Challenges of Innovative Institutions in the Tourism Sector in Algeria: A Sample Study of Start-ups

تحديات المؤسسات المبتكرة في القطاع السياحي في الجزائر : دراسة عينة من المؤسسات الناشئة

Narimane BENABDERRAHMANE<sup>1</sup>

CREAD, Algiers - Algeria,

benabderrahmanenarimane@gmail.com

Soumia AMRAOUI Blida 2 University- Algeria

s.amraoui@univ-blida2.dz

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#### Abstract:

This study aims to investigate the challenges faced by innovative institutions in Algeria's tourism sector by examining the most significant obstacles encountered by tourism Start-ups within their ecosystem. Through a sample of emerging tourism start-ups in Algeria, the research aims to delve into various challenges: legal and administrative hurdles, commercial and marketing challenges, and service-related and financial challenges confronting the operations of these startups. The findings elucidate that the foremost administrative and legal challenge facing tourism Startups in Algeria is the absence of integration and collaboration among stakeholders in the ecosystem. Additionally, there is a notable challenge in terms of e-governance. Concerning service-related challenges, grappling with the nature of the financial and tax system, as well as e-payment, stands out as one of the most significant obstacles facing the activities of these institutions. Regarding commercial and marketing challenges, marketing services on the international market pose a substantial hurdle.

*Keywords:* Tourism Startups, ecosystems, Administrative Legal Challenges, Commercial Marketing Challenges, Financial Challenges.

ملخص:

يهدف العمل لدراسة التحديات التي تواجه المؤسسات المبتكرة في القطاع السياحي بالجزائر من خلال دراسة أهم التحديات التي تواجه المؤسسات المؤسسات السياحية الناشئة في نظامها البيئي، ودراسة ميدانية لعينة من المؤسسات السياحية الناشئة بالتركيز على مختلف التحديات: القانونية والادارية والتحديات التحريق والتسويقية بالإضافة التحديات الخدماتية والتحديات التمويلية التي تواجه نشاط هذه المؤسسات، محيث أوضحت التنائج أن من بين أهم التحديات الإدرانية والقانونية التي ودراسة ميدانية لعينة من المؤسسات السياحية الناشئة في نظامها البيئي، ودراسة ميدانية لعينة من المؤسسات السياحية الناشئة بالتركيز على مختلف التحديات: القانونية والادارية والتحديات التحريق والقانونية التي تواجه المؤسسات، السياحية الناشئة في الجزائر هو غياب التكامل حيث أوضحت النتائج أن من بين أهم التحديات الإدرانية والقانونية التي تواجه المؤسسات السياحية الناشئة في الجزائر هو غياب التكامل والتعاون بين الفاعلين في النظام البيئي وبالإضافة الى تحدى الحوكمة الالكترونية، اما بالنسبة لتحديات الخدماتية يعد تحدى طبيعة النظام والتعاون بين الفاعلين في النظام البيئي وبالإضافة الى تحدى الحوكمة الالكترونية، اما بالنسبة لتحديات الخدماتية يعد تحدى طبيعة النظام والتعاون بين الفاعلين في النظام البيئي وبالإضافة الى تحدى الحوكمة الالكترونية، اما بالنسبة لتحديات الماليام والجائي والدفع الالكتروني من بين أهم تحدي في ألم ما بالنسبة لتحديات التحارية والتموية يعد تحدى تسويق الخدمات على مستوى السوق الدولي، ومن بين أهم تحدي في التحديات التمويلية هو صعوبة الحصول على والتسويقية يعد تحدى تسويق الخدمات على مستوى السوق الدولي، ومن بين أهم تحدي في التحديات التمويلية، وصعوبة الحصول على تمويل من من من من ما ما بلنسبة الحديات التحارية مويل من من من ما ول مان ومن ومن بين أهم تحدي في الموسات، أما بليسبة لعمول على ما والتسويقية يعد تحدى تسويقية، تحديات التمويلية موموبة الحصول على محويل ما مومن ما من من مل صندوق تمويل المؤسسات الناشئة السياحية، النظام البيئي، تحديات إدرارية قانونية، تحديات تجارية تواوقت الماسب.

