

# This is why Silicon Valley is decamping to Algiers

The value of venture capital investment is said to be fuelling Africa's emerging technology landscape. Whilst Kenya's Silicon Savannah ecosystem has been at the forefront of the narrative over the past decade, the rise of infrastructure development opportunities within Northern Africa has become an increasingly attractive proposition to the Silicon Valley investment community.



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More tellingly, global technology entrepreneurs - the African diaspora - are starting to head home, or become dual-homed, hoping to find fruitful opportunities to launch new technology ventures in their native countries.

The drive for innovation is to support both economic and socio-economic development.

Companies across the continent are developing new tech applications, adopting existing leapfrog technologies from other countries or modifying existing technologies to make them commercially viable in African markets. It's about helping the local ecosystem thrive and fuelling job growth to foster innovation.



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Tom Jackson 26 Jun 2018



Algiers has been leading this drive, with several of Silicon Valley's leading VCs heading to the upcoming Smart Cities Global Technology and Investment Summit from 27-28 June 2018.

Paddy Ramanathan, managing director of IValley Innovation Centre is heading to the event with high hopes on building the next technology champions in Algiers, "Africa can adopt the Silicon Valley mantra of 'learn fast' by working with startups to fast-track innovation and infrastructure development.

"Algiers is emerging as a truly viable market that is rewriting the rules of entrepreneurship. It's enabling a new generation of investors to nurture a truly unique ecosystem."

## The growth in VC funding

Analysis by [Crunchbase and TNA Analysis](#) have shown that there was more than \$400m in VC funding for African startups in 2014, with the projection that there would be at least \$1bn in VC investment in Africa's tech startups for the period 2012–2018.

All indications seem to point to a sustained growth over the foreseeable future.

Companies across the continent are betting on leapfrog technologies utilising Blockchain and artificial intelligence to develop new tech applications to make them commercially viable in African markets.



### Innovation labs in Africa have doubled

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Mehdi Sif, a Silicon Valley entrepreneur highlighted, "In this digitisation era, we have the opportunity to modernise, automate and transform and that entails tackling challenges at the crossroads of communications, information and operation technologies, spanning previously separate administrative domains, organizations and supply chains. The large number of Silicon Valley entrepreneurs converging on Algiers, is in a way, an illustration of that."

## Tailoring innovation models

However, African countries have a different financial and entrepreneurial ecosystem than the US, particularly different from Silicon Valley's. Adapting the innovation ecosystem to the specific context of African countries is of paramount importance.

A 2017 report by World Bank's Vice President for Africa, Makhtar Diop, outlined that "to increase innovation capacity, [African countries can invest in three aspects of innovation policy needs](#).

"The first include managerial and organisation capabilities. These come first because they allow organisations to adopt existing innovations and start collaborating and piggybacking on the advances of other countries. The second step involves building technological capabilities, so that countries may adapt and create more of their own innovations. And the third step involves investing longer term in technological programs."

Kiran Inampudi from Alchemist Accelerator stated, "It's important for trade deals to invest within the local ecosystem, to allow knowledge and technology transfer, to improve skills and to provide jobs, to really get the benefit of the investment."

## Leveraging talent and the African diaspora

With over [30 million Africans living outside of their home countries](#), the continent's diaspora has the potential to be a [major](#)

[source of development financing and partnerships](#) African investors are likely to be more socially conscious than their foreign counterparts due to social and cultural connections and their in-depth understanding of local contexts.



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They are also able to transfer their technical expertise to bridge the skill gap in math, science, technology and engineering fields.

"Silicon Valley is first and foremost about talent and everything runs around that," said Dr. Riad Hartani from Smart City Algiers.

"As such, effective talent mobilisation is key to ensure success in fostering innovation. Algiers has set that as a goal and it demonstrates the opportunity that ambitious investors can take their knowledge and adapt this into the local ecosystem. This is one of the most crucial areas being debated at the Algiers Summit."

The Algiers Smart City Project has also started to innovate from within. The summit will be showcasing newly launched startups incubated by the Smart City Project.

Ursiniaa, founded by Abderrahman Aitsaid, is in the process of developing IoT solutions for smart city applications and believes that the project will be the start of a new Algeria.

"Africa's tech hubs are taking on many different characteristics. They're a place where young students, engineers and entrepreneurs come together to uncover skill, energy, and innovating spirit. The key is to work together to make it happen."

Dr. Amine Bouabdallah, CEO of [Isiniaa](#), is in agreement: "Algiers Smart City is the first time that people across all horizons are coming together to 'discuss the cities issues and how to connect with the global ecosystem to leapfrog the technology gap.'"

The head of Smart City Algiers, Fatiha Slimani said, "To best leverage out diaspora, policymakers have a prime role in identifying diaspora talent that have the prerequisites and be proactive in defining projects optimal for them to lead and develop. The diaspora dimension is key and they shall be welcome to contribute to the development of their country."

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