

Mechanisms for the Support, Incubation, and Financing of Startups in Algeria

MILIANI Ftiha¹,

¹DJILALI BOUNAAMA University, Startup Strategies and Economic Diversification Laboratory,
ALGERIA, f.miliani@univ-dbkm.dz

Received: 15/01/2026

Accepted: 22./02/2026

Published: 15/03/2026

Abstract:

This study aims to examine Algeria's role in supporting startups by developing the key components of their entrepreneurial ecosystem. To this end, a descriptive–analytical approach is employed to analyse the various data and measures adopted in this field, as well as to assess the extent to which these measures are reflected in the actual conditions of startups in Algeria.

The findings indicate that Algeria has been slow to capitalise on this global trend. Nevertheless, through a range of support-related measures, including financial and regulatory instruments, the Algerian experience has achieved noticeable progress at the local level. However, it remains a modest experience that continues to face numerous obstacles to achieving global success, most notably the lack of creativity and innovation.

Keywords: Startups; entrepreneurship; business incubators; support mechanisms; technology.

JelClassificationCodes: L26, F63.

1. INTRODUCTION

The world has witnessed the emergence of startups in entrepreneurship, which have succeeded in establishing themselves in an environment characterised by continuous change and have become among the most important enterprises relied upon for economic development. This is due to their role in wealth creation and increasing gross domestic product, as well as their demonstrated efficiency in providing solutions and offering alternatives through modern products and services. Moreover, they have proven their effectiveness in supporting and revitalising the economy, owing to their flexibility and rapid responsiveness to changing conditions.

Access to finance is considered one of the most prominent challenges hindering startups activities, given their inability to finance projects and the high costs of traditional financing due to the substantial risk of obtaining loans.

Accordingly, Algeria has sought to create suitable conditions and provide assistance for the incubation of these enterprises and to support them throughout their life cycle. The policy supporting these enterprises has materialised through the establishment of bodies, programmes, and legal frameworks that have assumed responsibility for addressing the startup sector, adopting programmes to sponsor them, and ensuring an appropriate environment for their sustainability.

Research Problem:

Therefore, the main research problem may be formulated as follows:

What are the mechanisms for the support, incubation, and financing of startups in Algeria?

Sub-Questions:

Within this problem, the following subquestions arise:

- What are the main measures adopted to support startups in Algeria?
- What is the current situation of startups in Algeria?
- What are the main obstacles and challenges facing startups in Algeria?

Research Hypotheses:

To address the aforementioned problem, this study is based on the following hypotheses:

- The experience of startups in Algeria is very recent.
- The Algerian authorities have adopted various measures and actions to clarify the activities of startups and ensure their continuity.
- Despite various measures aimed at supporting startups, they continue to face significant shortcomings across several dimensions, including legislative and financial dimensions.

Significance of the Study:

- The study's significance stems from the considerable importance of the topic of startups.
- The findings of this study may be helpful and relevant to researchers and those interested in startups.
- The study contributes to shedding light on the research topic and acquiring new knowledge.

Objectives of the Study:

This study seeks to achieve the following objectives:

- To attempt to answer the proposed research problem;
- To identify the main stages involved in the establishment of startups in Algeria.
- To identify the main mechanisms and policies for supporting startups in Algeria.

Research Methodology:

To address this research problem, a descriptive–analytical method was employed, as it is considered appropriate for this type of study. This was achieved through the use of description and analysis, primarily by collecting information from various sources and analysing it.

Structure of the Study:

The study is divided into four sections as follows:

- Section One: Startups in Algeria.
- Section Two: Government bodies and agencies supporting startups in Algeria.
- Section Three: Mechanisms for the support and incubation of startups in Algeria.
- Section Four: Mechanisms for Financing Startups in Algeria.

2. Startups in Algeria

2.1 Definition of Startups:

Startups are defined terminologically, according to the English dictionary, as "a small business that has just started. The term *startup* consists of two parts: *start*, which refers to launching, and *up*, which denotes strong growth. The term began to be used immediately after the Second World War, coinciding with the emergence of venture capital companies, after which its use became widespread.(Sefrat & Mtab, 2022, p. 89)

Paul Graham, a British academic and founder of one of the world's leading business incubators, Y Combinator, defined startups in his well-known article explaining the concept of growth, "growth = startup", stating that a startup is an enterprise that is not necessarily newly established, necessarily operating in the technology sector, funded by venture capital, or required to have exit plans. The only factor that matters is growth and rapid growth in particular, whereas all other characteristics associated with startups follow from growth. He thus focused exclusively on rapid growth as the fundamental criterion in defining startups (Graham).

According to Paul Graham, good growth ranges from 5% to 7% per week and, in exceptional cases, may reach 10%.(Ben Allam & Benane, 2022, p. 14)

Entrepreneur Steve Blank defined a startup as a temporary organisation that searches for an economic model capable of achieving profitable, repeatable, and measurable growth.(Othmania & Belaabed, 2020, p. 359)

Eric Ries defined a startup as a human institution aimed at creating a new product or a new service under conditions of uncertainty.(Djelt, Chouam, & Kourbali, 2016, pp. 102-127)

Accordingly, and on the basis of the above definitions, a startup may be described as an enterprise that, in its early years, produces a wholly or partially new product, offers a unique business model, or presents an innovative idea.

2.2 Startups in Algerian Law:

Under Algerian law, and pursuant to the provisions of Executive Decree N: 20/254 of 27 Muharram 1442, corresponding to September 15, 2020, a national committee was established for the granting of the labels "Startup", "Innovative Project", and "Business Incubator", with the decree defining its duties, composition, and operational procedures, as well as the conditions for granting each label. An enterprise is considered a startup if it is subject to Algerian law and complies with the following criteria:

- The age of the enterprise must not exceed eight (08) years;

- The enterprise's business model must be based on innovative products, services, or ideas;
- The annual turnover must not exceed the amount determined by the national committee, which was not specified in the provisions of the executive decree, and, in all cases, should not exceed the turnover of SMEs, estimated at DZD 4 billion, as provided for in the definition of such enterprises;
- At least 50% of the company's capital must be owned by natural persons, approved investment funds, or other enterprises holding the startup label;
- The enterprise's activity must have significant growth potential that accelerates its exit from the incubation phase and supports the launch of high-performance projects, a characteristic shared by startups worldwide;
- The number of employees must not exceed 250, which is the upper threshold for SMEs, indicating that the concept of SMEs influences the provisions of Executive Decree No. 20/254.

Algerian law added a seventh condition: the enterprise must propose innovation in its products, services/or business model, and/or organisational model.

