

EMERGING INSTITUTIONS IN ALGERIA: AN ANALYTICAL STUDY OF LEGAL FRAMEWORKS

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Abstract:

Like other countries around the world, Algeria has sought to adopt a new government policy focused on establishing modern mechanisms, primarily related to the creation of emerging institutions and their incubating bodies, despite the existence of previous frameworks. This is done according to legal, regulatory, and institutional frameworks, including the establishment of the Ministry of Knowledge Economy, Emerging Institutions, and Small Enterprises, and supporting it with agencies and directorates that organize the ministry's work and implement its plans and programs in the sector.

This study aims to shed light on the conceptual and legal framework of emerging institutions in Algeria by clarifying the legal provisions and regulations governing the establishment, foundation, and support of emerging institutions, as well as the facilities and support provided by the authorities.

Keywords: *Emerging institutions, Business incubators, Executive Decree 20-254, knowledge economy, Innovative project.*

INTRODUCTION:

The sector of emerging and innovative institutions has garnered the attention of most countries worldwide due to its characteristics and roles that have directly contributed to the development and growth of their economies. Similarly, Algeria has recently adopted an alternative economic policy aimed at achieving development and enhancing the national economy. This policy encourages the creation of these institutions and opens the door widely and freely in the business world, within a healthy economic climate that keeps pace with the desired investment and developmental dynamics. This serves as a real alternative for wealth creation and expansion, instead of relying on the hydrocarbons sector and the rentier economy resulting from it.

In this context, Algeria has sought to adopt a new government policy focused on establishing modern mechanisms, primarily related to the creation of emerging institutions and their incubating bodies, despite the existence of previous frameworks. This is done according to legal, regulatory, and institutional frameworks, including the establishment of the Ministry of Knowledge Economy, Emerging Institutions, and Small Enterprises, and supporting it with agencies and directorates that organize the ministry's work and implement its plans and programs in the sector.

The topic of emerging institutions has occupied many specialized researchers in various fields, generating extensive discussion. Each has approached it from their perspective and specialization. This has driven us to explore it from a legal standpoint and clarify any ambiguities, whether regarding the legal concept of emerging institutions or the legal provisions and regulations

governing the establishment and activity of emerging institutions, as well as the facilities and support provided by the authorities.

Based on this, we question: **What is the concept of emerging institutions and the legal and regulatory measures governing emerging institutions in light of the economic climate challenges and the novelty of the experience in Algeria?**

To answer this question, we have divided the research topic into two main axes:

1. **The concept of emerging institutions**
2. **The legal framework for emerging institutions in Algeria.**

Axis One: The Concept of Emerging Institutions

Emerging institutions is a common term referring to a new business venture focused on innovation and developing new products or services that meet market needs. These institutions possess a set of characteristics that distinguish them from other companies and institutions in the market.

First: Definition of Emerging Institution:

There is no universally agreed-upon definition of emerging institutions, as scholars and researchers have different views on their naming and definition. The Algerian legislator has also sought to provide a definition for emerging institutions while issuing related texts. This will be presented through the following two elements:

1. Jurisprudential Definition of Emerging Institutions:

The term "emerging institutions" in a foreign language consists of two parts: "start," which refers to the idea of initiation, and "up," which refers to the idea of strong growth¹.

According to Paul Graham², an emerging institution is defined as "a company designed to grow quickly."³ He does not consider the recent establishment as a significant characteristic for a company to be considered emerging; instead, he relies on the characteristic of growth to distinguish it from other companies and institutions. According to him, anything else associated with emerging institutions inevitably follows growth⁴.

Patrick Fridenson indicated that the matter in an emerging company does not relate to age, size, or sector of activity. According to him, it is essential to answer important questions:

- Potential strong growth
- Use of modern technology
- Need for substantial funding
- Famous fundraising
- Ensuring that the market is new where risks are difficult to assess⁵.

Meanwhile, the French jurist Pierre Battini defined it through its distinctive characteristics, which include creativity, efficiency, productivity, flexibility, quick decision-making, the prevalence of collective spirit among founders, and an increasing revenue rate that is directly proportional to markets⁶.

Therefore, emerging institutions can be defined as: "An institution that seeks to market and launch a new product or innovative service targeting a large market, regardless of the company's size or

¹ See: Abdel Basset Wafaa, *Venture Capital Institutions and Their Role in Supporting Startups*, Dar Al Nahda Al Arabiya, Egypt, 2006, p. 40.

