

***Startups Support and Financing Mechanisms
Case of Financing Startups in Algeria***

Seffahlou Rachid

Laboratory of Emerging Enterprises and Economic Diversification, University of Khemis Miliana
(Algeria), r.seffahlou@univ-dbkm.dz

 ORCID: <https://orcid.org/0009-0003-4907-6348>

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Abstract: This research document aims to shed light on the concept of start-ups in terms of definition, advantages and characteristics, to clarify the various structures that support start-ups, such as business incubators and accelerators, and to highlight the various methods available for financing them in general, and then to study the methods of financing them in Algeria. The study concluded that Algeria pays special attention to the start-up sector as a strategic option to drive growth beyond the hydrocarbon sector. This is evident in the mechanisms it has currently adopted to support and finance this type of enterprise. The study also found that despite all the efforts made by the state to promote start-ups, these institutions have not yet developed significantly

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Corresponding author: Seffahlou Rachid, r.seffahlou@univ-dbkm.dz

1. Introduction

Algeria has recently sought to adopt a new economic model that does not rely on the rentier economy based on the hydrocarbon sector. It has tried to find economic alternatives that would promote and develop the national economy. It has moved towards a knowledge economy through the use of digitization and reliance on modern technologies, because the knowledge economy is fast-growing and depends on investment in human resources to drive the wheel of growth, start-ups have been adopted as a modern mechanism and a strategic alternative to the hydrocarbon sector. The government has taken several measures to support and encourage the establishment of start-ups.

The Ministry of Knowledge Economy, Startups, and Micro-enterprises was established, along with the Supreme Council for Innovation and the National Committee for Awarding the Innovative Project Label, in addition to the Startup Fund.

In order to understand the entities that support and accompany startups and their financing methods, this research document addresses the following main question:

What are the supporting structures for startups and what are the different means of financing them in Algeria?

To answer this main question, the following sub-questions must be addressed:

- What is the concept of a startup and what are its characteristics and advantages?
- What are the structures that support them?
- What are the main sources of funding for startups in Algeria?

The importance of this study is evident in the importance of the subject, especially as Algeria is moving towards adopting startups as a strategic option to stimulate growth outside the hydrocarbons sector.

The study's objectives are to clarify the conceptual framework of startups, to highlight startup support structures, to identify the different methods of startup financing, and finally to shed light on startup financing mechanisms in Algeria

To address the presented research question, we will first address the concept of startups, then the structures that support them and then we will discuss the sources of funding for startups in general, and finally, we will explain how startups are funded in Algeria.

2. The Conceptual Framework of Startups

We begin the conceptual framework of startups by defining startups, their characteristics, advantages, and life cycle, thus seeking to eliminate some of the ambiguity surrounding this distinct sector.

2.1. Startups Definition

There are several definitions of startups, including: (Lamine & Hassaine, 2020, p. 08) Some consider them as *"any newly established enterprise that relies on modern technology."*

Another definition states: *"A startup includes any newly established enterprise in the business world, with small capital and which did not exist previously, regardless of the nature of its activity."*

According to English law, a startup is *"a recently established company. The word START-UP is composed of two parts: START, meaning beginning, and UP, meaning development"*.

The term START-UP entered the market after World War II, with the rise of venture capital firms, and its use became widespread afterward.

Nowadays, the term “START-UP” is defined by the French dictionary Larousse as “*young, innovative companies in the new technology sector.*” (Bouchaour, 2018, p. 420)

The professor and businessman Steve Blank defined a startup as “*not a miniature version of a large corporation, but rather a corporation that moves quickly from failure to failure until it finally achieves success, constantly learning from customers, which teaches it to adapt.*” (Blank, 2013, p. 65)

Based on the above, a startup can be defined as company attempts to launch a unique service or new product to dominate the market, despite its initial small size or limited scope of operation. It is characterized by risk and uncertainty, and is expected to achieve huge profits if successful.

2.2. Startups Characteristics

Startups are micro, small, and medium-sized enterprises characterized by a set of characteristics, some of which constitute their strengths and others their weaknesses. We present them below: (Bakhti & Bouaouina, 2020, p. 537)

2.2.1.Strengths : Characteristics that represent the strengths of startups are:

Balance the structure of productive activity: Given that most developing countries suffer from an imbalance in the economic structure due to the lack of a strong base of small and medium-sized industries to support them, it has become necessary to narrow the gap and develop strategies to address this imbalance and expand the base of small enterprises capable of developing and producing.

