

Start-ups after the Algerian Finance Law 2020

الشركات الناشئة بعد قانون المالية الجزائري 2020

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Abstract :

The primary objective of this investigation is to scrutinize the recent directives alongside the legal and policy frameworks enacted by the Algerian government. This study places a special emphasis on the transformative advancements within the nascent business milieu, particularly in the wake of the enactment of the 2020 Finance Law.

A pivotal finding of this study is that the year 2020 heralded a seminal shift in the entrepreneurial landscape of Algeria, notably in the realm of startups, marked by substantial governmental interventions. These interventions encompass the provision of assorted benefits and the creation of tailored mechanisms, entities, and structures expressly dedicated to nurturing and bolstering startups. This proactive governmental stance is exemplified by the establishment of organizations such as "Algeria Fantour" and a dedicated fund aimed at fostering the legal and economic frameworks supportive of startups.

Keywords:

Legislative and regulatory framework; Support and accompanying mechanisms; Small and Medium enterprises; Startups.

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Introduction

Algeria has embarked on a substantial reconfiguration of its economic model since June 2016, with a concerted focus on fostering private investments beyond its traditional oil sector, aiming at economic diversification. This revised economic paradigm is designed to cultivate a resilient, export-driven economy capable of addressing contemporary social and environmental challenges. This objective is achieved through the deployment of national policies that incentivize investment and entrepreneurship, embedded within a strategic vision aimed at economic and social advancement.

This strategy is underpinned by several principal axes designed to empower enterprises, which are seen as instrumental in breaking away from traditional economic dependencies and in addressing the demands of social and environmental evolution. The latest political and economic directives, translated into legislative actions, are oriented towards cultivating a conducive and stimulating environment for the business sector, particularly startups.

These entities are considered crucial in building a high-performance economy that is competitive on a global scale, emphasizing efficient resource utilization and making substantial contributions to the enhancement of the social and ecological landscape, thereby aiming to elevate the gross domestic product and the average annual growth rate.

The importance of the study:

The importance of the study lies in its relevance to the legal and regulatory aspect of startups, which relates to the set of rules related to the adoption of unified standards that allow the proper definition of startups and the organization of their activities within administrative bodies that frame and accompany them, authorize them to obtain the support and privileges established, and provide them with protection from all obstacles and bureaucracy that may be encountered.

The topic is also of great importance given the importance of startups in boosting national output, enabling communication, modern technology and innovations to contribute to production and replace unsustainable natural resources, as well as the job creation provided by this type of organizations.

Problem of study:

The Algerian legislator has recently issued laws, executive decrees and joint ministerial decisions to bring about broad transformations in the legislative environment for start-ups by establishing a legal framework that gives a new definition for them, in addition to structural changes in the management of the state administrative apparatus governing start-ups and the creation of new funding mechanisms for support and support bodies and changes or development in some of them in order to catch up and raise the level of activity of this type of institutions and hope to benefit from their benefits on the economy and society

This brings us to the next issue:

What are the most important shifts in the legal environment for startups in Algerian legislation after the Finance Law 2020?

The Problematic is subdivided into the following sub-questions:

- What is the conceptual shift for startups in the new legal system?
- What are the structural adjustments in the administrative management apparatus created to prepare the policy and strategy for the promotion and development of this type of organization according to the new perspective?
- What are the most important support and accompaniment mechanisms established or modified according to the conceptual evolution of startups?

Objectives of the study:

The study aims to:

- The conceptual evolution of start-ups and their separation from the SME ecosystem and the criteria for differentiating between them.
- Identifying the most important changes in the legal system for startups and their role in supporting this type of enterprises.
- Propose a future itinerary of measures and amendments to complete the effectiveness of the legal system.

Firstly: Clear Scientific Conceptual Transition of Startups:

Prior to the enactment of executive decree n°254-20, which established a national committee to define the terms "startup", "creative project", and "business incubator", there was no clear legal definition of what constituted a startup. Nonetheless, certain characteristics were informally acknowledged within the domain of small and medium enterprises (SMEs), as evidenced by law n°18-01. This legislation underscores:

- The provision of support for SMEs within a rapidly evolving technological landscape.
- The execution of strategies aimed at training and talent development, which are pivotal in nurturing creativity, innovation, and an entrepreneurial ethos¹.

It has previously been noted that the enterprise established by executive decree n°21-15, dated December 30, 2015, was intended for carrying out innovative research projects or activities related to research and development².

This directive was further articulated in Law 17-02 of January 11, 2017, subsequently amended by Law 18-01, which guides SMEs through Article n°15, aiming to:

- Stimulate and solidify the entrepreneurial ethos, as well as innovation and the integration of cutting-edge technologies within SMEs³.

This strategic orientation was further reinforced by Executive Decree n°18-266, dated September 24, 2018, which delineates the application conditions for Law 02-17. This legislation establishes a national accolade for the innovative SME, defined as an enterprise that introduces an innovative product (good/service), implements optimized production processes, or adopts new marketing and management strategies in its operations, the arrangement of its workspace, or in its external engagements⁴.

Moreover, the distinction of the "start-up" category was officially recognized with the enactment of Law 19-14 pertaining to the Finance Law for 2020. Article n°131 of this law institutes a special account n°150-302, named "Support and Development Fund for the Start-up Ecosystem"⁵.