<sup>&</sup>lt;sup>1</sup> - Corresponding author: Narimane BENABDERRAHMANR, e-mail: <u>benabderrahmanenarimane@gmail.com</u>

#### **1. INTRODUCTION**

In recent years, Algeria has sought to encourage a shift towards a knowledge-based economy and the establishment of start-ups by declaring several measures to support and promote the creation of start-ups. This includes establishing the Higher Council for Innovation, which will be the cornerstone for enhancing innovative ideas, initiatives, and national research capabilities. Additionally, it aims to facilitate the development of the knowledge economy and improve the legal framework for defining and naming concepts related to start-ups and incubators. Furthermore, the Ministry Delegated to Knowledge Economy and Start-ups has been created, and a dedicated investment fund has been established to finance and support start-up companies.

Tourism is considered one of the most significant activities directly impacted by the worldwide digital transformation. The tourism landscape has undergone a radical change, especially with the evolution of the web and big data, enabling travelers to access a wide range of travel options at reduced prices. The digital shift has also contributed to the emergence of new players, such as digital platforms and start-ups, playing a significant role in revolutionizing the tourism industry. The global health crisis has prompted many countries to encourage the creation of start-up tourism institutions, emphasizing the need for destinations and tourism institutions to leverage technology. In Algeria, the Ministry of Tourism organized a conference on December 17, 2019, to encourage innovators to materialize their start-up ideas in the tourism sector. Approximately 600 idea holders participated, resulting in the emergence of various start-ups in areas such as property rental, hotel room reservation, tourism, and sports event organization, as well as enterprises specializing in selling handicrafts and traditional products. However, the number of start-up institutions in the tourism sector in Algeria still needs to grow despite the efforts exerted by Algerian authorities, particularly the Ministry of Knowledge Economy and Start-ups. Consequently, we can pose the following question:

# What is the status of tourism start-ups in Algeria, and what challenges do these institutions face?

**Study Objective:** The study aims to explore the significant challenges faced by innovative institutions in Algeria's tourism sector by examining various obstacles encountered by tourism Start-ups within their ecosystem.

**Study Methodology:** To address the study's question, a descriptive-analytical methodology has been adopted to understand all aspects of the subject thoroughly. This involves relying on both quantitative and qualitative studies:

**Qualitative Study:** Qualitative research will be conducted through interviews with owners of emerging tourism enterprises to identify critical challenges. Additionally, quantitative analysis was performed by preparing a questionnaire to measure these challenges.

**Quantitative Study:** Quantitative research was conducted by preparing a questionnaire to measure these challenges, directed at start-up owners providing various tourism services, including hotel and vacation home reservations, organizing tourist trips and sports events, and selling traditional handicrafts and traditional cuisine.

#### Literature review:

The emerging domain of pioneering establishments, namely new ventures within the Algerian tourist industry, encompasses several obstacles that require a comprehensive strategy for comprehending and promoting development. The combination of research from Oukacha (2024), Dif (2018), Regis (2019), and Guemide (2015), coupled with essential studies from the World Bank and the Technology and Innovation Report 2021, provides a detailed understanding of the challenges encountered by these emerging companies. This assessment summarizes the core difficulties, including innovation requirements, financial availability, infrastructural and regulatory frameworks, and the entrepreneurial environment.

**Innovation in Tourism**: At the forefront, Oukacha (2024) accentuates the dire need for innovation across promotional, distribution, and architectural facets to secure a competitive edge within the global tourism market. The impetus for innovation is a critical theme, resonating across the literature as a cornerstone for the survival and prosperity of start-ups in the tourism domain.<sup>1</sup>

**Entrepreneurial Ecosystem and Education:** Central to nurturing an innovative culture, Dif (2018) underlines the significance of embedding entrepreneurship education within Algerian universities.<sup>2</sup> This strategic integration aims to cultivate a well-spring of innovation, bolstering the entrepreneurial ecosystem. Similarly, Regis (2019) critiques the existing legal and business frameworks, highlighting the tribulations entrepreneurs face in resource acquisition and bureaucratic navigation, thus calling for a streamlined and supportive environment for entrepreneurial endeavors.<sup>3</sup>

**Financial Accessibility:** A recurring theme in the literature is securing adequate financing. The World Bank and the Technology and Innovation Report 2021 underscore the criticality of early-stage innovation finance, noting the scarcity of equity and debt financing as a substantial barrier impeding start-up growth and sustainability within the tourism sector. This lack of financial support is a pivotal concern, echoing the broader call for enhanced equity funding mechanisms to bolster start-up ecosystems in Africa, including Algeria.<sup>4</sup>