Supporting large companies: This is done by providing intermediate products for the activities of large companies;

Providing real job opportunities and reducing unemployment: Start-ups are distinguished by their high capacity to provide jobs, which leads to reducing unemployment;

Investing small local savings: By employing savings due to small capital and redistributing income;

Contributing to the implementation of import substitution policies: Enabling start-ups to produce local market requirements, which contributes to import substitution and export growth, thus generating foreign exchange;

Disseminating positive industrial values: Contributing to the dissemination of positive industrial values such as quality management, innovation, and division of labor.

2.2.2. Weaknesses : Characteristics that represent the weaknesses of startups include:

Its inability to establish an effective distribution network;

Its difficulty accessing financing resources for several reasons, the most prominent of which are: its weak financing structure and limited guarantees;

It cannot benefit from economies of scale due to its small size;

Its limited ability to choose and formulate a business strategy

2.3. Specific features of Startups

Several specific features distinguish startups, including: (Burnan & Souli, 2020, p. 133)

Newly created, startups are young, emerging companies that have two options: either grow and become successful businesses, or close their doors and suffer losses;

Companies with the opportunity for gradual and incremental growth: One of the defining characteristics of a startups is their ability to develop rapidly and generate revenues that far exceed their expenses;

It can also be said that

It can also be said that, a startup is a company that has the potential to scale up its business quickly, i.e. increase production and sales without increasing costs. As a result, their profit margins grow at enormous rates. Therefore, we shouldn't assume that startups generate low profits because they are small; on the contrary, they are companies capable of generating very large profits;

Technology-related organizations that rely mainly on technology, creativity, and innovation: They are characterized by being companies whose business is based on innovative ideas, and meeting market needs in a smart and modern way, so that the founders of start-up companies rely on technology for growth and progress, and find funding through Internet platforms and by winning assistance and support from business incubators;

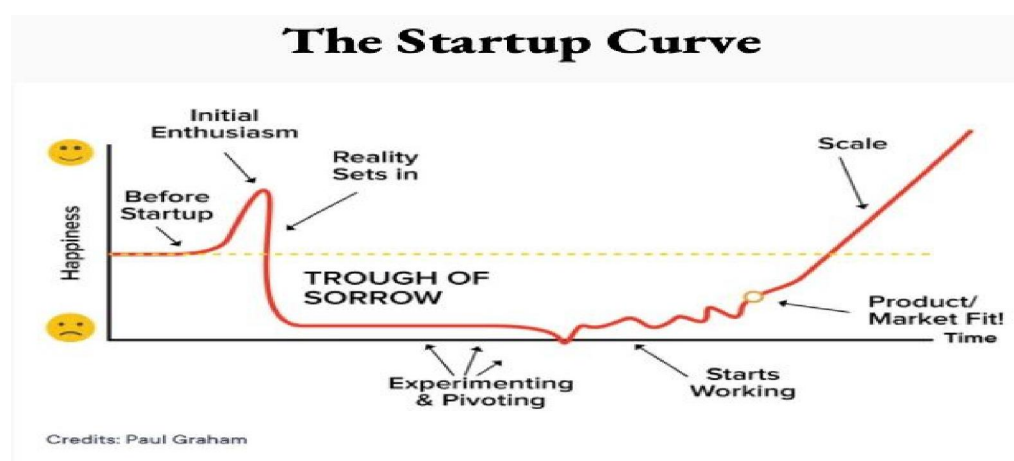
Low-cost companies: This means that startups have very low costs compared to the profits they generate, and these profits usually come quickly and unexpectedly.

Examples of start-ups include (Amazon, Apple, Google, Microsoft), and others.

2.4. Startup Lifecycle

We often say that startups are characterized by rapid growth, but in reality, they often stumble and go through difficult periods and considerable fluctuations before reaching the top.

