative and Regulatory Friction

The World Bank Doing Business reports placed Algeria at rank 154 out of 190 economies in 2015, then at rank 157 in 2019. The country improved through the introduction of the Sijilat platform, which now allows the registration of a commercial company in 24 to 72 hours when all documents are correctly prepared. Sector-specific authorisations, however, still require physical visits to multiple administrations and remain a frequent source of delay. The Ministry of Industry estimated in 2024 that the median time to obtain all required licences for a new manufacturing venture was 47 working days, against a target of 30 days set by the 2022 investment reform.

5.11.2 Coordination Among Public Agencies

The five main agencies (ANADE, CNAC, ANGEM, ANEM, AAPI) operate under three different ministries. The lack of unified governance produces overlap on some segments and gaps on others. A student near graduation often hesitates between ANADE and CNAC. A small craft venture sometimes qualifies for both ANGEM and ANADE without a clear rule that selects between them. The 2024 reform announced by the Ministry of Knowledge Economy and Startups proposed a unified entrepreneurship platform that would orient candidates automatically toward the right agency on the basis of a single application. The platform is in pilot deployment and should reach full national coverage during the academic year 2026 to 2027.

5.11.3 Quality of Accompaniment

Bouazza, Ardjouman, and Abada (2015) and Boukhentache (2018) identified the quality of accompaniment as the weakest link in the Algerian system. The agencies process a high volume of applications, which limits the time that an advisor can spend with each entrepreneur. The post-creation follow-up suffers in particular: most ventures see their advisor twice during the first year and almost never afterwards. The university incubators offer a more intensive accompaniment, but their capacity is limited to a few hundred student projects per year, against an annual graduate flow that exceeds three hundred thousand. The gap between supply and demand of high-quality accompaniment remains the central reform challenge for the next decade.

5.12 Tutorial Activities

TD 1. Map the Right Path for Three Profiles

The instructor distributes three short profiles. Profile A describes a fourth-year engineering student with a technical project based on a low-cost water purification system. Profile B describes a 32-year-old former employee of a closed cement plant who wants to launch a small tile manufacturing workshop. Profile C describes a 24-year-old graduate of the Faculty of Letters who wants to start a home-based catering activity for office workers in central Annaba. For each profile, identify the most relevant agencies and structures, the order in which the candidate should engage them, and the documents that the candidate prepares for each step. Submit a one-page note within one week.

TD 2. Visit a Local Support Structure

In groups of three, visit one of the following structures in Annaba: the UBMA Maison de l'Entrepreneuriat, the UBMA Incubator on the Sidi Amar campus, the ANADE local branch, the ANGEM branch, or the AAPI desk in the wilaya office. Conduct a short interview with one staff member. Ask about the volume of applications received in 2024, the rate of approval, the average time between

application and decision, and the most common reasons for rejection. Write a two-page report that combines the interview content with your own reflection on what a student should prepare before approaching the structure.

TD 3. Build a Twelve-Month Engagement Plan

Take your validated idea from Unit 3 and your Business Model Canvas from Unit 4. Build a twelve-month engagement plan that lists every structure you intend to approach, the month in which you approach it, the document you bring, and the outcome you expect. Use Table 5.5 as a starting reference. Submit the plan as a one-page timeline within ten days.

TD 4. Evaluate the Quality of an Accompaniment

Identify a young entrepreneur in your network or in your wilaya who received accompaniment from one of the public agencies during the last two years. Conduct a thirty-minute interview using the four-stage framework of section 5.5. Ask about the reception, the construction phase, the post-creation follow-up, and the path toward autonomy. Apply Cuzin and Fayolle's three dimensions (position of the advisor, intensity of the relationship, content of the exchange) to evaluate the quality of the accompaniment. Submit a two-page evaluation note with at least two concrete recommendations for improvement.

5.13 Self-Assessment

5.13.1 Factual Questions

Question 1. Define support and accompaniment in your own words and state two differences between them.

Question 2. Name the four stages of entrepreneurial accompaniment and state the typical duration of each stage.

Question 3. List the seven types of accompaniment introduced in section 5.6 and give a one-line description of each one.

Question 4. Name the five main public support agencies in Algeria and identify the target audience of each one.

Question 5. State the four conditions for obtaining the startup label under Executive Decree 20-254.

5.13.2 Open Questions

Question 6. Compare ANADE and CNAC. Identify the situation in which a candidate qualifies for both agencies and explain how the candidate should choose between them.

Question 7. Discuss the role of the university incubator in the entrepreneurial pathway of a student. Use the three-phase model of the UBMA Incubator and connect it to the four-stage accompaniment framework of section 5.5.

Question 8. Argue for or against the following statement: the multiplicity of public agencies in Algeria helps the entrepreneur by offering choice rather than confusing the entrepreneur. Use at least two arguments and one concrete example.

Question 9. Apply the seven types of accompaniment to a venture project that you observe directly. For each type, indicate whether the venture currently receives this support and from which provider. Identify the three types where the venture would benefit most from additional support.

Question 10. Reflect on your own situation. Which structures do you intend to engage during the next twelve months? Build a calendar that links each engagement to a deliverable that you must prepare in advance.

5.14 Summary of the Unit

The Algerian entrepreneurial ecosystem has matured through three waves of reform. The first wave created the historical agencies between 1996 and 2010. The second wave built the university support structures between 2011 and 2019. The third wave introduced the startup label, the Algeria Startup Fund, and the SPAS legal form between 2020 and 2025. The result is a dense network of public agencies, university structures, and acceleration programmes that the founder must learn to engage at the right moment.

Two concepts organise the analysis. Support refers to the broad institutional mechanisms: subsidies, soft loans, tax exemptions, infrastructure. Accompaniment refers to the personalised, human-centred relationship between an advisor and an entrepreneur. The two concepts complement each other, and a venture needs both to grow. Accompaniment unfolds in four stages: reception, project construction, post-creation follow-up, and autonomy. Each stage has its own goal, its own duration, and its own indicators. Accompaniment also covers seven content areas: moral and strategic, technical, communication and brand, training-based, technological, administrative, and financial.

Five public agencies anchor the support landscape. ANADE serves project holders aged 19 to 40 through triangular financing and three years of accompaniment. CNAC serves unemployed persons aged 30 to 55 through pre-activity training and a similar financial package. ANGEM provides microcredits for small craft and service activities. ANEM directs job seekers toward the right agency. AAPI manages the one-stop shop for investment registration through the Sijilat platform.

The university adds a second layer of support, especially for student entrepreneurs. The Maison de l'Entrepreneuriat orients students and runs awareness events. The university business incubator hosts projects through a three-phase programme that ends with the academic startup label. CATI supports

innovation-based projects through patent advisory and intellectual property services. BLUE connects the university with the productive sector through internships, joint projects, and customer introductions.

Algeria Venture and the Algeria Startup Fund form the acceleration layer for the most innovative ventures. The startup label, defined by Executive Decree 20-254, opens access to tax exemptions, customs duty waivers, equity financing through ASF, and acceleration cycles at A-Venture.

The Annaba ecosystem combines the major university (UBMA), the heavy industrial cluster, the Mediterranean port, and the growing service sector. A student entrepreneur in Annaba follows a typical pathway. The student visits the Maison de l'Entrepreneuriat in the second year, joins the UBMA Incubator at the end of the second or beginning of the third year, applies to ANADE during the third year with a complete Business Plan, and obtains the startup label during the fourth year if the project meets the four conditions.

Persistent challenges remain. Administrative friction, agency coordination, and the quality of accompaniment continue to limit the impact of the ecosystem. The 2024 unified entrepreneurship platform should address some of these issues by 2026 to 2027. The next unit moves from the broad ecosystem to the financing question itself, with a detailed look at the funding sources available to Algerian entrepreneurs.

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Unit 6

Entrepreneurial Environment in Algeria

Part Two: Financing Bodies for Entrepreneurial Projects

A Business Plan without funding stays on paper. The transition from a written project to a working venture requires money, and money has a price, a structure, and a set of conditions. The job of the entrepreneur is to identify the right financing source, to negotiate the right terms, and to keep the right balance between the cost of the money and the freedom that the money preserves.

Unit 5 mapped the institutional ecosystem that surrounds the entrepreneur. Unit 6 zooms in on one specific dimension of that ecosystem: the financing function. The unit covers the spectrum of sources available to an Algerian entrepreneur, from personal savings at one end to equity from a public investment fund at the other. The unit explains how each source works, what each source costs, and what each source demands in return.

By the end of the unit, you build a financing plan for your validated project. Match each phase of your venture to the appropriate source. You read a loan offer or a term sheet without confusion. You recognise the difference between debt, equity, and hybrid instruments. And you understand the new Islamic finance window that the Algerian banking sector opened in 2020 as a parallel pathway to the conventional financing routes.

6.1 Prerequisites

Before you start this unit, you should have a complete Business Plan from Unit 4, including a start-up budget, a three-year profit and loss projection, and a cash flow forecast. You should be familiar with the public agencies of the support ecosystem covered in Unit 5: ANADE, CNAC, ANGEM, AAPI. You should

understand the basic financial concepts used in any loan agreement: interest rate, grace period, instalment, amortisation, and collateral.

6.2 Learning Objectives

Table 6.1 lists the learning objectives of the unit and links each objective to the section that develops it. The objectives follow the revised Bloom taxonomy.

Table 6.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You name the main financing sources available to an Algerian entrepreneur.	Sections 6.5 to 6.11
Understand	You explain the difference between debt, equity, hybrid, and grant-based financing.	Sections 6.4 and 6.10
Apply	You match each financing source to the stage and profile that fits it best.	Section 6.12 and TD 1
Analyse	You break down the triangular financing model and the role of each party in it.	Section 6.6 and TD 2
Evaluate	You judge the trade-off between conventional and Islamic finance for a given project.	Section 6.8 and TD 3
Create	You build a complete financing plan for a venture, with three sources combined.	Section 6.12 and TD 4

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

6.3 The Financing Challenge for Algerian Entrepreneurs

Beck and Demirgüç-Kunt (2006) ranked access to finance as the top growth constraint identified by small and medium enterprises across developing economies. The ranking has held steady through every World Bank Enterprise Survey since 2003. The reasons combine three factors. The first factor is information asymmetry. The bank knows less about the project than the entrepreneur, and the bank prices the loan accordingly, sometimes pricing it out of reach. The second factor is the absence of collateral. A young entrepreneur rarely owns property to pledge against a loan. The third factor is the cost of credit assessment. A bank spends almost the same amount of work to assess a small loan as a large one, and the bank prefers the large loan because the absolute return justifies the cost.

Berger and Udell (1998) studied the same problem in the United States and identified what they called the financial growth cycle. The early stages of a venture rely on personal savings, family loans, and small public grants. As the venture grows, bank loans, leasing, and trade credit become accessible. At maturity, the venture taps capital markets, private equity, or major industrial partners. The cycle holds in Algeria as well, with one difference. The Algerian capital market remains thin, and the equity stage often relies on the Algeria Startup Fund or on family-backed acquisitions rather than on a public stock offering.

The Algerian financing landscape changed substantially between 2020 and 2025. Three reforms reshaped the field. The first reform was the launch of the Algeria Startup Fund and the startup label in August 2020. The second reform was the introduction of Islamic finance products through Bank of Algeria Regulation 20-02 of March 2020. The third reform was the new Investment Law 22-18 of July 2022, which simplified the registration process for medium and large investments

through AAPI. Together, these reforms widened the menu of financing instruments and reduced some of the historical friction in access to credit.

6.4 The Spectrum of Financing Sources

Financing sources sit on a spectrum that ranges from low cost and low control surrender at one end to high cost and high control surrender at the other end. The right source for a given project depends on three variables: the stage of the venture, the appetite for sharing ownership, and the predictability of future cash flows.

Cassar (2004) studied the determinants of the financing structure of new ventures and identified four primary categories. The first category is internal financing, which includes the founder's savings, family contributions, and reinvested early profits. The second category is debt financing, which includes bank loans, soft loans from public agencies, and trade credit. The third category is equity financing, which includes investments from private partners, public funds, or business angels. The fourth category is hybrid financing, which combines features of debt and equity, such as convertible loans or revenue-sharing instruments.

Table 6.2: The Four Categories of Financing for an Algerian Venture

Category	Definition	Algerian Examples	Effect on Ownership
Internal	Money provided by the founder, the family, or the early profits of the venture.	Personal savings, family loans, retained earnings.	None.
Debt	Money lent by a third party, to be repaid with interest or with a defined margin.	ANADE loan, CNAC loan, ANGEM microcredit, public	None.

		bank loan, supplier credit.	
Equity	Money invested in exchange for a share of the company's ownership and future profit.	Algeria Startup Fund, private investors, family equity partners.	Partial transfer.
Hybrid and grants	Instruments that combine features of debt and equity, or non-repayable grants from public or international donors.	Convertible loans, EU grants, World Bank SME programmes.	Variable.

Source: Author, drawing on Cassar (2004) and Berger and Udell (1998).

6.5 Personal Sources: The Foundation of Any Funding Plan

Every serious financing plan starts with a personal contribution. The personal contribution serves three purposes. First, it sends a credibility signal to every other potential lender or investor. A founder who refuses to put personal money at risk also fails to convince others to do so. Second, it covers the very early phase, when no public agency has signed a financing agreement yet. Third, it preserves negotiating leverage with future investors, because the founder approaches them from a position of operational reality rather than from a position of pure idea.

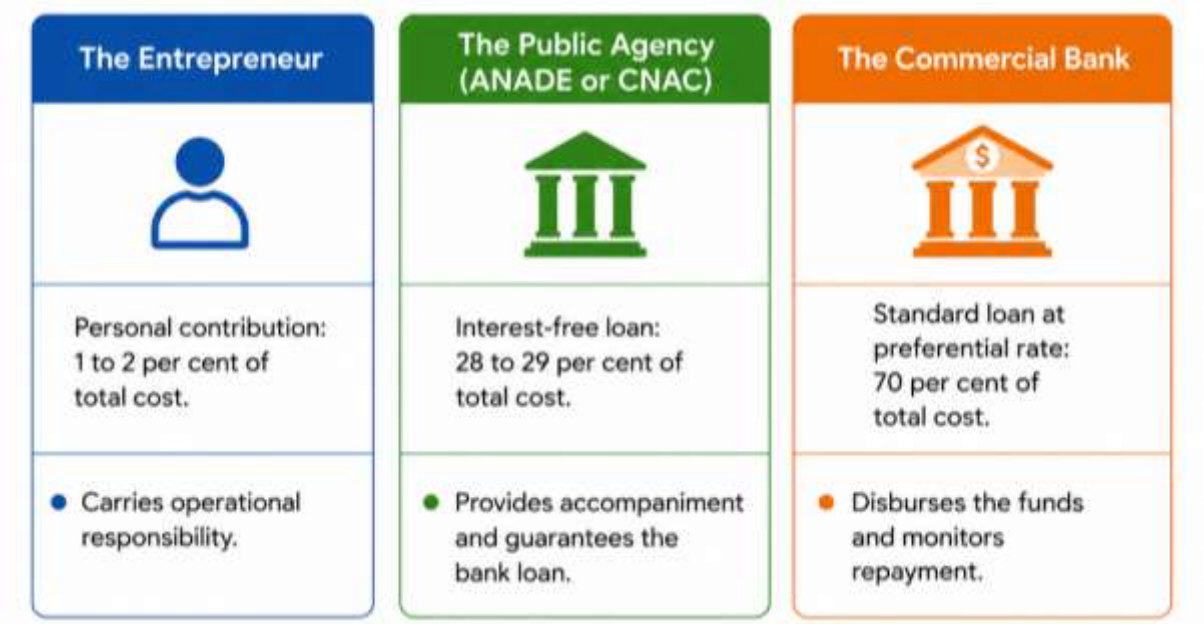
Internal sources include three streams. The first stream is the founder's own savings. The second stream is family and friends, often called the FFF capital (founder, family, friends). The third stream is the early revenue of the venture, also called bootstrapping, when the venture generates cash before it asks any external party for money. Mellor (2009) reported that more than 70 per cent of new ventures in OECD countries start with internal financing alone, and the figure rises above 85 per cent in middle-income economies. Algeria fits the second pattern.

Family financing in Algeria deserves a specific note. The cultural acceptance of family loans, often without formal contracts, gives the Algerian entrepreneur an early-stage cushion that founders in other contexts may lack. The same informality, however, generates conflicts when the venture grows or fails. A serious founder writes a short formal agreement with family lenders from the start, even when the lender does not ask for one. The agreement specifies the amount, the repayment schedule, the consequences of default, and the role of the lender in future strategic decisions.

6.6 Public Triangular Financing through ANADE and CNAC

The triangular financing scheme stands at the heart of the Algerian public support model. The scheme combines three parties: the entrepreneur, the public agency (ANADE or CNAC), and a commercial bank. Each party contributes a defined share of the total project cost. The model reduces the risk for each party by spreading the investment across three sources, and it increases the discipline of the entrepreneur by requiring a personal stake in the project.

Figure 6.1: The Triangular Financing Model in Algeria



Source: Author, based on the ANADE Financing Guide (2024) and the CNAC Programme Manual (2024).

The exact percentages depend on the size of the project and on the wilaya. Smaller projects, below five million dinars, follow the standard breakdown of 1 per cent personal contribution, 29 per cent ANADE interest-free loan, and 70 per cent commercial bank loan. Larger projects, between five and ten million dinars, require a 2 per cent personal contribution, with the remaining shares adjusted proportionally. The state subsidises a part of the bank's interest rate during the first three years, which reduces the effective cost for the entrepreneur.

The repayment structure includes a grace period of one to three years, during which the entrepreneur pays no instalments. The grace period gives the venture time to reach operational stability before the cash outflows begin. After the grace period, the entrepreneur repays the bank loan over five to eight years, depending on the sector and on the project size. The ANADE interest-free portion repays after the bank loan is fully reimbursed, which extends the total repayment horizon to ten or twelve years for many projects.

6.7 Microfinance: ANGEM and the Path of the Small Producer

Microfinance addresses a specific segment that the triangular model does not reach. The segment includes persons without formal employment, often women in rural areas, who launch a small income-generating activity from home. The activity may be food processing, textile production, basic carpentry, hairdressing, or a small retail point. The amounts involved are low, the operating cycle is short, and the formal documentation requested by a commercial bank does not match the profile of the borrower.

Yunus (2007) showed in Bangladesh that microfinance can pull families out of extreme poverty when three conditions hold. The first condition is the small size of the loan, which keeps the repayment burden manageable. The second condition is the simplicity of the application, which removes the documentation barrier. The third condition is the social discipline that group lending or peer monitoring

imposes on the borrowers, which raises the repayment rate above the levels typical of conventional consumer credit.

ANGEM applies the same logic in Algeria. The agency offers two financing tracks. The first track funds the purchase of raw materials and basic consumables, with a loan up to 250,000 dinars. The second track funds the acquisition of small equipment, such as sewing machines, ovens, or basic agricultural tools, with a loan up to one million dinars. Both tracks combine an ANGEM contribution, a small bank loan, and a personal contribution that may reach zero per cent in some cases. The 2024 ANGEM annual report indicated that women represented 65 per cent of the active beneficiaries nationally and 71 per cent in the wilaya of Annaba, with a strong concentration in textile and food processing activities.

6.8 Bank Loans: Conventional and Islamic Pathways

6.8.1 The Five Public Banks

The Algerian banking sector relies heavily on five public banks that finance most SME activity. Each bank has a sectoral specialisation that reflects its historical mission. Table 6.3 summarises the five banks, their focus, and their typical role in SME financing.

Table 6.3: The Five Public Banks of Algeria

Bank	Historical Specialisation	Typical Role in SME Financing
BNA	Banque Nationale d'Algérie. The largest public bank.	All sectors, large network across wilayas, partner of ANADE and CNAC.
BADR	Banque de l'Agriculture et du Développement Rural.	Agriculture, agro-processing, rural ventures, fishing.
CPA	Crédit Populaire d'Algérie.	Trade, services, light industry, broad SME coverage.

BDL	Banque de Développement Local.	Local development projects, small industry, crafts.
BEA	Banque Extérieure d'Algérie.	Foreign trade, importers, exporters, larger industrial projects.

Source: Author, compiled from the Bank of Algeria annual report (2024) and the websites of the five public banks.

All five banks participate in the triangular financing scheme of ANADE and CNAC. The choice between them often follows the sector of the project and the geographic location of the entrepreneur. A young farmer in El Kala approaches BADR. A trader in central Annaba approaches BNA or CPA. An exporter that ships processed food through the port of Annaba approaches BEA. The relationship between the entrepreneur and the bank manager often matters more than the marginal differences in interest rates.

6.8.2 Islamic Finance: A Parallel Pathway Since 2020

Bank of Algeria Regulation 20-02 of March 2020 introduced Islamic finance products into the Algerian banking system. The regulation authorised conventional public banks to open Islamic windows that offer Sharia-compliant financing instruments alongside their conventional products. The reform answers a documented demand from a segment of the population that had refused conventional interest-based credit on religious grounds. Iqbal and Mirakhor (2011) estimated that this segment represents 25 to 35 per cent of potential bank customers in Muslim-majority economies, and the Algerian figure falls within that range.

Islamic finance rests on the prohibition of interest (riba) and on the requirement that financial transactions involve real economic assets rather than pure money lending. The four principal instruments offered by Algerian Islamic windows correspond to four different financing situations.

Table 6.4: The Four Main Islamic Finance Instruments Offered in Algeria

Instrument	Mechanism	Suitable Use Case
Murabaha	The bank buys an asset and resells it to the entrepreneur at a defined margin, payable in instalments.	Purchase of equipment, vehicles, or commercial inventory.
Musharaka	The bank and the entrepreneur form a joint venture and share the profit and loss according to a defined ratio.	Long-term capital partnership, especially for industrial projects.
Mudaraba	The bank provides the capital and the entrepreneur provides the labour and management. The profit is shared, but the financial loss falls on the bank.	Trust-based capital provision when the entrepreneur has skills but no collateral.
Ijara	The bank leases an asset to the entrepreneur for a defined period and a defined rent, with an option to buy at the end.	Long-term acquisition of equipment, real estate, or vehicles.

Source: Author, drawing on Iqbal and Mirakhor (2011) and the Bank of Algeria Regulation 20-02 (2020).

The Algerian Islamic windows currently operate in BNA, CPA, BDL, BADR, and Al Baraka Bank, the latter being the historical Islamic bank in the country. The choice between conventional and Islamic financing often rests on personal conviction and on the structure of the project. A project that involves the purchase of equipment fits the Murabaha or the Ijara naturally. A long-term industrial joint venture fits the Musharaka. A consulting or service venture, where the founder brings know-how but limited collateral, may benefit from a Mudaraba arrangement, although Algerian banks remain cautious with this instrument due to its risk profile.

6.9 Guarantee Funds: Reducing the Bank's Risk

Banks ask for collateral before they grant a loan. A young entrepreneur rarely owns the property required by the bank's risk policy. The gap between what the entrepreneur owns and what the bank requires often blocks otherwise viable projects. Public guarantee funds bridge that gap. The fund stands behind the entrepreneur and guarantees a portion of the loan to the bank. If the entrepreneur defaults, the fund pays the bank the guaranteed portion. The bank reduces its risk and approves loans that it would otherwise reject.

6.9.1 FGAR: The Fund for SME Loan Guarantees

FGAR, the Fonds de Garantie des Crédits aux Petites et Moyennes Entreprises, was created in 2002 under the Ministry of Industry. The fund covers up to 80 per cent of the bank loan amount for SMEs in productive sectors. The maximum guarantee per project is 250 million dinars. FGAR addresses ventures that present a credible Business Plan but lack sufficient collateral. The fund operates through a defined process: the bank assesses the project, requests the FGAR guarantee, and proceeds with the loan once the guarantee is approved. The 2024 annual report of FGAR indicated that more than 18,000 SMEs received support since 2003, with a default rate below 7 per cent, well within international benchmarks.

6.9.2 CGCI-PME: The Mutual Guarantee Company

CGCI-PME, the Caisse de Garantie des Crédits d'Investissement aux Petites et Moyennes Entreprises, complements FGAR by focusing on investment credits. While FGAR primarily guarantees operational and short-term loans, CGCI-PME guarantees longer-term investment loans up to 350 million dinars per project. The two funds together cover most of the credit gap that Algerian SMEs face, although the awareness of these instruments among young entrepreneurs remains limited. A serious Business Plan submitted to a public bank should systematically include a request for FGAR or CGCI-PME guarantee in the financing section.

6.10 Equity Financing: From the Algeria Startup Fund to Private Investors

Equity financing differs from debt financing in two ways. First, the investor receives a share of the company rather than a fixed repayment schedule. Second, the investor accepts the risk of total loss in exchange for a share of the upside. Equity suits ventures with high growth potential but uncertain short-term cash flows, exactly the profile of a startup.

6.10.1 The Algeria Startup Fund

The Algeria Startup Fund (ASF) was established by Executive Decree 20-254 of August 2020. The fund provides equity financing to ventures that hold the official startup label. Investments range from five million to one hundred and fifty million dinars per venture. The fund takes a minority stake of 10 to 49 per cent in the company. The fund holds the stake for three to five years and then exits through a buyback by the founders, a sale to another investor, or a public offering. The ASF investment differs from a bank loan in three ways. The fund accepts higher risk. The fund does not request collateral. The fund participates in the strategic decisions of the company through a seat on the board, although it does not interfere in daily management.

6.10.2 Private Investors and Business Angels

The Algerian business angel community remains small but active. Lerner (2009) showed that the development of a national startup ecosystem requires a critical mass of business angels who provide the bridge between family financing and venture capital. The wilaya of Algiers concentrates most of the active angels, with smaller groups in Oran, Constantine, and Annaba. Private equity in Algeria remains nascent. The 2024 Algerian Venture report listed seven active funds, most of them backed by international development institutions. The funds focus on growth-stage ventures with proven revenue and a clear path to profitability.

6.10.3 The Cost of Equity: Ownership and Control

Equity financing has a non-monetary cost that founders sometimes underestimate. The investor takes a share of the company. The share dilutes the founder's control over strategic decisions. A founder who raises equity at three successive rounds may end up with less than 30 per cent of the company by the time the venture reaches profitability. The dilution is rational when the equity raises accelerate growth and increase the absolute value of the founder's stake, even at a smaller percentage. The dilution becomes destructive when the founder raises money for the wrong reasons or at the wrong valuation.

6.11 Other Sources: Crowdfunding, International Donors, and Trade Credit

Three additional sources deserve attention because they complement the main pathways and may grow in importance over the next decade.

6.11.1 Crowdfunding

Crowdfunding raises small amounts from a large number of contributors, usually through an online platform. Mollick (2014) studied the dynamics of Kickstarter and Indiegogo and identified four crowdfunding models: reward-based, donation-based, equity-based, and lending-based. Algeria has not yet developed a national crowdfunding platform with full legal recognition, although several reform proposals are under discussion. Algerian entrepreneurs sometimes use international platforms (Kickstarter, GoFundMe) for projects with diaspora appeal, but the regulatory and currency barriers limit the scale. The 2024 Strategic Report on the Startup Ecosystem proposed the creation of a national crowdfunding framework by 2027.

6.11.2 International Donors and EU Programmes

Several international institutions fund Algerian SME projects through dedicated programmes. The European Union supports entrepreneurship through the EU4Business programme and through specific calls for proposals tied to the

Neighbourhood Policy. The World Bank, the African Development Bank, and the German agency GIZ run sectoral programmes that target food security, renewable energy, digital services, and women entrepreneurship. The amounts available through these programmes are substantial, but the application process demands strong English or French writing, a precise alignment with the donor's strategic priorities, and patience with timelines that often exceed twelve months from the call to the disbursement.

6.11.3 Trade Credit and Supplier Financing

Trade credit is the financing that suppliers extend by allowing payment 30, 60, or 90 days after delivery. The mechanism is informal and contractual, not statutory, but the volumes involved often exceed bank credit for established SMEs. A young venture earns access to trade credit by building a relationship of trust with key suppliers over the first six to twelve months of operation. The cost of trade credit is implicit, hidden in the price difference between cash payment and deferred payment. The cost is rarely zero, and a careful financial manager calculates the implicit interest rate before deciding whether to use the credit or to pay cash and negotiate a discount.

6.12 How to Build a Financing Plan for Your Venture

A financing plan combines several sources rather than a single one. The combination follows the Berger and Udell financial growth cycle described in section 6.3. You build the plan in five steps.

Step one. You quantify the total need. The need equals the start-up budget plus the cumulative operating loss until the break-even point. The Business Plan from Unit 4 contains the figure. Add a contingency reserve of 15 to 20 per cent for the unexpected expenses that every new venture faces.

Step two. You define the personal contribution. The contribution rarely covers the full need, but it should reach at least 10 to 15 per cent. Below that level, the

venture loses credibility with every external party. Above 30 per cent, the venture often dilutes the founder's risk-bearing motivation, which weakens the discipline of the early stage.

Step three. You select the public scheme that fits the profile. A graduate aged 19 to 40 with a productive project applies to ANADE. An unemployed person aged 30 to 55 applies to CNAC. A small craft activity led by a woman in a rural area applies to ANGEM. A labelled startup applies to ASF. The choice follows the rules of section 6.6 and section 6.7.

Step four. You add a guarantee fund (FGAR or CGCI-PME) to support the bank loan portion. The guarantee reduces the collateral requirement and accelerates the bank approval. Most bank applications that include a FGAR request reach a decision in 60 to 90 days, against 120 to 180 days for applications without a guarantee.

Step five. You plan the second round. A first financing round rarely covers more than 18 to 24 months of activity. The second round depends on the performance of the first year. A solid financial plan includes a contingency for the second round, with two or three identified sources, a target amount, and a target date.

Table 6.5: A Sample Financing Plan for a Medium-Sized Project

Source	Amount (DZD)	Share	Cost or Counterpart
Personal contribution from the founder	200,000	2 per cent	None.
Family loan (formal agreement)	800,000	8 per cent	Repayment over five years.
ANADE interest-free loan	2,800,000	28 per cent	Repayment after the bank loan.

Bank loan with FGAR guarantee	6,200,000	62 per cent	Subsidised interest, 8-year repayment.
Total project financing	**10,000,000**	**100 per cent**	Mixed.

Source: Author, illustrative example based on the standard ANADE triangular model.

6.13 Three Algerian Cases for Discussion

6.13.1 A Bakery Combining ANADE and Family Equity

Karim, a 28-year-old graduate of a vocational training centre in Annaba, opened a modern bakery in 2023. The total project cost reached 14 million dinars: 8 million for the equipment, 4 million for the renovation of the leased shop, and 2 million for the first three months of operating expenses. Karim built the financing plan in three sources. He invested 280,000 dinars from his own savings (2 per cent). He raised 1.4 million dinars from his uncle, who became a 10 per cent equity partner with a written agreement that defined the exit conditions. The remaining 12.32 million dinars came through the ANADE triangular scheme: a 4-million-dinar interest-free loan from ANADE and an 8.32-million-dinar bank loan from BNA, guaranteed by FGAR for 80 per cent of its amount. The bakery reached the break-even point in month 11, ahead of the 14-month target in the Business Plan.

