



The Effectiveness of Business Incubators in Empowering Young Entrepreneurs in Algeria: Policies and Practices

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Abstract

The research aimed to assess the reality of business incubators in Algeria and understand their role in empowering young entrepreneurs and start-ups. The study concludes that Algerian authorities have made significant efforts, particularly at the regulatory and legislative levels, to stimulate business incubators. These have also contributed to the establishment of numerous innovative projects. However, business incubators continue to face challenges, including a lack of human expertise and limited funding, which requires unique reforms to improve their work.

Keywords: *Business Incubators, Young Entrepreneurs, Start-ups, Algeria.*

JEL Classification : L26, L31, M13, O18.

Introduction

In recent years, business incubators have become one of the most effective and efficient systems for accelerating the implementation of economic and technological development plans and programs, as well as for creating new employment opportunities. Many developed and developing countries have focused on using them, particularly thanks to their mechanisms and capabilities, which are demonstrated by their ability to incubate small and medium-sized enterprises (SMEs) and start-ups, and to bring to life the ideas of young entrepreneurs and innovative project leaders.

Algeria has been one of the most important African countries to rely on business incubators, as government instructions came from **President Abdelmadjid Tebboune**, who paid great attention to the field of entrepreneurship and start-ups, and which has become an integral part of the Algerian economy, Incubators are also considered an important program for economic recovery. Since 2022, the authorities have taken numerous measures and practices to promote the work of incubators.

Various programs have also been unveiled to provide owners of innovative ideas with support and consultations, in addition to providing a suitable working environment for launching the start-up, whether they are interested in the technological aspect or working in the field of new innovations or contributing to increasing the self-sufficiency rate, increasing the gross domestic product, reducing imports, and increasing exports in various sectors.

This article contributes to studying the current state of business incubators in Algeria and assessing their ability to play a central role in the creation of start-ups and the encouragement of young entrepreneurs. The study also aims to present the different legal and regulatory practices of business incubators and to identify the challenges they face.

1. An Overview of Business Incubators in Algeria

Business incubators have recently been considered one of the most successful development programs, and a smart choice for entrepreneurs and idea owners seeking to establish sustainable projects. According to the latest reports and studies, Algeria lags behind other developing countries, particularly Arab region, due to the economic and social conditions it has experienced, also the ambiguity surrounding the concept of business incubators.

1.1. Legal and Regulatory Framework

In 2003, through **Executive Decree No. 03-78 of 25 February**, the Algerian government issued the basic law for enterprises nurseries, defining them as public institutions of an industrial and commercial nature with legal personality and financial independence, what making the incubator a form of enterprise nursery. Therefore, the latter can take the following forms:

- **Incubator:** A public structure that handles service projects.
- **Connecting workshop:** A support structure that handles project holders in the field of small and medium-sized industries and crafts.
- **Enterprises hostel:** A support structure that handles projects within the field of research.

Its most important objectives include:

- Developing synergies with the institutional environment.
- Participating in economic movements.
- Encouraging the emergence of innovative projects.
- Providing support to new business founders.
- Helping businesses become better organized and become a strategic factor in economic development [1].

After nearly twenty years, In order to avoid confusion in the concept of business incubator and the government's desire to regulate incubators with a new vision, a new legal framework for business incubators was crystallized in **Executive Decree No. 20-254** [2], which defined the conditions for obtaining the "Business Incubator" label for any public or private sector entity, that proposes to provide support to start-ups and innovative project holders, including accommodation, training, consulting, and financing. Business incubators are committed to supporting start-ups during the incubation period, undertaking the following tasks:

- Localizing incubated start-ups and providing them with suitable workspaces.
- Supporting project owners during the establishment process.
- Assisting start-ups in developing business plans, market studies, and financing plans.
- Providing quality training, particularly in business management, legal obligations, and accounting.
- Providing logistical resources to project owners, such as meeting rooms, IT equipment, office supplies, and high-speed internet.
- Assisting start-ups in developing prototypes.
- Supporting incubated start-ups in finding funding sources and expanding into the market.

Previously, Algerian universities relied on the Entrepreneurship Center as a sole interface, offering awareness programs to students far removed from practical expectations. However, in 2022, the Algerian government made significant efforts to empower students to engage in entrepreneurship, it tasked the Ministry of Higher Education and Scientific Research with focusing on entrepreneurship education to ensure that university and institute graduates are able to manage their own projects, This was achieved through **Ministerial Decision No. 1275**, which activated the role of **University Business Incubators** after it had been inactive since 2012. This decision provided significant dynamism in supporting, welcoming, accommodating, and accompanying emerging companies. The role of the University Business Incubators Administration was to support projects that have obtained the **Innovative Project Label**, for immediate transformation into a **Start-up Label** submitted by the multidisciplinary national committee [3].