1. Definition of the Small and Medium Enterprise (SME):

Law 01-18, which delineates guidelines for supporting small and medium enterprises (SMEs), defines these entities without specifying their legal structure. These organizations are acknowledged as pivotal economic agents in the production of goods and/or services, and are characterized by the following criteria:

- They employ between 01 to 250 individuals.
- Their annual revenue does not exceed two billion Dinars, or their total annual balance sheet does not surpass one hundred million Dinars.
- They conform to established criteria of operational independence⁶.

In response to evolving economic and social dynamics, it became imperative to revise the legislation to augment the roles of these enterprises, especially considering the impact of inflation. Thus, Law 17-02, which updates the rules applicable to small and medium enterprises, superseded the previous legislation.

However, it retained the foundational definition concerning the number of employees and the criteria for autonomy. The modifications were primarily in the financial thresholds for annual turnover and balance sheet totals, while the criteria related to employee count and autonomy remained unchanged. Consequently, SMEs are defined, irrespective of their legal form, as entities engaged in the production of goods and/or services, meeting the following criteria:

- Employing between 01 and 250 individuals.
- Generating an annual revenue not exceeding two billion Dinars or possessing a total annual balance sheet not exceeding one billion Algerian Dinars.
- Adhering to the independence criteria⁷ these enterprises are classified according to the framework established in the referenced source.

Table No. 01. Division of Small and Medium Enterprises According to Law 17-02

Business Type	Miniature	Small	Medium
Number of Employees	1 to 9	10 to 49	50 to 250
Annual Turnover	Up to 40 million DA	Up to 400 million DA	From 400 million to 2 billion DA
Annual Balance Sheet	Up to 20 million DA	Up to 200 million DA	From 200 million to 1 billion DA
Independence	25%	25%	25%

Source: Prepared by researchers based on Articles 5, 6, 7 of the Law on the Promotion of Small and Medium Enterprises n°18/01 published on 12/12/2001.

From the details provided, it is established that startups position themselves within the sector of small and medium-sized enterprises, epitomizing a model founded on the principles of entrepreneurial spirit, innovation, and the integration of advanced technologies.

2. Definition of Start-ups:

The classification of enterprises has evolved with the establishment of a clear distinction between small and medium enterprises and the specific definition of startups. This definition was elaborated in Article 11 of Executive Decree n°20-254, dated September 15, 2020, which led to the formation of the National Committee for the Labeling of "Start-ups", "Innovative Projects", and "Incubators", detailing its missions, composition, and operational mode. According to this decree, a startup is recognized as an Algerian legal entity meeting the following criteria:

- The company's lifespan must not exceed eight (8) years.
- The business model must be founded on products, services, a commercial model, or any other innovative concept.
- The annual turnover must not exceed the threshold established by the national committee.
- At least 50% of the share capital must be held by individuals, approved investment funds, or other "Start-up" labeled companies.
- The company must exhibit significant growth potential.
- The number of employees must not exceed 250⁸.

Secondly: Start-up Lifecycle

Start-ups undergo the following stages:

1. First Stage: Prior to launching a startup, one or more individuals propose a model of a new innovative idea (innovative project).

2. Second Stage: The startup is launched, or the first generation of the product or service is introduced. At this stage, the company is still relatively unknown.

3. Third Stage: At this stage, the product reaches its zenith, accompanied by robust market activity, and the offering spreads significantly. During this period, the business can expand even beyond the scope of its original innovators (creators).

4. Fourth Stage: The startup experiences a setback, although sponsors continue to provide their support. The project persists in its decline until it reaches a stage of despair.

5. Fifth Stage: The recovery stage, during which business pioneers continue to refine their product and launch improved versions.

6. Sixth Stage: The stage of robust growth, during which the product definitively matures, exits the experimental phase, and is positioned effectively in the suitable market⁹.

Thirdly: Characteristics of Start-ups:

A review of the regulatory text revealed that it was not based on the provisions of Law 17-02 concerning the orientation of small and medium-sized enterprises, thereby completely differentiating these two types of enterprises and attributing special characteristics to startups:

1. Newly Created: For less than 8 years, the startup is considered newly established to navigate a transitional period. Subsequently, the notion of innovation rapidly matures and the startup evolves into a large, economically successful

enterprise this trajectory is envisaged as a natural progression for a startup to transition into the realm of small and medium-sized enterprises.

2. Innovation: Innovation pertains to the market introduction of a new product (goods or services) or the integration of a significantly enhanced practice. It also includes the adoption of new marketing strategies, the reorganization of business operational methods, and the restructuring of the work environment and management of external relations. Innovation is distinguished from mere creation by its tangible and operational application.

3. Possibility of Significant Enterprise Growth: This characteristic is uniquely inherent to startups, where the potential for growth is notably substantial. This is because they often generate more revenue than expenses and quickly gain traction among consumers through a sustainable and scalable business model.

4. Limitation of Turnover and Number of Employees: Among the most crucial growth determinants for startups are the criteria of share capital and employee count. If a company surpasses these legally established thresholds, it transitions into the category of large enterprises, which are well equipped to sustain competition and ensure operational continuity. Now, the term "emerging" no longer applies to the entity.

