

Challenges of Financing Small and Medium Enterprises in Algeria: An Analytical Study of the Available Financing Mechanisms

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Abstract

This analytical study aimed to shed light on the reality of the financing mechanisms available for small and medium enterprises (SMEs), discuss the obstacles preventing these enterprises from obtaining sufficient liquidity, and evaluate the effectiveness of the available financing mechanisms in overcoming the constraints and barriers that hinder the growth, continuity, and development of SMEs in Algeria. The study concluded that government support agencies have largely succeeded in financing thousands of projects, particularly innovative ones in the fields of the green and digital economy, through the provision of tax exemptions and customs facilities to support start-up project holders. In addition, various support institutions assist projects during the stages of establishment and expansion, while business incubators contribute to improving competitiveness. Nevertheless, despite the significant incentives granted by the government, some enterprises still face challenges related to lengthy banking procedures for obtaining loans and competition from the informal sector.

Keywords: Small and medium enterprises, support mechanisms, financing mechanisms, national agency, guarantee fund.

Introduction

Algeria, being among the countries dependent on oil revenues, began to consider a new plan to revive its economic growth as an alternative to petroleum dependency. Consequently, it moved toward restructuring large industrial enterprises whose weak results had continued from year to year, dividing them into small and medium enterprises, and encouraging the establishment of new SMEs by opening the field to private investors. This orientation emerged after observing the experiences of several countries that successfully developed their economies through reliance on such enterprises. Algeria therefore sought to establish organizational, legislative, financial, and political foundations to consolidate and promote this approach and enable SMEs to perform their expected role.

Research Problem

Based on the above, the research problem can be formulated as follows:

What are the major challenges facing small and medium enterprises in Algeria in obtaining financing? And how effective are the available financing mechanisms in overcoming these obstacles?

Research Structure

To answer the main research problem, the study was divided into the following sections:

- I- The conceptual framework of small and medium enterprises.
- II- Financing challenges of SMEs in Algeria.
- III- An analytical study of the financing mechanisms available in Algeria.

I- The Conceptual Framework of Small and Medium Enterprises and Financing

1- Definition of Small and Medium Enterprises

Studies conducted on SMEs have resulted in several definitions, and many countries still do not have an official definition. The definition adopted by each country is generally linked to its level of economic development and may be based either on legal provisions or administrative criteria. Some definitions are also provided by international organizations. The following are some of the most important definitions:

- Definition of SMEs According to the European Union

The European Union defines SMEs based on a set of criteria including the number of employees, annual turnover, and annual balance sheet total. Small enterprises are those employing between 10 and 49 workers, with an annual turnover not exceeding 7 million euros and a balance sheet total estimated at 5 million euros. Medium enterprises are those employing between 50 and 249 workers, with an annual turnover not exceeding 40 million euros and a balance sheet total estimated at 27 million euros.

- Definition of SMEs in Algeria

According to Law No. 01-18 of 27 Ramadan 1422 corresponding to 12 December 2001 concerning the orientation law for the promotion of small and medium enterprises, there is a strong similarity between the criteria adopted in Algeria and those of the European Union in defining these enterprises. Article 4 of the same law defines SMEs as enterprises producing goods and services, employing from 1 to 250 workers, with an annual turnover not exceeding 2 billion DZD or an annual balance sheet total not exceeding 500 million DZD, while fulfilling the independence criteria. The following table illustrates this:¹

Table No. 01: Algeria’s Definition of Small and Medium Enterprises

Type of Enterprise	Number of Employees	Annual Turnover	Annual Balance Sheet Total
Micro Enterprise	From 1 to 9	Less than 20 million DZD	Does not exceed 10 million DZD
Small Enterprise	From 10 to 49	Does not exceed 200 million DZD	Does not exceed 100 million DZD
Medium Enterprise	From 50 to 250	Between 200 million and 2 billion DZD	Between 100 million and 500 million DZD

