EMPLOYMENT POLICIES AND ACTIVE LABOUR MARKET PROGRAMMES IN ALGERIA

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EMPLOYMENT POLICIES AND ACTIVE LABOUR MARKET PROGRAMMES IN ALGERIA
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Since 2011, the southern and eastern Mediterranean countries have experienced a succession of revolts and regime changes, the so-called Arab Spring. The revolts served to focus attention on the lack of employment in the region – one of the main causes of social instability – and highlighted the importance of European Union (EU) cooperation with its neighbours in the field of employment. To address this problem, a structured Euro-Mediterranean policy dialogue on employment was initiated in 2008\(^1\) and the reform of the European Neighbourhood Policy in 2011 attributed greater importance to job creation and inclusive growth in the region.

Alongside this process of structured policy dialogue, the European Training Foundation (ETF) has provided regular inputs to the European Commission (Directorate-General for Employment) through three employability reports, presented in 2007, 2009 and 2011 to the Euromed Employment and Labour High-Level Working Group tasked with preparing the ministerial conferences (Martín and Bardak, 2012; ETF, 2012; European Commission, 2010). The aim of these reports was to contribute to the policy dialogue between the EU, the ETF and partner countries by providing reliable analyses of employment policy and employability in the region.

As part of this process, the ETF launched another round of analysis on employment policies in selected countries of the region. The focus of these country reports was not to analyse labour market trends and challenges, but rather to map existing employment policies and active labour market programmes and to assess the results and effectiveness of these instruments in addressing employment challenges. The reports also include a short description of the recent political context in the country, including topics such as the impact of the Arab Spring on the economy and employment, new players and actors, as well as the recent policy changes (government, donors, funding, etc.).

This report was drafted by Mohamed Saïb Musette (Centre de recherche en économie appliquée pour le développement (Cread)) in July 2013 in Algiers, in collaboration with Moundhir Lassassi and Mouloud Mohamed Meziani. Besides the desk review and statistical data analysis of the 2011 labour force survey and administrative data, some 10 stakeholders – government officials, former executives of employment agencies, representatives of social partners (trade unions and employer organisations) and civil society – were interviewed to gather their opinions on the country's employment policies and active labour market programmes.

The main problem in drafting this report is the current political context in Algeria. There is a reluctance to disseminate information on the activities of the various agencies – a real blackout. The only recent data available on national employment is that issued by the Prime Minister’s office on its website. The results of the last labour force survey (LFS) carried out in October 2012 by the National Office of Statistics (ONS) have not yet been released. Moreover, the two main data sources (LFS and administrative data) give different pictures of the Algerian labour market. They both contain interesting data but also have many limitations. Nevertheless, thanks to the efforts of Mohamed Saïb Musette, the report gives an overview of the employment policies and active labour market programmes implemented in Algeria and some qualitative assessments of their results.

\[Ummuhan\ Bardak, \ ETF\]

\[September\ 2013\]

\(^1\) A Framework of Actions on job creation, employability of human capital and decent employment was adopted at the first Euro-Mediterranean Conference of Ministers of Labour and Employment held in Marrakech in November 2008, and restated at the second Union for the Mediterranean (UfM) Labour and Employment Ministerial Conference held in Brussels in November 2010.
1. GLOBAL OVERVIEW

Even if Algeria has been spared the ‘Arab Spring’, social uprisings have taken place in many cities. These social outbursts have been stabilised by the authorities. Two reasons can explain this stability: (i) Algeria emerged from a black decade (the 1990s) marked by intense violence, which resulted in deaths, injuries and trauma; and (ii) the economic climate is rather good: the financial situation is healthy, mainly as a result of the income earned from oil and gas exports. Social peace was restored following the government’s approval of wage demands, which had remained unresolved since 2008, following changes in the Public Service Act.

Given these macroeconomic indicators, the Algerian economy was in good health in 2010: a sustainable growth rate (4%), reserves of USD 150 billion and an annual average inflation rate of 3.4% that was relatively under control. At a social level, the human development indicators in 2010 also indicated a significant improvement in standards of living in terms of income, health and education. The unemployment rate in 2010 was estimated at 10% – 8.1% for men and a little more than double that for women (19.1%)\(^5\). The unemployment rate is higher for young people with a university education.

Against the backdrop of these indicators, the government announced a five-year plan (2010-14)\(^6\). To encourage job creation, an initial budget of DZD 350 billion (USD 4.7 billion) was adopted:

‘With a budget of DZD 350 billion, job creation is to be encouraged by means of the five-year plan. This will support the employment of university graduates and graduates of vocational training programmes, the creation of micro enterprises and youth transition to work. Beside this public investment in employment, the implementation of the five-year plan and the effects of economic growth will result in a vast increase in recruitments. The net result will be the creation of three million jobs over the next five years.’\(^6\)

According to the labour force survey data, the Arab Spring situation has had no real impact on the labour market. In 2011, as in 2010, the unemployment figure remained stable at around 1 million, i.e. one in six households faced the problem of unemployment. Administrative data gives another picture: nearly 2 million new jobs were created in 2011. This is a real impact of the Arab Spring as many people were able to access the labour market (even temporarily) due to the increased number of active programmes provided by the government. The essential characteristics of the labour market have been the same for 20 years: a low overall activity rate, accounted for primarily by low female participation rates; high youth unemployment, mostly among young women; and a dynamic informal sector. These stylised facts have been restated by all analysts (Achy, 2010; Fortuny and Al Husseini, 2010; Musette, 2011; Abderebb, 2012).

In early 2011, following the social uprising, the Council of Ministers\(^7\) provided more funding to increase access to youth employment programmes. The decisions made by the ministers were intended to boost investment and improve the efficiency of active employment programmes. We can say that this is the first impact of the Arab Spring towards improving youth employment. These decisions provided for tax exemptions; hiring subsidies; government-backed credit guarantees for start-ups launched by new entrepreneurs (aged 19-50); and microcredit for poor households. Although employment policies have been developed since the late 1980s, they have been reinforced over time with the reorganisation of the National Employment Agency (ANEM) and the creation of four new agencies: the National Unemployment Insurance Fund (CNAC), the Social Development Agency (ADS), the National Youth Employment Support Agency (ANSEJ) and, more recently, the National Agency for Management of Microcredit (ANGEM).

These five agencies are the main actors in implementing employment policies and managing active labour market programmes in Algeria. By the end of 2011, all existing agencies were provided with more funding to cover the new services offered. The authorities stated on the Prime Minister’s website that nearly 2 million new jobs were created. These results are illustrated in FIGURE 1.1.

Moreover, the new Prime Minister recently stated\(^8\) that 80% of the objective of the five-year plan (creating 3 million new jobs by the end of 2013) had been reached by the end of 2012. This leaves only 20% of the objective to be met. On the other hand, the labour force survey conducted in October 2010 reported a slight decline in the participation rate and employment level and the unemployment rate remained almost unchanged at 10% between 2010 and 2011.

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\(^2\) Public Service Act, Journal officiel de la République algérienne démocratique et populaire, www.joradp.dz/fr/Dgfr.htm

\(^3\) Annex to the policy statement, October 2010, website last accessed May 2013 at: www.premierministre.gov.dz/media/DF/declarationpg2010.pdf

\(^4\) LFS 2010, data published on the ONS website.


\(^6\) Unofficial translation.


\(^8\) Prime Minister’s remarks at the National People’s Assembly (APN), 2013, www.almoudjahid.com/fr/actualites/33203
As expected, these results were challenged by the Algerian authorities, particularly by the former Minister of Planning and Statistics. The latter even prohibited the dissemination of the results of the 2011 labour force survey. The same scenario was reproduced in 2013 when the 2012 labour force survey results were not released. But the Algerian authorities were already anticipating a decline in the unemployment rate to 9.7% for 2012. This contradiction between administrative data and survey results is quite apparent. An in-depth analysis is needed to explain why these two sources shed different light on labour market issues. In fact, each source produces labour market insights but also has its own limits with regard to data collection and production methods. The labour market is still affected by social unrest.

A new player emerged in early 2013. Unemployed young people in the south of Algeria organised several sit-ins, requiring immediate action from the government to combat exclusion and discrimination in the labour market and recruitments. The response from the Algerian authorities was immediate. The government made a number of decisions to promote the economic integration of unemployed young people living in the southern region. These decisions required all firms to give preference to unemployed young people when hiring in the south of the country and brought heavy sanctions in case of non-compliance. They also aimed to limit wage discrimination, improve the education system, remove all constraints to the development of micro enterprises and implement inter-sectoral

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9 As reported by the national press, 2013. A few months later the ONS published the results of the 2011 survey on the website, www.latribune-online.com/index.php?news=66285
10 In a press interview, the new Minister of Planning and Statistics confirmed that this rate is acceptable, but he also questioned the effectiveness of different programmes: “We have confidence in the information that comes from the ONS. The unemployment rate of 9.7% should be accepted as the sole national rate for unemployment.” See www.algerienews.info/wp-content/uploads/2013/04/HR-07-04-2013.pdf. To reinforce the Algerian position, an International Monetary Fund (IMF) expert said that Algeria has the means to “reduce the unemployment rate to around 5%” (Furceri, 2012), www.algeriedz.info/2013/03/13/algerie-une-croissance-de-6-et-un-chomage-a-5-c'est-possible.
11 The region of southern Algeria covers 10 wilayas (provinces): Adrar, Laghouat, Tamanrasset, Biskra, Bechar, Ouargla, Ifiz, Tin'douf, El Oued, and Ghardaia.
coordination in the local labour market. This social unrest is quite contrary to the *satisfecit* (glowing report) given by the Algerian authorities regarding the implementation of the special economic programme in the South: the labour market in the south remains a challenge.

In brief, Algeria has been spared from any attempt at radical change as a consequence of the Arab Spring in the region. Many analysts\(^\text{13}\) have put forward reasons why Algeria has not experienced a revolution, even though all the ingredients are present. In fact, Algeria is a rich country. It has been able to buy social peace. The trauma of the ‘black decade’ is still alive. But it can be seen that the Arab Spring has had an indirect impact on the government’s decision to improve young people’s access to the labour market. Furthermore, following the Arab Spring in Tunisia, Egypt and Libya, Algerian efforts to combat unemployment have been supported by many other programmes. These are funded by United Nations (UN) agencies and related agencies (United Nations Development Programme (UNDP), International Labour Organisation (ILO), World Bank, the European Union, and non-governmental organisations (NGOs), for example the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), Frederick Ebert or United States Agency for International Development (USAID) and by other bilateral agreements with France. These external contributions, albeit modest in relation to the investment of the Algerian authorities, have been a great support in strengthening the country’s employment policy and helping to fight unemployment.

Apart from the controversy over data, current debates about the labour market, according to various analysts, are based at three levels. At the macro level, based on data from the labour force surveys conducted by the ONS (Furceri, 2012; Lassassi and Hammouda, 2012; Linotte and Menna, 2013), analysts argue that economic growth is insufficient to generate sustainable jobs. This growth is mainly pushed by state expenditure with no real impact on the labour market. Similarly, the decrease in the unemployment rate has resulted in an increase in jobs in the informal economy. The economy is also characterised by a low level of activity, due particularly to the female activity rate. Vocational training is also not seen as an attractive option.

At the meso level, the last uprising in southern Algeria highlights a flaw in the labour market, namely the lack of a regional early warning system\(^\text{14}\). The National Observatory of Employment and Poverty Alleviation\(^\text{15}\), established by the government in 2006, was abandoned. The establishment of inter-sectoral coordination at local labour market level is expected to compensate for weak national coordination.

At the micro level, existing employment schemes in place are in their third generation. These schemes partially reduce social tensions on the labour market but always require larger budgets. In other words, the costs of these programmes are increasing. The current economic situation calls for prudence. The alternative is an inevitable reduction in social expenditure.