Compared with countries in the Middle East and North Africa, Algeria is considered relatively late in integrating startups into its economy. The issuance of Decree No. 20/254 marks the true beginning of this sector, as it established the national committee to grant the startup label, aiming to support and develop innovative projects and promote the national startup ecosystem.

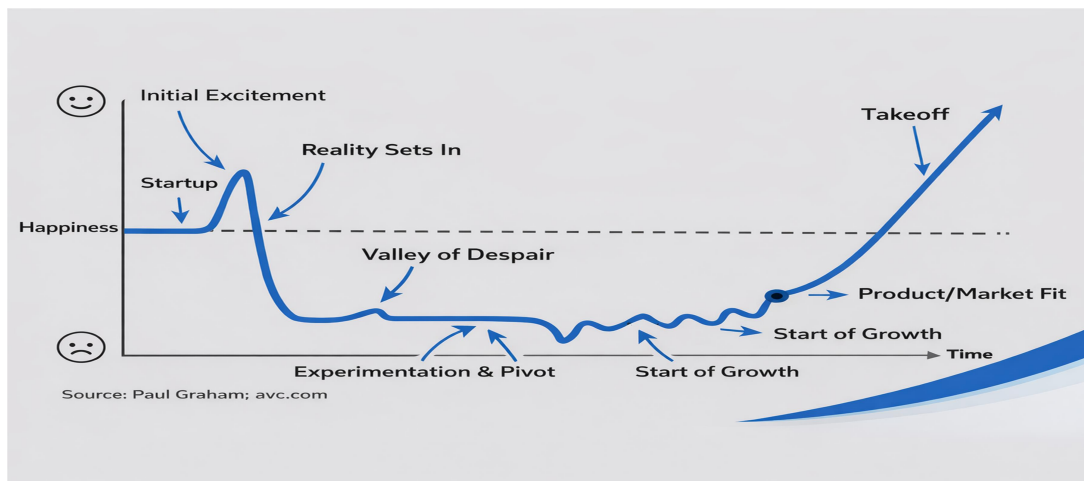
Nevertheless, this process was marked by certain complexities affecting some provisions of the decree, which compelled the government, represented by the ministry delegated in charge of the knowledge economy and start-ups, to amend the decree by adding four objective criteria to demonstrate the enterprise's innovative activity clearly:

- First criterion: The proportion of the enterprise's expenditure on scientific research and technological development, whereby any company that allocates 15% of its turnover to research and development is considered a startup;
- Second criterion: The status of the company's founding members, such that if half of the founding team members hold a doctoral degree or higher, the company may apply for the "startup" label.
- Third criterion: Intellectual property, whereby if the company has obtained a patent or has any software registered at the national or international level, it is legally entitled to qualify as a startup;
- Fourth criterion: The submission of a proof of concept, whereby the applicant for the label must present at least a preliminary model of the proposed innovation. This model may take several forms, such as a fully developed or experimental electronic platform, a product prototype (if manufactured), a link to a relevant application, or a demonstration video.

2.3the life cycle of startups is as follows:

The life cycle of startups can be explained through the following figure:

Fig.1. Curve representing the stages of the startup life cycle



Source:(Paul, 2017)

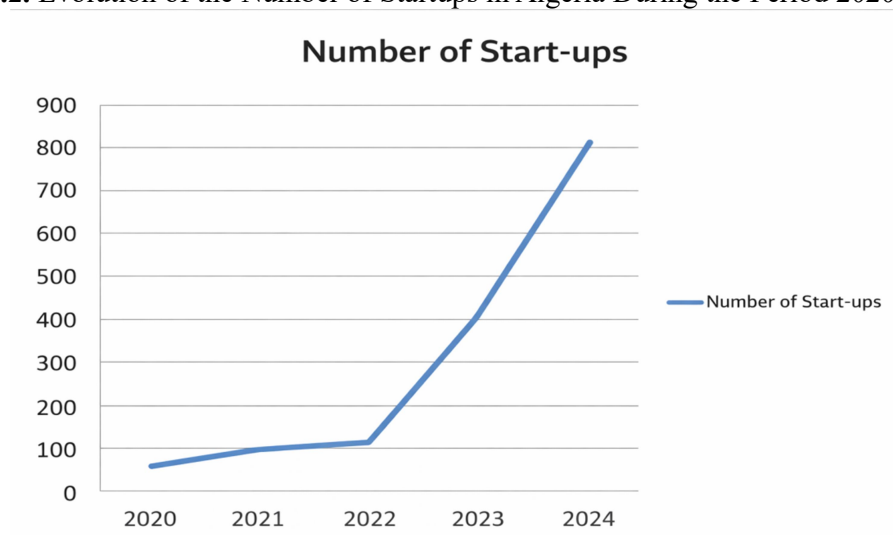
Based on the above figure, the stages of the startup life cycle can be identified as follows:

- **First Stage:** This stage begins before the startup's launch. It involves proposing a preliminary model of a new idea and studying it, alongside analysing the market and examining the targeted consumer's behaviour, preferences, and inclinations.
- **Second Stage:** This is the launch stage, during which the product or service's first generation is introduced. At this point, the entrepreneur seeks financial support for the idea and typically turns to FFF (Friends, Family, and Fools), given the high level of risk involved. At this stage, the product requires promotion, is priced relatively high, and media outlets begin advertising it.
- **Third Stage:** This is an early phase of take-off and growth, during which the product reaches a peak and enthusiasm is high. Subsequently, supply expands, and the product attains its peak. At this stage, the activity may extend beyond its initial innovators. Negative pressure may then emerge as the number of suppliers offering the product increases, leading to failure or the appearance of other obstacles that may drive the product into decline.
- **Fourth Stage:** This stage is referred to as the slide into the valley. Here, despite continued funding, the project declines and exits the market.
- **Fifth Stage:** This is the stage of climbing the slope, during which the entrepreneur continues to introduce product improvements and launches improved versions. The startup then begins to recover, the second generation of the product is introduced, its price is adjusted, and it is marketed on a broader scale.
- **Sixth Stage:** This is the stage of high growth, during which the product is fully developed, exits the experimental phase, and is introduced into the appropriate market. The company then begins sustained growth as the curve rises and substantial profits are achieved. (Boualchaour, 2018, p. 421)

2.4 the number of startups in Algeria and their ranking according to quantity are as follows:

The measures adopted have contributed to a significant increase in the number of startups in recent years, resulting in the following situation:

Fig.2. Evolution of the Number of Startups in Algeria During the Period 2020–2024



Source:(researcher)

As shown in the previous figure, the number of startups has increased significantly in recent years. In 2020, their number was estimated at only 41 startups, most of which were concentrated in the capital. This number then rose to 101 startups in 2022, before achieving a qualitative leap in 2024, with 811 startups attaining relatively acceptable global rankings and operating across various economic sectors. Their headquarters were no longer limited to capital but spread across different provinces, indicating the ability of innovative youth to materialise highly successful and competitive projects throughout the country.

