

# THE LEGAL FRAMEWORK OF THE NATIONAL AGENCY FOR THE SUPPORT AND DEVELOPMENT OF ENTREPRENEURSHIP IN ENHANCING SMALL AND MEDIUM-SIZED ENTERPRISES

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Received : 12/04/2024 ; Accepted : 23/09/2024 ; Published : 17/11/2024

## ABSTRACT

*The gradual reliance on small and medium-sized enterprises (SMEs) in Algeria marks the beginning of a shift from a rentier economy to one outside the hydrocarbons sector, which is threatened by political fluctuations and regional transformations. Relying on SMEs to prepare the state budget presents challenges and risks due to the instability of prices. As a result, there has been increasing focus on creating wealth outside the volatile oil barrel market by shifting towards managing an economy that can be controlled, accompanied, and supported directly in the field. This is the economy of SMEs, which is expected to inject new life into the national economy by diversifying investment in line with national and local needs, as well as providing new job opportunities to reduce the number of unemployed. It also aims to activate their economic role in fostering competition and making the necessary contributions in this new investment climate.*

*This study aims to highlight the legal framework of the role of the National Agency for the Support and Development of Entrepreneurship (ANADE) in small and medium-sized enterprises, considering it one of the key supporting bodies. This is done by analyzing the various procedures and stages of the establishment process. In line with this goal, a number of laws regulating the sector have been amended to create a more dynamic environment for the creation of enterprises and provide a conducive economic climate, particularly Executive Decree 21/125, dated 29-03-21, which sets the conditions for grants for young project holders, such as the cancellation of the unemployment condition and a reduction in the personal contribution percentage.*

*To support this research, we conducted a field study using case study tools, observing and analyzing various documents and statistics available at the Bechar agency during the period from 2010 to 2019.*

*The main finding of this research is that SMEs in Algeria have received significant attention from the government as one of the key sectors that could help the country overcome the crisis of falling oil prices. However, these enterprises have not yet achieved the expected developmental role, due to the numerous challenges faced by the sector.*

**Keywords:** *Small and Medium Enterprises, National Agency for the Support and Development of Entrepreneurship, accompaniment, establishment, financial support, Bechar (Algeria).*

## INTRODUCTION

Small and medium-sized enterprises (SMEs) are considered one of the pillars of economic and social development through their contribution to job creation, stimulating the national market, and reducing the import bill. They receive significant attention in all countries, whether developed or developing.

<sup>1</sup>From this perspective, Algeria has supported and developed these enterprises, establishing a legal and regulatory system that aligns with the objectives set for them and updating it regularly. One of

the most important of these laws is the guiding law 01-18, dated 12/12/2001, concerning the promotion of small and medium-sized enterprises in Algeria. This law defines the mechanisms for assisting and promoting these enterprises. Despite the provisions of this law and various related executive decrees, the challenging economic conditions in Algeria, following the decline of the oil market and the drop in prices, led to a revision of the previous law, which was replaced by law 17-02, dated 10/01/2017, which is the guiding law for the development of small and medium-sized enterprises<sup>2</sup>, aimed at revitalizing and developing this sector.

The purpose of this study is to clarify the legal framework of the role played by the National Agency for the Support and Development of Entrepreneurship (ANADE) - as one of the key bodies supporting these enterprises - in the development of small and medium-sized enterprises and providing the necessary accompaniment in line with market requirements.

To study this topic, the following problem can be raised: What legal guarantees ensure the proper functioning of small and medium-sized enterprises? To what extent does the National Agency for the Support and Development of Entrepreneurship contribute to the development of SMEs and accompany them in achieving their goals?

To answer this question, the study is divided into two sections: the first discusses the concept and characteristics of small and medium-sized enterprises, and the second examines the role of the National Agency for the Support and Development of Entrepreneurship (Bechar Agency) in supporting small and medium-sized enterprises at the level of the Wilaya.

### **Section One: The Legal Framework for Small and Medium-Sized Enterprises (SMEs):**

Opinions differ on defining a precise concept for small and medium-sized enterprises, as there is no consensus on a unified definition for SMEs, which encompass various activities within the national economy, both productive and service-oriented. Additionally, their concepts vary from country to country, depending on their capabilities, potential, and economic and social conditions. In this section, we will address the definition of small and medium-sized enterprises (Subsection 1), and in Subsection 2, we will discuss the characteristics of small and medium-sized enterprises.

#### **Subsection 1: The Concept of Small and Medium-Sized Enterprises (SMEs):**

Small and medium-sized enterprises are currently receiving increased attention from both legal professionals and economists due to their contributions to achieving economic and social development. Therefore, in this subsection, we will address the criteria for defining small and medium-sized enterprises (Branch 1), along with the position of the Algerian legislator (Branch 2). Finally, in Branch 3, we will discuss the characteristics of small and medium-sized enterprises.

##### **Branch 1: Criteria Used to Define Small and Medium-Sized Enterprises (SMEs):**

The size of an enterprise, whether small or large, is determined based on a set of quantitative and statistical criteria defining its size, in addition to qualitative indicators.

##### **Subsection 1: Quantitative Criteria:**

This criterion focuses on classifying enterprises based on the number of employees (First), and the invested capital (Second).

##### **➤ First: The Criterion of the Number of Employees:**

The number of employees in an enterprise is one of the key criteria for distinguishing between small and large enterprises. This criterion is one of the most commonly used due to its simplicity in measuring the size of an enterprise<sup>3</sup>. However, this criterion has been subject to many criticisms, the most important of which are: the number of employees is not the only basis in the production process, and there are economic variables that have a significant impact on the size of the enterprise. Additionally, it does not reflect the true size of the enterprise<sup>4</sup>.

➤ **Second: The Criterion of Invested Capital:** This criterion is often used to determine the size of enterprises. If the size of the invested capital is large, the enterprise is considered large. If it is relatively small, the enterprise is considered small or medium-sized, taking into account the economic growth rate of each country <sup>5</sup>.

**Subsection 2: Qualitative Criteria:** The qualitative criteria include the following:

➤ **First: The Ownership Criterion:**

The ownership criterion is one of the most important criteria used to distinguish between medium, small, and micro enterprises from a qualitative perspective. In these enterprises, ownership is most often associated with the private sector, except in some cases where they have a public character <sup>6</sup>.