These three levels form an overall framework. The strategy of the Algerian economy focuses to significantly change the behaviour of the labour force, to establish territorial equity, to create jobs and regularly adjust the cost of the programmes. Controlling this expenditure remains a challenge for the authorities.

The current financial context reminds us of the fragility of the Algerian economy. In the first quarter, of 2013, we witnessed the volatility of energy prices on the world market. Exports of oil, the country’s primary resource, declined. A downward trend is apparent. The Minister of Finance recently stated that ‘the balance of payments is estimated at only USD 0.846 billion compared to a surplus of USD 4.164 billion in 2012’\(^\text{16}\). This decline is reflected in the level of reserves, which marks the first change after a period of steady growth. Outstanding reserves are estimated at USD 189.768 billion compared to USD 190.661 billion at the end of 2012. Similarly, we observed an increase in imports of about 8.6%.

It should also be noted that a budget deficit of USD 40 billion was recorded in 2013. This deficit is absorbed by the Regulation Fund Reserve (RFR), estimated at USD 77.2 billion. Clearly, the situation is becoming unsustainable. If the same scenario occurs in 2014, the RFR will be exhausted. Hence, growth, driven by strong injections from the state budget, would slow down.

\(^{13}\) Cf. speeches drafted by France’s TV5 explaining why Algeria has been spared the effects of the Arab Spring.

\(^{14}\) The current monitoring system is based on administrative data and an annual labour force survey conducted by the ONS using a sample of 15 000 households. See www. ons.dz/NOTE-METHODOLOGIQUE, 58.html


\(^{16}\) Bank of Algeria, first quarterly report, 2013.
2. THE ALGERIAN LABOUR MARKET: MAIN FEATURES

The main features of the labour market can be identified from the labour force surveys. Two sources of information – the National Office of Statistics (ONS) and the National Fund of Social Insurance (CNAS) – shed some light on wage levels.

RISE IN POPULATION AND STAGNATION IN FEMALE PARTICIPATION RATES

The Algerian population was estimated at 37 million residents in 2012. In recent years there has been an upturn in the birth rate. This is due to a sudden growth in the marriage rate and a decrease in the mortality rate (see Table A2.1 in Annex 2). Studies on demographic transition in Algeria had omitted this possibility. The birth rate increased by 1.3% between 2011 and 2012. One million births are expected in 2014. If this trend continues it may put pressure on the labour market in the future.

The overall activity rate was estimated at 42% in 2010, declining to 40% in 2011. The country has a potential labour force of nearly 27 million. The low rate of activity in the population is a heavy burden for the active labour force. The female participation rate, which stagnated at 14.2% between 2010 and 2011 according to labour force survey data, is a key factor in the low rate. In general, it peaks for women aged 25 to 29 and then gradually reduces up to old age (FIGURE 2.1).

![FIGURE 2.1 FEMALE ACTIVITY RATE BY AGE GROUP, 2009-11 (%)](source: Based on ONS LFS data)

WEAKNESSES IN THE PRODUCTION SYSTEM

The Algerian economy is characterised by high employment absorbed by the strong service sector (TABLE 2.1): 59% of employees work in the trades and services sector. The construction sector ranks in second place, accounting for 17% of jobs. This is followed by industry at 14% and finally agriculture, which employed only 11% of the labour force in 2011. The change in employment by sector between 2003 and 2011 shows a significant decrease of almost 10 percentage points in agriculture, significant increase in the trades and services sector and in construction. The value added to GDP by economic sectors also shows the absolute dominance of hydrocarbons (see Table A2.2 in Annex 2).
2. THE ALGERIAN LABOUR MARKET: MAIN FEATURES

DOMINANCE OF PRIVATE SECTOR, CONTINUOUS RISE IN TEMPORARY JOBS

The labour market is characterised by a dominant private sector. This has been taken over from the public sector since the 1990s. In 1989, the public sector was the biggest employer, providing 54% of jobs. By 2011, the share of public sector employment had decreased to 40%, while the share of private sector jobs had increased to 60%. The public administration jobs have the highest share with 77% (public service), while public economic enterprises employ only 11% of workers (see Tables A2.3 and A2.4 in Annex 2). However, most wage workers in the private sector are employed on a temporary basis (79.5% in 2011), while permanent wage workers are concentrated in the public sector. **FIGURE 2.2** shows the overall trend in wages from 2003 to 2011. The two curves crossed in 2010, and a positive split appeared in 2011. The permanent wage workers curve climbs slowly, while the temporary one declines slightly. The question is whether this current positive trend is temporary or permanent.

UNEMPLOYMENT – AN URBAN PHENOMENON WITH WOMEN AND YOUNG PEOPLE PARTICULARLY VULNERABLE

At 10.7% and 8.7% respectively, the unemployment rate was higher in urban areas than in rural areas in both 2010 and 2011. The regions’ unemployment rates are certainly diverse and have high levels of inequality. However, as the labour force survey sample draws on national data, no one knows the exact unemployment rate by wilaya or region. Information regarding demand and supply registered by ANEM is used by local authorities but this data is not released to the public.

### TABLE 2.1 SHARE OF EMPLOYMENT PER ECONOMIC SECTOR, 2003-11 (%)

<table>
<thead>
<tr>
<th>Economic sector</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>21.13</td>
<td>17.16</td>
<td>16.05</td>
<td>11.67</td>
<td>10.77</td>
</tr>
<tr>
<td>Industry</td>
<td>12.03</td>
<td>13.16</td>
<td>10.62</td>
<td>13.73</td>
<td>13.72</td>
</tr>
<tr>
<td>Trades and services</td>
<td>32.58</td>
<td>35.36</td>
<td>36.46</td>
<td>56.23</td>
<td>58.89</td>
</tr>
<tr>
<td>Administration</td>
<td>22.29</td>
<td>19.25</td>
<td>22.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: ONS, LFS*

### FIGURE 2.2 PERMANENT AND NON-PERMANENT WAGE WORKERS’ RATE, 2003-11 (%)

*Source: Based on ONS LFS data*
The overall trend indicates that women are more vulnerable, with an unemployment rate twice that of men. A slight variation was observed in 2011: the unemployment rate for males rose slightly from 8.1% to 8.4% while the rate for women fell almost 2% from 19.1% to 17.2% between 2010 and 2011. This decrease was caused by a drop in the unemployment rate (less than 2.4%) for adults (over 25 years) in particular. In 2011, a persistent gap existed between youth unemployment (16-24 years) and adult unemployment (25-60 years). The youth unemployment rate was estimated at 24%, with a strong gender disparity: the rate for women rose to 38%, compared to 19.1% for men (FIGURE 2.3). Women’s employment behaviour follows the level of education.

**FIGURE 2.3 LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT, 1982-2011 (MILLION)**

Source: Based on ONS LFS data

**FIGURE 2.4 YOUTH VERSUS ADULT UNEMPLOYMENT RATE BY GENDER, 2001-11 (%)**

Source: Based on ONS LFS data

**SLOWDOWN IN INFORMAL EMPLOYMENT**

The dominance of the private sector has resulted in an increasing informal sector. Social unrest in January 2011 was led by those who are outside the formal sector. After a period of tolerance, the Algerian authorities engaged in enforcement actions and implemented measures to integrate informal trade in structured markets. The level of informality (defined by the absence of social protection for non-agricultural employment) was estimated at 40.7%.

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17 Registration for social security is a legal requirement in Algeria; see Act No 83-11 of 2 July 1983 on social insurance.
in 2011 compared to 45.6% in 2010 (Bellache, 2010). If we calculate the informal employment rate only in the private sector\(^{18}\), a much higher rate is found (classical rate for total employment\(^{19}\)). According to the calculations based on the labour force survey of 2011, the informal employment rate rises to 73.3%, meaning that seven in every ten employed people do not have social security coverage in the non-agricultural private sector. This proportion increased by five points between 2001 and 2011.

According to the World Bank (2011), the rate of informality as a percentage of the gross domestic product (GDP) is 34.8%. The rate of self-employment as a share of total employment is 29.6% and the share of the labour force not covered by social security is 63.3% in Algeria. The national estimate was based solely on the labour force survey annual data, while the World Bank estimate was an average rate determined between 2000 and 2005.

**FIGURE 2.5** shows the reverse trend between the rise in employment in the informal sector and the decline in the unemployment rate, observed mainly since 2003. A slight drop in informal employment is visible in 2011, coupled with an increase in formal employment. This revival in the formal sector was only possible following renewed recruitment in the public sector\(^{20}\). A return to the former trend is expected due to the external shock suffered by the Algerian economy in 2013.

**EMPLOYMENT AND TRAINING: SKILLS MISMATCH**

A high unemployment rate among graduates of higher education and vocational training is also a feature of the Algerian labour market. This situation is somewhat paradoxical given the low education level of the economy: only 12% of the employed labour force has higher education degrees. In addition, the government has maintained a policy of importing skilled foreign workers. The skills mismatch is hence an important challenge.

The number of unemployed people by education level shows that the rate has decreased for those with a lower education level ([FIGURE 2.6](#)). In contrast, the unemployment rate has increased significantly (more than 13%) among the category of people with a higher education level. The situation is more critical for women. The unemployment rate for women with a higher education level has increased significantly (by more than 24% between 2001 and 2011). More educated women are unemployed compared to women with a lower education level. We also note a decrease of six points among university-educated women between 2010 and 2011.

The situation is different for men. The share of unemployed men with university degree has also increased (six points) but their number is lower than the number of unemployed men with lower education. Those with a medium education level are increasingly concerned with unemployment. In 2011, unemployment fell for all education levels except for the middle level, where it increased by six percentage points between 2010 and 2011. Graduates of vocational training are at greatest risk of unemployment, especially during their first year after graduation. This applies both to boys and girls. The average unemployment rate for graduates of vocational training has more or less stagnated, estimated at 12.5% in 2010 and 12.4% in 2011.

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\(^{18}\) Percentage informal employment = \(\frac{\text{employed population (non-agricultural) in the private sector not affiliated to social security}}{\text{total employment (non-agricultural) in the private sector}}\) * 100.

\(^{19}\) Percentage informal employment = \(\frac{\text{employed population (non-agricultural) not affiliated to social security}}{\text{total employment (non-agricultural)}}\) * 100.

\(^{20}\) Permanent employment in the public sector increased by 200 000 new jobs in 2011 (ONS LFS).
MIGRATION FLOWS

Algeria is maintaining its strategy (launched in 2003) of importing foreign workers to achieve its major economic programmes, mainly in the construction sector (see TABLE 2.2). Chinese labour is the most important group of legal immigrants. Irregular migration, known asharga, is still a challenge and mostly occurs from sub-Saharan Africa. The trend has slowed since the outbreak of conflict in the Sahel, rising border insecurity in southern Algeria (Mali, Niger), to the east (Tunisia, Libya) and the west (Morocco). Other routes have been devised by migrants over the last decade to counter security systems set up by Algerian and European maritime forces in the Mediterranean.

TABLE 2.2 NUMBER OF FOREIGN WORKERS IN ALGERIA BY ECONOMIC SECTOR, 2012

<table>
<thead>
<tr>
<th>Economic sector</th>
<th>Number of foreign workers with a work permit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>25,967</td>
</tr>
<tr>
<td>Industry</td>
<td>18,209</td>
</tr>
<tr>
<td>Service</td>
<td>1,584</td>
</tr>
<tr>
<td>Agriculture</td>
<td>37</td>
</tr>
<tr>
<td>Total</td>
<td>45,797</td>
</tr>
</tbody>
</table>

Number of foreign employers
9,558
Total (foreign employers and workers) 55,355
Regular Algerian emigration has witnessed a shift to other destinations. Data from the Ministry of Foreign Affairs shows that 1.9 million Algerians are registered abroad. France still remains the dominant destination along with Spain, North Africa and the Gulf countries. This new age of regular migration is distinguished by a new profile (Musette, 2010). A recent study carried out by the Institute for International Economic Studies and the ILO in 2009 observed that Algerians moving to work in North Africa have a higher education level than those who move to France. Women workers also move abroad now, a rather new phenomenon for Algeria. The rate of return slowed in 2012.