² He is the founder of the business incubator "Y Combinator", which is considered one of the most successful incubators in the business world.

³ Bouchaour Cherifa, *The Role of Business Incubators in Supporting and Developing Startups: A Case Study of Algeria*, Al-Bishr Al-Iqtisadiyah Magazine, Volume 04, Issue 02, University of Bechar, Algeria, October 2018, p. 420.

⁴ Al-Moumen Abdelkrim and others, *Technical Business Incubators and Their Role in Supporting Innovative Startups in Algeria*, a collective book entitled: *Startups and Their Role in Economic Recovery in Algeria*, Faculty of Economics, Commerce and Management Sciences, University of Bouira, Algeria, no year, p. 15.

⁵ Bouchaour Cherifa, *op. cit.*, p. 420.

⁶ Pierre Battini, *Capital Risk, mode d'emploi*, Editions d'Organisation, 1998, p. 18.

sector of activity. It is characterized by high uncertainty and high risks in exchange for achieving strong and rapid growth with the potential for substantial profits if successful.”⁷

2. LEGAL DEFINITION OF EMERGING INSTITUTIONS:

It is commonly understood that legislators typically do not delve into providing definitions for legal terms, leaving it to scholars or specialists in the field to provide appropriate definitions for emerging institutions.

Nevertheless, the Algerian legislator has sought to define emerging or innovative institutions in Article 06 of Law 15-21, which includes the guiding law on scientific research and technological development, as follows: “It is the institution that undertakes the realization of basic or applied research projects or those that engage in research and development activities.”⁸

The Algerian legislator also attempted to refer to emerging institutions in the provisions of some laws, such as Law 17-02⁹ related to the guiding law for small and medium enterprises in Article 21, which states: “Loan guarantee funds and launch funds are established at the ministry responsible for small and medium enterprises, according to the applicable regulations, with the aim of guaranteeing loans for small and medium enterprises and promoting emerging institutions within the framework of innovative projects.”

Additionally, Law 19-14, which includes the Finance Law for the year 2020, in Article 69, relates to a set of tax benefits that emerging institutions benefit from¹⁰.

This serves as a prelude to their regulation in a specific decree, namely Executive Decree No. 20-254¹¹, related to the establishment of an emerging institution, an innovative project, and a business incubator, specifying their tasks, composition, and operation, as well as the conditions for granting each label. The Algerian legislator defined the concept of an emerging institution in Article 11 of Chapter Four, titled “Conditions for Granting the Label,” by listing a set of criteria, including but not limited to:

- The emerging institution must be subject to Algerian law.
- The institution must not be older than eight years.
- The business model of the institution must focus on innovative products, services, business models, or ideas.
- The annual turnover of the institution must not exceed the amount determined by the national committee.
- At least 50% of the company’s capital must be owned by natural persons, accredited investment funds, or other institutions holding the “emerging institution” label.
- The institution must have significant growth potential.
- The number of employees must not exceed 250.

Therefore, it must be said that the definition of emerging institutions in Algeria remained ambiguous for a long time before the issuance of Executive Decree No. 20-254, which clarified the criteria required to acquire the concept of an emerging institution.

Despite this concept aligning with the general definitions prevalent in most countries, we conclude from the content of the above article that the legislator relied on several criteria, such as the number of employees (not exceeding 250) and capital ownership (at least 50% by natural persons or

⁷ Boualchaour Cherifa, *op. cit.*, p. 420.

⁸ Law No. 15-21 of December 30, 2015, includes the guiding law on scientific research and technological development, Official Gazette No. 71, issued on December 30, 2015, amended and supplemented by Law No. 20-01 of March 30, 2020, Official Gazette No. 20, issued on April 5, 2020.

⁹ Law No. 17-02 of January 10, 2017, includes the guiding law for the development of small and medium-sized enterprises, Official Gazette No. 02, issued on January 11, 2017.

¹⁰ Law No. 19-14 of December 11, 2019, includes the Finance Law for the year 2020, Official Gazette No. 81, issued on December 30, 2019.

¹¹ Executive Decree No. 20-254 of September 15, 2020, establishing a national committee to award the label "Startup", "Innovative Project" and "Business Incubator", and defining its tasks, composition and operation, Official Gazette, No. 55, issued on September 21, 2020.

accredited investment funds or other institutions holding the “emerging institution” label). However, it neglected other criteria, such as innovation, which is essential for granting the “emerging institution” label, or the technological dimension¹², indicating that the Algerian legislator did not confine emerging institutions to a specific sector or even the risk criterion, as these institutions start from scratch and either succeed or fail.

