

Mechanisms for the Regulation and Financing of Startups under Algerian Law

آليات تنظيم وتمويل المؤسسات الناشئة ضمن القانون الجزائري

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Abstract:

Innovative projects and startups represent unique investment models based on innovation and modern technology to deliver new products or services that meet market needs or improve existing solutions. These ventures progress through stages beginning with an innovative idea, often emerging from universities and specialized institutes, followed by incubation or direct entry into the growth phase. Securing appropriate funding is essential, prompting Algeria to develop financing mechanisms such as investment funds and participatory financing. Venture capital is favored over traditional bank loans due to its flexibility, which aligns with startup needs, encourages investment, and attracts financial liquidity outside the regulated financial market.

Keywords: Start-Up; Innovative Projects; Collective Resources; Investment Funds; Business Incubators.

الملخص:

تُعد المشاريع الابتكارية والشركات الناشئة استثمارات مميزة تقوم على الابتكار والتكنولوجيا لتقديم منتجات أو خدمات جديدة تلبي احتياجات السوق أو تطور الحلول القائمة. تمر هذه المشاريع بمراحل تبدأ بالفكرة الابتكارية، التي غالباً ما تنشأ من برامج تدريبية في الجامعات والمعاهد، ثم تنتقل إلى حاضنات الأعمال أو تدخل مرحلة النمو مباشرة. بعدها يأتي البحث عن التمويل المناسب، حيث عملت الدولة الجزائرية على تطوير آلياته من خلال صناديق الاستثمار والتمويل التشاركي. ويُعد رأس المال المخاطر الخيار الأبرز بدل القروض البنكية التقليدية، لما يوفره من مرونة تتناسب مع طبيعة الشركات الناشئة، ويساهم في تشجيع الاستثمار واستقطاب السيولة المالية خارج السوق المنظمة.

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الكلمات المفتاحية: الشركات الناشئة؛ المشاريع الابتكارية؛ الموارد الجماعية؛ صناديق الاستثمار؛ حاضنات الأعمال.

Introduction:

Startups and innovative projects constitute a term adopted by the Algerian legislator to refer to projects that embody creative ideas with the potential for growth. These projects rely on technology, innovation, and modern techniques, and their application to produce high-quality products and services that can be readily marketed. Through this, substantial economic growth may be achieved, and numerous economic challenges can be addressed by meeting individuals' needs for goods and services, as well as social needs through the creation of employment opportunities. Achieving these objectives requires the provision of the necessary material resources for project initiation. The human capital behind such innovative ideas is typically young and often lacks sufficient savings to launch projects, in addition to requiring the necessary expertise and ongoing support to enable growth, profitability, and business expansion.

Accordingly, the Algerian legislator has sought to establish a conducive environment for supervising and evaluating such innovative projects, with the aim of guiding and supporting their emergence and growth. This has been pursued through the establishment of supervisory bodies tasked with providing assistance, as well as financing mechanisms designed to supply the capital necessary to initiate projects, thereby enabling them to deliver innovative products and high-quality services to the market. Given their reliance on modern technology and scientific techniques, these projects are generally capable of being easily marketed and of generating turnover sufficient to cover production costs and achieve profits.

Since this is feasible, such projects are considered eligible to obtain the necessary financing, provided that they demonstrate strong prospects for success and relatively low risks of loss compared to indicators of success. Within this framework, the Algerian legislator has consistently worked to establish entities that provide financing to support their launch, following the acquisition of certification as an innovative project or a startup from bodies entrusted by the legislator with this function. Furthermore, an independent organizational structure has been established to assist in the formation of the required capital for initiation and to ensure appropriate management suited to such innovative projects.

The question that arises, therefore, is how the legislator has structured the legal environment governing these entities. Moreover, if the financing capital provided by state-affiliated funds is at times insufficient to support the

investment process of such projects, what financing opportunities are available to them?

To address this question, it is necessary first to examine the legal framework governing startups, followed by an analysis of the financing provided by state funds, its significance, and the ways in which projects may identify alternative sources of operating capital.

The rationale behind this study lies in proposing alternative solutions for financing startups and innovative projects. Given their reliance on advanced technology and modern scientific techniques, the capital required for their initiation may be substantial and beyond the capacity of state-affiliated funding mechanisms alone, particularly in light of capped maximum financing limits. Accordingly, this study seeks to explore the financing solutions available to startups.

The objective is to develop an integrated financing model that combines state funding bodies and institutions with other sources of financing.