Discussion question: identify the two most original choices in this financing plan. Why did the family contribution take an equity form rather than a debt form? What does the ten per cent uncle's stake imply for future strategic decisions?

6.13.2 An Islamic Finance Case in Constantine

Sarra, a 32-year-old engineer in Constantine, refused conventional interest-based credit on religious grounds. She wanted to launch a small textile workshop with five sewing machines and a cutting table. Her equipment need totalled 2.4 million dinars. She approached the Islamic window of the BDL branch and obtained a

Murabaha arrangement. The bank purchased the equipment from the supplier and resold it to her at a margin of 18 per cent, payable in 36 monthly instalments over three years. Sarra also obtained an ANGEM microcredit of 800,000 dinars for the working capital and the first stock of fabric. The case shows how a young entrepreneur combines an Islamic finance instrument with a conventional ANGEM microcredit to build a complete financing solution.

Discussion question: compare the cost of the Murabaha arrangement to the cost of a conventional bank loan over the same period. What other Islamic finance instrument would have suited the situation, and why?

6.13.3 A Failed Application to ANADE

A 26-year-old marketing graduate in Algiers submitted an ANADE application for a digital marketing agency. The project requested 7 million dinars for office space, computer equipment, software licences, and a 12-month operating budget. ANADE rejected the application after three months of review. The rejection cited three reasons. First, the personal contribution was zero, which violated the basic eligibility rule. Second, the cash flow forecast showed a negative position throughout year one, with no clear path to break-even. Third, the founder presented no signed letter of intent from any potential customer, which meant the demand for the service remained unproven. The case shows the three most common errors that block young Algerian entrepreneurs at the financing stage.

Discussion question: redesign this application in five concrete steps. Which sources would you add to the personal contribution? Which evidence would you collect to demonstrate the demand? How would you adjust the cash flow forecast to reach break-even faster?

6.14 Tutorial Activities

TD 1. Match the Right Financing Source to Five Profiles

The instructor distributes five profiles. For each profile, identify the two or three most relevant financing sources, explain the order in which the candidate engages them, and estimate the amount that each source could provide. Submit a one-page note within one week.

TD 2. Build the Triangular Scheme on a Spreadsheet

Take your project from Unit 4. Build a spreadsheet that calculates the triangular financing breakdown for three different total project sizes: 5 million, 10 million, and 20 million dinars. The spreadsheet must show the personal contribution, the ANADE interest-free portion, the bank loan portion, and the monthly repayment over the first eight years. Present the spreadsheet in class for a five-minute walk-through.

TD 3. Compare a Conventional and an Islamic Financing for the Same Project

Take a project that requires the purchase of equipment for 3 million dinars. Build two financing scenarios. The first scenario uses a conventional bank loan over five years at an annual rate of 7 per cent. The second scenario uses a Murabaha arrangement with a margin of 21 per cent over the same five years. Compare the total cost paid by the entrepreneur in each scenario. Identify the situations in which each option offers an advantage. Submit a two-page comparative note.

TD 4. Visit a Public Bank Branch in Annaba

Form a group of three students. Visit one branch of BNA, BADR, CPA, BDL, or BEA in Annaba. Conduct a short interview with the SME relationship manager. Ask about the volume of ANADE-backed loans approved in 2024, the typical processing time, the most common reasons for rejection, and the preferred sectors for the bank's SME portfolio. Write a two-page report that summarises the

findings and proposes one specific recommendation for a young entrepreneur preparing a loan application at that bank.

6.15 Self-Assessment

6.15.1 Factual Questions

Question 1. Name the four categories of financing introduced in section 6.4 and give one example of each in the Algerian context.

Question 2. State the three parties of the triangular financing scheme and the typical share of the total project cost that each party contributes.

Question 3. Name the five public banks of Algeria and indicate the historical specialisation of each one.

Question 4. Define the four main Islamic finance instruments offered in Algeria since 2020 and give the suitable use case for each one.

Question 5. Describe the role of FGAR and CGCI-PME and explain how a guarantee fund reduces the bank's risk.

6.15.2 Open Questions

Question 6. Compare ANADE financing with ASF equity financing. Identify the type of project that fits each instrument best, and explain the situations in which a founder may use both instruments at different stages of the same venture.

Question 7. Discuss the dilution effect of equity financing. Use the case of a founder who raises three successive rounds at increasing valuations and explain why dilution is sometimes rational and sometimes destructive.

Question 8. Argue for or against the following statement: the introduction of Islamic finance in Algeria in 2020 will substantially expand the number of Algerian entrepreneurs over the next decade. Use at least two arguments and one concrete example.

Question 9. Apply the five-step financing plan of section 6.12 to your own project. List the sources, the amounts, and the timeline of engagement with each source.

Question 10. Reflect on the financing constraints that Algerian women entrepreneurs face. Use the data from the ANGEM annual report and propose two policy improvements that would expand women's access to credit.

6.16 Summary of the Unit

Access to finance ranks as the primary growth constraint reported by SMEs in developing economies. The Algerian financing landscape combines public agencies, public banks, guarantee funds, equity vehicles, and the new Islamic finance window introduced in 2020. The right financing plan for a venture combines several sources rather than a single one and matches the source to the stage of the venture and to the profile of the founder.

Internal financing forms the foundation of any plan. The founder's savings, family contributions, and early bootstrapped revenue cover the first phase and signal commitment to external lenders. The triangular scheme of ANADE and CNAC then combines a small personal contribution, an interest-free public loan, and a commercial bank loan at a preferential rate, with a grace period that protects the early operations. ANGEM serves a different segment through microcredits adapted to small income-generating activities, with a strong gender focus that benefits women in rural and peri-urban areas.

The five public banks (BNA, BADR, CPA, BDL, BEA) channel most of the bank credit to SMEs. Since the 2020 reform, all five banks operate Islamic windows that offer Murabaha, Musharaka, Mudaraba, and Ijara products to clients who refuse interest-based finance on religious grounds. The reform widened the menu of financing instruments and answered a documented demand from a significant share of the population.

Guarantee funds (FGAR, CGCI-PME) bridge the collateral gap between what the entrepreneur owns and what the bank requires. Equity instruments (the Algeria Startup Fund, private investors, business angels) finance high-growth ventures in exchange for a share of ownership and future profit. Other sources (crowdfunding, international donors, trade credit) complement the main pathways and may grow in importance over the next decade.

The financing plan rests on a five-step method: quantify the total need, define the personal contribution, select the public scheme, add a guarantee fund, and plan the second round. The plan combines several sources to reduce the dependence on any single one and to accelerate the path from the signed Business Plan to the first paying customer.

Persistent challenges remain. Bureaucratic friction lengthens the approval timelines. Information asymmetry raises the cost of credit assessment for small ventures. The awareness of guarantee funds and Islamic finance products among young entrepreneurs stays low. The 2024 unified entrepreneurship platform and the proposed national crowdfunding framework should address some of these issues by 2027. The next unit moves from the financing question to the broader phenomenon of startups in Algeria, with a focus on the legal framework, the success factors, and the national experiences that shape the current generation of Algerian entrepreneurs.

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Unit 7

Startups in Algeria

Concept, Lifecycle, Success Factors, and National Experiences

The word startup carries a specific meaning that the popular press often loses. A bakery that opened last month is a new business, but the bakery is not a startup. A grocery store run by a young entrepreneur is a small enterprise, but the store is not a startup either. The startup belongs to a narrower category. The startup is a young venture that targets fast growth, that operates under high uncertainty, and that bases its model on innovation rather than on a proven recipe.

This unit defines the startup precisely, traces the typical lifecycle from the first idea to the exit, and examines the factors that separate the startups that succeed from the startups that fail. The unit then maps the Algerian startup ecosystem in 2025, names the major national cases, places Algeria within the global rankings, and gives you a forward look at the priority sectors for the period 2026 to 2030.

By the end of the unit, you read a startup news article with a sharp eye. You distinguish a real startup from a press headline. You evaluate the credibility of a venture you encounter. You understand the legal frame that governs the Algerian startup label, the financial benefits that the label brings, and the pathway that takes a student project from a campus idea to a labelled startup.

7.1 Prerequisites

Before you start this unit, you should have a working definition of entrepreneurship from Unit 1, the three forms of entrepreneurship from Unit 2, and the validated idea and Business Plan from Units 3 and 4. You should know the Algerian support and financing ecosystem from Units 5 and 6, including ANADE, the Algeria Startup Fund, and Algeria Venture. The unit assumes that

you can read a basic financial projection and that you understand the difference between revenue growth and profit growth.

7.2 Learning Objectives

Table 7.1 lists the learning objectives of the unit and links each objective to the section that develops it. The objectives follow the revised Bloom taxonomy.

Table 7.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You define a startup, list the eligibility conditions of the Algerian startup label, and name the five stages of the startup lifecycle.	Sections 7.3, 7.5, and 7.6
Understand	You explain the difference between a startup and a small business, and the difference between scalability and growth.	Sections 7.3 and 7.4
Apply	You apply the success and failure framework to a real Algerian startup case.	Sections 7.7, 7.8, and 7.10
Analyse	You break down the Algerian startup ecosystem by sector, by region, and by stage of maturity.	Section 7.9 and TD 2
Evaluate	You judge the readiness of a venture to apply for the Algerian startup label.	Section 7.5 and TD 4
Create	You write a startup pitch memo of one page that places a venture inside the right sector and the right stage.	Section 7.10 and TD 3

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

7.3 What is a Startup? The Scalability Test

Three definitions sit at the centre of the academic and practitioner literature on startups. The three definitions overlap, but each one points to a specific feature that separates a startup from a small business.

Blank (2013) defined a startup as a temporary organisation in search of a repeatable and scalable business model. The definition treats the startup as a search engine. The team does not yet know how the venture earns money in a sustainable way. The team tests hypotheses about customers, channels, prices, and costs until it finds a combination that works at scale. Once the team finds the combination, the startup turns into a regular company that executes the proven model.

Ries (2011) defined a startup as a human institution designed to create a new product or service under conditions of extreme uncertainty. The definition focuses on the uncertainty rather than on the size or the age of the venture. A new project inside a large bank can be a startup if it operates under extreme uncertainty about the customer or the technology. A small bakery is not a startup, even if it opened last week, because the recipe is known and the demand is established.

Graham (2012) added the most useful test in his short essay Startup Equals Growth. Graham wrote that the only essential characteristic of a startup is growth, that everything else (technology, venture funding, the word itself) follows from growth. A startup is a company designed to grow fast. A barbershop in a busy district may be a great business, but it is not a startup. A barbershop cannot serve customers in cities far away from its location. A startup must be able to serve a large market with a small team, which usually requires technology, network effects, or a low marginal cost of serving each new customer.

Table 7.2: Three Working Definitions of a Startup

Author	Defining Feature	Practical Test
Steve Blank (2013)	Search for a repeatable and scalable business model.	Does the team still test the model, or does the team execute a known model?
Eric Ries (2011)	Operates under conditions of extreme uncertainty.	Does the team know the customer, the price, and the channel with confidence?
Paul Graham (2012)	Designed to grow fast.	Could the venture serve customers in another city or country with a small team?

Source: Author, drawing on Blank (2013), Ries (2011), and Graham (2012).

The three definitions point to the same underlying concept: scalability. Scalability is the capacity to serve a large market without a proportional increase in cost. A scalable venture serves ten thousand customers with the same team that served one hundred. A non-scalable venture needs ten times the staff to serve ten times the customers. The scalability test separates the startup from the small business more reliably than any other criterion. Aulet (2013), in his book Disciplined Entrepreneurship, called this the difference between innovation-driven entrepreneurship and small and medium enterprise entrepreneurship. The first creates global firms. The second creates local jobs. Both matter, but they require different methods.

7.4 Startup Compared with the Traditional Enterprise

The differences between a startup and a traditional enterprise show up across seven dimensions. Table 7.3 summarises the comparison, and the paragraphs that follow develop the two most consequential dimensions: the goal and the financing.

Table 7.3: Startup Compared with the Traditional SME on Seven Dimensions

Dimension	Startup	Traditional Enterprise
Primary goal	Fast growth, search for the right business model.	Steady profitability and stability over time.
Time horizon	Three to seven years before exit or maturity.	Ten to fifty years and beyond, often across generations.
Risk profile	High failure probability, high upside if successful.	Lower failure probability, modest upside.
Funding sources	Personal savings, accelerators, venture capital, equity funds.	Bank loans, retained earnings, supplier credit.
Innovation level	Innovative product, process, or business model.	Established product or service, often imitative.
Team profile	Small founding team, often two to five members, often technical.	Family or local team, often single owner.
Geographic ambition	National, regional, or global from the start.	Local, sometimes regional, rarely international.

Source: Author, synthesised from Blank (2013), Ries (2011), Graham (2012), and Aulet (2013).

The two dimensions that matter most are the primary goal and the financing structure. A traditional enterprise targets steady profitability. The owner makes a living, employs a small team, and serves a local market for as long as the demand holds. The pace of decisions matches the pace of the market. A startup, by contrast, targets fast growth. The team accepts losses in the early years in exchange for the chance to capture a large market before competitors arrive. The pace of decisions is fast, often weekly, because every week of delay reduces the chance of capturing the market first.

The financing structure follows the goal. A traditional enterprise borrows from a bank and repays the loan from the operating profit. The bank wants predictable

cash flows and accepts modest growth. A startup needs equity capital that can absorb several years of losses. Banks rarely fund startups in their early years, because the risk profile does not match the bank's mandate. Equity investors accept the risk in exchange for a share of the upside if the venture succeeds. Algeria's introduction of the Algeria Startup Fund in 2020 closed a critical gap by creating an equity instrument adapted to the startup risk profile.

7.5 The Algerian Legal Definition: The Startup Label

Algeria adopted a formal legal definition of a startup through Executive Decree 20-254 of 15 August 2020. The decree created three official labels granted by the National Startup Committee, chaired by the Minister Delegate in charge of the Knowledge Economy and Startups. The labels are the Startup Label, the Innovative Project Label, and the Incubator Label. Each label has its own eligibility conditions and its own benefits.

7.5.1 The Four Conditions of the Startup Label

To obtain the Startup Label, a venture must meet four cumulative conditions. The first condition is the age limit. The company must have been incorporated less than eight years ago. The second condition is the innovation requirement. The business model must rest on a creative product, service, or business concept. The third condition is the ownership structure. At least 50 per cent of the capital must be held by Algerian individuals, accredited investment funds, or other labelled startups. The fourth condition is the size limit. The workforce must not exceed 250 employees.

The Innovative Project Label applies to projects in the pre-incorporation phase. A team of founders that holds a working prototype but has not yet registered the company applies for this label. The label opens access to incubation programmes and to a first wave of public financing through the Algeria Startup Fund. The Incubator Label applies to private and university structures that host innovative

projects, with quality conditions related to staff, infrastructure, and accompaniment standards.

7.5.2 The Benefits of the Label

The Startup Label opens access to a defined package of benefits. The label grants a three-year exemption from corporate tax (IBS) and from the value-added tax (TVA) on activities directly tied to the project. The label exempts the venture from customs duties on imported equipment essential to the activity. The label provides eligibility for the Algeria Startup Fund as a primary equity source. The label gives access to simplified administrative procedures for public contracts and to the right to operate in foreign currency for export activity. The label also opens the door to the Algeria Venture acceleration programme and to the FabLab network operated by the same agency.

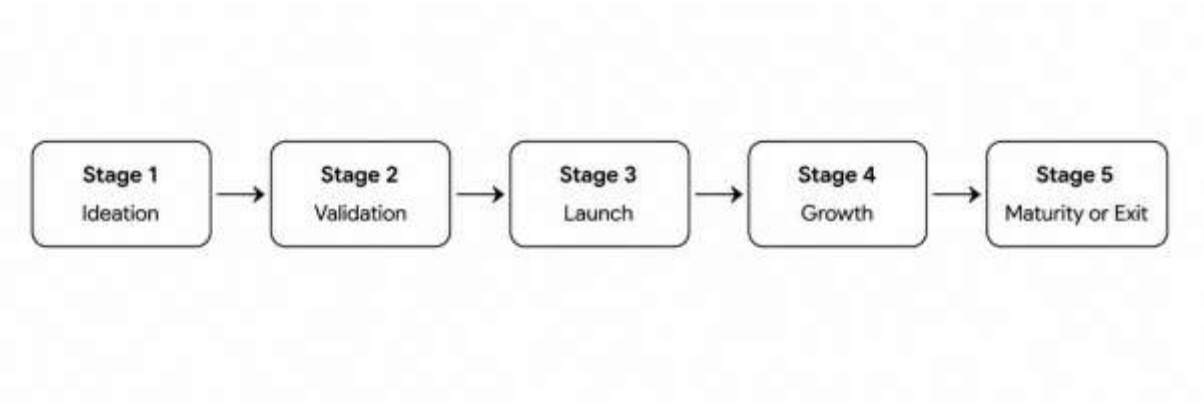
7.5.3 The SPAS: The New Legal Form for Labelled Startups

Beyond the Startup Label, the 2022 Investment Law and the 2024 Commercial Code reform introduced a new legal form: the Société par Actions Simplifiée (SPAS). The SPAS combines the limited liability of a joint-stock company with a flexible governance structure that fits the needs of innovative ventures. A SPAS can have a single shareholder or several shareholders. The internal rules of the SPAS are agreed in the by-laws rather than imposed by the Commercial Code. The form allows the founders to negotiate share classes, voting rights, and exit conditions with future investors in a way that the SARL or the SPA do not allow with the same flexibility. The SPAS is reserved for labelled startups, which makes the label the entry door to the new legal architecture as well.

7.6 The Five Stages of the Startup Lifecycle

A startup moves through five stages from the first idea to the exit. Each stage has its own goals, its own metrics, and its own challenges. The team that fails to recognise the stage it operates in often applies the methods of the wrong stage and loses time and money as a result.

Figure 7.1: The Five Stages of the Startup Lifecycle



Source: Author, adapted from Blank and Dorf (2012) and Aulet (2013).

7.6.1 Stage 1: Ideation

In the ideation stage, the founders identify a problem, generate solutions, and select one for further work. The methods of Unit 3 govern this stage: Drucker's seven sources of innovation, brainstorming, Design Thinking, SCAMPER. The output is a written idea statement and a first sketch of the value proposition. The stage usually lasts one to three months. The team works without external funding, without legal registration, and without a fixed location. The cost is low, and the risk of pivoting toward a different idea remains high.

7.6.2 Stage 2: Validation

In the validation stage, the team confronts the idea with real users. The team conducts interviews, runs surveys, builds the first prototype, and measures the response of early users. The methods of the Lean Startup, covered in Unit 4, govern this stage. The output is the proof that customers want the product enough to pay for it, that the team can deliver the product with the available resources,

and that the business model produces a positive margin at scale. The stage usually lasts three to nine months. The team often joins an incubator and receives the first non-dilutive grants.

7.6.3 Stage 3: Launch

In the launch stage, the team incorporates the company, hires the first employees, and opens the product to a wider audience. The team raises a first round of equity financing, often called a seed round. In Algeria, the seed round typically combines an Algeria Startup Fund investment with a smaller bank loan and a personal contribution from the founders. The output of the stage is a working operation with paying customers, recurring revenue, and a stable team. The stage usually lasts six to eighteen months.

7.6.4 Stage 4: Growth

In the growth stage, the company scales the operation. The team expands geographically, adds new products, increases the marketing budget, and raises additional rounds of equity financing. The metric that defines this stage is the growth rate. Graham (2012) argued that a healthy startup at this stage grows revenue by 5 to 7 per cent per week, which translates into about 13 times growth per year. Few startups reach that pace, but the framework matters because it sets the discipline of the period. The stage lasts two to five years and ends when the growth rate slows to a sustainable level.

7.6.5 Stage 5: Maturity or Exit

In the maturity stage, the company reaches a stable operational rhythm. The growth slows from the explosive pace of stage four to a steady pace. The founders face a strategic choice. They can keep the company independent and turn it into a stable business. They can sell to a larger company through a trade sale. They can take the company to a public stock exchange through an initial public offering. They can sell to private equity investors. The exit returns capital to the

early investors and rewards the founders for the years of effort. In Algeria, the trade sale and the buyback by founders dominate the exit landscape, since the local stock market remains thin.

7.7 Success Factors: What the Research Tells Us

Why do some startups succeed while others fail with similar ideas, similar funding, and similar timing? The research has converged on five families of factors. The presence of all five raises the probability of success. The absence of any one weakens the venture, sometimes fatally.

Table 7.4: The Five Success Factors of a Startup

Factor	What It Means	Indicator a Founder Tracks
Team	Founders bring complementary skills, prior experience, and the capacity to keep working together under stress.	Diversity of skills, prior collaboration, retention of co-founders.
Market	The market is large enough to absorb growth and the timing is right.	Total addressable market, year-on-year growth of the segment.
Product	The product solves a real problem better than the alternatives.	Net Promoter Score, retention rate, customer testimonials.
Business model	The unit economics produce a positive margin at scale.	Customer acquisition cost, lifetime value, ratio of LTV to CAC.
Timing	The market is ready for the solution today, not in five years.	Adoption rate of underlying technologies, regulatory readiness.

Source: Author, drawing on Aulet (2013) and the CB Insights post-mortem analyses (2024).

Bill Gross of Idealab studied more than 200 startups across his portfolio and concluded that timing accounted for 42 per cent of the variation in success across his sample, ahead of team (32 per cent), idea (28 per cent), business model (24

per cent), and funding (14 per cent). The conclusion runs against the popular belief that the team matters most. Timing turned out to be the silent variable. A great team with a great idea launched too early or too late often loses to a weaker team with the same idea launched at the right moment. Algerian founders should pay attention to this finding when they choose the year of launch and the speed of their first round.

7.8 Why Startups Fail: The Top Reasons from Post-Mortem Analyses

CB Insights, a research firm based in New York, has published a list of the top reasons startups fail since 2014. The firm collects post-mortem analyses written by founders after the closure of their ventures and ranks the reasons that the founders themselves identify. The 2024 update of the list, based on 483 post-mortems, ranked the following reasons in order of frequency.

Table 7.5: The Top Ten Reasons Startups Fail (CB Insights 2024 Post-Mortem Analysis)

Rank	Reason	How It Plays Out in Practice
1	**Ran out of cash or failed to raise new capital**	38 per cent of failed startups cite this reason. The team underestimated the time needed to reach the next milestone, or the next round did not close before the cash ran out.
2	**No market need**	35 per cent of cases. The team built a solution that worked technically, but no large group of customers cared enough to pay for it.
3	**Got outcompeted**	20 per cent. A larger competitor entered the market with deeper pockets, or a peer startup found a better product fit.
4	**Flawed business model**	19 per cent. The unit economics never reached a positive margin, even at scale.

5	**Regulatory or legal challenges**	18 per cent. A change in regulation closed the market, or the team underestimated the cost of compliance.
6	**Pricing or cost issues**	15 per cent. The price was too low to cover costs or too high to attract enough customers.
7	**Not the right team**	14 per cent. Co-founder conflicts, key skill gaps, or hiring mistakes blocked the execution.
8	**Product mistimed**	10 per cent. The market was not ready, or the technology shifted before the product reached scale.
9	**Poor product**	8 per cent. The product worked partially but failed to reach the quality threshold expected by users.
10	**Disharmony with investors**	7 per cent. Disagreements over strategy, governance, or the timing of the next round broke the partnership.

Source: Author, based on CB Insights (2024), The Top 12 Reasons Startups Fail. Percentages exceed 100 because each post-mortem cites multiple reasons.

Two patterns deserve attention. The first pattern is the dominance of cash and market issues. Reasons one and two together cover the majority of failures. The lesson for an Algerian founder is to validate the market before raising the money, then to raise more money than the team thinks it needs. The second pattern is the weight of soft factors. Reasons seven and ten point to people and relationships rather than to product or market. The legal architecture between co-founders, the agreements with investors, and the early hiring decisions deserve as much attention as the product roadmap.

7.9 The Algerian Startup Ecosystem in Numbers

The Algerian startup ecosystem grew rapidly between 2020 and 2025. The reform package introduced by Executive Decree 20-254, the launch of the Algeria Startup Fund, the creation of Algeria Venture, and the dedicated ministry created

in 2020 produced a measurable acceleration. The numbers below come from the Ministry of Knowledge Economy and Startups annual report (2024) and from the StartupBlink Global Startup Ecosystem Index 2024.

7.9.1 Number of Labelled Startups

By the end of 2024, the National Startup Committee had granted the Startup Label to 1,247 ventures, the Innovative Project Label to 489 pre-company projects, and the Incubator Label to 76 structures across the country. The figure of 1,247 represented a sevenfold growth from the 178 labelled startups recorded at the end of 2021. The growth rate slowed in 2025 as the committee tightened the evaluation criteria, especially on the innovation requirement.

7.9.2 Geographic Distribution

Four cities concentrate the bulk of the labelled startups. Algiers hosts 51 per cent of the labelled startups in the country. Oran follows at 12 per cent. Constantine ranks third at 7 per cent. Annaba comes fourth at 5 per cent. The remaining 25 per cent spread across the other 44 wilayas. The concentration in Algiers reflects the location of the major incubators, the Algeria Venture FabLab, and the headquarters of most public financing bodies. The four cities together account for three out of four labelled startups.

7.9.3 Sector Breakdown

Six sectors dominate the labelled startup population. Digital services and software lead with 32 per cent of the total. Fintech follows at 14 per cent. Agritech accounts for 11 per cent. Edtech sits at 9 per cent. Healthtech reaches 7 per cent. Green technology and energy efficiency together account for 6 per cent. The remaining 21 per cent spread across logistics, smart manufacturing, e-commerce, media, and other sectors. The distribution shows a healthy diversification compared with the early years of the ecosystem, when digital services dominated almost completely.

Table 7.6: The Six Leading Sectors of the Algerian Startup Ecosystem (2024)

Sector	Share	Representative Algerian Startups
Digital services and software	32 per cent	Yassir, Wokra, Yatouj, BNTL, DZjob.
Fintech	14 per cent	Numidia Pay, BetterPay, Guiddini.
Agritech	11 per cent	Filahatech, Agroline, several precision irrigation startups.
Edtech	9 per cent	Online tutoring platforms, language-learning apps for the local market.
Healthtech	7 per cent	Medical appointment platforms, pharmacy delivery apps, telemedicine ventures.
Green technology and energy efficiency	6 per cent	Solar charging stations, waste valorisation ventures, water-saving devices.

Source: Author, compiled from the Ministry of Knowledge Economy and Startups Strategic Report (2024).

7.9.4 Global Ranking

The StartupBlink Global Startup Ecosystem Index 2024 placed Algeria at rank 84 out of 100 economies covered, up from rank 92 in 2022. The progression reflects the policy reforms of 2020 to 2023. Algiers ranked 410 among 1,000 cities globally, up from rank 524 in 2022. The country's strengths concentrate in fintech and agritech. The country's weaknesses concentrate in venture capital depth, in international market access, and in the speed of regulatory adaptation. Within North Africa, Algeria sits behind Tunisia in absolute ranking, but it shows the fastest year-on-year improvement in the region, which suggests that the gap will narrow over the next three to five years if the reform pace holds.

7.10 National and International Cases

7.10.1 Yassir: From Algiers Ride-Hailing to a Pan-African Super-App

Yassir is the most prominent Algerian startup case to date. Founded in 2017 by Noureddine Tayebi and El Mahdi Yettou, both Algerian engineers with experience in international technology firms, the company started as a ride-hailing platform in Algiers. The founders observed two facts. First, the existing taxi market lacked transparent pricing, mobile booking, and reliable service. Second, smartphone penetration in urban Algeria had crossed the threshold that supports a mobile-first service. Yassir scaled the ride-hailing business across Algiers, Oran, and Constantine, then expanded into food delivery, parcel delivery, and digital wallet services. By 2024, Yassir served customers in eight countries across Africa and the Middle East. The company raised a Series B round of 150 million United States dollars in 2022 and a Series C round of 50 million in 2024, with participation from international funds based in Silicon Valley and the Gulf region. The case illustrates two lessons: the value of timing (smartphone penetration), and the value of horizontal expansion from a single core service to a suite of related services.

7.10.2 Temtem: A Cosmetic Brand from Béjaïa

Temtem started in 2018 as a small home-based brand of natural cosmetics, founded by a young woman entrepreneur from Béjaïa. The brand used local olive oil, argan oil, and prickly pear extracts to produce skin-care products. The early customers were friends and neighbours, reached through Instagram and direct shipping. The brand grew through digital marketing, customer testimonials, and a clear positioning around natural ingredients sourced from Algerian regions. By 2023, Temtem had a registered trademark, a small production unit, and distribution in pharmacies across five wilayas. The case shows that a startup does not require a technology platform. A startup requires growth potential. Temtem grew from a kitchen to a regional brand in five years, which qualifies it under any of the three definitions of section 7.3.

7.10.3 An International Comparison: Stripe and the Power of Timing

Stripe is a payments infrastructure company founded in 2010 by two Irish brothers, Patrick and John Collison. The brothers identified a single problem: integrating online payments into a website required ten or more days of engineering work, complex contracts with banks, and unpredictable failure rates. Stripe reduced the integration to seven lines of code and a same-day account opening. The company grew from a small developer tool to one of the most valuable private companies in the world, valued at 70 billion United States dollars in its 2024 round. The lesson for Algerian founders is the value of solving a narrow but painful problem for a clearly defined audience. Stripe did not try to do everything. Stripe made online payment integration trivial, and the rest followed.

7.10.4 A Failed Algerian Case: An Educational Platform That Closed in 2022

Between 2018 and 2022, an Algerian online tutoring platform tried to scale from Algiers to the rest of the country. The team raised a small seed round, hired teachers, and built a polished mobile application. The platform closed in late 2022 after failing to reach the second funding round. The post-mortem analysis published by the founders identified three reasons for the failure. First, the unit economics never improved as the user base grew, because the team underestimated the cost of customer acquisition. Second, the team underestimated the speed at which informal tutors organised themselves through Facebook and WhatsApp groups, which provided a free alternative to the platform. Third, a change in the regulation of online education added compliance costs that the team had not budgeted. The case maps directly to reasons one, four, and five from the CB Insights list of section 7.8.

7.11 Future Outlook for the Period 2026 to 2030

The Ministry of Knowledge Economy and Startups Strategic Report (2024) identified six priority sectors for the period 2026 to 2030. These sectors combine

demand growth, public policy support, and a favourable global trend. A founder who chooses one of these sectors gains a tailwind that compensates for the inherent risk of any startup.