**WAGE SYSTEM**

The wage system has undergone extensive changes with the slowdown in permanent employment and the rise in temporary employment. The minimum wage (known by the French abbreviation SNMG, which stands for ‘salaire national minimum garanti’) was set up in the 1990s for all sectors: public and private, domestic and foreign. Under the structural adjustment programme, the tripartite dialogue introduced a new clause (article 87bis) to include all bonuses and allowances in the minimum wage. When the structural adjustment programme came to an end, having stabilised all macroeconomic indicators, the General Union of Algerian Workers (UGTA) called for the withdrawal of this article in every tripartite dialogue meeting. This call was not heard. The Algerian authorities readjusted the minimum wage in 2012, increasing it to DZD 18 000 per month, without revoking article 87bis. The increased cost of the current minimum wage is perceived as unbearable by companies and remains a subject for debate between the government and the unions. Its application is problematic in the current context.

Wages in the public sector follow two types of logic. Public service wages are fixed according to a national grid, based on the value of index points. Bonuses are added to salaries, according to sector, following negotiations with the unionised workers. In the public economic enterprises, salaries are based on negotiations between the sectoral authorities (company management) and the workers’ union. Wages in the private sector depend on negotiations between trade unions and employers. Trade unionism is often absent in micro companies, which represent 95% of small and medium-sized enterprises (SMEs) in the country.

There is no systematic and regular monitoring of wage developments in Algeria. The ONS conducted two wage surveys (in 2009 and 2010) in public and private companies with a staff of over 20 employees. The results are necessarily limited as they do not cover all firms. Another more or less reliable source is the National Fund of Social Insurance. In 2006 and 2011, it published details about the salaries paid by the sectors in which its various contributors worked (public and private, domestic and foreign). The data provided by both the National Office of Statistics and the National Fund of Social Insurance only reflects wages in the formal sector. No information is available about wages in the informal sector. No investigation has been conducted to identify wage developments in this sector (see Table 2.3).

### Table 2.3 Average Monthly Wages by Public and Private Sector, 2006 & 2011 (DZD)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector (excluding administration)</td>
<td>24 842</td>
<td>42 681</td>
</tr>
<tr>
<td>Public administration</td>
<td>20 770</td>
<td>45 164</td>
</tr>
<tr>
<td>Other public sector</td>
<td>7 911</td>
<td>13 315</td>
</tr>
<tr>
<td>Private sector</td>
<td>18 842</td>
<td>27 759</td>
</tr>
<tr>
<td>Other private sector</td>
<td>18 866</td>
<td>39 636</td>
</tr>
<tr>
<td>NGOs</td>
<td>19 695</td>
<td>33 098</td>
</tr>
<tr>
<td>Foreign organisations</td>
<td>40 743</td>
<td>52 259</td>
</tr>
<tr>
<td>National average</td>
<td>21 667</td>
<td>36 273</td>
</tr>
</tbody>
</table>

*Source: National Agency for Social Security, 2006 and 2011*

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22 Some authors speak of a fourth age of migration (Collyer, 2012).

23 Algerian customs data on changes in residential status at the end of 2012.

24 See http://lestrepublicain-annaba.com/article/?id=5360
3. EMPLOYMENT POLICIES AND STRATEGIES

The Ministry of Labour is the key player (together with the ANEM, ANSEJ and CNAC agencies). However, the Ministry of National Solidarity conducts some activities linked to the fight against poverty (working with the ANGEM and ADS agencies). Some other ministries are also involved less actively in employment policies. These include the Ministry of Agriculture, the Ministry of Industry and Handicrafts and the Ministry of Industry. The National Agency of Development of SMEs (ANDPME) and the National Agency of Investment Development (ANDI) also have a role to play.

At a strategic level, Algeria has not demonstrated any innovation in its employment policies. The policies initiated in 2008 have simply been reinforced. Different types of labour laws are regularly updated but still remain confusing. About 10 years ago, a decision was made within the tripartite dialogue to draft a new labour code. This is still pending. Some adjustments were made in wage increases. The guaranteed minimum wage was revised upwards without impacting on economic sectors. The age of retirement increased slightly in 2013. Union struggles, including the ‘autonomous sections’ of trade unions, continue to challenge Algerian authorities in order to obtain national and international recognition.

NATIONAL EMPLOYMENT POLICY

The national employment policy, adopted by the government in 2008, remains the only reference to the focus and strategies designed to promote employment and fight unemployment. As already noted, the principle of importing foreign labour is maintained only for foreign operators. Additional facilities were introduced to make it easier to access employment programmes in February 2011. Other new facilities were also recently granted (March 2013). These include the integration of unemployed people living in the south of Algeria. The youth and employment programme (funded by the EU) will provide further support for the employment sector and will be piloted in four departments.

NATIONAL EMPLOYMENT POLICY OBJECTIVES

1. To fight unemployment using an economic approach
2. To promote skilled work in the short and medium term
3. To develop an entrepreneurial spirit
4. To adapt courses and training profiles to the needs of the labour market
5. To support productive investment to generate jobs
6. To create inter-sectoral coordination bodies
7. To modernise monitoring, control and evaluation
8. To improve and consolidate job intermediation in the labour market
9. To continue efforts to create 2 million jobs as part of the presidential programme ‘Horizon 2009’
10. To continue to promote youth employment and improve recruitment rates after the induction period
11. To reduce the unemployment rate to less than 10% between 2009 and 2010, and to less than 9% between 2011 and 2013

To achieve its objectives, the authorities defined seven areas of intervention:

1. Providing support for the economic sector by creating jobs
2. Promoting skills training (including on-site training to facilitate integration into the world of work)
3. Promoting a policy of incentives for enterprises to encourage job creation
4. Promoting youth employment
5. Improving and modernising the management of the labour market
6. Monitoring, controlling and evaluating management mechanisms in the labour market
7. Creating and establishing inter-sectoral coordination bodies

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25 See Ministry of Labour, Employment and Social Security’s website: www.mtess.gov.dz/mtss_fr_N/emploi/2008/OBJECTIFS%20AND%20AXES%20DE%20LA%20STRAT%C3%89GIE%20D%20FORMATION%20ET%20D%20EMPLOI%20%202008%20%20ACTION.Pdf

26 The EU-funded project is still pending at the Ministry of Labour, Employment and Social Security which is the beneficiary of this programme. The project was approved in 2012.
NEED FOR ADJUSTMENTS IN LABOUR LEGISLATION

No major legislative changes have been made since 2011. The tripartite decision made in the early 2000s to draft a new labour code is still in progress27. As already noted, very little is known about the exact content of the labour laws. The negotiations completed between the government and trade unions in 2011 are related to the rules laid down by the Public Service Act agreed in 2008. The wage increase has been negotiated and accepted by both parties with a retrospective effect of three years.

MINIMUM WAGE INCREASE WITH NO IMPLICATIONS FOR THE PRIVATE SECTOR

The minimum wage was readjusted by the tripartite dialogue in January 2012. It was fixed at DZD 18 000 per month. This represents an increase of 20% on the 2010 minimum wage. As already noted, bonuses were included in the minimum wage paid to employees since 1994. They are fixed by collective agreements made within the industry or company and they are compulsory for both the private and public sector. Thus, it is not surprising that employees are paid well below the minimum wage.

The increased minimum wage had an effect on the salary scale of the economic sector during negotiations on the revision of collective agreements between workers and employers. A range of other benefits (such as retirement or unemployment allowances) are indexed to the minimum wage. Pensions also increased recently by 11%.28

ORGANISATION OF INDEPENDENT TRADE UNIONS AS AN ALTERNATIVE

The actors in the labour market remain unchanged: the state, the UGTA, employers’ organisations and other professional organisations. A tripartite dialogue has the job of evaluating the economic and social pact. According to press reports and interviews with unions and employers, it is composed of four private employers’ organisations and one public employers’ organisation. Two other NGOs also take part in the dialogue: the Algerian Business Leaders Forum (FCE) and the Algerian Association of Women Managers (SEVE – Savoir et Vouloir Entreprendre). The strength of the UGTA is unknown. The extent of union membership is only known in the event of a strike, which is always controversial.

The struggle to represent workers at national and international level is still a challenge. Within the tripartite dialogue, only the UGTA represents workers. It is recognised at international level (within the ILO). Other registered unions exist but they don’t have the national scope required for admission to the (national and international) tripartite dialogue. Some autonomous trade unions (other than the UGTA) and other non-registered unions regularly hold demonstrations to support workers’ demands but fail to be invited by the government to participate in the tripartite dialogue.

27 Speech regarding the labour code; cf. press interview, INT.
28 Cf. press information from the Ministry of Labour in 2013.
In the public service, the implementation of employment policies and active labour market programmes (ALMPs) falls under the remit of several departments and/or agencies that report to two ministries. ANEM, ANSEJ and CNAC work with the Ministry of Labour, Employment and Social Security. ADS and ANGEM work with the Ministry of National Solidarity. These agencies have representatives at local government level, in the Department of Employment in the wilaya (Ministry of Labour, Employment and Social Security) and the Department of Social Action (Ministry of National Solidarity).

The services provided by these bodies can be divided into two groups: services for easing social tensions (ANEM and ADS) and services for creating economic activities (ANSEJ, CNAC and ANGEM).

4.1 JOB PLACEMENT SERVICES FOR UNEMPLOYED PEOPLE

The two agencies involved in reducing tensions on the labour market are ANEM and ADS. ANEM’s mission of providing job intermediation service is classed as its main activity. The agency is invested through a programme designed to support young people looking for a job (DAIP). ADS’ mission was originally aimed at reducing poverty by providing a social safety net following the implementation of the structural adjustment programme in the 1990s.

4.1.1. NATIONAL EMPLOYMENT AGENCY (ANEM)

ANEM acquired a new legal status in 2006. The decree that was enacted specified its mission and the way in which the agency was organised. It is under the supervision of the Ministry of Labour, Employment and Social Security. The decree also defined the agency’s functions with regard to the regulation of the labour market. To accomplish its tasks, the agency has:

- 7 central departments,
- 11 regional centres (AREM) whose jurisdictions extend to several provinces,
- 48 wilaya offices,
- 167 local offices (ALEM – agence locale de l’emploi) whose jurisdictions extend to one or more municipalities.

It should be noted that in 2004 ANEM reinstated its monopoly on job intermediation: integrating private placement services, incorporating municipalities, requiring companies to contact ANEM if they have any vacancies or are creating new jobs. ANEM continues to modernise and improve its public services. Between 1990 and 2004, it was compulsory for all employers to inform ANEM about all their vacancies. But employers were not penalised or fined if they failed to do so. Since 2004, however, employers have been penalised if they do not comply. The public service is exempt from this requirement. Vacancies for civil servants are published on the website of the Public Service Directorate.

In addition to public investment, the agency has received other financial support for training (from France, the EU and the UNDP). The agency employs a staff of 3,097, spread across the country in various services, to fulfil its mission. Apart from its main mission, ANEM also initiated a new youth employment programme, which has been running since 2008.

