

Pr. MERAZGA Aissa, faculty of Economics, University of Batna1 (Algeria).

azizaissa_merazga@yahoo.fr

Dr. ADOUANE Rachid, faculty of Economics, University of Batna1 (Algeria).

Adouane.r@gmail.com

Title of the paper: “The Role of Employment Support Organizations in Algeria.”

Abstract :

The question of employment in Algeria has been and continues to be central to all development strategies and to all successive government programs.

At the beginning of its economic and social development, Algeria has adopted a development strategy based on planning as a method, the public sector as a leader and heavy industry (industrialized industry) as a basis. This strategy included addressing the most important social problem after independence, namely unemployment, where industry is defined as the most used labor force.

The leadership of the public sector for economic and social development has led to achieving this goal by employing the largest number of job seekers in various factories, even though the number exceeds the theoretical absorption capacity of these factories, because the goal was primarily social welfare through employment and distribution of wages.

Self-reforms at the beginning of the 1980s did not neglect this issue, giving priority to workers to buy their privatized institutions to maintain jobs.

The structural adjustment program (SAP) imposed on Algeria by international Organizations (FMI -BIRD) in the mid-1990s, as a result of the external debt crisis, was very severe in its social aspects, especially with regard to privatization and the resulting layoffs for workers and imposing strict restrictions on employment in government departments and institutions.

This situation has forced the political authorities to reduce the restrictions imposed by the creation of several support organizations that have contributed and are contributing till today to job creation and thus reduce unemployment, especially in:

ANEM – ANSEJ – CNAC – ANGEM

This paper examines these organizations and their main achievements in the field of employment since their inception, as well as existing gaps, giving some suggestions in order that these organizations can contribute more effectively in the field of employment.

Keywords: Unemployment, Employment, Employment Support Organizations in Algeria.

Pr. MERAZGA Aissa, faculty of Economics, University of Batna1 (Algeria).

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Dr. ADOUANE Rachid, faculty of Economics, University of Batna1 (Algeria).

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Introduction:

The organization and operation of the labor market is generally carried out by the State through the public employment facility. These public utilities were first introduced in industrialized countries in the late 19th century due to concerns about the negative impact of economic and social unemployment.

Algeria, like all other countries, has given utmost importance to this issue. The development strategies, economic policies and programs of successive governments since independence to this day have taken employment and unemployment as the most important concern in the development of these policies and programs.

From the beginning of independence until the end of the 1980s, the state relied on the public sector to lead the economic and social development strategy, which was based on manufactured industries (Industries Industrialisantes) and its imperative central planning style. This strategy has taken the issue of employment and unemployment among the elements and objectives to be focused on. The state worked to achieve social productivity through employment and wage distribution (disguised unemployment), rather than economic and financial cost.

At the beginning of the 1980s, Algeria undertook economic reforms without neglecting the issue of employment. The privatization of economic institutions (especially the local ones) was one of the most prominent. In order to maintain jobs in the institutions that have been privatized, the state has given priority to workers to buy their institutions offered for sale with support by obtaining bank loans at easy interest rates and repaying them in the long term with a percentage reduction in the value of each institution.

But in the nineties of the last century until today, to mitigate the repercussions of the Structural Adjustment Program (SAP) imposed on Algeria against the background of the external debt crisis, especially in the social stratum related to the privatization, closure and demobilization of many public sector institutions and layoffs. Algeria has worked to alleviate the social

repercussions of this process and has established several operational support organizations (ANEM-ANSEJ-CNAC-ANGAM), which contributed to the creation of jobs and the alleviation of unemployment despite the shortcomings that still exist in these organizations.

This paper discusses the most important achievements of these organizations and exposes the existing shortcomings with some suggestions to correct the imbalances in order to contribute effectively to employment and alleviate unemployment.

First: the National Employment Agency (ANEM)

1) The emergence of the Agency and the evolution of the legislative framework:

Algeria has established the first public employment facility, the National Labor Bureau, which was established by Decree No. 99/62 of 29 November 1962¹, which has been entrusted with the tasks of running various mechanisms of promotion of employment and combating unemployment.

The National Bureau of Labor has been a public institution of an administrative nature since 1971, through Order No. 42/71 of 17 June 1971, and pursuant to Executive Decree No. 259/90 of 08 September 1990, its name became the National Employment Agency².

In 2006, its legal character was changed from a public institution of an administrative nature to a public institution with special management, which has a moral personality and financial independence and operates under the tutelage of the Ministry of Labor, Employment and Social Security in accordance with the Executive Decree No. 77/06 of 18 February 2006³.