Second: Characteristics of a Startup:

Based on the legal and jurisprudential definitions of a startup mentioned above, a set of distinctive characteristics can be deduced, and the most important of these are as follows:

1. Recently Established:

Startups are considered to be newly founded and young, as their age does not exceed eight (8) years according to Executive Decree 20-254. The 8-year period is calculated from the first time they receive the startup designation, as stipulated in Article 14 of Executive Decree 20-254, for a period of 4 years, renewable once.¹³

2. Rapid Growth:

Startups are characterized by rapid and increasing growth, facilitated by the resources available to them, which enhance their growth and enable faster revenue generation compared to the costs required for operation. They are entities capable of generating very high profits.¹⁴

3. Adoption of New Technologies:

Startups base their commercial activities on pioneering ideas in the production of goods and/or the provision of services, regardless of their nature or type, to satisfy market needs in an innovative and modern way. Their growth and progress depend on technology, and they find funding through online platforms and the support of business incubators.¹⁵

4. Unique Nature of Financing:

The capital of a startup must be at least 50% owned by natural persons, accredited investment funds, or entities holding the startup designation. Additionally, the company's turnover must not exceed the limit set by the competent committee, which also represents the maximum threshold for being classified as a small or medium-sized enterprise, defined as 4 billion Algerian dinars, as provided by the definition of these entities.¹⁶

5. Subject to an Incubation Period:

Startups are also characterized by being subject to an incubation period, during their initial stages, under the guidance of business incubators¹⁷ and support from legally prescribed public or private bodies, aimed at accelerating the launch of projects with growth potential.¹⁸

6. Labor Size Criterion:

Startups do not require a large workforce; the number of employees should not exceed 250. This threshold has been adopted to distinguish between small and medium-sized enterprises and large

¹² Mizian Amina and Amarouche Khadija Iman, Startups between their reality and the requirements for their success, a collective book entitled: Startups and their role in economic recovery in Algeria, Faculty of Economics, Business and Management Sciences, University of Bouira, Algeria, no year, p. 31.

¹³ Makhasna Amna, Startups in Algeria - Conceptual and Legal Framework -, Sawt Al-Qanoon Magazine, Volume 08, Issue 01, University of Khemis Miliana, Algeria, November 2021, pp. 776, 777.

¹⁴ Makhasna Amna, Same reference., p. 777.

¹⁵ Belhaj Habiba, Technological Business Incubators as a Mechanism to Stimulate Creativity in Startups in Algeria, Incentives and activation methods, in business incubators, the way to develop emerging companies, publications of the Ecofima Financial Economics Laboratory, University of August 20, 1955 Skikda, Algeria, 2020, p. 09.

¹⁶ Abdelhamid Lamine and Samia Hassine, Measures to support emerging companies and innovation in Algeria: A reading of the provisions of Executive Decree No. 20-254, Journal of Research in Contracts and Business Law, Volume 05, Issue 02, University of Constantine, Algeria, December 2020, p. 09.

¹⁷ See in this regard:

- Philippe Alper, Les incubateurs. Emerging from a new industry, Research report. Chamber of commerce and industry, Nice coté d'azur, April, 2002, p. 08.

¹⁸ M'khachna Amna, op. cit, p. 778.

enterprises, reflecting the influence of the provisions of Executive Decree No. 20-254 on the concept of small and medium-sized enterprises.¹⁹

Axis Two: The Legal Framework for Emerging Institutions in Algeria

Algeria has given special attention to emerging institutions for some time, considering their spread in various countries worldwide and the success of many of them. The state allowed these institutions to emerge and provided opportunities for their operation within clear legal frameworks starting from early 2020, mostly in the form of executive decrees along with other legal and regulatory texts. Here are the most important ones:

First: Texts Issued Before 2020

The interest of Algerian authorities in emerging institutions is reflected in a set of legal texts, most notably Law No. 15-21, which includes the guiding law on scientific research and technological development, Law No. 17-02, which includes the guiding law for the development of small and medium enterprises, and Law No. 19-14, which includes the Finance Law for the year 2020.