Core mission: job intermediation

ANEM’s main activity is in the area of labour market intermediation. Its activities accelerated somewhat from dealing with 132,000 vacancies in 2006 to 234,000 in 2010, falling to 182,000 in 2011 (see Figure A2.1 in Annex 2). Demand for jobs also increased during the same period, with the number of jobseekers rising from 96,000 in 2006 to

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29 Decree of 1986 on the reorganisation of ANEM.
30 ANEM presentation at World Bank workshop, 2011.
31 Act No 04-19 of 25 December 2004 on the placement of workers and the supervision of employment allows the private sector to engage in investment activity, especially following the ratification of ILO Convention 181, which was adopted in 1997 and entered into force in 2000.
181 000 in late 2010. The placement rate increased slightly from 73% to 77%. This implies the existence of a number of unfilled vacancies. ANEM’s core mission is quite distinct from other programmes. Jobseekers are placed in vacancies offered by employers, mainly private.

**DAIP (vocational integration assistance mechanism for young people)**

Since 2008, in addition to its core mission of labour market intermediation, ANEM has also been involved in managing youth employment programmes devised as part of the national employment policy. Table 4.1 shows the programmes managed by ANEM. With the inclusion of the DAIP in 2008, ANEM has become an important player in easing tensions on the labour market. The three components of DAIP – graduate integration contract (CID), professional integration contract (CIP) and training insertion contract (CFI) – provided contracts to 278 000 beneficiaries in 2009, 273 000 beneficiaries in 2010, and a much higher 661 000 beneficiaries in 2011. According to unofficial data, the number of beneficiaries was expected to be roughly 240 000 in 2012, which is a drastic fall compared to the previous year.

### Table 4.1 ANEM AND YOUTH EMPLOYMENT PROGRAMMES

<table>
<thead>
<tr>
<th>Programme</th>
<th>Nature</th>
<th>Duration</th>
<th>Compensation</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAIP (vocational integration assistance mechanism for young people), run by the Ministry of Labour, Employment and Social Security, consists of three distinct categories.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Graduate integration contract (CID)</strong></td>
<td>Intended for first-time jobseekers, graduates of tertiary education or senior technicians who receive support for their sustainable recruitment, priority within public and private economic sector</td>
<td>Economic enterprises: 1 year Administration: 1.5 year</td>
<td>University graduates: DZD 15 000 per month Senior technicians: DZD 10 000 per month The employer’s contribution to social security is paid by the state.</td>
<td>This measure replaces the pre-employment contract for graduates (CPE).</td>
</tr>
<tr>
<td><strong>Professional integration contract (CIP)</strong></td>
<td>Aimed at young, first-time jobseekers leaving secondary education or vocational education and training (VET) centres (CFPA) (including apprentices)</td>
<td>Firms: 1 year, non-renewable Public administration: 1 year, renewable</td>
<td>In firms: DZD 8 000 per month In public administration: DZD 6 000 per month The employer’s share of contributions to social security is covered by the state.</td>
<td>At the end of the CIP contract ANEM may propose a subsidised work contract (CTA) in firms. In case of refusal, the person loses the right to remain in the CIP.</td>
</tr>
<tr>
<td><strong>Training insertion contract (CFI)</strong></td>
<td>Targets young jobseekers without training or qualifications; they are placed either in various work projects initiated by local authorities or by different sectors for the duration of the project</td>
<td>1 year, non-renewable</td>
<td>Bursaries: DZD 4 000 per month during their training if they are working with craftsmen and the equivalent of the wage paid for the position occupied if the young person is placed in a particular project (the laws and regulations in force are applicable in this case)</td>
<td></td>
</tr>
<tr>
<td><strong>Subsidised work contract (CTA)</strong></td>
<td>Is proposed when one of the contracts cited above comes to an end (and sometimes earlier if the employer agrees)</td>
<td>3 years</td>
<td>Labour costs shared between state and employer</td>
<td></td>
</tr>
</tbody>
</table>

It should be noted also that private job intermediation services exist. Their role is still marginal, as they deal with less than 10 000 jobs each year. All private agencies must report regularly to ANEM on the demand and supply that they have registered.
Similarly, an additional measure – a subsidised work contract (CTA) – was implemented in recent years. The coverage of this programme has increased since its introduction. In 2009, only 8,000 beneficiaries of the three components were subsequently able to obtain formal employment in 2010. The volume increased to 24,000 people in 2011. They are permanently employed in companies and a state contribution subsidises their wages for a period of three years. In 2012, ANEM recorded about 41,000 recruitments for the CTA measure, an improvement in the ‘sustainable’ integration of DAIP beneficiaries.

### 4.1.2 SOCIAL DEVELOPMENT AGENCY (ADS)

ADS was created in 1996\(^3\). Its main mission is to combat poverty, support the unemployed, fight social exclusion and manage all pro-poor employment programmes – pre-employment contracts; a local initiative for wage workers (ESIL); a programme for unemployed people in rural areas (TUP-HIMO); and a scheme designed to provide compensation for workers engaged in community-based activities (IAIG) under the structural adjustment programme. These programmes also target the social integration of jobseekers, especially young graduates, and include measures to improve employability of young people through giving working skills and experience in programmes.

The agency has its head office in Algiers, 11 regional offices, 48 wilaya offices and 254 field social units (CPS) – an average of four per wilaya. The total workforce in 2012 was 3,528: 1,576 at local level (communes), 179 at the wilaya offices (DAS) and 981 in the field social units (CPS). Like ANEM, ADS helps to ease social tensions on the labour market with several programmes grouped under the heading ‘social inclusion programmes (DAIS)’ and ‘programmes for young graduates (PID)’ (see TABLE 4.2).

### TABLE 4.2 SOCIAL INCLUSION PROGRAMMES

<table>
<thead>
<tr>
<th>Programme</th>
<th>Nature</th>
<th>Duration</th>
<th>Compensation</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social inclusion programmes developed by the Ministry of National Solidarity are designed to fight poverty and youth unemployment. They are part of a social treatment of unemployment and are managed by the Social Development Agency (ADS) at national level and implemented locally by the Department of Social Action at wilaya level (DAS).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insertion programme for graduates (PID)</td>
<td>Targets young university graduates and technicians without income, in precarious situations or with disabilities. Second criteria: youth aged 19-35 with no income.</td>
<td>1 year, renewable once</td>
<td>University graduates: DZD 10,000 per month Technicians: DZD 8,000 per month + social insurance paid by the state</td>
<td></td>
</tr>
<tr>
<td>Allowance for activity or community service (AIG)</td>
<td>Its objective is the social inclusion of disadvantaged people who are active and of employable age. It addresses the social categories that have no income.</td>
<td>1 year, renewable, but can be permanent in specific local circumstances</td>
<td>DZD 3,000 per month + social insurance paid by the state</td>
<td></td>
</tr>
<tr>
<td>Social inclusion programmes (DAIS) replace a local initiative for wage workers (ESIL) and compensation for workers engaged in community-based activities (IAIG)</td>
<td>Aims to place unemployed, unqualified 18-59 year-olds in temporary positions in the private or public sector.</td>
<td>2 years, renewable twice</td>
<td>DZD 6,000 per month + social insurance paid by the state</td>
<td>ESIL is integrated under this new label. IAIG is also integrated under this label since March 2012.</td>
</tr>
</tbody>
</table>

\(^3\) Executive Decree No 96232 of 29 June 1996, amended by Executive Order No 03241 of 2 July 2003.
This agency’s main objective is to combat poverty. It heads up several programmes using the contributions of all communes (municipalities) and targeting poor families within the working age limit (16-65 years). The TUP-HIMO programme is aimed at unemployed people in rural areas and engages them mainly in (public) community work activities. The ESIL and the IAIG provide an allowance for community work mainly in public services and government schools. It also runs other community programmes in rural villages, sometimes with international assistance.

We observed a downward trend in employment actions over the last three years in the various programmes run by ADS (PID, DAIS, AIG, IAIG, TUP-HIMO). In spite of this, the number of beneficiaries is higher than in the various ANEM programmes (see Figure A2.1 in Annex 2). The number of PID beneficiaries totalled 48 000 in 2010; this figure fell to 42 000 in 2011 and 13 000 in late 2012. The DAIS programme shows the same trend: 90 000 beneficiaries in 2010, a slight increase in 2011, and a fall to less than 37 000 in late 2012. The IAIG programme is still attractive: it had 252 000 beneficiaries in late 2012. This programme was merged within the DAIS in 2012. The TUP-HIMO programme followed the same trend, with a decrease in activity from one year to another. In 2010, the number of jobs generated by this measure was estimated at 33 000, the volume dropped to 24 000 in 2011 and a further fall was observed in late 2012 when only 19 000 jobs were created by the various projects undertaken in this programme.

4.2 STATE SUPPORT SERVICES FOR THE CREATION OF MICRO ENTERPRISES

Three agencies (ANSEJ, CNAC and ANGEM) are involved in supporting the creation of companies. They do this by promoting entrepreneurship among young people and also among other social groups. CNAC’s original mission was to ensure that unemployment benefits were paid to workers who were laid off for economic reasons as part of the structural adjustment programme during the 1990s. Its mission was similar to that of ADS. More than 400 000 workers, mainly in the public sector, were made redundant. CNAC changed its role to support entrepreneurship in 2011. Microcredit funding has always been focused on fighting poverty. This programme was anchored in ADS. During the 2000s, the issue of microfinance led to the establishment of ANGEM.

These agencies are now configured in almost the same way, with a head office in Algiers, a number of regional agencies and at least 48 local agencies, covering the whole of Algeria. Since 2011, these three agencies also operate in the same way when granting funds to create activities and generate employment. They differ in the amount of credit they offer and the age groups they support. Two modes of granting credit are offered: (i) bilateral: personal contribution (70%) and interest-free agency support (30%); (ii) triangular: personal contribution (1% or 2%), interest-free agency support (28% or 29%) and a bank loan on which interest must be paid (70%). The bank loan is guaranteed by a fund created by the state. The beneficiaries’ contribution to this fund is fixed at 1% of the credit granted. Each agency also develops other specific attractive programmes. The interest-free agency grant is the attractive element, but it must be paid back only after the bank loan (plus interest) has been repaid.

4.2.1 NATIONAL YOUTH EMPLOYMENT SUPPORT AGENCY (ANSEJ)

ANSEJ was created in 1996. It supports youth employment and aims to encourage the creation and expansion of production activities of goods and services by young entrepreneurs through its micro enterprise programme. ANSEJ’s mission is to:

- support, advise and provide training for young people with project ideas;
- fund projects initiated by young entrepreneurs;
- monitor micro businesses created by young people.

ANSEJ was operational two years later. It promotes micro enterprises by offering a series of benefits over a period of three years or more. Such benefits include tax exemptions on income tax, corporate tax, lump sum payments and property tax. Micro businesses are also exempt from transfer duty and registration fees for all equipment imported.

All services offered by this agency are available via the internet to young entrepreneurs. The notion of ‘young’ is extended in Algeria: 19-35 year-olds and up to 40 for managers. In addition to the age requirement, an individual’s qualification and/or their recognised expertise is also taken into consideration. ANSEJ currently employs a staff of

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37 See www.ansej.org.dz
38 Executive Decree No 03-290 of 6 September 2003 setting out the conditions and level of assistance to young entrepreneurs.
and triangular funding. The maximum amount is fixed at between DZD 100,000 and DZD 1,000,000. The bulk of its
financed and jobs created in recent years (see Figure A2.2 in Annex 2).

In terms of implementation, ANSEJ has experienced ups and downs since its creation (see Figure A2.2 in Annex 2). The agency funded only 7,279 projects in 1998, 10,000 in 2000 and 6,700 in 2004. In 2005, it reached 12,000 projects, then doubled to 24,869 in 2009. Since 2010, it has exceeded 30,000 projects per year. Thanks to facilities offered after the Arab Spring, the number of projects funded reached 42,621 in 2011 and increased further to 62,812 in 2012. Little is known about the number of actual jobs created by these micro enterprises. A ratio of 2.5 jobs per project is estimated, with some 164,530 new jobs created in 2012. The multiplier is supposed to be an average number of jobs created per project. In order to get a reliable picture of these jobs, the projects should be regularly monitored and evaluated, but this is not done.