To this end, the descriptive-analytical method has been employed to define and elucidate the legal phenomenon, alongside the comparative method to highlight similarities among different financing systems.

Accordingly, this study is divided into two sections as follows:

- First section: The legal regulation of startups in Algeria
- Second section: Financing mechanisms available to startups in Algeria

I. The Legal Regulation of Startups in Algeria:

Within the framework of the economic development pursued by the Algerian state, and in addressing social challenges, including unemployment, as well as in preparing a generation capable of wealth creation through entrepreneurship, particularly among educated segments of society such as holders of higher education degrees, individuals with appropriate scientific qualifications, and bearers of innovative ideas, a comprehensive program has been established. This program is designed to align with the nature of the support that can be provided in order to promote the creation of startups and the exploration of new and innovative projects. It aims to support such projects and assist them in their launch and growth, particularly in the field of entrepreneurial training, including its legal dimension. How, then, has the legislator regulated these projects?

I.1 Innovative Projects, Startups, and Available Qualification Programs:

Innovative projects and startups constitute a new approach adopted by the Algerian state in the field of economic and social development. Achieving this objective requires passing through specialized qualification institutions in this field, including universities and institutes. It also necessitates ongoing

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support from other bodies that assist these projects in their launch. How is this accomplished?

I.1.1 The Concept of Innovative Projects and Startups:

I.1.1.1 Innovative Projects:

It is important to first define and clarify the concept of the economic project before linking it to the notion of innovative projects. An economic project refers to an initiative or plan that utilizes material resources, financial, physical, and human, with the aim of creating wealth or generating profitable income.

It has been defined by ISO 9000, NF standard, as a unique process consisting of a set of interrelated and controlled activities, with a defined beginning and end, undertaken in order to achieve specific objectives while adhering to predetermined deadlines, costs, and resources.¹

From this definition, it can be concluded that a project comprises the following elements:

- The project process is a unique undertaking situated within the domain of creativity and innovation. In this context, a distinction can be made between non-repetitive, creative "project" activities and repetitive "operational" activities, each of which entails legal implications and gives rise to rights and obligations that will be addressed subsequently.
- A project consists of multiple coordinated and well-managed activities, requiring control over tasks of varying nature throughout the execution period, notably through risk analysis.
- Compliance with implementation deadlines is essential, as the project is linked to defined start and end dates. It has a specific duration, with a clear beginning and end.
- Specific project requirements may include a set of specifications defining the conditions of execution or meeting particular standards or specific needs.
- Necessary resources must be mobilized, including the required human resources as well as material resources for project completion.

Economic projects are assumed to differ from traditional industrial activities. The execution process and operations in such traditional contexts are characterized by stability, adherence to predefined procedures, repetitive operations, adaptability, and low levels of uncertainty.²

Creativity and innovation thus appear to be essential elements, alongside the necessity of the other components.

Innovative projects arise from creative thinking, as stipulated by the legal framework governing this field.

1- Roger Aïm, *Fundamentals of Project Management*, ANFOR Editions, 2011, p. 5.

2- Roger Aïm, *op. cit.*, p. 5.

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All natural persons may obtain an Innovative Project Label by submitting an application through a dedicated electronic portal that receives such requests, upon providing academic qualifications, accredited modern technologies, the experience of the project team, patents, manufacturing processes, supporting documentation, awards, and all incentives obtained through the project, as well as evidence of its capacity for economic growth, the achievement of satisfactory results, and the ability to access a market through which it can generate turnover and revenues that enable its expansion.¹

Alternatively, this may be achieved through a graduation thesis project at the end of the academic trajectory pursued by the student at the university level, including Bachelor's, Master's, or Doctoral studies, where the thesis comprises scientific research that may include an invention or a manufacturing method qualifying the student to obtain a graduation certificate enabling the launch of an innovative project. This now constitutes a dual certification in the form of a university degree and a Start-up Certificate. Such a project may be undertaken by a group of two to six students and may encompass multiple disciplines and different faculties within the framework of a single graduation thesis, culminating in the award of a university degree and a Start-up Certificate.

Students enrolled in this track benefit from training programs, receiving instructional courses and practical workshops on business models, digital marketing, management, and finance in the field of business plan development. This constitutes targeted training designed to support enrolled students during the preparation of their graduation thesis within the framework of obtaining a Start-up Certificate.

This approach assists students who possess both the capacity and the desire to engage in entrepreneurial learning through innovation, technology, and intellectual and scientific creativity, enabling them to achieve their objectives of establishing start-ups capable of growth.