5. Ownership Criterion of Capital: To be classified as a startup, it is essential that at least 50% of the share capital is held by individuals, accredited investment funds, or by other entities that are themselves recognized as startups. This criterion underscores the distinctive ownership structure requisite for such classifications¹⁰.

Given the elements presented, it is clear that Algerian legislation has delineated specific criteria in defining startups, portraying them as burgeoning enterprises whose lifecycle is destined to culminate in their evolution into thriving economic entities. This transformative journey is underscored by the innovation in their products and services, as well as by a business model that exhibits robust growth potential.

Drawing on the definition by Eric Ries, a renowned authority in the domain, as articulated in his seminal work "The Lean Startup," a startup is characterized as a human organization crafted to create an innovative product or service under conditions of significant uncertainty¹¹.

Furthermore, Ferre describes it as a foundational stage for any project's inception. It is envisaged as an enterprise poised for growth, representing a transitional phase before the project matures.

Professor and entrepreneur Steve Blank offers another perspective, defining a startup not as a miniature version of a larger company, but rather as an enterprise navigating from one failure to the next. This iterative process involves continuous learning from customers, which in turn fosters adaptability and refinement of its business model¹².

From these discussions, it becomes evident that the Algerian legislative framework has chosen to integrate contemporary scientific norms into the definition of startups. This approach markedly diverges from traditional notions associated with

small and medium-sized enterprises and is in alignment with strategies adopted by the majority of nations.

Through this comparative analysis, the salient distinctions between these two categories of enterprises can be elucidated more clearly:

Table No. 02. The Most Important Aspects of the Difference between Start-ups and Small and Medium Enterprises

Type/Criterion	Small and Medium Enterprises	Start-up
Transformation Path	Long-term and seeks to continue and grow slowly	Temporary, may fail, disappear, or quickly transform into a large enterprise
Expected Return	Low, constitutes a small percentage of expenses and costs	High, several times the expenses and costs
Growth	Slow	Very fast
Financing Sources	Traditional sources, banks, and government grants	Non-conventional sources like venture capital
Risks	Low	High
Product	Traditional and stereotyped	Innovative, creative, distinguished by technology

Source: Prepared by researchers

Fourthly: Structural Modifications in the Central Government Apparatus to Frame and Support These Types of Enterprises:

1. Expansion of Governmental Apparatus Members by Designating a Member in Charge of Emerging Enterprises:

The ambitious goal to cultivate a productive and competitive economy, firmly rooted in the principles of sustainable development, resonates deeply with the aspirations of the Algerian populace. These aspirations are meticulously encapsulated in the prevailing constitution, which serves as a comprehensive repository of legal norms that regulate the operations of public authorities as well as delineate the rights and freedoms of individuals.

This commitment is exemplified by Article n°61 of the constitution, which explicitly stipulates that commercial freedom, investment, and entrepreneurial endeavors are guaranteed and must be exercised in strict conformity with the law. Further emphasizing this commitment, Article n°73 mandates that the State shall furnish the necessary institutional and material resources to enhance the capabilities of the youth and stimulate their creative potential.

Additionally, Law n°74 underscores that the freedom of intellectual creation, spanning its scientific and artistic dimensions, is unequivocally guaranteed. Moreover, Article n°75, paragraph 2, proclaims the State's unwavering commitment to fostering scientific research and leveraging its applications for sustainable investment purposes¹³.

In alignment with Articles n°91-6, n°92-3, and n°93 (first paragraph) of the constitution, the higher echelons of administration (the government, via a presidential decree predicated on the Prime Minister's proposal) have devised a strategy to

establish a ministerial post. This position is tasked with crafting a vision and a national strategy that are conducive to creating an environment -environmentally, politically, and legally favorable for nurturing and bolstering the development of startups.

This initiative dovetails seamlessly with the government's objectives and the broader aspirations enshrined in the constitutional pact with the Algerian people, as represented by the roles of a minister or deputy minister dedicated to startups. This strategic orientation has been reflected multiple times across various government portfolios, as demonstrated in the subsequent table:

Table No. 03. Nomination of the Minister in Charge of Startups in the Government Amendments after the New Orientation (Law 14-19) Finance Law for the Year 2020

	Presidential Decree	Date	Decree Status	Basic Function	Ministerial Department
1	19-111	March 31, 2019	Cancelled	None	None (at the stage of law n° 14-19)
2	20-01	January 2, 2020	Cancelled	Minister	Small Enterprises and Knowledge Economy and Startups
				Deputy Minister to a Minister	In charge of Startups
				Deputy Minister to a Minister	In charge of Incubators
3	21-281	July 7, 2021	Cancelled	Deputy Minister to the Prime Minister	In charge of Knowledge Economy and Startups
4	21-281	February 21, 2021	Cancelled	Deputy Minister to the Prime Minister	In charge of Knowledge Economy and Startups
5	22-305	September 8, 2022	Provisions apply to this day	Minister	Minister of Knowledge Economy, Startups, and Small Enterprises

Source: Prepared by researchers.

The meticulous examination of the aforementioned table leads to the incontrovertible conclusion that the inception of the Ministry of Startups is a direct manifestation of a strategic orientation that is deeply embedded in the national constitution.