**Infrastructure and Industrial Development:** Beyond financial constraints, infrastructural and developmental hurdles loom large. Guemide (2015) and subsequent reports suggest that akin to models observed in countries like the UAE, Algeria requires concerted efforts to bolster e-tourism infrastructures and promote industrial zones that can aid economic diversification and support the nascent tourism sector.<sup>5</sup>

Overall, the literature indicates that the Algerian tourist start-up scene is characterized by many challenges, including a lack of creativity, insufficient financial and physical resources, and a need to strengthen the entrepreneurial ecosystem. This literature review highlights the significant obstacles and prepares the groundwork for future research paths, emphasizing the need for comprehensive solutions to overcome these issues. The combined knowledge guides for improving policies, changing educational approaches, and developing infrastructure. This will lead to a revitalized and strong tourist industry fueled by innovation and entrepreneurship.

## 2. The Emergence of Start-ups as Catalysts for Tourism Sector Development:

The digital transformation represents a crucial trend in tourism, bringing forth new opportunities and significant challenges for stakeholders in the tourism industry. This transformation will likely have substantial effects due to technological advancements and new and evolving tourist

demands, particularly in crucial business areas such as marketing and operations. While the customer experience, a prominent aspect of the transformation, can be transformed significantly, companies can derive convincing benefits from the internal operational shift through process digitization and employee empowerment. Employees can work remotely, utilizing tools and networks for communication within the company, regardless of their physical location. These tools serve as potent enablers for information sharing and stimulate genuine virtual representation of individual work by separating work processes from their physical location. <sup>6</sup>

Since integrating the Internet into business and information technology (IT), it has been a supporting and driving force, particularly in today's world, where it has woven itself into every aspect of the travel and tourism process. In light of the pandemic, there were early signs of promoting information technology through widespread use, adaptation, and development to address some pressing issues in our daily lives, including work, travel, entertainment, business, and governance. Technology has become a critical factor in enhancing the flexibility of tourism. On the other hand, information technology poses broader issues and concerns arising from society's response to the crisis, such as the new digital divide, vulnerabilities, privacy, misinformation, and ethics. The use of technology is expected to have profound and long-term effects across all layers of electronic tourism.<sup>7</sup>

## 2.1. Concept of Start-ups:

According to Letowski's definition of start-ups proposed by the Organization for Economic Co-operation and Development (OECD), as mentioned in the Oslo Manual, two fundamental characteristics define innovative institutions (start-ups). These are engagement in the technological sector and the percentage of expenditure on research and development. The Oslo Manual specifies that innovation can occur through specific core activities: research and development or other means of acquiring knowledge (patents, licenses, technical services, etc.), purchasing new technological machinery and equipment, employee training, and marketing procedures. There is always a connection between start-ups and continuous innovation.<sup>8</sup>

Start-ups are generally fast-growing entrepreneurial entities aiming to meet market needs by developing an applicable business model around an innovative product, service, process, or platform.<sup>9</sup>

By defining start-ups, they operate in a state of maximum uncertainty and exhibit significant growth in business volume and capital. Start-up institutions operate under extreme tension with substantial business volume and capital growth. A Start-up institution must be a newly established and innovative entity in its sector, characterized by its marketing methods and development trajectory. Distinctive attributes include:<sup>10</sup>

- Significant growth rates in business turnover and capital.
- Initial capital weakness coupled with programmed loss escalation.
- The paramount importance of intangible heritage due to the role of intellectual property, such as brand ownership, patents, execution capabilities, or the team's reputation and quality.
- Specific financial needs arising from increased spending on research and development programs.

- A continuous search for responsiveness and adaptability to perpetually evolving market needs.
- Creators' inevitable participation (and sometimes relinquishment) in capital control, involving employee profit sharing and the company's economic performance (including capital through stock options), is an intriguing, albeit hypothetical, employee motivation and reward method.
- The uncertainty of success in targeted markets.
- Effective utilization of networks to forge success with suppliers, customers, and all stakeholders. (BROSIA, 2016, p. 18)