➤ **Second: The Responsibility and Independence Criterion:**

According to this criterion, the owner of the enterprise, as the sole proprietor, is the only one who makes decisions, organizes work within the enterprise, and determines the financing and marketing model. Therefore, legal and financial responsibility falls solely on him <sup>7</sup>. The manager of a small or medium-sized enterprise enjoys management independence, whether financially or administratively, and thus bears all the consequences resulting from these decisions <sup>8</sup>.

➤ **Third: The Legal Criterion:**

The legal form of the enterprise depends on the nature and size of the invested capital and its method of financing. Capital companies often have a larger capital compared to partnerships, such as limited liability companies <sup>9</sup>. Partnerships are considered the appropriate form for small projects, such as artisanal industries, vegetables, fruits, grains, wooden products, furniture, textiles, and various retail shops, among others <sup>10</sup>.

**Branch 2: The Position of the Algerian Legislator on These Criteria:**

The guiding law provides the following definition of small and medium-sized enterprises: "Small and medium-sized enterprises, regardless of their legal nature, are defined as enterprises producing goods and/or services that employ between 1 and 250 people, with an annual turnover not exceeding 2 billion DZD, or with a total annual balance sheet not exceeding 500 million DZD, and must meet the independence criterion" <sup>11</sup>.

However, the legislator recently repealed Law No. 01-18 mentioned above with Law No. 02-17, dated 10/1/2017, which contains the guiding law for the development of small and medium-sized enterprises. Through this new law, the legislator aims to define small and medium-sized enterprises and specify the support measures and mechanisms for their establishment, growth, and sustainability.

In this law, the legislator canceled the previous definition of small and medium-sized enterprises and introduced a new definition in Article 5, which states that small and medium-sized enterprises, regardless of their legal nature, are defined as any enterprise producing goods and/or services that meet the following conditions:

- Employ between 1 and 250 workers.
- Have an annual turnover not exceeding 4 billion DZD, or a total annual balance sheet not exceeding 1 billion DZD.
- Meet the independence criterion.

➤ **First: Microenterprise:** An enterprise that employs fewer than 1 (1) to 9 (9) workers and achieves an annual turnover of less than 40 (40) million DZD, or its total annual balance sheet does not exceed 20 (20) million DZD <sup>12</sup>.

➤ **Second: Small Enterprise:** Defined as an enterprise that employs between 10 (10) and 49 (49) workers, and has an annual turnover not exceeding 400 (400) million DZD, or its total annual balance sheet does not exceed 200 (200) million DZD <sup>13</sup>.

➤ **Third: Medium Enterprise:** Defined as an enterprise that employs between 50 (50) and 250 (250) workers, and its annual turnover ranges between 400 (400) million DZD to 4 (4) billion DZD, or its total annual balance sheet ranges between 200 (200) million to 1 (1) billion DZD <sup>14</sup>.

This definition can be summarized in the following table:

**Table No. (01):** Definition of Small and Medium-Sized Enterprises in Algeria According to the 2017 Guiding Law for the Development of Small and Medium-Sized Enterprises

Type of Enterprise	Number of Employees	Annual Turnover	Annual Balance Sheet Total
Microenterprise	From 1 to 9	Less than 40 million DZD	Less than 20 million DZD
Small Enterprise	From 10 to 49	Less than 400 million DZD	Less than 200 million DZD
Medium Enterprise	From 50 to 250	Between 400 million DZD and 4 billion DZD	Between 200 million DZD and 1 billion DZD

**Source:** Prepared by the researcher based on Articles 08, 09, and 10 of Law No. 02/17 dated 10/10/2017, which contains the Guiding Law for the Development of Small and Medium-Sized Enterprises, Official Gazette, Issue 02, dated 11/01/2017, pages 05, 06.

## Subsection 2: Characteristics of Small and Medium-Sized Enterprises (SMEs)

The importance of small and medium-sized enterprises becomes clearer through the presentation of their characteristics and advantages. They possess a set of features that distinguish them from other enterprises, enabling them to compete with large enterprises, and making them an attractive economic and strategic option <sup>15</sup>. These characteristics can be summarized as follows:

### Branch 1: Ease of Establishment:

The ease of establishing SMEs is due to the relatively low required capital for their creation, as well as the simplicity of the procedures and the low costs of establishment, thanks to the simplicity and ease of their administrative and organizational structure <sup>16</sup>.

### Branch 2: High Flexibility:

Small and medium-sized enterprises are characterized by a high degree of flexibility in various aspects of their activities. This is reflected in their ability to adapt to changes that may occur inside or outside the enterprise. This characteristic can be attributed to the fact that SMEs employ a small number of workers, giving them a simple organization that helps them adapt quickly <sup>17</sup>.

### Branch 3: A Center for Self-Training:

The nature of small and medium-sized enterprises makes them a self-training and development center for their owners and employees. This is because they continuously engage in their production activities, which helps them acquire more information and knowledge, thereby enhancing their capabilities and expanding the scope of available job opportunities <sup>18</sup>.

## Section two: The Role of the National Agency for the Support and Development of Entrepreneurship in Bechar in Supporting Small and Medium-Sized Enterprises

The National Agency for the Support and Development of Entrepreneurship is one of the key bodies supporting small and medium-sized enterprises. This section will focus on a field study conducted at the agency based on statistics provided by the Bechar Agency.

### **Subsection 1: The Investment Project Process at the National Agency for the Support and Development of Entrepreneurship:**

The National Agency for the Support of Youth Employment was established under Executive Decree No. 96/296 dated September 8, 1996 <sup>19</sup>, amended by Decree No. 98/231 dated July 13, 1998 <sup>20</sup>, and further amended by Decree No. 20/329 dated November 22, 2020 <sup>21</sup>. It is a public body with legal personality and financial independence, operating under the supervision of the Ministry of Small and Medium-sized Enterprises and the Knowledge Economy, after previously being under the Ministry of Labor, as outlined in the executive decree issued on May 5, 2020 <sup>22</sup>, in its first article: **"The Minister of Small and Medium-sized Enterprises, Emerging Enterprises, and Knowledge Economy is responsible for overseeing the National Agency for the Support of Youth Employment."**

The National Agency for the Support of Youth Employment aims to achieve a set of objectives:<sup>23</sup>

1. Support, provide consultancy, and accompany young project holders.
2. Provide young project holders with all economic, technical, legal, and organizational information related to the operation of their activities <sup>24</sup>.
3. Evaluate the relationships with banks and financial institutions in terms of the financial structure of the projects and follow up on their implementation and utilization.
4. The agency signs agreements with anybody, company, or public administrative institution to implement programs for training young project holders on behalf of the agency <sup>25</sup>.
5. Alleviate unemployment.
6. Foster a spirit of initiative and creativity in individuals.