1. Emerging Institutions Under Law No. 15-21 on Scientific Research and Technological Development:

The Algerian legislator, in Article 06 of Law No. 15-21²⁰, merely defined the emerging or innovative institution without providing a detailed explanation. It defined the innovative institution as: “An institution that undertakes the realization of basic or applied research projects, or that carries out research and development activities.” This left some ambiguity regarding emerging institutions during this period in terms of their characteristics, stages of formation, activities, or even funding, and which entities are responsible for supporting and incubating them at the beginning of their life.

2. Emerging Institutions Under Law No. 17-02 on the Development of Small and Medium Enterprises:

Law 17-02 addressed emerging institutions in Article 21, when it discussed the financing mechanisms for small, medium, and emerging enterprises. The content of the article states: “Loan guarantee funds and launch funds are established at the ministry responsible for small and medium enterprises, according to the applicable regulations, with the aim of guaranteeing loans for small and medium enterprises and promoting emerging institutions within the framework of innovative projects.”

Through this text, the legislator seeks to encourage the establishment of financing funds for small, medium, and emerging enterprises, represented by guarantee funds and launch funds, as mechanisms to support small, medium, and emerging enterprises. These mechanisms are more suitable for this type of institution to build a fertile ground for entrepreneurship, transfer knowledge, improve the quality and type of their products, and enhance their competitiveness.

The legislator’s increasing interest in emerging institutions is also evident by considering them a new economic model based on growth diversification and the knowledge economy, a promising sector that should be developed and promoted to achieve economic development.

3. Emerging Institutions Under Law No. 19-14 on the Finance Law for the Year 2020:

Law No. 19-14²¹ addressed emerging institutions in Article 69, which includes a set of tax exemptions that benefit emerging institutions. It states: “Start-up companies are exempt from corporate profit tax and value-added tax for commercial transactions...”

However, this text was amended by Article 117 of Law No. 21-16²² on the Finance Law for the Year 2022 to become as follows: “Institutions bearing the ‘Start-up’ label are exempt from professional activity tax, personal income tax, or corporate profit tax, as well as the single flat-rate tax, for a

¹⁹ Abdel Hamid Lamine and Samia Hussein, op. cit, p. 09.

²⁰ Law No. 15-21, op. cit.

²¹ Law No. 19-14, op. cit.

²² Law No. 21-16 of December 30, 2021, including the Finance Law for the year 2022, Official Gazette No. 100, issued on December 30, 2021, amending the provisions of Article 69 of Law No. 19-14 of December 11, 2019 including the Finance Law for the year 2020, amended by Article 33 of Law No. 20-07 of June 4, 2020 including the Supplementary Finance Law for the year 2020, amended by Article 86 of Law No. 20-16 of December 31, 2020 including the Finance Law for the year 2021..

period of four (4) years from the date of obtaining the ‘Start-up’ label, with an additional year (1) in case of renewal.”

We notice that the legislator expanded the scope of tax benefits compared to the first text to include more types of taxes and fees from which emerging institutions are exempt. It also specified the exemption period to cover the entire initial period of the establishment and activity of the emerging institution, as well as the first year of its activity after renewal.

Additionally, Article 131 of Law No. 19-14 states: "A special allocation account is created in the treasury, numbered 150-302 and titled ‘Support and Development Fund for the Economic System of Start-up Institutions.’ This account includes:

In the revenue section:

- State subsidy
- Revenue from non-tax fees
- All other resources and contributions.

In the expenditure section:

- Guaranteeing bank loan financing for the benefit of start-up institutions
- Setting incentive rates for bank loans
- Financing training
- Incubating start-up institutions.

From the content of Article 131, we deduce that the legislator sought to support and develop the economic system of emerging institutions and encourage their existence by helping them achieve progress and development. This innovative approach relies on realizing ideas as quickly and with as little effort as possible, assisting young people with creative ideas in achieving their field successes. This initiative reflects the strong political will of the Algerian state to meet the needs of creative youth and contribute to building the national economic fabric, especially for university graduates, by changing the traditional thinking patterns of students to modern thinking patterns based on creativity, innovation, and renewal through the use of creative teaching and learning strategies.²³

The law also ensures, by exempting them from taxes and customs duties during the exploitation phase, that these institutions have easier access to real estate to expand their investment projects. Thus, emerging institutions become a means to reduce unemployment, thanks to the technology and artificial intelligence techniques used in them.

