Start-ups in Algeria: Legal Framework, Labeling, and the Challenges of Structuring the Innovative Ecosystem

Khaldi Ali [(1)], Djellouli Siham [(2)]

[1] Assistant professor, Abdelhamid Ibn-Badis University, Mostaganem, (Algeria), alihouari.khaldi@univ-mosta.dz

[2] Assistant professor, Abdelhamid Ibn-Badis University, Mostaganem, (Algeria), djellouli.siham@univ-mosta.dz

ARTICLE INFORMATION

Original Research Paper
Received: 01/4/2026
Accepted: 14/6/2026
Published:25/9/2026

Keywords:
Keyword.1: Start-up
Keyword.2: Incubator
Keyword.3: Accelerator
Keyword.4: Labeling
Keyword.5: Financing

JEL Classification Codes: L26, M13, O38, G23

Abstract: This paper aims to analyze the legal and regulatory framework governing start-ups, innovative projects, and incubators in Algeria, with particular emphasis on the labeling system as a strategic public policy tool. The study adopts a qualitative, descriptive, and legal-economic methodology based on documentary analysis. The tools used include the examination of executive decrees, legal texts, and institutional data, combined with a conceptual and institutional analysis of the entrepreneurial ecosystem. The results show that labeling plays a key role in structuring the ecosystem by facilitating access to tax incentives, financing, and support mechanisms, while enhancing start-ups' credibility and growth potential. However, its effectiveness remains dependent on sustained institutional support and the ability of entrepreneurs to fully utilize available resources.

Mots clés:
Mot clé.1:Start-up
Mot clé.2:Incubateur
Mot clé.3:Accélérateur
Mot clé.4:Labellisation
Mot clé.5:Financement

Codes de classification JEL:
L26, M13, O38, G23

Résumé : Cet article vise à analyser le cadre juridique et réglementaire régissant les start-ups, les projets innovants et les incubateurs en Algérie, en mettant un accent particulier sur le système de labellisation en tant qu'outil stratégique de politique publique. L'étude adopte une méthodologie qualitative, descriptive et juridico-économique fondée sur l'analyse documentaire. Les outils mobilisés incluent l'examen des décrets exécutifs, des textes juridiques et des données institutionnelles, complété par une analyse conceptuelle et institutionnelle de l'écosystème entrepreneurial. Les résultats montrent que la labellisation joue un rôle clé dans la structuration de l'écosystème en facilitant l'accès aux avantages fiscaux, au financement et aux dispositifs d'accompagnement, tout en renforçant la crédibilité et le potentiel de croissance des start-ups. Toutefois, son efficacité dépend du soutien institutionnel et de la capacité des entrepreneurs à mobiliser les ressources disponibles.

Corresponding Author: **Khaldi Ali**, alihouari.khaldi@univ-mosta.dz

1. Introduction

The digital revolution has led to the emergence of start-ups as a high-growth economic model, significantly increasing their weight in the global economy to 20.6% between 2015 and 2018, with an estimated valuation of USD 2.8 trillion (Bekkal, Brikci, & Khedim, 2022, p. 878; (Boumendil, 2022, p. 576). This growth is driven by start-ups' role in innovation, competitiveness, and the creation of new economic sectors, as well as their resilience and adaptability through digital solutions during the COVID-19 pandemic (Khelil, 2022, p. 294).

In Algeria, the start-up concept emerged in early 2020 alongside increased digitalization and the need to modernize economic activities. That same year, the government created a ministry dedicated to the knowledge economy and start-ups, which established a regulatory framework offering tax incentives, cost reductions, and administrative facilitation to support young entrepreneurs and university students during the start-up phase.

Research Problem and Hypothesis

Within this context, the article analyzes the effectiveness of the regulatory and legal framework established by the Algerian State, leading to the formulation of the following central research question.

How does the regulatory and legal framework governing the labeling of start-ups, innovative projects, and incubators in Algeria contribute to the development of the entrepreneurial ecosystem and the promotion of innovation?

Two hypotheses are advanced: **H1** suggests that the labeling system is a key tool for structuring and legitimizing Algerian start-ups by improving access to tax incentives, funding, and support mechanisms, while **H2** argues that a structured ecosystem of labeled incubators and accelerators significantly strengthens start-ups' survival, growth, and long-term sustainability.

Study Methodology

This study uses a legal-economic approach and a qualitative, descriptive methodology to analyze Algeria's regulatory, legal, and institutional framework for labeling start-ups, innovative projects, and incubators, focusing on legal texts and public policy tools rather than quantitative analysis.

The analysis begins with a comprehensive legal and documentary review of executive decrees governing labeling, particularly Decrees No. 20-254, No. 21-422, and No. 20-356, along with related texts defining institutional roles, and is complemented by a review of finance laws on tax incentives for labeled start-ups and incubators.