This orientation recognizes startups as a pivotal vector for innovation and the adoption of new technologies. The formal recognition and integration of the term "startup" within the Algerian legal framework were conclusively achieved through Law 14-19, dated December 11, 2019, pertaining to the finance law for the year

2020. This landmark legislation catalyzed the executive branch to establish a ministry explicitly dedicated to this sector.

Consequently, on January 2, 2020, the inauguration of the Ministry of Small Businesses, Startups, and the Knowledge Economy was announced, endowed with extensive competencies. This strategic move is anchored in the provisions of Article n°112 of the Constitution and is further delineated by executive decree n°20-55, dated February 25, 2020, which outlines the diverse missions entrusted to the Minister of the Knowledge Economy, Startups, and Small Businesses. Within this framework, the minister is adeptly supported by two other ministers, one in charge of startups and the other overseeing incubators.

This strategic initiative is emblematic of an urgent and meticulously crafted strategy, replete with precise and reasonable deadlines, aimed at invigorating the startup ecosystem and providing robust support to and accompanying structures dedicated to this type of institution. Among the most critical powers conferred are the following points:

- Promotion and developmental support for small businesses.
- Upgrading and fostering the growth of startups.
- Modernization and expansion of innovation centers, incubators, and business accelerators.

In the dynamic landscape of the knowledge economy, the ministry actively collaborates with a diverse array of stakeholders to launch multifaceted initiatives that significantly boost innovation, research, and development within the realm of digital technology. This pivotal role also extends to the vigorous promotion of information and communication technologies, ensuring their seamless integration into the broader economic, social, and cultural fabric of the nation. The following details outline the specific responsibilities entrusted to the ministry in these crucial sectors:

The ministry is expressly tasked with the strategic design and implementation of policies that foster the growth of innovative startups. Its mandate includes proposing a robust legal and regulatory framework that supports the emergence of new enterprises. This comprehensive approach encompasses the development of policies that bolster innovation, research, and development, alongside establishing accessible and effective financing mechanisms. Additionally, the ministry is dedicated to creating specialized training programs tailored to the unique needs of innovative startups, thus nurturing a fertile ground for entrepreneurial success.

In its efforts to promote and fortify essential business support frameworks such as nurseries, incubators, and accelerators, the ministry takes on a proactive role. It is responsible for crafting and advancing policies aimed at enhancing these vital infrastructures. The ministry's responsibilities include the vigilant implementation and monitoring of these policies, coupled with the development of legislative and regulatory frameworks in partnership with relevant sectors. Moreover, the ministry fosters collaboration, activity consolidation, and coordination among these entities to optimally support innovators. It also advocates for structured growth and strategic

development of nurseries, incubators, and accelerators, ensuring they serve as robust platforms for innovation.

The ministry is also charged with the critical task of formulating and advocating for a national policy centered on the knowledge economy. This task is conducted in close cooperation with pertinent sectors and aims to accentuate the promotion and enhancement of innovation, knowledge, and new technologies as integral components of the nation's development agenda. Furthermore, the ministry is responsible for initiating specific financing mechanisms that support innovation and new technologies, and for cultivating environments that are conducive to the seamless growth and transfer of innovative and research outcomes.

Following a strategic governmental reshuffle occurring through three successive changes from June 23, 2020, to February 21, 2021, a significant structural enhancement was implemented with the creation of the position of Deputy Minister to the Prime Minister, tasked specifically with overseeing the knowledge economy and startups. This initiative was designed to alleviate bureaucratic burdens while sharply focusing on the startup sector and knowledge economy, thereby hastening the implementation of a cohesive and effective strategic plan.

According to executive decree, n°306-20 dated October 15, 2020, the detailed responsibilities of the Deputy Minister to the Prime Minister in charge of the knowledge economy and startups were clearly outlined, integrating these two pivotal areas into a unified strategic vision. The knowledge economy is positioned as the foundational bedrock, while startups are viewed as the tangible, practical manifestation and operationalization of the knowledge economy.

Startups, recognized as vectors of development and innovation, cannot flourish and expand without the existence of an appropriate policy and mechanism supporting and advancing the knowledge economy. Here is an overview of the additional powers and duties attributed to this ministry:

- Participation in the establishment of certifications related to support organizations.

- Active promotion of support organizations, development of approaches, and mechanisms to support innovation.

- Support for the transfer of technology and the valorization of scientific research products, in collaboration with relevant sectors.

- Proposal of initiatives that encourage innovation, research, and development, and their integration into the economic, social, and cultural growth of the country.

- Assurance of establishing innovation hubs and competitiveness clusters.

- Encouragement of cross-sectoral innovation programs to develop and strengthen interactions between various socio-economic sectors.

- Promotion of the emergence of expertise to enhance the professions, experiences, and knowledge.

- Collaboration with relevant sectors to develop a mapping of national innovation.

- Proposal of initiatives promoting the creation and growth of young enterprises as sustainable economic actors.
- Implementation and monitoring of the strategy for the development of young enterprises.
- Suggestion of legislative and regulatory frameworks related to startups.
- Recommendation of actions and incentives for the establishment, promotion, and growth of startups.
- Proposal of measures to improve the competitiveness and sustainability of startups.
- Development of policies to support innovation, research, and development in young enterprises.
- Initiation of training actions, measures, or initiatives for startups.
- Proposal for the organizational management of institutions under its supervision and ensuring their proper functioning.
- Establishment of an information, evaluation, and control system for activities within its field of competence.

