

Study On The Reality Of Financing And Supporting Entrepreneurship In Tamanrasset, The Far South Of Algeria

Taguedda Khaoula^{1*}, Taguedda Souad²

^{1*}University of Algiers 3 Brahim Soltane Chaibout, taguedda.khaoula@gmail.com

²University of Blida 2 Lounici Ali, tagueddasouad@gmail.com

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Abstract:

This study examines the role of small and medium-sized enterprises (SMEs) as crucial drivers of economic rejuvenation, employment generation, and innovation through their distribution, numerical strength, and sectoral presence in various municipalities of Tamanrasset. Enhancing and supporting these enterprises significantly influences their stability and persistence, thereby fostering the development of this region specifically and Algeria at large.

Keywords: Small and Medium-sized Enterprises, Economic Development, Economic Sector, Entrepreneurship, Tamanrasset

Introduction:

In light of the pivotal role small and medium-sized enterprises play in bolstering the economies of both advanced and emerging nations, it is essential to investigate the strategies and factors underlying their success.

SMEs are instrumental in job creation and introducing innovative solutions and services to communities, besides providing critical financial support to larger corporations and aiding in the diversification of exports. Consequently, SMEs are deemed central to economic advancement and are key vehicles for job creation and wealth generation.

Despite differences in definitions, sectoral activities, and support strategies among nations, developing countries are actively promoting the formation of more SMEs, particularly in response to rapid population growth and elevated youth unemployment rates. This effort is aimed at fostering economic equilibrium and growth, which, in turn, may enhance political stability.

The economic downturn that hit Algeria in 1986, triggered by a significant decline in oil prices, served as a catalyst for the transition towards a market-based economy. This transition heightened the focus on establishing and reinforcing SMEs. Since that time, the support for these businesses has become more varied throughout the country, although their spatial distribution remains uneven.

Research Problem:

This study addresses the central question: What are the dynamics of financing and support for small and medium-sized enterprises in Tamanrasset?

Research Hypotheses:

To initially address this inquiry, we propose the following hypotheses:

- _ There is a growing trend of projects in Tamanrasset being financed and supported by local initiatives.
- _ These projects are uniformly spread across the municipalities within the province.
- _ Support mechanisms predominantly finance projects in the tourism sector, recognizing the province's potential as a tourist destination.

Research Objectives:

This research intends to clarify the following aspects:

- _ Assess the state of entrepreneurship in Tamanrasset.
- _ Determine the distribution and geographical spread of SMEs in Tamanrasset over time, facilitated by support mechanisms.
- _ Investigate the sectoral distribution of SMEs in Tamanrasset, initiated and financed by support strategies.

Research Methodology:

A descriptive analytical method was utilized to examine and appraise the state of entrepreneurship in Tamanrasset by analyzing the financing and support provided to SMEs through existing mechanisms in the region.

2. The Reality of the National Agency for Support and Development of Entrepreneurship in Tamanrasset

2.1 National Agency for Support and Development of Entrepreneurship: :

Initially established as the National Agency for Youth Employment and Support under Article 16 of Decree 96-14 in June 1996, this entity operates under the oversight of the Minister of Employment and the authority of the Prime Minister. With legal and financial independence, it was rebranded to its current name by Executive Decree No. 20-329 on November 22, 2020. This agency is instrumental in advancing the economic stature and mitigating unemployment by actively integrating community initiatives and mobilizing the energies of the youth.

It plays a vital role in fostering investments and enhancing both collective and individual employment opportunities by strengthening collaborations with financial institutions to streamline financial structures and execute financing schemes. (Moulay Amina, 2020, p. 131)

2.2 Distribution of Small and Medium-Sized Enterprises by Years and Geographic Distribution in Tamanrasset:

The National Agency for Support and Development of Entrepreneurship has been pivotal in enhancing the financing and support mechanisms for SMEs and improving the entrepreneurial environment for young business owners in Tamanrasset. This intervention has resulted in a noticeable growth in the number of SMEs, as evidenced by the data in the ensuing table:

Table 1: Evolution of the Number of Enterprises by Year (2011-2023)

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number	322	375	251	304	128	144	170	198	241	132	211	96	194

Source: Prepared by researchers based on information provided by ANADE.