# 2.2. Evolution of Start-ups in the Tourism Sector:

Digital trends are now applied in various sectors, including health, banking, media, and entertainment. The tourism industry was one of the first to embrace digital transformation, with digital evolution playing a crucial role in tourism marketing and the growth of electronic tourism.<sup>11</sup> According to a report by PhoCusWright, a research firm, the creation of start-up tourism institutions has gained more prominence globally. The report highlighted that between 2005 and 2012, 528 start-up tourism institutions were established, with an investment of \$2.6 billion. The United States alone accounted for 50%, Europe 32%, and Asia and the Pacific 13%.<sup>12</sup>

According to an analysis by America Online (AOL), the largest and most valuable internet company globally, based on 878 start-up companies in the travel and transportation sector that raised funds between early 2018 and February 2021, innovative tourism start-ups are concentrated in technologically advanced cities. Out of the 878 start-up tourism institutions globally, 316 are distributed in Europe, 275 in Canada and the United States, 218 in Asia and Australia, 30 in the Middle East, 25 in Latin America, and 13 in Africa. (AOL, 2021) The United States leads in the number of start-up tourism institutions, with 248 establishments, followed by the United Kingdom, with 77 establishments, showing a significant difference in the number of institutions.<sup>13</sup>

**2.3.** The role of the pandemic in fostering the establishment of start-ups necessitates the complete reopening of destinations and tourism companies, relying on their capacity to leverage technology for a better understanding of the needs and behaviors of tourists. Monitoring them meticulously, creating and marketing innovative experiences, and utilizing digital platforms enhance the competitiveness and flexibility of small and medium-sized enterprises (SMEs) in reaching customers. Offering value-added services and implementing effective health protocols, artificial intelligence, and big data can aid in managing flows and safeguarding communities and resources.

Plans for the resurgence of tourism hinge on preparing for the use of technology, digitizing enterprises, and promoting network operations to create innovative solutions. For example, in the Netherlands, start-ups can benefit from loans ranging from  $\in$ 50,000 to  $\in$ 2 million under the "Corona-Overbruggingslening" program. On May 20, 2020, the government announced the second batch of loans totaling  $\in$ 150 million to contribute to increasing the liquidity of start-up companies. Other countries, such as Portugal, have allocated special funds to support start-ups with the "mezzanine" fund for start-ups launched during the COVID-19 crisis. This fund enhances the capacity for innovative tourism and entrepreneurial economic systems in digital transformation, encouraging

digital models to manage the sector and create new jobs, products, and sustainable experiences that connect tourists with nature and creative industries.

It is essential to provide local communities with means to promote safe travel through technology. Training in digital tools is necessary for workers in the tourism sector to increase their ability to use digital tools and the Internet, simplify their activities, and provide flexibility for adapting to the future work environment.<sup>14</sup>

In Algeria, the Ministry of Tourism organized a meeting in December 2019 to encourage individuals with ideas to establish their start-ups in the tourism sector. The government announced several measures to support and promote the establishment of start-ups, including creating a dedicated investment fund, establishing the Higher Council for Innovation, and developing the legal framework for defining and naming concepts related to start-ups and incubators.

#### 2.4. The supportive ecosystem for start-ups:

A report published by Start-up Genome, a consultancy specializing in start-up services, identifies factors contributing to the success of supportive systems for start-ups. Foremost among them is the presence of institutions endowed with unique individual performance and talent. Globally, there are currently approximately 113 successful, supportive systems for start-ups, with Silicon Valley leading the rankings, followed by New York City and London in second place, Boston in fourth, and Beijing in fifth.<sup>15</sup>

According to StartupBlink's Global Start-up Ecosystem Index 2022, which analyzes 1000 cities based on the ecosystem index for start-ups in 2022, Algeria ranks 771st. Although the country remains in the second part of the table, progress is evident, as Algeria jumped 213 positions compared to the GSEI 2021 index, which held 984th.<sup>16</sup>

The report on cities in non-classified countries lists Algeria as one of the countries with the best environmental systems. The report states, "Algeria deserves recognition this year, recording the largest annual improvement among all environmental systems in the table. The capital, Algiers, made a remarkable leap from 984th in 2021 to 771st in 2022. Algeria could become a serious competitor for the top 100 countries".<sup>17</sup>

Furthermore, Algeria secured the top global ranking for the number of organized entrepreneurial activities in 2022, as the Global Entrepreneurship Network reported. The country hosted the most significant number of events compared to other nations in 2022, particularly during the Global Entrepreneurship Week held in November, totaling 2187 activities. This achievement is attributed to the dynamism within Algeria's entrepreneurial and innovation ecosystem, highlighted by the training sessions conducted by the start-up accelerator "Algeria Venture" in various universities, reaching around 110,000 students. Expanding across the country, these initiatives aim to create a spirit of initiative, intensify efforts among the scientific elite and young talents, and promote mechanisms and incentives for innovative projects and start-ups in various fields.<sup>18</sup>

