

The Algerian Government's Approach to Supporting Startups and Innovative Projects: An Analysis of Legal and Regulatory Strategies Implemented since 2020

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Abstract ;

Startups and innovative projects have become a crucial component in many countries' efforts to overcome economic constraints and drive economic and social growth. Algeria is no exception, as the Algerian government has shown interest in promoting startups and increasing their role in the country's economy. However, the establishment and growth of startups require continuous support and accompanying measures, from the ideation phase to the realization of the project.

This paper aims to provide an overview of the Algerian government's perspective on promoting startups since the issuance of Executive Decree No. 20-254. The paper also identifies the key measures that have been taken regarding legislative and regulatory aspects, diversification of funding sources, incubation, support, and accompanying structures. By exploring the resources, potential, and structures that the Algerian government has allocated to drive the growth of the startup sector, this paper offers recommendations for accelerating the growth of the startup sector and facilitating the country's transition towards knowledge, technology, and sustainable growth.

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1. Introduction

Algeria, like many other countries in the world, is seeking to adopt a new economic model that moves away from the traditional economy of rent. In order to advance its development and strengthen its local productivity tools, investment and support for startup companies have become one of the most important options for the Algerian economic decision-makers. The promotion of the startup sector and the improvement of its performance, through incubating, financing, and accompanying them, all pose challenges and questions facing the government, society, and public and private companies. To this end, the Algerian government has recently shown great interest in supporting young researchers to create small and young companies or startups, as evidenced by the increase in the number of startups to more than 5000 during the year 2021. However, while the increased interest in startup companies is encouraging, it is not enough without strengthening the necessary procedures, measures, and mechanisms. This must also be accompanied by changing institutional and societal mentalities and behaviors on the ground.

Therefore, this research aims to review the regulatory and legislative texts prepared by the authorities to monitor, accompany, follow up, and finance startups and innovation projects. It also aims to identify the procedures, mechanisms, and support structures provided by the Government to establish a more inclusive ecosystem to encourage the startups and the promotion of innovation projects at the nationwide. The importance of this research lies in highlighting the measures and procedures of the Algerian government in developing societal tendencies and attitudes towards startup companies, in terms of their financing risks and sources of obtaining advice and training, compared to some countries in North Africa and the Middle East. The research assumes that the identification of government actions aimed at creating a favorable ecosystem for startup founders and entrepreneurs, based on attracting venture capital and tax exemption, facilitating remittances from abroad, creating new dynamism, and striving and upgrading technology garden projects to make them cities for startups and innovators.

This research is based on the methodology of an analytical descriptive approach for building a scientific conception of the status of startups in Algeria. It starts with describing the concept of startups in general and addressing the legal and regulatory frameworks adopted by the Algerian authorities to upgrade the startup sector and make it at the forefront of the economic effort of the government. The findings of this research could lead to suggestions for the involved authorities and related state services in the issue of promoting startups and innovation projects.

2. LITERATURE REVIEW

The reviewing of the existing literature on startup ecosystems and government support for startups, proves that there is a vast literature on startup ecosystems and government support for startups. Some key studies are discussed below.

"Startup Ecosystems and the Role of Governments: A Comparative Analysis of Government Support for Startup Ecosystems in the Middle East and North Africa Region" by Souad Slaoui and Ali Gharaibeh. This study provides a comparative analysis of government support for startup

ecosystems in the MENA region (Slaoui & Gharaibeh, 2020). The authors highlight the importance of government support for creating a conducive environment for startups, and they identify key policy areas that can support startups, such as access to finance, regulatory frameworks, and human capital development.

"The Role of Government in Supporting Entrepreneurship and SME Development" by Organization for Economic Co-operation and Development. This report provides an overview of the different policy instruments that governments can use to support entrepreneurship and SME development (OECD, 2015). The report highlights the importance of creating a conducive policy environment for startups, and it identifies key policy areas that can support startups, such as access to finance, education and training, and innovation policies.

"The Impact of Government Support on Entrepreneurship Development and Sustainable Growth in Emerging Economies" by Saad Hussain and Imran Ali. This study examines the impact of government support on entrepreneurship development and sustainable growth in emerging economies (Saad & Imran, 2020). The authors highlight the importance of government support for creating a conducive environment for startups, and they identify key policy areas that can support startups, such as access to finance, education and training, and regulatory frameworks.

"The Startup Nation Scorecard" by Startup Genome (2021). This report provides an overview of the global startup ecosystem and highlights the key factors that drive startup success (Startup Genome, 2021). The report identifies key policy areas that can support startups, such as access to capital, talent, and market, and it provides insights into the role of government support in creating a conducive environment for startups.

These studies and reports provide insights into the importance of government support for startups and highlight key policy areas that can support startups.