2- Importance of Small and Medium Enterprises

The significant role played by small and medium enterprises (SMEs) in the economy of any country has made them a subject of interest for experts and researchers, particularly because of their substantial impact on economic and social development in all aspects. This has encouraged both developed and developing countries to pay increasing attention to them, which in turn has led to their rapid expansion. SMEs have witnessed considerable growth due to the benefits they provide, as they are considered the fundamental pillar supporting large enterprises. The prominence of SMEs can be attributed to several reasons, including:

- Their major role in creating employment opportunities.
- Their contribution to technology transfer, technological development, and regional development.
- Their ability to adapt to individuals’ consumption patterns.
- The growing recognition of the limited capacity of large enterprises to reduce and control management and production costs, which has led many large firms to rely on SMEs for the production of some goods and services, thereby strengthening subcontracting and partnership relations between countries.

The importance of SMEs in developing countries is reflected in the following:

- Addressing the problem of unemployment, as this type of enterprise uses simple production methods that mainly depend on labor-intensive activities, thus sparing these countries the high costs of creating jobs while also providing employment opportunities for vulnerable groups within society.
- Reducing regional disparities and achieving balanced development through the wide geographical distribution of these enterprises, thereby alleviating excessive concentration and promoting the development of secondary cities.

- Providing goods at low prices in order to preserve citizens' purchasing power.
- Meeting the needs of local markets and consequently reducing imports, in addition to supporting large enterprises through product distribution and the supply of production requirements, which contributes to reducing dependence on foreign enterprises and stimulating exports through labor-intensive goods.
- Ensuring the rational and optimal exploitation of the country's resources.

II- Financing Challenges of Small and Medium Enterprises in Algeria

1- Definition of Financing

Financing is considered one of the branches of economic theory, as it focuses on describing and analyzing various financing methods. It is defined as "the art, science, and system concerned with managing financial issues within the state or company, arranging funds and loans, and organizing their administration."

2- The Economic Importance of Financing SMEs

The issue of small and medium enterprises occupies a major position among economic decision-makers in both developed and developing countries because of the central role these enterprises play in economic and social development. Their importance is mainly reflected in their ability to generate employment opportunities at high rates and with low capital costs, thereby contributing to addressing the unemployment problem experienced by most developing countries.

SMEs maintain strong linkages with large enterprises and contribute to increasing and diversifying income. They are also characterized by efficient use of capital due to the direct relationship between project ownership and management, as owners are generally keen to ensure the success of their projects and manage them in the most effective manner possible. Successful economic development experiences have demonstrated that SMEs constitute the fundamental axis for expanding the productive base, increasing exports, and creating new job opportunities, especially in remote regions. Asian countries, in particular, realized the importance of SMEs and adopted them as a cornerstone for achieving their developmental objectives.

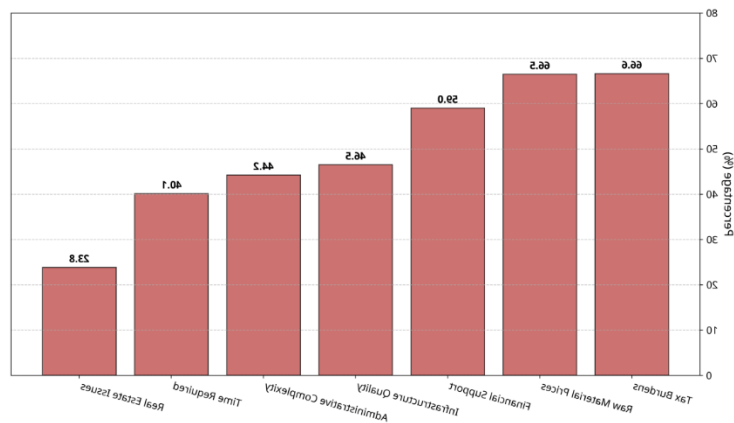
Some statistics indicate that SMEs represent approximately 90% of the total number of companies in most economies worldwide, while also providing between 50% and 60% of total employment opportunities. However, SMEs continue to suffer from numerous obstacles hindering their growth, among which financing remains one of the most significant structural barriers due to the absence of banks and specialized lending institutions dedicated to this type of investment.