Young people benefit from the advantages and financial grants provided by the National Agency for the Support and Development of Entrepreneurship, provided they meet the conditions outlined in Article<sup>26</sup> 02 of Executive Decree 20/374, dated 16/12/20, as amended and supplemented by Decree 03/290, which defines the conditions for financial assistance granted to young project holders, as follows:

- **First:** The age should be between 19 and 40 years.
- **Second:** The individual or individuals must hold a certificate or professional qualification and/or possess recognized knowledge skills with a certificate or any other professional document.
- **Third:** They must provide a personal contribution in the form of personal funds, meeting the minimum level defined in Article 3 of this decree.
- **Fourth:** They must not have previously benefited from assistance measures related to initiating activities.

**Branch 1: Stages of the Investment Process: In this section, we will address the following:**

### **Subsection 1: How to Establish an Investment Project:**

New procedures have been introduced as part of a new strategy to better support small and medium-sized enterprises, especially after opening investment opportunities to other youth groups (students, artisans, traders in the industrial and services sectors, farmers). These procedures are as follows:

- An electronic platform has been created for project registration. The young project holder must register through the platform and will be contacted within 48 hours.

- After the individual attends, they will have direct contact with the facilitator and will be included in a training list.

### **Subsection 2: How to Process the Investment Project:**

A- The investment project file presented to the committee members<sup>27</sup> to benefit from the advantages and financial support of the Youth Employment Support System includes the following:

- Registration form,
- Project presentation card,
- Technical and economic study,
- A copy of the national identity card,
- The committee may request any additional documents or information necessary for reviewing the file. After the project is approved by the committee, the file must include all the documents related to the investment project, especially the bank approval if required.

The young entrepreneur presents their investment project to the committee, which will study and express its opinion during the session on its feasibility and financing potential. If the project is approved by the committee, the concerned individuals will be informed to attend personally within the time frame set by the committee to begin the process of implementing their projects.

The local agency will issue and deliver a certificate of financing feasibility to the concerned young people within a maximum of three working days from the date they submit the complete file.

In case of justified rejection by the committee, the local branch of the National Agency for the Support and Development of Entrepreneurship will notify the young project holders of the decision within the set deadlines.

Young project holders may file an appeal with the committee's secretariat within fifteen days from the date of receiving the rejection notice.

Young project holders whose files are rejected definitively by the committee may file an appeal with the National Appeals Committee or submit a new investment file to the local branch of the National Agency for the Support and Development of Entrepreneurship.

The project review phase is conducted by the Committee for Acquiring, Approving, and Financing Projects based on Resolution No. 06, dated May 25, 2021, which includes the establishment of local committees under the National Advisory Committee for Microenterprises<sup>28</sup>. The committee consists of:

- Representatives from the local branch of the National Agency for the Support and Development of Entrepreneurship, as well as representatives from civil society organizations in the microenterprise sector at the Wilaya level.
- The members are chosen for their competence and experience in the field of entrepreneurship development.
- The committee may consult any qualified person to assist in its work.

New tasks have been assigned to the committee's secretariat, including:

- Organizing the files to be reviewed by the committee and presenting them in sequential order;
- Registering the young project holders concerned with attending the committee in a numbered and indexed register designated for this purpose;



- The committee's decisions are made by a majority vote of the present members, and in the case of a tie, the chairman's vote is decisive.
- The committee's deliberations are documented in meeting minutes, which are recorded in a special numbered and indexed register by the chairman, and a copy of the meeting minutes is sent to the Director General of the National Agency for the Support and Development of Entrepreneurship.

### Subsection 3: The Agency's Support for Project Holders:

- Guidance and assistance to young people in developing their project ideas.
- Accompanying young people during the preparation and study of the investment file.
- Presenting the project to the selection, approval, and financing committee.
- Assisting young people in obtaining bank loans.
- Conducting training sessions for young people on business management techniques.
- Supporting projects from their launch.

In this regard, we will present a diagram that outlines the stages of accompanying an investment project.

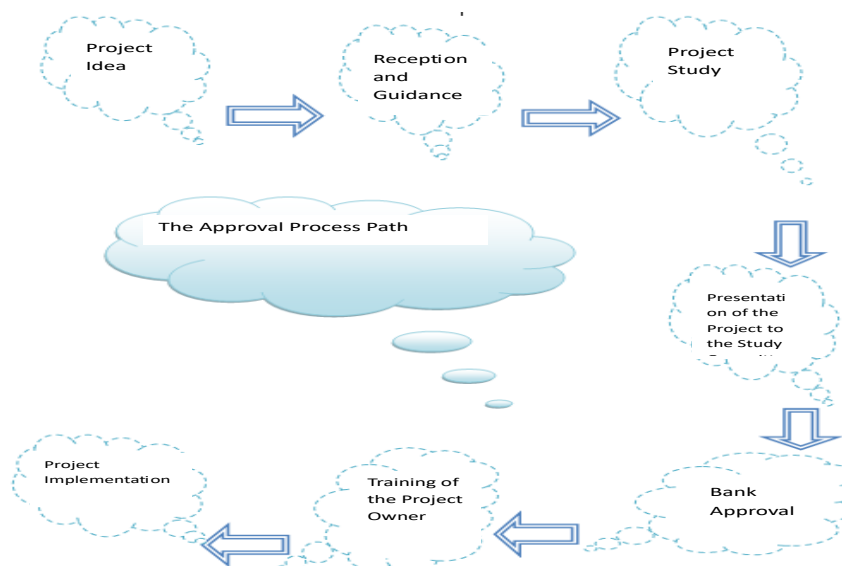


Figure No. (01): The Process of Accompanying Investment Projects.

### Subsection 2: Benefits and Financial Grants Provided by the Agency:

Financial grants and tax advantages are provided during the project implementation phase and its operational phase <sup>29</sup>.