2.1 Policies, programs and initiatives adopted by governments around the world that have succeeded in supporting startups and promoting innovation:

Governments around the world have been implementing various policies, programs, and initiatives to support startups and promote innovation. Here are some examples:

- **Startup Visa Programs:** Some countries have introduced startup visa programs, which allow foreign entrepreneurs to launch and run their startups in the country (Audretsch & Keilbach, 2001). Examples of countries with startup visa programs include Canada, France, and the Netherlands.
- **Incubators and Accelerators:** Governments have been establishing and funding incubators and accelerators to provide startups with access to mentorship, resources, and funding (OECD, 2010). Some notable examples include Y Combinator in the United States and Station F in France (Blank, 2013).

- **Investment Funds:** Governments have been setting up investment funds to support startups and provide them with access to funding (Bosma, Stam, Wennekers, & Zoltan, 2018). For example, the United Kingdom established the British Business Bank to provide funding to startups and small businesses.
- **Tax Incentives:** Governments have been providing tax incentives to startups to encourage investment and promote innovation (Chatterji & Toffel, 2018). For example, in the United States, the Research and Development Tax Credit provides a tax credit for companies that invest in research and development.
- **Public-Private Partnerships:** Governments have been partnering with private companies to support startups and promote innovation (Kantis, Federico, & Angelelli, 2012). For example, the United States government has partnered with companies like IBM and Microsoft to launch initiatives aimed at promoting innovation and entrepreneurship.
- **Education and Training:** Governments have been investing in education and training programs to develop the skills of entrepreneurs and startup founders. For example, the South Korean government has established a startup academy to provide education and training to entrepreneurs (Hwang & Horowitz, 2012).

Overall, these approaches have proven to be successful in promoting startups and innovation, and governments around the world continue to experiment with different policies and programs to support their startup ecosystems.

Some examples of successful government initiatives in supporting startups and promoting innovation can be mentioned:

- **Startup Chile:** In 2010, the Chilean government launched Startup Chile, a program that provides early-stage startups with \$40,000 in seed funding and a one-year visa to work and live in Chile. The program has attracted startups from all over the world, helping to position Chile as a hub for entrepreneurship and innovation in Latin America (Guzmán & Stern, 2016).
- **Startup India:** In 2016, the Indian government launched Startup India, an initiative to promote entrepreneurship and innovation in the country. The program provides funding, mentorship, and other resources to startups, as well as tax breaks and other incentives for investors (Singh & Jain, 2019).
- **MaRS Discovery District:** MaRS is a non-profit organization in Toronto, Canada that provides resources and support to startups and entrepreneurs. The organization was founded in 2005 with the support of the Ontario government and has since become a hub for innovation and entrepreneurship in Canada (Hill, 2016).
- **Tech City UK:** Tech City UK is a government-backed initiative that was launched in 2010 to support the growth of the tech sector in the UK. The initiative provides funding, mentorship, and other resources to startups and has helped to establish London as a leading hub for tech innovation (Coltman, Devinney, Midgley, & Venaik, 2018).

2.2 The startup ecosystem in Algeria:

The startups sector in Algeria has been gaining momentum in recent years, with a growing number of startups emerging across the country. The government has recognized the potential of startups to drive economic growth and diversification, and has taken steps to support and promote the sector (World Bank Group, 2021).

The legal and regulatory framework for startups in Algeria is based on the Law on the Promotion of Small and Medium-Sized Enterprises (SMEs) and the National Plan for the Development of SMEs. The government has also established a delegate ministry responsible for startups and the knowledge economy, which oversees the implementation of policies and initiatives to support the sector (Wamda, 2019).

One key aspect of the government's support for startups is the provision of funding and financing mechanisms. The government has set up various funds and programs to provide seed capital and other forms of financing to startups and innovative projects. In addition, the government has introduced tax incentives and exemptions for startups, including a tax credit for companies investing in innovative projects (Ventures Africa, 2019).

The government has also established incubators and accelerators to provide support and guidance to startups. These include the Algiers Smart City accelerator, which focuses on startups working in the fields of smart cities and sustainability, and the Algiers International Fair incubator, which provides support to startups in various sectors (Maghreb Economic Forum, 2019).

Recent updates to the legal and regulatory framework for startups in Algeria include the adoption of a national strategy for the promotion of startups and the establishment of a national startup council to coordinate and oversee the implementation of this strategy.

Overall, the government's support for startups in Algeria is aimed at creating a more favorable ecosystem for entrepreneurship and innovation, and promoting the development of a knowledge-based economy. While there are still challenges and obstacles facing startups in Algeria, the government's efforts to support and promote the sector are seen as a positive step towards achieving these goals.

3. MATERIALS AND METHOD

Algeria has taken steps to support the growth of startups by enacting a legal framework to define and label "Startup" companies. However, the previous definitions were ambiguous and did not allow for the preparation of assistance measures for startups. This case study discusses the legal and organizational measures for startups in Algeria, how to obtain the "Startup" label, and the necessary requirements for receiving the label.