Table.1. Global Ranking of Countries by the Number of Startups

Country	Global Rank	Number of Startups	Country	Global Rank	Number of Startups
United States	1	81,541	United Arab Emirates	10	1,316
India	2	17,419	Singapore	11	1,239
United Kingdom	3	7,433	Brazil	12	1,221
Canada	4	4,028	Netherlands	13	1,153
Australia	5	2,984	Occupied Palestine	14	992
Indonesia	6	2,648	Italy	15	978
Germany	7	2,508	Switzerland	16	836
France	8	1,715	Nigeria	17	812
Spain	9	1,538	Algeria	18	811

Source:(researcher)

The table shows that Algeria ranks 18th globally and second in Africa in terms of the number of startups. It thus outperforms several former technology hubs, including Egypt. This reflects the effectiveness of the measures and mechanisms adopted to support startups in Algeria,

as well as their capacity to develop this sector and promote innovation among entrepreneurial youth.

3. Government Bodies and Agencies Supporting Startups in Algeria

3.1 Ministry of Small Enterprises, Startups, and the Knowledge Economy:

Within the framework of implementing the policy aimed at promoting and developing the enterprise and innovation ecosystem, the Algerian government established the Ministry of Small Enterprises, Startups, and the knowledge economy pursuant to Presidential Decree No. 01--20 concerning the appointment of members of the government.(Republic, 2020)

A minister in charge of small enterprises, startups, and the knowledge economy was appointed, assisted by two delegated ministers. The first delegated minister was assigned responsibility for business incubators, whereas the second was tasked with start-ups.

In addition, a central administration affiliated with the Ministry of Small Enterprises and Startups was established pursuant to Executive Decree No. 55--20 (Republic, Executive Decree No. 55-20, 2020), which established a directorate dedicated explicitly to startups. The Directorate of Startups is responsible for proposing the legislative and regulatory framework for startups; proposing measures or incentives to encourage the creation, promotion, and development of startups; and proposing all measures aimed at improving enterprise competitiveness and supporting their development and sustainability. This directorate comprises two subdirectorates: the SubDirectorate for the Development of Startups and the SubDirectorate for the Startup Ecosystem.

3.2 The ministry was delegated to the prime minister in charge of microenterprises, startups, and the knowledge economy:

With the issuance of Presidential Decree No. 163--20 on July 27, 2020, concerning the appointment of members of the government (Republic, Presidential Decree No. 163-20 , 2020)), the Ministry of Startups was restructured. Its name was changed from the Ministry of Small Enterprises, Startups, and the Knowledge Economy to the Delegated Ministry to the Prime Minister in Charge of Microenterprises, Startups, and the Knowledge Economy. This change aimed to avoid confusion and overlap with small- and medium-sized enterprises, which fall under the supervision of the Ministry of Industry.

Notably, Article 2 of Presidential Decree No. 163--20 provides for the repeal of all provisions contrary to this decree, notably Presidential Decree No. 01--20. Consequently, this implies the repeal of Executive Decree No. 54--20, which relates to the powers of the Minister of Startups, as well as Executive Decree No. 55--20, which relates to the central administration affiliated with the Ministry of Startups. This restructuring entailed the abolition of the position of the Minister of Startups, as Presidential Decree Nos. 163--20 transformed the Ministry of Startups into a delegated ministry under the prime minister. Two delegated ministers were appointed: the first in charge of microenterprises and the second in charge of the knowledge economy and startups.

Notably, Presidential Decree No. 163--20 concerning the appointment of members of the government is the same decree referred to in the preamble of Executive Decree No. 54--20 relating to the establishment of a national committee for granting the labels "Startup", "Innovative Project", and "Business Incubator" (Republic, Executive Decree Nos. 54--20, 2020).

With respect to Executive Decree No. 307--20 concerning the organisation of the services of the delegated minister to the prime minister in charge of the knowledge economy and startups, Article 1 stipulates the allocation of a directorate dedicated to startups and support structures. Article 3 of the same decree specifies the powers conferred upon this directorate, which include proposing all actions or measures aimed at the creation, development, and promotion of startups; participating in the processes of granting the labels "Startup", "Innovative Project", "Incubator", and "Accelerator"; and proposing all actions or measures intended to increase the competitiveness of startups and support their development and sustainability (Republic, Executive Decree No. 307-20, 2020), this directorate comprises two subdirectorates: the SubDirectorate for the development and Promotion of Startups and the Subdirectorate for Support and Accompaniment Structures.

Responsibilities are distributed between them, with the Subdirectorate for the development and Promotion of Startups tasked with implementing business strategies to promote and develop startups, proposing financing mechanisms for startups, and proposing accompaniment measures for startup project holders (Republic, Executive Decree No. 307-20, 2020), The Subdirectorate for Support and Accompaniment Structures, for its part, is responsible for implementing strategic actions to promote and develop support structures, particularly incubators and accelerators, and for monitoring them. It also undertakes all the actions or measures that enhance synergy among support structures and promote financing mechanisms for their development in consultation with relevant sectors.(Republic, Executive Decree No. 307-20, 2020)

3.3 National Agency for the Support and Development of Entrepreneurship (ANADE):

The agency was established pursuant to Executive Decree No. 239--20 of November 22, 2020, as a continuation, with amendment and supplementation, of the National Agency for the Support and Employment of Youth, which was created under Decree No. 296--20 of September 8, 1996. It is a body with a specific legal status (Republic, 20/392, 2020).Its main tasksinclude the following:

- Encouraging the creation and development of entrepreneurial ecosystems on the basis of available investment opportunities across various sectors that meet the needs of the local and national markets;
- Issuing the national activity card for youth project holders and monitoring it jointly;
- Modernising and standardising the criteria for the establishment, accompaniment, and monitoring of startups and SMEs;
- Developing and enhancing economic intelligence tools within a forward-looking framework to achieve balanced, effective economic development.

Financing within the National Agency for the Support and Development of Entrepreneurship is divided into personal contributions and agency contributions. It takes the form of either dual financing or tripartite financing, depending on the applicable ratios in each case. Accordingly, the personal contribution was raised to 15% under the tripartite financing scheme, whereas it had previously been set at 1% or 2% under the former National Agency for Youth Employment. This adjustment aims to provide young entrepreneurs with a stronger

incentive to ensure the success of their projects. The following table illustrates the agency's financingschemes.