#### Subsection 1: Implementation Phase

##### ➤ First: Financial Grants:

1. **Interest-Free Loan:** It is a long-term loan granted by the National Agency for the Support and Development of Entrepreneurship. This is stated in Article 11 bis 1 of Executive Decree 20/374, dated 16/12/20 <sup>30</sup>, as amended and supplemented by Decree 03/290, which sets the conditions for financial support for young project holders:

- An additional non-equivalent loan not exceeding 500,000 DZD to cover the rental of the premises or docking at ports...

- An additional non-equivalent loan for operational purposes, exceptionally, not exceeding 1 million DZD.

2. **Reduction in Interest Rates on Bank Loans:** Under the framework of triangular financing, the agency pays part of the interest on bank loans. The level of reduction varies depending on the nature and location of the activity.

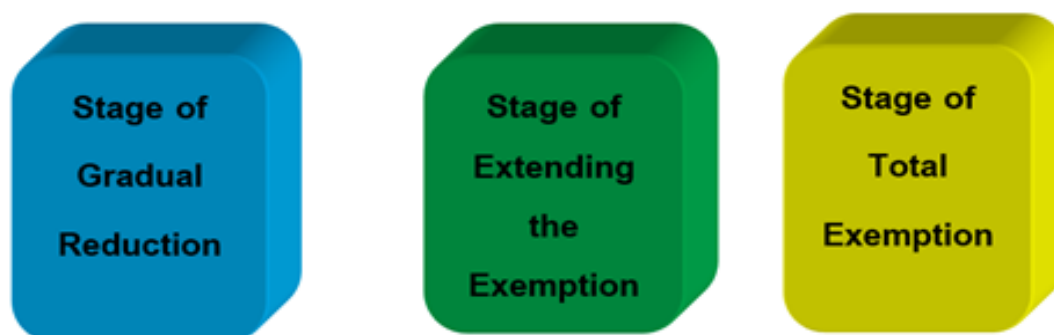
Priority activities include agriculture, irrigation, fishing, manufacturing industries, and construction works.

➤ **Second: Tax Benefits: These include the following:**

1. Exemption from value-added tax (VAT) for the purchase of equipment and services directly related to the implementation of the creation and expansion investment.
2. A 5% reduction in customs duties on imported equipment that is directly used in the implementation of the creation and expansion investment.
3. Exemption from property transfer fees when acquiring real estate for conducting the activity.
4. Exemption from registration fees on contracts establishing microenterprises.

**Subsection 2: Operational Phase:**

➤ **First: Tax Benefits: Small and medium-sized enterprises (SMEs) receive tax advantages, and this phase is divided into three stages as follows:**



1. **Stage of Total Exemption** <sup>31</sup>:

Enterprises receive tax benefits for a period of 3 years starting from the commencement of the activity, and 6 years for special zones. These benefits include:

- Total exemption from corporate profits tax, income tax, and professional activity tax.
- Exemption from property tax on buildings and additional structures designated for the activities of microenterprises.
- Exemption from the guarantee related to proper performance for craft activities and small enterprises when it comes to restoring cultural properties.

2. **Stage of Extending the Exemption Period:**

The total exemption from income tax is extended for an additional two (2) years if the investor commits to hiring at least three (3) workers for an indefinite period.

3. **Stage of Gradual Reduction:**

Project owners benefit from a gradual reduction in taxes and fees mentioned above once the exemption period stipulated in the tax legislation expires, as follows:

- a. In the first year of tax liability, a reduction of 70%.



- b. In the second year of tax liability, a reduction of 50%.
- c. In the third year of tax liability, a reduction of 25%.

➤ **Second: Financial Grants: Additional non-equivalent loans have been introduced as follows:** <sup>32</sup>

1. **Additional Loan for Renting Premises:** This loan is granted when necessary to young project holders as a non-equivalent additional loan of 500,000 DZD (50,000 Algerian dinars) to cover the rental of premises designated for the establishment of goods and services activities.
2. **Non-Equivalent Additional Loan for Operations:** Exceptionally, this loan does not exceed 1 million DZD.

➤ **Third: Financial Structure:**

There are two financing schemes under the framework of the National Agency for the Support and Development of Entrepreneurship, as follows:

1. **Triangular Financing:** This includes the financial contribution of the project owner, the interest-free loan provided by the agency, and the bank loan that is guaranteed by the Joint Guarantee Fund for loan risks granted to young project holders. The details are as shown in the following table:

**Table No. 01: Triangular Financing Schemes** <sup>33</sup>.

Investment Amount Less than 10 million	Agency Contribution	Personal Contribution	Bank Loan
Young Project Holders in General	15% and in Southern Regions 20%	12% and 10% in Southern Regions	70% for the South
Students with Ideas and Unemployed Youth	25%	5%	70%

2. **Dual Financing** <sup>34</sup>: This includes the financial contribution of the project owner and the interest-free loan provided by the agency, as outlined in the following table:

**Table No. 02: Dual Financing Schemes.**

Investment Amount	Agency Contribution	Personal Contribution
Less than or equal to 10 million	50%	50%

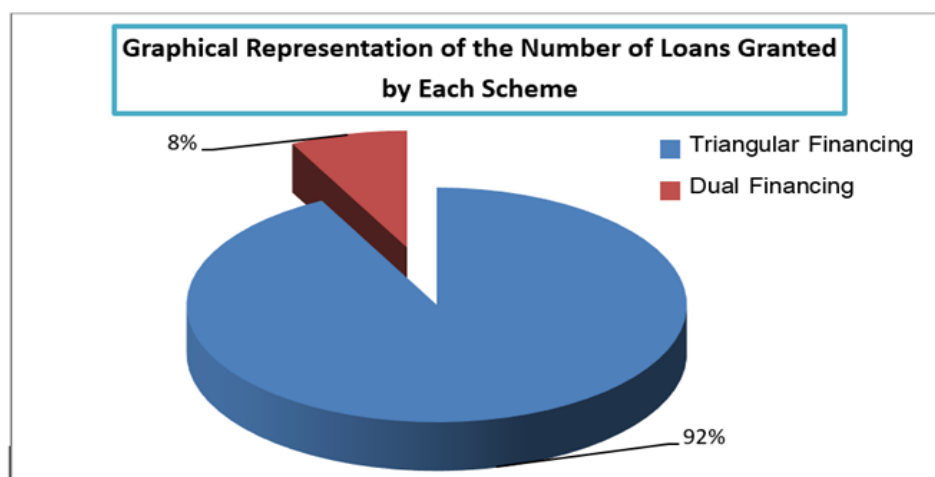


Figure No. 02: Number of Loans Granted According to Each Scheme.