He supports the advancement of scientific and technical gatherings, particularly those related to startups, the knowledge economy, and supporting infrastructures. Following his commitment to these sectors, he was appointed as the Minister on September 8, 2022, during the most recent governmental reshuffle. This appointment, confirmed by Presidential Decree n°305-22, remains effective to this day, with him holding the role of Minister of the Knowledge Economy, Startups, and Small Enterprises. It is significant to note that the executive has continued the integration of sectors related to the knowledge economy and startups, and has further broadened the portfolio to include the small enterprises sector.

This expansion is in alignment with the foundational strategy when the ministry was initially established, aiming to harness innovation and technological progression. This strategic direction is designed to enhance the role of startups in driving economic transformation while also providing robust support structures for larger businesses.

2. Ministerial Structure (Central Administration) with Broad Powers under the Authority of the Minister or the Deputy Minister to the Prime Minister:

In accordance with the government's political orientation and its strategic action plans, the Prime Minister, or the head of government, contingent upon the outcomes of legislative elections, assigns responsibilities among his cabinet members. He also orchestrates the central administration of the ministries under his purview to guarantee efficiency, effectiveness, and the attainment of objectives as outlined in the general policy presented to the legislative body in Parliament.

This organizational structure is established through the issuance of executive decrees, which authorize the minister or the deputy minister to oversee and conduct all activities within their area of expertise. This includes domains such as micro-enterprises, startups, and the knowledge economy, as delineated by executive decree

n°20-55 of February 25, 2020, which pertains to the Central Administration of the Ministry of Micro-Enterprises, Startups, and the Knowledge Economy. The administrative framework under the minister includes various units tasked with supporting the minister in his duties as follows:

• **The Secretary-General:** Supported by two directors of studies and operating under the auspices of the Ministerial Office of Internal Security of the Ministry. The responsibilities of this office, though not explicitly defined, are typically delegated directly to the Minister to initiate, coordinate, and supervise the functioning of various departments. Additionally, the Secretary-General is responsible for the implementation of the minister's directives and oversees their execution.

• **The Chief of Staff to the Minister:** Assisted by eight personnel responsible for studies and synthesis. Under the guidance of the Chief of Staff, they are tasked with organizing and preparing for the minister's participation in government and parliamentary sessions, managing the minister's media relations, handling international affairs, public relations, interactions with associations and economic partners. They also monitor technological transfers, the ecosystem, major sector development programs, digital initiatives, global situation analyses, and the standardization of the sector's activity reports.

• **The Inspector General:** Although not specified in the executive decree, the responsibilities primarily include the prevention and control to optimize resource utilization and performance monitoring in the execution of various departmental missions, as well as the enforcement of laws and decrees.

• **Structures:** This comprises eight entities, each deriving their functions from the prerogatives of the Minister of the Sector. They are tasked with designing, activating, and overseeing operations within the framework of the developed activity program, adhering to the directives from the hierarchy. These entities also conduct studies or research aimed at enhancing the activities of their area of competence. They maintain ongoing monitoring and evaluation of programs and decisions adopted, consistently summarizing the outcomes and analyses¹⁴.

These structures are divided into various departments:

• **Department of Small Businesses and Ecosystems** is divided into two sub-departments:

- ✓ Sub-department of Small Businesses
- ✓ Sub-department of Ecosystems

• **Department of Start-ups**, divided into:

- ✓ Sub-department of Start-up Development
- ✓ Sub-department of the Start-up Ecosystem

• **Management of the Knowledge Economy** is divided into:

- ✓ Sub-department of Innovation
- ✓ Sub-department of Digital Economy
- ✓ Sub-department of Vigilance, Studies, and Forecasting

• **Management of Nurseries, Incubators, and Accelerators**, with:

- ✓ Sub-department of Entrepreneurship and Nurseries
- ✓ Sub-department of Incubators and Accelerators
- **Supervision of Information Systems**, with:
 - ✓ Sub-department of Information Systems Development
 - ✓ Sub-department of Networks and Information Systems
- **Coordination of Cooperation**, with:
 - ✓ Sub-department of Multilateral Cooperation
 - ✓ Sub-department of Bilateral Cooperation
- **Management of Organization and Legal Studies**, with:
 - ✓ Sub-department of Organization
 - ✓ Sub-department of Legal Studies, Documents, and Archives
- **Public Administration**, including:
 - ✓ Sub-department of Human Resources
 - ✓ Sub-department of Budget and Accounting
 - ✓ Sub-department of Resources

The organizational structure of the ministry's central administration is methodically arranged into offices, each with a limited number consisting of two (02) to four (04) offices per sub-department. This expansive organization of central administration undertakes a broad array of tasks, covering most scientific domains pertinent to the activities of startups, overseeing their development, and addressing challenges through a functional structure that has been effectively implemented in previous ministries.

Notably, this structure is similar to those found in ministries such as Labor, Employment, Social Security, and Professional Training, among other regulatory bodies. It is apparent from this arrangement that the administrative officials are committed to swiftly and comprehensively strategizing to stay abreast of advancements in the startup arena and to actively participate in the innovation revolution by leveraging all available human, administrative, legal, and financial resources.