In general, there are four types of business incubators in Algeria, which are as follows [4]:

- **Public business incubators:** It operates under the supervision and guardianship of the Ministry of Small and Medium Enterprises, along with facilitation centers.

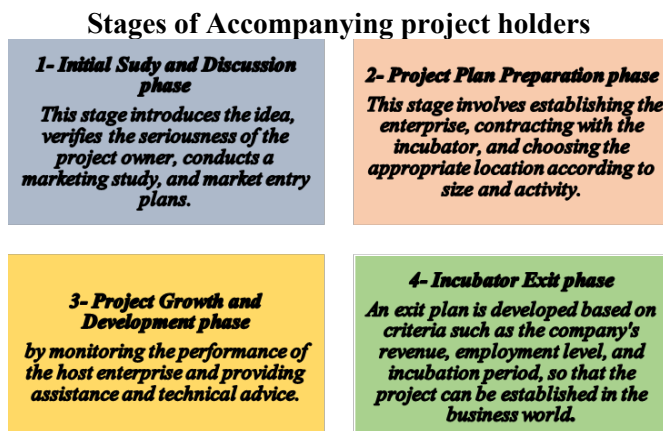
- **Technology business incubators:** In Algeria, they are called technology parks, its emerged through the establishment of the National Agency for the Promotion and Development of Technology Parks in 2004, under the supervision of the Ministry of Post and Information Technology.

- **University incubators:** The first university incubator was established at the National Institute of Communications and Information Technology on March, 28, 2012, by the National Agency for the Promotion and Development of Technology Parks. This falls within the government's goal of strengthening the role of universities in encouraging innovative ideas and projects.

- **Incubators in partnership with private companies:** On May 14, 2011, the National Agency for the Development of SMEs and mobile operator Ooredoo announced the **official launch of T-Start**; the Algerian program for technology start-ups. This program aims to provide financial and moral support to entrepreneurial projects.

The process of incubating projects in Algeria goes through the stages shown in the following figure [5]:

Figure 1.



(Source: Prepared by the author based on Zinet, 2022: pp. 214-215)

1.2. The Incubator Revolution in Algeria

As mentioned, Algeria has expanded the number of entrepreneurial interfaces, serving the interests of young entrepreneurs and holders of innovative ideas, **Mr. Ahmed Mir** explained that Algeria is currently ranked first in the Arab world in terms of university business incubators, which number 117 in addition to a digital incubator [6]. These incubators work to enhance the results of students' research in the form of start-ups, micro-enterprises, subsidiary enterprises, or patents that can be marketed and appreciated. The following table shows the restructuring carried out by the Ministry of Higher Education and Scientific Research:

Table 1.

Number of University Entrepreneurial Interfaces at the National Level

University Business Incubator	118
Entrepreneurship Development Centers	107
Technology Support and Innovation Centers	91
Liasion Office between University and Institutions	88
Consulting, Research and Development Office	79
Fabrication Laboratories	63
House of Artificial Intelligence	55

(Source: Ahmed Mir, 2024)

The number of public business incubators increased from 4 to 18 incubators between 2012 and 2022, and it's constantly increasing, The Minister of Knowledge Economy, Start-ups, and Micro-Enterprises, **Yacine El-Mahdi Oualid**, stated that the number of business incubators doubled in 2023 to more than 60. This is despite the fact that the support mechanism had previously been a missing link. The laws enacted have contributed to the activation of incubators, noting that supporting and incubating start-ups and innovative project holders is one of the most prominent challenges facing business incubators.

Table 2.

Development of the Number of Business Incubators (Public Incubator) 2012-2022

Years	Number of Business Incubators	Years	Number of Business Incubators
2012	04	2018	16
2013	04	2019	17
2014	13	2020	17
2015	13	2021	17
2016	16	2022	18
2017	16		

(Source: Prepared by the Author based on Ministry of Industry and Pharmaceutical Production, 2025)

2. Business Incubators a Mechanism to support Young Entrepreneurs and Start-ups

In Algeria, business incubators are considered the driving force behind improving youth training and fostering an entrepreneurial culture, thereby improving economic and social indicators. However, the challenge today remains to identify the issues facing the business incubator environment and propose proposals to improve its performance in order to serve young people with innovative projects in Algeria.

2.1. The Economic and Social Importance of Business Incubators

The number of incubated projects increased from 29 in 2012 to 278 in 2022, while the number of established enterprises increased from 28 to 114, and the number of positions created increased from 363 to 634. This is due to the government's desire to encourage the creation of business incubators, especially in early 2022, and the establishment of a national committee specialized in awarding incubator labels, as well as the use of research and innovation initiatives. These are all reasons that accelerated the revolution of business incubators, knowing that they recorded a significant decline during 2020 due to the coronavirus pandemic and the imposed containment and quarantine policies, as well as due to the reorganization of their work at that time.