This table reveals a dynamic progression in the number of enterprises over the specified years, totaling 2766 financed projects from 2011 to 2023. Nevertheless, Figure 1 shows that the trajectory of project financing is marked by significant fluctuations, characterized by alternating periods of increase and decrease.

Figure 1: Evolution of the Number of Enterprises by Year (2011-2023)

Table 2 illustrates the disparate distribution of these projects across the municipalities of Tamanrasset, with a predominance in two specific municipalities. The numbers are detailed in the subsequent table.

Table 2: Geographic Distribution of Projects - Municipalities - (2011-2023)

Municipalities	Tamanrasset	Ain Amquel	Abalessa	Adels	Tazrouk	Ain Guezam	TinZouatine	In Salah	In Char	Foggaret Ezzoua	Total
Total	1931	57	147	34	16	94	23	390	49	25	2766

Source: Prepared by researchers based on information provided by ANADE.

_ A total of 1931 projects were financed in the municipality of Tamanrasset, representing approximately 69.81% of all initiatives, followed by Ain Salah, which saw 390 projects, or 14.10% of the total.

_ Financing in the remaining municipalities remains comparatively minimal, with contributions ranging from 0.58% to 5.31%.

The disparity in financing for small and medium-sized enterprises across the municipalities of Tamanrasset can be attributed to several key factors: First, the availability of natural resources and infrastructure varies significantly among municipalities, impacting the feasibility of enterprise establishment.

Second, the proximity to support and financing institutions influences the level of guidance and management available. Third, variations in the expertise and skills of local entrepreneurs affect their involvement in projects. Lastly, social and cultural dynamics play a critical role in the local acceptance and backing of small and medium-sized enterprises.

2.3 Distribution of Small and Medium-Sized Enterprises by Activity Sectors in Tamanrasset

Small and medium-sized enterprises (SMEs) in Tamanrasset are distributed across various key sectors, with fluctuations observed from year to year, as detailed in the forthcoming table:

Table 3: Distribution of Projects by Activity Sectors (2011-2021)

Year	Agriculture	Crafts	Construction	Industry	Maintenance	Free Professions	Services	Transport	Total
2011	1	5	6	44	6	5	115	141	323
2012	5	6	12	50	3	4	143	152	375
2013	4	0	12	47	8	10	72	98	251
2014	13	0	21	42	15	7	104	102	304
2015	26	1	13	30	8	7	26	16	127
2016	50	0	11	29	11	2	42	0	144
2017	54	1	31	37	11	1	35	0	170
2018	74	1	30	18	12	3	60	0	198
2019	96	0	36	28	11	6	64	0	241
2020	27	0	15	13	5	3	41	28	132
2021	52	1	35	20	7	5	62	29	211
2022	21	0	27	12	7	2	19	8	96
2023	66	0	34	12	15	3	24	40	194
Total	489	15	283	381	119	58	807	614	2766

Source: Prepared by researchers based on information provided by ANADE.

From Table 3, it becomes clear that the allocation of projects across different sectors is as follows:

- The services sector predominates with 807 projects, making up 29.18% of the total, followed by the transport sector which encompasses 22.20%.
- The agricultural sector has been allocated 489 projects, which constitute 17.68%, and the industrial sector accounts for 13.77%.
- The percentages attributed to the remaining sectors vary between 0.54% and 10.23%.

3. Reality of the National Unemployment Insurance Fund in Tamanrasset

3.1 National Unemployment Insurance Fund (CNAC):

In response to extensive layoffs following the restructuring and privatization of public enterprises, the Algerian government enacted Legislative Decree No. 94-09 on May 26, 1994, which included measures to safeguard employment and protect workers against involuntary job losses. Further solidifying this initiative, Executive Decree No. 94-11, also dated May 26, 1994, established an unemployment insurance system aimed at supporting employees displaced for economic reasons. (Moulay Amina, 2020, pp. 13-132)

Since 2004, the Fund has facilitated the commencement of business activities for the unemployed aged between thirty-five and fifty, aligning with the national strategy to bolster economic development and fulfill the President's agenda to mitigate unemployment and social instability.