This can be illustrated in the following figure called the "Startup Happiness Curve," which illustrates the startup lifecycle, designed by Graham Paul. (Bouchaour, 2018, p. 421)



Source: Paul Graham, startup happiness curve, <http://t.co/P1FDc1MCUB> <==Good graphic :

From the above figure, we can say that startups go through six stages:

First stage : The first stage begins before the startup is launched. It begins when an individual has a novel idea that no one has considered before. This idea is then studied in depth to understand how consumers will receive it, whether it suits their tastes, and whether it is lacking in the market, in order to determine its feasibility in transforming it into a long-term, acceptable product or service. Methods of financing are also explored, such as self-financing or government funding.

Second stage: the launching stage : Also called the stage of converting the idea into a product or service: Here the idea is transformed into a product or service that is not known before, which is why it is difficult to find someone to adopt it in the field and finance it. In some cases, entrepreneurs turn to family or friends for support and funding of the project at the beginning. Funding can also be obtained from risk-takers—individuals willing to gamble with their money, especially at the outset when the risk is high.

Third stage: Early Takeoff and Growth : Here, the product is well-known, so it takes a large share of the market and makes a lot of profits. It continues to grow and expand until it reaches its peak. Then other producers try to produce it and offer it at competitive prices, so it begins to decline because it is offered by many vendors at a lower price than its initial price. Other problems also appear that limit its development, and thus the curve decreases.

Fourth stage: Trough of Sorrow or the slide into the valley : Since the curve started to decline in the previous stage, it continues to decline in this stage, even though there are supporters and risk-takers financing the project. It continues to decline until it reaches a stage called the basin of sorrow or the slide into the valley. Here, either the project dies and the product is withdrawn from the market due to the weak growth rate, or it is restarted again.

Fifth stage: Start working and Climbing the Slope : If the entrepreneur chooses not to give up and not withdraw the product from the market, he will start working again to introduce modifications and improvements. The startup will begin to emerge again as a result of the team's experience and the new methods implemented. The same product will be launched in a different improved form, supported by advertising, and an attempt will be made to offer it in the market in large quantities and at a more competitive price. Thus, the startup begins its climb up the slope.

Sixth stage: Product Market Fit Phase or High Growth Stage : During this phase, the product has been completely redesigned and the testing phase is over. It is then launched on a large scale in a suitable market, targeting a significant portion of the target audience who have embraced the innovative product in its new form. The startup begins its sustained growth and its growth curve accelerates. This marks the beginning of the large-scale marketing phase and the generation of substantial profits.

3. Supporting Structures for Startups

The startup ecosystem has seen the establishment of numerous organizations to support and assist startups, including business incubators, accelerators and coworking spaces, as shown in the following table:

Table 1: Start-up Support Structures

Structure Type	Definition by Algerian Legislator	Activity Code as stipulated in the Commercial Register
Business Incubators	Any business structure, whether public or private, that offers support to startups and innovative project holders.	- Renting workspaces for others. - Localizing startups and providing secretariat services. - Designing and providing support programs for innovative project owners and startups, covering technical, administrative, and commercial aspects. - Organizing events, forums, and training courses in the field of innovation and technology.
Coworking Spaces	Algerian law does not specify a legal text for it, but rather considers	- Providing advice on establishing start-ups. - Providing services in the field of promoting innovation in institutions

	it an additional activity for incubators.	(open innovation, innovation competitions, etc.). - Providing advice to investors in startups and connecting them for investment or acceleration.
Business Accelerators	Algerian law does not specify a legal text for it.	- Providing technology modeling services. - Producing and publishing content related to entrepreneurship and innovation.

Source: Prepared by researcher based on the Algerian Commercial Register's Activities Code.

3.1. Business incubators

Incubators are considered the incubating mechanism for every small project, as it is a newcomer to the business world, and needs care and protection from risks. Incubators provide the necessary resources for success during the incubation period until the project becomes competitive.

3.1.1. Definition of Business Incubators : The European Commission defines business incubators as: A place where newly established businesses are concentrated in a known location so that they can grow and succeed, with the help of a modular building with equipment and providing management assistance and support services. The primary objective is local development, job creation, and, to a lesser extent, technology transfer. (Abdel Raouf & Lakhdar, 2017, p. 04)

3.1.2. Business Incubators Importance : The importance of business incubators can be summarized in the following points:

Providing scientific advice and feasibility studies for emerging projects;

Encouraging non-traditional investors and adventurers to establish their own venture capital or risk institutions;

Contributing to the use of scientific research results, innovations, and creativity in the form of projects, making them feasible for transformation into production.