Table 3.

Development in the number of incubated projects, number of new enterprises, and jobs 2012-2022

Years	Number of enterprises hosted	Number of enterprises created	Number of jobs created
2012	29	28	363
2013	37	37	375
2014	120	75	1025
2015	135	84	397
2016	158	70	576
2017	161	83	546
2018	186	93	539
2019	237	61	463
2020	79	41	169

2021	135	72	423
2022	278	114	634

(Source: Prepared by the Author based on Ministry of Industry and Pharmaceutical Production, 2025)

In 2022, the state of Oum El Bouaghi saw a high participation of nearly 960 project owners, of which only 50 benefited. The states of El Bayadh, Bordj Bou Arreridj, and Bechar follow, while Biskra and Ouargla achieved the highest number of new jobs, 159 and 161 respectively. Overall, there is a disparity in the distribution of business incubators across the country, due to the availability of capacities and support means in each state, as well as increased awareness and entrepreneurial orientation among young people.

Table 4.

Distribution Business Incubator by the State in 2022

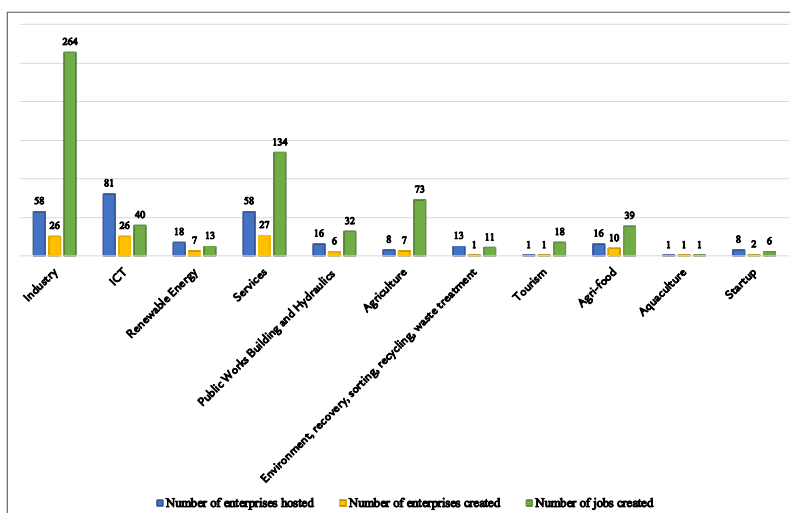
The State	Number of project owners received	Number of enterprises hosted	Number of enterprises created	Number of jobs created
Oran	93	48	26	1
Batna	57	17	6	24
Adrar	44	16	5	24
Sidi Bel Abbes	52	4	4	65
Khenchela	58	18	3	18
Oum El Bouaghi	960	50	5	22
Annaba	58	27	6	26
Tiaret	92	11	0	20
Ghardaia	27	0	0	0
Bechar	138	13	8	8
Biskra	67	18	17	159
El Bayadh	202	24	8	77
Mila	48	3	3	10
Ouargla	29	16	8	161
Bordj Bou Arreridj	169	5	3	9
Bouira	6	0	0	0
Alger	24	4	4	0
Telemcen	18	4	8	10

(Source: Prepared by the Author based on Ministry of Industry and Pharmaceutical Production, 2025)

We see from Figure 2 that the industrial, services, and information and communication technology sectors dominate the first place in the number of projects incubated during 2022. This distinction and right continues through the established projects and the number of new jobs, which raises a major question in light of the failure of the other sectors and the low levels they achieve. This requires a further intensification of efforts to improve the performance of all economic sectors in order to achieve comprehensive and equitable sustainable development.

Figure 2.

Distribution the number of incubated projects, number of new enterprises, and jobs by sector in 2022



(Source: Prepared by the Author based on Ministry of Industry and Pharmaceutical Production, 2025)

2.2. The role of the Government in Promoting the work of Business Incubators

The Algerian authorities have undertaken numerous initiatives and efforts to promote entrepreneurship and encourage young people to enter the world of innovation and benefit from the services of incubators. The most important of these include the following:

SYIABS: Founded in 2015 and headquartered in the Algerian capital, this incubator is a business accelerator that integrates startups into the Algerian entrepreneurship ecosystem, and provides various tools to expand the network of relationships.

INCUBME: It is a business incubator and accelerator at the same time, managed by young Algerians living abroad. It works to support emerging projects and companies by providing technical, financial, logistical and administrative support, and aims to spread the culture of entrepreneurship through global and local events and activities [7].