Second, a conceptual approach is used to clarify key concepts of the entrepreneurial ecosystem—such as start-ups, innovative projects, incubators, and accelerators—based on academic literature and legal definitions.

Finally, the study conducts an institutional and organizational analysis of the key actors in labeling and start-up support, focusing on the National Labeling Committee, its roles and operations, and public, private, and university support structures, illustrated with institutional data on labeled start-ups, incubators, and innovative projects.

2. Theoretical and legal-economic concept of the start-up

The concept of a start-up is defined through multiple academic, practical, and governmental perspectives, which can create ambiguity, particularly regarding its association with technology firms. The most widely accepted definition is that of Steve Blank, who describes a start-up as a temporary organization seeking a scalable, repeatable, and profitable business model (Drouiche & Menai, 2022, p.70).

However, this minimalist definition raises uncertainties regarding key criteria such as a start-up's age, level of innovation, performance indicators, revenue, and other defining factors, and the lack of a common reference framework hinders the establishment of a unified definition of the start-up (Englebert, 2021, p.13).

To operationalize start-up support policies, the Algerian executive authority adopted a legal definition aligned with that of small and medium-sized enterprises (SMEs), formalized through Executive Decrees No. 20-254 and No. 21-422. Article 11 defines a start-up as a company governed by Algerian law that must cumulatively satisfy a set of specific criteria relating to age, innovation, ownership structure, revenue thresholds, growth potential, and workforce size. Legal recognition and labeling are granted only when all conditions are simultaneously met: (1) the company must be newly established and less than eight years old; (2) its activities must be based on innovative products, services, business models, or concepts; (3) annual turnover must remain below the ceiling established by the National

Committee; (4) at least 50% of the share capital must be held by eligible natural persons, accredited investment funds, or labeled start-ups; (5) the company must demonstrate strong economic growth potential; and (6) the company must employ no more than 250 employees.

An analysis of the Algerian legal framework highlights six core criteria defining a start-up: age, innovation in products, services and organization, turnover, share capital structure, growth potential, and firm size. Consistently, the Minister Delegate for Start-ups defines a start-up as an innovation-driven company with a scalable business model and strong growth capacity, emphasizing that despite varying definitions, innovation and scalability remain the essential defining features (Babouche, 2020, p.1).

In May 2022, the Minister Delegate in charge of Start-ups introduced innovativeness criteria extending beyond purely technological dimensions to encompass organizational, architectural, disruptive, and incremental innovation. To qualify for the start-up label, a firm is required to satisfy at least one of these criteria, which are assessed on the basis of indicators such as research and development (R&D) expenditure, the qualifications of the founding team, ownership of intellectual property, and the demonstration of innovative capacity: (1) at least 15% of the firm's turnover must be allocated to research and development; (2) at least 50% of the founding partners must hold a doctoral degree; (3) the firm must own a patent or a nationally or internationally registered innovative process; and (4) the start-up must provide proof of concept or a prototype demonstrating its innovative nature.

Overall, both academic literature and Algerian legislation define a start-up by its novelty, innovative character, growth potential or scalability, uncertainty, and the pursuit of a proprietary, temporary, and replicable business model, clearly distinguishing it from a traditional SME (Boumendil, 2022, p. 578-579; Bekaddour, 2021, p. 534; Khelil, 2022, p. 295).

3. Start-up support structures

Within an enabling support environment, incubators and accelerators constitute the primary partners with which start-ups engage.

3.1 Incubators

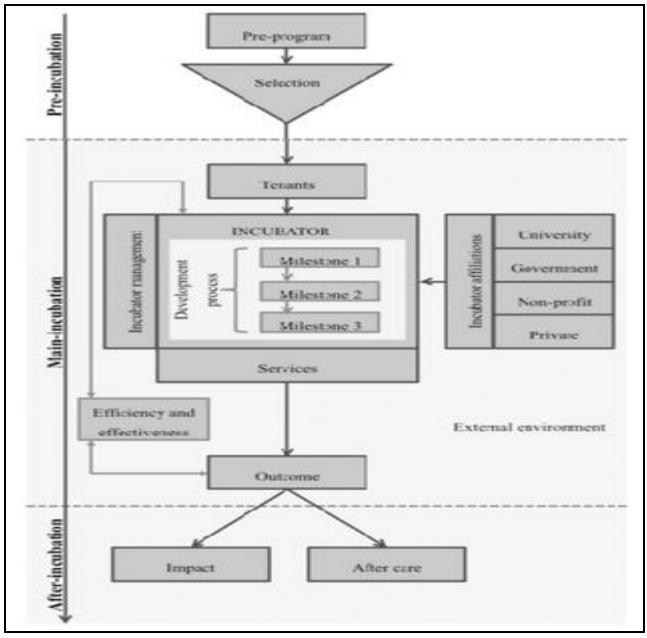
Business incubators are support structures that assist entrepreneurs in creating and developing their ventures, with the main goal of fostering firm growth and increasing success rates (Bruneel, Ratinho, Clarysse, & Groen, 2012, p. 112). They also contribute to local economic development and the

strengthening of entrepreneurial ecosystems through networking and public–private partnerships.