The methodology of this case study is a review of the relevant legal texts, including presidential decrees, executive decrees, acts, and finance laws. Additionally, the case study examines the

organizational structure of the National Committee for labeling "Startups," "Innovative Projects," and "Business Incubators," which is responsible for awarding the "Startup" label. The case study also analyzes the conditions and requirements that a company must meet to receive the "Startup" label.

The data sources used in this case study are the legal texts and official documents published on the National Online Portal for Startups (<https://startup.dz/>). The case study also uses reports from reputable news agencies, such as Afrikan Heroes, to provide insights into the functioning of the National Committee for labeling "Startups."

3.1 Legal and Organizational Measures for Startups in Algeria:

Algeria has enacted a legal framework to define and label "Startup" companies. The term "startup" has been mentioned in five legal texts, including three executive decrees, a presidential decree, and an act: Presidential Decree No. 16-309, Executive Decree No. 17-272, Executive Decree No. 13-81, Act No. 02-17, Finance Law No. 02-17, and the most recent Executive Decree No. 20-254. With the ambiguity of the previous definitions contained in the previous legal texts, which did not allow the preparation of assistance measures for startups. This latest decree establishes The National Committee for labeling "Startups," "Innovative Projects," and "Business Incubators" and defines its tasks, composition, and functioning.

In previous executive decree texts, it was difficult to define a statute for a startup. The Algerian legislature referred to a startup company as "a very small digital company supported by young graduates whose products or services are inherently innovative." (Executive Decree No. 20-254, 2020) This vague definition does not allow public administrations and their subsidiaries to prepare assistance measures for the benefit of startups. Moreover, the current definition confines the company's products to innovation, which is a variable concept and difficult to assess, and links the concept of the startup company to the owner's age.

This approach is not in line with the most important definitions of a startup company, especially the absolute relationship between the company and the owner's age, which is unjustified. The Algerian legislature's definition leads to the exclusion of large segments of society, such as non-graduates or persons who have already achieved a career and wish to launch an entrepreneurial adventure. Therefore, there is a need to define an accurate meaning of a startup company that includes clear and measurable evaluation and analysis criteria for public administrations. These obstacles were overcome, at least in organizational and legal terms, with the issuance of Executive Decree No. 20-254.

This decree establishes a National Commission, chaired by the Minister Delegate to the Prime Minister responsible for Knowledge Economy and Startups, and composed of representatives from nine ministerial sectors. The committee's purpose is to contribute to the identification and

promotion of innovative projects and participate in strengthening the startup ecosystems. This decree contains many organizational details of the committee's assignment regarding convenes, meetings, deliberations, taking decisions and appealing the outcomes, responding to all requests and notifying their applicants, and publishing all its decisions through the portal <https://startup.dz> at specified periods.

Therefore, the Algerian authorities have put in place a package of necessary legislative and regulatory texts, accompanied by the establishment of a national fund dedicated to the financing of startups. This initiative aims to create a more inclusive environment to encourage the emergence of startups at the national and international levels.

How to obtain the label of "STARTUP": To be awarded the label of "Startup," a company incorporated under Algerian law must meet certain criteria outlined in chapter 4 of Decree No. 20-254. These include:

- The company must not have existed for more than eight years.
- The company must be based on an innovative product, service, business model, or concept.
- The annual workload must not exceed a certain amount determined by the National Committee.
- At least 50% of the capital must be owned by natural persons, approved investment funds, or other companies carrying the "Startup Enterprise" label.
- The company must have significant growth potential.
- The company must not exceed 250 employees.

While it remains to be seen how effective these requirements are, they significantly restrict the awarding of the Startup label. The label is valid for four years, renewable once, but will not be awarded if the company fails to develop and grow over a period of eight years.

To apply for the Startup label, a company must submit an application through the National Online Portal for Startups (<https://startup.dz/>) along with various documents, such as the Commercial Register Extract, the Business Tax Statistics Identification Card, the company's statute, certificates of participation in the National Fund for Social Security (CNAS) for employees, and financial statements for the current year. The commission for the labeling of Startups meets periodically to study the requests received exclusively on the portal.

The use of the web portal is intended to streamline bureaucratic processes, modernize procedures, reduce mediation and regionalization, increase transparency, and improve data collection on projects and pioneering ideas. The Startup label serves as a passport for the company to access all facilities provided by the state and government to startups.

Overall, the Startup label provides an opportunity for eligible companies to receive government support and benefits, but the requirements for obtaining the label are stringent, and companies must demonstrate significant growth potential and innovation to qualify.

Awarding the label of "Innovative Projects": The Commission that awards the Innovative Projects label is aimed at project leaders who have not yet established their companies. Like the Startup label, it allows them access to the privileges and benefits offered by the government. Chapter 5 of Executive Decree No. 20-254 explains that the Innovative Projects label is granted for a two-year period, renewable twice, to individuals or groups who wish to obtain an Innovative Projects label. They must submit their applications through the National Online Portal for Startups (<https://startup.dz/>) along with a canvas on the project and its innovative aspects, demonstrating economic growth potential, educational and/or technical qualifications, and the experience of the project team (AFRIKAN HEROES, 2020).