After an analytical study and based on Start-up Genome's analysis of the lifecycle model of the startup ecosystem, which defines four essential stages, it appears that the Algerian ecosystem is currently in the activation stage. This stage is characterized by a Limited Start-up Experience (founder knowhow, experienced investors, advisors, and mentors, and community behaviors that support start-up success), Low Start-up Output of around 1,000 or fewer start-ups, Challenges: lack of Start-up Experience and resource leakages to later-stage ecosystems makes it difficult to grow to see the figure below<sup>19</sup>:

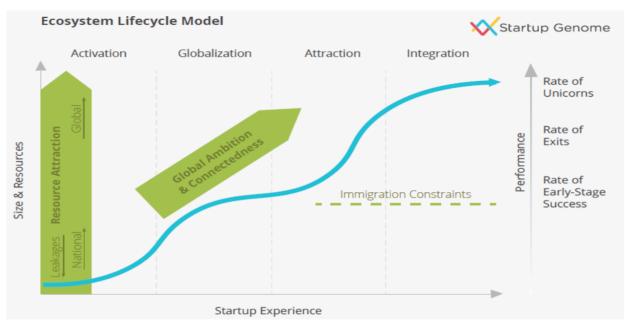


Fig.1. Ecosystem lifecycle model of the start-up

Source: Startup Genome. (2022). THE GLOBAL STARTUP ECOSYSTEM REPORT 2022: Ecosystem Lifecycle Analysis. https://startupgenome.com/article/ecosystem-lifecycle-analysis: GSER

## 3. Challenges of Tourism Start-up in Algeria:

Prior research on the challenges of start-ups addresses several common challenges among start-ups.  $^{\rm 20}$ 

However, there are some common challenges, some unique, and the extent to which they affect start-ups differs.<sup>21</sup> The following are challenges for start-ups discussed below: Supporting Infrastructure, Creating Awareness in Markets, Lack of Knowledge Regarding Market Demand, Funding, and (Leelavathi, 2023) To study the significant challenges facing tourism start-ups in Algeria, we categorized them into four main groups: administrative and Legal Challenges, Service-related Challenges, Business and Marketing Challenges, and Financial Challenges. Our study aimed to measure the impact of these challenges on tourism start-up activities.<sup>22</sup>

Utilizing a descriptive methodology, our field study involved qualitative research through interviews with owners of tourism start-ups to identify critical challenges. Additionally, quantitative research was conducted by preparing a questionnaire to measure these challenges on a scale from 1 (fragile challenge) to 5 (very significant challenge). Given that the start-up ecosystem in Algeria is still in the activation stage, with a limited number of start-ups, particularly in the tourism sector, and a lack of information and statistics on these innovative enterprises, we initially attempted to gather information and create an initial list of such enterprises. This was achieved through participation in

international exhibitions, such as the International Tourism Salon, and events focused on start-ups for two years to identify and connect with these start-ups. Subsequently, we compiled an initial list, reaching 27 start-ups providing various tourism services, including hotel and vacation home reservations, organizing tourist trips and sports events, and selling traditional handicrafts and traditional cuisine. We then sent out the questionnaire to these startups and received responses from 20 of them.

## **3.1. RESULTS AND DISCUSSION**

## 3.1.1 Legal and Administrative Challenges:

To examine the legal and administrative challenges, we identified a set of challenges, including:

- Excessive bureaucratic procedures for obtaining a start-up label.
- Limitations of the legal framework specific to start-ups in Algeria.
- Lack of interaction and integration among stakeholders in the ecosystem.
- E-governance.

The results revealed that among the significant administrative and legal challenges facing tourism Start-up, the absence of interaction and integration among various stakeholders in the ecosystem is a significant challenge, followed by the challenge of e-governance. See the figure below:

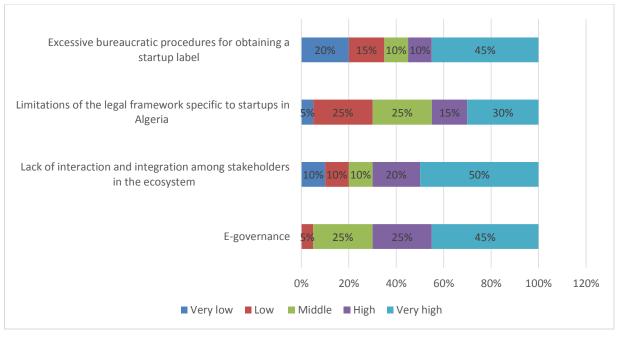


Fig.2. Legal and Administrative Challenges.