The percentage of 92% represents young people, equivalent to 1,799 projects, whose projects were funded under the triangular financing scheme, due to its special advantages, including the reduced personal contribution rate, which ranges from 1% to 29% (compared to the previous personal contribution rate).

Approximately 7.57%, or about 8%, of young people opted for dual financing, equivalent to 148 projects. These investors believe that a contribution rate of 71% or 72% is sufficient to start their projects, as they already have a reasonable share of the project's value.

#### Subsection 2: Evaluation of the Activity of the National Agency for the Support and Development of Entrepreneurship - Bechar Agency

The National Agency for the Support and Development of Entrepreneurship in Bechar operates according to an organizational structure consisting of several departments, with the General Director at the top of the hierarchy, managing and coordinating the agency's departments. These include: the Administration and Resources Department, the Information and Statistics Department, as well as the Support Department, along with some staff members such as an accountant and financial staff. The structure also includes cleaning staff and drivers. This is illustrated in the following diagram <sup>35</sup>:

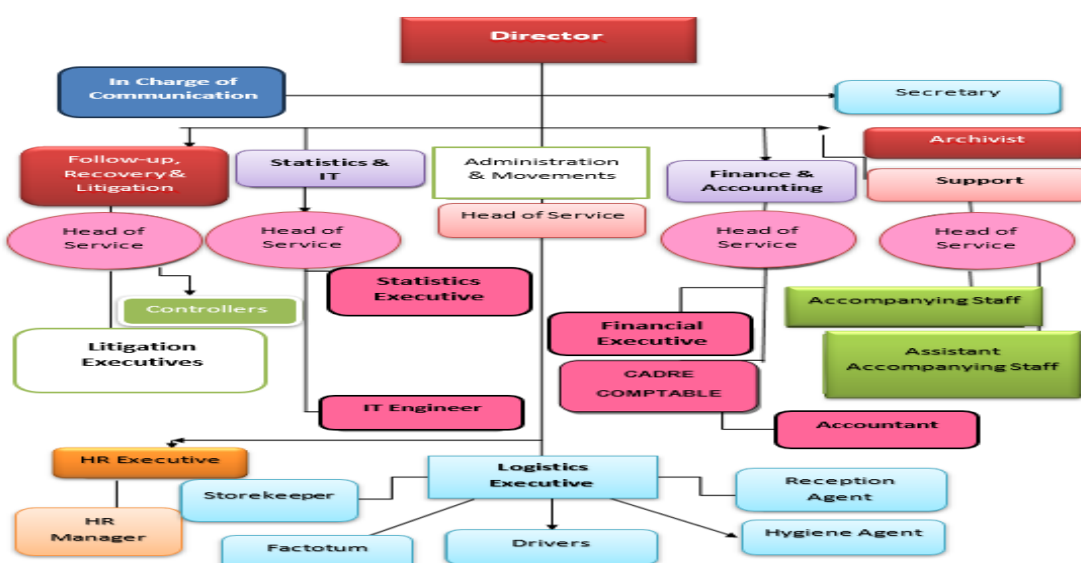


Figure No. 03: Organizational Structure of the National Agency for the Support and Development of Entrepreneurship - Bechar.

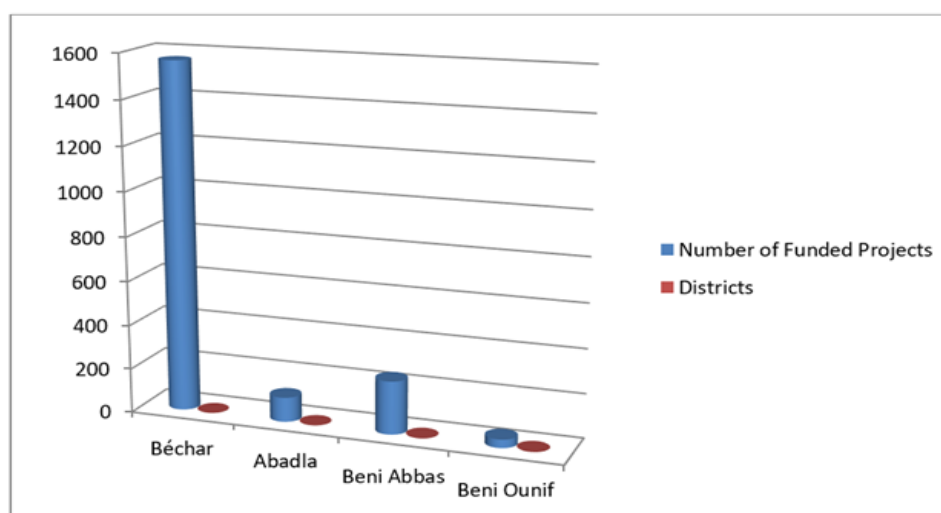
We will attempt, through this statistical study, to present part of the statistics related to the projects funded by the National Agency for the Support and Development of Entrepreneurship from 2010 to 2019.

**Table No. 03: Number of Projects Funded by the National Agency for the Support and Development of Entrepreneurship in Bechar Wilaya (2010-2019).**

Districts	Number of Funded Projects
Béchar	111
Abadla	1564
Beni Abbas	240
Beni Ounif	38
<b>TOTAL</b>	<b>1953</b>

**Source:** Prepared by the researcher based on the statistics provided by the Bechar Agency.

We will illustrate this table in the following figure:



**Figure No. 04: Number of Projects Funded by the National Agency for the Support and Development of Entrepreneurship in Bechar Wilaya (2010-2019).**

From the previous table and Figure No. 04, it is observed that the municipality of Bechar received the lion's share of projects, with 1,564 funded projects out of 1,953, followed by the municipality of Beni Abbas with 240 projects, and then the municipality of Abadla with 111 projects. The municipality of Beni Ounif comes last with 38 projects. The disparity in the percentages may be due to a lack of investment awareness.

➤ **Second: Table No. 04 illustrates the number of employees in the funded enterprises.**

Districts	Number of Workers
Béchar	4085
Abadla	253
Beni Ounif	90



Beni Abbas	570
<b>TOTAL</b>	<b>4998</b>

**Source:** Statistics Department, National Agency for the Support and Development of Entrepreneurship - Bechar.

Based on the data from Table No. 04, which shows the number of employees in the funded enterprises, it is noted that Bechar employs the most workers due to its larger area, location, and the diversity of its enterprises, employing 4,085 workers. The second municipality is Beni Abbas, with 570 employees, followed by Abadla with 253 employees, and finally Beni Ounif with 90 employees.