Table.2. Financing schemes of the National Agency for the Support and Development of Entrepreneurship (ANADE)

Financing Scheme	Young Entrepreneur's Personal Contribution	Agency Contribution	Bank Loan
Dual financing (less than DZD 10 million)	50%	50%	—
Tripartite financing (less than DZD 10 million)	15%	15%	70%
Special areas and high plateaux	12%	—	—
Southern regions	10%	—	—
Unemployed youth and student project holders	5%	—	—

Source:(Republic, 20/392, 2020)

3.4 National Agency for Investment Development (ANDI):

The agency responsible for investment was established pursuant to Article 6 of Ordinance No. 01--03 dated August 20, 2001, within the framework of the first generation of reforms undertaken in Algeria during the 1990s. It has undergone several changes to adapt to developments in the country's economic and social context. Initially, this public institution was entrusted with facilitating, promoting, and supporting investment under the Agency for the Promotion, Support, and Monitoring of Investment from 1993--2001. It was subsequently transformed into the National Agency for Investment Development (andi), a public administrative institution endowed with legal personality and financial autonomy. The agency operates as a decentralised one-stop shop distributed across the 58 provinces nationwide. Its main functions include the following:

- Receiving, guiding, and supporting investors through its central and regional structures;
- Informing investors, via their website, promotional materials, and various information points during economic events organised within Algeria and abroad and granting, on an equitable basis and within short timeframes, the advantages provided by the incentive system;
- Managing investment promotion mechanisms through the granting of tax, parafiscal, and customs incentives;
- Managing the Investment Support Fund.

The agency operates through a one-stop shop that brings together representatives of the Ministry of the Interior and Local Authorities, representatives of the environment and urban planning sectors, the Customs Administration, the Commercial Register Services of the National Centre of the Commercial Register (CNRC), the National Agency for Industrial Land, the Tax Revenue Services, the Treasury Revenue Services, and the Official Gazette for Legal Advertising.

3.5 Higher Council for Innovation:

Within the framework of establishing startups and promoting their ecosystem to strengthen their presence in the economic fabric, the national committee responsible for granting the "Startup" label was placed under the minister's supervision. This committee is composed of representatives from various ministries concerned with economic activities, technology, and innovation and consists of nine members (Republic, Executive Decree No. 55-20, 2020).

3.6 National Agency for the Promotion and Development of Technology Parks:

The National Agency for the Promotion and Development of Technology Parks serves as the instrument through which the State designs and implements a national strategy for the promotion and development of technology parks. Pursuant to Executive Decree No. 04--91 dated March 24, 2004, which provides for the establishment of the agency and defines its organisation and functioning, a national public enterprise of an industrial and commercial nature was created, endowed with legal personality and financial autonomy, and designated the "National Agency for the Promotion and Development of Technology Parks", referred to in the legal text as the "Agency". In its relations with the State, it is subject to administrative rules, whereas in its relations with third parties, it operates as a commercial entity (algerien, 2004).

The National Agency for the Promotion and Development of Technology Parks (ANPT) is also considered a public-sector institution operating under the supervision of the Ministry of Post and Information and Communication Technologies. It is responsible for contributing to the establishment of a national ecosystem that enables the development and prosperity of the information and communication technologies sector to ensure effective participation in and the advancement of the national economy (ANPT). Through its incubators, the agency provides hosting and accompaniment services for entrepreneurship in information and communication technologies. The missions of this agency are defined under Executive Decree No. 04--91 dated March 24, 2004, as follows:

- Preparing and proposing elements of a national strategy for the promotion and development of technology parks;
- Designing and establishing technology parks aimed at strengthening national capacities to ensure the development of information and communication technologies and to contribute to economic and social development;
- Proposing legislative and regulatory measures intended to promote and develop technology parks;
- Ensuring the implementation of obligations arising from the State's commitments under regional and international agreements within the framework of technology park activities, as well as monitoring, presenting, and evaluating them, in coordination with the relevant institutions;
- Providing the material conditions and establishing the necessary infrastructure to fulfil its missions;
- Publishing, disseminating, and distributing all the information related to information and communication technologies across all the media.

4. Mechanisms for the Support and Incubation of Startups in Algeria

Startup founders and holders of early-stage ideas often need support and guidance from public authorities. Like other countries, Algeria has sought to establish support mechanisms to develop these enterprises. Among the most important mechanisms created in this field are the following:

4.1 Establishment of a Delegated Ministry in Charge of Startups and the Knowledge Economy:

Pursuant to Article 1 of Presidential Decree No. 20-01 dated January 2, 2020, a delegated ministry in charge of startups and the knowledge economy was established. This reflects Algeria's desire to provide direct support to startups, accompany them, and grant them priority and preferential treatment, given their importance in fostering economic development.

4.2 Establishment of a National Committee for Granting the Startup Label:

Under Article 1 of Executive Decree No. 20--254 dated 27 Muharram 1442, corresponding to September 15, 2020, a national committee was established to grant the labels "Startup", "Innovative Project", and "Business Incubator". This committee is chaired by the minister responsible for startups or their representative.

Its main tasks are as follows (algeriane, 2020):

- Granting the startup label;
- Granting the innovative project label;
- Granting the business incubator label;
- Contributing to the diagnosis and promotion of innovative projects;
- Participating in the promotion of startup ecosystems.

4.3 The Entrepreneurship House for the Support and Accompaniment of Startups:

Algeria adopted this approach by establishing entrepreneurship houses at several universities, the first of which was created at the University of Constantine in 2007.

The experience of Mentouri University of Constantine is considered pioneering at the national level, as it established an Entrepreneurship House responsible for organising seminars and conferences for individuals interested in creating enterprises, as well as for teaching entrepreneurship as a subject across all university departments. This initiative was followed by other universities in 2013 and subsequently generalised nationwide to all universities in 2014.

The Entrepreneurship House is an appropriate instrument for instilling entrepreneurial values, familiarising students with the procedures required to realise their ideas, and highlighting high-value projects that contribute to the development of the national economy.

The Entrepreneurship House is defined as “a meeting point between the university and the National Agency for the Support of Youth Employment, whose main objective is to develop the entrepreneurial spirit and entrench entrepreneurial culture among university students and workers by stimulating creative ideas within the student environment, gradually moving away from the nature of traditional projects and expanding the scope of innovative projects that can provide a new impetus to development on the one hand, while offering the student population the opportunity to establish successful enterprises in various fields on the other, and ultimately embracing entrepreneurship as the nucleus of economic and social development (Boutoura, Gramatia, & Smaili, 2009, p. 190).