3.1.3. Business Incubators Types : Incubators can be classified into several types (according to the Arab Industrial Development Organization) (Al-Wadi, 2010, p. 09)

Industrial Incubators, Tourism Incubators, Technology Incubators, Information Technology and Media Incubators, Academic Incubators, and Medical Incubators.

3.1.4. Business Incubators Duties : Business incubators are tasked with supporting the startups they incubate during their incubation period. As such, they are committed to the following: (Abdel Raouf & Lakhdar, 2017, p. 05)

Providing a suitable workspace for emerging startups;

Supporting entrepreneurs throughout the project's development phase;

Assisting small businesses in developing prototypes;

Providing logistical resources to project holders, such as meeting rooms, IT equipment, office supplies, and high-speed internet;

Assisting startups in elaborating their work program, conducting market research, and finding ways to secure funding.

Helping startups obtain quality training in various fields, especially in management, understanding legal provisions, and good accounting practices.

3.2. Business Accelerators

The term "business accelerators" has recently emerged in the field of entrepreneurship. Below, we discuss their definition, types, and advantages.

3.2.1. Business Accelerators Definition : Business accelerators target startups that have completed their incubation period and have a prototype product. They offer support and a range of services, including Initial funding to help cover the company's costs during the acceleration period, guidance, counseling, and networking services are provided to help them achieve their goals in joining the accelerator program and propel them toward success.

Thus, business accelerators can be defined as:

They are a series of programs that include guidance and educational elements specific to a defined timeframe, ending with public events known as a demonstration day. (Cohen & Hochberg, 2014, p. 33)

In other words, they are groups of experienced business professionals who provide services, office space, guidance, mentorship, networking, management services, knowledge and experience for emerging partnerships to enable them to succeed in the early stages of launching their project. (Hoffman & Kelley, 2012, p. 66)

From this, we conclude that business accelerators are institutions that aim to help emerging companies grow and take off by providing assistance and advice and strengthening their relationships with investors.

Above all, they provide direct financial support to startups, sometimes in exchange for a certain percentage of equity in the startup. Accelerators offer many very important and essential services for any startup seeking funding for itself and its operations.

3.2.2. Types of Business Accelerators : Among the types of business accelerators, we mention:

Comprehensive business accelerators, that support and assist various startups;

Specific business accelerators, which support and assist startups operating in specific industrial or technological fields;

Public business accelerators, which are funded by non-profit organizations;

Private accelerators, which are funded by corporate investors or private sector investors;

Founder accelerators, which take equity in exchange for the support they provide to startups;

Open-source founder accelerators, which do not take equity in exchange for the support they provide.

3.2.3. Advantages of Business Accelerators : Business accelerators are legal entities that work to develop startups that have already emerged from the "incubation stage," meaning they have a product or service that is ready or nearly ready for marketing. They are responsible for implementing acceleration approaches that ensure the follow-up of companies labeled "Startup" and innovative projects labeled "Innovative Project," through: (Lucian & Others, 2021, p. 76)

Establish new international and local networks of investors, venture capitalists, and clients;

Provide coaching and follow-up for product, service, and idea development, business management, or business model creation;

Secure new business relationships between startups and established companies;

Creating a culture of innovation and entrepreneurship and helping startups validate products or ideas, as well as developing new ones;

Preparing startups to receive investments from third parties.

3.3. Coworking Spaces

Here is a description of the characteristics and benefits of coworking spaces:

3.3.1. The Concept of Coworking Spaces: Given the relatively recent emergence of this term, the first coworking space was officially established in San Francisco in 2015. This issue has received the attention of only a few studies.

Among the various definitions that exist, we can mention the following:

The International Monetary Fund defines it as: "A shared workspace for individuals allows diverse groups of professionals, experts, and remote workers to collaborate in a shared environment, with the goal of helping value-sharing stakeholders develop potential collaborations." (Ben Fadel & Bouzidi, 2020, p. 831).