The total number of workers in the funded enterprises during the period from 2010 to 2019 reached 4,998 workers.

- **Third: Table No. 05 illustrates the projects funded by the agency according to municipalities.**

Municipality Name	Number of Funded Projects	
	Males	Females
Arq Farraj	09	00
Houari Boumediene Project	06	00
Abadla	71	05
Tabelbala	16	04
Taghit	27	01
Béchar	1305	134
Lahmar	11	00
Boukais	02	00
Mogheul	01	00
Kenadsa	76	07
Meridja	00	00
Ighli	19	00
Beni Abbas	84	08
Tamtert	07	01
El Ouata	50	01
Kerzaz	15	00
Beni Ikhlef	13	00
Timoudi	05	01
Ouled Khodir	15	00

Ksabi	21	00
Beni Ounif	33	05
Total	1786	167
	1953	

**Source:** Statistics Department, National Agency for the Support and Development of Entrepreneurship - Bechar.

The table above shows the number of projects funded by the National Agency for the Support of Youth Employment in Bechar Wilaya during the period from 2010 to 2019, broken down by municipalities.

It is observed that there are variations in the distribution of funded projects. For example, Bechar Municipality received the largest share of projects, totaling 1,439 projects, followed by Beni Abbas Municipality with 92 projects. The third position goes to El Ghouaba Municipality with 83 projects, and Abadla Municipality with 76 projects. The remaining municipalities have a very small total number of funded projects.

Based on our reading of this table, we also notice that both genders applied for the agency's support. However, the majority of the beneficiaries in Bechar were male compared to females, even though the agency's laws and regulations aim to serve both genders. The number of projects funded for males was 1,786, while for females, it was 167.

➤ **Fourth: Distribution of Beneficiaries According to Qualification During the Period (2010-2019):**

Table No. 05 illustrates the educational level of project holders during the period 2010-2019.

Institutions	Educational Level of Project Holders				
	Vocational Training	University	Secondary	Middle	Primary
Béchar	218	120	307	871	48
Abadla	06	06	23	68	08
Beni Ounif	11	00	06	20	01
Beni Abbas	14	12	37	163	14
TOTAL	249	138	373	1122	71
	1953				

**Source:** Statistics Department, National Agency for the Support and Development of Entrepreneurship - Bechar.

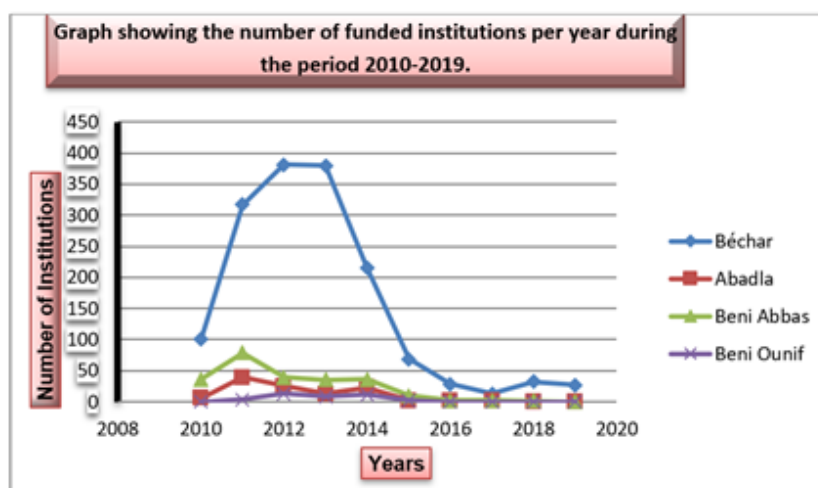
From Table No. 05, it is observed that project holders vary in terms of educational level. The majority of project holders have a middle or secondary education, followed by those with professional training.

In fourth place are project holders with a university degree. This highlights the reluctance of university graduates to enter the world of investment and establish small enterprises, preferring unemployment or settling for integration contracts. Only a few manage to secure jobs, which may be attributed to both subjective and objective reasons. In contrast, in other countries, university graduates lead entrepreneurial projects. This was confirmed at the international conference held in Jordan in January 2019 on the knowledge economy, where it was noted that Algeria is the only country among Arab nations where there is an inverse relationship between university graduates and investment in small and medium-sized enterprises.

- **Fifth: Table No. 06 illustrates the number of enterprises according to the years 2010-2019.**

	Years						Institutions			
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Abadla	00	00	01	02	02	23	13	2	39	06
Beni Abbas	00	01	02	02	10	36	35	39	79	36
Beni Ounif	00	00	00	00	02	11	08	13	04	00
Béchar	27	32	13	28	69	216	380	381	317	101
TOTAL	27	33	16	32	83	286	436	458	439	143
	1953									

**Source:** Statistics Department, National Agency for the Support and Development of Entrepreneurship - Bechar



**Figure No. 05: Illustrates the number of enterprises according to the years 2010-2019.**

It is observed that there was a decline in the number of funded enterprises from 2014 to 2019, while the years 2011 and 2012 were the peak years for funding, with 897 projects funded during those two years. In contrast, in the last six years, 913 projects were funded. This decrease may be attributed

to factors related to the national public policy, which focused on reducing or rationalizing funding to meet necessary requirements.