I.1.1.2 Start-ups:

Start-ups are enterprises that have only recently commenced investment activities, referred to in English as “start-ups.” They originated in the United States of America and, according to some specialists, consist of the creation of a new project that did not previously exist as an enterprise or company, or that has been established within a short period and has initiated production for the first time. A start-up is also described as innovative due to the increasing demand for its products and the complexity of both domestic and

1- Article 17 of Executive Decree No. 20-254 of 27 Muharram 1442 corresponding to 15 September 2020, establishing a National Committee for granting the labels “Startup”, “Innovative Project”, and “Business Incubator”, and determining its missions, composition, and functioning, Official Gazette, No. 55.

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international markets. An example is Apple, which is considered a prominent example of a start-up that began in a garage in California and, according to some authors, represents one of the earliest start-ups, having introduced products that penetrated not only the domestic market but also global markets. The Algerian legislator has established specific criteria for start-ups, including¹:

- The novelty of the economic project, which must not exceed eight years of existence as a legal entity in practice. Some authors² consider the temporal dimension to be one of the criteria for classifying a start-up.

- In addition, a second criterion is the element of innovation, which is essential given that start-ups offer a product for the first time.

Such enterprises typically possess the capacity to identify a domestic market and to expand beyond it, that is, they have the potential for growth.

These are criteria also employed by jurists, derived from the characteristics of the earliest startup enterprises that achieved growth and subsequently evolved into major global corporations.³

The Algerian legislator has adopted additional criteria, including:

- Turnover, which must not exceed the threshold determined by the National Committee for Startups.

- Ownership of capital by natural persons, state funds, or other startups.

- The existence of other evaluative mechanisms, including support and financing provided by state-affiliated funding bodies.

- A workforce within the startup that does not exceed 250 employees.

This is attributable to additional considerations, notably the support and financing provided by the state in this domain.⁴

The objective of establishing startups and innovative projects is to generate wealth and create employment opportunities. They are considered a profitable source of income and provide high-quality products due to their reliance on technological components, technical solutions, or artificial intelligence. Furthermore, they pave the way for the creation of independent enterprises that, at a certain stage of their lifecycle, become self-sustaining and no longer dependent on state financial support.

1- Ministry of Higher Education and Scientific Research, Articles 1–7 of Decision No. 1275 of 27 September 2022, determining the procedures for preparing a graduation thesis to obtain a “University Degree – Startup” by students of higher education institutions.

2- Sinisa Pekevski, “What Is a Startup?”, p. 4, available at: https://www.researchgate.net/publication/393280077_What_Is_a_Startup (accessed 07 September 2025, 10:01).

3- Sinisa Pekevski, *Ibid.*, p. 6.

4- *Ibid.*, p. 4.

I.2 Qualifying bodies in the field of innovative projects and startups:

Projects developed within the framework of graduation theses for obtaining a startup certification, although they qualify their holders to initiate their own ventures, may nevertheless encounter difficulties that lead project holders to discontinue their efforts. Scientific research may require further engagement with empirical realities to assess the suitability of the product or service and the modifications that must be introduced. In addition, training in other domains considered essential for launching the project may be necessary. The same applies to project holders registered through the electronic portal for startups.

I.2.1 The National Committee for Startups:

This committee operates under the supervision of the ministry responsible for startups and innovative projects, with its headquarters located in Algiers. It is entrusted with evaluating innovative projects and startups, as well as activities related to their support, promoting them to a professional level, and developing an optimal working environment for the growth of startups.¹

The committee comprises representatives from various ministries concerned with fields related to innovative projects and startups.² They are appointed by decision of the ministry responsible for startups for a term of three years, renewable in accordance with the applicable procedures. Substitution in case of absence is not permitted. Members are appointed on the basis of sufficient expertise in the fields of innovation and technology.

The committee carries out its functions through deliberations and convenes at least twice per month. It may also hold extraordinary sessions when necessary, upon invitation issued by its chairperson to the members.

The committee deliberates in the presence of at least half of its members. In the absence of a quorum, a second invitation is issued within eight days to the members, and in this case, deliberations proceed regardless of the number of members present.³

The committee adopts its internal rules of procedure during its first meeting and examines the agenda prepared in advance by the chairperson. This agenda typically includes the granting of the “startup” label to newly established enterprises and the “innovative project” label to holders of creative ideas, following their evaluation and the determination of their capacity for success and sustained growth. It also includes the authorization for the establishment of business incubators, whether in the public or private sector.