Labeling of "Incubators": According to Decree No. 20-254, Chapter 6, the conditions for granting a Business Incubator label to any public or private structure or public-private partnership that provides support to startup companies and innovative entrepreneurs include accommodation, training, consulting, and financing. To obtain the incubator label, the applicant must prove their legal status and provide an inventory of potential applicants wishing to obtain the incubator label that it can provide to potential startups to support. The applicants must have staff with the required qualifications and/or sufficient professional experience in the field of business support. Once the label has been awarded, the incubator should support the startups during the incubation period, and the applicants should undertake to:

- Settle and provide suitable working space for incubated start-ups.
- Support project leaders during the company establishment process.
- Assist startups in implementing business plans, market studies, and financing plans.
- Provide special training, particularly in business management and legal and accounting obligations.
- Supply project leaders with logistical means, such as meeting rooms, computers, office equipment, and high-speed Internet access.
- Assist startups in producing prototypes.
- Support incubated startups searching for funding sources and expansion in the market.

Any legal structure that specializes in accompanying and supporting startups and innovative enterprises can become an incubator. Obtaining the incubator label guarantees the owner access to state assistance and support for incubating startups or innovative projects during the incubation period. Private incubators must submit a copy of the Commercial Register, Tax and Statistical Identification Card, and a copy of the Company's Status, as well as Certificates of Participation in the National Fund for Social Security and the National Fund for Social Insurance for non-wage workers and a copy of the Current Financial Statements.

The incubator label is granted to the applicant for a period of five years, renewable in the same manner. The decision to award the incubator label will be posted on the online national portal for

startups. The implementation of the commitments is subject to regular control of the National Committee. The "Incubator" label gives its owner the right to receive government aid and support measures.

To facilitate the establishment of startups and incubators and develop a regulatory framework that adapts financing mechanisms to the growth cycle of startup companies, the legal framework that defines the concepts of startups and incubators and the terminology of the ecosystem needs to be developed. The Commission for the labeling of Startups, Incubators, and Innovative Projects was established coinciding with the implementation of the 2021 finance law that introduces new tax exemptions for startups. The labeling will allow startups to benefit from these exemptions. Obtaining the Startup label depends on two essential factors: innovation and non-linear growth, while the Innovative Project label depends on the growth of the project and its business plan. Finally, the Incubator label requires the presentation of coaching and training services, a well-qualified team, and convincing results regarding the outcome of the monitored projects (AFRIKAN HEROES, 2020).

Chapter 5 of Executive Decree No. 20-254 outlines the conditions for granting an "Innovative Project" label to natural persons or groups of persons who have not established their companies yet. The label is awarded for a two-year period, renewable twice, and can be obtained by submitting an application through the National Online Portal for Startups accompanied by a canvas on the project and its innovative aspects, demonstrating economic growth potential, educational and/or technical qualifications, and experience of the project team.

In Chapter 6, the Executive Decree outlines the conditions for granting a business "incubator" label to any public or private structure or public-private partnership that provides support to startup companies and innovative entrepreneurs in terms of accommodation, training, consulting, and financing. Applicants must have staff with the required qualifications and/or sufficient professional experience in the field of business support. The label is awarded for a period of five years, renewable in the same manner, and requires a detailed incubation scheme, a list of equipment that will be put at the disposal of the startups to be incubated, services that will be provided, and training and supervision programs proposed by the business incubator.

Private incubators must submit a copy of the Commercial Register, Tax and Statistical Identification Card, Company's Status, Certificates of Participation in the National Fund for Social Security and the National Fund for Social Insurance for non-wage workers, and a copy of the Current Financial Statements.

The Commission for the labeling of "Startups," "Incubators," and "Innovative projects" was established with the implementation of the 2021 finance law that introduced new tax exemptions for startups. The "Startup" label is conditioned by innovation and non-linear growth, while the "Innovative Project" label depends essentially on the growth of the project and its business plan. The "Incubator" label requires the presentation of services such as coaching and training, a good qualification of the team, and convincing results as to the outcome of the projects monitored.

According to Arhab Nassima, Deputy Director in charge of incubators and support structures at the Ministry for Knowledge Economy and Startups, as of June 2021, more than 340 companies and project developers have been awarded the "Startup" label. The National Committee has received over 10,000 applications for obtaining the "Business Incubator," "Startup," and "Innovative Project" labels, with 140 companies awarded the "Startup" label, 200 the "Innovative Project" label, and 15 the "Business Incubator" label. The Commission will post the decision to award the label on the online national portal for startups, and the implementation of the stipulated commitments is subject to regular control of the National Committee. The labels give their owners the right to receive government aid and support measures (AFRIKAN HEROES, 2020).

Table 1. Number of companies awarded the label of "Startup", "innovative projects" and "incubators" by National Committee, until June 16, 2021

Label	Startups	Innovative project	Business incubator
Number	140	200	15

Source: Prepared by researchers based on the outputs of the National Committee.