Table 7.7: The Six Priority Sectors of the Algerian Startup Ecosystem for 2026 to 2030

Sector	Driver	Specific Opportunity for an Algerian Founder
Agritech and food security	National food security plan, large arid surfaces, public investment in irrigation.	Precision irrigation, cold chain logistics, processing of local crops for export.
Renewable energy	National renewable energy plan, high solar irradiation, growing demand for off-grid solutions.	Solar installations for SMEs, energy storage, smart-grid services.
Fintech and digital payments	Bank of Algeria reforms on Islamic finance and digital payments, growing smartphone penetration.	Mobile wallets, SME financing platforms, Islamic-compliant fintech.
Healthtech	Aging population, digitisation of health records, telemedicine reforms.	Telemedicine for rural areas, pharmacy delivery, chronic disease management.
Edtech	Large student population, demand for vocational training, weak coverage in rural areas.	Online vocational training, language platforms, exam preparation services.
Logistics and e-commerce	Growth of online retail, gaps in last-mile delivery, port and rail infrastructure investment.	Last-mile delivery, warehouse-as-a-service, B2B logistics for SMEs.

Source: Author, compiled from the Ministry of Knowledge Economy and Startups Strategic Report (2024).

7.12 Tutorial Activities

TD 1. The Scalability Test

The instructor distributes five short descriptions of new ventures launched in Algeria between 2022 and 2024. For each venture, apply the three definitions of section 7.3 (Blank, Ries, Graham). For each venture, decide whether it qualifies as a startup or as a small business, and justify the decision in three sentences. Submit a one-page table within one week.

TD 2. Map a Sector of the Algerian Ecosystem

Form a group of three students. Choose one of the six leading sectors of Table 7.6. Identify at least five labelled Algerian startups in that sector. For each startup, document the founding year, the founders, the latest funding round, the total funding raised, the number of employees, and the wilaya of the headquarters. Use the Ministry of Knowledge Economy website, the company websites, the Algerian press, and LinkedIn as primary sources. Build a one-page sector map and a three-page summary report. Present the findings to the class in a ten-minute slot.

TD 3. Write a Startup Pitch Memo

Take your validated idea from Unit 3 and your Business Plan from Unit 4. Write a one-page pitch memo that follows the seven-section structure used by the Algeria Startup Fund: the problem, the solution, the target market, the business model, the team, the traction, and the ask. Apply the three startup definitions to your venture and indicate whether it qualifies under each one. Submit the memo within ten days. The memo serves as the first version of the application file you may later submit to the Algeria Startup Fund.

TD 4. Apply the Failure Framework to a Real Case

Identify a real Algerian startup that closed between 2020 and 2024. Use the local press, the founders' LinkedIn posts, and any public post-mortem material. Apply the CB Insights top ten reasons of Table 7.5 to the case. Identify the two or three

reasons that fit the case best, and write a two-page note that explains the failure and proposes three concrete actions that the founders could have taken differently.

7.13 Self-Assessment

7.13.1 Factual Questions

Question 1. State the three definitions of a startup given in section 7.3 and identify the practical test of each one.

Question 2. Name the four conditions of the Algerian Startup Label defined by Executive Decree 20-254.

Question 3. Name the five stages of the startup lifecycle and state the typical duration and the main output of each stage.

Question 4. List the five success factors of section 7.7 and the typical indicator that a founder tracks for each one.

Question 5. Name the top five reasons startups fail according to the CB Insights 2024 post-mortem analysis and give the percentage associated with each one.

7.13.2 Open Questions

Question 6. Compare a startup with a traditional small enterprise on the seven dimensions of Table 7.3. Use the case of an Algerian bakery and the case of Yassir to illustrate two or three of the dimensions in concrete terms.

Question 7. Discuss the role of timing in startup success. Use the conclusion of Bill Gross of Idealab and apply the reasoning to one of the six priority sectors of Table 7.7.

Question 8. Argue for or against the following statement: the Algerian Startup Label produces more bureaucracy than benefit for a founding team in 2026. Use at least two arguments and one concrete example.

Question 9. Apply the five-stage lifecycle to your own venture project. Identify the stage you currently operate in, the milestones that take you to the next stage, and the timeline you set yourself for the next twelve months.

Question 10. Reflect on the gap between Algeria and the regional leaders (Tunisia, Egypt) in startup ecosystem rankings. Identify two specific reforms that would close the gap fastest, and explain who should implement each reform.

7.14 Summary of the Unit

A startup is a young venture that targets fast growth, operates under high uncertainty, and rests on innovation. The three working definitions converge on scalability as the central feature. Blank (2013) defined the startup as a search for a repeatable and scalable business model. Ries (2011) emphasised the extreme uncertainty that the team faces. Graham (2012) tied the definition to the capacity to grow fast. The three views together separate the startup from the traditional small business along seven dimensions, of which the goal and the financing structure matter most.

Algeria adopted a formal legal definition through Executive Decree 20-254 of August 2020. The Startup Label rests on four cumulative conditions: a company younger than eight years, an innovative business model, at least 50 per cent Algerian ownership, and fewer than 250 employees. The label opens access to a three-year tax exemption, customs duty waivers, equity financing through the Algeria Startup Fund, and acceleration cycles at Algeria Venture. The new SPAS legal form, introduced for labelled startups, allows a flexible governance architecture that fits the needs of ventures with multiple investors and complex share structures.

The startup lifecycle unfolds in five stages: ideation, validation, launch, growth, and maturity or exit. Each stage has its own goals, its own metrics, and its own duration. A team that fails to recognise its current stage often applies the methods of the wrong stage and loses time and money. The success factors cluster in five families: the team, the market, the product, the business model, and the timing. Bill Gross of Idealab found that timing accounted for more than 40 per cent of the variation in success across his portfolio.

The CB Insights post-mortem analyses identify the top reasons startups fail. Running out of cash and building a product without market need together explain the majority of cases. The lesson for Algerian founders is the value of validation

before investment, the value of disciplined cash management, and the value of patience with co-founders and investors.

The Algerian ecosystem grew rapidly between 2020 and 2025, with 1,247 labelled startups by the end of 2024 and a global ranking that improved from 92 to 84 in two years. Four cities concentrate the bulk of the activity, and six sectors dominate: digital services, fintech, agritech, edtech, healthtech, and green technology. Major national cases include Yassir, the pan-African super-app born in Algiers, and Temtem, the natural cosmetics brand from Béjaïa. The priority sectors for 2026 to 2030 align with the national development plan and offer Algerian founders a tailwind that compensates for the inherent risk of any startup.

The next unit moves from the startup phenomenon to the role of the university in shaping it. You will study how Algerian universities support student entrepreneurship through the Maison de l'Entrepreneuriat, the business incubator, the academic startup label under Decision 1275, the CATI network, and the BLUE office, with a specific focus on the Badji Mokhtar University ecosystem in Annaba.

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Unit 8

The Entrepreneurial University and Decision 1275

Academic Support Structures, Student Startup Pathway, and Innovation Labels

Your university is no longer a place that only delivers lectures and grants diplomas. The Algerian university of 2025 trains entrepreneurs, hosts incubators, files patents, and grants two specific academic labels that turn a final-year dissertation into the founding act of a real company. The reform happened in stages between 2012 and 2022, and the architecture took its current form with Ministerial Decision 1275 of September 27, 2022.

This unit walks you through that architecture in detail. The unit defines the entrepreneurial university as a concept and as a policy goal. The unit then breaks down Decision 1275 article by article, names the four pillars of academic entrepreneurial support, and traces the six stages that take a student from the first announcement of the programme to the day the Dean signs the startup certificate. The unit closes with the specific arrangement at Badji Mokhtar University in Annaba, the cases of student ventures that already passed through the system, and the obstacles that still slow the path.

By the end of the unit, you read Decision 1275 and identify the article that applies to your situation. You name the actor you contact at each stage of the pathway. You prepare the documents that the National Coordinating Committee for Innovation and University Incubators requires. You decide which of the two academic labels fits your project: the startup certificate or the patent certificate. And you produce a personal calendar that takes you from your current academic year to the defence of a startup-format dissertation.

8.1 Prerequisites

Before you start this unit, you should have a working understanding of entrepreneurship as a process (Unit 1), the three forms of entrepreneurship (Unit 2), and the validated idea and Business Plan you developed in Units 3 and 4. You should know the broad Algerian support ecosystem from Unit 5 and the financing structures from Unit 6. You should also know what a startup is, the eligibility conditions of the national Startup Label under Executive Decree 20-254, and the priority sectors of the period 2026 to 2030 (Unit 7). The unit assumes that you have visited at least one event of the Maison de l'Entrepreneuriat at your faculty during the second year of your bachelor degree.

8.2 Learning Objectives

Table 8.1 lists the learning objectives of the unit and links each objective to the section that develops it. The objectives follow the revised Bloom taxonomy and cover the six levels.

Table 8.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You define the entrepreneurial university and name the four pillars of academic entrepreneurial support in Algeria.	Sections 8.3 and 8.5
Understand	You explain the purpose of Decision 1275 and the difference between the startup certificate and the patent certificate.	Sections 8.4 and 8.7
Apply	You apply the six-stage pathway of the startup certificate to your own project.	Section 8.6 and TD 1
Analyse	You break down the role of each institutional actor in the academic	Section 8.9 and TD 3

	entrepreneurship process and identify the points where coordination fails.	
Evaluate	You judge whether your final-year project qualifies for one of the two academic labels and you justify the judgement with the criteria of Decision 1275.	Section 8.8 and TD 4
Create	You build a personal twelve-month calendar that takes you from idea registration to defence of a startup-format dissertation.	Section 8.10 and TD 2

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

8.3 The Entrepreneurial University: From Concept to Policy

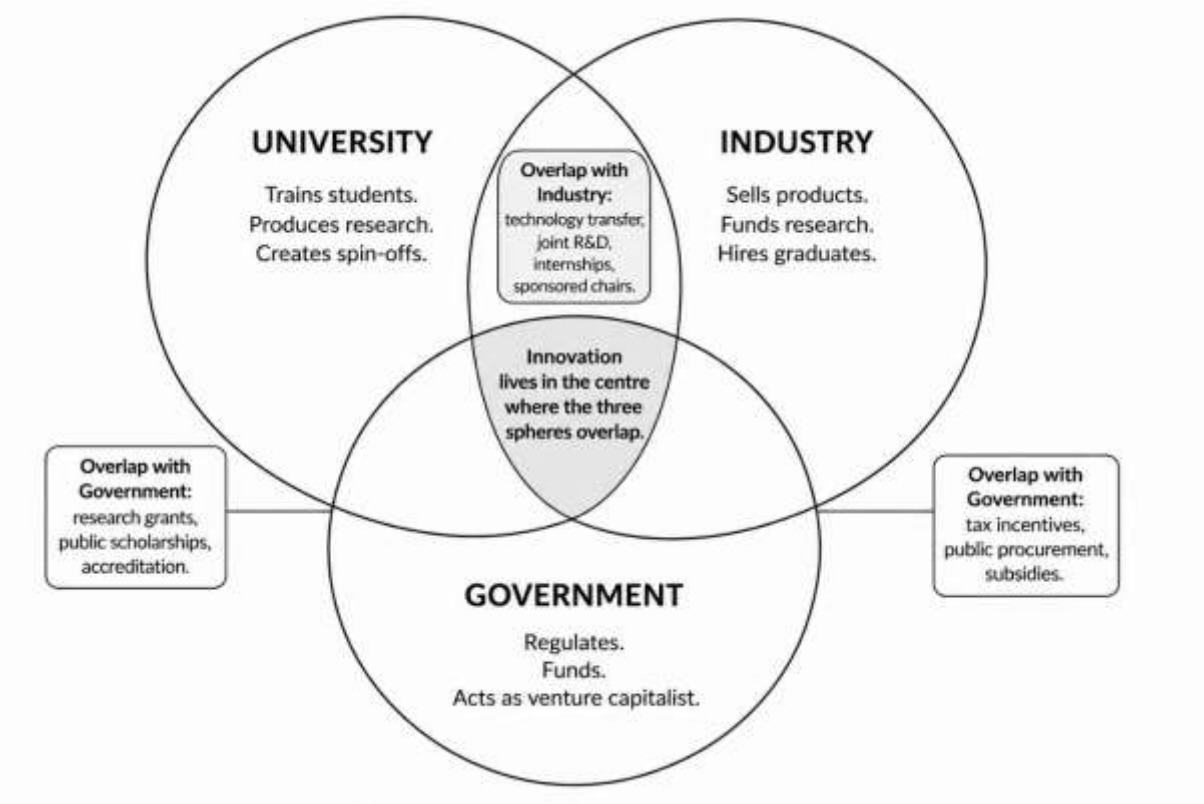
The concept of the entrepreneurial university came from American higher education research in the 1990s. Burton Clark, a Berkeley sociologist, studied five European universities that turned themselves into engines of regional economic development. Clark (1998) identified five common pathways. A strengthened steering core. An expanded development periphery. A diversified funding base. A stimulated academic heartland. An integrated entrepreneurial culture. The five pathways together produce a university that no longer separates teaching, research, and economic activity, but blends the three into a coherent mission.

Henry Etzkowitz pushed the analysis further in the same decade. Etzkowitz (2003, 2008) formalised the Triple Helix model. The model describes a system in which the university, the industry, and the government work together as three overlapping spheres. Each sphere keeps its own role, but each sphere also takes on functions that the other spheres traditionally held. The university produces graduates and research, but it also creates companies. The industry sells products, but it also funds research. The government regulates, but it also acts as a venture

capitalist through public funds. The overlap between the three spheres is where innovation grows fastest.

Audretsch (2014) added a fourth element. He argued that the entrepreneurial university is no longer the endpoint of the reform. The endpoint is the entrepreneurial society itself. The university serves as the catalyst, but the goal is a society in which entrepreneurial behaviour spreads beyond business ventures into education, health, public administration, and civic life. The Algerian reform of 2020 to 2022 fits this broader framing. The government did not create the startup label only to produce more companies. The government created it to shift the cultural attitude toward entrepreneurship in the country.

Figure 8.1: The Triple Helix Model of University, Industry, and Government Cooperation



Source: Author, adapted from Etzkowitz (2008), The Triple Helix: University-Industry-Government Innovation in Action.

Bounhas, Rafis, Boudjelal, and Achour (2024) traced the application of the Triple Helix to the Algerian case in their book on entrepreneurship and university incubators. They showed that the Algerian government carried the reform on its

shoulders during the first phase, between 2012 and 2019. The university followed during the second phase, between 2019 and 2022, with the systematic introduction of entrepreneurship courses and the opening of the first university incubators. The industry side remains the weakest, with limited engagement from large Algerian firms in joint research or graduate hiring schemes. The next decade will measure whether the third sphere develops fast enough to match the first two.

8.3.1 The Five Missions of the Entrepreneurial University

A university that adopts the entrepreneurial mission performs five tasks at the same time. The first task is teaching. The university delivers structured courses in entrepreneurship across all faculties, not only in business schools. The second task is research commercialisation. The university converts the discoveries of its laboratories into patents, licences, or spin-off companies. The third task is incubation. The university hosts student and researcher projects in a dedicated structure that provides space, mentoring, and access to financing. The fourth task is networking. The university connects its students and researchers with industry partners, alumni entrepreneurs, and public agencies. The fifth task is cultural transformation. The university spreads an entrepreneurial mindset through events, competitions, role models, and visible career stories.

8.4 Decision 1275: The Legal Framework for Academic Entrepreneurship

8.4.1 Origin and Purpose

Ministerial Decision 1275 of September 27, 2022 sits at the heart of the academic entrepreneurship reform in Algeria. The decision was issued jointly by the Ministry of Higher Education and Scientific Research and aligned with the legal framework that Executive Decree 20-254 had already established at the national level. The purpose of Decision 1275 is to translate the national Startup Label policy into the academic environment. The decision answers a practical question: how does a student who builds an innovative project during a final-year

dissertation obtain a recognised certificate that allows him to launch the project as a labelled startup immediately after graduation, without losing the years of work that the dissertation absorbed?

The decision rests on twenty-eight articles that organise four areas. The first area is the institutional architecture. The decision creates the National Coordinating Committee for Innovation and University Business Incubators, defines the role of the Maison de l'Entrepreneuriat at each university, and grants the university incubator the legal authority to accompany student projects. The second area is the academic recognition. The decision creates two new certificates that supplement the standard diploma: the Startup Certificate and the Patent Certificate. The third area is the procedural framework. The decision specifies how a student registers a project, how a committee selects the innovative ideas, how the project develops, and how the final defence takes place. The fourth area is the evaluation grid. The decision sets the weights of each evaluation criterion that a startup-format dissertation receives during the defence.

8.4.2 The Key Articles of Decision 1275

Table 8.2 summarises the articles that you must know as a student. The articles cover the definition of the university incubator, the eligibility of student projects, the structure of the dissertation, the composition of the evaluation committee, and the contents of the final certificate.

Table 8.2: Key Articles of Ministerial Decision 1275 of September 27, 2022

Article	Subject	Main Provision
Article 3	Preparation of the dissertation	Authorises two formats for the final dissertation: the traditional academic format and the startup format that produces a labelled venture or a registered patent. The student chooses one format and the choice binds the team and the supervisors.

Article 6	Definition of the university incubator	Defines the university business incubator as an institution affiliated with the university that accompanies graduating students with ideas that develop into startups. The incubator is the operational arm of Decision 1275 at the faculty level.
Article 9	Role of the incubator administration	Empowers the administration of the university incubator to accompany the projects that obtain the official Label and to coordinate with the National Committee for follow-up and certification.
Article 14	The evaluation grid	Sets the weights of the evaluation criteria for a startup-format dissertation: innovation, market study, business model, prototype, financial plan, and presentation quality. Section 8.8 of this unit develops the grid.
Article 17	The patent certificate route	Specifies the additional conditions for the patent certificate: prior authorisation from CATI and a registered patent application at INAPI or a copyright deposit at ONDA.
Article 22	Composition of the defence committee	Defines the composition of the defence committee: the supervisor, the assistant supervisor, the incubator representative, a domain expert from outside the university, and a representative of the national committee.
Article 26	Contents of the academic certificate	Specifies that the academic diploma keeps its standard form (Licence, Master, Doctorate) and adds a sub-certificate: Startup Certificate or Patent Certificate. The sub-certificate is signed by the Dean, the Director of the Incubator, and the Rector of the university.

Source: Author, summarised from Decision 1275 of 27 September 2022 of the Ministry of Higher Education and Scientific Research.

8.4.3 The Two Academic Labels Created by the Decision

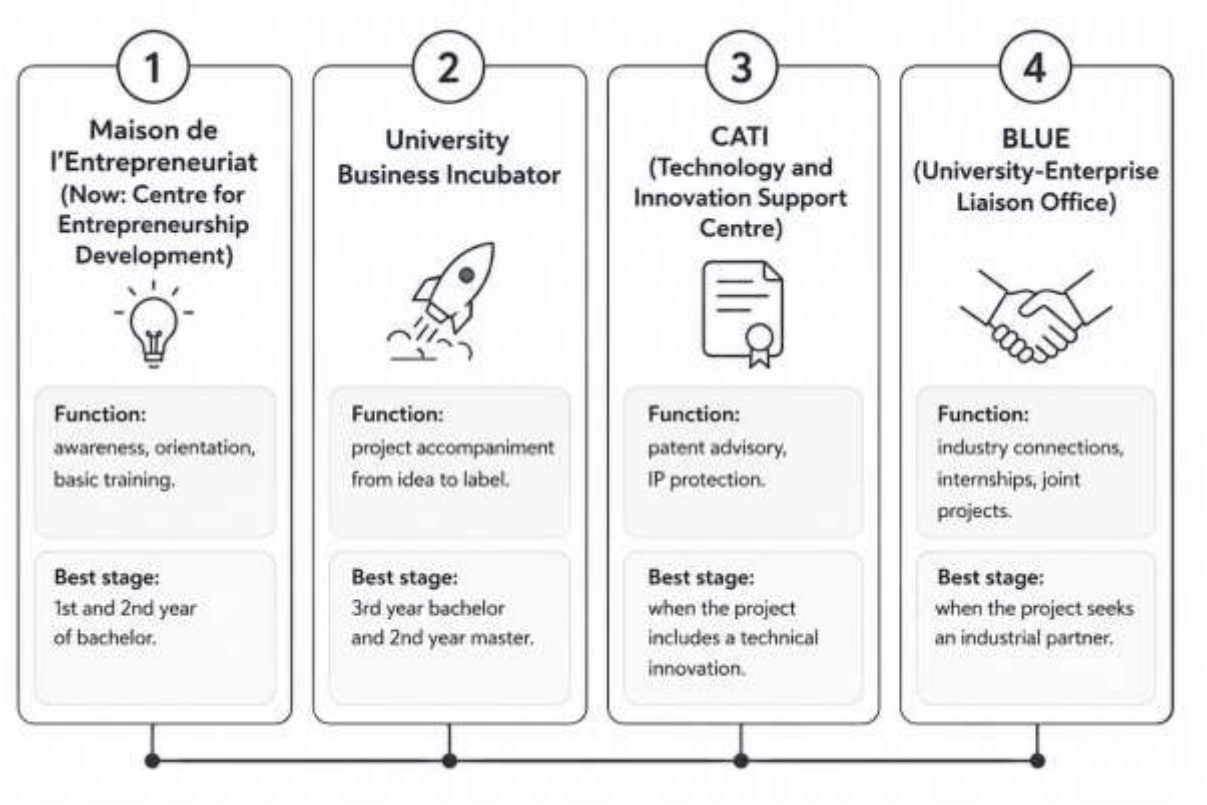
Decision 1275 introduces two parallel academic labels. The first label is the Startup Certificate (شهادة مؤسسة ناشئة), granted to a dissertation that culminates in a working venture eligible for the national Startup Label of Executive Decree 20-254. The second label is the Patent Certificate (شهادة براءة اختراع), granted to a dissertation that culminates in a registered patent at INAPI or a copyright deposit at ONDA. The two labels can stack. A single project that produces both a venture and a patent obtains both certificates.

The two labels deliver different practical benefits. The Startup Certificate opens the door to ANADE financing, to the Algeria Startup Fund, and to the acceleration programmes of Algeria Venture. The Patent Certificate opens the door to royalty agreements, to technology licensing contracts with industrial firms, and to recognition by the National Innovation Fund. A student who builds a digital service or a consumer product usually targets the Startup Certificate. A student who builds a new chemical formula, a new mechanical device, or a new algorithm usually targets the Patent Certificate. A student who builds a new product with proprietary technology often targets both.

8.5 The Four Pillars of University Entrepreneurial Support

The implementation of Decision 1275 at the operational level rests on four institutional structures that work together inside each university. The four pillars share the same overall goal but each pillar covers a distinct function. A student who understands the role of each pillar avoids the common mistake of asking the wrong structure for the wrong service.

Figure 8.2: The Four Pillars of University Entrepreneurial Support in Algeria



Source: Author, drawing on Decision 1275 (2022) and Bounhas and colleagues (2024).

8.5.1 Pillar One: The Maison de l'Entrepreneuriat

The Maison de l'Entrepreneuriat, known in Arabic as Dar El Maqawalati (دار المقاولاتية) and recently renamed the Centre for Entrepreneurship Development (مركز تطوير المقاولاتية), is the oldest of the four pillars. Bounhas and colleagues (2024) traced its origin to the cooperation agreement between the Ministry of Higher Education and the Ministry of Labour, the latter represented by the former ANSEJ which became ANADE in November 2020. The Maison serves as the entry point to academic entrepreneurship. The structure does not finance projects. The structure does not host long-term incubation. The structure introduces the student to the concept, the vocabulary, the regulatory framework, and the broader ecosystem.

The daily activities of the Maison include four standard services. The first service is the awareness day, organised once a semester for first-year and second-year students, in which alumni entrepreneurs share their journey and answer questions.

The second service is the basic training cycle, a series of three to five workshops on topics such as opportunity recognition, value proposition design, and business model basics. The third service is the orientation interview, conducted on request, in which a counsellor assesses the project of a candidate student and directs the student toward the next appropriate structure. The fourth service is the connection function, by which the Maison introduces the student to the incubator, to CATI, to BLUE, or to an external agency such as ANADE, depending on the maturity and the nature of the project.

8.5.2 Pillar Two: The University Business Incubator

The university business incubator (الحاضنة الجامعية) is the operational engine of Decision 1275. Article 6 of the decision defines the incubator as an institution affiliated with the university that accompanies graduating students whose ideas can develop into startups. The incubator differs from the Maison in three ways. The incubator hosts the project over a longer period, usually six to eighteen months. The incubator provides physical space, equipment, and dedicated mentors. The incubator carries the legal authority to validate the project for the Startup Certificate at the end of the dissertation defence.

The incubator runs three operational phases that map closely to the lifecycle stages of a startup. The first phase is pre-incubation, focused on idea validation and on the elaboration of the Business Model Canvas. The phase lasts three to four months. The second phase is incubation proper, focused on the construction of a prototype, the first market tests, and the writing of the Business Plan. The phase lasts six to nine months. The third phase is acceleration, focused on the registration of the company, the first sales, and the application to ANADE or to the Algeria Startup Fund. The phase lasts three to six months. Most incubators in Algeria, including the Badji Mokhtar University Incubator at Sidi Amar, follow this three-phase model with minor local adaptations.

8.5.3 Pillar Three: The Technology and Innovation Support Centre (CATI)

The Technology and Innovation Support Centre (CATI) operates through a network of agreements between Algerian universities and the National Algerian Institute for Industrial Property (INAPI). The network was developed in partnership with the World Intellectual Property Organisation (WIPO). The function of CATI is specific. The centre supports the protection of intellectual property generated inside the university through three services. The first service is access to global patent databases that allow a researcher or a student to check whether a similar invention already exists. The second service is technical assistance in drafting a patent application that meets the format and the language requirements of INAPI. The third service is the issuance of the prior authorisation that Article 17 of Decision 1275 requires for any dissertation that targets the Patent Certificate.

Bounhas and colleagues (2024) emphasised the central role of CATI in the protection of student inventions. They reported that the absence of a CATI authorisation has been a recurring cause of rejection of patent-format dissertations at several Algerian universities between 2022 and 2024. A student who plans to defend a patent-format dissertation should contact CATI at least six months before the defence date. The CATI process takes time, and a delayed authorisation forces the student to fall back on the standard startup format or to postpone the defence.

8.5.4 Pillar Four: The University-Enterprise Liaison Office (BLUE)

The University-Enterprise Liaison Office (BLUE) closes the loop with the industrial sector. The office formalises the partnerships between the university and the productive economy. From the perspective of a student entrepreneur, BLUE plays three concrete roles. The first role is the placement of internships in companies that match the student's project domain. The second role is the

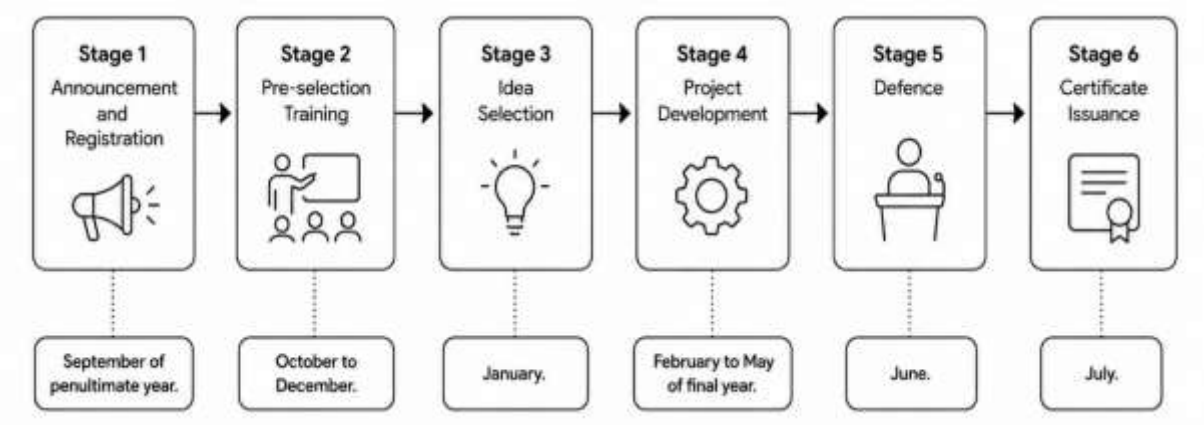
introduction to industrial mentors who advise the student on the market reality of a sector. The third role is the negotiation of joint research and development contracts when the student's project requires industrial resources or industrial validation before the launch.

In the Annaba ecosystem, BLUE plays a specific role. The Annaba industrial cluster includes major employers such as El Hadjar steel, Fertial fertiliser, and Asmidal phosphate processing. The cluster represents a natural market for student ventures in industrial maintenance, environmental services, logistics, and digital services for B2B clients. The BLUE office at Badji Mokhtar University maintains active agreements with several of these firms and uses the agreements to place student projects that target the industrial market.

8.6 The Complete Pathway from Idea Registration to the Startup Certificate

Decision 1275 specifies a six-stage pathway that takes the student from the announcement of the programme to the issuance of the startup certificate. The pathway unfolds across the final two academic years of the bachelor or the master, with most of the work concentrated in the final year. Each stage has its own actors, its own deliverables, and its own deadlines. A student who misses one stage cannot recover the schedule and must postpone the defence.

Figure 8.3: The Six-Stage Pathway from Idea Registration to the Startup Certificate



Source: Author, based on Articles 3, 9, 14, and 22 of Decision 1275 (2022).

8.6.1 Stage 1: Announcement and Registration

The cycle begins at the start of the academic year that precedes the final year. The head of department announces the startup-format dissertation option to all students of the third year of the bachelor and the second year of the master. The announcement covers the conditions of eligibility, the benefits of the two academic labels, and the timeline of the pathway. Students who wish to participate register on an electronic list managed by the head of department, with the project idea, the names of the team members (up to four students for a single project), and the proposed supervisor.

The head of department transmits the electronic list to the director of the university incubator and, when applicable, to the director of the Maison de l'Entrepreneuriat. The two structures verify that the list meets the conditions set by Decision 1275 and prepare the next stage. The deadline for registration is generally set at the end of October.

8.6.2 Stage 2: Pre-selection Training

The second stage introduces the registered students to the discipline of building a startup. The incubator organises an intensive training cycle of two to four weeks, titled in many universities Mechanisms for Creating an Enterprise: From the Idea to the Foundation. The cycle covers six topics in turn. First, the entrepreneurship concept and the entrepreneur profile. Second, opportunity recognition and idea validation. Third, the Business Model Canvas. Fourth, the basic legal forms and the registration process. Fifth, the financing sources available in Algeria. Sixth, the structure of a startup-format dissertation and the rules of Decision 1275.