1- Executive Decree No. 20-254, op. cit.

2- Article 1 of Executive Decree No. 20-254, op. cit.

3- Ibid., Art. 2(1).

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Within this framework, the committee may seek the assistance of experts¹, whether individuals or institutions, to support it in conducting the necessary investigations and analyses and to ensure the effective performance of its duties.²

The committee also examines appeals against decisions of rejection within a period of thirty days and may approve applications upon the submission of sufficient justifications.

Decisions are adopted by a simple majority of the votes expressed during deliberations. In the event of a tie, the chairperson's vote prevails, in accordance with the applicable procedures.³

The committee's deliberations are recorded in digital minutes endorsed by the chairperson.⁴

The concerned parties are notified electronically⁵, and the committee's minutes are published on the national electronic portal for startups.⁶

1.2.2 Business Incubators:

The concept of business incubators emerged globally and gained prominence in the aftermath of economic crises, particularly in the United States and Europe. It was introduced in Algeria in 2009 with the aim of supporting and providing direct assistance to project holders and startup founders, as well as projects facing difficulties.⁷

In order to obtain the "business incubator" label, whether for structures affiliated with the public sector, the private sector, or through partnerships between them, and within the framework of supporting startups and innovative project holders, an application must be submitted to the National Committee through a national electronic portal dedicated to startups. This application must include, in particular, a file containing:

- A schematic description of the premises designated for the business incubator.
- A list of equipment to be made available to the startups hosted by the incubator.
- The services provided by the business incubator to startups.
- Training and mentoring programs to be offered to startups within the incubator.

1- Ibid., Art. 9.

2- Ibid., Art. 8.

3- Ibid., Art. 5.

4- Ibid., Art. 9 (final paragraph).

5- Ibid., Art. 10.

6- Ibid., Art. 27 (final paragraph).

7- Ibid., Art. 28.

- The curricula vitae of the managerial staff responsible for operating the incubator.

- The startups hosted by the incubator.¹

This is in addition to a file containing the required administrative documents for establishing a business incubator.²

Any final-year student with an idea capable of developing into a startup may receive support from the business incubator of their university and defend a graduation thesis to obtain a university degree labeled “Startup.”

- A business incubator must possess an administrative team with sufficient expertise and qualifications to undertake the task of supporting the startups it hosts, particularly by:

- Providing adequately equipped workspaces that enable startups to carry out their investment activities, that is, ensuring their operational establishment.

- Monitoring the procedures for the establishment of startups.

- Assisting in the development of business plans, including market studies and financing strategies.

- Organizing training programs in business management as well as legal and accounting aspects.

- Providing logistical resources, including equipping premises with information technology tools, high-speed internet, meeting rooms, and transportation means.

- Assisting in the development of industrial prototypes.³

As for students preparing graduation projects within the framework of obtaining a university degree labeled “Startup,” by presenting research or an idea related to an innovative product or a novel method of production, and after presenting and defending their projects before a scientific committee composed of experts and specialists in the field of the innovative project and obtaining the label “innovative project,” university-based business incubators provide the necessary support to these innovative projects and assist them in their immediate transformation into startups.

Distinguished projects are also eligible to participate in a national competition for the best startups, and the winning projects benefit from appropriate financial support from the Ministry of Higher Education and Scientific Research, as well as employment contracts with economic and social partners seeking advanced manufacturing methods and products that meet their needs

1- Oran Business Incubator, “Pépinière d’Entreprises – Incubator of Oran”, available at: <https://www.pepiniere-entreprises-oran.dz/> (visited 09 September 2025, 18:52).

2- Article 22 of Executive Decree No. 20-254, op. cit.

3- Ibid., Art. 28.

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in the field of production, such as automotive spare parts. In this context, a startup known as “Edenat” concluded a contract with ¹ “Meet Air Investment,” a company active in South Africa, representing a model of startups that have achieved notable economic growth in their field of specialization.

II. Specialized Funding Bodies in the Field of Support and Private Financing Institutions for Startups:

Financing is essential for any startup to carry out the investment process. While the issue of providing workspaces has been largely addressed through the support offered by business incubators, the financing required for production processes, labor provision, product marketing, and other operations remains one of the fundamental pillars upon which innovative projects are based. Such projects continuously seek the necessary capital, and this may sometimes prove challenging, not due to its absence, but rather due to its insufficiency. In the field of supporting startups, there exist state funds dedicated to innovative projects and startups; however, these may at times be insufficient due to the capped amounts allocated by Algerian state funds. Consequently, it becomes necessary to seek financing that meets their capital needs, such as funding production lines for innovative projects and startups. This issue will be examined in this section through a discussion of state funds, followed by an analysis of financing contracts with banks.