**Table No. 06: Illustrates the distribution of enterprises according to the nature of the activity during the period 2010-2019.**

<b>Bechar Institution</b>		
<b>Nature of Activity</b>	<b>Number of Funded Files</b>	<b>Percentage</b>
Services	783	40%
Industry	71	3.63%
Agriculture	73	3.73%
Goods Transportation	325	16.64%
Refrigerated Transportation	126	6.45%
Passenger Transportation	114	5.83%
Construction & Public Works	278	14.23%
Traditional Crafts	123	6.29%
Other Activities	46	2.35%
Irrigation Construction & Works	14	0.71%
<b>Total</b>	<b>1953</b>	<b>100%</b>

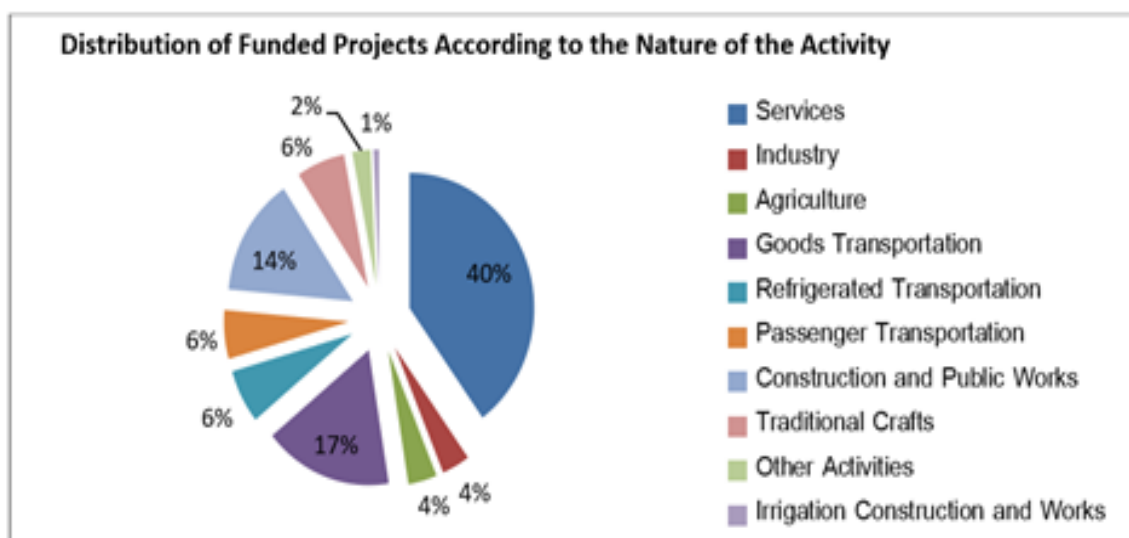
**Source:** Statistics Provided by the Bechar Agency.

The table above illustrates the distribution of enterprises according to the nature of the activity under the National Agency for the Support and Development of Entrepreneurship in Bechar Wilaya during the period from 2010 to 2019, with a total of 1,953 projects across various sectors.

From the data in Table No. 06, it is observed that the funded projects were distributed across various activities, but with varying proportions. The services sector accounted for the largest percentage, with 783 funded projects. This was followed by the goods transportation and construction and public works sectors, which had similar proportions. The construction sector in Bechar is the most profitable and has the largest capital, with many related activities, including study offices, equipment, transportation, and other support activities. This led project holders to prefer the construction and public works sector to ensure the success of their projects. Important sectors such as agriculture and industry were ranked lower and came last.

This is illustrated in the following figure:





**Figure No. 06: Distribution of Funded Projects According to the Nature of the Activity (2010-2019)**

From the figure above, the following observations can be made:

- The services sector occupies the first position, being the most active sector with 40% of funded projects.
- The goods transportation sector follows with 16.64%, which is attributed to the relatively low costs of running these services, as they are easier to manage and generate profits.
- The construction and public works sector comes next with 14.23%, followed by the refrigerated transportation sector with 6.45%.
- The traditional crafts sector follows with 6.29%, then the passenger transportation sector with 5.83%.
- Agriculture and industry sectors are ranked last with 3.73% and 3.63%, respectively.
- There are also other activities, including irrigation construction works at 2.35% and other minor sectors at 0.71%.

This distribution reflects the tendency of project holders to prefer more profitable sectors with lower risk.

### CONCLUSION

The presence of small and medium-sized enterprises (SMEs) has made a clear impact on the investment landscape both locally and nationally, contributing to the creation of new job opportunities, providing goods and services, and revitalizing many traditional and craft activities. It has also helped recover a number of professions through a legal and regulatory framework, accompanied by support to overcome various challenges and provide the necessary environment for increasing the competitiveness of SMEs. This requires continuous evaluation and periodic reassessment. The shift towards prioritizing holders of degrees, skilled workers, and craftsmen in establishing microenterprises is a step in this direction. The Bechar Agency for the Support and Development of Entrepreneurship has played a key role in realizing many local investments, as shown by the following figures and statistics:

- The number of projects funded by the National Agency for the Support and Development of Entrepreneurship in Bechar Wilaya during the period 2010-2019 reached 1,953 projects, with 1,786 projects for males and 167 projects for females.

• The majority of project holders have a middle school education (1,122), followed by those with a secondary education (373). Those with professional training (249) are in third place, while university graduates (138) are fourth. This reflects the reluctance of university graduates to engage in entrepreneurship.

• The funded projects were distributed across various activities, with the largest share in the services sector (783 projects), followed by goods transportation and construction and public works sectors, with close percentages. The construction sector in Bechar is the most profitable, holding the largest capital and being linked to various activities such as study offices, equipment, transportation, and others, which has led project holders to prefer this sector for the success of their projects. Important sectors like agriculture and industry came last in terms of funding.

From this study, we have concluded the following:

• It is clear that the National Agency for the Support and Development of Entrepreneurship has made a significant leap in the creation of small and medium-sized investments in the Wilaya, creating new job opportunities and contributing to the local development of various sectors. However, there are still points that need addressing, particularly the method of granting projects and their feasibility.

• The reluctance of holders of academic and professional qualifications to enter the field of investment.

• Low investment in the agriculture and industry sectors.

• Weak investment culture among project holders.

• The agency's general policy, which takes into account many social considerations, might impact the success and effectiveness of the granted projects.

#### **Recommendations:**

- Expand and promote investment thinking within universities and vocational institutions, providing more authority and financial support to entrepreneurship centers to carry out this role.
- Adopt an investment policy that meets local demand and is based on a clear and well-studied economic vision.
- Increase focus on small and medium-sized enterprises due to their economic importance in achieving economic development by implementing a comprehensive strategy for this sector in cooperation with universities and research centers.
- Update legal texts to simplify procedures and encourage project holders to invest.

#### **ENDNOTES**

<sup>1</sup> Law No. 01/18, dated 12/12/2001, containing the Guiding Law for the Promotion of Small and Medium-Sized Enterprises, Official Gazette, Issue 77, published on 15/12/2001.

<sup>2</sup> Law No. 02/17, dated 11 Rabi' al-Thani 1438, corresponding to 10 January 2017, containing the Guiding Law for the Development of Small and Medium-Sized Enterprises, Official Gazette, Issue 02.