3- Financing Challenges of SMEs

Public banks have clearly contributed to financing SMEs despite the problems and difficulties these enterprises faced in repaying their debts within the specified deadlines. Nevertheless, bank loans of various types directed toward SMEs during the early years of the third millennium played a major role in financing these enterprises in all their forms.

A study conducted by the Algerian National Office of Statistics (ONS) concerning the major obstacles hindering the establishment and growth of private-sector SMEs in Algeria concluded that financing problems constitute one of the most significant challenges faced by these enterprises. The following figure illustrates this:²

Figure No. (01): Main Problems Facing Private-Sector SMEs in Algeria (%)



Source: Direction Générale de la Veille Stratégique, des Études Économiques et des Statistiques.

We notice from the previous figure that the problem of insufficient financial support was among the principal obstacles and challenges faced by small and medium enterprises in Algeria. Furthermore, if we examine the issues of tax burdens and raw material prices, which ranked first and second respectively, we find that they are closely related to the weakness and insufficiency of financing. Since the financial resources available to SMEs are limited, taxes, duties, and raw material prices have become a considerable burden on them.²

III- An Analytical Study of the Financing Mechanisms Available in Algeria

1- Mechanisms for Supporting and Financing SMEs in Algeria

In this section, we will examine both the support mechanisms and financing mechanisms available for small and medium enterprises in Algeria.

1.1- Support Mechanisms for SMEs in Algeria

Financial support alone cannot help SMEs achieve excellence and success unless it is accompanied by material support, which refers to providing material means and facilities to these enterprises. Among the most important forms of support are the provision of suitable industrial property to enable enterprises to conduct their activities, as well as tax incentives designed to encourage investment projects and enhance their competitiveness against foreign products and goods.

A- Industrial Property

The Algerian legislator did not provide a unified definition of industrial property but instead focused more on regulating and managing it through a series of legal texts issued in line with the ideological and economic orientations of the state. Nevertheless, industrial property may be defined as “a group of developed or developable lands, as well as properties allocated for investment, capable of accommodating wealth-creating production or service units.”

The Algerian public authorities adopted several measures aimed at facilitating investors’ access to land resources necessary for implementing and carrying out their investment projects. This was achieved through the establishment of several bodies responsible for receiving and guiding investors, including the following:

- **The National Agency for Land Mediation and Regulation:** Established under Executive Decree No. 07-119 of 23 April 2007, with the purpose of ensuring proper management of requests related to land allocated for industrial investments.
- **The National Agency for Tourism Development:** Established under Executive Decree No. 98-70 of 21 February 1998. The agency possesses independent legal and financial status and serves as the principal specialized body responsible for managing, preserving, and rationally exploiting tourism property. It is therefore the primary authority charged with implementing the national policy for sustainable tourism development while also ensuring the protection of tourism expansion zones.
- **The National Office of Agricultural Lands:** Established under Executive Decree No. 96-87 of 24 February 1996 to implement the provisions of Law No. 90-25 of 18 November 1990. Among its responsibilities is

coordinating with the State Property Directorate in processing concession requests related to agricultural lands belonging to the private property of the state and implementing the procedures associated with such operations.

- **The National Authority for the Management of New Cities:** According to Article 11 of Law No. 05-08 of 08 May 2002 concerning the conditions for the establishment and development of new cities, a body called the “New City Authority” shall be established for each new city by executive decree. This authority is responsible for preparing and managing studies and implementation works related to the new city in coordination with the relevant local authorities, as well as carrying out infrastructure and essential equipment projects on behalf of the state as the project owner.

B- Tax Incentives

Tax incentives encompass several concepts and definitions. They are generally defined as economic policy measures aimed at directing economic agents toward adopting a specific behavior that they would not otherwise have considered, in exchange for benefiting from one or more incentives. These incentives usually involve reductions in tax rates or fiscal obligations, provided that beneficiaries comply with a set of standards and regulations established by the state.