A key characteristic of business incubators is the provision of flexible and affordable co-working spaces, often sector-specific, combined with access to utilities, shared equipment, and expert services such as accounting, which help reduce operating costs for entrepreneurs (OECD, 1999, p. 25).

Beyond providing physical infrastructure, incubators offer advisory services, training, networking, legal support, and guidance in business development and financing, assisting entrepreneurs throughout the early stages of their ventures. This support is generally organized into three main phases (Figure 1).

Figure 1. Generic business incubation process model



Source: OCDE/UE, 2019, p.5, based on Gerlach & Brem, 2015, p.293

Pre-incubation or early-stage incubation:

Incubation programs usually involve preliminary stages before admission, including pre-admission support to help entrepreneurs develop their business ideas, models, and plans. These stages provide guidance and personalized coaching to clarify and strengthen projects before formal entry into the program.

Incubation proper:

This phase provides comprehensive support to entrepreneurs from business creation through development, usually over three to four years

without strict time limits. It includes access to funding, coaching, training, and networking, delivered by various public and private stakeholders. Physical workspace is a minor component, while the incubation process is structured in stages to guide entrepreneurs toward successfully realizing their projects.

Post-incubation or late-stage incubation:

This phase focuses on supporting firms as they mature and prepare to exit the incubator, typically after three to five years. It encompasses post-incubation services such as training, networking, and support for export development or innovation activities. As this transition represents a critical stage for young firms, post-incubation support is regarded as equally important as the initial incubation phase, particularly within Algeria's diversified ecosystem of public and private incubators.

3.1.1 Public and Private Incubators in Algeria

Leancubator: Leancubator is an innovation center founded in 2020 that supports start-ups and high-potential innovative projects through acceleration and support programs. It operates a Startup Factory focused on developing innovative solutions and strengthening a knowledge-based economy, and has become a key player in Algeria's innovation ecosystem, notably through initiatives such as the Algeria Startup Challenge.

CapCowork: Founded in 2018, CapCowork supports entrepreneurs across the full entrepreneurial cycle, from idea development to market commercialization, while also helping promising projects access funding. It provides a co-working space that fosters collaboration and entrepreneurial exchange.

ACSE (Algerian Center for Social Entrepreneurship): Established in 2016, ACSE focuses on social entrepreneurship by supporting Algerian social entrepreneurs through the stages of business creation, development, and long-term sustainability, with the goal of promoting and strengthening this sector.

IncubMe: Launched in 2018, IncubMe is an initiative founded by Algerians in Algeria and abroad that is closely connected to the business community. It operates at both national and pan-African levels, notably through programs such as Africa by IncubMe, which support start-ups across the African continent.

WomWork by The Annex DZ: WomWork is an initiative of The Annex DZ co-working space that focuses on incubating female

entrepreneurship in Algeria by supporting women-led projects and providing customized assistance for business creation.

TStart by Ooredoo: TStart is a program developed by the telecommunications operator Ooredoo that supports the creation of technology-based start-ups, specifically targeting innovative projects in the information and communication technologies (ICT) sector.

Naqltech: An incubator specializing in logistics, transport, and mobility, operating as a public–private partnership between the Ministry of Transport and CapCowork..

ENP Incubator by Djezzy: A partnership between the National Polytechnic School (ENP) and the telecom operator Djezzy, supporting start-ups at the very early stages of entrepreneurship.

ANPT (National Agency for the Promotion and Development of Technology Parks): A public incubator based in Sidi Abdallah Cyber Park that promotes the ICT sector and encourages widespread adoption of technology in Algeria.

Westinnov: A regional incubator in western Algeria, launched by the Idenet Group, focusing on Agritech, logistics, and digital services.

INNOEST: A regional incubator located in Tebessa (eastern Algeria) that concentrates on feasibility assessment and pre-creation incubation programs.

INcubator: An incubator supporting young entrepreneurs in transforming innovative ideas into viable start-ups.

Crearena: An incubator and co-working space offering a supportive work environment and consulting services for aspiring entrepreneurs.

KnowLab:A co-working space and incubator founded by Almaahed Pro International Company to support entrepreneurial projects.

3.1.2 University Incubators

Across the world, universities have long been recognized as central pillars of the knowledge-based economy. A particularly emblematic example is Silicon Valley, a global leader in the information and communication technologies (ICT) industry. Its success is closely linked to some of the world's most prestigious universities, notably Stanford University, which has contributed to the emergence of a community of global leaders and innovators.