THE DIGITAL BUSINESS INCUBATOR: is an initiative of the Ministry of Higher Education and Scientific Research in Algeria. It aims to empower startups and business incubators and encourage innovation, from incubating ideas to entering the market, drawing on local and international expertise. It aims to promoting a culture of innovation by building a diversified knowledge-based economy. The Digital Business Incubator seeks young entrepreneurs who are capable of overcoming challenges by providing them with the opportunity to use innovative technologies to manufacture their prototypes, which will provide solutions for institutions, businessmen, and investors [8].

LENCUBATOR: created in 2020 and It considers itself an innovation incubation center, and its primary mission is to provide various support and acceleration programs for start-ups and innovative projects, relying on open innovation and focusing on human capital, in order to develop solutions based on the knowledge economy.

Algerian Center for Social Entrepreneurship (ACSE): It is a business incubator specialized in social entrepreneurship and supporting Algerian entrepreneurs, to develop and sustain their projects. It is famous for its program called "Impact at work."

The National Agency for the Promotion and Development of Technological Parks: is a public institution with an industrial and commercial nature, Headquartered in the Sidi-Abdallah Cyberspark, its role is to promote the information and communications technology sector and enhance the spread of technology within Algerian society [9].

Signing a cooperation agreement in the field of business incubators, accelerators, and co-working spaces between Algeria and Saudi Arabia, with the aim of promoting Algerian entrepreneurship and improving the work of business incubators [10].

2.3. Challenges and Obstacles facing Business Incubators in Algeria

Despite the capabilities and tools provided by the Algerian state to promote the work of business incubators and, make them a real resource for young entrepreneurs and start-up companies, they face a number of problems that hinder their progress, the most important of which are the following:

- **Limited access to funding:** Although the government has issued instructions requiring financial support for business incubators, this remains insufficient to enable them to operate effectively.

- **Lack of experienced mentors and advisors:** Business incubators face difficulties finding qualified and skilled entrepreneurship experts to guide start-ups.

- **Difficulties navigating regulations and bureaucratic obstacles:** New or prospective business incubators face difficulties with regulatory and legislative regulations, which may not align with the incubator's general principles [11].

- **Lack of cooperation and clarity:** This is the case with stakeholders who need the business incubator function.

- **Lack of commitment:** Business incubators face investing their resources in entrepreneurs who are not committed to their business projects, which erodes trust in working with them to ensure the success of startups.

- **Poor coordination:** This is between various entities and bodies, such as universities and research institutions on the one hand, and the production sector on the other, as well as financing and consulting institutions.

- Weak entrepreneurship development projects, as entrepreneurial skills remain dormant and untapped.

- Lack of information and the lack of organizational expertise necessary to successfully manage business incubators [12].

- Weak public capital mobilization, the absence of a dynamic financial environment and tax system that encourages research, development, innovation, and financing, and low R&D and innovation budgets, which are estimated at around 60% in industrialized countries [12].

- The novelty and limitations of both the concept of business incubators and start-ups in Algeria.

- Public business incubators suffer from their remoteness from urban areas and their incompatibility with established incubator models worldwide, such as the high rents for the infrastructure they provide to entrepreneurs [13].

Conclusion

Business incubators in Algeria embody the government's commitment to supporting young entrepreneurs and start-ups. Today, Algeria aims to build a strong future capable of competing with major global countries. The government has worked to implement several measures, procedures, and mechanisms to facilitate youth entrepreneurship and motivate them to start their own businesses. The incubator has become a new path and a model to emulate, offering great opportunities and freedom to young people, considered the engine and locomotive of growth, to integrate and participate in various economic sectors.

This study produced a series of findings, the most important of which is that Algeria has implemented a set of legal and regulatory frameworks to encourage the creation of business incubators, and has gone further to create a new model within universities. Business incubators in Algeria work to support young entrepreneurs and those with innovative ideas and provide various consultations and technical support in various sectors. Business incubators also face many challenges, the most important of which is the lack of experience and the ineffectiveness of specialized human resources.

In conclusion, Algeria must invest in incubators to mobilize entrepreneurs and employ them to promote economic and social development and reduce unemployment. It must offer comprehensive entrepreneurship courses that familiarize business incubators with the world of entrepreneurship, financing opportunities, and resource opportunities in the field of digitalization and technological innovation. It must also organize events between incubators and entrepreneurs to enable aspiring innovators to transform their ideas into thriving businesses,

In February 2025, the Ministry of Knowledge Economy, Start-ups, and Microenterprises announced the launch of a national open call for tenders to finance incubation programs, with the aim of supporting innovative project leaders in launching their start-ups across the country [14].

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