The national commission entitled to award labels has received so far over 10,000 applications for obtaining the “business incubator”, “start-up” and “innovative project” labels.

The “business incubator” label has been awarded to 15 incubators nationwide, including private incubators and others at the level of academic institutions specializing in different fields, the same official said (Algerian embassy-japan, 2021).

Moreover, the commission awarded the “start-up” label to 140 companies and the “innovative project” label to 200 project developers meeting all the conditions set out in the executive decree 20-254.

Obtaining the “start-up” label offers tax advantages and benefit from the National Start-up Fund, which is a risk financing fund.

The “innovative project” label is awarded to people who developed ideas and projects, in particular university students, to enable them to obtain funding for the creation of start-ups, she added.

3.2 The status of entrepreneurship and startups in Algeria before the issuance of Executive Decree 254-20

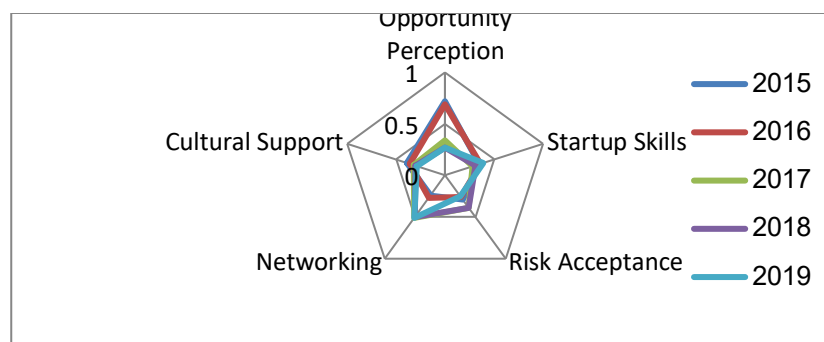
Examining the Algerian economy's performance across three key indicators of entrepreneurship - attitudes, abilities, and aspirations - sheds light on the country's approach to promoting startup culture. Attitudes towards entrepreneurship reflect the government's stance and societal views on entrepreneurial endeavors. Additionally, it gauges public perceptions towards starting a new business venture. The second sub-indicator, capabilities, assesses whether an individual possesses the requisite skills and resources to initiate and sustain a startup (WORLD DATA ATLAS, 2020).

Finally, the third sub-indicator, aspirations, captures the level of ambition among aspiring entrepreneurs in building scalable and impactful ventures.

Adopting the 14 pillars of entrepreneurship, which account for the open-ended nature of the startup ecosystem, can provide a comprehensive framework to analyze the Algerian startup ecosystem's strengths and weaknesses. Consequently, evaluating Algeria's performance on each pillar can provide insights into its entrepreneurial landscape (Zoltán, László, Esteban, & Gábor, 2019). Based on this framework, Algeria's performance across the 14 pillars of entrepreneurship can be categorized as follows:

The Entrepreneurial Attitudes Sub-index consists of five pillars: Opportunity Perception, Startup Skills, Risk Acceptance, Networking, and Cultural Support. The fig.1 displays Algeria's performance on this scale and its individual pillars (Global Entrepreneurship Monitor, 2020).

Fig.1. Trends in Entrepreneurial Attitudes and Supporting Values in Algeria



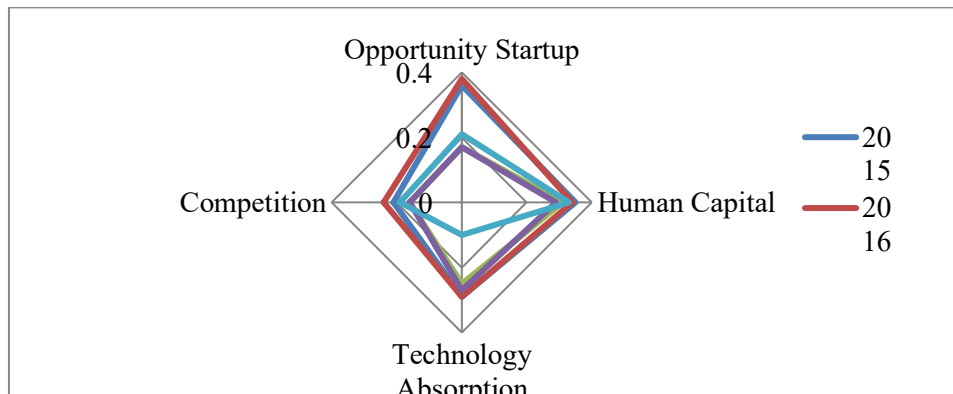
Source: Prepared by the researchers using data from the Global Entrepreneurship Monitor reports.