Second: Texts Issued After 2020

Despite the texts mentioned in the above laws regarding emerging institutions, they are considered a modest attempt by the legislator to clarify the various provisions related to emerging institutions or innovative projects. Therefore, starting from 2020, several regulatory texts related to emerging institutions were issued to serve as the regulatory framework that outlines the methods, conditions, and procedures followed regarding them, as well as everything that helps improve the performance of these institutions to achieve the economic goals set by the state. The most important of these are:

1. Executive Decree 20-254:

Executive Decree 20-254²⁴ is considered the primary reference for the establishment of emerging institutions. Its provisions include a specific definition of emerging institutions through their conditions, in addition to measures to support emerging institutions based on innovation and renewal.

²³ Mohamed Ben Moussa, The general context of the interactive relationship between entrepreneurship and the surrounding economic and social environment, Collective book entitled: Creativity, entrepreneurship and sustainable regional (local) development - Laboratory of quantitative methods in economic sciences and business administration sciences and their applications for sustainable development -, Part I, Faculty of Economics and Business Sciences And Management Sciences, Ziane Ben Achour University/Djelfa, Algeria, December 2019, p. 15.

²⁴ Executive Decree No. 20-254, op. cit.

According to Article 11 of this decree, a national committee was established to contribute to diagnosing innovative projects, developing them, and participating in promoting the ecosystems of emerging institutions. This is done after examining the emerging institutions and checking their compliance with the following criteria:

- The institution must be subject to Algerian law, a regional criterion detailed in the provisions of commercial law, which requires that any institution operating within the national territory be subject to Algerian law.
- The institution must not be older than eight (8) years, calculated from the date it obtained the “Start-up” label from the national committee.²⁵
- The business model of the institution must be based on innovative products, services, business models, or any innovative idea.
- The annual turnover of the institution must not exceed the limit imposed by the national committee.²⁶
- The company’s capital must be at least 50% owned by natural persons, accredited investment funds, or other institutions holding the “Start-up” label.
- The institution’s activity must have significant growth potential, a characteristic inherent to emerging institutions worldwide.
- The number of employees must not exceed 250 workers.

From the above, we notice that the Algerian legislator did not differentiate between the terms “company” and “institution” despite the significant difference between them. Additionally, the criterion of “technology” was not mentioned among the criteria for classifying emerging institutions, which is contrary to what is adopted in most countries worldwide.²⁷

2. Executive Decree 20-365:

Under Executive Decree No. 20-365²⁸, an institution named “Algeria Venture” was established and given a special legal framework that defines its tasks, organization, and management.

Algeria Venture is a public institution of an industrial and commercial nature, subject to the rules applied to administration in its relations with the state. It is considered a trader in its relations with others and is placed under the supervision of the Minister in charge of emerging institutions. It enjoys legal personality and financial independence, with its headquarters in Algiers.²⁹

Algeria Venture is the first public accelerator established in Algeria, specializing in implementing the national policy for promoting and managing support structures for emerging institutions, particularly incubators and accelerators, and developing innovation³⁰. Some of its tasks include:

- Preparing and implementing annual and multi-year programs for developing incubators and accelerators for emerging institutions in cooperation with various relevant stakeholders, ensuring their follow-up and evaluation.
- Contributing to technological vigilance and ensuring the dissemination and distribution of all information related to technological innovation and entrepreneurship across various media.

²⁵ Article 14 of the same decree.

²⁶ See the competencies and tasks of the National Committee: Shallouch Boualem, *The Legal Framework for Start-ups in Algeria*, *Journal of Knowledge Issues*, Volume 02, Issue 02, Ziane Achour University Djelfa, Algeria, June 2022, pp. 69-72.

²⁷ Beloud Othman, *The legal framework for start-ups in Algeria - Obstacles and prospects*, *MECAS Notebooks Magazine*, Volume 18, Issue 02, Faculty of Business Sciences, University of Tlemcen, Algeria, December 2022, p. 755.

²⁸ Executive Decree No. 20-356 dated November 30, 2020, establishing an institution for the promotion and management of start-up support structures and defining its tasks, organization and operation, *Official Gazette* No. 73, issued on December 6, 2020.

²⁹ Article 1 of the same decree.

³⁰ Beloud Othman, *op. cit.*, p. 756.

- Participating in the creation of new support structures to enhance national capacities in supporting innovation, aiming to stimulate the creation of emerging institutions and contribute to economic and social development.³¹

3. Executive Decree 20-54:

Following the renaming of the ministry concerned with new economic institutions from the Ministry of Small and Medium Enterprises to the Ministry of Small Enterprises, Emerging Institutions, and Knowledge Economy, as per Presidential Decree No. 20-01³², which includes the appointment of government members, Executive Decree No. 20-54³³ was issued to define the powers of the Minister of Small Enterprises, Emerging Institutions, and Knowledge Economy.