The main tasks of the Entrepreneurship House in Algeria include the following:

- Preincubation accompaniment: This refers to raising awareness and encouraging university students on campus to gradually move away from the idea of public-sector employment towards entrepreneurship and the creation of private, service-oriented or productive enterprises.
- Training: This involves organising training courses in the following areas:
 - Idea generation: Developing students' mindsets and moving them beyond conventional ideas toward innovative and creative concepts;
 - Enterprise creation: Explaining the stages involved in establishing an enterprise and preparing a business plan.
 - Enterprise management: Training university students in modern techniques of enterprise management.
- Follow-up and research accompaniment: The Entrepreneurship House team monitors students with innovative ideas to assist them in translating these ideas into reality through the ANSEJ mechanism in the form of small enterprises and economic projects.
- Disseminating the culture of entrepreneurship through awareness-raising activities;
- Training students in the field of entrepreneurship;
- Preliminary support is provided to student project holders.

Since the Entrepreneurship House within Algerian universities constitutes the principal instrument relied upon by the National Agency for the Support of Youth Employment to educate university students and familiarise them with entrepreneurial activity through a partnership between the agency and the university, its primary mission is entrepreneurial education. This aims to enable students to develop the intention and capacity to organise small projects on the basis of their ideas through awareness programmes that promote the culture of self-employment and the requirements for its success.

4.4 Business Incubators:

Business incubators are defined as structures designed to host and support innovative projects directly related to research. They assist project holders in realising their ideas and demonstrating their long-term feasibility and provide support in training, consultancy, and financing while accompanying them until the establishment of the enterprise (republic, 2021)

The incubation process for enterprises in Algeria has gone through three main stages. The first stage extended from 2003--2009. During this period, business incubation in Algeria was introduced through structures operating under the designations of business nurseries and facilitation centers. This followed the issuance of Executive Decree No. 03--78, which established the basic statute of business nurseries in 2003 (Algeria, 2003).

This decree defined business nurseries as public enterprises of an industrial and commercial nature endowed with legal personality and financial autonomy. They may take the form of incubators, which are support structures for project holders in the service sector, or liaison workshops or business hotels, which are support structures for project holders active in the research sector.

Facilitation centers were defined by Executive Decree No. 03--79 as establishing the basic statute of facilitation centers as public institutions of an administrative nature endowed with legal personality and financial autonomy. They are entrusted with supporting, guiding, and

accompanying SMEs, facilitating the processing of their administrative files, and encouraging their integration into the national economy. Both structures operated under the supervision of the Ministry of Small Enterprises and were aligned with their objectives and implementation methods.

This period also witnessed the launch of the Algerian Startup Initiative (ASI, 2024) in 2009, which paved the way for the creation of startups in Algeria by establishing and managing incubation programmes in partnership with public and private sector representatives from Algeria and the United States of America. This initiative enabled the establishment of a strong network linking entrepreneurs and key actors in Silicon Valley and Algeria. This represented the starting point for the emergence of the concept of incubation in its true sense in Algeria. Until 2021, the initiative launched more than 100 training boot camps across 29 provinces nationwide, accompanied more than 200 startups, successfully established 60 startups, and financed four of them.

The second stage extended from 2010--2020, following the national strategy to support and develop technology parks, as set out in the Algerian Electronic Programme 2008, and as part of Algeria's orientation towards a knowledge-based economy. During this period, the term "incubator" was first officially adopted in Algerian legislation. Consequently, several technology incubators were launched nationwide, and some were integrated within higher education institutions. The first of these was SidiAbdellah Technology Park in Algiers, which operated under the supervision of the Ministry of Post and Information and Communication Technologies until March 2020. It was followed by the Ouargla Technology Incubator in 2012 and the incubator of the National Institute of Telecommunications and Information and Communication Technologies in Oran in 2013. In the same year, the first university technology incubator was launched at El HadjLakhdar University in Batna to implement a joint agreement between the National Agency for the Promotion and Development of Technology Parks (ANPT) and the Directorate General for Scientific Research at the Ministry of Higher Education and Scientific Research (ASI, 2024).

The aforementioned incubators operate with the support of the National Agency for the Promotion and Development of Technology Parks and aim to incubate and accompany startups in the field of information and communication technologies. By 2020, 40 startups had been launched, 27 of which were established through SidiAbdellah Technology Park in Algiers.

Accordingly, business incubators eligible to obtain the "Business Incubator" label are entrusted with accompanying the startups they host throughout the incubation period and are required to undertake the following tasks (Maghribi & Sadouki, 2022, p. 84):

- Accompanying project holders during the procedures for establishing the enterprise;
- Assisting startups in developing prototypes;
- Accompanying incubated startups in identifying sources of finance and accessing the market;
- Assisting startups in preparing business plans, market studies, and financing plans;
- Providing specialised training, particularly in business management and legal and accounting obligations;

- Make logistical resources available to project holders, such as meeting rooms, computer equipment, office supplies, and high-speed internet access;
- Host incubated startups and provide them with appropriately equipped workspaces.

Among the most prominent Algerian business incubators are the following:

- Sylabs Incubator: Founded in 2015, Sylabs is a business incubator and accelerator based in Algiers, near the Central Post Office. It connects and integrates startups into the Algerian entrepreneurial ecosystem by supporting entrepreneurs through consultancy services, providing essential entrepreneurial tools to succeed in the Algerian market, and helping them expand their professional networks. It also aims to contribute to the development of the entrepreneurial ecosystem.
- BCOS Incubator: BCOS is a consultancy, advisory, and guidance organisation headquartered in Algiers. It provides specialised training for Algerian companies in entrepreneurship, and its services include project acceleration, support and mentoring, and the organisation of events and conferences related to entrepreneurship and commerce.
- INCUBME Incubator: The first African incubator launched in Algiers, supporting young people with innovative ideas regardless of nationality and providing African solutions to African needs. The incubator aims to develop Algerian startups at the international level through the use of the internet and information and communication technologies, including mobile applications.

4.5 Business Accelerators in Algeria

Only one type of business accelerator operates in Algeria, namely, innovation accelerators. Most of these have been launched by private-sector incubators, such as BCOS, CapCoworkSylabs, Westinnov, the Haba Institute, and others, except for one innovation accelerator launched through a partnership between the government and the private sector, namely, the startup accelerator *A.venture*, which is considered the first public business accelerator established to strengthen the startup ecosystem in Algeria. Given its novelty within Algerian law, it is important first to provide it with a legal grounding and then to determine its legal nature in accordance with the provisions of Decree No. 356--20 of November 30, 2020 (Khellaf, 2021, p. 35).