The training is delivered by a team that combines academic teachers specialised in entrepreneurship, mentors from the incubator, representatives of ANADE and the Algeria Startup Fund, and alumni entrepreneurs invited as guest speakers. The training is mandatory for any student who wishes to continue the pathway. A

student who misses more than two sessions is removed from the list and returns to the standard dissertation track.

8.6.3 Stage 3: Idea Selection

After the training, a selection committee evaluates the project ideas of the registered teams. The committee includes the incubator director or a designated trainer, the supervisor of the project, and the assistant supervisor. The committee meets the team in a thirty-minute session, listens to a short pitch, asks questions, and decides whether the project qualifies for the startup-format pathway. The decision rests on five criteria: the innovation level of the idea, the feasibility of the implementation by the team within the academic year, the existence of a real market demand, the alignment with the priority sectors of the national startup ecosystem, and the legal admissibility of the proposed model.

The committee can take three decisions. The committee accepts the project as it stands. The committee accepts the project with conditions, often asking the team to refine the value proposition or to find an industrial partner. The committee rejects the project and redirects the team to the standard dissertation format. The decision is communicated in writing within one week, and the team that fails the selection has the right to submit a new idea once during the same academic year.

8.6.4 Stage 4: Project Development

The project development phase lasts from January to the defence date in late spring or early summer. The team works under the joint supervision of the academic supervisor and the incubator mentor. The team produces three deliverables in parallel. The first deliverable is the dissertation document, which combines a theoretical part on the chosen field with a practical part on the venture itself. The second deliverable is the Business Plan in the standard structure of Unit 4, with all financial projections completed for the first three years. The third deliverable is the prototype or the minimum viable product, depending on the

nature of the project. A digital service requires a working application or a click-through demonstration. A physical product requires a tested prototype. A consulting service requires a documented pilot with at least three customers.

Bounhas and colleagues (2024) emphasised that this stage is the most demanding in the entire pathway. The student carries the workload of a standard dissertation, the workload of an early-stage startup, and the workload of a labelling application. The successful teams adopt a clear division of work among the team members and a weekly meeting cadence with the supervisor and the mentor. The teams that fail to meet the deadline of stage four usually fail to defend on time and either postpone or fall back to the standard dissertation format.

8.6.5 Stage 5: Defence

The defence of a startup-format dissertation differs from the standard defence in three ways. First, the composition of the committee is broader. Article 22 of Decision 1275 requires the presence of the supervisor, the assistant supervisor, a representative of the university incubator, a domain expert from outside the university (often a senior entrepreneur or an industry executive), and a representative of the national coordinating committee. The wider composition brings industry perspective and ecosystem awareness into the academic decision. Second, the duration of the defence is longer, often ninety minutes against the standard forty-five, because the committee assesses both the academic content and the venture readiness. Third, the evaluation grid includes specific weights for the venture dimensions: market study, business model, prototype, financial plan, and presentation quality. Section 8.8 develops the grid in detail.

The defence ends with a formal decision recorded in a procès-verbal: pass with the Startup Certificate, pass with the Patent Certificate, pass without a sub-certificate, or revise and resubmit. The committee can grant one of the two certificates if the project meets the threshold for that certificate but falls short on

the criteria of the other. A team that secures both certificates obtains them at the same defence.

8.6.6 Stage 6: Certificate Issuance

The certificate is issued by the faculty within four to six weeks after the defence. The standard academic diploma (Licence or Master) is issued in its usual form. A sub-certificate is attached: either the Startup Certificate or the Patent Certificate, or both when the project earned them in parallel. Article 26 of Decision 1275 requires the signature of the Dean of the faculty, the Director of the incubator, and the Rector of the university. The triple signature gives the certificate its institutional weight and makes it a recognised credential at ANADE, at the Algeria Startup Fund, and at the One-Stop Shop of AAPI. A student who holds the Startup Certificate can apply directly to the Algeria Startup Fund with the certificate as evidence of the project's innovation level, without going through a second review by the national committee.

8.7 The Patent Certificate Pathway

The patent certificate pathway shares the six stages of the startup certificate pathway but adds three specific steps tied to the protection of the invention. Bounhas and colleagues (2024) showed that the patent route remains less travelled than the startup route in Algerian universities, partly because of the additional time it requires and partly because of the technical complexity of the patent application. The route nevertheless remains the most valuable for projects based on a true technical innovation, since the patent gives the founder a defensible market position from the first day of commercialisation.

8.7.1 Step One: CATI Pre-screening

The student approaches CATI as early as the first stage of registration. The CATI office runs a pre-screening search in international patent databases to verify that no prior art blocks the proposed invention. The pre-screening typically takes two

to four weeks and produces a written opinion. A positive opinion confirms that the invention is patentable in principle. A negative opinion identifies the prior art that blocks the application and suggests directions for re-orientation. The student incorporates the CATI opinion into the dissertation as evidence of the innovation level.

8.7.2 Step Two: Patent Application at INAPI or Copyright Deposit at ONDA

Depending on the nature of the invention, the student files a patent application at INAPI or a copyright deposit at ONDA. INAPI handles patents for technical inventions: a new mechanical device, a new chemical formula, a new manufacturing process. ONDA handles copyright deposits for creative works: a new software code, a new musical work, a new graphic design. The two organisations apply different procedures. The INAPI application takes between twelve and eighteen months for a full examination. The ONDA deposit takes between three and six weeks. The student needs to demonstrate the deposit number on the cover page of the dissertation, but the full grant of the patent can occur after the defence. The deposit number is what Article 17 of Decision 1275 requires.

8.7.3 Step Three: Authorisation for Defence

CATI issues a final authorisation that the dissertation can be defended in patent format. The authorisation confirms that the patent application has been filed, that the disclosure of the invention in the public defence will not destroy the novelty (a non-disclosure agreement may be required for sensitive elements), and that the project meets the technical innovation threshold set by Decision 1275. The authorisation must be in the file of the defence committee on the day of the defence.

8.8 The Evaluation Grid of Article 14

Article 14 of Decision 1275 sets the evaluation grid for a startup-format dissertation. The grid combines academic criteria with venture criteria, with weights that reflect the dual purpose of the dissertation. Table 8.3 presents the grid in the form applied at most Algerian universities since 2023. The percentages may vary slightly between universities, but the structure stays stable.

Table 8.3: Evaluation Grid for a Startup-Format Dissertation Under Article 14 of Decision 1275

Evaluation Criterion	Weight	What the Committee Checks
Theoretical and academic foundation	15 per cent	Quality of the literature review, accuracy of the conceptual framework, mastery of the academic vocabulary of the field.
Innovation level of the project	15 per cent	Originality of the idea, degree of novelty compared with existing products, presence of a defensible advantage.
Market study and value proposition	15 per cent	Quality of the market analysis, identification of customer segments, clarity of the value proposition, evidence of demand from real users.
Business model and financial plan	15 per cent	Coherence of the Business Model Canvas, realism of the three-year financial projections, viability of the financing structure.
Prototype or minimum viable product	15 per cent	Functional demonstration of the product or service, evidence of testing with real users, technical robustness.
Team composition and operational readiness	10 per cent	Balance of skills inside the team, clarity of role distribution, capacity to operate the venture after graduation.

Presentation quality and defence performance	15 per cent	Clarity of the oral pitch, quality of the slide deck, ability to answer committee questions with composure and precision.
TOTAL	**100 per cent**	**Threshold for the Startup Certificate: 70 per cent. Threshold for distinction: 85 per cent.**

Source: Author, applied to the format used at Badji Mokhtar University since 2023, based on Article 14 of Decision 1275 (2022).

The grid sends a clear signal to the student. Five out of seven criteria carry a 15 per cent weight, which means that no single dimension dominates. A team that produces a beautiful prototype but lacks a coherent business model will not pass the threshold. A team with a strong business model but no functional prototype will not pass either. The dissertation rewards the team that delivers across all dimensions in a balanced way. The threshold of 70 per cent for the Startup Certificate is high enough to filter out weak applications and low enough to be reachable by a serious team. The 85 per cent threshold for distinction marks the dissertations that qualify for additional public recognition, including coverage in the annual report of the Ministry of Knowledge Economy.

8.9 Roles and Responsibilities of Each Actor

The pathway involves nine actors. Each actor carries a specific responsibility, and the success of the project depends on the coordination between them. Table 8.4 summarises the roles.

Table 8.4: The Nine Actors of the Decision 1275 Pathway and Their Responsibilities

Actor	Main Responsibility	Stage of Highest Involvement
The student team	Carries the project from idea to defence and beyond.	All six stages.

Academic supervisor	Guides the theoretical and academic dimensions of the dissertation.	Stages 4 and 5.
Assistant supervisor	Supports the supervisor on the practical and operational dimensions.	Stages 4 and 5.
Head of department	Announces the programme, manages the registration list, certifies the eligibility of candidates.	Stage 1.
Director of the Maison de l'Entrepreneuriat	Delivers awareness, basic training, and orientation services.	Stages 1 and 2.
Director of the university incubator	Hosts the project, allocates mentors, signs the Startup Certificate.	Stages 3, 4, 5, 6.
CATI representative	Performs prior-art search, issues the authorisation for patent-format dissertations.	Stages 1 and 5 (patent route).
BLUE representative	Connects the team with industrial partners and arranges internships.	Stage 4.
Representative of the national committee	Sits on the defence committee, ensures consistency across universities, signals national priorities.	Stage 5.

Source: Author, summarised from Decision 1275 (2022) and Bounhas and colleagues (2024).

8.10 The Badji Mokhtar University Ecosystem in Practice

Badji Mokhtar University in Annaba implemented Decision 1275 during the academic year 2022 to 2023, with the first cohort of startup-format dissertations defended in June 2023. The implementation rests on four physical structures and on a coordination unit that the Rectorate created in 2023 to manage the programme across the eleven faculties of the university.

8.10.1 The Four Physical Structures of UBMA

The Maison de l'Entrepreneuriat occupies offices in the central administration building of the university. The structure runs at least one awareness day per semester at each faculty, and it delivers a four-workshop basic training cycle that opens to all students twice a year. The university incubator is located on the Sidi Amar campus, in a dedicated building that was opened in 2020 and renovated in 2023 to accommodate the growth of the programme. The incubator hosts up to 80 student projects per academic year, with priority for projects in the priority sectors. The CATI office sits inside the central library, with two full-time staff members and a part-time legal advisor from INAPI. The BLUE office operates from the Rectorate and maintains a portfolio of active agreements with industrial firms in the wilaya, including El Hadjar, Fertial, Asmidal, and the Annaba branch of Sonatrach.

8.10.2 Results of the First Three Cohorts

The first cohort, defended in June 2023, included 18 startup-format dissertations across the eleven faculties of UBMA. Of these, 15 obtained the Startup Certificate, two obtained the Patent Certificate, and one obtained both. The second cohort, defended in June 2024, grew to 42 dissertations, of which 34 obtained the Startup Certificate and four obtained the Patent Certificate. The third cohort, defended in June 2025, reached 71 dissertations, with 58 Startup Certificates, six Patent Certificates, and three double certificates. The growth

pattern of about 60 per cent year-on-year matches the trajectory observed at other Algerian universities and reflects the increasing awareness of the programme among students and the growing supervisor capacity inside the faculties.

The sectoral distribution of the UBMA dissertations matches the national pattern with a local specialisation. Digital services and software dominate, with 29 per cent of the labels. Agritech and food security follow at 17 per cent, reflecting the agricultural strength of the wilaya. Green technology and waste valorisation account for 14 per cent. Healthtech reaches 11 per cent. Industrial maintenance for the Annaba cluster represents 9 per cent, a category that other universities have less. Edtech, fintech, and other categories share the remaining 20 per cent. The industrial maintenance category illustrates how the local industrial cluster shapes the entrepreneurial orientation of student projects at UBMA.

8.11 Critical Success Factors and Common Obstacles

The first three years of implementation produced a body of evidence on what works and what does not. Three factors raise the probability that a startup-format dissertation succeeds. Three obstacles slow the progress of many teams.

8.11.1 Three Critical Success Factors

The first success factor is early registration. Teams that register in September of the penultimate year benefit from four additional months of training and preparation compared with teams that register at the deadline. The early registration also signals seriousness to the supervisors, the incubator director, and the head of department.

The second success factor is a balanced team. Teams with three or four members that combine technical, commercial, and managerial skills outperform single-student teams. The balance allows the team to deliver all five dimensions of the evaluation grid in parallel rather than in sequence. A solo founder usually delivers two or three dimensions well and the others poorly.

The third success factor is the early validation of the customer demand. Teams that conduct at least 20 customer interviews and run a small pilot before March of the final year present a much stronger defence than teams that build a prototype first and look for customers afterwards. The Lean Startup discipline of Unit 3 and Unit 4 carries forward into the dissertation itself.

8.11.2 Three Common Obstacles

The first obstacle is the workload conflict. The student carries the workload of a standard dissertation plus the additional workload of building a venture. Teams that fail to plan their semester carefully end up choosing between the academic content and the venture content. The choice usually weakens both.

The second obstacle is the coordination friction between the four pillars. A team that needs both CATI authorisation and a BLUE-introduced industrial partner has to navigate two separate processes with different timelines. Without a coordination unit at the Rectorate level, the team often misses one or the other deadline. The UBMA coordination unit created in 2023 addresses this obstacle, but the model has not yet spread to all Algerian universities.

The third obstacle is the post-defence transition. The certificate opens the door to ANADE and to the Algeria Startup Fund, but the team must move from the academic environment to the operational environment within a few months. Many teams lose momentum in the summer that follows the defence and the venture never reaches the first customer. A clear post-defence plan, with explicit milestones for the first ninety days after graduation, makes the difference between a certificate that becomes a company and a certificate that ends up framed on a wall.

8.12 Three Cases from Algerian Universities

8.12.1 A Precision Irrigation Startup from the University of Blida

A team of three students from the Faculty of Agriculture at the University of Blida defended a startup-format dissertation in June 2024. The project developed a low-cost soil-moisture sensor for small farms in the Mitidja plain. The sensor sends moisture data to a basic mobile phone through SMS, which avoids the need for a smartphone or a stable internet connection. The team conducted pre-screening at the campus CATI office in October 2023, filed a patent application at INAPI in March 2024, and obtained the CATI authorisation for the defence in May 2024. The team defended on June 12, 2024, and obtained both the Startup Certificate and the Patent Certificate. The project received Algeria Startup Fund financing in October 2024 and reached its first ten paying farms in February 2025. The case shows the full pathway in action.

8.12.2 An Online Educational Platform from the University of Constantine

A student from the Faculty of Economic Sciences at the University of Constantine defended a startup-format dissertation in June 2023. The project built a low-bandwidth online tutoring platform for high-school students in rural areas. The student conducted 26 customer interviews with parents and tutors during the autumn of 2022, validated the willingness to pay with a small pilot of 32 students during the winter of 2023, and built a functional platform during the spring. The defence committee granted the Startup Certificate with a score of 84 per cent. The student applied to ANADE in July 2023, received the triangular financing in October 2023, and reached 1,200 paying students by the end of 2024. The case illustrates the impact of disciplined customer validation on the strength of the defence.

8.12.3 A Waste Valorisation Project from Badji Mokhtar University in Annaba

A team of four students from the Faculty of Sciences at UBMA defended a startup-format dissertation in June 2024. The project transformed the calcium-rich waste of the local steel industry at El Hadjar into a low-cost construction material. The team partnered with the El Hadjar plant through the BLUE office, which negotiated a one-year access agreement to the waste stream. The team built a small pilot production line in the chemistry laboratory of the faculty and conducted resistance tests on the material with the support of the engineering school. The defence committee granted the Startup Certificate with a score of 79 per cent. The team registered the company in September 2024 and started a first contract with a local construction firm in February 2025. The case shows the value of the BLUE office in projects that depend on industrial inputs or industrial partners.

8.13 Tutorial Activities

TD 1. Map Your Twelve-Month Pathway

Take your validated idea from Unit 3 and your Business Plan from Unit 4. Build a personal twelve-month calendar that takes you from today to the defence date in June of your final year. The calendar includes the registration deadline, the training cycle, the idea-selection committee, the project development milestones, and the defence. Mark the moments when you engage each of the four pillars (Maison de l'Entrepreneuriat, incubator, CATI, BLUE). Submit the calendar as a one-page document within ten days.

TD 2. Choose Between the Two Academic Labels

Analyse your project against the two routes: the Startup Certificate and the Patent Certificate. Identify the conditions that your project meets for each route. Apply the criteria of Articles 14 and 17 of Decision 1275 in concrete terms. Decide which route fits the project, and justify the decision with three specific arguments. If your project qualifies for both routes, identify the work that you need to

perform in parallel to obtain the two certificates at the same defence. Submit a two-page note within one week.

TD 3. Apply the Evaluation Grid to a Real Case

Read the public summary of a startup-format dissertation defended at UBMA in 2024 or 2025 (the instructor provides a list of accessible cases). Apply the evaluation grid of Table 8.3 to the dissertation. For each criterion, propose a score and justify it with one specific element of the case. Compare your overall score with the score that the actual defence committee awarded. Identify two factors that explain the differences between your scoring and the committee scoring. Submit a three-page note within two weeks.

TD 4. Visit the University Incubator

In groups of three, visit the UBMA Business Incubator at Sidi Amar. Conduct a short interview with the incubator director or a senior mentor. Ask three questions. First, what are the top three success factors of the dissertations that defended successfully in 2024 and 2025? Second, what are the top three reasons projects fail or postpone the defence? Third, what advice does the incubator team give to a student who plans to register for the next cohort? Write a two-page report and present the findings to the class in a ten-minute slot.

8.14 Self-Assessment

8.14.1 Factual Questions

Question 1. Define the entrepreneurial university in your own words and name the five missions that distinguish it from a traditional university.

Question 2. State the purpose of Decision 1275 and identify the article that defines the university business incubator.

Question 3. Name the four pillars of academic entrepreneurial support and the main function of each one.

Question 4. List the six stages of the startup certificate pathway and state the deliverable of each stage.

Question 5. Reproduce the evaluation grid of Article 14, with the seven criteria and the weight of each one.

8.14.2 Open Questions

Question 6. Compare the Startup Certificate and the Patent Certificate. Identify the type of project that fits each route and the situation in which a team targets both certificates at the same defence.

Question 7. Discuss the role of CATI in the academic entrepreneurship pathway. Why does the CATI authorisation require six months of lead time? What happens to a team that approaches CATI two months before the defence?

Question 8. Argue for or against the following statement: the startup-format dissertation imposes a heavier workload than the standard format and discourages students from registering. Use at least two arguments and one concrete example.

Question 9. Apply the Triple Helix model of Etzkowitz to the Badji Mokhtar University ecosystem. Identify the strongest overlap between the three spheres and the weakest one. Propose one concrete action to strengthen the weakest overlap.

Question 10. Reflect on your own academic situation. Are you in a position to register for the next cohort of startup-format dissertations? If yes, what concrete steps will you take in the next three months? If not, what conditions need to be met before you become eligible, and how will you reach those conditions?

8.15 Summary of the Unit

The Algerian university of 2025 is no longer limited to teaching and research. The university trains entrepreneurs, hosts incubators, files patents, and grants two specific academic labels under Ministerial Decision 1275 of September 27, 2022. The reform fits the global concept of the entrepreneurial university, developed by Clark (1998) and extended into the Triple Helix model by Etzkowitz (2003, 2008) and the entrepreneurial society framework by Audretsch (2014).

Decision 1275 organises the academic entrepreneurship ecosystem around four pillars. The Maison de l'Entrepreneuriat, recently renamed the Centre for Entrepreneurship Development, provides awareness, basic training, and orientation. The university business incubator hosts the project from idea to label across three operational phases. The CATI office supports the protection of intellectual property and issues the authorisation for patent-format dissertations. The BLUE office connects the project with industrial partners and arranges internships and joint research contracts.

The pathway from an idea to a Startup Certificate covers six stages over the final two academic years. The student registers in September of the penultimate year, follows a pre-selection training cycle from October to December, passes through the idea-selection committee in January, develops the project from February to May of the final year, defends in June, and receives the certificate in July. Article 14 of the decision sets the evaluation grid: seven criteria, five carrying a 15 per cent weight, two carrying 10 and 15 per cent, with a 70 per cent threshold for the certificate and an 85 per cent threshold for distinction.

The Patent Certificate pathway adds three specific steps tied to intellectual property: a CATI pre-screening, a patent application at INAPI or a copyright deposit at ONDA, and a final CATI authorisation for the defence. A single project can earn both certificates at the same defence when the team produces both a labelled venture and a registered patent.

Nine actors interact in the pathway: the student team, the academic supervisor, the assistant supervisor, the head of department, the director of the Maison, the director of the incubator, the CATI representative, the BLUE representative, and the representative of the national coordinating committee. Coordination among these actors determines the success of the project as much as the quality of the idea itself.

The Badji Mokhtar University ecosystem implemented Decision 1275 in 2022 to 2023 and grew from 18 startup-format dissertations in the first cohort to 71 in the third. The local specialisation in industrial maintenance, agritech, and green technology reflects the strength of the Annaba industrial cluster and the agricultural surroundings of the wilaya.

Three success factors raise the probability of a successful defence: early registration, a balanced team of three to four members, and the early validation of customer demand. Three obstacles slow the pathway: the workload conflict with the standard dissertation, the coordination friction between the four pillars, and the post-defence transition from the academic to the operational environment. The next unit moves from the academic environment to the public presentation of a project, with a focus on the art of pitching: how to present a venture to investors, public agencies, juries, and partners in a compressed time format that demands clarity, evidence, and persuasion.

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Unit 9

Project Pitching

Types, Structure, Delivery, and the Art of Persuasion

A strong Business Plan sits in a file that most investors never open. The venture that earns attention is the one whose founder stands in front of the room and speaks clearly, briefly, and with conviction. The pitch is the oral gateway to the written plan. You win the meeting with the pitch. You close the deal with the plan.

This unit teaches you to pitch. The unit defines the pitch precisely, traces its historical roots in rhetoric, and presents five formats that match five distinct situations. The unit then builds each format from the ground up: the sentence formula for the elevator pitch, the seven-section architecture of the investor pitch, the slide-by-slide structure of the pitch deck. The unit develops the delivery dimension, the voice, the body, the timing, and the story arc, and it trains you to manage the question-and-answer session, which is where the pitch is won or lost in practice. The unit closes with an evaluation rubric, three Algerian cases, and a set of tutorial activities that produce an oral pitch you defend before the class.

By the end of the unit, you deliver a three-minute elevator pitch from memory. You prepare a ten-minute investor pitch with eight slides. You identify the three persuasion tools of Aristotle in any pitch you watch. You score a peer pitch on a seven-criterion rubric. You handle three hostile questions without losing composure or accuracy.

9.1 Prerequisites

Before you start this unit, you should have a validated project from Unit 3 and a complete Business Plan from Unit 4, including a Business Model Canvas, a market analysis, and a financial projection. You should know the support

ecosystem from Unit 5 and the financing structures from Unit 6, since your pitch addresses either an investor, a public agency, or a competition jury, and each audience measures you by a different standard. You should also know the startup definitions and the lifecycle stages from Unit 7, since pitching vocabulary draws heavily on startup discourse.

9.2 Learning Objectives

Table 9.1 lists the learning objectives of the unit and links each objective to the section that develops it. The objectives follow the revised Bloom taxonomy.

Table 9.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You define a pitch, list the five main formats, and name the three Aristotelian persuasion tools.	Sections 9.3 and 9.4
Understand	You explain the difference between the elevator pitch and the investor pitch, and the difference between ethos, pathos, and logos.	Sections 9.4 and 9.5
Apply	You apply the seven-section architecture to your own project and produce a written investor pitch.	Section 9.6 and TD 2
Analyse	You break down a recorded pitch and identify its persuasion tools, structural weaknesses, and delivery errors.	Section 9.12 and TD 1
Evaluate	You evaluate a peer pitch using the seven-criterion rubric of Table 9.7 and write a structured feedback note.	Section 9.13 and TD 3

Create	You deliver a live three-minute pitch before the class, manage three questions, and revise the pitch on the basis of feedback.	TD 4

Source: Adapted from Anderson and Krathwohl (2001), A Taxonomy for Learning, Teaching, and Assessing.

9.3 What is a Pitch? Definition and Purpose

The word pitch entered business English from baseball. The pitcher sends the ball toward the batter at high speed, on a defined trajectory, with a clear intent. The business pitch sends an idea toward a listener at high speed, on a defined logical trajectory, with the clear intent of producing a decision. The parallelism is exact. A weak pitch misses the strike zone and achieves nothing. A strong pitch lands on target and produces the desired response.

A pitch is a concise, structured oral presentation designed to communicate the core of a project to a specific audience within a limited time, and to trigger a defined action. The four elements of the definition each carry weight. Concise means short, not vague. Structured means that the content follows a deliberate order that guides the listener's thinking. Oral means that the pitch is delivered by a person in real time, not read from a document. And triggering a defined action means that the pitch always ends with a specific request.

Anderson (2016), in his guide to TED Talks, described the fundamental mechanism of any spoken presentation. The speaker transmits a specific idea from one mind to many other minds. The transmission succeeds when the idea arrives intact, in a form that the listeners understand and remember. The pitch is a specialised form of that transmission, shortened to the point where the speaker cannot afford a wasted sentence, a vague term, or an unexplained assumption. Every word carries a defined purpose.

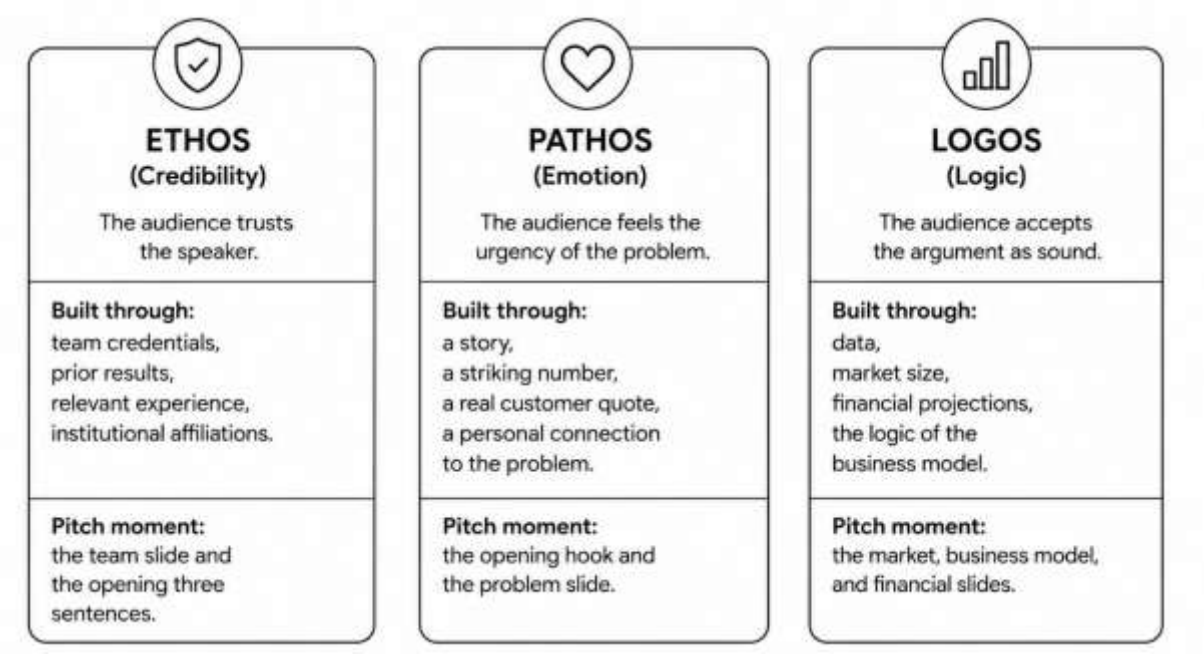
Kawasaki (2004) added the investor's perspective. He described the purpose of a pitch as earning a second meeting, not closing a deal. The pitch does not need to

answer every question. The pitch needs to generate enough interest and credibility that the investor or the partner wants to continue the conversation. This framing relieves pressure on the founder who tries to fit the entire Business Plan into ten minutes. The pitch selects the most persuasive elements and leaves the rest for the document.

9.4 The Foundation of Persuasion: Ethos, Pathos, and Logos

Aristotle described the three instruments of persuasion in his Rhetoric, written in Athens around 350 BCE. The three instruments are ethos, pathos, and logos. The classification has shaped every discipline that deals with communication, from law to advertising to political oratory. A pitch that does not activate all three instruments leaves part of the audience unmoved.

Figure 9.1: Aristotle's Three Instruments of Persuasion Applied to a Startup Pitch



Source: Author, adapted from Aristotle's Rhetoric and Anderson (2016), TED Talks: The Official TED Guide to Public Speaking.

A pitch that relies on ethos alone sounds like a CV. The audience learns who you are but does not feel the urgency of the problem. A pitch that relies on pathos alone sounds like a charity appeal. The audience feels moved but cannot evaluate

whether the venture is viable. A pitch that relies on logos alone sounds like a spreadsheet presentation. The audience follows the numbers but feels no reason to act. The effective pitch layers all three in the right sequence. The opening activates pathos. The team section activates ethos. The market and financial sections activate logos. The closing ask activates all three simultaneously.

Cialdini (1984) added six practical principles of persuasion that amplify the three Aristotelian instruments in the specific context of a business pitch. The principle of reciprocity: the audience that receives useful information before the ask is more likely to give back attention and consideration. The principle of commitment: a small yes early in the pitch (the audience nods at the problem description) makes a bigger yes at the end more probable. The principle of social proof: a sentence about users who already pay for the product activates social trust faster than any number alone. The principle of authority: a reference to a recognised expert, an Algerian ministry, or a large potential client builds credibility quickly. The principle of liking: an audience that relates to the founder and the story is more receptive to the ask. The principle of scarcity: a limited window, a first-mover advantage, or a regulatory deadline adds urgency to the call to action.

9.5 Five Formats of the Pitch

No single format fits every situation. The five formats below cover the main contexts that an Algerian entrepreneur encounters. Each format serves a different audience and operates under a different time constraint. You choose the format before you build the content, and the format shapes every word.