This decree consists of 13 articles, all of which outline the tasks, assignments, and powers of the Minister of Small Enterprises, Emerging Institutions, and Knowledge Economy. Article 1 states that emerging institutions, like small enterprises, are part of the government's general policy and program, with the minister being entrusted with the national policy in the field of small enterprises, emerging institutions, and the knowledge economy. The minister oversees its implementation in accordance with applicable laws and regulations and presents the results of his activities to the Prime Minister and in government meetings and the Council of Ministers according to the prescribed forms and deadlines.

The minister exercises his powers over all activities related to the development of small enterprises, emerging institutions, incubators, and the knowledge economy. In this capacity, he is tasked, in consultation with relevant ministerial departments, institutions, bodies, and civil society movements, with implementing the national policy and strategy for promoting and developing small enterprises, emerging institutions, incubators, and the knowledge economy, particularly the digital economy. This includes promoting and developing small enterprises, emerging institutions, incubators, cyber parks, technology poles, innovation poles, and competitive poles, promoting technology transfer and valorizing research products. In the field of promoting and developing emerging institutions, the minister is responsible for preparing and proposing the policy and strategy for developing emerging institutions, implementing and ensuring their follow-up, proposing the legislative and regulatory framework related to emerging institutions, proposing any action or measure that would stimulate the creation, promotion, and development of emerging institutions and facilitate related procedures, proposing any measure that would support the competitiveness and sustainability of emerging institutions, preparing a policy to support innovation and research and development in emerging institutions in consultation with relevant sectors, establishing support structures for project holders, setting up appropriate financing mechanisms for emerging institutions and facilitating access to them, and proposing any action or measure in the framework of training for emerging institutions.³⁴

It is essential to emphasize the key competencies granted to the minister as stated in Articles 8 and 9, through which the minister initiates any legislative and regulatory text and proposes it to ensure the execution of his tasks and achieve the objectives assigned to him, organizing the central administration and institutions under his supervision and ensuring their proper functioning within the framework of applicable laws and regulations.

Additionally, the minister proposes the establishment of any institution for consultation and/or coordination between ministries and anybody that would adequately handle the tasks assigned to him at the local level and even at the regional and international levels, establishing cooperation relations in his areas of competence according to relevant rules and procedures.³⁵

³¹ Article 04 of Executive Decree 20-356, op. cit.

³² Presidential Decree No. 20-01 of January 2, 2020, appointing members of the government, Official Gazette No. 01, issued on January 5, 2020, Addendum to Official Gazette No. 06, issued on February 2, 2020.

³³ Executive Decree No. 20-54, dated February 25, 2020, defining the powers of the Minister of Small Enterprises, Startups and the Knowledge Economy, Official Gazette No. 12, issued on February 26, 2020.

³⁴ Articles 02, 03 and 04 of Executive Decree 20-54, Op. cit.

³⁵ M'khashna Amna, Op. cit., pp. 784, 785.

4. Executive Decree 20-55:

In addition to the establishment of the ministry responsible for promoting the development of emerging institutions under the supervision of the Minister of Small Enterprises, Emerging Institutions, and Knowledge Economy, an assisting body was installed, represented by the central administration directly affiliated with the concerned ministry. Under Executive Decree 20-55³⁶, the central administration, under the authority of the minister, consists of the Secretary-General, who is assisted by two (2) Directors of Studies. It also includes the Postal Office, the Ministerial Office for Internal Security, and the Chief of Staff, who is assisted by eight (8) study and summary officers responsible for preparing and organizing the minister's participation in governmental activities, activities related to relations with the parliament, organizing the minister's relations with the media, and his activities in international relations, public relations, and various bodies. Additionally, the General Inspectorate, whose organization and operation are defined by an executive decree, includes the following structures: Directorate of Small Enterprises and Ecosystems, Directorate of Emerging Institutions, Directorate of Knowledge Economy, Directorate of Nurseries, Incubators, and Accelerators, Directorate of Information Systems, Directorate of Cooperation, Directorate of Organization and Legal Studies, and Directorate of General Administration.³⁷

A dedicated directorate for emerging institutions was established and named the Directorate of Emerging Institutions, directly responsible for promoting the development of emerging institutions through all possible means of support. It is specifically tasked with preparing and proposing elements of the policy and strategy for promoting and developing emerging institutions.³⁸

Practically, the tasks of this directorate are distributed among two (2) sub-directorates, each specializing in its field: the Sub-Directorate for the Development of Emerging Institutions and the Sub-Directorate for the Ecosystem of Emerging Institutions, as per Article 3 of the aforementioned executive decree.