4.2.2 NATIONAL UNEMPLOYMENT INSURANCE FUND (CNAC)

CNAC was created in 1994 with the aim of reducing the social costs of the structural adjustment programme. Its original core mission was to grant unemployment benefits to workers who were fired for economic reasons. This initial mission is still valid but very few people on the dole currently benefit from this assistance. The agency has extensive financial resources.

It has expanded its activities to support its beneficiaries in creating economic activity. Since 2003, like ANSEJ, it has supported redundant workers aged between 35 and 50 in creating companies to produce goods and services. Following the Arab Spring, the programme was opened to all unemployed people aged between 30 and 50 – a person no longer needs to be redundant and on the dole. Since 2011, CNAC’s micro enterprise support programme has been available to all unemployed people in Algeria.

As mentioned above, the agency offers two types of loans: bilateral and triangular. The only difference between CNAC and ANSEJ is the age group targeted. CNAC also offers specific training programmes on employability within its clubs. Its organisation remains unchanged, with a head office in Algiers, 13 regional offices and 48 local agencies in each wilaya. It strengthened its capacity (nearly 1,000 employees) by hiring more than 200 new employees in 2011 to carry out its new mission, without abandoning its traditional mission of supporting workers made redundant for economic reasons.

In terms of implementation, CNAC funded 18,490 projects in 2011. This figure almost doubled to 34,801 projects in late 2012. The number of jobs generated by these projects in 2012 is estimated at 87,000. The method of measurement used is the same as that used for ANSEJ: a ratio of 2.5 jobs per funded project. Both CNAC and ANSEJ state that only 1.5% of micro enterprises have had difficulties in repaying their bank loans. Despite the ups and downs of the implementation of both the ANSEJ and CNAC programmes and the evolution of micro enterprises and jobs created since 1998, we see a positive trend after 2008 that shows increasing number of enterprises financed and jobs created in recent years (see Figure A2.2 in Annex 2).

4.2.3 NATIONAL AGENCY FOR THE MANAGEMENT OF MICROCREDIT (ANGEM)

ANGEM was created in 2004. As mentioned before, its main mission is to alleviate poverty by providing microcredit to poor people. Microcredit was introduced by the state at the end of the 1990s. The regulatory system of microcredit was established and implemented by the government in 1999 with a view to promoting small economic activities: ‘self-employment, working at home, small businesses, goods and services in the craft sector, micro businesses’. By actively promoting employment creation, ‘microcredit is used as an instrument to fight unemployment, alleviate poverty and social exclusion’ and gradually eliminate the informal economy.

This agency, like the ADS, has its head office in Algiers. It operates 10 regional offices, 49 local coordination offices (at wilaya level) and 549 support units. In 2012, the agency employed 1,825 workers, 634 of whom were women. Before the Arab Spring, ANGEM developed two programmes to provide interest-free funding for two purposes: to buy raw materials and to create an activity that was not necessarily an enterprise (for example, a home-based activity for women). After the Arab Spring, the programme changed. It is now based on the ANSEJ model with bilateral and triangular funding. The maximum amount is fixed at between DZD 100,000 and DZD 1,000,000. The bulk of its

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40 Presidential Decree No 03-514 of 30 December 2003 on support for the creation of activities by older unemployed entrepreneurs aged 35 to 50 (JORA No 84 of 31 December 2003).
41 Presidential Decree No 10-156 of 20 June 2010 on support for the creation and expansion of activities by older unemployed entrepreneurs aged 30 to 50 (JORA No 39 of 23 June 2010).
42 Executive Decree No 04.14 of 22 January 2004 establishing and determining the status of the National Agency for Management of Microcredit.
43 Ibid.
activity is focused on its traditional mission of funding people to buy raw materials. According to the agency’s data, the volume of funding has increased steadily for the two types of interest-free loans that it grants: to purchase raw materials and to create an activity (project). Most of the loans are granted for the purchase of raw materials.

In 2005, ANGEM started with less than 4 000 loans. The number of enterprises funded increased after 2008 (see Figure A2.2 in Annex 2). It reached a peak of 451 608 projects at the end of 2012. Nearly 423 000 of these were for the purchase of raw materials in home-based activities. In terms of employment, we do not have an accurate assessment. A multiplier of 1.5 job per loan is estimated, making the creation of almost 680 000 jobs to date. More than half of these (56%) were generated after the Arab Spring.

The five institutions described in this section are the key actors on the labour market. Each of them has different functions, programmes and target groups. TABLE 4.3 presents a summary of information about these five labour market institutions and their instruments. According to official sources, they contributed to 72% of the jobs generated in 2011, while the three agencies involved in microfinance (ANSEJ, CNAC and ANGEM) contributed to 15% of jobs in late 2011. However, it should be emphasised again that no regular monitoring and evaluation is conducted on the beneficiaries after the programmes end. This raises doubts about the number of newly created jobs – the number of jobs may be inflated and some may be only temporary jobs, with no follow-up.

### TABLE 4.3 LABOUR MARKET INSTITUTIONS AND INSTRUMENTS

<table>
<thead>
<tr>
<th>Agency, affiliated ministry and main organisational structure</th>
<th>Functions and services, target groups and number of beneficiaries (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Employment Agency (ANEM); Ministry of Labour, Employment and Social Security</td>
<td></td>
</tr>
<tr>
<td>ANEM was reorganised in 2006 and covers the entire country with 7 central departments, 11 regional centres (AREM), 48 wilaya offices, 167 local offices (ALEM)</td>
<td></td>
</tr>
<tr>
<td>ANEM has a total staff of 3 097 employees</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.anem.dz">www.anem.dz</a></td>
<td></td>
</tr>
<tr>
<td>Job intermediation, labour market information</td>
<td></td>
</tr>
<tr>
<td>Main target group: young unemployed people</td>
<td></td>
</tr>
<tr>
<td>Since 2008, it has implemented youth employment programmes known as DAIP (a vocational integration assistance mechanism for young people) consisting of four components:</td>
<td></td>
</tr>
<tr>
<td>CID: 1-year graduate integration contract for university graduates;</td>
<td></td>
</tr>
<tr>
<td>CIP: 1-year vocational integration contract for secondary/technical graduates;</td>
<td></td>
</tr>
<tr>
<td>CFI: 1-year training insertion contract for jobseekers with no qualifications;</td>
<td></td>
</tr>
<tr>
<td>CTA: 3-year subsidised work contract after the end of one of the above contracts.</td>
<td></td>
</tr>
<tr>
<td>In 2010, ANEM handled a total of 234 000 job vacancies and 181 000 jobseekers, and achieved a 77% placement rate.</td>
<td></td>
</tr>
<tr>
<td>In 2012, the first three components (CID, CIP, CFI) dealt with a total of 240 000 beneficiaries (44% females); the final component (CTA) supported 41 000 beneficiaries.</td>
<td></td>
</tr>
</tbody>
</table>

<p>| National Youth Employment Support Agency (ANSEJ), Ministry of Labour, Employment and Social Security |
| ANSEJ was created in 1996 and covers the entire country with 1 head office, 11 regional centres, 48 wilaya offices |
| ANSEJ has a total staff of 1 942 employees (526 of whom are women) |
| <a href="http://www.ansej.org.dz">www.ansej.org.dz</a> |
| Supports youth employment through the creation and expansion of micro enterprises by young entrepreneurs (providing business advice, training, credit, grants, tax exemptions and monitoring of micro business). It includes facilities provided by the National Youth Employment Fund (FNSEJ). |
| Its main target group is young people aged 19-35 (and up to 40) |
| Two modes of funding: |
| bilateral: 70% personal contribution, 30% interest-free credit; |
| multilateral/triangular: 1 or 2% personal contribution, 70% bank loan and 28 or 29% agency grant. |
| Funds provided amount to DZD 5-10 million, extra loans for vans (electricians, plumbers) and renting premises for shared offices (lawyers, architects). |
| Number of projects funded: 30 000 in 2010; 42 621 in 2011; and 62 812 in 2012. |
| A ratio of 2.5 jobs per project is assumed; an estimated 164 530 new jobs were created in 2012. |</p>
<table>
<thead>
<tr>
<th>Agency, affiliated ministry and main organisational structure</th>
<th>Functions and services, target groups and number of beneficiaries (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Unemployment Insurance Fund (CNAC), Ministry of Labour, Employment and Social Security CNAC</td>
<td>Provides unemployment benefits to public sector workers (400 000) laid off as part of the structural adjustment programme. Since 2013, has provided active support for the creation of micro enterprises by unemployed people aged 30-50. The only difference between CNAC and ANSEJ is that CNAC deals with an older age group of beneficiaries. Both agencies have the same mode of funding. Number of projects funded: 18 490 projects in 2011, and 34 801 projects in 2012. A ratio of 2.5 jobs per project is assumed; an estimated 87 000 new jobs were created in 2012.</td>
</tr>
<tr>
<td>National Unemployment Insurance Fund (CNAC), Ministry of Labour, Employment and Social Security CNAC was created in 1994 and covers the entire country with 1 head office, 13 regional centres, 48 wilaya offices Details of the exact number of employees are not available, but it is estimated to be almost 1 000 <a href="http://www.cnac.dz">www.cnac.dz</a></td>
<td>Provides unemployment benefits to public sector workers (400 000) laid off as part of the structural adjustment programme. Since 2013, has provided active support for the creation of micro enterprises by unemployed people aged 30-50. The only difference between CNAC and ANSEJ is that CNAC deals with an older age group of beneficiaries. Both agencies have the same mode of funding. Number of projects funded: 18 490 projects in 2011, and 34 801 projects in 2012. A ratio of 2.5 jobs per project is assumed; an estimated 87 000 new jobs were created in 2012.</td>
</tr>
</tbody>
</table>
| Social Development Agency (ADS), Ministry of National Solidarity ADS was created in 1996 and covers the entire country with 1 head office, 11 regional centres, 48 wilaya offices (DAS), 254 social field units (CPS) ADS has a total staff of 3 528 employees www.ads.org.dz | Combats poverty through pro-poor employment programmes (CPE, ESIL, TUP-HIMO, IAIG) and social inclusion programmes (PID, AIG, DAIS). Main target group: poor and rural families of working age (16-65), the main disadvantaged sections of the population. 
- TUP-HIMO: Employment programme for unemployed people in rural areas.
- ESIL and IAIG: allowances for unemployed people working in social services and schools and on community programmes in rural villages.
- DAIS: replaces ESIL and IAIG programmes; temporary employment for two years; can be renewed twice (public sector), for unemployed people aged 18-59 with no qualifications.
- PID: 1-year graduate programme (renewable once) for young people aged 19-35 who have no income, are in precarious situations or have a disability.
- AIG: allowance for public sector work and community services, 1-year, renewable, temporary work for people with no income.
- CPE: pre-employment contract. In 2012, PID supported 13 000 beneficiaries, DAIS 37 000, IAIG 252 000, TUP-HIMO 19 000. |
| National Agency for Management of Microcredit (ANGEM), Ministry of National Solidarity ANGEM was created in 2004 and covers the entire country with 1 head office, 10 regional centres, 49 wilaya offices, 549 support units ANGEM has a total staff of 1 825 employees (634 of whom are women) www.angem.org.dz | Alleviates poverty by providing microcredit to poor people, reducing social exclusion, the informal economy and unemployment. Microcredit is considered to be a useful instrument for financing self-employment, work at home, small businesses and craft work initiated by poor people. Before the Arab Spring, it provided interest-free funding to buy raw materials and to create economic activity (not necessarily an enterprise). Now, it aligns its funds based on the ANSEJ model of bilateral and triangular funding. It includes facilities provided by the National Microcredit Support Fund (FNSMC). It provides funds of DZD 100 000-1 000 000. Number of loans provided between 2005 and 2012: 451 608 projects; almost 423 000 of these were for the purchase of raw materials for home-based activities. A ratio of 1.5 jobs per project is assumed; an estimated 680 000 new jobs were created by ANGEM between 2005 and 2012. |
5. KEY FINDINGS

Information about the labour market was derived from administrative data and labour force survey results from 2011. Many other actions support entrepreneurship and the employability of young people and women and entrepreneurship in the green economy (GIZ, 2012). ANEM also receives support through a UNDP programme which focuses on the employability of first-time jobseekers. Another United Nations programme addresses gender equality and the empowerment of women (2012) and relevant studies are planned (no results have been published to date).