Source: prepared by the researchers.

## 3.1.2 Service-related Challenges:

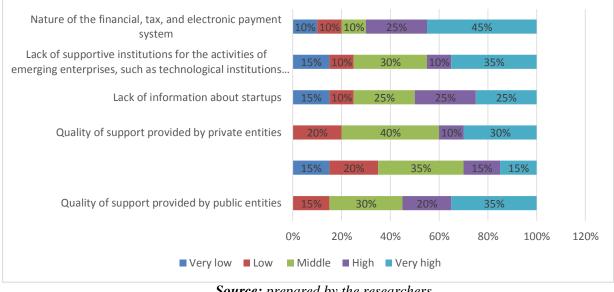
To study service-related challenges, we included a range of challenges such as:

- Nature of the financial, tax, and electronic payment system.

- Lack of supportive institutions for the activities of start-ups, such as technological institutions and support for start-ups.

- -Lack of information about startups.
- Quality of support provided by private entities.
- Quality of support provided by public entities.
- Shortage of qualified workforce (programmers, technicians, developers).

The findings reveal that among the foremost service-related challenges confronting start-up tourism are the intricacies of the financial and taxation systems and the challenge of integrating electronic payment methods. This is closely followed by public institutions' caliber of guidance and support. See the figure below:



#### Fig.3. Service-related Challenges

Source: prepared by the researchers.

## 3.1.3 Business and Marketing Challenges:

To examine business and marketing challenges, we included a set of challenges such as:

- Marketing challenges in the local market.
- Marketing challenges in the international market.
- Competition in the market regarding advanced ecosystems that attract Algerian talents.
- Competition from international start-ups targeting the Algerian market.

The results indicated that marketing in the international market is a significant challenge among the business and marketing challenges facing tourism start-ups. See the figure below:

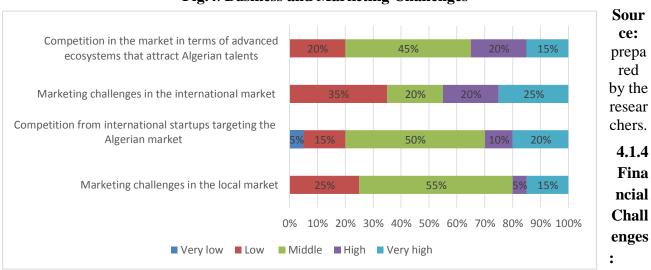


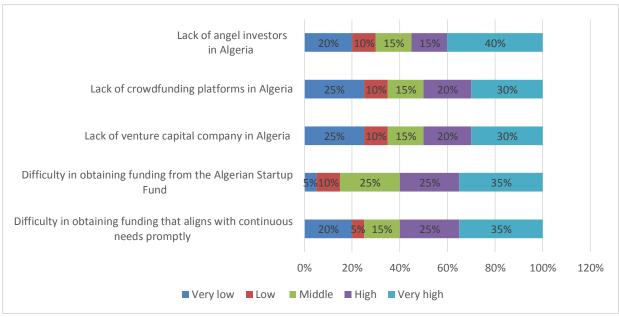
Fig.4. Business and Marketing Challenges

To study financial challenges, we included a set of challenges such as:

- Difficulty in obtaining funding that aligns with continuous needs promptly.
- Difficulty in obtaining funding from the ASF, the Algerian start-up Fund.
- Lack of venture capital companies in Algeria.
- Lack of crowdfunding platforms in Algeria.
- Lack of angel investors in Algeria.

The results revealed that among the significant financial challenges are the shortage of angel investors, the difficulty in obtaining funding from ASF and the Algerian Start-up Fund, and the challenge of promptly obtaining funding that aligns with continuous needs. See the figure below:

# Fig.5 : Financial Challenges.



Source: prepared by the researchers.