II.1 The Fund for the Support and Development of the Economic Ecosystem for Innovative Projects and Startups:

II.1.2 Financing Innovative Projects and Startups in the Early Stages of the Project Lifecycle:

The Algerian state has established the “Fund for the Support and Development of the Economic Ecosystem for Startups” through a special allocation account within the Treasury. This account operates through revenues derived from state subsidies, non-tax revenues, and other contributions.

The fund’s resources are directed toward:

- Guaranteeing bank financing loans for the benefit of startups, which often lack a strong financial record as they are in the early stages of project development. Although the innovative aspect is significant, the absence of a defined turnover makes banks reluctant to risk depositors’ funds, as such enterprises do not possess sufficient guarantees. In this context, the fund plays a role in facilitating access to bank loans.

1- Ibid., Art. 25.

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- Establishing incentive rates for bank loans by reducing interest rates on loans granted to startups and providing certain facilities for loan repayment.
- Financing training processes within the framework of innovative projects.
- Financing business incubators for innovative projects and startups.¹

The management of this account falls under the supervision of the Prime Minister in charge of the knowledge economy and startups.²

The fund's expenditures are directed toward financing³:

Economic feasibility studies for innovative projects, which are scientific methods used to collect and analyze the necessary data and information in order to draw conclusions regarding the project's prospects, the results it may achieve, the expansion of an existing project, or the replacement of an existing project with a more advanced one. Economic feasibility studies encompass four stages:

- Assessing the significance of available opportunities for the innovative project in terms of market access, potential market share, financing opportunities, and risk coverage.
- Preparing a preliminary feasibility study based on the information collected regarding the product and the possibility of accessing domestic or international markets.
- Conducting a detailed feasibility study addressing the production process, potential markets, and the achievement of substantial turnover.
- Final evaluation of the results obtained and the adoption of the investment decision.

All these stages require expert involvement and, consequently, the provision of the necessary financial resources, which may not be available to innovative projects in their early stages or to startups during their initial years of operation.⁴

Furthermore, it is necessary to develop a business plan, which constitutes a structured program outlining the methodology of work within the innovative project or startup. It is prepared in written form and must, in particular, include:

- The project idea and its advantages.

1- Aljazair1, available at: <https://www.facebook.com/share/1BHsnuKQFH/> (accessed 10 September 2025, 21:25).

2- Article 131 of Law No. 19-14 of 14 Rabi' al-Thani 1441 corresponding to 11 December 2019, containing the Finance Law for 2020.

3- Article 2 of Executive Decree No. 21-303 of 22 Dhu al-Hijjah 1442 corresponding to 1 August 2021, determining the procedures for managing Special Allocation Account No. 150-302 entitled "Fund for the Support and Development of the Startup Economic Ecosystem", Official Gazette, No. 60.

4- Article 3 of Executive Decree No. 21-303, op. cit.

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- The objectives, strategy of the project, the target market and the degree of competition within it, the steps to be followed, and the organizational structure of the enterprise.
- The volume of operations, expected results, and the identification of financing and repayment methods.
- All plans must be centered on identifying the types of support required for project development, understanding its strengths and advantages, while also carefully assessing potential risks and areas of uncertainty.

The costs associated with all these aspects must be determined, along with the identification of the required expertise. This process benefits from the necessary funding provided by the support fund.¹

Technical assistance funding:

There is also support for expenses related to the accreditation of prototyping centers. The importance of these centers within the innovation ecosystem lies in the significant role they play in assisting project holders by examining the various stages of project development, from the initial identification of the idea through to the preparation of the final product designs. This contributes to clarifying the vision in the field of innovation and strengthening efforts aimed at promoting innovative projects and start-ups.