It has also been defined as: "Open work environments where individuals work alongside other professionals to achieve the goals of the project owners." (Capdevila, 2015, p. 35)

3.3.2. Coworking spaces characteristics: The characteristics of shared workspaces can be deduced from the principles of collaborative work, constructive interaction, and positive participation. Among the most important we can mention the following: (Cheah & Ping Ho, 2019, p. 04)

A successful workspace design: when a workspace is creatively designed, both in terms of its layout and its architecture, it can positively influence entrepreneurs' thinking and encourage them to be more innovative. The physical aspects of innovation within this space also have a positive impact on a startup's performance;

A collaborative social environment: innovation unfolds as a cyclical and recurring process, fostered and sustained within a collaborative environment through social interaction. Thus, innovation becomes a social process, with social interaction contributing various elements that enrich it.

Identifying and exploiting opportunities: Developing opportunities relies primarily on exploiting external information, and this is what the coworking space provides. It enables identifying customer opinions on products and exploiting external skills to develop them, giving the organization a competitive advantage that enables it to continue and develop.

3.3.3. Coworking spaces advantages : The growth in coworking globally is a result of the clear advantages that coworking spaces offer to organizations and individuals in many ways, including: (Cheah & Ping Ho, 2019, p. 05)

Affordable prices: Renting shared workspaces is typically less expensive than renting traditional offices elsewhere, allowing business owners to lease the space they need, ranging from a single office to an entire floor. Shared workspaces also provide essential business services at reasonable prices depending on the need, such as reception desk service, secretarial service, printing, use of meeting rooms, mail services, etc.;

Space flexibility: Coworking spaces are flexible and can be expanded and reduced in size quickly. This feature is especially beneficial for startups that struggle to accurately estimate their workspace needs within their offices.

The opportunity to interact and communicate with others: coworking spaces allow entrepreneurs to communicate, interact, socialize and make contacts throughout the workday;

Learning and Support: Coworking spaces offer various social activities and training programs that allow members to stay informed about and participate in the latest innovations and trends in the business world. These activities may include the organization of conferences, workshops, and training sessions.

4. Startup funding methods

Financing is one of the most significant obstacles facing startups, as their owners are usually small professionals who lack sufficient financial savings to enable them to establish their own businesses, nor do they have sufficient guarantees to obtain bank loans.

Since emerging institutions are innovative, they had to find their own financing methods and approaches. Among the approved methods for financing emerging institutions, we mention: (Bahiri & Karfis, 2023, p. 198)

Self-financing: This is the contractor's own money, and it is often relied upon at the beginning of the idea to develop it and test it in the market, where the costs are relatively low. It is considered the initial stage of the idea, and this stage is expressed as the seed (Startup/Seed);

Bootstrapping: This funding is often the initial source of capital for startups, where the founders, their families, and friends are represented. The business symbolizes it with (f f f: freinds, family, and fools), which means friends, family, and fools. It is more common in the United States of America;

The first employees: The startup seeks to hire individuals at the lowest cost and invites them to work for a minimum wage, betting on the success of the organization. In return, they obtain shares in it in the future. Some authors may include this type of financing in the bootstrapping financing, where the entrepreneur searches in his immediate environment to form a team and work with them;

Business Angels: These angels are the most important source of funding for startups in most countries around the world. These investors, who are wealthy individuals, support innovative startups with high medium- and long-term growth potential with their own capital. Business angels are often former entrepreneurs or current executives willing to share their management knowledge and experience. They are likened to angel investors for startups and generally ask to be associated with the project through equity;

Venture capital firms: Venture capital firms focus on projects that promise rapid value growth and a defined exit path. These firms focus on high-risk, high-return opportunities and invest funds raised from outside investors who have participated in their own funding round. Since startup funding takes the form of an equity stake, their goal is to achieve capital gains after a few years;

Crowdfunding: This is a participatory financing open to all, in line with the spirit of creativity and innovation. It has become a type of financing associated with emerging institutions. In order to benefit from this type of financing, the entrepreneur goes through a specialized online platform and launches a donation campaign within a specific time frame. The success of the campaign and convincing those affiliated with the platform of the importance of the idea guarantees financing for the emerging institution. This type of funding includes rewards, unsolicited donations, loans, or equity participation in the startup. A specific type of crowdfunding is chosen for each stage and relied upon, especially from the early stages of the startup's life;

Government funding: These announcements are considered one of the most important primary sources of funding for startups. These announcements include non-repayable grants such as programs, advertisements, low-interest loans, and tax exemptions. This type of funding is found at various stages of startup development, and the structures used for this vary from one country to another.