Since its establishment in 2021, the accelerator has supported 815 startups and innovative projects, assisted 47 business incubators, and provided capital amounting to USD 3.7 million. The accelerator comprises 51 partners and 43 accredited trainers (*aventure*),). It has been entrusted with strengthening national capacities in the field of startup support structures through the following missions:

- Establishing new structures to support startups across various fields of activity and ensuring their management;
- Supervising and accompanying new startup support structures;
- The development of specific programmes for the launch and support of startups in line with the State's priority orientations;
- Accompanying processes aimed at upgrading existing startup support structures;

- Incubation, as well as the technical, material, and logistical preparation of significant events related to the promotion of innovation and startups in Algeria;
- Participating in the establishment of new startup support structures.

The various acceleration programmes offered by the different accelerators operating in Algeria involve a similar package of services, as illustrated in the following figure.

Table.3.Services Provided by Accelerators in Algeria

Information	Private Accelerators	A-Venture Accelerator
General Information		
Accelerator initiator	Private investors	Government, in partnership with the private sector
Seed funding	Self-financed	Fully financed by Sonatrach
Duration	6 to 12 months	6 to 12 months
Cohort size	5 to 10 cohorts	Not specified
Programme structure	Boot camps delivered through on-site spaces or online platforms	Boot camps delivered through on-site spaces or online platforms
Consultancy and Mentoring Services		
Team building	Yes/No	Yes/No
Business model	Yes	Yes
Marketing	Yes	Yes
Design	Yes	Yes
Financial matters	Yes	Yes
On-site services	Yes	Yes
Other Services		
Demo day	Available	Not available
Investment opportunities	In exchange for equity	Not specified
Postprogramme support	Available	Not available
Strategic Focus		
Industry/sector	General/digital technology	Various sectors
Geographical focus	Organised locally in multiple cities	Nationwide across multiple cities
Open online access	Open platforms	Open platforms
Main selection criterion	Individuals and teams in general/individuals and teams with a prototype	Individuals and teams with a prototype and a business model

Source : (Ben Fadel, 2020, p. 178)

4.6 Business Nurseries:

Business nurseries are structures dedicated to supporting, hosting, and accompanying startups. The duration of accompaniment ranges from 1--5 years during the startup life cycle. They focus on the project from the commercial launch stage through full market integration. The role of business nurseries parallels that of incubators in supporting startups (Baouni, 2022, p. n.p).

5. Mechanisms for Financing Startups in Algeria

In line with the country's orientation towards fostering the startup sector, a series of government measures have been implemented to facilitate startups' access to finance. The first of these measures was the launch of the *Algeria Disrupt* programme, which provides a legal and regulatory framework to encourage startups and accelerate their growth. Through this programme, several funds were established to finance Algerian startups, the most important of which include the following:

5.1 Startup Fund in Algeria:

The Algerian startup fund (ASF) was the first innovation financing fund of its kind in the country. It was launched to support the growth of innovative startups by providing financing, accompaniment, and skills development, as part of a broader vision to diversify the Algerian economy and stimulate entrepreneurship. The fund operates in cooperation with public banks to encourage innovation and attract investment. It was established through a partnership between the Ministry in charge of Startups, Sonatrach, and six public banks: the Local Development Bank (BDL), the Popular Credit of Algeria (CPA), the Foreign Bank of Algeria (BEA), the National Bank of Algeria (BNA), and the National Savings and Provident Fund (CNEP).

The fund was launched with an initial capital of USD 20 million during the annual startup conference held on October 3, 2020. It is financed by the State, with financial contributions from the private sector and foreign companies. In addition to providing the necessary funding for innovative projects without resorting to debt, the fund supports the startup ecosystem by offering modern financing mechanisms and backing national talent.

The main objectives of the fund include supporting innovation through the promotion of innovative technological, industrial, and service-based projects; providing financing by offering initial and strategic financial support to startups; developing skills; and stimulating growth by contributing to job creation and the development of the knowledge-based economy.

Regarding its operational mechanisms, the fund requires the State to be accepted as a partner in the startup. It utilises venture capital instruments (private and quasiprivate funds) to support innovative projects holding the "startup" label. It provides postinvestment accompaniment through practical consultancy, partner networks, and support for export and growth.

5.2 Investment Loan Guarantee Fund (CGCI):

The Investment Loan Guarantee Fund for Small and Medium-sized Enterprises is a company established at the initiative of public authorities pursuant to Presidential Decree No. 04-134 of April 19, 2004, which defines its basic statute. The fund aims to support the creation and development of SMEs and tiny enterprises by facilitating access to credit, in accordance with its legal corporate purpose. Its authorised capital amounts to DZD 30 billion, with subscribed capital

of up to DZD 20 billion. Ownership is divided between the public treasury, which holds 60%, and banks, which hold 40%, namely, the National Bank of Algeria (BNA), the Foreign Bank of Algeria (BEA), the Popular Credit of Algeria (CPA), the Local Development Bank (BDL), the Bank of Agriculture and Rural Development (BADR), and the National Savings and Provident Bank (CNEP Bank).

In addition, all banks and credit institutions operating in the country are permitted to participate in the fund's share capital, in accordance with Article 8 of the presidential decree. The fund's predominant public capitalisation, combined with the state's coverage of its financial guarantees under the Finance Law of 2009, strengthens its standing as guarantor and positions it as a first-tier institution.

In 2011, the fund entered a new phase of diversifying its offerings following the decision of public authorities to entrust it with the management of the guarantee fund dedicated to agricultural financing. This decision is based on Article 36 of the Law on Agricultural Financing issued on July 18, 2011, which provides for the possibility of the fund supporting its risks through resources provided by the State.

In this context, the Investment Credit Guarantee Fund for SMEs is authorised to manage specialised guarantee funds on behalf of the State and any other donor organisation to guarantee financing for activities across various sectors. These funds are managed under an agreement between the fund and the financial backer (cgci, 2022).

The purpose of establishing funds is to mitigate the risk of default on investment loans granted by banks or credit institutions, thereby facilitating access to financing for enterprises that meet the criteria for SMEs or tiny enterprises (SMEs and VSEs). These enterprises seek to implement investment projects to produce goods and services related to the establishment, expansion, and/or renewal of their production equipment, thereby contributing to improving the investment climate in Algeria.

Since 2012, the fund has been mandated, on behalf of the State and any other donor organisation, to manage specialised guarantee funds aimed at securing the financing of various sectors of the national economy. In 2018, the fund diversified its range of guarantee instruments by developing a secured guarantee specifically for small and microenterprises, targeting those engaged in the production of goods and services. This category represents a priority link in the local development process. This new mechanism responds to the economic need to initiate an effective process of financial inclusion and banking services for the fabric of Algerian microenterprises (cgci, cgci pme, 2022).