The National Employment Agency plays the role of mediator between job offers and applications through continuous knowledge and development of the labor market. It is also an effective tool for the state in the field of employment and its promotion and the fight against unemployment through the performance of its functions as an intermediary in the labor market.

2) Agency Achievements:

The Agency's mediation role has allowed it to employ more than 2 million people since the Executive Decree was issued in 1990 until the end of 2017 in various government departments, the public and private economic sectors, both domestic and foreign. The Agency shall bear a certain percentage of the remuneration and another percentage at the expense of the operator, whether in the public or private economic sector. The worker shall be integrated after three years and shall be employed as a permanent worker by the economic institution where he has spent three years.

The other type (about 92%) is in the form of temporary employment in various government administrative departments. The Agency pays 100% of their salaries through the budget of the Ministry of Labor and Social Security. Work has begun to integrate and demarcate them definitively in government departments since the beginning of 2018. More than 2 million people are expected to be integrated by the end of 2019.

Second: the National Agency for Youth Support and Employment (ANSEJ)

1) Legislative framework and financial regulation:

The National Agency for Youth Support and Employment was established by Executive Decree No. 296/96 of 08 September 1996⁴. It is one of the most important Accompanying and supporting structures in the establishment and promotion of small enterprises, as well as moral personality and financial independence⁵.

The agency is interested in accompanying and funding youth institutions between the ages of 19 and 35, with the possibility of extending the ages to 40 years for business manager if the activity creates more than three jobs.

2) Sources of funding:

The Agency is financed through two funds:

a) The National Fund for Youth Support and Employment, established on 30 December 1996, where the Fund finances projects by granting interest-free loans to supplement the amount required by the investment. This loan is added to personal capital and to loans granted by banks and other financial institutions⁶.

b) The Joint Guarantee Fund to guarantee the risks of loans granted under the National Agency for Youth Support and Employment, established by Executive Decree No. 289/03 of 10 September 2003⁷.

THE Young people who are granted loans contribute with 35 % of the total loans granted to them by banks. The Fund covers 70% of the risks that an investor may be exposed to⁸.

3) Agency's Achievements:

After we discussed the reasons for the establishment of the Agency and its objectives and the various laws and texts that govern its work. We will discuss the most important achievements through the projects funded by the State since its inception until 2016, as well as the jobs created by these projects, and what percentage was the share of women?

1-3) Distribution of projects by nature of economic activity:

Table (1): The distribution of projects funded by branches of economic activity

Source: National Agency for Youth Employment Support, Algeria 2017. Source: National Agency for Youth Employment Support, Algeria 2017.

Total	%	Services	%	Free professions	%	Industry and Maintenance	%	Construction, public works and irrigation	%	Traditional Industries	%	Agriculture and fishing	Branches of activity
													Period
140 503	56%	79 080	3%	3 648	8%	10 807	7%	9 818	16%	21 979	11%	15 171	Since its inception in 1996 To the end 2010/12/31
42 832	68%	29 228	1%	569	5%	2 118	9%	3 672	8%	3 559	9%	3 686	2011
65 812	69%	45 167	1%	826	5%	3 301	7%	4 375	8%	5 438	10%	6 705	2012
43 039	49%	21 192	2%	1 042	8%	3 333	10%	4 347	11%	4 900	19%	8 225	2013
40 856	32%	12 944	4%	1 450	16%	6 614	12%	5 106	10%	4 255	26%	10 487	2014
23 676	20%	4 688	5%	1 205	21%	4 913	16%	3 838	9%	2 170	29%	6 862	2015
11 262	21%	2 355	6%	716	24%	2 720	15%	1 672	3%	320	31%	3 479	2016
367 980	53%	194 654	3%	9 456	9%	33 806	9%	32 828	12%	42 621	15%	54 615	Since its inception to the end 2016/12/31