5. Financing Methods for Startups in Algeria

Among the financing methods known to startups in Algeria are the Startup Fund, Crowd funding platforms and Tax incentives which we discuss below: (Bellaama, 2020, p. 07)

5.1. Algerian Startup Fund

Established in 2020 under the auspices of the Ministry of Knowledge Economy, the ASF supports innovative startups through equity investments, grants, and interest-free loans. It aims to stimulate entrepreneurship, foster innovation, and diversify the Algerian economy.

A special allocation account, numbered 150-302, entitled "Fund for Support and Development of the Startup Ecosystem," has been created. The Minister in charge of Startups shall have the primary authority to disburse this account, pursuant to Article 68 of Law No. 20-07 amending and supplementing the provisions of Article 131 of Law No. 19-14 containing the Finance Law for the year 2020. It is a public venture capital company, in the form of a joint-stock company that undertakes to finance institutions that have obtained the "Start-up Company Label" in collaboration between the Ministry of Startups (Algeria) and six public banks.

The Fund's resources are, State aid / state subsidies / budgetary allocation, Revenue from taxes and quasi-taxes fees, donations and Trusts and deposits;
All other resources and contributions;

These resources are allocated to fund: project feasibility study; business plan development; technical assistance; costs related to creating the prototype; training;
Start-up incubation (promoting the economic organization of start-ups).

It can be said that the fund is still in its infancy, as it was only established in October 2020. It requires state support and guidance through an increase in its capital, which currently stands at just over 1.2 billion Algerian dinars. Launching this fund could solve a significant portion of emerging companies' financial problems.

These difficulties will only be overcome through sound governance of this fund, free from harsh administrative bureaucracy and under an ambitious program that respects sound management mechanisms and tools.

5.2. Crowdfunding Platforms

Crowdfunding is an effective financing method for startups that need capital to bring their ideas to life and create real jobs. The importance of crowdfunding for startups can be highlighted in the following points:

Online crowdfunding platforms : offer startups the opportunity to reach investors who embrace their business idea and are willing to fund it, unlike traditional banks that are unwilling to grant loans or finance startups because they are considered too risky when viewed through the lens of credit and risk assessment;

Crowdfunding provides startups with the opportunity to choose the best financing methods;

Crowdfunding is easier for startups, in terms of procedures, compared to traditional financing methods. Furthermore, there are no guarantees in the financing system;

Crowdfunding platforms help introduce a startup idea to the world online, without taking long to spread to investors. Online promotion of products and ideas allows entrepreneurs and startups to gather feedback from target audience and identify growth opportunities. This enables better product innovation and customization, by leveraging all feedback from the target audience.

Article 45 of the 2020 Supplementary Finance Law includes authorization to open online platforms for investment advisors. The Stock Exchange Operations Regulation and Monitoring Commission is responsible for issuing the terms for their accreditation. Article 45 states the following:

We are creating a joint venture investment advisory role, responsible for creating and managing joint venture investment advisory platforms and investing the public's money online in joint venture investment projects.

Commercial companies established for this purpose, and brokers in stock exchange operations authorized to practice advisory activities in the field of investment in securities and financial products, may have the status of advisor in the field of joint investment. As for investment fund management companies, a system issued by the Stock Exchange Operations Regulation and Supervision Commission specifies the conditions for the accreditation and practice of advisors in the field of joint-stock investment and their supervision.

In 2019, a group of French-Algerian institutions launched a platform called 'Invest', aimed at supporting and funding innovative youth projects. The platform's president, Nazim Sinni, asserts that it is the first of its kind in the field of crowdfunding in Algeria.

An official from the Algerian-French Chamber of Commerce and Industry in Marseille added that it was created by a group of young people and owners of French-Algerian economic institutions with the aim of making it a site for cooperative financing.