Table 9.2: Five Pitch Formats Compared

Format	Duration	Typical Audience	Primary Goal	Critical Success Factor
Elevator Pitch	30 to 90 seconds	Any person in an informal setting: a visitor, a minister, a potential mentor.	Generate curiosity and earn the exchange of contact information.	Memorisation and natural delivery.
Investor Pitch	5 to 10 minutes	Investors, jury of a financing programme, ASF selection committee.	Secure a second meeting, a site visit, or a term sheet.	Conciseness and financial credibility.
Competition Pitch	5 to 15 minutes	Expert judges of a national or university competition.	Win the competition, gain visibility, and attract follow-on opportunities.	Meeting the judging criteria precisely.
Demo Day Pitch	3 to 5 minutes	Investors, industrialists, and media at the close of an acceleration programme.	Demonstrate operational readiness and generate investment leads.	Live demonstration of the product.
Pitch Deck Presentation	10 to 20 minutes	Institutional partners, banks, ANADE advisors, faculty defence committee.	Secure financing or administrative approval.	Logical structure and financial detail.

Source: Author, drawing on Kawasaki (2004), Blank (2013), and the Algeria Venture Demo Day guidelines (2024).

9.5.1 The Elevator Pitch

The elevator pitch gets its name from a scenario: you step into a lift with a senior investor, and you have thirty floors to earn a follow-up meeting. The pitch is short because the lift is short. The discipline forces you to strip the project to its essential elements. Every word that does not serve the core message leaves the pitch.

The formula consists of four elements in sequence. The first element states the problem in one sentence. The second element introduces the solution in one sentence. The third element describes the target customer and the expected revenue in one sentence. The fourth element states the ask in one sentence. Section 9.7 develops the formula in full, with a worked example and a template that you fill in for your own project.

The elevator pitch requires memorisation. You speak it, not read it. You adapt the tone to the person in front of you, but the words stay fixed through ten rehearsals before you try it on a real audience. A pitch that the founder reads from a notebook fails the credibility test before the first sentence ends.

9.5.2 The Investor Pitch

The investor pitch covers five to ten minutes and presents the seven sections that Section 9.6 develops in full. The investor pitch ends with the ask: a specific amount of money, a specific stage of the company, and a specific use of the funds. Kawasaki (2004) recommended the ten-slide rule: a pitch deck should contain no more than ten slides. Reynolds (2008) added the design principle: each slide carries one central idea, supported by one strong visual or one key number.

The investor reads the financial slide first and the team slide second. This sequence is the opposite of the order in which the slides appear during the presentation. Prepare the financial slide and the team slide with the greatest precision. If the financial projections contain an error or an inconsistency, the

investor notices in less than two minutes and the rest of the pitch becomes irrelevant.

9.5.3 The Competition Pitch

The competition pitch serves a judging panel that applies a defined rubric. Before you build the content, you obtain the rubric and you reverse-engineer the pitch from the criteria. If the rubric rewards market analysis at 20 per cent, you devote one of your eight minutes to market data. If the rubric rewards team composition at 15 per cent, you introduce each team member with a sentence that links the person's background to a specific need of the project. A competition pitch that ignores the rubric and presents a generic investor pitch loses points that the rubric rewards but the generic pitch does not address.

9.5.4 The Demo Day Pitch

Algeria Venture organises a Demo Day at the end of each acceleration cohort. Selected startups pitch before an audience of investors, industrialists, and media representatives. The Demo Day pitch differs from the investor pitch in one central way: the founder shows the product working in real time. The demonstration replaces one or two slides of explanation. A working product demonstrated on stage transfers credibility faster than any financial projection. Blank (2013) wrote that a working product is the most credible proof that the team can deliver. The Demo Day amplifies that proof in front of the entire ecosystem.

9.5.5 The Pitch Deck Presentation

The pitch deck presentation targets institutional partners who need more context than an investor pitch offers. A bank relationship manager who evaluates an ANADE application needs the full Business Plan, but the first meeting often starts with a thirty-minute slide presentation. An ANADE advisor who accompanies thirty applications a week gives you twenty minutes and expects a structured walk-through that covers the project, the market, the team, and the financial

projections. The pitch deck presentation is the bridge between the oral pitch and the written plan.

9.6 The Seven-Section Architecture of the Investor Pitch

The investor pitch follows a defined architecture that the academic and practitioner literature has tested across thousands of funding conversations since the 1990s. The architecture does not constrain creativity. The architecture removes the unnecessary decisions about structure so that the founder can focus all creativity on the content.

Figure 9.2: The Seven-Section Flow of an Investor Pitch



Source: Author, adapted from Kawasaki (2004), Blank (2013), and the Sequoia Capital pitch framework.

9.6.1 Section 1: The Hook

The hook occupies the first thirty to sixty seconds of the pitch. Its purpose is to activate pathos and to anchor the audience's attention. The hook takes one of four forms. The first form is a story: a real person who experiences the problem that your venture solves. The second form is a striking fact: a number that reveals the scale of the problem in terms the audience did not expect. The third form is a direct question that the audience cannot answer without thinking. The fourth form is a live demonstration: you show the problem happening in real time.

Duarte (2010) studied the rhetorical structure of the most memorable business presentations and found that the opening statement of the most-cited ones created a direct tension between the world as it is now and the world as it could be. The tension generates an emotional pull that holds the audience through the full pitch. Your hook creates that tension in one sentence.

9.6.2 Section 2: The Problem

The problem section occupies sixty to ninety seconds. The purpose of this section is to prove that the problem is real, that it affects a large number of people, and that the current solutions leave the users unsatisfied. Three pieces of evidence build a credible problem section. The first piece is a quantified statement of the size of the problem: the number of people who face it, the frequency with which they face it, and the economic or social cost they pay. The second piece is a description of the current solution: what the user does today to cope with the problem, and why the current solution is inadequate. The third piece is a user quote: a sentence spoken by a real person that captures the frustration in an image that the audience remembers.

9.6.3 Section 3: The Solution

The solution section occupies sixty to ninety seconds. The first sentence of this section introduces your product or service as the answer to the problem described in section two. The first sentence is not a technical description. The first sentence states the benefit that the user receives. The technical description follows in the next two to three sentences. The section ends with the key differentiator: the single most important way your solution outperforms every existing alternative. The differentiator is one sentence, stated with confidence and with no qualifiers.

A common error is the inversion of the order. The founder describes the technology first and the benefit second. The investor, who cares about the benefit and not the technology, disengages during the technical description and misses the benefit sentence that comes too late. Keep the benefit first and the technology second, regardless of how proud the team is of the technical achievement.

9.6.4 Section 4: The Market

The market section occupies sixty to ninety seconds. The section presents three nested numbers: the Total Addressable Market (TAM), the Serviceable

Addressable Market (SAM), and the Share of Market that the venture targets in years one, three, and five (SOM). The TAM gives the investor the ceiling of the opportunity. The SAM gives the realistic scope of the venture given its current resources and geography. The SOM gives the projected revenue at each milestone.

The numbers must come from named sources: the National Office of Statistics, the Ministry of Industry, the GEM annual report, a World Bank sector study. A founder who names a source earns credibility. A founder who presents round numbers without attribution loses credibility, because the investor knows that round numbers without sources are estimates of estimates. In Algeria, the Ministry of Industry publishes annual SME reports, the Ministry of Agriculture publishes production statistics, and the Ministry of Digital Economy publishes penetration data. Use these sources before you look abroad.

9.6.5 Section 5: The Business Model

The business model section occupies sixty to ninety seconds. This section answers one question: how does the venture earn money? The answer covers three elements. The first element is the revenue model: subscription, transaction fee, licence, advertising, or freemium. The second element is the unit economics: the revenue per unit, the cost per unit, the gross margin per unit, and the break-even point. The third element is the traction: any evidence that the model works in practice. A waiting list, a pilot with paying customers, a letter of intent from a corporate partner, or a pre-order count all count as traction. Traction turns the model from a hypothesis into an observation.

9.6.6 Section 6: The Team

The team section occupies thirty to sixty seconds. The section does not present the CVs of the team members. The section answers the specific question: why is this team, above all other teams, the right group to solve this specific problem?

Each team member receives one sentence that links the person's background to a precise need of the project. A co-founder who worked five years in the target industry addresses the domain knowledge gap. A co-founder with a computer science degree from a competitive programme addresses the technical gap. A co-founder who ran a small business during the undergraduate years addresses the management gap. Three sentences, three gaps closed.

9.6.7 Section 7: The Ask

The ask section occupies thirty to sixty seconds and closes the pitch. The ask answers three questions. First: what amount do you seek? State a specific number, not a range. A range signals that the founder has not thought through the funding needs carefully, and it allows the investor to anchor at the lower end. Second: what will you do with the money? List three specific uses of the funds: hire the first engineer, buy the first production equipment, sign the first major marketing contract. Third: what milestone will the money allow you to reach? State a specific milestone in time: the break-even point, the first 100 customers, the first ten thousand users, the second round of financing. The ask closes the pitch and opens the conversation. After the ask, the founder stops talking and waits for the reaction.

9.7 The Elevator Pitch Formula

The elevator pitch compresses the seven sections of the investor pitch into four sentences of ninety seconds total. Each sentence carries one purpose. Table 9.3 presents the formula and a worked example for the solar charging station project introduced in Unit 4.

Table 9.3: The Four-Sentence Elevator Pitch Formula with a Worked Example

Step	Purpose	Example: Solar Charging Stations (Nour, Saïda)
1	State the problem in one sentence.	Twenty-two thousand students at the universities of the Saïda region spend an average of forty minutes per day looking for a phone charging socket.
2	Introduce the solution in one sentence.	Our startup installs solar-powered charging stations at university campuses that charge a phone in fifteen minutes for fifty dinars, with no socket-hunting and no waiting queue.
3	State the target customer and the revenue model in one sentence.	We target the two hundred thousand students enrolled across eleven universities in the wilaya, and we earn revenue on a pay-per-use model that generates eight hundred thousand dinars per station per year.
4	State the ask in one sentence.	We are looking for ANADE financing of three million dinars to install the first twelve stations and to validate the model before the spring semester.

Source: Author, applied to the case of Unit 4, section 4.10.1.

The formula produces a pitch of about 120 words. At a natural speaking pace of 130 words per minute, the pitch lasts 55 seconds, well within the 90-second upper limit. A founder who adds background, parentheses, or qualifiers to any of the four sentences immediately pushes the pitch over the limit. The discipline of the formula is the discipline of removing every word that the four purposes do not require.

9.8 The Pitch Deck: Slide-by-Slide Guidance

Kawasaki (2004) defined the 10/20/30 rule for a pitch deck: no more than ten slides, no more than twenty minutes, no font smaller than thirty points. The rule enforces conciseness, respects the audience's attention, and ensures that every word on every slide is large enough to read without effort. Reynolds (2008) added the visual principle: replace text blocks with one strong image, one key number,

or one short phrase per slide. The combination of the two rules produces a deck that supports the speaker rather than replacing the speaker.

Table 9.4: Slide-by-Slide Guidance for an Eight-Slide Investor Pitch Deck

Slide	Title	Time on This Slide	What to Show and What to Say
1	**Hook and Title**	60 seconds	One powerful image and one sentence that states the venture name and the core benefit. The first sixty seconds establish the emotional frame. No text blocks.
2	**The Problem**	90 seconds	One key number that quantifies the problem. One sentence describing the current inadequate solution. One user quote in quotation marks.
3	**The Solution**	90 seconds	A screenshot, a photograph, or a short demonstration video of the product. One sentence stating the core benefit. One sentence stating the key differentiator.
4	**Market Size**	60 seconds	Three numbers: TAM, SAM, and the projected SOM in year three. Each number has a source name next to it. No text. Three numbers and three sources.
5	**Business Model**	90 seconds	A simple table or diagram that shows revenue model, price per unit, cost per unit, and gross margin. Add one line for traction if you have it.
6	**Financial Projections**	90 seconds	Revenue, gross margin, and net result for years one, two, and three in a clean bar chart or table. State the break-even month. Show three scenarios if time allows.
7	**The Team**	60 seconds	Photographs of the team members with names and titles. For each person, one short

			phrase that connects the background to a specific project need.
8	**The Ask**	60 seconds	The funding amount in large font. Three bullet uses of the funds. One milestone the money will reach. Contact information on the same slide.

Source: Author, based on Kawasaki (2004), Reynolds (2008), and the Sequoia Capital pitch framework guide.

9.9 Delivery: Voice, Body, and Timing

The content of the pitch determines the ceiling of the result. The delivery determines whether the pitch reaches that ceiling. A well-built pitch delivered poorly produces a fraction of the potential impact. A pitch built on a solid structure and delivered with confidence and clarity produces the full effect.

9.9.1 Voice

The voice carries three dimensions that the founder trains deliberately. The first dimension is pace. Most founders speak too fast when nervous. The natural speed of a confident speaker in a formal presentation is 120 to 140 words per minute. At 150 words per minute and above, the audience begins to miss words and to lose the thread. You train the pace by recording a practice session and counting the words per minute. The second dimension is volume. The pitch must reach the last row of the room without shouting. A microphone does not replace projection. It amplifies projection. You project from the diaphragm, not from the throat. The third dimension is variation. A monotone voice signals disengagement. Variation in pitch and pace signals emphasis. The sentence that carries the key number, the key differentiator, or the ask receives a slower pace, a slight pause before the number, and a firmer tone after it.

9.9.2 Body Language

The audience reads the founder's body before the founder speaks the first word. Three body dimensions carry the most weight. The first dimension is posture. A straight back, open shoulders, and a neutral stance signal confidence and readiness. A hunched back, crossed arms, or a tilted head signal anxiety or defensiveness. The second dimension is eye contact. The founder distributes eye contact across the full room, spending two to three seconds on each section of the audience. Eye contact is not a performance. Eye contact is a conversation with multiple people at the same time. The third dimension is gesture. Open-palmed gestures that face the audience signal transparency. Gestures that match the spoken emphasis underline the key points without distraction. Gestures that contradict the spoken words, such as a dismissive wave during a confidence claim, undermine the message.

Anderson (2016) observed that the most credible speakers on the TED stage shared one visible behaviour: they planted their feet hip-width apart, did not shift weight from foot to foot, and turned their whole body rather than only their head when addressing different parts of the room. The stillness of the body amplified the words. You practice the same discipline. Move on the stage with purpose: walk to a new position to mark a new section of the pitch, then stop and anchor.

9.9.3 Timing

A pitch that runs over time leaves the most important section, usually the ask, undelivered or rushed. A pitch that ends two minutes early leaves the room silent and wastes the opportunity that the remaining time offered. Precision timing is a rehearsal discipline. You time every practice session and you cut or expand specific sections to reach the target duration at the final rehearsal. The rule for competition pitches is to finish thirty seconds before the limit, not five seconds. Thirty seconds allows the final sentence to land and the audience to respond before the timer interrupts.

9.9.4 Storytelling and the Before-After Arc

Duarte (2010) identified a structure that the most memorable presentations share. She called it the before-after arc. The pitch begins with a description of the current world: the problem, the frustration, the cost, the inadequacy of the existing solutions. The pitch then moves to a description of the new world: the solution, the relief, the benefit, the improvement in the user's life. The contrast between the two worlds creates an emotional pull. The audience wants to see the new world happen. The venture becomes the path from the old world to the new one.

The story carries the before-after arc most efficiently. A story about one real user, described by name or by category, who faces the problem today, makes the problem concrete in a way that statistics alone cannot achieve. The founder opens with the story, moves through the problem data, introduces the solution as the path from the old world to the new, and closes by returning to the story character who now benefits from the solution. The circle closes, the emotional arc completes, and the ask follows in a room that has been moved.

9.10 The Q&A Session: Preparation and Management

The question-and-answer session that follows the pitch is where the investor or the jury forms the final judgment. A founder who delivers a polished pitch and then stumbles through the Q&A leaves the room with a lower score than when the pitch ended. A founder who delivers an average pitch but handles the questions with precision and composure often recovers the score.

9.10.1 Preparing the Questions Before You Enter the Room

The first preparation step is the list of the twenty questions that a knowledgeable investor or judge would ask about your project. The list covers the market, the competition, the team's weaknesses, the risks, the financial assumptions, and the regulatory environment. You write a concise, data-backed answer for each question. You practice the answers until you deliver each one in less than ninety seconds without notes.

Three question categories deserve special attention. The first category is the challenge to your market size numbers. Investors know that market size is often the weakest slide in a student pitch. You respond with the primary source, the year of the data, and the methodology behind the number. You do not defend a wrong number. You acknowledge the limitation and redirect to the observable evidence: the pilot results, the customer interviews, the signed letters of intent. The second category is the team weakness question. Every team has a gap. State the gap before the questioner names it, and describe the plan to close it. A founder who admits a weakness and presents a solution earns more credibility than a founder who denies the weakness. The third category is the hostile challenge: a questioner who disagrees with the premise of the project or with a specific assumption. You do not argue. You acknowledge the perspective, you state the evidence that supports your assumption, and you invite the questioner to share the data that supports the contrary view. The exchange ends in a respectful draw, which preserves the relationship and the credibility.

9.10.2 Four Rules for Managing the Q&A

The first rule is to listen to the full question before you begin the answer. A founder who interrupts the question to start an answer signals impatience and often answers the wrong question. The second rule is to restate the question in one sentence before answering it. The restatement confirms that you understood, gives you two seconds to frame the answer, and ensures that the rest of the audience heard the question correctly. The third rule is to answer the question that was asked, not a related question that you know better. A founder who deflects a question about the cost structure toward a description of the technology product has failed the honesty test. The fourth rule is to close the answer and ask for the next question. Do not let an answer trail off into silence. End with a clear statement and a brief pause. The pause signals that the answer is complete and invites the next question.

9.11 Adapting the Pitch to Three Algerian Audiences

The seven-section structure stays constant. The emphasis, the vocabulary, and the evidence shift by audience. Three Algerian audiences require three specific adaptations.

Table 9.5: Three Algerian Pitch Audiences and Their Specific Expectations

Audience	Primary Concern	Emphasis in the Pitch	Evidence That Builds Trust
ANADE or CNAC advisor	The project creates a durable source of income for the founder and pays back the public loan.	Financial projection, break-even analysis, repayment plan.	Pilot results, signed supplier agreements, letter of intent from a customer.
Algeria Startup Fund committee	The project is innovative, scalable, and produces a return that justifies an equity stake.	Scalability, innovation level, market size, growth projection.	Startup Label, traction data, technical prototype, team credentials.
University competition jury	The project meets the competition criteria: innovation, feasibility, impact, and presentation quality.	Alignment with the competition rubric, clear structure, visual quality.	Prototype demonstration, peer testimonials, supervisor endorsement.

Source: Author, based on field observation of Algerian pitch sessions 2023-2024 and the Algeria Startup Fund evaluation criteria.

9.12 The Ten Most Common Pitching Errors

Ten errors appear with consistent frequency across the student pitch sessions observed at Algerian universities between 2022 and 2025. Table 9.6 names the error, describes how it shows up, and states the correction.

Table 9.6: The Ten Most Common Pitching Errors and Their Corrections

No.	Error	How It Appears	Correction
1	**Reading from slides**	The founder turns toward the screen and reads the text on the slide aloud.	Memorise the pitch and use the slide as a visual cue, not as a script.
2	**No clear problem**	The pitch jumps directly to the product without establishing why the product matters.	Open with the problem before you mention the product.
3	**Vague market numbers**	The founder says the market is very large without naming a number or a source.	Name the TAM, the SAM, and the SOM with the source next to each number.
4	**No ask**	The pitch ends with a summary of the product features and no request.	Close every pitch with a specific number, a specific use, and a specific milestone.
5	**Overloaded slides**	Slides contain ten or more lines of text that the audience reads instead of listening.	Apply the one-idea-per-slide rule. Remove all sentences that do not carry the core message.
6	**No traction**	The founder presents a theoretical model with no evidence that any user has tried the product.	Conduct a pilot with at least ten users before the pitch and report the results.
7	**Unrealistic financials**	The three-year projection grows at 400 per cent per year with no explanation of the growth drivers.	Build the projection bottom-up, from unit economics, and name every assumption.
8	**Weak team section**	The team slide lists names and university degrees	For each team member, state one specific credential

		without connecting them to the project needs.	and link it to one specific project need.
9	**Running over time**	The founder ignores the timer and keeps presenting while the jury signals to stop.	Rehearse until the pitch finishes thirty seconds before the limit in every practice session.
10	**Collapsing under a hostile question**	A challenging question from a jury member causes the founder to lose composure, apologise, or contradict an earlier statement.	Prepare the twenty most likely questions and practice each answer until the delivery is calm and data-backed.

Source: Author, based on observation of student pitch sessions at Badji Mokhtar University, and Algeria Venture events (2022 to 2025).

9.13 Three Algerian Pitch Experiences

9.13.1 A Winning Pitch at the Algeria Startup Challenge 2023

The Algeria Startup Challenge, organised annually by the Ministry of Knowledge Economy and Startups, brought together more than 400 student projects in its 2023 edition. The national winner in the agritech category was a team from the University of Batna that built a mobile-based crop disease detection tool for small farmers. The team opened the pitch with a story about a wheat farmer in the Hautes Plaines who lost thirty per cent of the harvest to a fungal disease that a trained agronomist could have spotted three weeks before the losses occurred. The story established pathos. The team then showed a smartphone photograph of a diseased wheat leaf next to a clean leaf, with the name of the disease displayed by the application. The demonstration established logos. The team closed with the credentials of the co-founder who held a doctoral degree in plant pathology and three years of fieldwork in the wilaya. The credentials established ethos. The three Aristotelian instruments appeared in nine minutes and the team won the national prize.

Discussion question: identify the precise moment in the pitch when each of the three persuasion instruments activated. Which of the ten common errors did the team avoid that most other teams committed?

9.13.2 A Pitch That Failed the Q&A at a University Competition in Annaba

A team from the Faculty of Management at Badji Mokhtar University pitched an on-demand laundry service at the 2024 university competition. The pitch covered the seven sections in ten minutes and presented a Business Model Canvas and a one-year financial projection. The presentation was clean and the team spoke without reading from slides. The jury of four, including one representative of the ANADE branch in Annaba, asked three questions. The first question challenged the customer acquisition cost: where did the 200-dinar per-customer figure come from? The founder admitted it was an estimate. The second question asked about the competition from neighbourhood laundries. The founder said the team had not analysed the neighbourhood laundries directly. The third question asked which ANADE financing scheme the team intended to apply for. The founder did not know the scheme names. The team finished third out of twelve, a result that reflected the gap between a polished presentation and an unprepared Q&A.

Discussion question: apply the four Q&A management rules of section 9.10.2 to this case. Which rule, if applied consistently, would have improved the team's score most significantly?

9.13.3 The Yassir Series B Pitch: Lessons from a 150-Million-Dollar Round

The Yassir Series B round of 150 million United States dollars, closed in 2022, was the largest venture capital round in the history of North Africa at that time. The pitch that secured the round was not public, but the company published a summary of the key messages in a press release and in a LinkedIn post. The release identified three claims that the founders made to the investors. First, that

Yassir had reached the top-three position in ride-hailing in every city where it operated, faster than any competitor. Second, that the platform demonstrated a cross-service usage rate, with more than 30 per cent of ride-hailing users also using the food delivery service within the first three months after launch. Third, that the Algerian and Moroccan markets together represented an underserved population of 75 million people with a median age under 30 and 4G coverage above 80 per cent. The three claims addressed the three concerns of a late-stage investor: defensible market position, cross-sell evidence, and total addressable market scale.

Discussion question: map the three claims onto the seven-section architecture of section 9.6. In which section does each claim belong? What additional data would you have added to the financial section to support the 150-million-dollar valuation implied by the round?

9.14 The Pitch Evaluation Rubric

Table 9.7 presents the evaluation rubric used for the tutorial pitch sessions. The rubric covers seven criteria. Each criterion receives a score of one to five. The total score out of 35 converts to a percentage. A score above 70 per cent qualifies the pitch for the final round of any class competition. A score above 85 per cent qualifies the pitch as competition-ready at the wilaya or national level.

Table 9.7: Pitch Evaluation Rubric: Seven Criteria on a Scale of One to Five

Criterion	Weight (max 5 pts)	Description of a Full Score (5 out of 5)
Clarity of the problem	5 pts	The problem is stated with a specific, quantified number drawn from a named source. The current inadequate solution is named. One user story or quote accompanies the data.

Strength of the solution	5 pts	The benefit is stated before the technical description. The key differentiator is one clear sentence with no qualifiers. A visual, a screenshot, or a demonstration accompanies the description.
Market analysis quality	5 pts	TAM, SAM, and SOM are all present, with sources named. The SOM projection is broken down by year and tied to the Business Plan assumptions.
Business model and financials	5 pts	Revenue model is clear. Unit economics are shown. The break-even month is stated. The projection rests on named assumptions, not on round-number estimates.
Team presentation	5 pts	Each team member is introduced with one credential that links to a specific project need. The team covers all three skill families: technical, managerial, and interpersonal.
Delivery and communication	5 pts	The founder speaks from memory at a natural pace without reading. Eye contact covers the full room. Voice variation emphasises the key points. Timing is within thirty seconds of the target.
Q&A management	5 pts	The founder restates every question before answering. Answers are direct, data-backed, and complete within 90 seconds. Hostile questions receive a calm, evidence-based response.
TOTAL	**35 pts**	**70 per cent (24.5/35): Competition-eligible at the university level. 85 per cent (29.75/35): Competition-ready at the wilaya or national level.**

Source: Author, developed for use at the Faculty of Economic Sciences, Badji Mokhtar University, 2025.

9.15 Tutorial Activities

TD 1. Analyse a Recorded Pitch

Watch the recorded pitch provided by the instructor (or a publicly available pitch from the Algeria Startup Challenge, Algeria Venture Demo Day, or a Seedstars Africa competition). Apply the seven-section architecture of section 9.6 to the recorded pitch. For each section, identify whether the section was present, what evidence the speaker used, and which of the three Aristotelian instruments the speaker activated. Apply the rubric of Table 9.7 and assign a score. Write a two-page analytical note with one specific strength and two specific improvements for each of the seven criteria. Submit within ten days.

TD 2. Write Your Investor Pitch

Using your Business Plan from Unit 4, write the full text of an eight-minute investor pitch. The written pitch covers all seven sections in a continuous prose text, without headings or bullet points. Write it as you speak it, in the second person plural (we) as if you and your co-founders are standing before the jury. Time the reading at your natural speaking pace. If the text exceeds 1,050 words, cut the sections that carry the least persuasive weight until you reach the target. Submit the written pitch within two weeks. This text becomes the script of the live pitch in TD 4.

TD 3. Peer Evaluation Using the Rubric

On the day of the live pitch session, each student evaluates two peers using the rubric of Table 9.7. Fill in the score for each criterion and write two to three sentences that justify the score. At the end of the score sheet, write one overall strength of the pitch and one concrete action the pitcher should take before the next version. Exchange the score sheets with the pitchers immediately after the session. The instructor collects copies of all score sheets and uses them as part of the continuous assessment.

TD 4. Live Pitch Before the Class

Deliver your investor pitch live before the class in a scheduled session. The pitch lasts eight minutes plus three minutes of Q&A. Two classmates and the instructor score the pitch using the rubric. Three classmates ask one question each during the Q&A. Apply the four Q&A management rules. After the session, revise the pitch on the basis of the feedback and submit the revised version of the written script within five days. The live pitch is one of the highest-weight activities of the continuous assessment, and the revised version after feedback is a mandatory deliverable.

9.16 Self-Assessment

9.16.1 Factual Questions

Question 1. Define a pitch in your own words and identify the four elements of the definition given in section 9.3.

Question 2. Name the three Aristotelian instruments of persuasion, define each one, and identify the moment in the seven-section pitch when each instrument is most active.

Question 3. Reproduce the four-sentence elevator pitch formula from Table 9.3 and apply it to a venture idea of your choice, different from the solar charging station example.

Question 4. Name the seven sections of the investor pitch and state the time allocation and the primary content of each section.

Question 5. List the ten common pitching errors from Table 9.6 and give a one-sentence correction for each one.

9.16.2 Open Questions

Question 6. Compare the investor pitch and the competition pitch. Identify two concrete adaptations that a founder makes when the same project is presented to a jury of judges instead of a panel of investors.

Question 7. Discuss the role of traction in a pitch. Explain why a pitch with traction outperforms a pitch without traction, even when the two pitches describe identical products at the same stage of development.

Question 8. Apply the Kawasaki 10/20/30 rule and the Reynolds one-idea-per-slide principle to a pitch deck for the waste valorisation project of Unit 8 case study 8.12.3. Describe what each of the eight slides would show and say.

Question 9. Reflect on your personal delivery strengths and weaknesses. Record a two-minute practice pitch of your project, watch it once, and identify two specific delivery improvements you will address in the next practice session. Report the two improvements in writing.

Question 10. Design a set of ten likely Q&A questions for your investor pitch. Write a concise, data-backed answer for each question. Pay particular attention to questions about market size, competition, and the weakest assumption in your financial projection.

9.17 Summary of the Unit

A pitch is a concise, structured oral presentation that communicates the core of a project to a specific audience within a limited time and triggers a defined action. The three Aristotelian instruments, ethos, pathos, and logos, provide the persuasion framework. A pitch that activates only one or two of the three leaves part of the audience unmoved. The effective pitch layers all three: pathos in the opening hook, ethos in the team section, logos in the market and financial sections, and all three in the final ask.

Five formats cover the main pitch situations. The elevator pitch lasts 30 to 90 seconds and follows a four-sentence formula: problem, solution, customer and revenue model, ask. The investor pitch lasts 5 to 10 minutes and follows the seven-section architecture: hook, problem, solution, market, business model, team, and ask. The competition pitch adapts the investor pitch to the rubric of the specific competition. The demo day pitch centres on a live product demonstration. The pitch deck presentation bridges the oral pitch and the written Business Plan for institutional audiences.

The pitch deck follows the 10/20/30 rule (Kawasaki, 2004): ten slides, twenty minutes maximum, fonts no smaller than thirty points. Each slide carries one idea, supported by one strong visual or one key number (Reynolds, 2008). The market slide presents TAM, SAM, and SOM with named sources. The financial slide shows revenue, gross margin, and net result for three years in three scenarios. The team slide links each team member to a specific project need.

Delivery rests on three pillars. Voice: a natural pace of 120 to 140 words per minute, sufficient projection, and deliberate variation to emphasise the key moments. Body language: a planted stance, distributed eye contact, and purposeful gesture. Timing: the pitch finishes thirty seconds before the limit in every practice session. The before-after arc of Duarte (2010) structures the

emotional narrative: the old world with the problem, the new world with the solution, and the venture as the path between the two.

The Q&A session reveals the depth behind the pitch. Four rules govern it: listen to the full question, restate it before answering, answer the question that was asked, and close each answer with a clear statement. Preparation rests on a list of twenty likely questions, each with a rehearsed, data-backed answer. Ten common errors appear consistently in student pitches. The most frequent are reading from slides, the absence of a clear problem, vague market numbers, no traction, and no ask. Each error has a specific correction that a systematic rehearsal process applies.