Several emerging and developing countries have sought to replicate this model, as has been the case in Algeria. Within the framework of an

agreement with the Ministry of Labour, Employment and Social Security, the Ministry established 78 entrepreneurship centers across all higher education institutions in 2021. These structures are mandated to raise awareness among students, provide training, stimulate entrepreneurial initiatives, and ensure sustained support for entrepreneurship. The Minister also announced that 44 incubators had been established within universities, university centers, and higher education schools.

The year 2022 marked a significant strengthening of the university innovation ecosystem in Algeria. Pursuant to the interministerial decrees of 14 February 2022, fourteen (14) shared research services, designated as "Incubators," were officially created within several universities and university centers throughout the national territory.

These incubators were implemented across multiple regions of the country—namely the North, the High Plateaus, and the South—reflecting a commitment to territorial equity and to the nationwide promotion of university-based innovation:

- ✓ **North**: Mostaganem, Mascara, Béjaïa, Sidi Bel Abbès, Skikda, Jijel, Bouira, Tipaza;
- ✓ **High Plateaus**: Batna, Djelfa, Souk Ahras;
- ✓ **South**: Ghardaïa, Biskra, Naâma.

This initiative forms part of the national strategy aimed at promoting applied research, innovation, university entrepreneurship, and the valorization of research outcomes, by fostering structured support for innovative project holders within higher education institutions.

The case of the University of Mostaganem illustrates this approach. Article 2 of the aforementioned decree identifies the partners of the incubator referred to in Article 1, namely: **(1)** the University of Mostaganem; **(2)** the National Agency for the Valorization of Research Results and Technological Development; and **(3)** various socio-economic partners.

The incubator of the University of Mostaganem is composed of two (02) sections, each assigned specific responsibilities:

The Management Engineering Section is responsible for: **(1)** receiving and supporting innovative, research-based projects; **(2)** assisting project holders in formalizing and structuring their ideas; **(3)** monitoring and evaluating the development of incubated companies; **(4)** selecting and validating projects with strong long-term potential; and **(5)** providing

training, advisory services, financial support, and hosting until company creation.

The Scientific Equipment Maintenance and Safety Section, which is responsible for: ensuring the maintenance and proper operation of scientific equipment made available to the incubator and guaranteeing site safety and the protection of scientific equipment.

3.2 Accelerators

An accelerator is a structured program that supports growth-stage start-ups by providing shared workspaces and access to networks of entrepreneurs and experts (Mebtouche, 2022, p. 116).

Table 1. Accelerators, incubators and co-working spaces

	Accelerators	Incubators	Co-working
Duration	Short-term (3–6 months)	Medium- to long-term (1–5 years)	Open-ended
Cohort-based structure	Yes	No	No
Business model	Investment-based or non-profit	Rent- or fee-based, non-profit	Rent-based, non-profit
Selection process	Highly selective with cohort intake	Either selective or non-selective	Non-selective
Stage of venture development	Early-stage	Early- or late-stage	Early- or late-stage
Training and education	Structured seminars	Ad hoc support, including human resources or legal assistance	No formal training
Mentorship	Intensive mentoring provided internally and by external experts	Limited, primarily tactical mentoring	No mentorship
Venture location	Generally hosted on-site within the support structure	Hosted on-site	Hosted on-site

Source: Madaleno, Nathan, Overman, & Waight, 2022, p. 282

Start-ups in the growth phase have an established market presence and rising revenues. Accelerator membership provides structured, selective, and highly targeted support, which differs from incubation by addressing the more specific and demanding needs of market-positioned start-ups.

Like incubators, accelerators differ in the level of individualized support they provide, ranging from hands-on organizational guidance to more autonomous, self-directed management by start-ups.

Acceleration programs usually last six to eighteen months, aligning with the time growth-stage start-ups need to scale their products or services. This phase is often driven by fundraising, which finances the scaling process and supports adaptation or transformation of business models.

3.2.1 Why Join a Start-up Accelerator?

The main goal of start-up accelerators is to help companies achieve large-scale sales growth through three core components: entrepreneurial

coaching and mentoring, networking and business matchmaking, and the provision of logistical resources (Harrar, 2021, p. 404).

Accelerators typically define a specific specialization, which may be sector-based (e.g., fintech, media, biotech) or theme-based (e.g., circular economy, logistics, food waste). Others follow a generalist model but apply selective criteria such as consistent and recurring revenue growth. Most accelerators prioritize highly innovative or digital start-ups with scalable products or services.