From 2010 onwards, new provisions were introduced for individuals aged between thirty and fifty, enhancing benefits such as raising the maximum investment amount to 10 million DZD from the earlier cap of 5 million DZD, and enabling the expansion of production capacities for ongoing ventures. (Abdelkader Katm, 2021, pp. 915-916)

3.2 Distribution of Small and Medium-Sized Enterprises by Years and Geographic Distribution in Tamanrasset

The National Unemployment Insurance Fund's initiatives to support and facilitate the financing of SMEs and improve the investment landscape for entrepreneurs and the youth in Tamanrasset have significantly increased the number of

SMEs. However, these support measures were discontinued by the fund in 2021, as indicated by the data presented in the upcoming table:

Table 4: Evolution of the Number of Enterprises and Workers by Year (2010-2021)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Enterprises	30	98	133	73	96	51	24	10	32	56	98	145
Number of Workers	78	234	308	197	274	156	78	38	97	162	234	345

Source: Prepared by researchers based on information provided by CNAC.

From Table 4, it is apparent that there was a noticeable surge in enterprise growth in 2021, with 115 projects financed, a significant increase from the 2010 figures. Over the span from 2010 to 2021, a total of 846 projects were financed, resulting in the creation of 2,210 job positions, under the auspices of the National Unemployment Insurance Fund. The geographical distribution of small and medium-sized enterprises financed by the National Unemployment Insurance Fund in Tamanrasset is illustrated in the subsequent table:

Table 5: Distribution of Projects by Geographic Location - Municipalities - (2010-2021)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tamanrasset	24	83	109	63	79	31	17	08	23	46	82	103
Ain Amguel	00	01	01	00	00	02	00	00	00	00	01	02
Abalessa	01	00	03	01	04	05	01	00	05	04	10	10
Tazrouk	00	00	00	01	00	05	02	00	01	00	00	00
Adels	00	00	00	01	00	01	00	00	00	00	01	03
Ain Salah	04	05	16	05	07	02	03	02	02	06	03	21
Foggaret Ezzoua	01	02	01	00	00	00	00	00	00	00	01	01
In Ghar	00	05	01	00	00	00	00	00	01	00	00	03
Ain Saleh	00	01	00	00	06	03	00	00	00	00	00	02
Tin Zaouatine	00	01	02	02		02	01	00	00	00	00	00
Total	30	98	133	73	96	51	24	10	32	56	98	145

Source: Prepared by researchers based on information provided by CNAC.

The breakdown of project distribution across municipalities from **Table 5** is as follows:

- _ Tamanrasset municipality financed 668 projects, representing 78.96% of the total, a notably high proportion. This is followed by Ain Salah, which supported 76 projects, accounting for 8.98%.
- _ Adels and Foggaret Ezzoua each supported 6 projects, comprising 0.71% of the overall total.
- _ The remaining municipalities financed a smaller number of projects, with percentages ranging between 0.83% and 5.20%.

3.3 Distribution of Small and Medium-Sized Enterprises by Activity Sectors

Small and medium-sized enterprises in Tamanrasset, funded by the National Unemployment Insurance Fund, span several vital sectors. The following table will detail this sectoral distribution:

Table 6: Distribution of Projects by Activity Sectors (2010-2021)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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Services	12	41	51	36	29	07	05	05	07	19	18	15
Crafts	02	03	05	05	02	01	00	00	01	01	01	03
Agriculture	00	00	04	01	02	03	04	02	22	30	40	56
Industry	01	02	05	09	14	11	01	02	00	00	02	09
Energy	00	00	00	00	00	00	00	00	00	00	00	00
Construction	00	00	07	06	38	16	09	01	02	06	12	22
Goods Transport	12	31	47	11	10	07	05	00	00	00	17	24
Refrigerated Transport	01	00	01	00	00	00	00	00	00	00	01	01
Petroleum Gas Transport	00	00	02	00	00	01	00	00	00	00	00	00
Collective Transport	02	21	11	05	01	05	00	00	00	00	07	15
Total	30	98	133	73	96	51	24	10	32	56	98	145

Source: Prepared by researchers based on information provided by CNAC.