Data provided by administrative sources indicates the efforts made by the state to promote employment and fight unemployment. No comprehensive assessment has yet been conducted. State interventions have certainly had an impact on the labour market and consequently the level of unemployment. In the absence of an impact evaluation, conducted according to technical and scientific standards, it is not easy to discuss the relationship between state action (according to administrative sources) and the level of unemployment (according to the labour force survey). We will begin this discussion by addressing this apparent contradiction. Secondly, we invited a panel of senior officials to discuss the future of active labour market programmes (ALMPs).

5.1 APPARENT CONTRADICTION IN LABOUR MARKET STATISTICS

Through the use of survey data and administrative sources, our findings pave the way for a critical discussion on the transparency of the labour market data and information.

ABOUT THE LABOUR FORCE SURVEY DATA

The labour force survey data reveals an upturn in the birth rate; a low rate of general activity, determined primarily by low female activity; a high youth unemployment rate, particularly among girls and graduates in the cities; and the mismatch between education and training, and employment.

Labour force survey results are rather limited. The survey focuses on one week, once a year (in this case the first week of October – autumn). It is based on a sample of 15,000 households out of a total of 6 million households in Algeria. This snapshot of the labour market cannot capture the dynamics of the labour market, in particular the intensity of seasonal work in agriculture. The labour force in rural areas needs specific measurement tools that are adapted to seasonal and part-time activities. This is why female employment in rural areas is not addressed correctly in the survey.

The small sample also produces a distorted picture of reality. Without detailed data on the economy, an analysis of the productive system is not possible: we have a broad picture of five major branches. Data on the informal economy is also approximate. The interconnection between the formal and informal economy is invisible. Finally, access to labour force survey micro-data is strictly forbidden. This ban has been in place for a long time. In other words, we can examine the characteristics of the labour market using only the variables that the Algerian authorities decide to disseminate.

Measuring the unemployment rate is highly controversial. In 2011, there were 1 million unemployed people in 6 million households. Administrative sources claim that almost 2 million new jobs have been created. In reality, this may represent the number of temporary employment measures provided for 2 million unemployed people. If those unemployed people are counted automatically as ‘employed’ after they attended state programmes, it means that almost 3 million people are unemployed! The unemployment rate would hence be nearly 23% for 2011. Given the temporary nature of measures and the lack of monitoring and guarantee of stable and regular jobs at the end of programmes, the numbers are not reliable. The government maintains, however, that the unemployment rate is less than 10%.

Finally, the labour force survey is a valuable tool but it is not designed to assess the effectiveness or to measure the impact of employment policies on the labour market.

44 All attempts to obtain accurate data were unsuccessful due to the blackout imposed by the authorities on the dissemination of raw data other than official results.
45 In the 2000s, evaluations were conducted by the Algerian National Economic and Social Council (CNES) and the World Bank.
ABOUT THE ADMINISTRATIVE DATA

Administrative data on employment is derived from the information provided by management in the various agencies. The 2 million new jobs created is just an estimate which cannot be verified by field work. It is true that accounting is important in public administration, particularly in terms of staffing and budget consumption, but there is clearly confusion between monitoring data and evaluation data. Administrative sources best reflect the efforts made with regard to the number of projects, but not the flows of finance provided and their results.

Most jobs seem to be generated through the microcredit system. These are the cheapest types of 'jobs' as they are created by simply providing a certain amount of money to buy raw materials without the need for any formal registration or social protection affiliation. ‘Double accounting’ also occurs in the administrative data. To receive the benefits from the ANSEJ, CNAC or ANGEM programmes, individuals must first be registered with ANEM. Registrations must be renewed each quarter. This means that the same person registers four times a year with ANEM. If funding is then granted by an agency, the records show that a new job has been created for this person and two others (depending on whether 2.5 or 1.5 is used as the multiplier), who also need to be registered with ANEM.

The statistics do not provide information about individuals over time (panel data) in Algeria. Hence, it is not possible to follow the path of individuals to determine if they applied to one or more agencies, unless they reveal this information themselves. The agencies are supposed to have a national file where statistics can be calculated about bankruptcy, changes in activities or location and the repayment of loans. To date, no information has been released about people who have already repaid their bank loan or agency credit or the mortality rate of newly started companies financed.

There can be one system of check whether the same person is applying to one of the three above-mentioned agencies. This is possible when enterprises are registered with the National Centre for Trade, the Fiscal Authority and the National Agency for Social Security. However, these centres also use different modes of identification. In conclusion, no proper system is in place to follow up on the number of temporary work contracts that continue and lead to permanent work at the end of the programme.

The agencies accumulate their data to create a review of each quarter (for one year) or a review of each year since their establishment. They do not take into account the outcome of the funding. It is followed up until the fund is reimbursed. This rate is also unknown. Once an individual has completed a programme, they may very well start another, knowing that there is weak communication between agencies and between government departments.

In short, these two sources (the labour force survey and the administrative data) do not help to shed any light on one another but simply provide basic ‘official’ information about the labour market that is in line with the Algerian authorities’ expectations. As indicated, each source has its own logic and its own limitations. In order to appraise these programmes, we interviewed (by mail) a panel of resource persons, well acquainted with labour market issues and youth employment programmes. They include ex-directors of agencies, senior government officials, experts from UN agencies and civil servants currently working in one of these agencies. Their opinions remain anonymous in our thematic analysis.

5.2 IMPLEMENTATION OF ACTIVE LABOUR MARKET PROGRAMMES

Active labour market policies and programmes (ALMPs) have been adopted all over the world. Algeria is no exception. Implemented since 1989, following a series of riots by young people (October 1988)46, the youth employment programmes have undergone three historical phases since they were adopted in Algeria by the various agencies reviewed in this report. ANEM only began implementing its youth programmes in 2009.

Between 1989 and 1996, the programmes were intended to respond to the demands of young people, to support economic reforms and to overcome the effects of the structural adjustment programme. It was a phase of improvisation, an emergency act. The government reorganised ANEM in 1990. It established CNAC in 1994 to support workers who were made redundant as a result of the structural adjustment programme. ADS was set up in 1994 to combat poverty by providing a safety net. Several measures addressed youth employment. The Ministry of Youth and Sports was established, initiatives were conducted at local level and the ESIL programme was launched. ANSEJ was also set up in 1996 but only became active in 1998. Rather than creating jobs, the objective was to

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46 This was the first youth revolt in Algeria, which brought an end to the state/National Liberation Front (FLN) one-party socialist system. This is why Algerian authorities contend that the country had its Arab Spring in October 1988. A multi-party political system and an open economy with more space for the private sector were then established, but unfortunately that did not last. We have had a ‘black decade’ – Algeria has been left alone to deal with international terrorism.
support workers who had been made redundant, to close non-viable firms and to position Algeria on the open labour market. With the introduction of the guaranteed minimum wage, the state set only the minimum wage and firms set wages in negotiations and collective agreements.

Between 1997 and 2007, the programmes were reviewed with the aim of promoting employment and fighting unemployment. The structural adjustment programme came to an end. A presidential election was held following a long period of political violence. ANSEJ was reactivated to finance micro enterprises. ADS innovated with microcredit financing and community development. ADS then no longer dealt with microcredit. ANGEM was set up as autonomous agency in 2004.

ANEM was initially faced with a very high demand for jobs but a very low labour supply. Changing its status was even under discussion. In 2006, its monopoly on job intermediation was reinstated. The government launched a programme of modernisation of the public service. At the same time, the Directorate of Employment came under the aegis of the Ministry of National Solidarity. This had little effect on the labour market, despite a drop in the unemployment rate observed by the labour force survey. The President stressed the implementation of a genuine employment policy at a high-level meeting in October 2007. The agencies have gained quite extensive and positive experiences during this period.

Since 2008, a third generation of more mature active labour market programmes have been launched. The Directorate of Employment was reintegrated into the Ministry of Employment, with its three agencies – ANEM, ANSEJ and CNAC. A national employment policy was drafted in 2008 to set the direction of policies. It was adopted as part of the government’s five-year plan (2010-14). The main goal was to reduce unemployment to below 9% by 2013, with the creation of 3 million new jobs. The DAIP was created. Consisting of three components and a subsidised programme, it was incorporated within the national public service (ANEM). The Ministry of National Solidarity continued its activities with ADS and ANGEM in the area of microcredit, hence justifying its mission to combat poverty.

5.3 A QUALITATIVE ASSESSMENT OF EMPLOYMENT POLICIES

To examine the future of employment policies, some resource persons with a variety of profiles were interviewed. They ranged from government officials, ex-executives of the agencies, representatives of the social partners (trade unions and employer organisations) and civil society. Our analysis focused on four aspects: the benefits of these programmes, good practices, measures to be reviewed and the need for a national policy on the labour market. In order to respect the ethical principles of content analysis, the various positions of the panel members interviewed are provided below without any comments of our own. These positions are not accompanied by any evidence, as the resource persons’ statements are drawn from their present or past official position. This assessment provides different positions which are discussed at a high policy level. Following this presentation, we will state our own position in the section on policy conclusions and recommendations.

HOW ARE THESE PROGRAMMES VIEWED?

Public opinion on the assessment of these programmes cover three different points of view.

- The programmes are essential and must be maintained as such.
- The programmes must remain, but the content needs to be revised.
- A new approach to and design of employment policy is necessary.

Maintaining the programmes

Maintenance of the programmes is supported because they ‘provide a concrete answer to a real problem of unemployment, particularly among young people. They are thus not only a source of income for the unemployed, and often their families, but also (a source) of dignity, respect and self-esteem. They contribute greatly to the social inclusion of beneficiaries, as employment remains the primary means to access other needs. For first-time applicants, it is their first contact with the world of work. In addition to (the first contact) affecting their career path, it can also significantly impact their future attitude vis-à-vis the value of work (at least in the short and perhaps medium term).’ Others emphasise the fact that the ‘networks [established by the programmes] have the advantage of covering a large part of the national territory’. Such networks form an employment infrastructure that enables the development of programmes for ‘home-based activity, waged work […] as well as entrepreneurship’. Interviewees also believed that the programmes might establish a ‘reservoir for SMEs tomorrow’ and that they help to ‘reduce informal activities’.
Programmes need to be revised

Unlike the first position, others emphasise the need to ensure ‘permanent jobs for the unemployed’ as against temporary nature of existing measures. As the basic principle, ‘relationship between vocational training and the labour market’ should be strengthened. There is doubt about the capacity and effectiveness of the programmes to respond to ‘the magnitude of youth unemployment’. ‘Most services of real public employment office are not delivered, and in particular, there is a lack of monitoring and evaluation instruments in the labour market.’