II.2 Expenses related to the accreditation of data center infrastructure:

An innovative project or start-up is expected to adopt a data analysis approach to support more effective decision-making. Accordingly, it must utilize a data warehouse. Successful enterprises design and build data warehouses to achieve business intelligence through data management, thereby gaining a competitive advantage through the following:

- Serving as a single source of truth for the actual operations of the start-up or innovative project, thereby enhancing the robustness of reporting processes, which ultimately leads to better and more profitable decision-making.
- The establishment of data storage infrastructure within the enterprise requires addressing several issues, including the selection of appropriate tools and whether it is necessary to build or purchase a data warehouse, or alternatively to outsource data warehousing functions, depending on suitability.
- The costs associated with building a data warehouse may include both variable and fixed expenditures. Prior to the initiation of an innovative project, it is essential to develop a clear understanding of these costs. If a

1- Abdelaziz El-Sayed Mostafa, Economic Feasibility Studies for Investment Projects – Applications Using Software, available at: <https://www.noor-book.com> (accessed 14 September 2025, 22:18).

traditional on-premises data warehouse is selected, fixed costs will be substantial, including initial investments in software and storage hardware, representing a one-time infrastructure setup cost.

- If the data infrastructure is developed through network-based platforms such as Google BigQuery, Amazon Redshift, or Snowflake, costs will generally be variable. These typically include cloud computing expenses based on the volume of storage utilized, computational resources such as central processing units, memory, storage units, graphics processing units, network interfaces, input and output devices, electrical power, and related resources.
- There are also additional operational costs, including business intelligence expenses and labor costs.
- All of these resources require adequate financing, and accordingly, the fund provides support for innovative projects and start-ups.
- Programs for modeling, simulation, testing, and validation, as well as the execution of testing and validation of prototypes developed by start-ups and innovative projects that have obtained certification, include the following:
 - Modeling and visualization: This involves creating a digital representation or graphical depiction of an idea or product, or establishing a system to present its components or to monitor its behavior more clearly.
 - Simulation: This refers to the virtual replication of a product or service using computer software in order to predict its performance in real-world conditions.
 - Testing: This is conducted to ensure that the idea, system, or model complies with required standards and is free from errors and risks.¹
 - Concept validation: This aims to verify the practical feasibility of the theoretical idea and assess its responsiveness to consumer preferences and needs.
 - Prototyping: This involves developing an initial version of the product or system, subjecting it to testing to evaluate its characteristics and performance, and refining it prior to the manufacturing stage as well as during final development.
 - Prototype testing: This consists of testing the prototype to assess its quality, performance, and suitability for its intended uses.

1- Algerian Press Service, "Startups: Government Studies Project to Establish the First Prototyping Centers in Algeria", available at: <https://www.aps.dz/ar/economie/141040-2023-03-15-18-16-27> (published 15 March 2023; accessed 15 September 2025, 12:21).

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III. Prototype Validation:

This refers to the formal verification of a prototype's compliance with official standards and essential requirements, confirming its readiness to transition to the manufacturing and production phase.

This stage in the lifecycle of an innovative project is critical and requires financial support to fulfill all necessary requirements in order to achieve a safe, standards-compliant product capable of securing a position in the market.

- Costs associated with supporting the execution of technical works: These are funds allocated to cover additional costs and expenditures, directed toward preparing and equipping the project through detailed technical works alongside core technical operations for a given project. They are linked to the monitoring and management of these activities to ensure their completion in accordance with the required specifications.

Examples include expenses related to conducting detailed technical studies, preparing execution plans, obtaining technical consultations, engaging engineering firms, and similar activities.

Expenses related to testing, certification, and accreditation:

- Standardization: According to Article 12 of Law 03/09 on consumer protection and fraud prevention, every market participant is required to undertake all investigative and control measures necessary to ensure the conformity and safety of products before they are made available to consumers. Standardization consists of reference documents that provide solutions to technical and commercial issues that may arise in products or services intended for consumption within recurring economic and scientific interactions. These reference documents include standards and specifications. A standard takes the form of a document defining the technical characteristics that a product must possess, such as quality level, performance, safety, dimensions, conducted tests, as well as methods of packaging and labeling. These are developed by the relevant institutions based on collective results derived from scientific methods and expertise, and are approved by the authority responsible for standardization.

- Accreditation: This refers to obtaining administrative authorization and official recognition from a competent authority regarding the quality of an institution, program, or individual. It is granted on the basis of established criteria to ensure a specified level of competence, quality, and safety.

This stage in the development of an innovative project or startup benefits from the necessary financial support provided by the Startup Financing Fund.

Financing is provided for the development of prototypes for innovative projects. This financial support is essential and is supplied by the startup

financing fund to enable the development of prototypes for the enterprise or innovative project. Its importance lies in transforming innovative ideas into tangible products or services.