From Table 6, we note that the services sector dominates with a total of 245 projects, making up 28.96% of all funded initiatives. This is closely followed by the agriculture and goods transport sectors, each with 164 projects, accounting for 19.39% of the total projects in each sector.

Conversely, the energy sector, petroleum gas transport, and refrigerated transport sectors show notably smaller percentages, at 0%, 0.35%, and 0.47% respectively.

4. Reality of the National Agency for Micro-Credit Management in Tamanrasset

4.1 National Agency for Micro-Credit Management (ANGEM):

Micro-credit refers to small-scale loans that are repayable over a period ranging from 12 to 60 months, designated for projects with costs between 50,000 DZD to 400,000 DZD. These loans are primarily utilized for purchasing small equipment and raw materials essential for initiating activities or crafts.

Established by the Presidential Decree No. 04-13 dated January 22, 2004, ANGEM's primary responsibilities include:

- _ Offering interest-free loans, funding, and promotional support to beneficiaries through the National Micro-Credit Support Fund.
- _ Forming partnerships with banks and financial institutions to secure necessary investments for project financing. (Abdelkader Ragrag, 2010, p. 124)

4.2 Distribution of Small and Medium-Sized Enterprises by Years and Geographic Distribution:

The proactive support and facilitation provided by the National Agency for Micro-Credit Management for micro-enterprises in Tamanrasset have contributed to their increased prevalence, as detailed in the subsequent table:

Table 7: Evolution of the Number of Enterprises by Year (2011-2023)

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Number	0	45	385	1358	960	206	194	1006	418	650	377	435	455	6489

Source: Compiled by researchers based on information provided by ANGEM.

From Table 7, it is evident that enterprises experienced significant growth during the last twelve years, from 2011 to 2023, with a total of 6489 projects financed. According to Tables 8 and 9, the majority of project owners are between the ages of 30-39, constituting the largest beneficiary group, with 23.76% of the support.

This is followed closely by those aged 40-49, who account for 23.32% of the support. The smaller percentages are distributed among older age groups, those over 60 and between 50 to 95 years, indicating that the younger, more active age groups are the primary entrepreneurs engaging in a variety of enterprises.

Throughout the period from 2011 to 2023, a total of 6489 projects were funded, which resulted in the creation of 8367 job positions. A significant majority of these positions, 61.62%, were filled by males, demonstrating the gender dynamics within the employment landscape. This robust job creation has been supported by the efforts of the National Agency for Micro-Credit Management.

Table 8: Distribution of Projects by Gender and Age Group (2011-2023)

Age Group	18-29 Years	30-39 Years	40-49 Years	50-59 Years	Over 60 Years	Total
Males	880	901	889	689	483	3842
Females	563	641	624	506	313	2647
Total	1443	1542	1513	1195	796	6489

Source: Compiled by researchers based on information provided by ANGEM.

Table 9: Number of Jobs Created (2011-2023)

Gender	Newly Created Jobs
Females	3211
Males	5156
Total	8367

Source: Compiled by researchers based on information provided by ANGEM.

4.3 Distribution of Small and Medium-Sized Enterprises by Activity Sectors:

Micro-enterprises funded by the National Agency for Micro-Credit Management in Tamanrasset are segmented across a variety of crucial sectors, as elaborated in the subsequent table:

Table 10: Distribution of Projects by Activity Sectors and Gender (2011-2023)

Activity	Agriculture	Very Small Manufacturing Enterprises	Construction	Services	Traditional Industries	Fishing	Commerce	Total
Females	1065	953	2	172	355	0	100	2647
Males	2502	155	468	514	180	0	23	3842
Total	3567	1108	470	686	535	0	123	6489

Source: Compiled by researchers based on information provided by ANGEM.

Analysis of Table 10 reveals the distribution of financed projects across various sectors:

- The agriculture sector claims the largest share of financed projects, totaling 3567, which represents 54.97% of all projects. This substantial percentage reflects the region's agricultural orientation.
- In contrast, the commerce sector comprises only 123 financed projects, making up a mere 1.90% of the total.
- Shares in other sectors range from 7.24% to 17.08%.
- It is noteworthy that males predominantly participate in most sectors, except in very small manufacturing enterprises such as sewing workshops, and the traditional industries and commerce sectors, where females are more prevalent.