Regarding the tax measures adopted to support the SME sector, the Algerian state has sought, since the launch of economic reforms supported by international financial institutions, to promote and encourage investment. Law No. 93-12 of 1993 represented an important starting point in this direction, in addition to the issuance of several orders and laws in this field, among which the following may be mentioned:

- Investment Development Law

In order to address the shortcomings of Investment Law No. 93-12, Order No. 01-03 was issued as a replacement, providing additional tax and parafiscal incentives beyond those contained in Law No. 93-12, with the aim of encouraging increased domestic investment. This law includes both the general regime and the exceptional regime.

- Law No. 06-08 of 15 July 2006 Concerning Investment Promotion

Law No. 06-08 amended Investment Law No. 01-03 of 20 August 2001 and provided several advantages stipulated under the investment law, including:

Investment Realization Phase

- Exemption from customs duties on non-excluded goods and services imported or acquired locally and directly involved in the realization of the investment project.
- Exemption from property transfer duties on all real estate acquisitions carried out within the framework of the investment project.

Operational Phase

After verification of the project’s activity by tax authorities upon the investor’s request, the investor benefits for a period of three years from the following advantages:

- Exemption from corporate profit tax.
- Exemption from professional activity tax.

- Law No. 16-09 of 03 August 2016 Relating to Investment Promotion

In addition to the tax and parafiscal incentives provided under general law, investments benefit from the following advantages:

Investment Realization Phase

- Exemption from customs duties on non-excluded imported or locally acquired goods directly involved in carrying out the investment project.

- Exemption from property transfer duties, real estate publicity taxes, and national property fees related to concession rights granted on built and unbuilt properties allocated for investment projects, with these advantages applying for the minimum duration of the concession right.
- Reduction of 90% of the annual rental fee established by the State Property Services during the realization phase.
- Ten-year exemption from property tax on properties included within the framework of investment, starting from the acquisition date.

Operational Phase

After verification of the project's entry into operation through an official report prepared by tax authorities upon the investor's request, the investor benefits for a period of three years from the following advantages:

- Exemption from corporate profit tax.
- Exemption from professional activity tax.
- Reduction of 50% of the rental fee determined by the State Property Services.

1.2- Financing Mechanisms for Small and Medium Enterprises in Algeria

The financing mechanisms for small and medium enterprises in Algeria rely on a combination of direct and indirect financing methods, which can be explained as follows:

A- Direct Financing Mechanisms

- **The National Agency for Youth Employment Support (formerly ANSEJ):** Its name was officially changed to the National Agency for the Support and Development of Entrepreneurship (NESDA). It is a public institution aimed at supporting and financing young project holders in establishing micro-enterprises, stimulating the local economy, and creating employment opportunities.
- **The National Agency for the Management of Microcredit (ANGEM):** This agency was established under Presidential Decree No. 11-113 of 22 March 2011 concerning the microcredit scheme, and Executive Decree No. 11-134 of 22 March 2011 amending Executive Decree No. 04-15 of 22 January 2004, which specifies the conditions and level of assistance granted to beneficiaries of microcredits.

B- Indirect Financing Mechanisms

- **The Loan Guarantee Fund for Small and Medium Enterprises (FGAR):** This mechanism aims to facilitate access to medium-term loans included within the financial structure of viable investments by providing guarantees to enterprises lacking the collateral required by banks.
- **The National Investment Fund:** The National Investment Fund is a public financial institution of an economic nature with legal personality and financial independence. The fund was established on the basis of the structures of the Algerian Development Bank pursuant to Order No. 11-40 concerning the Supplementary Finance Law of 2011.

The National Investment Fund specializes in providing long-term financing mechanisms for enterprises under favorable conditions. Such financing may take the form of direct loans, joint financing with commercial banks, or direct participation in the capital structure of the investing enterprise, either through its own resources or through the mobilization of additional financial resources in the form of treasury-financed loans.

