



Financial situation analysis of the Transition from Unregulated to Regulated Economy: The Algerian Experience as a Model with Reference to International Experiences

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Abstract:

Algeria's informal economy is a structural phenomenon that reflects economic challenges resulting from heavy reliance on hydrocarbons and weaknesses in economic diversification. According to recent estimates in 2025, its size is about 21% of GDP (GDP) during 1980-2019, with a presidential estimate in 2021 of US \$75 billion in 2018, accounted for 31.4% of the economy (\$82.5 billion), expected to decline to 25.6% by 2043 in the current scenario. This sector provides employment for about 39% of the workforce in 2024, but causes huge tax losses of up to 4,800 billion Algerian dinars in 2019 and hinders economic. This study aims to highlight the phenomenon of the informal economy, that is, the suffering of many countries in different policies

The degree of its economic progress, where the debate about this phenomenon and its importance and effects has intensified since the 1980s and with an increase in its proportion of GDP, it was necessary to pay attention to it as a manifestation and as a harvester of wealth, and address its causes and effects that have been Social economic dimensions. This is what we will show through this research and that highlights the effects and repercussions of the informal economy on the development of the national economy, and what are the strategies of its management and reintegration into the formal economy through the inference of international experiences in this area.

Keywords: Informal economy, Formal economy, economic diversification, Algeria, tax losses, informal employment.

Received: 01/02/2025

Accepted: 28/04/2025

Published: 22/06/2025

Introduction:

In the context of emerging economies, the informal economy presents a dual challenge: It acts as a social safety net during economic crises, such as the COVID-19 pandemic, absorbing much of the unemployment generated by lockdowns, but undermining development efforts by smuggling tax revenues and distorting fair competition. In Algeria, which depends on hydrocarbon exports by up to 93%, this sector grew significantly after the crisis of the 1980s, reaching 42% of GDP in 2003, then gradually decreased to 31.4% 2018 (\$ 82.5 billion). By 2025, the volume is estimated at 29.2%, with a further decrease of 8.2% expected by 2043, (ISS African Futures reports, 2024). This study aims to answer the following key questions: What is the current size and historical development of the informal economy in Algeria What are the main reasons for its growth What are the effects on the formal economy and diversification What policies are proposed to integrate it. The study draws on data from the period 1980-2025 drawn from authoritative sources such as (World Bank, IMF, 2025).

Algeria is among the most important countries that suffer from this problem This is due to the changes in the Algerian economy, perhaps the most important stage is the post-1980s period in which Algeria experienced a severe economic crisis The emergence of several disadvantages that had a significant impact on the profitability of the national economy, This, led Algeria to pursue reforms that led to a change in the socialist system The adoption of the market economy system, which reflected negatively on the economic and social sphere, has resulted in the emergence of the informal economy.

For these data, this leads us to put forward the following proxy "**What are the reasons for the spread of the informal economy and what is its impact on development plans and how can they be addressed and integrated into the formal sector?**" And that's what we're going to try to address through the interlocutor. The following are:

To address the main problem and answer sub-questions, we divided this research into:

-First, what are the reasons for the growth of the informal economy?

-Second, the informal economy has influenced the economic dimension of sustainable development.

-Third, strategies to face and to address the phenomenon of the informal economy "international and local experiences."

First: What are the reasons for the growth of the informal economy?

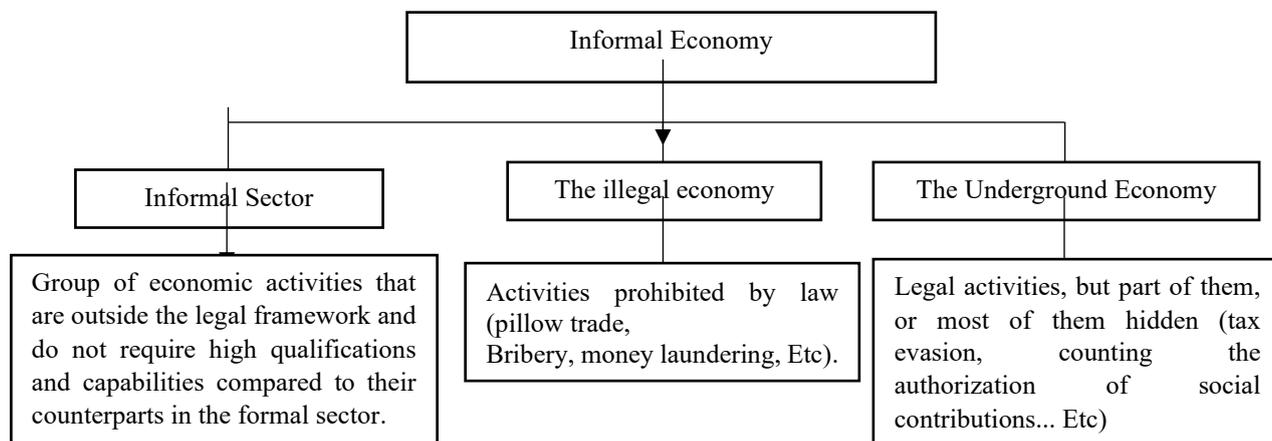
In order to know the real reasons for the apparent growth of the informal economy, we must first know the relationship between it and the formal economy.