Procedurally, within the administration, there is the Directorate of Organization and Legal Studies, which includes two (2) sub-directorates: the Sub-Directorate for Organization and the Sub-Directorate for Legal Studies, Documents, and Archives, which handle many tasks related to the work of emerging institutions.³⁹

The establishment of such a central administration tasked with promoting and developing emerging institutions provides doubled support for these institutions, as the ministry oversees the implementation of measures dedicated to serving emerging institutions. This allows these institutions to operate comfortably and securely, which is their aspiration, in order to face the challenges that they encounter while conducting their activities in various markets.⁴⁰

CONCLUSION:

Recently, Algerian authorities have shown significant interest in startups due to their crucial role in developing the national economy and transitioning to a knowledge-based economy, which brings financial, investment, and social benefits.

Therefore, the Algerian legislator has relied on a series of provisions and procedures established within legal texts that represent the legal framework governing the process of supporting and promoting startups. This aims primarily to create a suitable environment for them, starting with

³⁶ Executive Decree No. 20-55, dated February 25, 2020, organizing the central administration of the Ministry of Small Enterprises, Startups and the Knowledge Economy, Official Gazette No. 12, Issued on February 26, 2020.

³⁷ Article 1 of the same decree.

³⁸ Article 03 of Executive Decree 20-55, *op. cit.*

³⁹ Article 08 of the same decree.

⁴⁰ Erzil El Kahina, Startup Support Bodies in Algerian Law, Twelfth National Forum on Startups and Incubators, Faculty of Law and Political Science, University of Martyr Mohamed Lakhdar, El Oued, Day of February, 15th, 2021, pp, 48.

Executive Decree No. 20-254, which is considered the cornerstone and the actual legal starting point for legislating startups in Algeria.

Despite all these efforts by the Algerian authorities, the startup sector in Algeria still faces many shortcomings, likely because the concept of startups is relatively new in the Algerian legal system.

In addition to the above, this study concluded with several findings, which are as follows:

1. The Algerian legislator did not provide a precise definition of startups, merely mentioning the criteria that distinguish them, such as the number of workers and capital ownership, while neglecting others like the risk criterion or even the innovation (technology) criterion, unlike what is adopted in most countries worldwide.
2. The Algerian legislator sought to provide all facilities, incentives, and support to encourage youth to embrace the idea of startups—especially in the absence of a startup culture and sufficient entrepreneurial background among Algerian youth—to help them realize their creative ideas and achieve their field successes and social needs, particularly creative university youth, by changing the traditional thinking patterns among students to modern thinking patterns based on creativity, innovation, and renewal.
3. The Algerian legislator did not differentiate between the terms “company” and “institution” despite the significant difference between them. In certain cases, it even requires the institution to take the form of a company to obtain the label, leading to lengthy procedures and complex forms necessary for establishing companies.
4. According to Executive Decree 20-254, the legislator set the lifespan of a startup at eight (8) years, calculated directly from the first time it obtains the startup label, for a period of 4 years renewable once.

The study concludes with a set of recommendations:


1. The necessity of establishing a suitable, clear, and comprehensive legal system that includes all provisions related to supporting and promoting startups, without the need for scattered texts or references to scattered regulatory texts, to avoid any potential conflict in their rules.
2. Working on developing the electronic platform for startups and small enterprises, providing project owners with detailed information about all procedures, public services, and governmental information, both electronic and non-electronic, and opening it to holders of innovative ideas to enable them to realize their ideas in the form of real projects.
3. Raising awareness among youth about the importance of startups and their role in achieving economic development by holding seminars, training courses, and workshops at universities and vocational training institutions, and giving them their due media coverage and publicity.
4. Adjusting the lifespan of startups by calculating the 8-year period from the beginning of their formation, not from the beginning of obtaining the “startup” label, which imposes on their owners the necessity to quickly obtain this label and benefit from support measures.
5. Benefiting from successful and pioneering experiences in the field of startups in various countries around the world.


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