The national qualification program is also implemented through several bodies, the most important of which are:

- **The Loan Guarantee Fund:** A public financial institution operating under the supervision of the Ministry of Small and Medium Enterprises

and Handicrafts. It possesses legal personality and financial independence and was established under Executive Decree No. 02-373 of 11 November 2002.

- **The SME Investment Loan Guarantee Fund:**
According to Presidential Decree No. 04-134 issued on 19 April 2004, the SME Investment Loan Guarantee Fund was established as a joint-stock company with a capital of 30 billion DZD, in which banks participate with 40% and the Treasury with 60%. The fund aims to provide guarantees for the repayment of bank loans obtained by SMEs in order to strengthen confidence, encourage the granting of bank loans to these enterprises, and enable them to obtain the financing necessary for investment and growth.
- **The National Agency for the Development of SMEs:**
The National Agency for the Development of SMEs was established under Executive Decree No. 05-165 of 03 May 2005. It is a public administrative institution with financial independence and legal personality operating under the supervision of the Minister of Small and Medium Enterprises and Handicrafts. Its missions include:
 - Implementing and monitoring the national SME qualification program.
 - Promoting technological innovation and encouraging SMEs to use modern information and communication technologies. Qualification files are processed at the agency level.
- **The National Fund for SME Qualification:**
According to Finance Law No. 05-16 of 31 December 2005, and pursuant to Article 71 of this law, a special account No. 124-302 was established. According to Article 4 of Executive Decree No. 06-240 issued on 04 July 2006, SMEs eligible to benefit from this fund are enterprises subject to Algerian law that have been active in the sector for at least two years and are not experiencing financial difficulties.

The objective of this fund is to provide financial support and financing to qualified SMEs in order to strengthen their growth and development and ensure their sustainability in the market. The fund finances SME qualification activities as well as the environment in which they operate, including:

- Strategic diagnostic studies.
- Preparation of qualification plans for accepted SMEs.
- Implementation of qualification plans for accepted SMEs.

2- Analytical Study of the Reality of SMEs in Algeria

2.1- Evolution of the Number of SMEs in Algeria

Small and medium enterprises in Algeria have witnessed continuous structural development due to the comprehensive support provided through the Ministry of Knowledge Economy, Start-ups, and Small and Medium Enterprises. This support includes financing programs, procedural facilitation through the Algerian Investment Promotion Agency, in addition to insurance mechanisms provided by guarantee funds. This development is illustrated in the following table:

Table No. 02: Evolution of the Number of SMEs by Sector of Activity During the Period (2016–2021)

Sector of Activity	2016	2017	2018	2019	2020	2021
Agriculture	6,130	6,392	6,877	7,481	7,690	7,909
Energy, Mining and Related Services	2,767	2,843	2,936	3,066	3,115	3,199
Construction and Public Works	174,848	177,727	182,477	190,170	193,904	197,937
Manufacturing	89,597	92,804	97,728	103,693	106,121	108,762

Industries						
Services Including Liberal Professions	513,647	365,560	338,201	367,100	634,459	651,225
Total	786,989	1,060,025	1,092,908	671,510	942,349	969,032

Source: Reports of the Ministry of Industry, Mines, and Small and Medium Enterprises for the period (2016–2021).

From the previous table, we observe that private small and medium enterprises operating in the services and liberal professions sector represent the largest share of SMEs in Algeria. Despite the decline recorded in 2018 compared with 2017 (growth rate of -37%), the sector quickly regained its position and continued to develop steadily starting from 2019, reaching 651,225 enterprises in 2021. Consequently, this sector accounts for more than 45% of the total number of SMEs in Algeria. This can be explained by the fact that service enterprises generally do not require high establishment costs, while also benefiting from higher profit margins compared to other sectors, in addition to the diversity of activities within the sector.

The construction and public works sector comes next, whereas the agricultural sector represents only a small proportion of the total number of enterprises, estimated at approximately 0.81%, despite the efforts made by the state to support and encourage this sector. Similarly, the hydrocarbons sector represents a limited share, mainly because the state dominates and nationalizes this sector, considering it one of the country's strategic sectors.