The rubric of Table 9.7 evaluates seven criteria: clarity of the problem, strength of the solution, market analysis, business model and financials, team presentation, delivery, and Q&A management. A score above 70 per cent qualifies the pitch for university-level competition. A score above 85 per cent marks a pitch ready for the wilaya or national stage. The next unit moves from the pitch to the patent and label mechanisms: the Patent Label, the Startup Label, the ASF Fund, and the Algeria Venture accelerator, building on the legal framework covered in Units 7 and 8.

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Unit 10

Labels, Innovation Financing, and Acceleration

Patent Label, Startup Label, ASF Fund, and Algeria Venture

An innovative project without formal protection stays exposed. A competitor reads the description and builds a better version. A bank declines the loan because no asset backs the credit. A public agency moves the application to the bottom of the pile because the project does not carry a recognised label. The Algerian state addressed these three vulnerabilities with four interconnected instruments. The Patent Label protects the invention. The Startup Label grants institutional recognition. The Algeria Startup Fund replaces debt with equity. Algeria Venture accelerates the project toward the market.

This unit takes each instrument apart. The unit traces the legal origin of each one, walks you through the application process step by step, identifies the rights and benefits that each instrument confers, and shows how the four instruments form a single sequential pathway from a validated idea to a growing enterprise. The unit then places the pathway in the Algerian context of 2025, with the numbers, the gaps, and the realistic timeline that a student at Badji Mokhtar University faces today.

By the end of the unit, you file a patent application at INAPI on paper. You complete the online Startup Label application form at startup.dz. You read an ASF term sheet and identify the key clauses. You design a twelve-month plan that connects your project to the right instrument at the right stage. And you evaluate a peer project to determine which labels it qualifies for and which conditions it still needs to meet.

10.1 Prerequisites

Before you start this unit, you should know the definitions of a startup from Unit 7, including the four conditions of the national Startup Label under Executive Decree 20-254. You should understand the role of CATI and INAPI from Unit 8, and the complete pathway of Decision 1275. You should have a validated project from Unit 3 and a Business Plan from Unit 4. The unit assumes that you understand the difference between debt and equity financing from Unit 6, and the pitch architecture from Unit 9.

10.2 Learning Objectives

Table 10.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You name the three conditions of patentability, the three official labels, and the investment range of the ASF Fund.	Sections 10.4 and 10.6
Understand	You explain the difference between a Patent Label and a Startup Label, and the difference between equity investment and a bank loan.	Sections 10.5, 10.6, and 10.8
Apply	You complete the INAPI patent application form and the startup.dz Startup Label application for your validated project.	Sections 10.4 and 10.6, TD 1 and TD 2
Analyse	You break down the sequential pathway and identify the stage at which each instrument produces the highest value for a given project profile.	Section 10.10 and TD 3
Evaluate	You judge whether a peer project qualifies for each of the four instruments and justify the judgement with the legal criteria.	Sections 10.5 to 10.9, TD 4

Create	You build a twelve-month calendar that connects your project to the right instrument at each stage and produces the documents that each application requires.	Section 10.10 and TD 4

Source: Adapted from Anderson and Krathwohl (2001).

10.3 Why Labels and Protection Instruments Matter

Teece (1986) asked a question that remains central to innovation policy: who profits from innovation? The inventor does not always profit. The firm that copies the invention and produces it at scale often profits more. Teece identified three factors that determine whether the innovator captures the value of the innovation or loses it to imitators. The first factor is the appropriability regime: the legal system that protects the innovation through patents, trade secrets, or copyright. The second factor is the dominant design: the product architecture that the market converges on. The third factor is the complementary assets: the manufacturing, distribution, and marketing resources needed to bring the innovation to the customer at scale.

The Algerian label system addresses all three factors. The Patent Label builds the appropriability regime by giving the inventor an exclusive right backed by law. The Startup Label signals the innovative nature of the project and opens access to complementary assets through the support of ANADE, Algeria Venture, and the BLUE network. The ASF Fund provides the financial complementary asset, the equity that lets the startup build manufacturing and distribution capacity before the revenues arrive.

Kerr and Nanda (2015) showed that the type of financing a startup receives in the first three years shapes its trajectory for the following decade. Startups that receive equity financing in the early years grow faster, invest more in research, and survive longer than startups of equal quality that receive only debt financing. The difference comes from the risk-sharing mechanism: the equity investor absorbs the downside if the project fails, which allows the founder to take the

risks that growth requires. The ASF Fund applies this logic to the Algerian context. The introduction of the fund in 2020 changed the financing landscape for labelled startups in a way that a new bank loan window could not.

10.4 Patent Protection: Legal Framework, Conditions, and Process

10.4.1 What a Patent Protects

A patent is a legal right granted by the state to an inventor in exchange for the public disclosure of the invention. The right gives the patent holder the exclusive power to use, manufacture, sell, and licence the invention for a defined period, usually twenty years from the filing date. At the end of the period, the invention enters the public domain and anyone can use it without authorisation. The exchange between the inventor and the state is clear. The inventor discloses the technical details of the invention so that the public can eventually use it. The state grants the inventor twenty years to profit from the invention before the disclosure becomes a public good.

In Algeria, patent law rests on Ordinance 03-07 of July 19, 2003, on patents. The ordinance was amended in 2022 by Law 22-09 to align with international standards and with the requirements of Algeria's accession to the WIPO Patent Cooperation Treaty (PCT) in 2000. INAPI, the Institut National Algérien de la Propriété Industrielle, administers the patent system. INAPI has operated since 1998 under the Ministry of Industry and is the sole authority for examining, granting, and recording patents in Algeria.

10.4.2 The Three Conditions of Patentability

Table 10.2: The Three Conditions of Patentability Under Algerian Law (Ordinance 03-07 of 2003)

Condition	Definition	Test Applied by INAPI
Novelty	The invention must not form part of the state of the art. The state of the art includes everything disclosed to the public anywhere in the world before the filing date.	INAPI searches prior art in national and international databases (Espacenet, WIPO PatentScope) to confirm that no identical invention has been published or filed before.
Inventive step	The invention must not be obvious to a person skilled in the relevant technical field. A small and predictable modification of existing technology does not qualify.	INAPI examines whether the invention represents a non-obvious technical contribution that a trained professional in the field would not have reached by routine work.
Industrial applicability	The invention must be capable of being made or used in any kind of industry, including agriculture, health, and services.	INAPI confirms that the invention has a concrete technical function and is not a purely abstract concept, a mathematical method, or a discovery of natural laws.

Source: Author, based on Ordinance 03-07 of 19 July 2003 and WIPO (2024), Introduction to Patent Law.

10.4.3 Types of Industrial Property Rights in Algeria

Algeria recognises four categories of industrial property that an inventor or a firm can register at INAPI. Each category covers a distinct type of intellectual asset and offers different levels of protection and different application procedures.

Table 10.3: Four Categories of Industrial Property Rights in Algeria

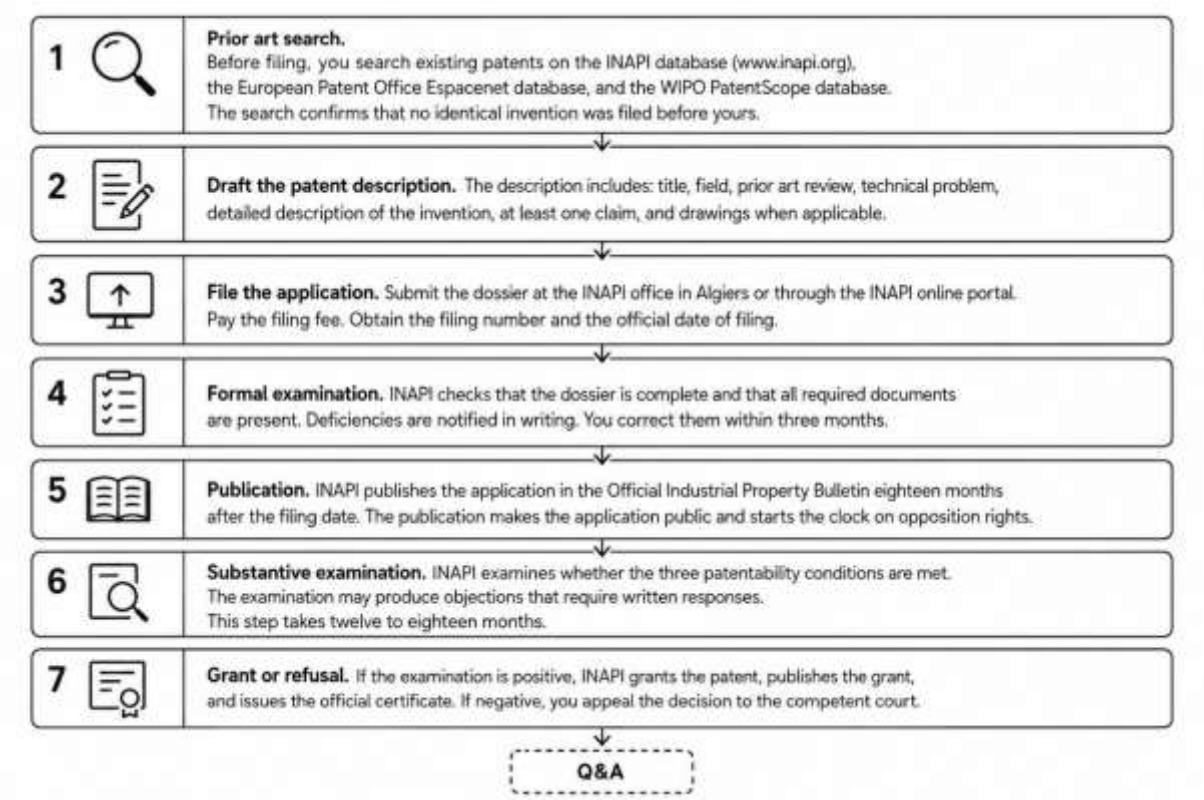
Category	What It Protects	Duration	Algerian Instrument
Patent (brevet d'invention)	Technical inventions: new products, new processes, new uses of existing products.	20 years from filing date, with annual maintenance fees.	Ordinance 03-07, administered by INAPI.
Utility model	Minor improvements to existing devices: lower novelty bar, faster examination.	10 years from filing date.	Ordinance 03-07, simpler examination process.
Industrial design	The aesthetic or ornamental features of a product: shape, colour, texture, pattern.	5 years, renewable up to 15 years.	Ordinance 03-07, administered by INAPI.
Copyright (droit d'auteur)	Creative and literary works: software code, written works, artistic creations.	Life of the creator plus 50 years.	Ordinance 03-05, administered by ONDA.

Source: Author, based on Algerian industrial property legislation and INAPI (2024).

10.4.4 The Patent Application Process at INAPI

The patent application process in Algeria follows seven steps. The timeline from filing to grant ranges from eighteen to thirty-six months, depending on the complexity of the examination and the speed of the inventor's responses to INAPI requests. Figure 10.1 presents the process in a linear flow.

Figure 10.1: The Seven-Step Patent Application Process at INAPI



Source: Author, based on INAPI (2024), Guide to Patent Filing in Algeria.

10.4.5 Rights Granted and Commercial Exploitation

A granted patent gives the holder three exclusive rights. The right to manufacture the patented product or to use the patented process in Algeria. The right to sell and distribute the patented product or the product obtained through the patented process. The right to import the patented product or products made using the patented process. Any third party who performs these acts without authorisation commits patent infringement, which is a criminal and civil offence under Algerian law.

The holder exploits the patent commercially in three ways. The first way is direct exploitation: the holder manufactures and sells the product. The second way is licensing: the holder grants a third party the right to use the patent in exchange for a royalty. The royalty is a percentage of the licensee's revenue, typically between 3 and 12 per cent for technology patents. The third way is assignment: the holder sells the patent itself to a third party for a lump sum. Teece (2006)

showed that licensing produces the highest cumulative return for a university-based patent, because the holder retains the right and collects royalties from multiple licensees simultaneously.

10.4.6 International Patent Protection

A patent granted by INAPI protects the invention only within Algeria. An Algerian inventor who wants protection in other countries has two main pathways. The first pathway is the direct national route: filing a national application in each target country individually. The second pathway is the Patent Cooperation Treaty (PCT), administered by WIPO. Algeria acceded to the PCT in 2000. A PCT application filed at INAPI triggers a single international search and examination, and the inventor can then enter the national phase in any of the 157 PCT member states within thirty months of the first filing. The PCT route saves time and money when the inventor targets more than two or three countries.

10.5 The Academic Patent Label Under Decision 1275

The Academic Patent Label (شهادة جامعية براءة الاختراع) was introduced by Ministerial Decision 1275 of September 27, 2022 as described in Unit 8. The label applies specifically to projects developed within the university context and registered at INAPI or ONDA. The Academic Patent Label is a sub-certificate of the academic diploma and does not replace the national patent granted by INAPI. It certifies that the student or researcher has filed a valid patent application and that the university validates the intellectual output.

The Academic Patent Label serves as a bridge. It allows the student to graduate with a formal recognition of the patent filing, without waiting for the full INAPI examination to conclude. The university graduation can take place while the patent application is still under examination. The label then converts into the national Patent Label when INAPI grants the patent, which typically happens twelve to thirty months after the filing date. The conversion activates the financial benefits of the national Startup Label system described in section 10.6.

A student who obtains the Academic Patent Label also receives two additional advantages. The first advantage is the first right of option on the patent, negotiated through the university technology transfer office (BLUE). This gives the student the right to commercialise the invention without a licence fee to the university for a defined period. The second advantage is priority access to CATI advisory services for international protection, including assistance with the PCT filing when the invention has international market potential.

10.6 The Startup Label System: Three Official Labels

Executive Decree 20-254 of August 15, 2020 created three official labels that form a graduated system. The three labels address three distinct stages of the innovation lifecycle: the pre-company stage, the early-company stage, and the support infrastructure. The system was revised by Executive Decree 22-093 of February 2022, which adjusted some eligibility criteria and strengthened the benefits package. The National Startup Committee, chaired by the Minister Delegate in charge of the Knowledge Economy and Startups, grants and renews all three labels.

10.6.1 The Three Labels Compared

Table 10.4: The Three Official Labels of the Algerian Startup Ecosystem

Criterion	Innovative Project Label	Startup Label	Incubator Label
Target	A team with an innovative project idea, before the company is incorporated.	A company already incorporated with an innovative business model.	A private or university structure that hosts innovative projects.
Main condition	The project must demonstrate technical or	Four cumulative conditions: age, innovation,	Physical space, qualified staff, accompaniment

	commercial innovation.	ownership, and size.	capacity, and quality standards.
Legal entity required	No. The label applies to the project team, not a company.	Yes. The company must be registered at CNRC.	Yes. A formal legal structure is required.
Duration	Two years, non-renewable.	Four years, renewable once.	Three years, renewable.
Best stage of use	Students and researchers in the pre-incubation phase.	Founders who completed the incubation phase and registered the company.	Universities, science parks, and private operators who host student ventures.

Source: Author, based on Executive Decree 20-254 (2020) and Executive Decree 22-093 (2022).

10.6.2 The National Startup Committee

The National Startup Committee (اللجنة الوطنية للمؤسسات الناشئة) sits at the Ministry of Knowledge Economy and Startups. The committee meets every two months for a standard session and calls extraordinary sessions when the volume of applications requires it. The composition of the committee includes the Minister Delegate as chair, representatives of seven ministries (Industry, Finance, Higher Education, Research, Digital Economy, Interior, and Foreign Affairs), one representative of ANADE, one representative of INAPI, and two representatives of the private sector nominated by the national employers' federations. The mix of public and private sector perspectives in the committee is deliberate. The private sector nominees prevent the committee from applying purely bureaucratic criteria to decisions that require commercial judgment.

10.6.3 The Four Conditions of the Startup Label

A company seeking the Startup Label must meet four conditions simultaneously. The first condition is the age limit. The company must have been incorporated for less than eight years on the date of the application. This includes both the initial incorporation year and the period during which the project held the Innovative Project Label. The second condition is the innovation requirement. The business model, the product, or the service must demonstrate a creative element. The committee uses a checklist with ten innovation indicators: a new product, a new process, a new distribution method, a new market, a new service model, an applied research output, a registered patent, a design registered at INAPI, a software registered at ONDA, or a certification from a university incubator. The company must satisfy at least two of the ten indicators.

The third condition is the ownership structure. At least 50 per cent of the company's capital must be held by Algerian citizens residing in Algeria, by accredited investment funds, or by other companies that already hold the Startup Label. This condition prevents foreign capital from capturing the benefits of the label while leaving local entrepreneurs without access. The condition also allows diaspora Algerians to invest in labelled startups, since their investment qualifies through the accredited fund channel. The fourth condition is the size limit. The company must employ fewer than 250 persons and fall below the revenue threshold set annually by the National Committee. The 2024 threshold stands at one billion dinars of annual turnover, which covers all early-stage ventures.

10.6.4 The Application Process

The application for the Startup Label takes place through the national platform at www.startup.dz. The process covers six steps. Step one: the founder creates an account on the platform and fills in the company profile. Step two: the founder selects the label category (Innovative Project, Startup, or Incubator) and confirms the eligibility conditions. Step three: the founder uploads the required documents.

For the Startup Label, these are: the commercial register extract, the company by-laws, the Business Plan, the proof of innovation (at least two items from the ten-indicator list), the shareholder register, and the most recent tax clearance certificate. Step four: the National Startup Committee secretariat reviews the completeness of the dossier within fifteen working days and sends a notice of admissibility. Step five: the committee evaluates the innovation component and invites the founding team to a presentation session of fifteen minutes. Step six: the committee votes and notifies the decision within thirty working days of the admissibility notice. The decision is communicated through the platform and published in the Official Gazette.

10.6.5 The Complete Benefits Package

Table 10.5: Benefits of the Startup Label Under Decree 20-254 and the Finance Laws 2020 to 2025

Benefit Category	Specific Benefit	Legal Instrument
Taxation	Three-year exemption from corporate income tax (IBS) and the professional activity tax (TAP). The exemption is renewable for the full eight years of the label if the company remains labelled.	Finance Law 2021, Article 18.
Customs	Exemption from customs duties on imported equipment, tools, and machines directly tied to the startup's activity.	Finance Law 2021, Article 19.
Legal form	Access to the Société par Actions Simplifiée (SPAS), a flexible legal form that allows custom governance	Commercial Code reform 2022, Article 592 bis.

	and investor-friendly share structures.	
Financing	Eligibility for equity investment from the Algeria Startup Fund (ASF). Priority access to the Algeria Venture acceleration programme.	Executive Decree 20-254, Article 12.
Foreign exchange	Right to open a foreign currency account and to operate in foreign currency for export activity, without the prior authorisation normally required by Bank of Algeria regulations.	Bank of Algeria Instruction 01-2021.
Public procurement	Simplified access to public contracts: labelled startups benefit from a reduced bid bond requirement and a shorter administrative review.	Public Procurement Decree 15-247, amended 2022.
Intellectual property	Priority processing of patent applications at INAPI for labelled startups. Reduced filing fees: 50 per cent reduction for companies in their first four years of label.	INAPI internal directive 2021.

Source: Author, compiled from Decree 20-254, Finance Laws 2021 to 2025, and the Ministry of Knowledge Economy (2024).

10.6.6 Numbers and Progress of the Label System

The label system grew rapidly between 2020 and 2024. At the end of 2020, six months after the launch, the National Committee had granted 178 Startup Labels and 89 Innovative Project Labels. At the end of 2022, the cumulative totals

reached 743 Startup Labels, 312 Innovative Project Labels, and 76 Incubator Labels. At the end of 2024, the Ministry of Knowledge Economy reported 1,247 active Startup Labels, 489 active Innovative Project Labels, and 94 Incubator Labels. The annual growth rate of the Startup Label slowed from 80 per cent in 2021 to 22 per cent in 2024, as the committee applied stricter innovation criteria following a review that found a significant share of early labels granted to projects with low innovation levels.

10.7 The SPAS: A New Legal Architecture for Labelled Startups

The Société par Actions Simplifiée (SPAS) is the legal form that the 2022 Commercial Code reform reserved for labelled startups. The SPAS fills a gap in the Algerian company law landscape. The SARL requires a single share class and imposes uniform voting rights. The SPA requires a minimum capital of one million dinars and a supervisory board. Neither form accommodates the share class diversity and the investor-friendly governance that a venture-backed startup needs.

The SPAS allows the founders to define the governance rules in the by-laws. The founders can create preferred shares with priority dividends and priority liquidation rights for investors. The founders can create multiple classes of shares with different voting rights. The founders can include drag-along clauses that require minority shareholders to sell in the event of a trade sale. The founders can include pre-emption rights that give existing shareholders the first right to buy any shares offered for sale. These provisions are standard in international venture capital agreements and their introduction into Algerian law removes a significant obstacle to attracting international investors.

The SPAS is available only to companies that hold the Startup Label or the Innovative Project Label. A company that loses the label, or a company that chooses not to apply for the label, cannot adopt the SPAS form. This restriction ties the legal privilege to the policy goal: the government uses the label as a gate

that admits only the ventures with genuine innovation potential into the flexible legal regime.

10.8 The Algeria Startup Fund (ASF)

10.8.1 Legal Basis and Governance

The Algeria Startup Fund was established by Executive Decree 20-254 of August 15, 2020. The fund operates under the technical supervision of the Ministry of Finance and the strategic supervision of the Ministry of Knowledge Economy and Startups. A supervisory board governs the fund, with six members drawn from the two supervising ministries, INAPI, ANADE, the Central Bank, and one representative of the private investment community. The executive management team of three professionals handles the daily investment decisions under a mandate defined by the supervisory board.

10.8.2 The Equity Investment Mechanism

The ASF invests through equity, not through loans. The distinction matters more than it appears at first reading. A bank loan requires repayment regardless of the company's performance. If the revenue does not come, the loan still comes due, and the company defaults. An equity investment gives the fund a percentage of the company's ownership. The fund earns a return only if the company grows in value and the fund exits at a higher valuation than its entry price. If the company fails, the fund loses the investment, and the founder loses the equity but does not carry a debt.

Table 10.6: ASF Equity Investment Compared with a Conventional Bank Loan

Criterion	ASF Equity Investment	Conventional Bank Loan
Repayment obligation	None. The fund earns a return through a future exit at a higher valuation.	Fixed instalments over the repayment period, regardless of performance.
Interest or margin	None. No periodic cash payment to the fund.	Annual interest of 6 to 9 per cent on the outstanding balance.
Collateral required	None. The fund accepts the equity risk.	Physical assets or personal guarantees required.
Effect on ownership	Partial transfer: the fund holds 10 to 49 per cent of the company.	No transfer. The founder keeps full ownership.
Duration of commitment	Three to five years, with an exit through a buyback, a secondary sale, or an IPO.	Fixed term of 5 to 10 years.
Who accepts the downside	The fund. The founder does not owe the investment back if the company fails.	The founder. The debt survives the failure of the venture.

Source: Author, based on Decree 20-254, Finance Law 2021, and Kerr and Nanda (2015).

10.8.3 Investment Stages and Amounts

The ASF invests at two stages. The first stage is the seed stage, which targets companies in their first two years after registration. Seed investments range from five million to twenty million dinars. The fund typically takes a 15 to 25 per cent stake at this stage. The investment covers the cost of the first hires, the prototype, and the first market tests. The second stage is the growth stage, which targets companies that have passed the break-even point and need capital for geographic expansion or for a major product extension. Growth investments range from

twenty million to one hundred and fifty million dinars. The fund typically takes a 10 to 20 per cent stake at this stage.

10.8.4 Application and Selection Process

The application takes place through the ASF online platform, accessible from the startup.dz portal. The application requires five documents: the Business Plan, the Business Model Canvas, the last twelve months of financial statements (for growth-stage applications), the proof of the Startup Label, and a ten-minute video pitch of the project by the founding team. The investment committee meets monthly. It receives the shortlisted applications from the secretariat, reviews the documents, and invites the shortlisted teams to a thirty-minute interview. The committee makes the investment decision within sixty days of the application submission.

The ASF funded 80 labelled startups in 2022, 112 in 2023, and 139 in 2024. The average investment per company grew from 12 million dinars in 2022 to 22 million dinars in 2024, reflecting the increasing proportion of growth-stage applications as the first cohort of labelled startups matured. The national distribution of funded startups in 2024 concentrated in Algiers (48 per cent), Oran (14 per cent), and Constantine (9 per cent), with the remaining 29 per cent spread across the other wilayas.

10.8.5 Post-Investment Monitoring and Exit

After the investment, the ASF places a board observer in the company. The observer attends the monthly management meeting, receives the monthly financial report, and alerts the investment committee when the company deviates significantly from the Business Plan. The observer role is advisory and non-executive. The fund does not participate in day-to-day management decisions. The involvement reduces to one quarterly meeting once the company reaches two consecutive years of profitable operations.

The exit takes one of three forms. The most common form is the buyback: the founding team repurchases the fund's stake at a price agreed in the initial investment agreement, calculated as a multiple of the entry valuation. The buyback is available from year three after the investment. The second form is the secondary sale: the fund sells its stake to a new private investor, often a larger fund or an industrial acquirer. The third form is the public offering, which remains theoretical in the short term given the limited depth of the Algerian stock market, but represents a future option as the market develops.

10.9 Algeria Venture: The Public Accelerator

10.9.1 Creation and Mandate

Algeria Venture, officially known as A-Venture, was created in 2021 under the Ministry of Knowledge Economy and Startups. The mandate combines three functions: acceleration of labelled startups through intensive programme cycles, physical infrastructure through a network of FabLabs, and ecosystem building through events, partnerships, and international connections. The structure differs from a private accelerator in one fundamental way. A private accelerator takes an equity stake in exchange for the programme. Algeria Venture provides the programme for free to labelled startups, funded by the public budget, without taking a stake. The state bears the cost of the acceleration and earns the return through the tax revenues and the employment that the accelerated startups generate.

10.9.2 The Acceleration Programme

Table 10.7: Structure of the Algeria Venture Six-Month Acceleration Programme

Month	Phase	Main Activities	Output Required
Month 1	**Diagnostic**	Individual diagnostic session. Team assessment. Product-market fit review. Business model stress-test.	Validated Business Model Canvas and a written list of the three highest-priority risks.
Month 2	**Product development**	Access to the FabLab. Mentoring on technical development. User testing design.	A working prototype tested with at least fifteen real users.
Month 3	**Market entry**	Marketing strategy workshop. Sales training. First customer acquisition.	Ten paying customers or ten signed letters of intent.
Month 4	**Finance and legal**	Investor readiness training. ASF application preparation. SPAS governance workshop.	A completed ASF application file and a term sheet negotiation simulation.
Month 5	**Scale preparation**	Operational scalability design. HR strategy. Partnership negotiations.	A twelve-month scale plan with targets, resources, and milestones.
Month 6	**Demo Day**	Pitch rehearsals. Investor meetings. Public presentation.	An eight-minute investor pitch delivered at the Demo Day before 200 to 400 attendees.

Source: Author, based on Algeria Venture programme guide (2024) and field observation of cohort 5 (2024).

10.9.3 The FabLab Network

Algeria Venture operates a network of FabLabs, short for Fabrication Laboratories, in five cities: Algiers, Oran, Constantine, Tlemcen, and Annaba. Each FabLab provides three families of equipment. The first family is digital fabrication: 3D printers, laser cutters, CNC routers, and vinyl cutters. The second family is electronics: microcontroller workstations, oscilloscopes, soldering equipment, and rapid PCB fabrication. The third family is software development: workstations, development licences, and cloud access. The Annaba FabLab, opened in 2023, operates from a space of 420 square metres on the outskirts of the central city. It served more than 180 student projects during its first operational year.

10.9.4 Demo Day

The Demo Day marks the end of each acceleration cohort. It is a public event that gathers the accelerated startups, investors, industrialists, media representatives, and government officials. Each startup presents an eight-minute pitch before the full room. A private networking session follows, during which each startup holds individual meetings with interested investors. Algeria Venture reports that, on average, 35 per cent of the startups that participate in a Demo Day close an investment round within six months of the event. The rate reflects the investor preparation work in month four of the programme: a startup that arrives at Demo Day with a completed ASF application and a rehearsed pitch has a significantly higher closing rate than a startup that improvises.

10.9.5 Partner Ecosystem

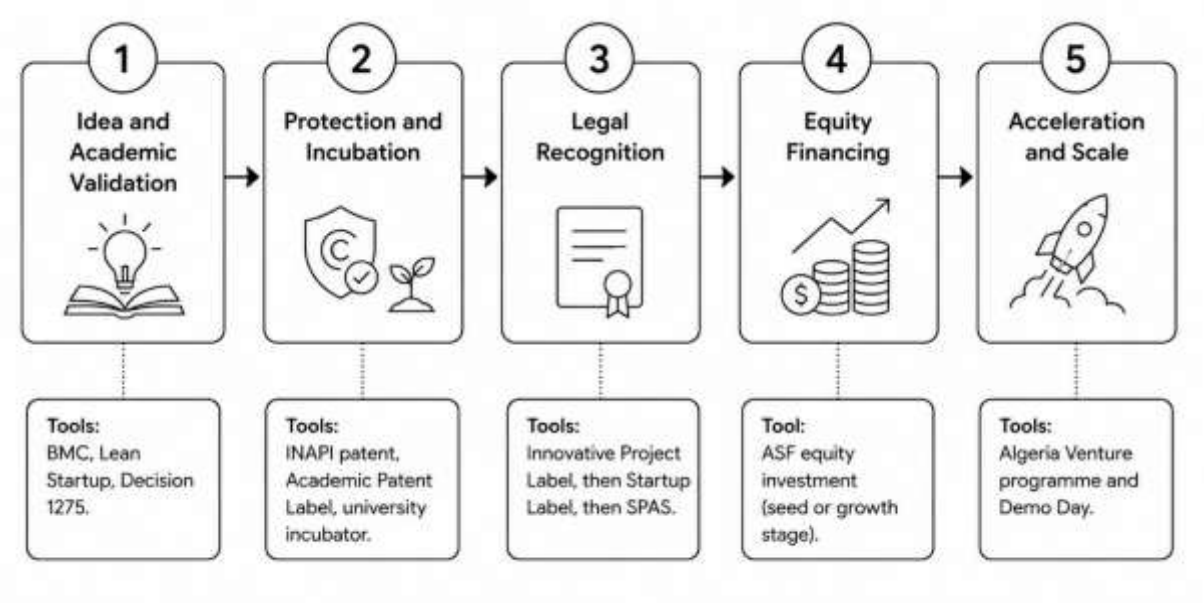
Algeria Venture operates under a partnership with Google for Startups, which provides access to Google Workspace tools, Google Cloud credits, and connections to the global Google for Startups network in 125 countries. The partnership is strategic. It positions Algerian startups as members of a global digital ecosystem rather than isolated local actors. Additional partners include the

African Development Bank, which co-finances specific cohorts focused on agritech and clean energy, and the German development agency GIZ, which co-finances cohorts focused on digital services for public administration. The international partner network gives the accelerated startups access to international markets, international mentors, and international pilot opportunities that a national programme alone could not provide.