Fig.1 illustrates a clear trend towards the importance of networks and shared values among startups, as well as an increasing willingness to take risks and the growth of startup skills in recent years (2017, 2018, and 2019) compared to previous years. This indicates a growing interest in startups among government agencies and the general population in Algeria. However, there has been a decrease in the realization of business opportunities and the establishment of startup enterprises compared to the years 2015 and 2016. This decline could be attributed to several factors, including reduced government spending and austerity policies following the drop in oil prices since 2014, the restriction of economic activity, and the decline in growth rates in some sectors.

The Entrepreneurial Abilities Pillars are measured through the following sub-pillars: Opportunity Startup, Technology Absorption, Human Capital, and Competition. The financial results of Algeria on this scale are presented in Fig. 2. The figure shows that Algeria has made significant progress in terms of technology absorption and human capital, which are key factors for the success of startups. However, the country still faces challenges in the sub-pillars of opportunity startup and competition. These challenges could be attributed to factors such as limited access to funding, lack of supportive policies, and regulatory barriers. Despite these

challenges, Algeria has demonstrated a strong commitment to developing its startup ecosystem, as evidenced by the increase in government initiatives and support programs in recent years.

Fig.2. Entrepreneurial Capabilities Index and Supporting Values in Algeria.



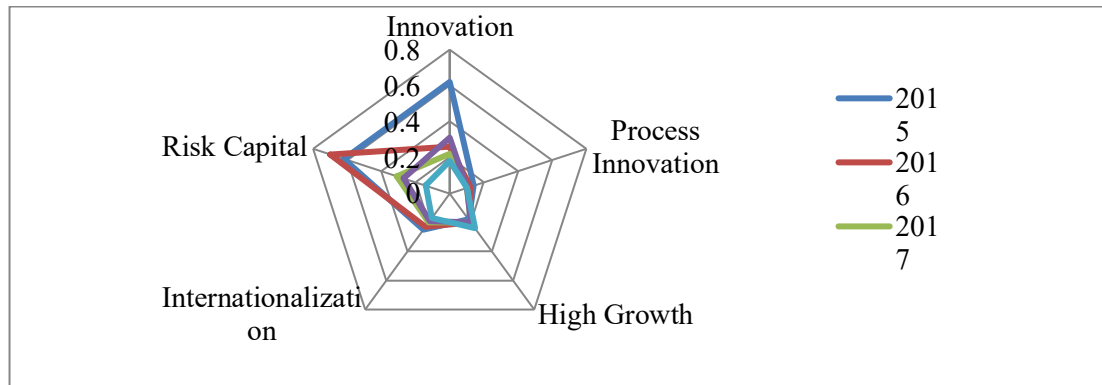
Source: Prepared by the researchers using data from the Global Entrepreneurship Monitor reports.

Fig.2 shows a concerning decline in startup opportunities, technology absorption, and competition in Algeria in 2019, compared to a positive trend in the results of these pillars in 2015 and 2016. The decline could be attributed to bureaucratic administrative restrictions, tax payments, and other restrictive economic policies after the fall of oil prices in 2014, leading to a slowdown in economic activity and growth rates in some sectors. Despite this decline, there is significant interest in human capital development in Algeria, as indicated by the positive results in the human capital pillar from 2015 to 2019. This indicates the presence of educated and skilled individuals capable of leading innovation projects and institutions. However, the country's poor results on the competition pillar suggest a lack of product or market exclusivity and the effectiveness of anti-monopoly regulation, which can hinder business development, innovation, and growth potential.

According to the Global Entrepreneurship Research Association (2019), Algeria's entrepreneurship framework is ranked acceptably in terms of physical infrastructure and cultural and social norms, as well as entrepreneurship education at the post-school stage. However, the country's indicators for business financing, taxes and bureaucracy, government support and suitability, transfer research and development, and governmental contracting programs are far below the global average. These results highlight areas for improvement in the country's entrepreneurship ecosystem to support the growth and success of startups.

The results shown in Fig.3 demonstrate that Algeria achieved poor results in terms of entrepreneurial aspirations, particularly in the areas of process innovation and high growth. However, there is some improvement in the area of product innovation in the years (2018 and 2019) compared to the previous years (2015-2017). The low results in the pillars of high growth and internationalization reflect the difficulties facing entrepreneurs in expanding their businesses beyond the local market due to various challenges such as limited access to finance and lack of supportive infrastructure.

Fig.3. The sub-index of entrepreneurial aspirations and supporting values in Algeria.



Source: Prepared by the researchers using data from the Global Entrepreneurship Monitor reports.

In addition, Fig.3 indicates that the availability of risk capital is still a major challenge facing Algerian entrepreneurs, which is a critical factor for the success and growth of startups. The lack of investment capital available for early-stage businesses, as well as the reluctance of investors to invest in risky ventures, may hinder the growth of innovative startups in Algeria. Therefore, there is a need to enhance the country's investment climate and create more opportunities for venture capitalists and angel investors to support entrepreneurs.