- Through the statistics in Table (01), the new trend of directing investments towards the productive and wealth-producing branches of employment is shown to contribute to the efforts of the State to alleviate unemployment.
- The share of agriculture in these projects has increased from 9% in 2011 to 31% in 2016, although the total percentage since the inception of the Agency in 1996 until the end of 2016 was 15%, which indicates that the percentage was weak in the first years. Because of the lack of desire of young people to invest in this sector, and because the state did not impose conditions for access to financing projects, which made most of the projects initially heading towards the service sector, especially transport and feeding, where the proportion of projects since the inception of the Agency until the end of 2010 has increased to 56, despite the clear decline in project financing in this sector, from 68% in 2011 to 21% in 2016, However, the overall percentage remained high at 53%.
- The percentage of financing of industrial and maintenance projects has witnessed remarkable growth. The percentage of projects since 1996 until the end of 2010 was only 8%, it reached 24% in 2016.
- A significant decrease in project financing was also observed as a result of the financial crisis experienced by Algeria in 2014 due to the sharp drop in oil prices, which affected the number of projects funded under the Agency. The total number of projects decreased from 40 856 in 2014 to 23 676 projects in 2015, bringing the number to 11,262 projects in 2016.

3.2) Impact of projects on job creation:

Table (2): The number of posts established under ANSEJ (1996–2016)

%	Number of established jobs	%	Funded projects	Period
44,71%	392 670	%13	140 503	From 1996 until: 31/12/2010
10,55%	92 682	%7	42 832	2011
14,71%	129 203	%7	65 812	2012
10,96%	96 233	%8	43 039	2013
10,61%	93 140	%9	40 856	2014
5,87%	51 570	%11	23 676	2015
2,59%	22 766	%14	11 262	2016
100%	878 264	%10	367 980	From 1996 until: 31/12/2016

Source: National Agency for Youth Employment Support, Algeria 2017.

The policy of directing investments in the areas of activity that create jobs funded by the Agency from 2014 as a result of the financial crisis has given better results than in the past, Although the number of projects started to decline from 40,856 projects in 2014 to 11,662 projects in 2016, they have established the equivalent of 20% of the total jobs established since 1996 until the end of 2016.

What is generally noticed is that the overall rate of job creation in this type of project does not exceed 2.5 jobs per project, which gives an idea of the type of institutions established in this format, where the entrepreneur is usually the worker himself or adds one position or two from his family members.

According to the Minister of Labor and Social Security⁹, the share of women in the projects established by the Agency since its inception until 2016 has reached 10% of the total projects. This indicates the new status women have enjoyed in Algeria, Where the world of business was limited only to men and rarely find a woman owns or runs an economic institution, so 10% is a great achievement for Algerian women, which percentage that is likely to be bigger in the coming years.

The project funding rate for the same period has reached 7 million DA per project. Depending on the nature of the project, funding can reach up to 10 million DA per project as a maximum.

Third: National Unemployment Insurance Fund (CNAC)

1) Evolution of the legislative framework of the Fund:

The National Unemployment Insurance Fund was established in 1994 by Executive Decree No. 188/94.¹⁰

The Fund is working to alleviate the social negative effects that coincided with the implementation of the PAS program imposed on Algeria as a result of the external debt crisis, especially with regard to the privatization of some public sector institutions and the closure of others, which led to the layoffs and the increase in unemployment.

The Fund has undergone several stages. Initially, its mission was to provide social benefits to workers who lost their jobs involuntarily, With a compensation rate of 94%¹¹, between 1996 and 1999, the period during which the structural adjustment program was implemented.

The second phase, from 1999 to 2004, the Fund has worked to reintegrate the unemployed and training them to establish their own microenterprises.

The third phase, from 2004 to 2014, has been in support of the Fund for the establishment of projects for unemployed aged between 35 and 50 years.

As of 2015, new measures have been taken, in particular the doubling of the amount of investment granted, having been set at a maximum of 5 million AD, It became 10 million AD.

The Fund works to sponsor and accompany entrepreneurs through:

1. Preparation of a preliminary study of the project;
2. Examining the feasibility of the project idea;
- 3 - Installation of the institution through the preparation of the business plan and follow-up of its launch;
- 4 - Formation of entrepreneurs for ten (10) weeks in order to acquire important information for the success of the project, such as market study, accounting, administrative procedures ...

Entrepreneurs benefit from important advantages as shown in the table below:

Table 3 shows the financial structure of project funding

Ratio of bank loan CNAC	Ratio of interest-free loans	Ratio of private contribution	the level
%70	%25	%5	Less than 2 million DA
%70	%22	%8	Between 2 million and 10 million DA

Source: Executive Decree No. 02/04 of 11 January 2004, Official Journal Of the People's Democratic Republic of Algeria, No. 3, issued on 15 January 2004, Algeria, p. 6.

Executive Decree No. 254/13 dated 20 July 2013 amending and supplementing Executive Decree No. 02/04 abolished the interest rate on loans granted by banks and financial institutions¹².