The following table illustrates the distribution of activities according to enterprise size categories:

Table No. 03: SMEs by Workforce Size

Sector	Workforce 1–9	Workforce 10–49	Workforce 50–250	Total
Agriculture	142,200	101	30	142,331
Construction and Public Works (BTPH)	159,916	2,448	268	162,632
Industries	139,122	1,910	542	141,574
Services	1,033,129	3,664	550	1,037,443
Total	1,474,467	8,123	1,390	1,483,980
Share (%)	99.36	0.55	0.09	100

Source: *SME Statistical Bulletin published by the Ministry of Industry, No. 44 – May 2024.*¹

2.2- Evolution of SME Dynamics

The movement of SMEs in Algeria has witnessed rapid structural and numerical development, making these enterprises the principal driver of the non-hydrocarbon economy and the backbone of wealth creation and employment generation.

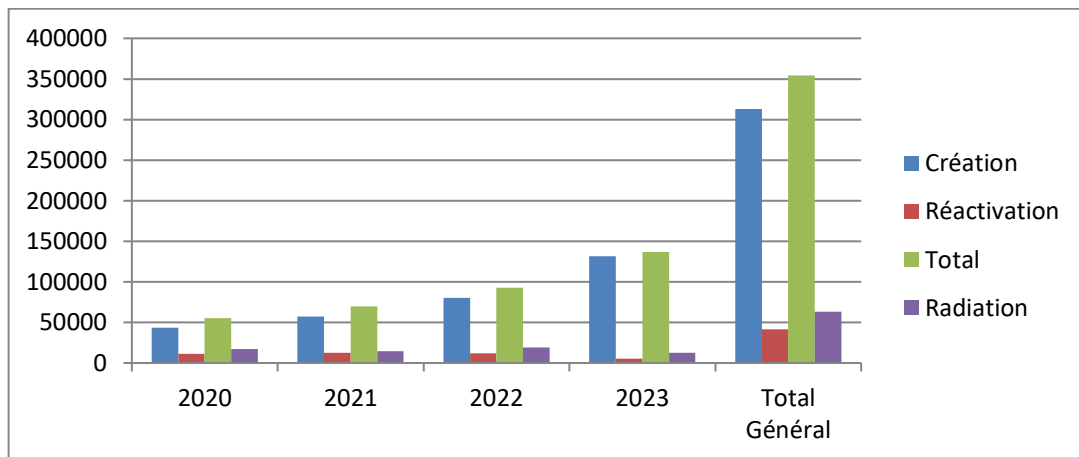
Table No. 04: Evolution of SME Dynamics (2020–2023)

Year	Creation	Reactivation	Total	Deregistration
2020	43,558	11,487	55,045	17,297
2021	57,129	12,675	69,804	14,508
2022	80,531	12,088	92,619	19,179
2023	131,346	5,294	136,640	12,463

General Total	312,564	41,544	354,108	63,447
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Source: *SME Statistical Bulletins published by the Ministry of Industry (Nos. 38, 40, 42, and 44).*²

Graph No. 01: Evolution of SME Dynamics (2020–2023)



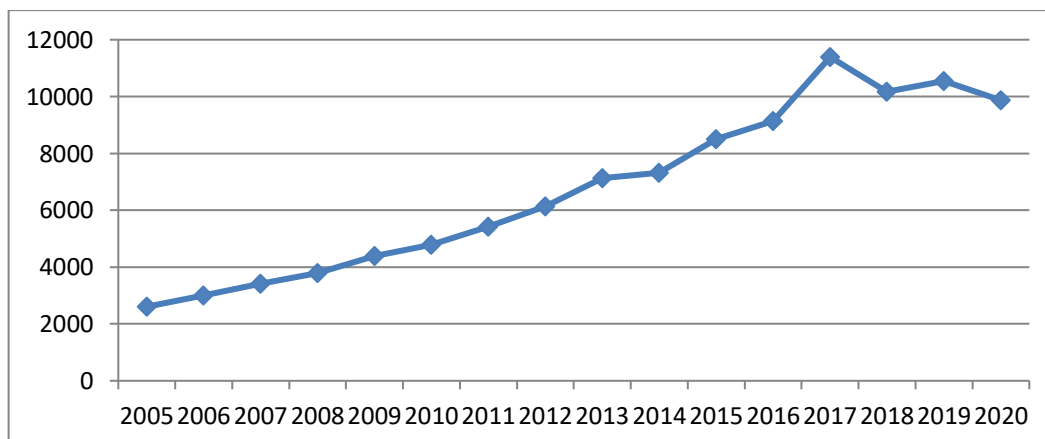
Source: *SME Statistical Bulletins published by the Ministry of Industry (Nos. 38, 40, 42, and 44).*²