The analysis of Algeria's performance on the pillars of entrepreneurship demonstrates the country's strengths and weaknesses in creating an enabling environment for startups. Although there have been some positive developments in certain areas, such as the availability of human capital and cultural support for entrepreneurship, there are still significant challenges that need to be addressed, particularly in the areas of access to finance, innovation, and high-growth entrepreneurship. The government and relevant stakeholders need to work together to implement policies and programs that support the growth of startups and promote entrepreneurship as a key driver of economic development. One factor that may have contributed to this decline is the political changes that occurred during that time, resulting in economic and social repercussions. This included the opening of financial corruption files, the squandering of public money, and holding many officials and executives accountable in public and private companies. Additionally, the negative impact of maintaining the budget, economic fluctuations due to the drop in oil prices, currency value, and inflation affected supporting economic and social activities.

Overall, these results indicate the need for greater focus and attention to supporting and promoting entrepreneurship in Algeria, particularly in the areas of innovation, growth, and internationalization. This can be achieved through various measures, such as improving access to finance and reducing bureaucracy, promoting entrepreneurship education and training, and enhancing collaboration between government, private sector, and academia to support and enable entrepreneurial activities.

3.2 Discuss the most important efforts of the Algerian government in promoting the emerging enterprises sector:

Since the start of 2020, Algeria has taken steps to revitalize its startup sector in order to boost the national economy. The establishment of a Delegate Ministry for Knowledge Economy and Startups has led to the development and implementation of plans and programs for startups, venture capital, and support structures such as incubators and business accelerators.

While the Algerian authorities have made a significant media push to showcase their efforts in the startup space, it is too early to determine the effectiveness of the measures and mechanisms they have put in place on the ground. It is also too early to judge the progress made by the ecosystem of startups and the achievements made to establish an environment that supports startups and innovative projects. However, the authorities have made important statements regarding their strategies to support startups.

One such strategy is the creation of the National Committee for the labeling of “startups”, “innovative projects” and “incubators”, as outlined in the Executive Decree 20-254 of September 15, 2020. The committee has the authority to determine and label companies carrying innovative projects with strong growth potential. The purpose of this structure is to contribute to the identification and promotion of innovative projects and to strengthen the ecosystem of startups.

Labeling the companies carrying out innovative projects:

Algeria has recently made efforts to boost its startup sector and improve its national economy. In 2020, a Delegate Ministry for Knowledge Economy and Startups was established to prepare and implement plans and programs for startups, venture capital, and startup support structures such as incubators and business accelerators. While the Algerian authorities have made a media show of their efforts, it is still early to judge their effectiveness on the ground (Hope Jazair, 2021).

One important strategy is the creation of the National Committee for the labeling of "startups," "innovative projects," and "incubators." This committee, established by Executive Decree 20-254 of September 15, 2020, determines and labels companies with innovative projects and strong growth potential. To obtain this label, a company must be incorporated under Algerian law and meet specific criteria. These criteria include a business model based on innovative concepts, an annual turnover below a certain amount, and no more than 250 employees. At least 50% of the share capital must also be held by individuals, approved investment funds, or other companies with the "Start-up" label.

Obtaining this label comes with certain facilitations, such as tax exemptions and support. To further reduce bureaucratic constraints, Algeria is digitizing the administrative procedures for obtaining these labels. Project leaders interested in the "Startup" label can submit their requests through the portal www.startup.dz, which is managed by the National Committee and meets twice a month. These efforts to promote startups and innovation in Algeria will hopefully contribute to the growth of the national economy.

Digitize the administrative procedures:

To further streamline the process of obtaining the startup label and reduce bureaucratic obstacles, the Algerian government has taken steps to digitize the administrative procedures. By shifting towards a digital platform, the process of obtaining the label for startups, innovative projects, and incubators can be completed more efficiently and with greater ease. This initiative aims to eliminate the traditional paperwork and manual processes that have been a major hurdle for many project leaders in the past (AFRIKAN HEROES, 2020).

Project leaders interested in obtaining the startup label can now submit their requests through the online portal www.startup.dz. The national labeling committee, which meets twice a month, will then review and evaluate the requests. This digital approach is expected to facilitate the labeling process and support the growth of the startup ecosystem in Algeria.

Launching the Algerian Startup Fund:

The Algerian government's efforts to support the startup ecosystem have led to the establishment of the Algerian Startup Fund (ASF), the first public fund dedicated to financing companies with the "startup" label in property and quasi-property rights. In collaboration with six public banks (BNA, BEA, CNEP Banque, BADR), the ASF is a venture capital fund that finances startups based on investment in capital, thus ensuring the bearing of risk (Hope Jazair, 2021).

The ASF is a special fund developed as an emergency program for startups and small and medium-sized enterprises (SMEs) to provide them with financial assistance. The fund's General Manager, Ahmed Haftari, has stated that the fund treats all files quickly and without bureaucracy, and the application process is conducted online via an electronic platform. This makes the delegated ministry responsible for the knowledge economy and startups the first ministry to have electronic administrative procedures.