<sup>3</sup> Saad Abdul Rasool Mohammed, *Small Industries as an Approach to Local Community Development*, Scientific Publishing and Distribution Office, Cairo, 1998, p. 15.

<sup>4</sup> Fathi El-Sayed Abdo Abu El-Sayed Ahmed, *Small and Medium Industries and Their Role in Local Development*, Youth Foundation, Alexandria University, 2005, p. 49.

<sup>5</sup> Ahmed Bousmahin, *The Developmental Role of Investment in Microenterprises in Algeria*, Damascus University Journal for Economic and Legal Sciences, Vol. 26, Issue 1, 2010, pp. 206-207.



- <sup>6</sup> Mesheri Mohammed Nasser, The Role of Small and Medium-Sized Enterprises in Achieving Sustainable Local Development, Master's Thesis in Economic Sciences, Ferhat Abbas University, Setif, 2011, p. 5.
- <sup>7</sup> Ahmed Bousmahin, Previously Cited Reference, p. 208.
- <sup>8</sup> Nesima Sabek, The Impact of Investment in Small and Medium-Sized Enterprises on Economic Growth – An Econometric Study on the Algerian Union during the Period (2000-2014), Doctoral Dissertation, Faculty of Economic Sciences and Management, Batna 1 University, L'Hadj Lakhdar, 2015-2016, p. 15.
- <sup>9</sup> Regulated by the Algerian legislator in Article 554 of the Commercial Code and subsequent articles.
- <sup>10</sup> Saïd Brish, The Contribution of Private Small and Medium-Sized Enterprises to Economic and Social Development – The Case of Algeria, Journal of Human Sciences, University of Biskra, Issue 12, November 2007, p. 64.
- <sup>11</sup> Article 4 of Law No. 01-18, dated 12/12/2001, containing the Guiding Law for the Promotion of Small and Medium-Sized Enterprises, Official Gazette, Issue 77, published on 15/12/2001, p. 5.
- <sup>12</sup> Article 10 of Law No. 02/17, dated 10/10/2017, containing the Guiding Law for the Development of Small and Medium-Sized Enterprises, Official Gazette, Issue 02, published on 11/01/2017, p. 06.
- <sup>13</sup> Article 09 of the aforementioned Law No. 02/17, p. 06.
- <sup>14</sup> Article 08 of the same law, p. 06.
- <sup>15</sup> Ahmed Ben Qataf, The Importance of Business Incubators in Supporting and Promoting Creative Small Enterprises in Algeria, Master's Thesis, Faculty of Economic Sciences, Management Sciences, and Commercial Sciences, Mohamed Boudiaf University – M'sila, Algeria, 2006-2007, p. 56.
- <sup>16</sup> Mesheri Mohammed Nasser, Previously Cited Reference, p. 18.
- <sup>17</sup> Katoush Achour, Tarchi Mohammed, Development and Promotion of Small and Medium-Sized Enterprises in Algeria, International Symposium on "Requirements for Upgrading Small and Medium-Sized Enterprises in Arab Countries," 17-18 April 2006, Hassiba Ben Bouali University, Chlef, Algeria, p. 1034.
- <sup>18</sup> Yahia Abdelkader, The Role of Small and Medium-Sized Enterprises in Absorbing Unemployment (Case Study: Tiaret), Master's Thesis in Commercial Sciences, Business Management Specialization, Faculty of Economic, Commercial, and Management Sciences, University of Oran, p. 60.
- <sup>19</sup> Executive Decree No. 96/296, dated 08/09/1996, establishing the National Agency for the Support of Youth Employment and defining its legal framework, Official Gazette No. 52, dated 11/09/1996, p. 12.
- <sup>20</sup> Official Gazette 51, Year 1998.
- <sup>21</sup> Official Gazette 70, Year 2020. According to this law, the name of the agency was changed to the National Agency for the Support and Development of Entrepreneurship under Article 1.
- <sup>22</sup> Executive Decree No. 20/110, dated 12 Ramadan 1441, corresponding to 05/50/2020, assigning the Minister of Small Enterprises, Emerging Enterprises, and Knowledge Economy the supervisory authority over the National Agency for the Support of Youth Employment, Official Gazette No. 27, dated 06/05/2020, p. 09.
- <sup>23</sup> Mesheri Mohammed Nasser, The Role of Medium and Microenterprises in Achieving Sustainable Development (A Study of the National Strategy for the Promotion of Medium and Microenterprises – Case of Tebessa Wilaya), Master's Thesis in Business Strategy for Sustainable Development, Economic Sciences, Ferhat Abbas University, Setif, 2011, p. 98.
- <sup>24</sup> Article 6 of Decree 96/296.
- <sup>25</sup> Hanan Beqat, Halim Salima, Support and Promotion Bodies for Small and Medium-Sized Enterprises in Algeria, Journal of Advanced Economic Research, Martyr Lakhdar Hamah El-Oued University, Issue 5, December 2018, p. 10.



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- <sup>26</sup> Official Gazette 77, Year 2020. Unemployment is no longer a requirement for benefiting from a project under the National Agency for the Support and Development of Entrepreneurship; rather, it is an advantage for reducing the amount of personal contribution in the case of triangular financing.
- <sup>27</sup> Fifth: Decision dated 18 Sha'ban 1442, corresponding to 1 April 2021, determining the organization and operation of the Committee for the Selection, Approval, and Financing of Investment Projects at the level of the Wilaya Agency for the Support and Development of Entrepreneurship, as well as the processing and content of files related to these projects.
- <sup>28</sup> Resolution No. 05, dated 25 May 2021, establishing the National Advisory Committee for Microenterprises.
- <sup>29</sup> Administrative documents provided by the agency.
- <sup>30</sup> Official Gazette 77, Year 2020. This decree was amended by Decree 21/125, dated 29/03/2021, Official Gazette 25, Year 2021.
- <sup>31</sup> Source: National Agency for the Support of Youth Employment – Bechar Agency.
- <sup>32</sup> Article 11 bis 1 of Decree 03/290, as amended and supplemented.
- <sup>33</sup> Articles 3 and 11 of Decree 03/290, as amended and supplemented.
- <sup>34</sup> Same article.
- <sup>35</sup> National Agency for the Support and Development of Entrepreneurship – Bechar.