2.3- Evolution of the Added Value of SMEs During the Period (2001–2020)

Small and medium enterprises represent the backbone of modern economies, as they contribute directly to increasing added value (which represents the difference between the value of output and the cost of inputs) through transforming raw materials into finished products, innovating new services, and expanding the productive base, thereby increasing the gross domestic product (GDP).

Figure No. 02: Changes in the Added Value of SMEs in Algeria During the Period (2005–2020)

(Unit: Billion Algerian Dinars)

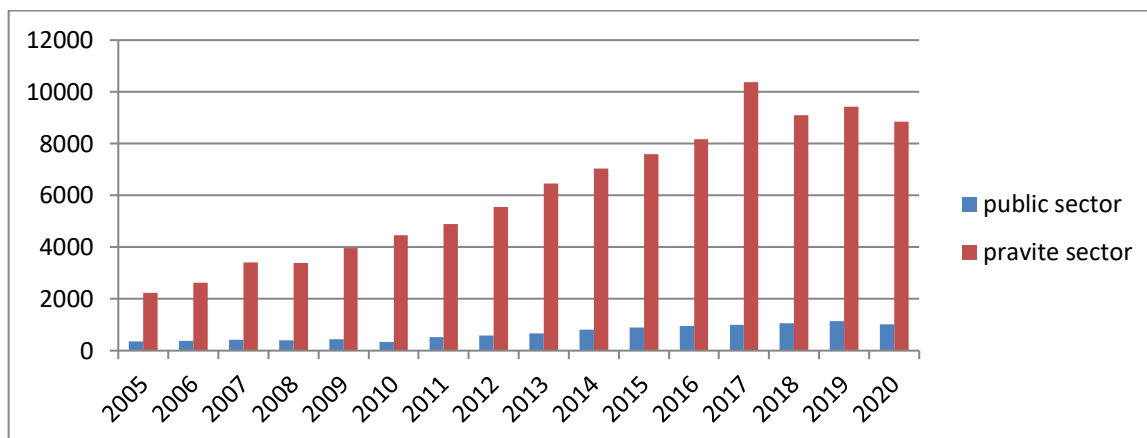


Source: Based on the data presented in Table No. 04.

From the figure above, we observe the increasing contribution of SMEs to the creation of added value, which rose from 1,746 billion Algerian dinars in 2001 to 9,869 billion Algerian dinars in 2020.

In order to obtain a more accurate picture of the contribution of SMEs to added value, we will examine the contribution of both the public and private sectors to added value, as follows:

Figure No. 03: Contribution of the Public and Private Sectors to Added Value During the Period (2001–2020)



Source: Based on the data presented in Table No. 04.

From the previous figure, we notice that the contribution of private SMEs to added value was significantly greater than that of public SMEs during the period (2001–2020). The contribution of the private sector to added value was estimated at 1,486.8 billion Algerian dinars in 2001 and increased to 8,848.94 billion Algerian dinars in 2020. This is mainly due to the substantial growth in the number of private SMEs, in addition to the facilities and measures adopted by the government to encourage private investors, as well as the role of programs implemented to qualify and support SMEs and guide and assist them in achieving their intended objectives.

The previous statistical data indicate the beginning of the formation of an economic base in Algeria through the private sector, which requires stronger support in terms of all means of assistance and facilitation in order to become an economic force capable of contributing to the diversification of the Algerian economy and promoting development in Algeria.