Funding is also allocated for training startups, which entails providing financial support for training and development programs directed at emerging companies. This financing helps ensure that project promoters and innovative project holders receive the necessary training to develop the skills required for the success of innovative projects and startups in Algeria. The fund supports expenses related to the training of project promoters by offering courses that provide specialized supervision in the field of the product or service they are developing.¹

This financing provides assistance to innovators, qualifying them to enter the market and overcome the early stages of project development.

III.1 Funding for prototype development of an innovative project:

This financial support is essential and is provided by the Startup Financing Fund to facilitate the development of prototypes for startups or innovative projects. Its importance lies in transforming innovative ideas into tangible products or services.

III.2 Funding for training in startups:

This involves providing financial support for training and development programs directed at startups.

Such funding contributes to equipping project holders and innovators with the necessary training to develop the skills required for the success of innovative projects and startups in Algeria. The fund supports expenses related to the training of project holders by offering courses that provide specialized supervision in the field of the product or service they are developing.

This funding provides assistance to innovators, enabling them to enter the market and overcome the early stages of project development.

III.3 Financing the capital of startups and innovative projects:

The capital of an economic enterprise constitutes one of the fundamental pillars upon which economic projects are based. In the field of economics, it represents the driving force behind the management of business and commercial activities. The capital of an enterprise or project is defined as everything that holds value or utility for the enterprise. It encompasses several forms, including financial value such as company assets and bank balances, material value such as equipment and machinery, and intellectual value such as patents.²

1- Article 2 of the Joint Ministerial Decision of 14 Muharram 1443 corresponding to 23 August 2021, determining the revenue and expenditure schedule of Special Allocation Account No. 150-302 entitled "Fund for the Support and Development of the Economic Ecosystem", Official Gazette, No. 81.

2- Article 2 of the Joint Ministerial Decision of 2021, op. cit.

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In this context, the President of the Republic, Mr. Abdelmadjid Tebboune, announced in October 2020, during the first edition of the “Algeria Disrupt” event, the establishment of an Algerian financing fund aimed at enabling innovative project holders and startups to secure liquidity for their enterprises without bureaucratic constraints or reliance on traditional financing mechanisms. This initiative adopts venture capital as a new mechanism in this field.

Innovative project holders and startups may or may not possess sufficient funds to finance the capital of their projects or enterprises¹. In such cases, they may resort to the National Fund for the Financing of Startups. However, it is first necessary to examine the legal structure through which innovative projects or startups are organized. The rationale for this lies in the fact that this legal form facilitates the fund’s process of financing and structuring capital, as well as ensuring the recovery of the financing amount without imposing a burden on the economic entity, whether it is an innovative project or a startup, while also simplifying payment procedures.

Accordingly, this framework has been regulated under Law No. 22-09, amending and supplementing the Algerian Commercial Code, through the simplified joint-stock company. Under the section entitled “Simplified Joint-Stock Company,” it is defined as a company whose capital is divided into shares, and in which partners are liable for the company’s debts only to the extent of their contributions to the share capital, meaning that losses are limited to the value of the shares they hold in the company’s capital, as stipulated by the Algerian Commercial Code.²

Within this framework, the startup financing fund may contribute to the company’s share capital and enter as a partner alongside innovative project holders or startup founders, thereby providing appropriate financial support. Executive Decree No. 20-254, establishing the National Committee responsible for granting the labels “Startup,” “Innovative Project,” and “Business Incubator,” provides that an investment fund may hold shares in the capital of startups or innovative projects established in the form of a simplified joint-stock company in accordance with the provisions of the Commercial Code.

This representation of the company’s capital in the form of shares facilitates the fund’s participation in financing the company’s capital through the

1- Dafta Educational Center, “What Is Capital and What Is Its Importance?”, published 10 July 2025, available at: <https://www.dafta.com>

(accessed 17 September 2025, 18:34).

2- Algerian Press Service, “Startup Financing Fund: Financing More than 80 Enterprises by 2022”, available at: <https://www.aps.dz/ar/economie/135717-80-2022>

(published 06 December 2022; accessed 18 September 2025, 10:06).

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acquisition of shares in exchange for the financial contribution provided by the startup financing fund.

By the end of 2022, the Startup Fund had contributed to the financing of more than 80 Algerian startups that had obtained both the “Innovative Project” and “Startup” labels. These enterprises have become operational and have successfully marketed their products and services locally, and are moving toward expansion at the continental level following several conferences that have outlined a vision for successful startups seeking to expand into African markets.