1- Informal Economy in Algeria

Informal economy, also known as parallel or shadow economy, refers to all economic activities carried out outside the framework of official government organizations, such as non-registration with the competent authorities, non-payment of taxes, or non-compliance with labor and social laws. In Algeria, this economy encompasses broad sectors such as unregulated trade, undeclared employment, informal markets (such as weekly markets), and activities in agriculture, construction, and industry. Its size is estimated at 33.48% of official GDP from 1980 to 2017, with a marked increase in recent years¹. The economy functions as a social safety net, providing jobs for marginalized groups, but suffers from a lack of social protection and stability, making it vulnerable to exploitation and corruption.

Algeria's informal economy continues to include unregistered activities in the commercial, agricultural, construction, and service sectors, with a significant role as a safety net for young and marginalized workers. However, its size has risen relatively in recent years: It reached 32.2% of GDP in 2020 (compared to 31.2% in 2019)², is now estimated at 40-50% of the non-hydrocarbon economy, and more than a third of total employment (about 39% of the workforce in 2024)³. It is estimated to be worth between \$40-60 billion, or \$75 billion, according to President Tebboune in 2021⁴. This growth reflects continued reliance on it to absorb unemployment, especially among young people (30.8% in 2024), but limits tax revenues and social protection⁵.

Figure 1: Informal economy



Source: Prepared by Researchers

2-Differences between Informal Economy and Formal Economy:

According to the World Labor Organization (OIT), there are several features that help distinguish between the formal and informal economy⁶:

- The difference between macroeconomic institutions and heterogeneous institutions.
- Flexible working: Some activities can be carried out in parallel with formal and informal contracts.
- Ease of barriers to informal activities compared to formal activities (qualifications, capital, loans, etc... Etc.).
- The informal sector plays a large role in absorbing undocumented migrants, in addition to receiving economic dealers excluded from the formal sector.
- The incomes of informal activities are fluctuating, sometimes high and sometimes low, as opposed to the incomes of formal activities, which are often somewhat stable.
- Responding to rules and regulations because the informal sector can decrease if laws become less stringent.
- In the formal sector, taxes and fees are paid, but in the informal sector, neither taxes nor fees are paid.

3-Reasons for the development of the informal economy in Algeria

The development of the informal economy in Algeria was not random, but the result of accumulated economic, social, and political factors, especially since the 1980s. Here are the main reasons⁷:

- 1- Financial crises and dependence on hydrocarbons: Rapid development began with the oil price crisis of 1985-1986, which led to a decline in external resources and a severe financial crisis. This dependence on oil exports makes the economy vulnerable to global shocks, leading to inflation, job losses, and high unemployment, with people turning to informal activities as an alternative.
- 2- Economic transformation in the 1990s: In the early 1990s, Algeria transitioned from a centrally planned economy to a free market economy under the structural adjustment programmes of the

International Monetary Fund (IMF) and the World Bank. This led to the closure of hundreds of public companies (818), the layoffs of some 405,000 workers between 1990 and 1998, and an increase in unemployment from 19% to 29.5%. These policies weakened the government's role in the economy, allowing the spread of informal activities as an immediate solution to the social crisis.