Table No. 04: Contribution of the Added Value of SMEs (Public and Private Sectors Combined) During the Period (2005–2020)

(Unit: Billion Algerian Dinars)

Years	2005	2006	2007	2008
Added Value of the Public Sector	367.54	376.82	420.86	406.84
Added Value of the Private Sector	2239.56	2634.46	2986.07	3383.54
Total	2607.10	3011.29	3406.94	3790.42
Years	2009	2010	2011	2012
Added Value of the Public Sector	432.05	340.56	528.51	588.44
Added Value of the Private Sector	3954.45	4450.67	4895.57	5553.09
Total	4386.53	4791.32	5424.15	6141.76

Years	2013	2014	2015	2016
Added Value of the Public Sector	675.06	804.47	893.41	964.86
Added Value of the Private Sector	6463.11	7041.49	7597.50	8165.19
Total	7138.19	7327.22	8491.00	9130.23

Years	2017	2018	2019	2020
Added Value of the Public Sector	1006.69	1065.93	1133.56	1020.88
Added Value of the Private Sector	10382.14	9096.52	9417.79	8848.94
Total	11389.02	10162.45	10551.35	9869.82

Source: *Bulletin d'information statistique de la PME, Ministry of Industry and Mines, Nos. 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, and 38, for the years 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2016, 2017, 2018, 2019, and 2020.*

¹ *Bulletin statistiques de la PME édité par le Ministère de l'Industrie, No. 44, May 2024.*

² *Bulletins statistiques de la PME édités par le Ministère de l'Industrie, Nos. 38, 40, 42, and 44.*

Conclusion

Small and medium enterprises constitute the principal engine of economic and social development in Algeria. The study demonstrated that the limited availability of financing sources, the weakness of alternative financing mechanisms, banking complexities, and the excessive reliance on self-financing represent major obstacles to the growth and development of this sector.

It should also be emphasized that the success of promoting SMEs in Algeria requires coordinated efforts between the government, financial institutions, and support centers in order to provide a business environment capable of sustaining these enterprises and strengthening their competitiveness both locally and internationally.

Findings

Through this study, several important findings were reached, including the following:

- The SME sector occupies an important position in Algeria, as reflected in its continuous development from year to year and the number of jobs it has contributed to creating.
- Financing is considered one of the most significant obstacles facing the growth and development of SMEs in Algeria. Therefore, the state sought to address this issue through the establishment of institutions specialized in financing this type of enterprise, such as the Youth Support and Employment Agency and the National Agency for the Management of Microcredit.
- Government support agencies have succeeded in financing thousands of projects, particularly innovative projects in the fields of the green and digital economy.
- Various support institutions provide assistance to projects during the stages of establishment and expansion, in addition to the role of business incubators in improving competitiveness.
- The government provides tax exemptions and customs facilities to support entrepreneurs and start-up project holders.
- The government relies on SMEs as a fundamental pillar for reducing unemployment and achieving sustainable local development.
- Despite the significant incentives provided by the government, some enterprises still face challenges related to lengthy banking procedures for obtaining loans and competition from the informal sector.

The Algerian government is making considerable efforts to overcome the obstacles facing SMEs through continuous digitalization and the provision of dedicated facilities aimed at supporting exports and expanding the activities of these enterprises toward African markets.

Recommendations

In order to promote these enterprises and transform them into a major component and driving force of the national economy beyond the hydrocarbons sector, the following recommendations are proposed:

- Encouraging venture capital and Islamic financing in order to provide flexible alternatives suited to the needs of projects.
- Facilitating procedures for obtaining bank loans and reducing the volume of required guarantees.
- Encouraging the use of financial technology platforms and electronic financing to support innovative projects and start-ups.

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¹ Orientation Law for the Promotion of Small and Medium Enterprises, Official Gazette No. 77.

² Algerian National Office of Statistics (ONS), study on the obstacles facing private-sector SMEs in Algeria.