It will connect young people with innovative projects with French-Algerian businessmen and owners of companies wishing to launch innovative projects in Algeria. It can be noted that the platform is funded through traditional methods.

The platform provides electronic payment using any bank card, and it adopts the latest applications to ensure information security and smooth banking operations, in line with contemporary economic standards.

5.3. Financing through Tax Incentives

Tax incentives act as an indirect mechanism for funding startups, through the government waiving a specific amount of money it is entitled to in favor of startups by exempting them from paying taxes, as outlined in the following financial laws: (Bahiri & Karfis, 2023, p. 199)

Finance Law for the year 2020: Article 69 of the 2020 Finance Law stipulates tax incentives provided by the state to emerging institutions active in the field of innovation and modern technology, including exemption from profit tax and value-added tax on their commercial transactions.

Finance Law for the year 2021: The government introduced a range of tax incentives for young entrepreneurs, as Article 86 of the 2021 Finance Law stipulates: "Companies bearing the label 'start-up' Companies certified as 'start-up companies' benefit from a four-year tax holiday that includes professional activity tax, gross income tax, and corporate profits tax.

Finance Law for the year 2022: The Finance Law for the year 2022 approved in Article 117 an amendment to Article 69 of the Finance Law for the year 2020. Article 117 stipulated the following: "Enterprises bearing the label "Start-up" are exempt from the professional activity tax, the gross income tax, or the corporate profits tax, as well as exemption from the single lump sum tax for a period of four (04) years. Starting from the date of obtaining the "Start-up" label, with an additional year in the event of renewal.

Finance Law for the year 2023: It eased measures related to the reinvestment of tax benefits granted within the framework of investment support, by reinvesting 30% of the exemptions deducted from distributable profit, in order to acquire tangible or intangible assets that are directly involved in the production of goods and services, or to acquire investment bonds, or to purchase shares, or similar securities that allow participation in the capital of another entity, or to contribute to the capital of a company bearing the label “start-up” or “incubator.”

6. Conclusion

This research paper addresses the concept of startups in terms of their definition, characteristics, advantages, and life cycle. It then presents the structures associated with startups, including business incubators, accelerators, and coworking spaces. Various methods of financing startups in general, as well as methods of financing startups in Algeria, are then highlighted. The following conclusions are reached:

Startups, thanks to their size and dynamism, possess unique characteristics that enable them to play a pivotal role in driving the national economy towards growth and innovation;

Business incubators help new entrepreneurs turn their ideas into successful projects by providing the right support and tools;

Despite the special attention Algeria pays to the startup sector and the support mechanisms in place, this sector still needs tangible growth to reach its full potential;

Financial laws alone are not enough to support the growth and funding of startups; they need executive decrees to ensure the application of legal provisions and to address the challenges that hinder the development of these companies;

Fund for Financing Enterprises and Startups, if its leaders do not have the will to change the reality and leapfrog from stagnation to economic dynamism in a knowledge-based economy, cannot keep pace with emerging startups;

Crowdfunding, through its electronic platforms, enables startup projects to be showcased and quickly and easily accessed by a very broad audience of small and large investors;

This study can culminate in the following recommendations:

Effective attention should be given to the startup sector by incorporating awareness days on the establishment of these enterprises, to educate young people about the importance of startups and the support provided for their launch and growth;

Launching new tax incentives and various encouragements to increase the establishment of startups and help them grow, develop and upgrade to gain a competitive advantage as a necessary condition;

Establishing specialized financial consulting centers to find the best financial structure for their projects;

The state must take further measures to reduce the sectoral concentration of start-ups, as most companies are located in urban areas;

The need to establish offices and mechanisms to evaluate and monitor start-ups from their inception and guide them to reduce errors;

Utilizing media, advertising, and digital technologies to organize interviews and sessions specifically for startups to learn about how startups are established and the support the state provides to these enterprises;

Since the foundation of national progress lies in developing educational programs and increasing spending on scientific research, it has become essential to prioritize scientific research, increase funding for it, and focus on universities and research centers, linking them to the business environment;

We need to increase the number of business incubators and increase the spending allocated to them, as they are the best way to support and guide emerging projects.

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