However, discussions are ongoing between the delegate ministry and the Bank of Algeria to facilitate the current procedure for exporting digital services developed by Algerian startups. This process is currently considered complicated and discouraging by startups, especially in terms of bank domiciliation and the transfer of foreign currency from overseas.

Overall, the launch of the Algerian Startup Fund and the digitization of administrative procedures for startups are positive steps towards fostering a more supportive environment for entrepreneurship in Algeria.

Reforms of tax system:

Reforming the tax system is crucial to support the growth of startups and SMEs in Algeria. The current tax regulations and incentives are often burdensome and discourage entrepreneurship. Therefore, there is a pressing need for a deep reform that includes new measures to provide tax incentives for startups, especially those in the fields of innovation and new technologies.

The 2020 Finance Law introduced some measures to support startups, including tax exemptions on profits and value-added tax (VAT). These exemptions are essential to ensure the sustainability of startups and promote long-term economic growth.

Furthermore, the 2021 Finance Law has instituted additional incentives, such as customs exemptions during the operation phase and simplified access to land for investment projects. These measures will make it easier for startups to operate and expand their businesses.

By reforming the tax system and providing more incentives for startups and SMEs, Algeria can foster a more dynamic and innovative business environment, creating new jobs and contributing to sustainable economic development.

Program to support startup companies in Africa:

ALGERIA DISRUPT is a comprehensive legal and regulatory framework aimed at fostering and accelerating the growth of startups in Algeria. The program includes a new public investment fund for startups and a startup accelerator called "A-venture" (Algeria Venture), which has locations in several regions across the country.

Moreover, Algeria has launched an African platform for startups as part of the "Africa by IncubMe" program. This initiative enables entrepreneurs to collaborate with Algerian and foreign companies that specialize in "open innovation" and provides them with smart solutions for the African continent. The "IncubMe" program offers comprehensive support to innovative entrepreneurs from across the African continent to develop their ideas.

Adel Amal, one of the founders of IncubMe, stated that 20 startups will be selected to join this program after undergoing two stages of selection. The first stage involves the selection of 400 projects from the expected 1,200 applications, and the final selection will be made in consultation with the program's various partners according to their needs.

ALGERIA DISRUPT has already hosted several startup conferences in 2021, including three regional editions of the event in the east, west, and south of the country. These events provide an opportunity for startups to showcase their innovations, network with industry leaders and experts, and gain insights into the latest trends and opportunities in the market (Hope Jazair, 2021).

Support structures for start-ups:

The government is working to address the shortage of incubators, project accelerators and support structures, as most of the incubators that were established earlier, (14) of them are located in Algiers out of a (18) incubators in all the national country, which requires setting up An "action plan" to establish at least one incubator at each state.

One of the positive points that the Algerian authorities' perspective is working on is to provide incentive mechanisms for private companies to apply for the "incubator" label and to become more involved in financing and investing in startup companies, as is the case all over the world.

The government also backup financing startups and innovative projects, through international investment funds.

4. CONCLUSION

In conclusion, the Global Entrepreneurship Monitor indicators for the Middle East and North Africa (GEMMENA) for 2019 showed that Algeria has the least favorable attitudes towards entrepreneurship and startups in the region (International Development Research Centre). However, the government has taken significant steps to reverse these trends and promote entrepreneurship by enacting laws and establishing support structures such as venture capital funds, incubators, accelerators, and tax incentives. To further encourage the growth of startups and innovation, it is recommended to establish an ecosystem that fosters innovation, develop financing mechanisms based on capital investment, provide entrepreneurship training, and create awareness and community orientation towards establishing startups and businesses. With these efforts and initiatives, Algeria can create a more favorable environment for startups and promote economic growth and development.

In addition to the efforts mentioned in the previous conclusion to support and encourage entrepreneurship in Algeria, more steps can be taken to foster the growth and success of startups in the country.

First, the government can establish more tax incentives and funding programs for startups, particularly those in emerging industries such as renewable energy and technology. This can help attract more investment and stimulate growth in these areas.

Second, the development of a strong mentorship network for young entrepreneurs can provide valuable guidance and advice to those starting new businesses. This network can be established through partnerships between universities, industry associations, and successful entrepreneurs.

Third, efforts can be made to improve the regulatory environment for startups, such as streamlining the process for registering a new business, and reducing bureaucratic barriers to entry.

Fourth, it is important to promote innovation and creativity in education and research institutions. This can be done by providing more resources and opportunities for research and development, and encouraging collaboration between universities and industry.

Finally, to foster a culture of entrepreneurship and innovation, there should be more awareness-raising campaigns and events, particularly in rural areas and among underrepresented groups. These campaigns can highlight the benefits of entrepreneurship and provide practical information and resources to those interested in starting a business.

Overall, a comprehensive approach to supporting startups in Algeria is necessary, which includes legal, regulatory, and cultural factors. With the right policies and support mechanisms in place,

Algeria has the potential to become a vibrant hub for innovation and entrepreneurship in the region.

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