4. Results Analysis:

From our investigation, several key findings emerge:

- Small and medium-sized enterprises are increasingly central to economic growth strategies, signaling a shift towards more agile and community-rooted economic structures.
- The state has crafted specific financial tools to foster the establishment and growth of SMEs, highlighting the strategic role of these enterprises in national economic policies.
- The National Agency for Support and Development of Entrepreneurship has diversified its financing offerings, resulting in an expanded portfolio of enterprises that benefit from tailored financial solutions. This adaptability has led to a notable increase in the number of enterprises supported.
- A significant concentration of projects funded by this agency is found in the municipality of Tamanrasset. This trend is likely driven by the proximity to administrative and financial resources, encouraging local entrepreneurs to initiate projects.
- The services sector enjoys a predominant share of financing from the National Agency for Support and Development of Entrepreneurship. This preference underscores the sector's perceived lower barriers to entry and its importance to the youthful demographic in the region.
- The National Unemployment Insurance Fund has significantly increased its support for enterprises, financing an additional 846 projects during the study period. This strategic financial intervention spans all phases of project development, from initiation through to expansion, and has generated 2210 new job positions.
- Over half of the projects supported by the National Unemployment Insurance Fund are located in Tamanrasset, with Ain Salah also showing substantial activity. This geographical distribution suggests a targeted approach to fostering economic activity in key regional hubs.

_ In terms of sectoral distribution, the services sector again leads in the number of projects financed by the National Unemployment Insurance Fund, closely followed by agriculture, indicating a strategic emphasis on these areas for economic stimulation and job creation.

_ The National Agency for Micro-Credit Management has experienced rapid growth, financing over six thousand projects despite its relatively recent inception. This substantial activity has resulted in the creation of over seven thousand job opportunities, primarily benefiting the male demographic.

_ The concentrated support from the National Agency for Micro-Credit Management at 69.85% aligns with the regional economic characteristics and the interests of the male population, reflecting a tailored approach to local development needs.

Based on the comprehensive analysis provided, we can draw specific conclusions:

_ The first hypothesis is confirmed, which suggested that the number of projects financed by support mechanisms in Tamanrasset is increasing.

_ The second hypothesis is not confirmed, which proposed that the projects are evenly distributed across the municipalities of the state.

_ The third hypothesis is also not confirmed, which indicated that all support mechanisms focus on financing tourism sector projects due to the state being considered a tourist attraction.

Conclusion:

Throughout this study, we have delved into the support frameworks for entrepreneurship in Tamanrasset, underscoring their critical role in the sustainability of small and medium-sized enterprises (SMEs). As key catalysts for economic revitalization, SMEs significantly enhance economic dynamics by boosting job creation, augmenting the gross domestic product, and aiding the diversification of exports.

Additionally, they stimulate other economic sectors, thereby advancing Algeria's national strategy to foster the creation of these enterprises across various social groups through stimulating policies, financial support, and structural assistance. Key findings of the study include:

_ A noticeable increase in the number of projects financed by supportive mechanisms in Tamanrasset, demonstrating the effectiveness of existing frameworks.

_ Distinct sectoral focus among agencies, with the National Agency for Support and Development of Entrepreneurship and the National Unemployment Insurance Fund predominantly supporting the services sector, while the National Agency for Micro-Credit Management primarily backs the agriculture sector.

_ A predominance of financed projects attributed to males, reflecting alignment with their prevalent capabilities in the region.

In light of these findings, we propose the following suggestions:

_ Enhance monitoring of small and medium-sized enterprises throughout all stages of their development, with particular attention to those that are newly established, to ensure their viability and growth.

_ Facilitate entrepreneurial success by providing comprehensive training programs that offer insights into the investment climate and modern management techniques, thereby equipping project owners with the tools needed to thrive.

_ Expand the presence of support agencies in various municipalities of the province to increase engagement and raise awareness among the youth about the significance of entrepreneurship and project development, potentially through the organization of open days and informational sessions.

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