10.10 The Sequential Pathway: Four Instruments, One Strategy

The four instruments (patent, startup label, ASF, and Algeria Venture) are not independent. They form a sequential pathway that a student project follows from the campus to the market. The pathway has five stages. Each stage activates one or more instruments. Figure 10.2 illustrates the full pathway.

Figure 10.2: The Sequential Pathway from Idea to Market-Stage Company



Source: Author, synthesised from Units 3 to 10.

A student who registers at the Maison de l'Entrepreneuriat in October of the second year of the bachelor is in Stage 1. The student develops the idea, validates the Business Model Canvas, and files an application at INAPI when the project includes a technical innovation. The student joins the university incubator and enters Stage 2. The academic defence under Decision 1275 produces the Academic Patent Label and the Academic Startup Label, which close Stage 2.

After graduation, the student incorporates the company, applies to startup.dz for the Startup Label, and adopts the SPAS legal form. Stage 3 closes when the National Committee grants the label. The student immediately applies to the ASF for a seed investment, enters Stage 4, and uses the investment to build the prototype and reach the first ten customers. Stage 4 closes when the company reaches the break-even point and applies to Algeria Venture. Stage 5 runs through the six-month acceleration programme and closes at the Demo Day, when the investor presentations produce the next growth round. The full pathway from the student's first workshop at the Maison to the Demo Day takes four to six years.

10.11 Three Algerian Cases for Discussion

10.11.1 A Patent Converted to a Revenue-Generating Licence in Tlemcen

A researcher at the University of Tlemcen spent three years developing a formula for a natural preservative based on eucalyptus extracts. The researcher filed the patent application at INAPI in 2020, obtained the CATI authorisation, and defended the patent-format doctoral dissertation in June 2021. INAPI granted the patent in November 2022 after a successful examination. The researcher did not want to launch a company. The researcher wanted to license the patent to an existing food manufacturer. The BLUE office of the university introduced the researcher to three Algerian food processing companies. Two declined the meeting. The third, a dairy company from Relizane, signed a licensing agreement in April 2023 at a royalty rate of 5 per cent of the revenue generated by the products that use the preservative formula. The researcher collected a first royalty payment of 850,000 dinars at the end of 2023. The case shows that a patent does not require a startup. A patent can generate income through a licence while the inventor continues a research or academic career.

Discussion question: apply Teece's (1986) three factors to this case. Which factor was the strongest driver of the licensing income? What would have been the outcome if no BLUE office connection had been available?

10.11.2 A Full Pathway Case: Agritech Startup from the University of Blida

The team from the University of Blida introduced in Unit 9 case 9.13.1 followed the complete sequential pathway after the national competition win. The team defended the startup-format dissertation in June 2023, obtaining both the Startup Certificate and the Patent Certificate. The team incorporated the company in August 2023 and applied for the Startup Label on September 1, 2023. The label was granted on November 15, 2023. The team applied to the ASF in December 2023 and received a seed investment of 14 million dinars in February 2024, for a 20 per cent stake. The team joined Algeria Venture Cohort 5 in March 2024 and presented at Demo Day in September 2024. The presentation attracted three investor meetings, one of which concluded with a growth-stage investment of 45 million dinars from a private fund in October 2024. By the end of 2024, the company served 180 farms in the Hautes Plaines, employed six full-time staff, and generated monthly recurring revenue of 1.2 million dinars. The full pathway took fourteen months from graduation to a company with six employees and a proven revenue model.

Discussion question: map each instrument of the sequential pathway to the specific contribution it made to this company's trajectory. Which instrument would you consider the most critical single step, and why?

10.11.3 A Label Application That Was Rejected and Recovered

A team from Oran submitted a Startup Label application in January 2023 for a social media management platform designed for Algerian SMEs. The National Committee rejected the application in March 2023 on the grounds of insufficient innovation. The committee's written rejection cited two reasons. First, the

platform did not satisfy the minimum of two innovation indicators from the ten-item checklist. The founders used standard open-source social media management software with a local-language interface, which the committee classified as adaptation rather than innovation. Second, the market analysis in the Business Plan covered only Oran and did not demonstrate national scalability, which failed the high-growth-potential requirement.

The team revised the approach over six months. The team partnered with a computer science doctoral student who contributed a proprietary algorithm for Algerian dialect sentiment analysis, a genuine technical innovation. The team also conducted a national market study with data from the Ministry of Industry and the OECD. The revised application was submitted in September 2023 and granted in November 2023. The case shows that a rejection is not the end of the process. The committee's written justification contains the roadmap for the revised application.

Discussion question: which two of the ten innovation indicators does the revised application satisfy? Apply the four conditions of the Startup Label to the revised application and confirm that it meets all four.

10.12 Tutorial Activities

TD 1. File a Patent Application on Paper

Download the INAPI standard patent application form from www.inapi.org. Using the invention that your project from Unit 3 involves (or an invention provided by the instructor), complete all sections of the form. The sections include: title, technical field, prior art description, disclosure of the invention, one or more claims, and a drawing when applicable. Submit the completed form within two weeks. The instructor reviews the form against the three patentability conditions of Table 10.2 and provides written feedback.

TD 2. Complete a Startup Label Application on startup.dz

Access the startup.dz platform and create a demonstration account. Navigate to the Startup Label application section. Identify the ten innovation indicators and check which ones your project from Unit 4 satisfies. Write a two-page document that: states which of the four conditions your project meets, identifies the two or three innovation indicators that apply, describes the benefit package that your project would receive if the label were granted, and proposes one concrete action for any condition that is not yet fully met. Submit the document within ten days.

TD 3. Analyse an ASF Term Sheet

The instructor provides a model ASF term sheet for a seed investment. Read the term sheet and identify: the investment amount, the stake taken by the fund, the valuation implied by the deal, the anti-dilution clause, the drag-along clause, and the exit mechanism. Write a one-page analysis that explains each clause in plain language and evaluates whether the terms are fair to a founding team that holds 90 per cent of the company. Use the comparison in Table 10.6 to contextualise the equity investment terms relative to a bank loan.

TD 4. Design the Sequential Pathway for Your Project

Using the sequential pathway of Figure 10.2 and the criteria of Tables 10.2 to 10.7, build a twelve-month calendar for your validated project. The calendar includes: the month you file the patent application at INAPI (if applicable), the month you apply for the Innovative Project Label, the month you expect to apply for the Startup Label, the month you apply to the ASF, and the month you target for entry into Algeria Venture. For each step, identify the document you need to prepare and the condition you need to meet. Submit the calendar as a one-page timeline. Bring it to the next session for a peer review using the evaluation rubric of Unit 9 adapted to project planning.

10.13 Self-Assessment

10.13.1 Factual Questions

Question 1. State the three conditions of patentability under Algerian law and give one example for each condition.

Question 2. Name the four categories of industrial property in Algeria, the type of asset each protects, and the duration of protection for each.

Question 3. Describe the seven steps of the patent application process at INAPI and state the approximate total timeline from filing to grant.

Question 4. Name the three official labels of the Algerian startup ecosystem and the target stage of each one.

Question 5. List the four conditions of the Startup Label and the six benefit categories that the label opens.

Question 6. Explain the ASF investment mechanism in three sentences: what the fund gives, what it takes, and how the exit works.

10.13.2 Open Questions

Question 7. Apply Teece's (1986) appropriability regime concept to the Algerian patent system. What are the two main weaknesses of the current system, and what reforms would strengthen it?

Question 8. Compare an ASF seed investment of 15 million dinars (20 per cent stake) with an ANADE loan of 15 million dinars at a subsidised rate over eight years. Calculate the total cost to the founder in each scenario under two conditions: the company succeeds and reaches a valuation of 200 million dinars in year five, and the company fails in year three with no residual assets.

Question 9. Argue for or against the following statement: the Startup Label system creates a two-tier entrepreneurial ecosystem in Algeria, in which non-

labelled ventures face higher barriers than labelled ones. Use at least two arguments and one concrete example.

Question 10. Design the complete sequential pathway for a student project from your faculty, from the moment the idea is validated to the Demo Day presentation. Identify the bottlenecks at each stage and propose one concrete action to reduce each bottleneck.

10.14 Summary of the Unit

The four instruments covered in this unit form a single sequential system. The patent protects the invention and builds the appropriability regime. The Startup Label grants institutional recognition and opens access to a comprehensive benefits package. The Algeria Startup Fund provides equity financing that absorbs the downside risk of the venture. Algeria Venture accelerates the project toward the market through a structured six-month programme and a public Demo Day.

Patent protection in Algeria rests on Ordinance 03-07 of July 2003 and is administered by INAPI. A patent requires three cumulative conditions: novelty, inventive step, and industrial applicability. The application process covers seven steps and takes eighteen to thirty-six months. The patent grants three exclusive rights: manufacture, sale, and import. Commercial exploitation takes three forms: direct use, licensing, and assignment. International protection routes through the PCT, to which Algeria acceded in 2000.

The Startup Label system creates three labels for three stages of the innovation lifecycle. The Innovative Project Label targets pre-company projects. The Startup Label targets incorporated companies that meet four conditions: age below eight years, an innovative business model, at least 50 per cent Algerian ownership, and fewer than 250 employees. The Incubator Label targets support structures. The National Startup Committee grants all three labels through a process that culminates in a presentation session and a formal vote. By the end of 2024, the system had granted 1,247 active Startup Labels. The Startup Label opens seven benefit categories, from tax exemptions to the right to operate in foreign currency. It also gives access to the SPAS legal form, which allows the flexible governance architecture that venture investment demands.

The ASF Fund invests through equity at the seed stage (5 to 20 million dinars, 15 to 25 per cent stake) and the growth stage (20 to 150 million dinars, 10 to 20 per

cent stake). The fund financed 139 labelled startups in 2024 with an average investment of 22 million dinars. The exit mechanisms are the buyback, the secondary sale, and the eventual public offering. Post-investment, the fund places a board observer who monitors the company monthly without interfering in day-to-day management.

Algeria Venture, the public accelerator, runs six-month programmes ending in a Demo Day. The programme covers six phases: diagnostic, product development, market entry, finance and legal, scale preparation, and Demo Day preparation. The FabLab network in five cities provides physical infrastructure for prototyping and testing. The partnership with Google for Startups, the African Development Bank, and GIZ connects Algerian founders to international resources, mentors, and markets.

The sequential pathway connects the four instruments into a single strategy that takes a project from the university campus to a growing company. The pathway unfolds in five stages over four to six years: academic validation, protection and incubation, legal recognition, equity financing, and acceleration. A student who starts the pathway in the second year of the bachelor degree and follows it consistently can reach the Demo Day stage within two to three years after graduation.

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Unit 11

The Self-Employed Contractor: Law 22-23

Legal Framework, Registration, Rights, Obligations, and Career Pathways

You graduate from the Faculty of Economics in June. The job market absorbs a fraction of each graduating class. The rest wait, sometimes for two or three years. Some take positions outside their field. Some migrate. The Algerian economy generates this surplus every year, and the institutional response to it has been to multiply the financing schemes and the public agencies. The self-employed contractor status, introduced by Law 22-23 of December 2022, represents a different type of response. It does not offer a subsidised loan. It offers a legal identity.

With a legal identity, you issue an invoice. With an invoice, a client pays you formally instead of in cash. With a formal payment, you build a financial history. With a financial history, you qualify for a bank account, and eventually for a loan. Law 22-23 treats the individual who works independently not as a legal anomaly outside the system, but as an economic actor with a defined place inside the system. The unit explains how the law works, what it gives you, what it asks from you, and how it connects to the wider entrepreneurial career you build across the eleven units of this course.

By the end of the unit, you complete the self-employed contractor registration form. You calculate the flat tax on a monthly income scenario. You compare the self-employed contractor status with two alternative legal forms and choose the right one for a given profile. You identify the moment at which the status serves you best and the moment at which it becomes a ceiling rather than a door.

11.1 Prerequisites

Before you start this unit, you should understand the spectrum of financing sources from Unit 6, the startup definition and the Startup Label conditions from Units 7 and 10, and the patent and label pathway from Unit 10. The unit also assumes that you know the basic legal forms of an Algerian enterprise (SARL, EURL, SPA, SPAS) from Units 2 and 10. A working knowledge of basic accounting concepts, revenue, cost, and profit, is assumed from the broader curriculum.

11.2 Learning Objectives

Table 11.1: Learning Objectives Mapped to Bloom's Revised Taxonomy

Cognitive Level	Learning Objective	Section in the Unit
Remember	You define the self-employed contractor under Article 2 of Law 22-23, name the seven authorised sectors, and state the five excluded categories.	Sections 11.4 and 11.6
Understand	You explain the difference between the self-employed contractor, the salaried worker, and the company owner, and you explain why the flat tax of 5 per cent is both a benefit and a limitation.	Sections 11.4 and 11.8
Apply	You complete the registration form and calculate the flat tax and the CASNOS contribution for a given monthly income.	Sections 11.7 and 11.8, TD 1 and TD 2
Analyse	You analyse the total cost of compliance under the self-employed contractor status versus the EURL over a three-year period for two different revenue scenarios.	Section 11.11 and TD 3

Evaluate	You judge which legal form (self-employed contractor, EURL, or SARL) fits a given graduate profile and justify the judgement with the legal and financial criteria.	Section 11.11 and TD 4
Create	You design a two-year personal career plan that starts with the self-employed contractor status and specifies the conditions and the timeline for transitioning to a more structured legal form.	Section 11.12 and TD 4

Source: Adapted from Anderson and Krathwohl (2001).

11.3 The Economic Context: Informality and Formalisation in Algeria

Maloney (2004) described the informal sector in developing economies not as a collection of desperate actors pushed out of the formal market, but as a mix of voluntary entrepreneurs who chose informality to avoid the costs and constraints of regulation, and involuntary participants who lacked access to the formal system. The distinction matters for policy. A measure that simply penalises informality pushes the voluntary actors underground without reducing the structural barriers that block the involuntary ones. A measure that reduces the cost of formality attracts both groups.

The Algerian informal economy is large. The National Office of Statistics estimated in 2023 that between 35 and 45 per cent of economic activity in the country takes place outside the formal system. The informal sector concentrates in five areas: street commerce, construction and renovation, transport, food services, and digital and creative services. The last area, digital and creative services, grew rapidly between 2019 and 2024, driven by the expansion of remote work, freelance software development, graphic design, digital marketing, and content production. This segment is typically composed of young, educated individuals who possess marketable skills but lack the administrative will or the knowledge to formalise their activity.

The ILO (2023) reported that Algeria has one of the highest youth unemployment rates in North Africa, at 29.8 per cent among persons aged 15 to 24. The combination of high youth unemployment and a large informal digital sector created a specific demand: a lightweight legal form that allows a young graduate to offer professional services to a client, issue a legal invoice, and pay a simple tax, without the cost and administrative burden of creating a full company. Law 22-23, published in the Official Gazette on December 25, 2022, was the direct policy response to that demand.

11.4 The Concept of the Self-Employed Contractor

11.4.1 Academic Definition

The self-employed contractor (المقاول الذاتي) occupies a specific position in the spectrum of work arrangements. Williams and Nadin (2012) studied self-employment across European economies and identified three defining features that separate self-employment from salaried work. First, the self-employed person chooses the tasks, the clients, and the working methods without a hierarchical employer imposing them. Second, the self-employed person bears the financial risk of the activity. A salaried worker receives a fixed income regardless of the output. The self-employed person earns only what the market pays for the work delivered. Third, the self-employed person owns the means of production, even when the means consist only of a personal laptop and a set of professional skills.

Bögenhold and Klinglmair (2015) distinguished between necessity self-employment and opportunity self-employment. Necessity self-employment covers individuals who become self-employed because no salaried job is available, not because they prefer the independence. Opportunity self-employment covers individuals who choose independence because it gives them higher income, more freedom, or better career alignment than any available

salaried position. The distinction maps directly onto the GEM distinction between necessity entrepreneurship and opportunity entrepreneurship introduced in Unit 7. The self-employed contractor in Algeria today sits in both categories, and the law serves both profiles equally.

11.4.2 The Algerian Legal Definition Under Article 2 of Law 22-23

Article 2 of Law 22-23 defines the self-employed contractor as a natural person who exercises a profit-generating activity individually, within a legally defined annual turnover limit, and whose activity falls under the officially approved list. The definition contains four operational elements. The first element is the natural person requirement: only an individual can hold the status. A company, an association, or any other collective legal person cannot. The second element is the individual exercise: the contractor works alone and does not employ other persons under a labour contract. The contractor may subcontract specific tasks to other professionals, but the contractor does not take on the role of an employer with salaried staff. The third element is the turnover limit: the annual gross revenue must not exceed five million dinars. The fourth element is the approved activity list: only the activities that the National Agency includes in the official list qualify for the status.

11.4.3 Three Distinctions

Table 11.2: Three Work Arrangements Compared: Self-Employed Contractor, Salaried Worker, and Company Owner

Criterion	Self-Employed Contractor	Salaried Worker	Company Owner (EURL/SARL)
Legal form	Individual status, no separate legal entity.	Employment contract with an employer.	Legal entity separate from the owner.

Income	Revenue from services or products, net of taxes.	Fixed monthly salary, plus benefits.	Dividends and salary drawn from the company.
Financial risk	Personal: the contractor bears the full business risk.	None: the employer bears the business risk.	Limited to the share capital invested.
Clients	Multiple clients, managed independently.	One employer as the sole source of income.	Multiple clients, managed through the company.
Administrative load	Very low: one ledger, one annual declaration.	None: the employer handles all formalities.	Medium to high: monthly accounting, annual audit, commercial register.
Ability to employ staff	No. The status prohibits hiring employees.	Not applicable.	Yes, through employment contracts.

Source: Author, based on Law 22-23 (2022) and the Algerian Labour Code.

11.5 Law 22-23: The Complete Legal Framework

11.5.1 Legislative History

Law 22-23 of December 25, 2022 replaced a fragmented collection of decrees and administrative circulars that had governed self-employment in Algeria since the 1990s with partial and inconsistent results. The 2022 law consolidates the legal framework into a single text of thirty-one articles. It creates the National Self-Employed Contractor Agency (الوكالة الوطنية للمقاول الذاتي), which manages the registry, issues the contractor card, and monitors compliance. It establishes the simplified accounting system, the flat tax rate, and the social security registration. It defines the rights and obligations of the contractor and the conditions for entry into and exit from the status.

The law was complemented by two subsequent texts. The Finance Law 2023 set the flat tax rate at 5 per cent of gross annual revenue. An executive decree published in March 2023 defined the official list of seven authorised activity sectors and the procedure for expanding the list when new economic needs arise.

11.5.2 Key Articles of Law 22-23

Table 11.3: Key Articles of Law 22-23 on the Self-Employed Contractor

Article	Subject	Main Provision
Article 2	Definition	Defines the self-employed contractor as a natural person exercising a profit-generating activity individually within a turnover limit and within the approved list.
Article 3	Eligibility	Sets the three positive eligibility conditions: legal working age, Algerian residence or resident foreign status, approved activity.
Article 7	Turnover limit	Sets the annual turnover ceiling at five million dinars. If the contractor exceeds this ceiling for three consecutive years, the contractor loses the status and must register as a company.
Article 9	Legal rights	Grants the contractor the right to a simplified accounting regime, the self-employed contractor card, a professional bank account, and protection from seizure of the primary residence.
Article 12	Tax obligation	Subjects the contractor to the flat tax rate set by the Finance Law (currently 5 per cent of gross annual revenue) and exempts the contractor from VAT as long as the turnover stays below five million dinars.
Article 15	Social security	Requires the contractor to register with CASNOS (the Non-Salaried Workers Social Security Fund) and to pay monthly contributions.

Article 18	Delegation	Allows the contractor to subcontract specific tasks to other professionals without those persons becoming employees of the contractor.
Article 23	Registry	Creates the National Self-Employed Contractor Registry and empowers the National Agency to manage it, issue the contractor card, and handle voluntary withdrawal applications.
Article 27	Disqualification	Lists the conditions for involuntary removal from the registry: exceeding the turnover for three consecutive years, adopting a company legal form, or exercising an activity from the excluded list.

Source: Author, based on Law 22-23 of 25 December 2022, Official Journal of the Algerian Republic.

11.5.3 The Seven Authorised Activity Sectors

The executive decree of March 2023 defined seven sectors in which the self-employed contractor status applies. The list covers the main areas of independent professional activity that Algerian graduates perform today in the informal sector. The National Agency reviews the list annually and may add new sectors when documented demand arises.

Table 11.4: The Seven Authorised Activity Sectors Under the Executive Decree of March 2023

No.	Sector	Examples of Activities	Typical Graduate Profile
1	**Digital and information technology services**	Web development, mobile application development, software testing, IT consulting, network administration.	Computer science, information technology, and electronics graduates.
2	**Consulting and professional services**	Business consulting, market research, project management, training delivery, translation.	Economics, management, languages, and social sciences graduates.

3	**Audiovisual and creative content**	Photography, video production, graphic design, animation, content writing, social media management.	Communication, arts, design, and media graduates.
4	**Home and personal services**	Home cleaning, food delivery, personal assistance, tailoring, beautician services.	Vocational training graduates and persons without formal degrees.
5	**Artisanal and craft activities**	Woodworking, jewellery, ceramic production, weaving, leather goods.	Craft school graduates and self-trained artisans.
6	**Educational and tutoring services**	Private tutoring, language instruction, music lessons, online courses.	Education, languages, and subject-matter specialist graduates.
7	**Maintenance and technical repair**	Electrical repair, plumbing, appliance maintenance, vehicle minor repairs.	Engineering, mechanical, and electrical vocational training graduates.

Source: Author, based on the Executive Decree on Self-Employed Contractor Activities, March 2023.

11.6 Eligibility: Who Can Register and Who Cannot

11.6.1 Three Positive Conditions (Article 3)

Three conditions must be met simultaneously. The first condition is the age requirement. The applicant must have reached the legal working age defined by the Algerian Labour Code, which stands at sixteen years for non-hazardous activities and eighteen years for hazardous ones. There is no upper age limit. A retired professional who wishes to continue a consultancy practice qualifies on the age condition. The second condition is the residency requirement. The applicant must be an Algerian citizen residing in Algeria, or a foreign national holding a valid residence permit. An Algerian citizen residing abroad without a formal residence in Algeria does not qualify under the domestic law. A member of the diaspora who returns to Algeria for a minimum of 183 days per year

qualifies. The third condition is the approved activity requirement. The activity must appear on the official list of seven sectors. An applicant who performs an unlisted activity cannot register under the self-employed contractor status, even if all other conditions are met.

11.6.2 Five Excluded Categories

Law 22-23 excludes five categories of persons from the status. The first category is practitioners of regulated and liberal professions. Lawyers, doctors, pharmacists, architects, notaries, chartered accountants, and civil engineers all practice under specific professional orders that impose their own legal framework. The self-employed contractor status would conflict with the professional order regulations. The second category is persons already registered as a company owner. A person who holds a SARL, an EURL, or any other company form cannot simultaneously hold the self-employed contractor status. The two legal identities are mutually exclusive.

The third category is persons whose activity appears on the excluded list. Certain activities carry risks that the simplified contractor framework cannot manage: financial intermediation, pharmaceutical distribution, sale of weapons, and activities requiring safety certifications that a single contractor cannot obtain. The fourth category is minors below the legal working age. The fifth category is persons who have been subject to a criminal conviction that prohibits commercial activity under the Algerian Penal Code.

11.6.3 The Special Case of Civil Servants

Article 43 of the Civil Service Statute forbids public servants from engaging in private profitable activity during their hours of service. The prohibition applies to the self-employed contractor status. A civil servant who registers as a self-employed contractor violates the civil service statute. The consequences include a disciplinary sanction up to dismissal.

Law 22-22 on startups, however, introduced a specific exception. A civil servant who holds the Academic Startup Label under Decision 1275 or the national Startup Label under Decree 20-254 may, with the written authorisation of the hierarchy, participate in the management of the labelled startup for a period of up to four years, while keeping the civil service position. The exception covers the startup status, not the self-employed contractor status. The two exceptions do not overlap. A civil servant who wants to work as an independent consultant in the digital services sector cannot use the Law 22-22 exception. The civil servant must choose: the civil service position or the independent activity.

11.7 The Registration Process

11.7.1 The Six Registration Steps

Figure 11.1: The Six Steps of Self-Employed Contractor Registration



Step 1	Create an account on the National Agency platform (maqawal-dhati.dz) or visit the local wilaya office. Verify the activity against the list of seven authorised sectors.	**Step 2**	Submit the registration application online or in person. Attach the required documents: national identity card, proof of residence, activity description, and, if

			applicable, a technical qualification certificate.
Step 3	The National Agency reviews the application within three working days. The agency checks the eligibility conditions and the alignment of the activity with the approved list.	**Step 4**	If approved, the agency issues a national registration number and assigns the contractor to the National Self-Employed Contractor Registry.
Step 5	The agency issues the Self-Employed Contractor Card. The card carries the contractor's name, the registration number, the authorised activity, and the issuing date.	**Step 6**	The contractor registers for a Tax Identification Number (NIF) at the local tax centre (DGI), opens a professional bank account, and registers with CASNOS for social security coverage.

Source: Author, based on Articles 23 and 24 of Law 22-23 and the National Agency procedure guide (2024).

11.7.2 The National Self-Employed Contractor Agency

The National Self-Employed Contractor Agency (الوكالة الوطنية للمقاول الذاتي) was created by Law 22-23 and placed under the technical supervision of the Ministry of Labour. The agency performs five functions. The first function is the management of the National Registry: the agency records every registered contractor, updates the registry when a contractor voluntarily withdraws, and removes contractors who are disqualified by law. The second function is the issuance and renewal of contractor cards. The third function is the coordination with the tax authorities: the agency transmits the annual turnover declarations to the DGI. The fourth function is the coordination with CASNOS: the agency verifies that all registered contractors are active social security contributors. The fifth function is the monitoring of activity compliance: the agency flags contractors whose declared activities diverge from the approved list.

11.7.3 The Self-Employed Contractor Card

The Self-Employed Contractor Card (carte du maqawal dhati) is the identity document that the contractor presents to clients, banks, and public administrations to prove the legal status. The card carries seven items of information: the contractor's full name, the national identity number, the registration number in the National Registry, the authorised activity sector, the date of registration, the tax identification number, and the expiry date of the card. The card is valid for four years and is renewable. The card does not replace the commercial register for activities that require a commercial register, but it replaces the requirement for all activities that Law 22-23 covers.

11.8 Rights and Benefits

11.8.1 Legal Rights Under Article 9

Table 11.5: Rights and Benefits Under Law 22-23 and the Finance Laws

Right or Benefit	Practical Meaning for the Contractor	Legal Basis
Simplified accounting	One stamped and numbered ledger. The contractor records all receipts and payments in chronological order. No accrual accounting, no annual audit, no consolidated financial statements required.	Article 9, Law 22-23.
Flat tax of 5 per cent	The contractor pays 5 per cent of gross annual revenue to the tax authority. No corporate tax, no VAT, no professional activity tax (TAP) below the five-million-dinar threshold.	Article 12, Law 22-23; Finance Law 2023.

Exemption from the commercial register	The contractor does not need a commercial register extract from CNRC. The contractor card replaces the commercial register for the authorised activities.	Article 9, Law 22-23.
Professional bank account	The contractor has the right to open a dedicated professional bank account in the name of the activity. Banks are required to accept the application from a card-holding contractor.	Article 9, Law 22-23; Bank of Algeria Instruction 2023.
Protection against seizure	The primary residence of the contractor and the personal belongings classified as family essentials cannot be seized in the event of a business debt. The protection applies even when the contractor works from home.	Article 9, Law 22-23.
Right to subcontract	The contractor may delegate specific tasks to other professionals. The relationship is a commercial contract, not an employment contract.	Article 18, Law 22-23.

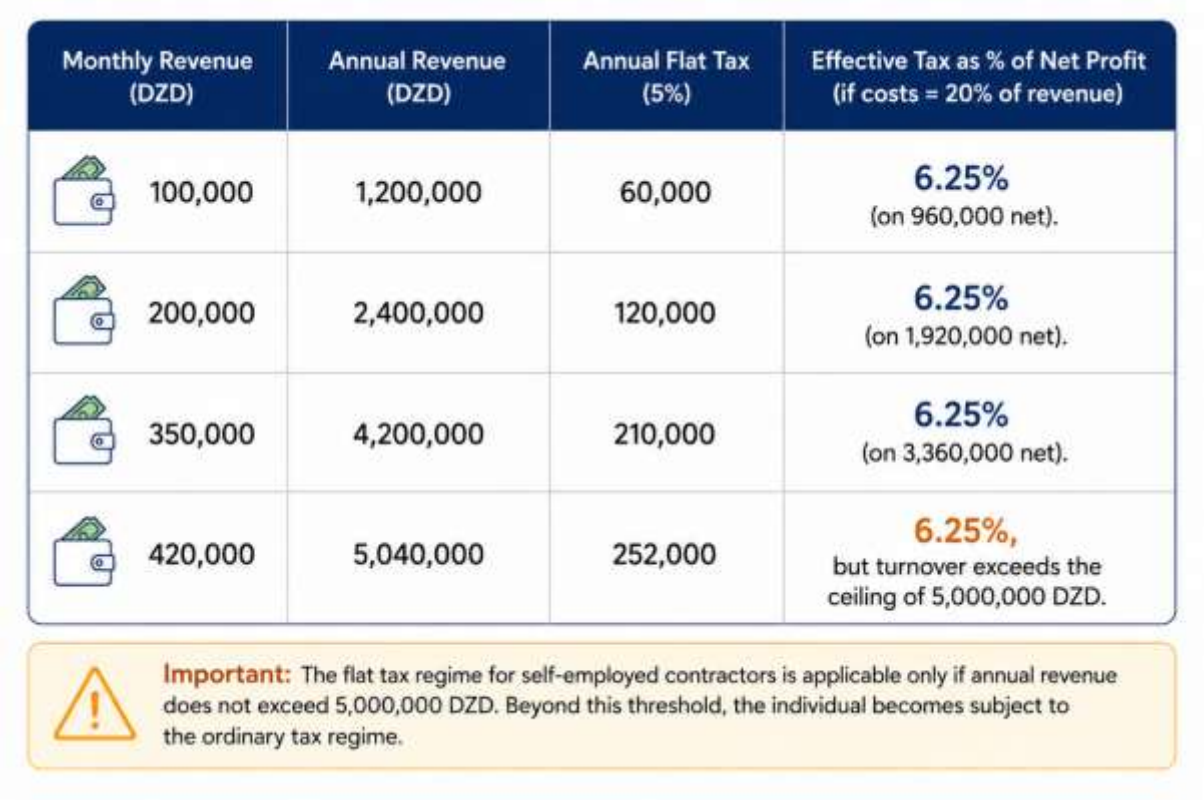
Source: Author, based on Law 22-23 (2022) and Finance Law 2023.