5.3 Fund for the Support and Development of the Economic Ecosystem of Startups:

The Startup Support Fund constitutes one of the institutional measures established by the State pursuant to Article 131 of the Finance Law for 2020. It was created as part of a special allocation account within the Treasury, No. 302--150, entitled "Fund for the Support and Development of the Economic Ecosystem of Startups. From the content of Article 131 of the Finance Law for 2020, it can be inferred that the legislator introduced a special allocation account for startups under the designation "Fund for the Support and Development of the Economic Ecosystem of Startups" to contribute to the promotion and development of the startup and innovation platform. This aims to encourage young people to establish this type of enterprise

across various fields and to motivate them to engage in this innovative mode of activity, which relies on nurturing an idea and materialising it within a short period and at minimal cost. Such measures assist young holders of innovative ideas in bringing them to fruition and ensuring their practical effectiveness through accompaniment.

The strong political will of the Algerian State to respond to the needs of creative youth, to involve them in building the national economic fabric, and to curb brain drain abroad, thereby activating the startup sector, is further confirmed by the amendment of Article 131 of the Finance Law for 2020 through Article 68 of the Supplementary Finance Law for 2020. This amendment broadened the Fund for the Support and Development of the Economic Ecosystem of Startups' scope of intervention. The article provides the following:

- The establishment of special allocation account No. 302/150 entitled the Fund for the Support and Development of the Economic Ecosystem of Startups (Republic, Article 68 of Law No. 07-20 , 2020)
- The issuance of Executive Decree No. 303--21 sets out the modalities for the management of the special allocation account relating to the Startup Support Fund (Republic, Executive Decree No. 303-21, 2021).

5.4 Financing through venture capital institutions:

Venture capital refers to financing allocated to startups characterised by entrepreneurial and innovative attributes. Such ventures are highrisk yet offer promising investment opportunities.

Financing through venture capital institutions falls under the broader concept of investment capital. VC companies are defined in Chapter One of Law No. 11--06 issued on June 24, 2006, as companies that contribute to the capital of enterprises seeking financing by providing shares of private or quasiprivate funds during the stages of establishment, growth, restructuring, or privatisation (Republic, (No. 42). Algiers, Algeria., 2006).

– Stages of venture capital financing:

Venture capital financing is provided through several stages rather than in a single disbursement, beginning with the application for financing and culminating in its receipt, as follows (Rawabeh, 2022, pp. 393-399):

- Preinvestment and initial analysis stage: This stage extends from the receipt of applications to the decision to participate in and invest in the startup. As an initial step, a preliminary analysis is conducted by preparing an initial business plan to assess the investment opportunity on the basis of the enterprise's expected outcomes. Following an in-depth study and financial evaluation of the project, the investment decision is made in accordance with established criteria.
- In-depth study stage: Upon completion of the preinvestment and initial analysis stage, the partner gains comprehensive knowledge of each shortlisted project. During this stage, the project's strategy, market study, industrial studies, asset valuation, competency assessment, and financial evaluation are conducted.
- Legal and financial structuring stage: This stage represents the first formal step in establishing and materialising the partnership between two parties. It involves drafting

the appropriate contracts between the venture capital institution and the startup seeking financing, determining the adopted legal framework, the governance structures implemented by the enterprise, and the nature and scope of the relationship between the parties. On this basis, the extent of control that the investor may exercise is defined. Financial structuring involves selecting the financial instruments to be used for the investment, with this choice being influenced by several factors, including the enterprise's growth and characteristics, project-related risks, risk tolerance, expected returns, management, and oversight.

- **Partnership and exit stage:** Venture capital is based on continuous monitoring of the investment and defining the relationships among risk, capital, and management. Regardless of the length of time that venture capital remains invested in the financed startup, an exit stage inevitably occurs, marking the termination of the investor's participation.

The following table presents the companies and the various venture capital funds operating in Algeria.

Table.4. Venture Capital Companies in Algeria

Company	Year of Establishment	Investment Size
Algerian–European Financial Company for Equity Participation (FINALEP)	1991	DZD 8.5 billion (2019)
Financial Investment Company (SOFINANCE)	1998	DZD 10.50 million (2017)
Algerian–Saudi Investment Company (ASICOM)	2004	DZD 3 billion (2019)
Maghreb Invest	2001	EUR 65 million (2006)
Algeria Invest	2009	EUR 45 million (2008)
Advance Algeria	2008	DZD 1 billion
Provincial Investment Funds	2009	DZD 48 billion (2019)

Source : (Ben Fadel W. , 2020, p. 183)

5.5 Newly Introduced Methods for Financing Startups:

Several newly introduced methods for financing startups, adopted by many developed countries, may be relied upon. These methods constitute mechanisms that enhance startups' access to financing in a manner that is consistent with their specific characteristics and may be summarised as follows:

- **Crowdfunding:** This involves raising funds from many individuals through electronic platforms (such as reward-based crowdfunding, equity crowdfunding, and peer-to-peer lending). It is considered a flexible alternative to traditional financing, enabling project feasibility testing and liquidity provision.

- **Financial technology (FinTech):** This involves the use of modern technologies, such as blockchain and electronic wallets, to streamline financing processes, reduce costs, and offer innovative financial solutions, thereby facilitating access to funding.
- **Innovative Islamic finance:** This involves developing Islamic financing instruments as alternatives to conventional loans, particularly through public banks, to increase support for youth and entrepreneurs.
- **Leasing:** This is an effective way to provide assets and equipment to new projects at a lower cost, reducing pressure on working capital.
- **Government grants and support programmes:** These provide direct support through grants or tax incentives to innovative projects holding the "Startup" label.

6.Conclusion:

Despite the Algerian government's policies and significant efforts to promote and develop startups through various supportive, accompanying, and facilitative mechanisms for project holders, the desired objectives have not yet been fully achieved. Startups in Algeria continue to face substantial constraints in terms of financing, skills and training and the practical implementation of procedures. Nevertheless, these challenges have encouraged greater reflection on how to strengthen interest in startups in Algeria through the adoption of several ideas and proposals aimed at establishing their foundations and pillars and addressing existing shortcomings, thereby enabling them to achieve their expected prospects and enhance their contribution to value creation at both the national and international levels.

- Study Findings:

This study has led to a set of findings that may be summarised as follows:

- Flexible and transparent legislative frameworks, together with financial support, are among the most important measures to support and expand startups, as recognised by the Algerian authorities.
- Startups are characterised by their reliance on technology and innovation, as well as by high levels of risk, which are offset by high growth rates.
- Entrepreneurship Houses and business incubators represent some of the most significant measures adopted by Algeria to support startups, contributing to the structuring of numerous creative ideas and their translation into successful startups.
- Tax exemptions and subsidies provided to encourage startups have contributed to generating savings that enhance their sustainability, in addition to legal frameworks that have facilitated administrative procedures, accelerated their establishment, and ensured their protection.
- The financing shortfall faced by startups in the early stages of their life cycle has been addressed in Algeria through various financing mechanisms.