A new approach is needed

The last position argues around the discussion of ‘who benefits from programmes. The government buys social peace with the redistribution of a portion of the oil income through these programmes, but the programmes simply function as an analgesic for their recipients’ without any long-term or permanent solution. Similarly, interviewees commented on the high political use (and benefits) of these measures because there is ‘no measurable and visible benefit for individuals and enterprises, these programmes do not take into account the needs of the labour market at local level. Most of these programmes are designed for non-economic policies’.

It is true that the programmes create only temporary jobs, and no information is available about their long-term impact or permanency. So they do not address the underlying problems of the real economy and facilitate its job creation capacity, but rather postpone the real problems.

WHAT GOOD PRACTICES ARE IDENTIFIED?

Opinions differ as to the identification of best practices among all the measures implemented. Two extreme positions can be identified from the panel. For some experts, some of the active and passive measures represent examples of ‘good practice’. For others, these measures are very similar and duplicate one another, ‘they are not distinct in any way, their effectiveness cannot be analysed or assessed’ at the end.

Most measures represent examples of good practice

Whether active or passive, these measures are important mechanisms to regulate the labour market. The three agencies enabling the creation of economic activities are most often cited as examples of ‘good practice’ in boosting the economy. For some, ‘ANGEM gets better results’. For others, ‘agencies which primarily use vocational training programmes, particularly the training of ANSEJ and that of ANGEM, rank better in this regard’. Others mentioned that ‘the CNAC programme is more dynamic’. According to its data, this agency has been financing micro enterprises over the last two years. However, it is also observed that the passive measurement used by ANEM can be considered as a good practice because ‘the DAIP strengthened its training component and seems likely to best meet the objective of employability’.

The measures are similar and their efficiency is not measurable

The panel also highlights the reign of confusion: ‘all the programmes are similar if not the same, their distinction is purely institutional one’. Adding to the confusion is also a lack of clarity about the results: ‘it is not possible to measure impact and effectiveness of programmes’. Finally, measures are estimated on the whole as a ‘symptomatic treatment of unemployment’, not a real solution. And they are ‘certainly an important factor in alleviating the negative impact, but not the most important, final solution’.

WHAT MEASURES NEED TO BE REVISED?

The opinions of the panel concerning the need for a revision of employment programmes are linked to the problems observed both internally and externally. There is also a need to develop a long-term vision of employment and labour market policy.

Within the programmes, some measures are dysfunctional

Multiple employment programmes exist and their internal coherence must be reviewed. ‘This is their logic (redundant targets and overlapping activities). In particular, the main features of their operation (e.g. marked centralisation, lack of transparency, lack of assessment) need to be discussed and revisited’.
Outside the programmes, the inter-sectoral relationships are missing

In addition to the internal problems, the panel also observed sectoral compartmentalisation. ‘Different sectoral systems, despite their relevance in each case, suffer from a lack of communication and visibility with respect to public employment programmes; there is a lack of synergy and qualitative assessment’ among the organisations involved. This means that there is no link between the ministries involved in employment policies and no link with broader private sector developments.

Similarly, the interviewees noted not only ‘a fragmentation of responsibilities’ but also ‘a scattering of financial resources’. The establishment of links between different agencies and sectors is deemed necessary. For example, ‘ANGEM beneficiaries cannot apply to ANSEJ because one of the eligibility conditions is to be unemployed’.

WHAT BAD PRACTICES EXIST?

Measures to fight graduate unemployment are examples of bad practices that need to be reviewed. ‘A general observation for both types of programme: they cater to the same categories with poorly differentiated access criteria except that of age in some cases. They are particularised by the benefits they offer and are subject to discrimination (difference between insertion time, level of compensation, loan amount). The coexistence of CID and PID programmes with a single source of funding, a single customer and a similar mode of management, causes confusion among candidates and inconceivable discrimination. To illustrate this: two young people with the same degree are placed with the same employer, but receive different benefits depending on whether they are enrolled in the CID or PID.’

HOW IS THE NATIONAL EMPLOYMENT POLICY VIEWED?

There is some consensus among the respondents about the need for a rigorous and comprehensive evaluation of the existing measures and programmes. They also call for the development of a new national employment policy with a new approach and design based on the evaluation results.

A new approach to, and design of, employment policy is necessary.

Principles of evaluation

These words perfectly illustrate the general idea of the evaluation: ‘Develop a statistical information system [...] multiply and decentralise the monitoring tools and the evaluations, impact analyses of programmes’ results to understand the effectiveness and the political relationship between the economy and employment.’

Developing a new national employment policy

Interviewees advocated the development of a new national employment policy with a new approach. ‘It is necessary to make national employment policy as the most fundamental policy liable to the highest authorities of the country and all members of the government (in a word employment is everyone’s business, all ministers and not just that of the Minister of Employment).’

Similarly, a respondent suggested the establishment of ‘a new political system based on the national interest, a clear and ambitious vision, competence and integrity’. Such a position calls for radical change in the ‘political system’, which according to the statement is not sufficiently open to the private sector.

This new political system should involve both the private and the public sectors: ‘Part of a coherent and comprehensive approach that is an expression of political will to promote employment in public and private industries.’ These actions should result in the implementation of a strategy for youth employability. ‘It is now essential to develop a strategy for youth employability [...] it must necessarily rest on an integrated and sustainable global socio-economic policy. All partners must be involved at the outset in the development of this policy; the local dimension must be a central concern for the definition of specific policies for jobs suited to regional diversities.’

These employment facilities are designed only for unemployed people. Employed workers who decide to become an entrepreneur can do so through other sectoral agencies (like crafts, trade, banking, industry, agriculture or fishing).
6. CONCLUSIONS AND RECOMMENDATIONS

The core of employment policy in Algeria has been the implementation of active labour market programmes by various public agencies. Each agency runs different programmes and has access to considerable resources. Despite the substantial amount of resources they absorb, however, limited information is available about their operations and results. For example, little is known about the number and characteristics of beneficiaries, dropout rates, follow-up of beneficiaries and evaluation of policy effectiveness in terms of job placement rates, impact on duration of unemployment and quality of employment (e.g. average earnings, formality).

This short overview indicates an overwhelming emphasis on active labour market programmes and much less emphasis on policies of job creation, the education system and social security. Longer-term solutions may require deeper reforms in the labour market (ILO, 2013). Such reforms could include improving the business environment and economic restructuring; changing the legislative framework and institutions; rationalising the public sector; standardising working conditions in the public and private sectors; promoting SME growth and private sector development; and improving conditions in the informal sector. There is a need to focus more on improving the quality of education and lifelong learning. Education has been a priority, attracting significant public investment and achieving significant progress in universal access. Nevertheless, there has been a low return on investment in terms of meaningful educational outcomes. The system is hindered by low quality and irrelevancy (Martín and Bardak, 2012). A solid, high-quality early education is probably cheaper, more cost-effective prevention than later remediation through active labour market measures.

The findings give only a global portrait of active labour market programmes, but not their impact on labour market and economy. The recent economic forum (June 2013) organised by CNES came to the same conclusion. A real evaluation is important. We know that active labour market programmes may have positive effects on individuals but also may have zero or negative effects on the economy. Such effects include deadweight losses, a substitution effect with regard to subsidised wages or even a displacement effect. We have no evidence to support any impact (positive or negative) without prior evaluation, although we know that programmes create mostly temporary jobs and no information is available about their long-term impact or permanency.

The programmes therefore do not address the underlying problems of the real economy and its job creation capacity, but rather postpone the problems. Algeria is generally considered a country with a rigid business environment which limits its private sector development and its job creation capacity. If the private sector cannot grow, there is little chance of solving the unemployment problem without a permanent injection of public money. Thus the recommendations are based on the findings from accessed information available.

RECOMMENDATIONS FOR THE GOVERNMENT

1. Establish a national observatory for employment and training (studies exist) that produces reliable data and develop policy options based on their analysis. The observatory could perform a number of functions:
   - conduct an annual employment survey (containing fewer questions) with a higher sample size four times a year; replace part of the sample each time; ensure that data and results are accessible to everyone for further analysis and disseminated to all (the National Office of Statistics or any other research centre could execute the labour force survey for the observatory);
   - carry out in-depth studies at regular intervals on specific topics such as female, informal or youth employment, children at work, senior positions, or the rural labour market;
   - conduct regular salary surveys covering all forms of waged work, including very small enterprises;
   - reactivate the Higher Council of Statistics;
   - train administrative service staff in the preparation of data according to technical and scientific standards, particularly in terms of flows, for input and output programmes;
   - set up a team of experts who regularly analyse the data and develop sound policy options based on the results of analyses for the government.

2. Maintain existing programmes with some adjustments in the short term, with a view to total reform in the medium term, after a rigorous evaluation and impact assessment process:
   - The government should initiate a comprehensive evaluation and impact assessment process of current programmes, and the results of programmes on the labour market must be disseminated. Based on this assessment, the structure of agencies and their programmes must be reformed.
Two agencies (ANSEJ and ANGEM) can be transformed into one ‘microfinance institution’. This institution should also be open to the private sector and work in a transparent way in their operations. The other three agencies (ANEM, CNAC and ADS) must return to their initial missions: job intermediation, unemployment insurance and combating poverty, respectively.

3. Develop and plan employment policy and active labour market programmes together with the private sector. Ensure that the private sector is deeply involved from the design phase to the implementation, monitoring and evaluation phases. Public funds should strategically support the development of certain economic sectors.

4. As the labour market is a horizontal entity, it is unrealistic to look for strong inter-sectoral coordination at national level. Such coordination, however, can develop and exist efficiently at local level. All national coordination should be driven by the Prime Minister. The national observatory for employment should be placed under the management of the Prime Minister. An inter-sectoral directorate must be created to manage all labour market issues. Employment should not be the sole responsibility of the Minister of Labour, Employment and Social Security.

RECOMMENDATIONS FOR THE EUROPEAN UNION

1. The involvement of the EU in providing funds for some programmes has little impact (for example, the training and employment observatory, programme management at the National Office of Statistics, current ANEM programmes). The new youth and employment programme signed off last year with an EU contribution of EUR 23 million has still not been launched despite the critical situation of youth employment. A thorough assessment of the impact of these programmes and their implementation by the relevant authorities is important.

2. All EU intervention to support employment-related programmes should be directed to the inter-sectoral Directorate of Employment if this is the only body entitled by the government to implement actions and have full ownership of results.