11.8.2 The Flat Tax of 5 Per Cent: Calculation and Payment

The flat tax applies to the gross annual revenue, not to the profit. The distinction is crucial. A contractor who earns two million dinars in a year but spends one million dinars on materials and transport pays the 5 per cent on two million, not

on one million. The tax does not deduct expenses. The simplicity of the calculation is the tax's principal advantage and its principal limitation.

Figure 11.2: Flat Tax Calculation for a Self-Employed Contractor



Monthly Revenue (DZD)	Annual Revenue (DZD)	Annual Flat Tax (5%)	Effective Tax as % of Net Profit (if costs = 20% of revenue)
100,000	1,200,000	**60,000**	6.25 per cent (on 960,000 net).
200,000	2,400,000	**120,000**	6.25 per cent (on 1,920,000 net).
350,000	4,200,000	**210,000**	6.25 per cent (on 3,360,000 net).
420,000	5,040,000	**252,000**	6.25 per cent, but turnover exceeds the ceiling of 5,000,000 DZD.

Source: Author, calculated from Finance Law 2023 and Law 22-23, Article 12. Note: costs assumed at 20% of revenue for the effective rate calculation.

The tax declaration is submitted once per year by April 30, covering the previous calendar year. The contractor pays the tax in a single payment to the local tax centre (DGI). The simplicity of the annual declaration removes the monthly VAT filing burden that a company owner faces. A contractor who earns 1.2 million dinars per year pays 60,000 dinars in annual tax, less than a monthly salary tax at a comparable income level.

11.8.3 Social Security Under CASNOS

Registration with CASNOS, the Non-Salaried Workers Social Security Fund, is mandatory for all registered self-employed contractors. CASNOS provides three categories of social protection. The first category is healthcare: the contractor and the contractor's immediate family receive reimbursements for medical consultations, hospitalisation, and prescription medicines under the national healthcare scheme. The second category is the maternity benefit: the female contractor receives a maternity allowance during the period of incapacity for work. The third category is the retirement pension: contributions to CASNOS count toward the retirement calculation as years of formal employment.

The CASNOS contribution rate for a self-employed contractor stands at 12 per cent of the declared income, with a minimum annual contribution calculated on the basis of the minimum national wage (SNMG). In 2024, the minimum annual CASNOS contribution for a self-employed contractor was 28,800 dinars, or 2,400 dinars per month. The contribution remains the same regardless of whether the contractor earns 100,000 dinars per month or 300,000 dinars. The flat structure of the social contribution mirrors the flat structure of the tax and keeps the total compliance cost predictable.

11.9 Obligations and Compliance Requirements

Table 11.6: Complete Compliance Obligations of the Self-Employed Contractor

Obligation	Content	Deadline	Responsible Institution
Tax registration	Obtain the Tax Identification Number (NIF) from the local DGI centre.	Within 30 days of receiving the contractor card.	DGI (Direction Générale des Impôts).
CASNOS registration	Register with the local CASNOS office and choose the contribution schedule.	Within 30 days of receiving the contractor card.	CASNOS.
Annual income declaration	Submit the form G50 or its equivalent to the DGI, listing the gross annual revenue from all clients.	By April 30 of the following year.	DGI.
Turnover certificate	Submit the annual turnover certificate from the DGI to the National Agency, confirming that the five-million-dinar ceiling has not been exceeded for the third consecutive year.	By May 31 of the following year.	National Agency.
CASNOS contribution	Pay the minimum contribution of 2,400 DZD per month or the pro-rated contribution on declared income.	Monthly, by the 15th of each month.	CASNOS.

Simplified accounting	Record all receipts and payments in a stamped and numbered ledger. Retain all supporting documents for five years.	Continuously, from the first day of activity.	Self-maintained. DGI may request inspection.

Source: Author, based on Law 22-23 (2022), Finance Law 2023, and CASNOS Internal Circular 2023.

11.10 The Turnover Limit and What Happens When You Exceed It

The annual turnover limit of five million dinars serves three functions. The first function is the qualification gate: a contractor who consistently earns above the threshold operates at a scale that a company structure serves better. The second function is the tax design: VAT applies to turnovers above five million dinars, and the flat-tax regime cannot coexist with VAT obligations. The third function is the employment signal: a contractor who earns five million dinars regularly often needs staff, and the prohibition on hiring under the contractor status becomes a binding constraint at that scale.

Exceeding the threshold in a single year does not trigger disqualification. Article 7 of Law 22-23 requires three consecutive years above the ceiling before the contractor loses the status. This design gives the contractor time to prepare the transition to a company form. A contractor who exceeds the ceiling for the first time in year one uses years two and three to build the legal architecture of the future company, select the right form, open a commercial register, and separate the personal and professional finances.

The contractor must report the turnover to the National Agency through the annual certificate submitted by May 31. If the Agency records three consecutive exceedances, the contractor receives a formal notice to register a company within ninety days. If the contractor fails to register a company within the ninety days,

the Agency cancels the contractor status, the contractor card becomes invalid, and the DGI reclassifies the income tax obligation under the standard company rate.

11.11 From Self-Employed Contractor to a Company: When and How to Transition

11.11.1 Comparative Analysis of Four Legal Forms

Table 11.7: Four Legal Forms for Independent Professional Activity: A Comparison

Criterion	Self-Employed Contractor	Auto-Entrepreneur (ANADE)	EURL	SARL
Minimum capital	None.	1 per cent of project cost.	No minimum.	No minimum.
Legal entity	No.	Registered at CNRC.	Yes.	Yes.
Maximum revenue	5 million DZD per year.	No statutory limit.	No limit.	No limit.
Can hire employees	No.	Yes.	Yes.	Yes.
Tax rate	5% on gross revenue.	IBS and TVA apply.	IBS (26%) on net profit.	IBS (26%) on net profit.
Administrative load	Very low.	Medium.	Medium to high.	High.
Best stage of use	First 1 to 3 years after graduation, service sector.	Productive projects with ANADE financing.	Growing service firm, single owner.	Multi-partner firm with significant scale.

Source: Author, based on Law 22-23 (2022), the Algerian Commercial Code, and the Finance Law 2024.

11.11.2 Decision Criteria for the Transition

Four signals indicate that the transition from self-employed contractor to a company form has become the right move. The first signal is the turnover ceiling: when the contractor consistently earns more than 400,000 dinars per month, the five-million-dinar annual ceiling approaches and the scale justifies a company structure. The second signal is the employment need: when the workload exceeds what one person can deliver and the contractor needs a permanent collaborator, the legal prohibition on hiring makes the contractor status a binding constraint. The third signal is the client demand: when a corporate or public-sector client asks for a company invoice or a social security declaration for the service provider, the contractor card is not sufficient. The fourth signal is the financing need: when the contractor needs a bank loan above the amount that ANGEM provides, the bank requires a company structure and a commercial register.

The transition process takes four practical steps. First, the contractor chooses the company form: EURL for a single owner, SARL for two to fifty shareholders. Second, the contractor drafts the by-laws and deposits the share capital at a bank. Third, the contractor registers at CNRC and obtains the commercial register. Fourth, the contractor notifies the National Agency of the voluntary withdrawal from the self-employed contractor registry and cancels the contractor card. The transition typically takes two to four weeks if all documents are ready.

11.12 International Comparison: Three Countries, Three Approaches

Algeria did not build Law 22-23 without precedent. Three comparable economies in the Mediterranean and North African region developed similar frameworks that Algeria studied and adapted. The comparison shows the range of choices in the design of simplified self-employment regimes.

Table 11.8: Self-Employment Simplified Regimes: Algeria, France,, and Tunisia

Criterion	Algeria (Law 22-23)	France (Auto-Entrepreneur, Loi Madelain 2016)	Tunisia (Travailleur Indépendant)
Annual turnover ceiling	5 million DZD (approx. 35,000 EUR).	77,700 EUR for services.	100,000 TND for all activities.
Tax rate	5% on gross revenue.	2.2 to 22% on gross revenue, by sector.	Variable by sector.
Social security	Mandatory CASNOS, 12% of income.	Included in the flat rate of 12.8 to 22% are both tax and social contributions.	Separate contribution.
Registration time	3 working days.	Online, same day.	24 to 72 hours.
Hiring allowed	No.	No under the standard regime.	No.

Source: Author, based on national legal texts and OECD (2018), Monitoring the Performance of Tax-Induced Self-Employment Schemes.

The French auto-entrepreneur model, introduced by the Loi Madelain in 2016, is the most mature reference. By 2024, France had 2.8 million registered auto-entrepreneurs, making the status the most commonly used legal form for new self-employment. The French experience shows three lessons that the Algerian system can draw on. First, a digital-first registration platform drives adoption faster than any communication campaign. Second, the total compliance cost (tax plus social security) must stay below 30 per cent of gross revenue to avoid

discouraging formalisation. Third, the quality of the professional bank account service offered to registered contractors determines whether the status produces a real financial identity or remains a paper credential.

11.13 Three Algerian Cases for Discussion

11.13.1 A Graduate Web Developer in Annaba

Rayan graduated from the Faculty of Mathematics and Computer Science at Badji Mokhtar University in June 2023 with a degree in software engineering. The job market did not absorb him immediately. During the months of waiting, Rayan took on freelance web development projects for three local businesses. He charged 30,000 dinars per project, completed five projects, and earned 150,000 dinars in three months, all in cash without an invoice. In October 2023, Rayan registered as a self-employed contractor in the digital services sector. He issued a formal invoice to each client. His bank account opened three days after he presented the contractor card. By December 2023, he had invoiced 220,000 dinars, paid 11,000 dinars in advance tax to the DGI, and enrolled in CASNOS. In June 2024, he received the first CASNOS health card for himself and his parents. The case shows how the status transforms informal professional activity into a legal, tax-compliant, and socially protected occupation without requiring a single visit to the Commercial Register Centre.

Discussion question: At what monthly revenue would Rayan hit the five-million-dinar annual ceiling? At that point, which legal form would you recommend for the transition, and why?

11.13.2 A Tutor Who Discovered the Ceiling

Nadia, a teacher of English at a secondary school in Constantine, offered private tutoring to students outside school hours. She registered as a self-employed contractor in the educational services sector in January 2023. In the first year, she earned 3.8 million dinars from 28 regular students. In the second year, the number

of students grew to 44, and the revenue reached 5.4 million dinars, slightly above the ceiling. Nadia declared the full revenue honestly to the DGI, paid the flat tax of 270,000 dinars, and submitted the turnover certificate to the National Agency by May 31, 2024. The Agency notified her that the ceiling had been exceeded for the first year. Nadia used the notification to plan the transition. She consulted a chartered accountant and prepared the by-laws of an EURL for the tutoring business, to be incorporated before December 2024 if the revenue continued to grow in year two.

Discussion question: Apply the four transition signals of section 11.11.2 to Nadia's case. Which signal triggered first, and which would trigger next if the activity continues to grow?

11.13.3 A Civil Servant Who Made the Wrong Choice

Kamel, an engineer at a public infrastructure company in Oran, registered as a self-employed contractor in the consulting sector in March 2024 without informing his employer. He accepted a consulting contract from a private construction firm that competed with his public employer. A routine administrative audit in July 2024 identified the dual registration. The civil service disciplinary commission opened a procedure against Kamel. The investigation found that the activity conflicted with the anti-competition provisions of the Civil Service Statute. Kamel received a formal warning and was required to cancel the contractor registration within thirty days. The case illustrates two lessons: the Civil Service Statute prohibition on private profitable activity is actively enforced, and the conflict-of-interest rule applies even when the contractor does not mention the employer to the private client.

Discussion question: Apply Article 43 of the Civil Service Statute and the Law 22-22 exception to Kamel's case. Under what specific conditions could Kamel have legally maintained both statuses simultaneously?

11.14 Tutorial Activities

TD 1. Complete the Registration Form

Access the registration form of the National Self-Employed Contractor Agency (available at maqawal-dhati.dz or provided by the instructor). Complete all fields for a fictitious profile that the instructor defines: name, residence, activity sector, planned monthly revenue, and contact information. Attach the list of documents that you would need to submit with the real application. Identify the step in Figure 11.1 where the application could be delayed or rejected, and propose one action that prevents each delay. Submit the completed form and the analysis within one week.

TD 2. Calculate the Annual Tax and CASNOS Contribution

The instructor provides three revenue scenarios. Scenario A: a web developer who earns 180,000 dinars per month. Scenario B: a private tutor who earns 250,000 dinars per month for ten months and nothing for two months. Scenario C: a graphic designer who earns 350,000 dinars per month for the first six months, then 500,000 dinars per month for the last six months. For each scenario, calculate: the total annual gross revenue, the flat tax of 5 per cent, the CASNOS contribution at 12 per cent of declared income, the remaining net income after both payments, and the effective total tax burden as a percentage of gross revenue. Submit a one-page calculation table within three days.

TD 3. Build the Transition Case

Take Scenario C from TD 2 (the graphic designer). The designer wants to transition to an EURL at the start of year three, when the annual revenue is projected at 6.2 million dinars. Compare the total compliance cost under the self-employed contractor status in year three (if the transition had not happened) with the total compliance cost under an EURL in year three. For the EURL, assume a gross margin of 60 per cent, IBS at 26 per cent on net profit, and monthly

accounting fees of 15,000 dinars. Present the comparison in a table and conclude which form is more cost-efficient at that revenue level.

TD 4. Design Your Personal Career Plan

Using your profile as a graduating student of the Faculty of Economic Sciences, design a two-year career plan that uses the self-employed contractor status as the entry point. The plan includes: the sector you register in and why, your projected monthly revenue in months one to twelve and months thirteen to twenty-four, the total tax and social security payments each year, the trigger that would cause you to transition to a company form, and the legal form you would choose at that moment. Connect the plan explicitly to the sequential pathway of Unit 10: identify whether and when you would apply for the Startup Label, the ASF Fund, or Algeria Venture. Submit a two-page note within ten days.

11.15 Self-Assessment

11.15.1 Factual Questions

Question 1. State the four operational elements of the Article 2 definition of the self-employed contractor under Law 22-23.

Question 2. Name the seven authorised activity sectors and give one example of a specific activity in each sector.

Question 3. List the five excluded categories and explain in one sentence why each category is excluded.

Question 4. Describe the six registration steps of Figure 11.1 and state the role of the National Agency at each step.

Question 5. State the six compliance obligations in Table 11.6 and the deadline for each.

11.15.2 Open Questions

Question 6. Apply Maloney's (2004) two-category framework (voluntary and involuntary informality) to the Algerian labour market in 2025. Identify which category dominates the digital services sector and which category dominates the home and personal services sector. Justify your answer with at least one piece of quantitative evidence.

Question 7. Analyse the flat-tax design of 5 per cent on gross revenue. What type of contractor benefits most from the design, and what type of contractor is disadvantaged by it? Use a numerical example with two contractors in the same sector but with different cost structures.

Question 8. Compare the Algerian Law 22-23 with the French auto-entrepreneur model on the four criteria of Table 11.8. Identify two features of the French model that the Algerian framework should adopt in the next reform cycle, and justify each recommendation.

Question 9. A student asks you whether to register as a self-employed contractor or to apply immediately for ANADE financing for the same project. Design a decision framework that takes the student through four questions and produces a clear recommendation for each possible combination of answers.

Question 10. Reflect on the full arc of this course. In Units 1 to 11, you studied the concept of entrepreneurship, the forms of ventures, the idea generation, the business plan, the support ecosystem, the financing sources, the startup phenomenon, the university support system, pitching, the label and acceleration mechanisms, and the self-employed contractor status. Identify the three units that changed your thinking most about your own professional future. For each unit, write one concrete action that you will take in the next six months as a direct result of what you learned.

11.16 Summary of the Unit

Law 22-23 of December 25, 2022, introduced the self-employed contractor status as the simplest legal form of independent professional activity in Algeria. The status addresses a documented demand: a large segment of educated young people work informally in digital, creative, consulting, and educational services without a legal identity, a bank account, or social security coverage. The law converts that informal activity into a formal, regulated, and protected occupation with a minimum of administrative burden.

The definition of the self-employed contractor rests on four conditions: being a natural person, working individually, having an annual turnover of up to five million dinars, and being in one of the seven authorised activity sectors. Three positive conditions govern eligibility: legal working age, Algerian residence or resident foreign status, and an approved activity. Five categories are excluded: regulated-profession practitioners, existing company owners, persons whose activities fall on the excluded list, minors, and persons subject to a prohibition on commercial activity.

The registration process takes three working days through the National Agency. The contractor receives a registration number, a self-employed contractor card, a tax identification number, and a CASNOS social security enrolment. The card gives the contractor the right to issue invoices, open a professional bank account, and access the social healthcare and retirement system. The primary residence is protected from seizure due to business debts.

The rights package includes a flat tax of 5 per cent on gross annual revenue, an exemption from the commercial register, and a simplified one-ledger accounting requirement. The annual tax declaration is due by April 30. The CASNOS contribution is 12 per cent of declared income, with a minimum of 2,400 dinars per month. The total compliance cost stays predictable and proportional, which

is the core advantage of the status over the EURL and the SARL at the early stage of a career.

The turnover ceiling of five million dinars triggers the transition obligation after three consecutive years above the limit. Four signals indicate that the transition should happen voluntarily before the legal deadline: the revenue ceiling, the employment need, the corporate client demand, and the financing need. The most appropriate form of transition for a single-owner service professional is the EURL. The transition takes two to four weeks if the documents are ready.

The international comparison shows that comparable regimes in France, and Tunisia serve millions of independent professionals. The French auto-entrepreneur model, with 2.8 million registered users by 2024, demonstrates that a digital-first registration process, a total compliance cost below 30 per cent of revenue, and a quality professional banking service are the three drivers of mass adoption.

The self-employed contractor status is not a destination. It is a gateway. It gives the graduating student a legal identity from which to start building a professional career, a financial track record, and a customer base. When the career outgrows the status, the transition to a company form is straightforward. When the career aligns with the startup trajectory of Units 7 to 10, the contractor applies for the Innovative Project Label, incorporates the company, and enters the sequential pathway toward the Startup Label, the ASF Fund, and Algeria Venture. The eleven units of this course form a single map. You now hold the full map.

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GENERAL CONCLUSION

What the Eleven Units Covered

The eleven units of this pedagogical document traced a complete arc. The arc started with the definition of entrepreneurship, as Cantillon described it in 1755 when he placed the entrepreneur at the intersection of market opportunity and personal risk. The arc ended with the registration procedures of the self-employed contractor status, as Algeria codified them in Law 22-23 of December 2022. Between the two endpoints, the document covered nine specific competences that map directly onto the actions a graduating student performs in the two years after leaving the Faculty.

Unit 1 gave you the vocabulary. Without a precise definition of entrepreneurship, you talk around the concept without reaching it. Units 2 to 4 gave you the methods. The idea generation techniques of Unit 3 produce ideas that are original, feasible, and demanded by real customers. The Business Plan structure of Unit 4 turns those ideas into a document that a bank officer, an agency advisor, or a competition jury reads and evaluates. Units 5 and 6 gave you the map of the Algerian institutional environment. The map shows you who does what, where the money is, and what conditions you need to meet before you approach any institution. Units 7 and 8 connected your project to the startup ecosystem and to the academic pathway that your own university makes available to you through Decision 1275. Unit 9 gave you the communication tools to present your project to any audience with clarity and credibility. Units 10 and 11 gave you the legal instruments to protect your innovation, to register your activity, and to build a professional identity from the first day after graduation.

The Algerian Context in 2025

The Algerian entrepreneurship ecosystem changed more between 2020 and 2025 than it did in the two preceding decades. The startup label reached 1,247 active ventures by the end of 2024. The Algeria Startup Fund funded 139 companies in 2024 with an average investment of 22 million dinars. Decision 1275 produced 71 academic startup-format dissertations at Badji Mokhtar Annaba University in 2025 alone, up from 18 in the first cohort three years earlier. The national FabLab network in five cities provided physical prototyping infrastructure to more than 600 student projects during the same year. The self-employed contractor registry opened in early 2023 and accumulated more than 200,000 registrations in its first 18 months, concentrated heavily in digital services, consulting, and educational activities.

These numbers describe a system in motion. The system is not complete. The venture capital market remains thin. The awareness of guarantee funds among young founders remains low. The coordination between the four pillars of the university support system works well at UBMA and at a handful of other universities, but it has not yet generalised across all 116 institutions of higher education in Algeria. The gap between Algiers, which concentrates 51 per cent of labelled startups, and the rest of the national territory remains wide. You work inside a system that has made real progress and that still requires the active contribution of each new cohort of graduates to close the remaining gaps.

Three Actions for the Next Six Months

This document does not ask you to read and forget. It asks you to act. Three actions produce the most return in the six months that follow the completion of the module.

The first action is the registration of your project at the Maison de l'Entrepreneuriat. The registration costs nothing and takes less than one hour. It opens the door to the incubation pathway of Decision 1275, to the pre-selection

training cycle, and to the mentors who have already walked the path you are starting. A student who registers in October of the penultimate year gains four months of preparation over a student who waits until January.

The second action is the completion of the Startup Label application on startup.dz. Complete the fields, identify which of the ten innovation indicators your project satisfies, and submit. The application takes two to three hours for a well-prepared project. The process of completing it forces a discipline that improves the project. The rejection rate at the first attempt exceeds 40 per cent among student applicants. Each rejection carries a written justification that tells you exactly what to fix.

The third action is the delivery of one live elevator pitch before a real audience. Not before friends. Not before a mirror. Before a professor, a business person, an ANADE advisor, or a competition jury. The first live pitch is always imperfect. The feedback it generates, if written down immediately after the session, produces more improvement than ten hours of solo rehearsal.

A Final Note on Sources

Every major claim in this document rests on a named source. The bibliography at the end of the document lists all 130 references used across the eleven units. You are expected to read the primary sources, not just the summaries this document provides. Schumpeter's Theory of Economic Development, Osterwalder and Pigneur's Business Model Generation, Ries's The Lean Startup, Law 22-23, and Decision 1275 are all accessible in full. The Algerian Official Gazette is available at joradp.dz. The INAPI patent database is available at inapi.org. The national startup registry is available at startup.dz. When you read the primary source, you understand not just what the rule says, but why it was written and where its limits are.

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APPENDIX A
Course Programme Outline

Table A.1 presents the recommended distribution of the 15 contact hours across the 11 units and the tutorial activities. The instructor adapts the distribution according to the academic calendar, the class size, and the pace of the students.

Table A.1: Recommended Distribution of Contact Hours

Unit	Title	Lectures (hrs)	Tutorials (hrs)	Total
1	Introduction to Entrepreneurship	1.5	0	1.5
2	Forms of Entrepreneurship	0.5	0	0.5
3	Idea Generation	1.5	1.5	3.0
4	From Idea to Plan	1.0	1.0	2.0
5	Support Structures	0.5	0	0.5
6	Financing Bodies	0.5	0	0.5
7	Startups in Algeria	0.5	0.5	1.0
8	The Entrepreneurial University and Decision 1275	0.5	0	0.5
9	Project Pitching	1.0	1.5	2.5
10	Labels, ASF, Algeria Venture	1.0	0	1.0
11	The Self-Employed Contractor	1.0	0.5	1.5
Total		**10.0 hrs**	**5.0 hrs**	**15.0 hrs**

APPENDIX B
Expert Evaluation Grid for This Pedagogical Document

The expert evaluation of this document follows the three-axis framework defined by the National Reference for Expertise on Pedagogical Documents (February 2026). The framework applies a Likert scale of 1 to 6. The thresholds for acceptance are stated for each axis.

Evaluation Axis	Acceptance Threshold	Criteria Covered
Common Axis (Structure and Presentation)	100% for institutional model compliance. 80% for presentation and content alignment. 70% for language and citation standards.	Institutional model compliance. Alignment with the training programme. Clarity and consistency of the language. Compliance with bibliographic citation standards.
Pedagogical Axis (Content and Methods)	70% for each criterion. Minimum 70% overall.	Quality of the knowledge presented. Pedagogical structure and progressive difficulty. Diversity of teaching methods. Alignment of methods with learning objectives.
Evaluative Axis (Assessment Activities)	70% for each criterion. Minimum 70% overall.	Student engagement activities. Clarity of instructions. Formative assessment activities distributed across units. Continuous assessment activities at the end of each unit.
Final Grade Formula	70% accepted. 50 to 70% conditional.	Final grade = 60 per cent of Pedagogical Axis score + 40 per cent of Evaluative Axis score. A score above 70 per cent leads to acceptance. A

		score between 50 and 70 per cent leads to conditional acceptance with reservations sent to the author.

Source: National Reference for Expertise on Pedagogical Documents for Classroom Teaching, Ministry of Higher Education and Scientific Research, February 2026, based on Ministerial Decision 164 of 18 October 2025.

APPENDIX C
Key Algerian Digital Platforms and Resources

Table C.1 lists the primary digital platforms and institutional resources that a student needs across the eleven units. All addresses are verified and active as of May 2026.

Platform or Resource	Web Address	Primary Use in This Module
National Official Gazette	joradp.dz	Access all laws, decrees, and ordinances cited in Units 5 to 11.
Startup Label Platform	startup.dz	Apply for the Startup Label, Innovative Project Label, or Incubator Label (Units 7 and 10).
INAPI Patent Database	inapi.org	Search prior art, track patent applications, download the patent filing guide (Units 8 and 10).
CNRC Commercial Register	cnrc.org.dz	Company registration, SARL and EURL formation, SPAS registration (Units 4 and 11).
Business Registration Platform	sijilat.dz	Online one-stop shop for company registration, target: 24 to 72 hours (Unit 5).
Self-Employed Contractor Agency	maqawal-dhati.dz	Register as a self-employed contractor, check the authorised activity list, download the procedure guide (Unit 11).
Algeria Venture	algeriav.dz	Apply for the acceleration programme, access FabLab

		booking, register for Demo Day (Units 7 and 10).
Ministry of Knowledge Economy	start.gov.dz	Download the startup ecosystem report, access Decision 1275, track labelled startup statistics (Units 7 and 10).
GEM Global Reports	gemconsortium.org	Download the annual global report and Algeria-specific data (Units 1 and 7).
OPU University Press	opu.dz	Submit this pedagogical document for national publication after the expert evaluation process.
UBMA Incubator	Contact through UBMA Rectorate website	Register for the academic startup pathway under Decision 1275, access the FabLab in Annaba (Unit 8).

APPENDIX D
Glossary of Key Terms

The following definitions reflect the usage of each term in this pedagogical document. They are working definitions for the purpose of this module and do not replace the technical definitions of the relevant legal texts.

Accompaniment: The structured process by which a specialised structure guides an entrepreneur through the stages of venture creation, from idea validation to operational stability. Accompaniment differs from support in that it is relational, long-term, and focused on building the capacity of the entrepreneur rather than on delivering a financial instrument.

BMC (Business Model Canvas): A one-page strategic planning template divided into nine blocks: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. Developed by Osterwalder and Pigneur (2010).

Business Plan: A formal written document that describes a venture's objectives, strategies, market analysis, operational plan, and financial projections. The standard Business Plan in Algeria covers eight sections and serves as the primary document submitted to ANADE, banks, and the Algeria Startup Fund.

Entrepreneur: A person who identifies an opportunity, organises the resources to act on it, and bears the risk associated with the action. The four main definitions come from Cantillon (1755), Say (1803), Schumpeter (1934), and Drucker (1985).

Equity: A form of financing in which an investor receives a percentage of the ownership of a company in exchange for a financial contribution. The investor earns a return when the company grows in value, not through a fixed repayment schedule.

Innovation: The implementation of a new or significantly improved product, service, process, marketing method, or organisational method. Innovation differs from invention: invention produces a new idea, innovation converts the idea into a marketable output.

Intrapreneur: An employee inside an existing organisation who acts with the initiative, the risk-taking orientation, and the creative capacity typical of an entrepreneur. The intrapreneur creates new value for the organisation from within its existing structure.

Labelled Startup: A company that holds the official Startup Label granted by the National Startup Committee under Executive Decree 20-254 of August 2020. The label rests on four conditions: age below eight years, innovative business model, at least 50 per cent Algerian ownership, and fewer than 250 employees.

Lean Canvas: A one-page adaptation of the Business Model Canvas developed by Ash Maurya (2012) for startup ventures. It replaces four BMC blocks with four startup-specific blocks: problem, solution, unfair advantage, and key metrics.

Lean Startup: A methodology for developing businesses and products developed by Eric Ries (2011). The method advocates building a minimum viable product, measuring the response of real users, and learning rapidly from the data to decide whether to persist, pivot, or stop.

MVP (Minimum Viable Product): The earliest version of a product that collects validated learning from customers with the minimum possible effort. The MVP tests the most critical assumption of the business model before the venture invests in full development.

Pitch: A concise, structured oral presentation designed to communicate the core of a project to a specific audience within a limited time and to trigger a defined action, typically a second meeting, a financing decision, or a competition prize.

Scalability: The capacity of a business to serve a large number of customers without a proportional increase in cost or team size. Scalability is the defining characteristic that separates a startup from a small business.

Self-Employed Contractor: A natural person who exercises a profit-generating activity individually, within a five-million-dinar annual turnover limit, and whose activity falls within the officially approved list of seven sectors. The status is governed by Law 22-23 of December 2022.

SPAS: Société par Actions Simplifiée. A flexible company form created by the 2022 Commercial Code reform and reserved for labelled startups. The SPAS

allows the founders to define governance rules, share classes, and investor rights in the by-laws rather than following the standard provisions of the Commercial Code.

Startup: A young venture that targets fast growth, operates under high uncertainty, and rests on innovation. The three working definitions come from Blank (2013), Ries (2011), and Graham (2012). The scalability test separates a startup from a traditional small business.

Triangular Financing: The public financing model applied by ANADE and CNAC in Algeria. Three parties contribute: the entrepreneur provides 1 to 2 per cent from personal savings, the public agency provides 28 to 29 per cent as an interest-free loan, and a commercial bank provides 70 per cent as a subsidised loan guaranteed by the agency.

Triple Helix: A model of innovation in which the university, industry, and government work together as three overlapping spheres. Each sphere retains its primary role but also takes on functions traditionally held by the others. The model was developed by Etzkowitz (2003, 2008).

Unit Economics: The direct revenues and costs associated with a single unit of the product or service. The unit economics calculation produces the gross margin per unit and allows the founder to identify the revenue level at which the venture reaches the break-even point.

Value Proposition: The specific benefit that a product or service delivers to a defined customer segment, and the reason that benefit is better than what existing alternatives offer. The value proposition is the central block of the Business Model Canvas.