- Study recommendations:In light of the aforementioned findings, the following recommendations may be proposed:

- The Algerian business climate should be strengthened to provide a suitable environment for startup activity.
- There is a need to simplify administrative procedures and clarify legislation related to startups.
- Expanding the availability of financing sources to support holders of innovative ideas and startups, particularly venture capital.
- Encouraging scientific research and creative ideas, as well as enhancing the role of youth in the economy through various initiatives aimed at developing and upgrading human capital;
- Benefiting from various international experiences aimed at promoting startups.

7. Bibliography List :

Algeria, P. D. (2003, 03 25). Gazette of the People's Democratic Republic of Algeria. *algeriane*, r. (2020, 11 10). Official Gazette of the People's Democratic Republic of Algeria. (66) , 23-25.

algerien, r. (2004). Journal Officiel de la république Algérienne.

andi. (s.d.). www.industrie.gov.dz. Consulté le 08 2024, 16, sur

<https://www.industrie.gov.dz/andi>

ANPT. (s.d.). *ANPT. (n.d.). National Agency for the Promotion and Development of Technology Parks.* .Consulté le 08 16, 2024, sur <http://anpt.dz>

ASI. (2024, 08 14). *ASI. (n.d.). ASI: The Algerian Startup Initiative.*Récupéré sur <https://www.asi.dz>

aventure. (s.d.). <https://aventure.dz>. Consulté le 08 14, 2024, sur aventure.dz:

<https://aventure.dz/about>

Baouni, L. (2022). Mechanisms for supporting and accompanying startups in Algeria.

Proceedings of the National Virtual Conference: Startups as a Key Actor in Sustainable Development (n.p.). University of Algiers, Algeria.

Ben Allam, I., & Benane, K. (2022). Startups in Algeria: Reality, challenges, and launch opportunities. . *Journal of Media and Communication Studies* .

Ben Fadel, W. (2020). Mechanisms for developing the startup sector in Algeria: An analytical study . Dans (*Doctoral dissertation*). University of Tlemcen, Algeria.

Ben Fadel, W. (2020). Support structures for startups in Algeria and their role in building social capital. *virtual conference on Mechanisms for Financing Micro and Startup Enterprises in Algeria.*, (p. 178). University of Sidi Bel Abbes, Alger.

Boualchaour, C. (2018). The role of business incubators in supporting and developing startups: The case of Algeria. *Al-Bashaer Journal of Economic Studies* , 421.

Boutoura, F., Gramatia, Z., & Smaili, N. (2009). The Entrepreneurship House in Algeria between necessity and importance. *Al-Ibda'a Journal*, 1 (9), 190.

cgci. (2022). *cgci*. Consulté le 10 25, 2025, sur <https://cgci.dz/ara/missions-et-activites/>

cgci. (2022). *cgci pme*. Consulté le 10 25, 2025, sur <https://cgci.dz/ara/missions-et-activites/>

Djelt, I., Chouam, M., & Kourbali, B. (2016). The state of incubators in Algeria: The case of the INTTIC incubator of Oran. *Algerian Review of Economics and Management*, 9 (1), 102-127.

- Khellaf, F. (2021). The impact of business accelerators on the role of startups: An analytical reading of Executive Decree No. 356-20. *Journal of Economic Studies*, 6 (4), 35.
- Maghribi, K., & Sadouki, H. (2022). Startups in Algeria and mechanisms for their support and financing. , 8(2), 84. *Entrepreneurship Journal for Business Economics*, 8 (2), 84.
- Othmania, A., & Belaabed, M. (2020). Startups in Algeria face regulatory hurdles and limited support structures. —*Annals of the University of Bechar for Economic Sciences*, 7 (3), 359.
- Paul, G. (2017). *Startup Happiness Curve*. Consulté le 11 02, 2025, sur available at <http://t.co/P1FDc1MCUB> (good graphic)
- Rawabeh, T. (2022). The role of venture capital in financing startups in Algeria. *Journal of Legal and Political Thought*, 6 (2), 393-399.
- republic, a. (2020, 11 30).
- republic, a. (2021, 12 07). Executive Decree No. 12-293. *Executive Decree No. 12-293. Official Gazette of the People's Democratic Republic of Algeria*. algeria.
- Republic, P. o. (2006, 09 21). (No. 42). Algiers, Algeria. *Official Gazette of the People's Democratic Republic of Algeria*(42) .
- Republic, P. o. (2020, 01 02). Presidential Decree No. 01-20 on . Official Gazette of the People's Democratic Republic of Algeria (No. 1). *the appointment of members of the government (repealed)* .
- Republic, P. o. (2020, 09 15). Executive Decree Nos. 54--20. *Executive Decree Nos. 54--20 establish a national committee for granting the labels "Startup", "Innovative Project", and "Business Incubator". Official Gazette of the People's Democratic Republic of Alger* .
- Republic, P. o. (2020). 20/392.
- Republic, P. o. (2020, 06 04). Article 68 of Law No. 07-20 . *the Supplementary Finance Law for 2020.Official Gazette of the People's Democratic Republic of Algeria*(33) .
- Republic, P. o. (2021, 08 01). Executive Decree No. 303-21. *defines the modalities for managing Special Allocation Account No. 302--150 entitled "Fund for the Support and Development of the Economic Ecosystem of Startupsofficial Gazette of Republic algeriane* .
- Republic, P. o. (2020, 10 15). Executive Decree No. 307-20. *on the organisation of the services of the delegated minister to the prime minister in charge of the knowledge economy and startups. Official Gazette of the People's Democratic Republic of Algeria* (No. 64).
- Republic, P. o. (2020, 01 25). Executive Decree No. 55-20. *Decree No. 55-20 on the organisation of the central administration of the Ministry of Small Enterprises, Startups, and the Knowledge Economy (repealed)Official Gazette of the People's Democratic* .
- Republic, P. o. (2020, 06 27). Presidential Decree No. 163-20 . *Decree No. 163-20 on the appointment of members of the government. .Official Gazette of the People's Democratic Republic of Algeria* (No. 37).
- researcher, t. (s.d.). <https://www.startupranking.com/countries>.
- Sefrat, A., & Mtaba, A. (2022). Startups as one of the pillars of the national economy: Reality and challenges. *Ara'a Journal for Economic and Administrative Studies*, 2 (2), 89.