Subsequent to these organizational efforts, his role within the government was elevated to that of a minister on September 8, 2022, as per the latest ministerial revision, holding the current position as stipulated by the presidential decree n°305-22, and serving as the Minister of the Knowledge Economy, Start-ups, and Small Businesses.

It is crucial to highlight that the executive has not only reinforced the integration of the knowledge economy and startup sectors but has also extended its scope to include the small enterprise sector within the rejuvenated ministerial strategy, thereby revitalizing the initial vision at the inception of this office within the government.

This initiative is strategically positioned to capitalize on innovation and technological development, thus promoting the expansion of startups and enhancing their role in economic transformation, while also providing comprehensive support to larger entities.

According to executive decree n°20-307 of September 2020, regarding the organization of services under the Deputy Minister to the Prime Minister responsible for the knowledge economy and startups, a new administrative configuration was instituted. This structure favors a service-oriented approach over centralized management, simplifying responsibilities with a sharpened focus on the domains of startups and the knowledge economy¹⁵.

- **Chief of Staff to the Minister:** Supported by four colleagues specializing in studies and synthesis, he is charged with the meticulous preparation and organization of the minister's involvement in governmental and parliamentary events. He manages media relations both domestically and internationally, oversees public interactions with associations and economic partners, and is responsible for technological transfers, the ecosystem, major sectoral development programs, digital initiatives, situational analysis, harmonization of sector activity reports, the drafting of legislative and regulatory texts, and overseeing files related to innovation, technology transfer, and ecosystems.

- _ The minister's cabinet further includes two auxiliary divisions.

- _ Additionally, the structures comprise the following departments:

- **Department of Knowledge Economy:** This department is bifurcated into two sub-departments, specifically the Sub-department of Innovation and the Sub-department of the Digital Economy.

- **Department of Start-ups:** This department is divided into the Sub-department of Development and Promotion of Start-ups and the Sub-department of Support Structures and Accompaniment.

The service arrangement under the Deputy Minister to the Prime Minister is organized into offices, with each sub-department consisting of two to four offices, as delineated in executive decree n°307-20 of October 2020. This decree aims to establish a deputy ministry connected to the Prime Minister while retaining the responsibilities related to startups and the knowledge economy under the auspices of the Deputy Minister.

This reconfiguration transforms the traditional central administration into services affiliated with the cabinet of the Deputy Minister, who operates under the directives issued by the minister responsible for the sector, primarily the Prime Minister, as indicated in the second paragraph of Article n°02 of executive decree n°06-20 of January 23, 2020, which governs the organization of the cabinet of the Deputy Minister and the Secretary of State.

It is also noteworthy that the latest ministerial reform was designed to restore the conventional ministerial system, valorize the portfolio, and empower the minister to formulate and represent a national policy and strategy in this sector.

3. Formation of a National Committee for the Labeling of "Start-ups," "Innovative Projects," and "Incubators":

The executive decree n°20-254 dated September 15, established this pivotal committee within the Ministry responsible for start-ups. Constituting this committee

are esteemed members including the Chairman, the Minister in charge of start-ups or his delegate, along with representatives from the ministries of Finance, Higher Education, Posts and Telecommunications, Industry, Agriculture, Fisheries, and Halieutic Products, and the representative of the Minister in charge of Digitalization. This committee is tasked with the following crucial missions:

- Labeling Attribution:
 - ✓ "Start-up"
 - ✓ "Innovative Project"
 - ✓ "Incubator"
- Consideration of applications post-rejection.

In its operational capacity, the committee actively participates in the diagnosis and promotion of innovative projects, contributing significantly to the fortification of ecosystems for young enterprises. By constituting this committee, the legislature has established definitive criteria at the national level for young enterprises, innovative projects, and incubators. These criteria are intended to thoroughly guide the support and assistance for these entities, ensure the protection of their innovations, and promote incubators to nurture young businesses under optimal conditions.

Furthermore, committee members are selected based on their extensive experience in the fields of start-ups and innovations, coming from diverse sectors predominantly involving economic portfolios. This varied expertise enables them to precisely determine what constitutes innovation within their respective domains and to devise the necessary measures to qualify an enterprise as a start-up based on their profound sector-specific experience¹⁶.

Fifthly: Creation and Modification of Mechanisms and Structures for Supporting and Assisting Start-ups:

1 Establishment of a Support Fund for the Economic Legal System of Start-ups:

A specialized fund, designated n°150-302, has been allocated to the services of the Deputy Minister to the Prime Minister responsible for young enterprises. This fund is established under Article n°42 of the Organic Law on State Budgets, n°15-18, dated September 2, 2018. It is categorized under special treasury funds, distinguished from the ordinary state budget by its specific financing mechanisms and its temporary or exceptional nature. This fund is purposefully designed to manage the inflow and outflow of funds associated with the support of the legal economic framework of young enterprises, in accordance with the finance law 14-19, which delineates the state budget for the year 2020, as stipulated in Article n°131 of said law.