In Algeria, the first public accelerator, Algeria Venture, was established in 2021 under Executive Decree No. 20-356. It operates as a public policy instrument for the implementation of the national start-up strategy, notably by supporting incubators, accelerators, and innovation development structures. Its activities are supervised by an internal body, the Scientific and Technical Council, which plays a central role in the execution of its missions as defined in Articles 2 and 4 of the decree. These missions include: **(1)** contributing to the implementation of the national strategy for the organization and sectoral support of start-ups; **(2)** supporting the development of new innovation support structures to strengthen national capacities; **(3)** designing, implementing, and evaluating short- and long-term programs for incubators and accelerators; **(4)** developing and deploying tailored acceleration programs for labeled start-ups and innovative projects; **(5)** supporting initiatives that promote innovation and entrepreneurship in coordination with relevant stakeholders; **(6)** conducting technological monitoring activities and disseminating information related to innovation and entrepreneurship; **(7)** managing and valorizing organizational assets; monitoring performance and strengthening cooperation among support structures; **(8)** supporting the financing and structuring of the national start-up ecosystem; **(9)** implementing international partnerships and cooperation programs for ecosystem development; **(10)** executing the national strategy for incubator support and expansion; and **(11)** promoting and enhancing the international visibility of Algeria's start-up ecosystem.

To date, Algeria Venture has supported no fewer than 800 start-ups through business incubators, mini-accelerators, or individualized support programs (A.D, 2022, p.1).

Alongside Algeria Venture, public authorities created the Algerian Startup Fund (ASF) in October 2020 as a venture capital body to support

project holders and strengthen the start-up ecosystem, with the goal of generating added value for the national economy.

The Algerian Startup Fund (ASF) was created through a joint contribution from six public banks, in partnership with the ministry responsible for the knowledge economy and start-ups, later restructured as the Ministry of the Knowledge Economy, Start-ups, and Micro-enterprises. Each bank holds an equal share: the Popular Credit of Algeria, National Bank of Algeria, Exterior Bank of Algeria, National Savings and Social Security Fund, Bank of Agriculture and Rural Development, and Local Development Bank.

The Algerian Startup Fund (ASF) finances start-ups through equity investments ranging from 5 to 150 million Algerian dinars. It also manages regional investment funds in all 58 provinces, allocating 1 billion dinars per wilaya from the Public Treasury to support young entrepreneurs and businesses, with financing capped at 150 million dinars per company (Ait Lamara, 2024, p.1).

Table 2. (Dis)milarities between business incubators and accelerators

	Business incubators	**Business accelerators**
Objective	Support the creation and development of firms	Accelerate firm growth
Provision of a workspace	Usually provided	Provided occasionally, with a stronger emphasis on business support services
Service portfolio	Builds and strengthens entrepreneurial skills. Guides the refinement of the business model and initial business plan. Facilitates connections within the entrepreneurial ecosystem. Provides grants or seed funding. Offers managerial support and access to specialized equipment.	Develop management skills. Provides intensive support focused on growth strategy. Enables connections within the broader entrepreneurial ecosystem. Offers debt or equity financing.
Service provision	On demand	Mandatory and delivered as part of a structured program
Duration of support	Often three to four years, or even longer	Typically three to six months
Selection and exit criteria	Admissions are generally conducted on a rolling basis, with selection determined by the incubator's objectives and predefined criteria	Admissions are generally cohort-based and conducted through a competitive selection process
Tenants	Firms usually enter at the pre-seed stage, with minimal staff and limited prior experience.	Firms generally enter after the start-up stage, typically with one or two employees and prior experience.
Business model	Primarily non-profit, with operating costs largely covered by rental fees	Primarily for-profit, accelerators are linked to private venture capital funds in the United States or to mixed public–private investors in Europe.

Source: OCDE/UE, 2019, p.7, based on Cohen, 2013, p. 20; Casasnovas & Bruno, 2013, p. 182; Madaleno, Nathan, Overman, & Waight, 2022

4. Labeling of startups, innovative projects, and incubators

In Algeria, the labeling of start-ups, innovative projects, and incubators is regulated by Executive Decrees No. 20-254, which established the National Algerian Labeling Committee and set labeling criteria, and No. 21-422.

In Algeria, the only official label is granted by the State through the National Labeling Committee, chaired by the Minister in charge of Startups. The Committee is supported by eight representatives from key ministries, all required to have proven professional experience in information and communication technologies (ICT).

The National Labeling Committee's mandate is defined through seven core missions set out in Article 2 of the relevant executive decree, which collectively regulate and supervise the labeling process. These missions include: **(1)** granting the "Startup" label to innovative Algerian enterprises; **(2)** granting the "Innovative Project" label to idea holders without legal entity status; **(3)** granting the "Incubator" label to incubation and support structures; **(4)** reviewing appeals and resubmitted applications following label refusals; **(5)** identifying, supporting, and promoting innovative projects; and **(6)** contributing to the development and consolidation of the national start-up ecosystem.

To date, the National Labeling Committee has received more than 10,000 applications for the "Business Incubator," "Startup," and "Innovative Project" labels, primarily to gain access to parafiscal incentives, including: **(1)** significant tax reductions or exemptions from the Professional Activity Tax, Corporate Income Tax, Global Income Tax, the Single Flat-Rate Tax, and Value Added Tax on investment-related purchases; **(2)** improved access to financing through the Algerian Startup Fund and private investors such as business angels; and **(3)** preferential access to land allocations under favorable financial conditions.