#### **3.2** Analysis and Discussion of Results:

Upon presenting the findings, we observed that among the foremost *administrative and legal challenges* confronting nascent tourism startups is the impediment of interaction and integration among diverse actors within the ecosystem. Despite concerted efforts to enhance the ecosystem in Algeria and the dynamic freedom in its recent ecosystem development, as indicated by various previously referenced international reports, there persists a deficiency in integration and collaboration among varied stakeholders in the ecosystem of startups. This deficiency is underscored by the absence of a mechanism that unites these stakeholders, harmonizing their efforts and coordinating objectives to facilitate the activities of burgeoning tourist entities.

Concerning *service challenges*, the results elucidated that one of the primary obstacles confronting tourism startups is the nature of the financial and fiscal system, particularly the challenge posed by electronic payment. Despite Algeria's earnest endeavors to modernize and deepen its financial sectors through comprehensive fiscal policies, the Algerian financial system remains frail, illustrated by the absence of the Algerian Stock Exchange from the financial landscape despite its nearly two-decade existence. Although the stock exchange plays a pivotal role in funding nascent enterprises, it was succeeded by the challenge of the quality of support and assistance provided by public entities. The Algerian government established various assistance entities, including university incubators, general accelerators, and shared technological incubation spaces. While these initiatives contributed to supporting and nurturing nascent establishments, they remain in their infancy, characterized by the activation phase and the accumulation of experience.

Regarding *commercial and marketing challenges*, the results elucidated that one of the paramount challenges facing tourism startups is the intricacy of marketing in the international market. Despite the Algerian government's efforts to encourage Start-ups to export their services abroad, the results of March 2021 indicated that the Bank of Algeria approved an amendment allowing digital service providers, operating independently, offering various services to foreign clients, to receive their earnings in foreign currency. This can be interpreted as most Start-up tourist establishments still in the survival stage, not yet expanding their services to the fiercely competitive international market.

The primary financial challenge was the scarcity of angel investors, given that most establishments in the initial stage requiring substantial funding face difficulty obtaining support from ASF, the Algerian start-up Fund. The fund provides financing exclusively to nascent establishments that have obtained the nascent start-up label from the Ministry of Economy of Knowledge.

# 4. CONCLUSION

In recent years, Algeria has been striving to promote a shift towards a knowledge-based economy and establish start-ups, declaring several measures to support and encourage the creation of such enterprises. The tourism sector stands prominently among the activities that are significantly and directly impacted by the global digital transformation. This transformation has revolutionized the landscape of tourism activities and given rise to new players, such as digital platforms and startups, who are playing a pivotal role in catalyzing a leap in the tourism industry.

The global health crisis prompted many countries to encourage the establishment of tourism Startups. Reopening destinations and tourism establishments requires their full capability to leverage technology. In Algeria, the Ministry of Tourism organized a conference on December 17, 2019, to encourage idea-bearers to materialize their start-up in the tourism sector. Approximately 600 project idea bearers participated, leading to the emergence of some nascent establishments in the tourism sector, including house rental enterprises, hotel room reservation services, organizations specializing in tourism and sports trips, and enterprises dedicated to selling traditional and artisanal products.

However, the number of start-ups in the tourism sector remains limited despite the efforts exerted by Algerian authorities, particularly the Ministry of Economy of Knowledge and start-ups. The ecosystem for start-ups in Algeria is currently in the activation and experiential acquisition phase. Tourism start-ups face numerous challenges, including administrative and legal challenges, such as the lack of interaction and integration among various stakeholders in the ecosystem. Additionally, there are service-related challenges, including the nature of the financial and fiscal system, electronic payment challenges, and commercial and marketing challenges, like the intricacies of marketing in the international market.

Addressing the first financial challenge involves overcoming the shortage of angel investors, followed by the difficulty in obtaining funding from the ASF Algerian start-up Fund. The continued development of the ecosystem and finding solutions to these challenges necessitate the establishment of a mechanism to coordinate efforts among stakeholders, unifying objectives to facilitate the activities of tourism startups. Activating the role of the Algerian Stock Exchange is crucial for financing these startups. Furthermore, there is a need to provide diverse funding sources for startups, such as enacting laws regulating crowdfunding platforms. Encouraging and motivating tourism startups to market their services internationally is imperative. The approval of an amendment by the Bank of Algeria allowing digital service providers to receive their earnings in foreign currency signifies a positive step toward facilitating international market access for Algerian tourism Startups.

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