Following the guidelines set by executive decree n°21-303 dated August 1, 2021, which establishes the nomenclature of revenues and expenditures linked to this fund, authorized disbursements include activities as specified in the interministerial order of August 23, 2021. These activities are jointly published by the Minister of Finance and the Deputy Minister to the Prime Minister responsible for young enterprises and notably encompass:

- ✓ Financial backing for viability studies integrating technological and economic perspectives.
- ✓ Support for the development of operational plans.
- ✓ Financing of technologies, inclusive of expenses related to the certification of modeling centers and databases.
- ✓ Economic assistance for costs associated with the design of a prototype, the conceptualization phase, simulation, validation, and the acquisition of equipment, raw materials, examination software, certification, standardization, acquisition of raw materials, and computer software, experimentation, approval, and standardization.
- ✓ Funding for the training of trainers and specialized mentoring.

In terms of incubation, the specific account provides financial support for the hosting and incubation of innovative projects, as well as the development and backing of introductory programs for startups. Additionally, the fund contributes financial support to initiatives aimed at strengthening the economic framework of young enterprises and innovators. These efforts are in accordance with the criteria laid out in the interministerial order dated August 23, 2021, which also specifies the monitoring and evaluation modalities related to this special account associated with the fund¹⁷.

2 Establishment of the Corporation for the Promotion and Management of Support Structures for Emerging Businesses (Alegria Venture):

Established by executive decree n°20-356 dated November 30, 2020, Alegria Venture is officially recognized as a public establishment endowed with industrial and commercial purposes, with its headquarters located in Algiers. When interacting with the state, Alegria Venture adheres to administrative norms, whereas in its dealings with third parties, it operates as a commercial entity. Positioned under the supervision of the minister responsible for startups, Alegria Venture is entrusted with several pivotal missions:

- Participating in the execution of the national strategy for the management and promotion of support structures for startups, including the drafting of their performance contracts.
- Designing and executing annual and multi-year programs aimed at the development of business incubators, accelerators, and acceleration methodologies specifically tailored for startups.
- Promoting innovation initiatives and contributing to technological surveillance.

The management of Algeria Venture is spearheaded by a General Director, who is overseen by a Board of Directors tasked with administrative responsibilities. The board includes members who are designated as central directors from the following ministerial departments:

- The minister for startups or his representative, who serves as chairperson, alongside a representative of the minister of finance as a member.

•The composition further includes a delegate from the Ministry of Posts and Telecommunications and a representative from the Ministry of Higher Education and Scientific Research.

•Additionally, a member representing each minister from the sectors of Energy, Industry, Agriculture, Commerce, Environment, Fisheries and Pharmaceutical Industry, alongside a member representing Sonatrach, and the Algerian Startup Fund.

The General Director also serves as a consultative member and presides over the secretariat of the commission. The commission's participation is open to any individual capable of contributing to the agenda's proceedings.

Moreover, Alegria Venture is supported by a scientific and technical council that assists the General Director. This council plays an essential role in coordinating initiatives, advancement programs, and innovation, as well as infrastructure support for startups. It consists of esteemed experts in the fields of innovation and entrepreneurship, including engineers or specialists in new technologies, a national expert in information and communication technologies, a representative of startup founders, and a representative from the startup ecosystem.

The Scientific and Technical Council undertakes the following tasks:

•Establishing technical criteria for the inclusion of startups within the support structures.

•Conducting evaluations and monitoring of startups and innovative projects.

•Assessing and validating the list of needs expressed by startups and innovative projects.

•Deliberating on the content of services provided by incubators and accelerators.

•Compiling and maintaining a database of scientific and technical personalities who are qualified in its activities¹⁸.

3. Transfer of the National Agency for the Promotion of Technological Parks from the supervision of the Minister charged with Information and Communication Technologies to the supervision of the Minister in charge of Small Enterprises, Start-ups, and the Knowledge Economy:

According to Law 91-04 dated March 24, 2004, which founded the agency, this body is characterized as a public establishment situated in Sidi Abdallah, Algiers. It possesses an industrial and commercial nature and serves as the State's tool for crafting and executing the national strategy. Governed by administrative rules in its dealings with the state, it functions as a commercial entity in its interactions with third parties, as noted in executive decree n°233-12.

Modifications were introduced by executive decree n°77-20 on March 28, 2020, positioning the agency under the jurisdiction of the ministry responsible for startups. The agency is tasked with a broad array of missions, which prominently include:

_ The formulation and proposition of elements constituting a national strategy in the realm of modernizing and developing technological parks, evaluating their status, and overseeing the completion and outfitting of their infrastructure.

_ The design and implementation of both annual and long-term programs for the enhancement of technological parks.

_ The promotion of collaborative endeavors among national higher education institutions, industrial research and development sectors, and technology users.

The management of this entity is delegated to a General Director, accountable to a Board of Directors responsible for governance. The composition of this board includes:

_ The board's chairperson, who may be the Minister in charge of Small Enterprises, Start-ups, and the Knowledge Economy or his delegate. Additional board members hail from the Ministry of National Defense, Ministry of the Interior, Local Communities and Urban Planning, Ministry of Finance, Ministry of Scientific Research, Ministry of Energy, Ministry of Industry and Mines, and Ministry of Post and Telecommunications, complemented by agency staff.

_ The General Director also participates as a consultative member of the board, with the board's membership open to any individual capable of contributing to the agenda.

Additionally, the agency integrates a technical advisory council that supports the General Director and engages in coordinating the activities and developmental programs of technological parks.