4.1 Startup Labeling: Procedures

The startup label is an official certificate recognizing a firm's innovative and scalable character, granting access to state incentives and potentially enhancing competitive advantage by signaling credibility and trust to customers.

In the early stages, startups undergo a selective screening by a committee based on objective criteria such as size, workforce, turnover, and ownership structure, with at least 50% of capital held by founder individuals.

These criteria are complemented by assessments of innovation and scalability, which the committee evaluates.

The process ultimately requires the submission of an application accompanied by an administrative file through the National Electronic Startup Portal (Article 12), which must include the following documents: **(1)** a certificate of registration in the Commercial Register together with a copy of the Tax Identification Number; **(2)** a copy of the company's articles of association; a detailed presentation of the product or service highlighting its innovative features; **(3)** a copy of the financial statements for companies operating for more than one year; and **(4)** the curricula vitae of the company's founders.

The startup label is granted for four years and may be renewed once under the same conditions, with all labeling decisions published and recorded on the National Electronic Startup Portal.

Labeled startups in Algeria benefit from a preferential tax regime, including exemptions from Professional Activity Tax, Global Income Tax, and Corporate Income Tax for four years (plus one year upon renewal), as well as VAT exemption and a reduced 5% customs duty on investment equipment. In 2021, 140 enterprises were awarded the startup label.

4.2 Labeling of Innovative Projects: Eligibility Conditions

An innovative project refers to any value-creating initiative—such as new or improved products, services, technologies, processes, or innovation infrastructures—that can drive organizational or ecosystem transformation. While strategically important due to their profit potential, such projects involve significant uncertainty and risk, particularly concerning profitability, confidentiality, and failure (Fernez-Walch, Gidel, & Romon, 2006, p. 87; Le Pendeven, Labulle, & Frugier, 2015, p. 5).

In Algeria, the innovative project label targets individuals or groups without a legal entity, such as students, and grants access to various advantages based on the project's growth potential and business plan quality. To date, 200 project holders have received this label under the conditions defined in Article 17 of Executive Decree No. 20-254.

The application process for the innovative project label requires a clear presentation of the project's innovative nature and its medium- to long-term economic and value-creation potential, along with evidence of the project team's scientific, technical, and professional expertise to ensure successful implementation. Once granted, the label is valid for two years and may be

renewed twice under the same conditions, with all decisions communicated through the National Electronic Startup Portal.

4.3 Labeling incubateur

The incubator label applies to public, private, or public–private entities that support startups and innovative project holders through hosting, training, advisory, and financing services, with a mandate to support incubated startups throughout the entire incubation period, as defined in Article 25 of Executive Decree No. 20-254: **(1)** provide a professional address and fully equipped workspaces; **(2)** assist with all procedures related to company formation; support the preparation of business plans, market analyses, and financing strategies; **(3)** deliver tailored training in management and in legal, administrative, and accounting matters; **(4)** provide logistical resources, equipment, and high-speed internet access; **(5)** assist in the design and development of prototypes; and **(6)** guide startups in securing funding and defining market entry and positioning strategies.

Following the procedures applied to the labeling of startups and innovative projects, applications for the incubator label are submitted to the National Committee through the National Startup Electronic Portal, accompanied by the following documents (Article 22): (1) Describe the incubator's spatial and functional organization; (2) List the equipment and facilities available to hosted start-ups; (3) Present the overall support services provided to incubated start-ups; (4) Describe the training, mentoring, and monitoring programs implemented; and (5) Provide CVs of the incubator staff, trainers, and mentors.

In Algeria, the incubator label is granted for five years and is renewable, with eligibility requiring the employment of qualified staff experienced in business support and incubation.

Labeled incubators benefit from tax incentives, including a two-year exemption from the Professional Activity Tax and from Global Income Tax or Corporate Income Tax, as well as VAT exemption on investment-related equipment, in line with Article 87 of the 2021 Finance Law.

In 2021, the University of M'sila Incubator became the first institution in Algeria to receive the incubator label, emphasizing its role in fostering learning and innovation among students, and supporting 40 innovative project holders and over 70 project-maturation idea holders that same year.

Overall, fifteen incubators nationwide—both private and university-based across various fields—have been awarded the business incubator label (L.M., 2021, p.1).

5. Discussion

The analysis conducted in this article highlights the gradual establishment of a clear and structuring legal framework in support of startups in Algeria. The legislator has provided an official definition of the startup, based primarily on criteria of innovation, scalability, and growth potential.

This conceptual and legal clarification makes it possible to distinguish startups from other forms of enterprises, particularly traditional small and medium-sized enterprises (SMEs), and constitutes an essential foundation for the operationalization of public support policies.