2) Fund Achievements:

As for the achievements of the Fund in the field of employment and unemployment alleviation, from the beginning of the implementation of the third phase from 2004 until 2016, Especially those that were taken in 2015 of doubling the amount of investment financing from 5 million AD to 10 million AD per project, it allowed the establishment of 382,180 projects by 31\12\ 2016 and the establishment of 604,757 jobs, or 4.2 jobs per project.

What is noticeable here is that these institutions are professional craftsmen and most of their owners have experience in the field because they do work in state institutions, and therefore their institutions are larger than those of the National Agency for Youth Employment or the National Agency for Microcredit Management. The overall rate is 2.5 for the National Agency for Youth Employment and 1.5 for the National Agency for Microcredit Management, while 4.2 for the National Unemployment Insurance Fund.

Fourth: National Agency for the management of micro-credit ANGEM

1) Legislative and regulatory framework:

This agency was established by Executive Decree No. 15/04 of 22 January 2004.¹³

The objective for which this agency was established is to support the establishment of microenterprises in order to:

1. Combating unemployment and poverty in urban and rural areas, by encouraging self-employment and work at home, crafts and professions, especially for women's groups;
- 2 - Highlight the economic and cultural products in each region according to their specificities, which allow the establishment of jobs and improve the standard of living through increasing the income;
3. Develop entrepreneurial spirit and help social integration.

- The Agency also works to support, guide and accompany beneficiaries in the implementation of their activities, especially with regard to funding both for the start of the project or the stage of exploitation.

- The Agency is also working on the formation of project holders and microfinance beneficiaries in the field of finance and management.

- The Agency, in the framework of full accompaniment from the beginning of the project until the sale phase, supports microcredit holders in the sale of their products through organizing exhibitions for this purpose.

- Microcredit granted under the National Agency for Microcredit Management has several advantages, namely, that the beneficiary of microcredit will receive an amount of One million AD without interest for the purchase of raw materials, amounting to Two millions AD in the southern regions.

In terms of financing the investment, it is in the form of a trilateral formula, where the investor contributes 1%, the agency by 29%, while the remaining 70%, are ensured by banks, provided that the investment does not exceed One million AD, and These loans are repaid in a period of 1 to 5 years without interest.¹⁴

2) Agency Achievements:

Since the inception of the Agency at the beginning of 2004 and until 31/03/2019,¹⁵ the Agency has granted 558,885 loans, of which 324 036, for men and 522,561 for women. These projects allowed the creation of 1 312 657 jobs, an average of less than 1.5 jobs per project. The proportion of loans granted to women in this type of support amounted to 63.4%, which is because these loans were initially intended for women who only work at home, but later expanded to young unemployed.

Conclusion:

The crisis of external indebtedness and the implementation of the Structural Adjustment Program (SAP) imposed on Algeria, which was harsh in its social structure, especially with regard to the privatization of some economic institutions in the public sector and the closure of others, which resulted in the layoffs of workers, led the state to establish institutions to support the creation of jobs In order to alleviate unemployment.

These institutions have been established on the basis that they are temporary pending the achievement of major balances in the national economy and thus re-growth and investment in projects that allow the creation of jobs and the reduction of unemployment ratio. However, despite the achievement of major balances, the Algerian economy has not regained growth and therefore the state has relied on these institutions to establish jobs and reduce the gap between demand and supply in the labor market.

These institutions have achieved significant results and achievements through the establishment of jobs since their adoption, but they were not in the level of aspirations, financial and human potential that the State has allocated for this purpose.

For more effectiveness of these institutions, we propose the following:

1- Strengthen the existing committees at the local level (the states) with trained human resources in order to expedite the study of files and direct investments towards the branches of productive activity of wealth and establishment for jobs in order to contribute to reducing the unemployment rate and improve the standard of living and contribute to local development.

2. Diversification of activities within the framework of priorities set by the Government's medium-term program within the framework of economic and social development plans, especially in the branches in which Algeria has comparative advantages (manufacturing, petrochemicals, agriculture and tourism).

- 3 - Encourage the establishment of productive units that have a great added value depending on the youth formed and graduated from universities and institutes of vocational training.
4. Encouraging women's projects through special accompaniment for housewives and rural women, in order to develop traditional industries according to the nature of each region.
- 5- Accompany the entrepreneurs especially at the beginning of the exploitation by giving them priority in completing part of the projects of the state institutions.

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