This council consists of ten members appointed for a three-year term, renewable once. Members are chosen from among researchers and university professors specializing in information and communication technologies. The council may also engage scientific personalities or experts from this field. The Scientific and Technical Council's responsibilities encompass:

- ✓ Proposing technical criteria for admitting clients to the technology park.
- ✓ Evaluating the content of training programs.
- ✓ Assessing scientific and technical issues raised by the General Director¹⁹.

Conclusion

The information delineated above underscores that the legal framework governing startups has undergone significant qualitative enhancements, with substantial developments and alterations at multiple levels impacting various entities. These changes are designed to keep stride with the burgeoning startup landscape and foster a nurturing incubation and support environment. This has been achieved through the enactment of various laws and regulatory decrees that operationalize national policy and are geared towards the development and amelioration of the startup ecosystem.

Search Results

➤ To realize these objectives, the executive expanded the governmental framework by incorporating a ministerial position specifically dedicated to these sectors, marking a pioneering inclusion within the executive branch.

➤ This initiative aims to embody a strategic response attuned to the aspirations of the Algerian populace as articulated in the constitution. Consequently, a central

administration with broadened responsibilities was established, equipped with the requisite authority to represent the state in implementing the established policy and national strategy.

➤ Initially, this central administration developed a scientific conceptual framework, elucidated the concept and the economic system associated with emerging institutions, and constituted a specialized national committee. This committee is charged with defining criteria and conferring recognition as a startup, innovative project, or incubator.

➤ Following this, mechanisms for support and accompaniment were instituted, including the creation of an Establishment for the Promotion and Management of Startup Support Structures, serving as both accelerators and incubators. These structures further undertake various missions aimed at enhancing the startup landscape.

➤ The National Agency for the Promotion of Technological Parks has recently been realigned under the jurisdiction of the Minister in charge of Small Businesses, Start-ups, and the Knowledge Economy, moving away from its previous association with the Minister responsible for Information and Communication Technologies. This shift aims to streamline efforts and enhance focus on the burgeoning sectors of small businesses and the knowledge economy, integrating more closely with the startup ecosystem.

➤ In tandem with this strategic repositioning, additional frameworks have been established to bolster entrepreneurship. Notably, Law 23-22 on the self-entrepreneur introduces specific benefits and facilities for managing innovative individual projects, thus promoting independent entrepreneurial ventures. Furthermore, adjustments have been made to Law 03-56 concerning the civil service and to Labor Law 11-90. These amendments incorporate a mechanism that permits employees and workers to cultivate and execute their startup initiatives, fostering an environment conducive to innovation within the workforce.

Suggestions

➤ Decentralizing institutions and expanding the administrative apparatus at the local level are measures that would encourage initiatives from residents of remote and isolated areas.

➤ Completing the embodiment and strengthening the structures of the startup ecosystem, including startup incubators, accelerators, competitiveness clusters, innovation centers, technology transfer, and local expansion.

➤ Expanding financing mechanisms by creating diversified financing areas that meet demand, encouraging banks and financial institutions to rely on Islamic formulas such as risk sharing.

➤ Involving private capital in financing startups by activating the role of venture capital, provident capital, and financing platforms.

Margins:

- ¹ Executive Decree n°18-01,2001 containing the Directive Law for the Promotion of Small and Medium Enterprises, Official Gazette, Article 11
- ² Executive Decree n°21-15, containing the Directive Law on Scientific Research and Technological Development, Official Gazette, p. 08.
- ³ Executive Decree n°17-02, containing the Directive Law on Small and Medium Enterprises, Official Gazette, p. 15.
- ⁴ Executive Decree n°20-30 of 2020 defining the powers of the Minister Delegate to the Prime Minister in charge of the knowledge economy and start-ups, Official Gazette, No. 64.
- ⁵ Executive Decree n°14-19 Official Gazette, Article 131
- ⁶ Executive Decree n°18-01, Article 11-2001.
- ⁷ Jawad, Nabil, Department of Development of Small and Medium Enterprises, A Theoretical and Applied Study. 2007, p. 35.
- ⁸ Executive Decree n° 254-20, establishing a national committee to award the “Start-up, Innovator and Incubator” label, Official Gazette, No. 55, p. 10
- ⁹ Yassine, Mimouni and Basiwih M. The Reality of Emerging Companies in Algeria 2021.
- ¹⁰ Executive Decree n°21-15, 2015, p. 08.
- ¹¹ Ries, E. The Lean Startups. New York: The Crown Publishing, 2011,p 08
- ¹² Steve .R. "Why the Lean Start-up Changes Everything." 2013, p 72.
- ¹³ Awabdi, Imad. Administrative Law Part 2 "Administrative Activity". Algeria, 2002
- ¹⁴ Executive Decree n°188-90, 1990, defining the structure of the central administration and its organs in the ministries, Official Gazette, p. 11.
- ¹⁵ Executive Decree n°233/12, 2018, containing the procedures for the implementation of Law No. 02-17, Article 2.p 12.
- ¹⁶ Executive Decree n° 20-307 of 27 Safar 1442 corresponding to October 15, 2020 on the organization of the services of the Minister Delegate to the Prime Minister in charge of the knowledge economy and start-ups. Official Gazette, p. 06.
- ¹⁷ Executive Decree n°254-20, p. 19. (Previous reference).
- ¹⁸ Executive Decree n°307/20, 2020, p. 11 (Previous reference).