Furthermore, the institutionalization of the labeling process emerges as a genuine instrument for regulating and promoting innovative entrepreneurship, enabling the State to identify, supervise, and support high-potential actors.

The results also show that labeling generates significant positive effects on startup development. One of the main contributions lies in access to substantial tax exemptions, particularly with regard to Corporate Income Tax, Global Income Tax, the Professional Activity Tax, Value Added Tax, and customs duties.

These tax incentives help reduce the financial constraints faced by startups during their early years of operation. In addition, labeling facilitates access to both public and private financing by opening pathways to dedicated investment funds, public support mechanisms, and private investors. It also enhances the credibility of startups vis-à-vis economic partners, investors, and institutions by acting as an institutional signal that attests to the innovative and viable nature of the projects.

The article further emphasizes the key role played by incubators and accelerators in structuring the entrepreneurial ecosystem. These support structures make a significant contribution to assisting project holders through coaching, training, mentoring, financing, and networking activities. They provide an environment conducive to idea maturation, business model structuring, and preparation for the growth phase.

Particular attention is given to the rising importance of university incubators, which are increasingly emerging as vectors for the valorization of scientific research, the diffusion of entrepreneurial culture, and the strengthening of links between universities and the socio-economic sphere.

However, the article also highlights certain limitations and challenges associated with the labeling scheme. The system remains relatively recent and requires a period of appropriation before it can generate sustainable and measurable macroeconomic effects. Its effectiveness also depends heavily on the quality and continuity of institutional support, as well as on the ability of project holders to fully leverage the opportunities offered.

The success of the scheme therefore presupposes sustained commitment from public authorities, as well as efforts toward professionalization, innovation, and skills development on the part of entrepreneurs.

6. Conclusion

Built on skills, knowledge, innovation, and digital technologies, startups constitute a cornerstone of the national economy and a powerful driver of development. The establishment of a resilient economy requires coordinated actions aimed at developing a dense network of startups capable of addressing major challenges, particularly digital, economic, and energy transitions. The study highlights the State's strong commitment through the implementation of a comprehensive legal and regulatory framework, the creation of dedicated institutions such as Algeria Venture, and the development of financing mechanisms like the Algerian Startup Fund. In addition, incubators play a crucial role in supporting growth through training, coaching, and entrepreneurial guidance.

Recommendations

It is recommended that young innovators actively engage with existing support structures and fully leverage available mechanisms. This includes adopting innovative approaches, strengthening entrepreneurial skills, and effectively utilizing financial and institutional support to transform ideas into viable projects.

Research Perspectives

Further research could focus on evaluating the long-term impact of public support policies on startup performance, as well as assessing the effectiveness of incubators and financing mechanisms in fostering sustainable innovation within the Algerian ecosystem.

7. References

Books

(OECD), O. f.-o. (1999). Business incubation: International case studies. (OECD Publications Service, Éd.) Paris, France .

OCDE/UE. (2019). Synthesis on business incubators and accelerators supporting inclusive entrepreneurship. (O. d. européenne, Éd.) Luxembourg.

Englebert, P. (2021). les startups en France. Paris, France: Presses Universitaires de France.

Journal Articles

Bekaddour, A. (2021). Startups and the Support Ecosystem in Algeria. Annales de l'Université de Béchar en Sciences Économiques , 70 (03), pp. 532–547.

Bekkal, B., Brikci, D., & Khedim, A. (2022). The Role of the Incubator in Supporting Startups in Algeria: The Case of the Tlemcen Incubator. Al-Bashaer Economic , VIII (02), pp. 878–889.

Boumendil, M. (2022). Sources of Startup Financing in Algeria: A Study of 20 Labeled Startups. Études Économiques , 22 (01), pp. 575–593.

Bruneel, J., Ratinho, T., Clarysse, B., & Groen, A. (2012). The evolution of business incubators: Comparing demand and supply of business incubation services across different incubator generations. Technovation , 32 (02), pp. 110–121.

Casasnovas, G., & Bruno, A. (2013). Scaling social ventures: An exploratory study of social incubators and accelerators. Journal of Management for Global Sustainability , 1 (2), pp. 173–197.

Cohen, S. (2013). What do accelerators do? Insights from incubators and angels. Innovations: Technology, Governance, Globalization , 8 (3-4), pp. 19–25.

Drouiche, H., & Menai, L. (2022). Startup Financing in Algeria: Between Reality and Expectations. Revue Algérienne du Droit des Affaires , 03 (01), pp. 68–86.

Fernez-Walch, S., Gidel, T., & Romon, F. (2006). The Innovation Project Portfolio: Objects of Management and Organization. Revue française de gestion , 32 (165), pp. 87-103.

Gerlach, S., & Brem, A. (2015). What determines a successful business incubator? Introduction to an incubator guide. International Journal of Entrepreneurial Venturing , 07 (03), pp. 286–307.