The fund has further strengthened its financing capacity through an agreement with the public treasury to finance provincial investment funds. Since its establishment in October 2020, it has reviewed approximately 350 financing applications, at an average rate of 20 to 25 applications per month.

The fund offers three financing options based on the size of the startup:

- Financing of up to 5 million Algerian dinars as a maximum for companies in their initial stages.
- For companies already operating in the market, financing may reach up to 200 million centimes.
- For companies with a significant market share, financing may reach up to 1.5 billion centimes.

The fund invests in companies using a venture capital approach, whereby it acquires equity stakes and thus becomes a partner sharing in profits and losses, rather than relying on cumulative interest that may affect the course of the investment process and deviate from the objectives of the state’s strategy within the framework of innovative projects or startups, namely the creation of income sources for citizens and the resolution of unemployment.

The fund invests in companies whose feasibility and capacity to identify an appropriate market have been confirmed by studies, as this constitutes a determining condition in the financing decision. It also takes into account the ability of the promoters of innovative projects to develop their projects, the scalability of the idea within a short period, and its capacity to generate significant turnover and financial returns for the enterprise.

Furthermore, in August 2022, the fund concluded an agreement with the General Directorate of the Treasury and the Accounting Management Officer of the State’s financial operations within the framework of establishing “provincial investment funds.” These funds aim to finance young entrepreneurs within their respective provinces across the national territory,

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with an allocation of 58 billion Algerian dinars, in implementation of a strategic plan for innovative projects and startups.¹

Article 715 bis 134 provides that one of the distinguishing features of the simplified joint-stock company is the absence of a minimum share capital requirement at incorporation, with the modalities of its organization and operation being determined in its statutes.

III.4 Participatory funding for innovative projects and emerging enterprises:

Participatory funding for projects and emerging enterprises is a way to help new businesses grow. This kind of funding is like a special loan that helps start-ups and new companies get started. It began to gain popularity in 2025 when a private investment fund was launched to help emerging enterprises. The Minister of Knowledge Economy and Emerging Enterprises announced the launch of this fund during a meeting about start-ups.²

This fund is designed to help new businesses get the money they need by connecting them with investors. Banks are also involved in this process because they play a role in providing money for new projects. In Algeria Islamic banks are very helpful because they offer financing options that share profits and losses. These options can help people start companies or expand existing ones.

The funding can be provided directly or through agreements that include detailed plans and studies. Sometimes the bank will even invest in the company itself. This helps to share the risks and rewards of the project. There is also a platform in Algeria that allows people to donate money to new projects. The Minister of Knowledge Economy, Start-ups and Micro-enterprises announced the launch of this platform.

During a meeting about financing for start-ups the Minister talked about how crowdfunding is becoming more popular in Algeria. There are now rules in place to regulate this kind of funding. Crowdfunding is a way for people to raise money from a group of individuals online. It helps to give people options for funding their projects. The Minister also said that crowdfunding is growing quickly around the world with some countries seeing growth of over 200%. Many people in Africa are using crowdfunding platforms that follow law to connect with investors and project owners.

1- Article 715 bis 133 of Law No. 22-09 of 4 Shawwal 1443 corresponding to 5 May 2022, amending and supplementing Ordinance No. 75-59 of 20 Ramadan 1395 corresponding to 26 September 1975 containing the Commercial Code, Official Gazette, No. 32.

2- Algerian rad,Clear emerging institutions appreciate the launch of the first special investment fund for project financingHistory of listing, 22:04 -30/07/2025, History of view: 27/09/2025, at 10:43.

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The Minister of Knowledge Economy and Emerging Enterprises said that participatory funding for projects and emerging enterprises is very important. Participatory funding for projects and emerging enterprises helps new businesses get started. Participatory funding, for projects and emerging enterprises is a good way to support start-ups.¹

Conclusion:

The Algerian government has launched a program to support small and innovative businesses as part of its broader strategy to boost economic growth and create jobs. Through partnerships with universities and training institutions, the program offers both technical support and funding opportunities. These funds are designed to comply with Islamic financial principles while encouraging responsible investment.

Our research highlights two key areas for strengthening this initiative. First, businesses need skilled workers. Training programs developed by universities and incubators can equip young people with the practical skills required, helping reduce unemployment while improving productivity.

Second, access to financing is essential. Banks—particularly Islamic banks—can play an important role by offering funding models that share risk and rely on feasibility studies. This approach reduces potential losses and increases the chances of sustainable profits.

Overall, supporting emerging businesses in this way can stimulate economic growth and create new opportunities for young people.

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