3. Technical support may be considered for organising the transition of some agencies to the microfinance institution.
ANNEXES

ANNEX 1. LIST OF PEOPLE CONSULTED

<table>
<thead>
<tr>
<th>First name and surname</th>
<th>Function</th>
<th>Institution or agency</th>
<th>Date on which the reply was registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Mahfoud Megateli</td>
<td>General Secretary</td>
<td>CGEOA</td>
<td>8 June 2013</td>
</tr>
<tr>
<td>Bashir Boualahbel</td>
<td>Expert, consultant</td>
<td>Former senior government official</td>
<td>4 June 2013</td>
</tr>
<tr>
<td>Mohamed Bouchakour</td>
<td>Expert, consultant</td>
<td>International expert</td>
<td>4 June 2013</td>
</tr>
<tr>
<td>Tayeb Louati</td>
<td>Advisor</td>
<td>UGTA</td>
<td>7 June 2013</td>
</tr>
<tr>
<td>Mahrez Ait Belkacem</td>
<td>Expert, consultant</td>
<td>CNAC, former president</td>
<td>4 June 2013</td>
</tr>
<tr>
<td>Azzedine Brahimi</td>
<td>Director</td>
<td>Ministry of Training, Director</td>
<td>8 June 2013</td>
</tr>
<tr>
<td>Nassira Merouani</td>
<td>Director</td>
<td>ADS</td>
<td>6 June 2013</td>
</tr>
<tr>
<td>Kamel Laleg</td>
<td>Expert</td>
<td>World Bank</td>
<td>6 May 2013</td>
</tr>
<tr>
<td>Aziz Lahlou</td>
<td>Director</td>
<td>Ministry of National Solidarity</td>
<td>4 June 2013</td>
</tr>
<tr>
<td>Yazid Ouada</td>
<td>Expert</td>
<td>Banking and finance</td>
<td>7 June 2013</td>
</tr>
</tbody>
</table>

ANNEX 2. STATISTICAL DATA

TABLE A2.1 BIRTHS, MARRIAGES AND FERTILITY RATES, 1990-2012

<table>
<thead>
<tr>
<th>Years</th>
<th>Births (thousands)</th>
<th>Birth rate</th>
<th>Fertility rate</th>
<th>Marriages</th>
<th>Marriage rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>775</td>
<td>30.94</td>
<td>4.50</td>
<td>149 345</td>
<td>5.97</td>
</tr>
<tr>
<td>2000</td>
<td>589</td>
<td>19.36</td>
<td>2.40</td>
<td>177 548</td>
<td>5.84</td>
</tr>
<tr>
<td>2008</td>
<td>817</td>
<td>23.62</td>
<td>2.84</td>
<td>331 190</td>
<td>9.58</td>
</tr>
<tr>
<td>2010</td>
<td>888</td>
<td>24.68</td>
<td>2.87</td>
<td>344 819</td>
<td>9.58</td>
</tr>
<tr>
<td>2011</td>
<td>910</td>
<td>24.78</td>
<td>2.87</td>
<td>369 031</td>
<td>10.05</td>
</tr>
<tr>
<td>2012</td>
<td>978</td>
<td>26.08</td>
<td>3.02</td>
<td>371 280</td>
<td>9.90</td>
</tr>
</tbody>
</table>

Source: ONS website, 2012
### TABLE A2.2 VALUE ADDED TO GDP BY ECONOMIC SECTOR, 2007 & 2009 (DZD THOUSANDS)

<table>
<thead>
<tr>
<th>Economic sector</th>
<th>2007</th>
<th>2009</th>
<th></th>
<th>2007</th>
<th>2009</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public sector</td>
<td>Private sector</td>
<td>Total</td>
<td>Public sector</td>
<td>Private sector</td>
<td>Total</td>
</tr>
<tr>
<td>Agriculture</td>
<td>3 166.4</td>
<td>701 034.30</td>
<td>704 200.70</td>
<td>1 337.6</td>
<td>925 034.4</td>
<td>926 372</td>
</tr>
<tr>
<td>Hydrocarbons</td>
<td>3 843 139.4</td>
<td>246 169.20</td>
<td>4 089 308.6</td>
<td>2 847 269.2</td>
<td>261 809.7</td>
<td>3 109 078.9</td>
</tr>
<tr>
<td>Public energy construction</td>
<td>92 368.8</td>
<td>0.00</td>
<td>92 368.8</td>
<td>94 967.1</td>
<td>-200</td>
<td>94 767.1</td>
</tr>
<tr>
<td>Other industries (not hydro)</td>
<td>268 745.8</td>
<td>211 065.30</td>
<td>479 811.1</td>
<td>311 952.1</td>
<td>261 114.5</td>
<td>573 066.6</td>
</tr>
<tr>
<td>Construction</td>
<td>139 628.9</td>
<td>593 091.80</td>
<td>732 720.7</td>
<td>128 971.6</td>
<td>871 083.3</td>
<td>1 000 054.9</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>162 147.6</td>
<td>660 259.00</td>
<td>822 406.6</td>
<td>169 947.7</td>
<td>744 414.7</td>
<td>914 362.4</td>
</tr>
<tr>
<td>Trade</td>
<td>57 088.6</td>
<td>806 108.70</td>
<td>863 197.3</td>
<td>73 876.7</td>
<td>1 077 746.9</td>
<td>1 151 623.6</td>
</tr>
<tr>
<td>Services</td>
<td>26 672.1</td>
<td>220 930.10</td>
<td>247 602.2</td>
<td>35 909.9</td>
<td>282 664.2</td>
<td>318 574.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4 592 957.6</td>
<td>3 438 658.40</td>
<td>8 031 616.00</td>
<td>3 664 231.9</td>
<td>4 423 667.7</td>
<td>8 087 899.6</td>
</tr>
</tbody>
</table>

VAT: 399 328 542 063.2
Customs tax: 133 126 169 055
Total GDP: 8 564 070.0 8 799 017.8

*Source: ONS website*

### TABLE A2.3 NUMBER OF EMPLOYEES BY ECONOMIC SECTOR, LFS 2011 (THOUSANDS)

<table>
<thead>
<tr>
<th>Economic sector</th>
<th>2007</th>
<th>2009</th>
<th></th>
<th>2007</th>
<th>2009</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public sector</td>
<td>Private sector</td>
<td>National total</td>
<td>Public sector</td>
<td>Private sector</td>
<td>National total</td>
</tr>
<tr>
<td>------------------------------</td>
<td>Total</td>
<td>Female</td>
<td>Total</td>
<td>Female</td>
<td>Total</td>
<td>Female</td>
</tr>
<tr>
<td>Agriculture</td>
<td>34</td>
<td>7</td>
<td>999</td>
<td>40</td>
<td>1 033</td>
<td>47</td>
</tr>
<tr>
<td>Extractive industries</td>
<td>130</td>
<td>8</td>
<td>62</td>
<td>4</td>
<td>192</td>
<td>12</td>
</tr>
<tr>
<td>Manufacture</td>
<td>281</td>
<td>30</td>
<td>895</td>
<td>306</td>
<td>1 176</td>
<td>336</td>
</tr>
<tr>
<td>Construction</td>
<td>128</td>
<td>9</td>
<td>1 467</td>
<td>16</td>
<td>1 595</td>
<td>25</td>
</tr>
<tr>
<td>Trade</td>
<td>28</td>
<td>5</td>
<td>1 204</td>
<td>53</td>
<td>1 232</td>
<td>58</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>148</td>
<td>20</td>
<td>479</td>
<td>13</td>
<td>627</td>
<td>33</td>
</tr>
<tr>
<td>Market services</td>
<td>122</td>
<td>33</td>
<td>201</td>
<td>33</td>
<td>323</td>
<td>66</td>
</tr>
<tr>
<td>Non-market services</td>
<td>2 973</td>
<td>824</td>
<td>449</td>
<td>160</td>
<td>3 422</td>
<td>984</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3 844</td>
<td>936</td>
<td>5 756</td>
<td>625</td>
<td>9 600</td>
<td>1 561</td>
</tr>
<tr>
<td><strong>Total (%)</strong></td>
<td>40.0</td>
<td>9.8</td>
<td>60.0</td>
<td>6.5</td>
<td>100.0</td>
<td>16.3</td>
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</tbody>
</table>
### TABLE A2.4 EMPLOYMENT SHARES OF PUBLIC AND PRIVATE SECTORS, LFS 2011 (%)

<table>
<thead>
<tr>
<th>Economic sector</th>
<th>Public</th>
<th>Female %</th>
<th>Private</th>
<th>Female %</th>
<th>Total</th>
<th>Female %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.9</td>
<td>0.7</td>
<td>17.4</td>
<td>6.4</td>
<td>10.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Extractive industries</td>
<td>3.4</td>
<td>0.9</td>
<td>1.1</td>
<td>0.6</td>
<td>2.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Manufacture</td>
<td>7.3</td>
<td>3.2</td>
<td>15.5</td>
<td>49.0</td>
<td>12.3</td>
<td>21.5</td>
</tr>
<tr>
<td>Construction</td>
<td>3.3</td>
<td>1.0</td>
<td>25.5</td>
<td>2.6</td>
<td>16.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Trade</td>
<td>0.7</td>
<td>0.5</td>
<td>20.9</td>
<td>8.5</td>
<td>12.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>3.9</td>
<td>2.1</td>
<td>8.3</td>
<td>2.1</td>
<td>6.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Market services</td>
<td>3.2</td>
<td>3.5</td>
<td>3.5</td>
<td>5.3</td>
<td>3.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Non-market services</td>
<td>77.3</td>
<td>88.0</td>
<td>7.8</td>
<td>25.6</td>
<td>35.6</td>
<td>63.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

### FIGURE A2.1 NUMBER OF BENEFICIARIES OF ANEM AND ADS-IMPLEMENTED PROGRAMMES, 2011 (THOUSANDS)

![Bar chart showing the number of beneficiaries of ANEM and ADS-implimented programmes, 2011 (thousands)]
FIGURE A2.2 NUMBER OF ANGEM, ANSEJ AND CNAC-SUPPORTED PROJECTS FOR THE CREATION OF MICRO ENTERPRISES AND RELATED JOBS, 1998-2012 (THOUSANDS)

Thousands


- Jobs ANSEJ/CNAC
- Projects ANSEJ/CNAC
- Jobs ANGEM
- Projects ANGEM
ACRONYMS

ADS  Agence de développement social (Social Development Agency)
ALEM  Agence locale de l’emploi (local employment agency)
ANDI  Agence nationale de développement de l’investissement (National Agency of Investment Development)
ANDPME  Agence nationale de développement de la PME (National Agency of Development of SMEs)
ANEM  Agence nationale de l’emploi (National Employment Agency)
ANGEM  Agence nationale de gestion du micro crédit (National Agency for Management of Microcredit)
ANSEJ  Agence nationale de soutien à l’emploi des jeunes (National Youth Employment Support Agency)
CFI  Contrat formation-insertion (training-insertion contract)
CGEOA  Confédération générale des entrepreneurs et opérateurs algériens (Confederation of Algerian Entrepreneurs and Workers)
CID  Contrat d’insertion des diplômés (graduate integration contract)
CIP  Contrat d’insertion professionnelle (professional integration contract)
CNAC  Caisse nationale d’assurance chômage (National Unemployment Insurance Fund)
CNAS  Caisse nationale des assurance sociales des travailleurs salariés (National Fund of Social Insurance)
CNES  Caisse nationale économique et sociale (National Economic and Social Council)
CNR  Caisse nationale des retraites (National Pension Agency)
CPE  Contrat de pré-emploi (pre-employment contract)
Cread  Centre de recherche en économie appliquée pour le développement (a national centre of multi-field research)
CTA  Contrat de travail aidé (subsidised work contract)
DAIP  Dispositif d’aide à l’insertion professionnelle (professional insertion measures programme)
DZD  Algerian dinar
ESIL  Emplois salariés d’insertion locale (a local initiative for wage workers)
ETF  European Training Foundation
EU  European Union
EUR  Euro
FCE  Forum des chefs d’entreprises (Algerian Business Leaders Forum)
FNSEJ  Fonds national de soutien à l’emploi des jeunes (National Youth Employment Fund)
GDP  Gross domestic product
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAIG</td>
<td>Indemnité d’activités d’intérêt général (an allowance for work in public service and community)</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>INT</td>
<td>Institut national du travail (National Institute of Labour)</td>
</tr>
<tr>
<td>ONS</td>
<td>Office national des statistiques (National Office of Statistics)</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and medium-sized enterprises</td>
</tr>
<tr>
<td>TUP-HIMO</td>
<td>Travaux d’utilité publique à haute intensité de main d’œuvre (labour-intensive public utility work)</td>
</tr>
<tr>
<td>UGTA</td>
<td>Union générale des travailleurs algériens (General Union of Algerian Workers)</td>
</tr>
<tr>
<td>USD</td>
<td>US dollar</td>
</tr>
</tbody>
</table>
REFERENCES


**OFFICIAL REPORTS AND DATA**


EMPLOYMENT POLICIES AND ACTIVE LABOUR MARKET PROGRAMMES IN ALGERIA

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