Harrar, S. (2021). The Entrepreneurial Support Ecosystem in Algeria: A State-of-the Art Review. Revue Abaad Iktissadia , 11 (01), pp. 391–418.

Khelil, S. (2022). Analysis of the Startup Ecosystem in Algeria: Current State and Prospects. La Revue du Développement et des Prospectives pour Recherches et Études , 07 (01), pp. 293–310.

Le Pendeven, B., Labulle, F., & Frugier, D. (2015). Innovative entrepreneurship. Entreprendre & Innover , 2 (25), pp. 5-7.

Madaleno, M., Nathan, M., Overman, H., & Waight, S. (2022). Incubators, accelerators and urban economic development. Urban Studies , 59 (02), pp. 281-300.

Mebtouche, N. (2022). Startups in Algeria: Conceptual Insights and Creation. revue d'études en Sciences de l'Information et de la Communication , 02 (02), pp. 111-123.

Internet Website

A. d. (2022, Novembre 19). Algeria Venture » : accompagnement de plus de 800 start-up depuis 2021. Retreived Septembre 13, 2025, from https://www.aps.dz/economie/147777-algeriaventure-accompagnement-de-plus-de-800-startup-depuis-2021

Ait Lamara, Y. (2024, Novembre 19). Un décret exécutif pour renforcer l'écosystème des start-up en Algérie. Retreived August 14, 2025, from https://lavoiedalgerie.dz/un-decretexecutif-pour-renforcer-lecosysteme-des-start-up-en-algerie/2024/19/11/

Babouche, Y. (2020, Février 16). EXCLUSIF – Yacine Oualid détaille son projet pour booster les start-up en Algérie. TSA Algérie. Retreived July 10, 2025, from https://www.tsa-algerie.dz/exclusif-yacine-oualid-detaille-son-projet-pour-booster-lesstartup-en-algerie/

L. M. (2021, Avril 21). Incubateur : L'université de M'sila obtient son label. El Watan. Retreived August 14, 2025, from, 2025, https://www.elwatan.com/pageshebdo/etudiant/incubateur-luniversite-de-msila-obtient-son-label-21-04-2021

Legal texts in chronological order of publication

People's Democratic Republic of Algeria. (2020). Executive Decree No. 20-254 of September 15, 2020 establishing the National Committee for the Labeling of "Startups," "Innovative Projects," and "Incubators," and

defining its missions, composition, and functioning. Official Gazette of the People's Democratic Republic of Algeria, No. 55, 10–13.
People's Democratic Republic of Algeria. (2020). Executive Decree No. 20-356 of November 30, 2020 establishing the Agency for the Promotion and Management of Startup Support Structures and defining its missions, organization, and functioning. Official Gazette of the People's Democratic Republic of Algeria, No. 73, 9–12.
People's Democratic Republic of Algeria. (2020). Law No. 20-16 of December 31, 2020 on the Finance Law for 2021 (Articles 86 and 87). Official Gazette of the People's Democratic Republic of Algeria, No. 83, 35–36.
People's Democratic Republic of Algeria. (2021). Executive Decree No. 21-170 of April 28, 2021 setting out the conditions and procedures for granting tax incentives to enterprises holding the "Startup" or "Incubator" label. Official Gazette of the People's Democratic Republic of Algeria, No. 33, 13.
People's Democratic Republic of Algeria. (2021). Executive Decree No. 21-303 of August 1, 2021 defining the operating modalities of Special Allocation Account No. 302-150 entitled "Startup Ecosystem Support and Development Fund". Official Gazette of the People's Democratic Republic of Algeria, No. 60, 10–11.
People's Democratic Republic of Algeria. (2021). Interministerial Order of August 23, 2021 establishing the revenue and expenditure classification of Special Allocation Account No. 302-150 entitled "Startup Ecosystem Support and Development Fund". Official Gazette of the People's Democratic Republic of Algeria, No. 81, 15–16.
People's Democratic Republic of Algeria. (2021). Executive Decree No. 21-422 of November 4, 2021 amending and supplementing Executive Decree No. 20-254 of September 15, 2020 establishing the National Committee for the Labeling of "Startups," "Innovative Projects," and "Incubators," and defining its missions, composition, and functioning. Official Gazette of the People's Democratic Republic of Algeria, No. 84, 6–10.
People's Democratic Republic of Algeria. (2022). Interministerial Order of February 14, 2022 establishing a joint research service "Incubator" within the University of Mostaganem. Official Gazette of the People's Democratic Republic of Algeria, No. 23, 22.
People's Democratic Republic of Algeria. (2024). Executive Decree No. 24-367 of November 7, 2024 amending and supplementing Executive Decree

No. 20-356 of November 30, 2020 establishing the Agency for the Promotion and Management of Startup Support Structures and defining its missions, organization, and functioning. Official Gazette of the People's Democratic Republic of Algeria, No. 76, 11–12.