- 3- High unemployment and the employment crisis: As the number of job seekers increases, especially among young people, the formal sector has failed to absorb them. The official unemployment rate fell from 29.7% in 2000 to 12.3% in 2017, partly thanks to the informal economy absorbing the labor surplus. By 2009, 50.4% of the workforce was undeclared for social insurance, with higher percentages among non-permanent workers (69.1%) and freelancers (81.1%).
- 4- Tax burden and administrative constraints: The high tax burden is the most prominent reason, besides excessive bureaucracy, high social insurance contributions (31.5% from declared wages), and poor quality of institutions. These factors discourage formal registration, as two-thirds of employers and independent workers avoid taxes altogether. An inadequate investment climate and corruption also foster recourse to informal activities.
- 5- Agricultural sector and rapid urbanization: The agricultural sector play a large role, with half of its effects absorbing the informal economy. Rural-urban migration in the 1970s and 1980s, with urbanization rising from 30% per 1966 to 65% in 2006, put pressure on cities, pushing residents into informal activities to stay.
- 6- Weak financial inclusion and the black market: The informal economy is associated with the black market, especially in currency exchange (a difference of up to 60 dinars between the official rate and the black market in the 1990s), and unbilled trade (80% business transactions). Lack of transparency in economic decision-making reinforces this development, as government efforts to integrate these activities into the formal system fail.
- 7- The impact of the COVID-19 pandemic: The pandemic shrank GDP by 5.5% in 2020, with global oil demand falling by 30%, increasing unemployment in the informal sector (especially in trade and services). The overall unemployment rate rose to 11.38% in 2019-20, and containment measures affected millions of unprotected workers, pushing more towards informal activities as a means of survival⁹.
- 8- Oil price volatility and continued dependence: As oil prices fell in 2020, hydrocarbon revenues fell by 30%, resulting in a budget deficit of up to 13.2% of 2025 's GDP. This dependence (93%

of exports) leaves the economy vulnerable to shocks, increasing pressure on non-oil sectors and expanding the informal economy as an alternative to slow official growth⁸.

- 9- High inflation and low income: Inflation reached 8.86% in 2022 and 9.37% in 2023, with the minimum wage (30-40 thousand dinars per month) covering only 21% of the cost of living. This pushes families into informal work to make up the gap, especially in agriculture (84.4% informal) and construction (77.8%).
- 10- Corruption and persistent bureaucracy: Algeria ranked 104 in the Corruption Perception Index 2023 (36 score), with more than 35 taxes (including 19% VAT), discouraging official registration. The gap between the official exchange rate and the black market also promotes unregulated trade¹⁰.
- 11- Failure to diversify: Despite 4.8% non-hydrocarbon growth in 2024, the informal economy hinders fair competition and reduces foreign investment, boosting dependence on hydrocarbons (19% of GDP, 38% of revenue).

4-Recent developments from 2020 to 2025

The period saw overall economic growth of 3.9% in the first half of 2024, with inflation falling to 4.0%, supported by strong public investment and household consumption. However, the informal economy has led to diversification challenges, posing a barrier to structural reforms. From government efforts¹¹:

- ❖ **Investment Law 2022:** Provides incentives for key sectors such as agriculture and mining to encourage formal registration.
- ❖ **Digital Platform 2024:** The Investment Promotion Agency (AAPI) launched to facilitate access to government land, with the aim of reducing bureaucracy.
- ❖ **Financial Inclusion Initiative 2025:** Launched on April 27, 2025 to direct \$90 billion from the informal economy to the formal banking sector, through a program targeting vulnerable groups. However, the economy remains vulnerable to lower oil prices in 2025, which could widen the external and fiscal deficit.

Algeria's informal economy continues as a phenomenon that reflects structural imbalances, but contributes to the absorption of shocks such as COVID-19 and oil volatility, with its size reaching 29-50% of the economy¹². To limit its development by 2025, it is recommended to strengthen institutional reforms, fight corruption, digitalize, and expand social protection, with a focus on diversifying the economy to achieve sustainable growth exceeding the 3.3% expected in 2025¹³.

Second: The impact of the informal economy on the dimensions of sustainable development in Algeria

The informal economy (also known as the parallel economy or black market) is a widespread economic phenomenon in Algeria, with an estimated size of 30-40% of GDP, equivalent to US \$40-75 billion. This sector includes unregistered commercial and service activities, such as unregulated trade, informal agriculture, and unregulated construction, and is driven by factors such as high unemployment (especially among young people at 31.9% in 2021), high taxes, and a gap in exchange rates. Sustainable development combines three main dimensions: Economic (balanced growth and diversification), social (equity and social protection), and environmental (conservation of natural resources). The following is an analysis of the effects of the informal economy on these dimensions in the Algerian context, based on recent studies¹⁴.

1. Impact on economic dimension

The informal economy is a major impediment to economic diversification in Algeria, where the formal economy relies heavily on hydrocarbons (93% of exports and 38% of budgetary revenues). Notable negative effects include¹⁵:

❖ Loss of tax revenue:

Tax evasion results in losses of up to 4,800 billion Algerian dinars, limiting investments in non-oil sectors such as agriculture and industry.

❖ Distortion of market competition:

Informal products are offered at lower prices, discouraging foreign investment and impeding the transition from a rentier to a productive economy.

❖ Inaccurate statistics: It prevents the collection of accurate data, which impedes the development of effective development plans.

However, it offers a limited upside as an additional source of income that helps absorb unemployment (84.4% in agriculture and 77.8% in construction), but promotes reliance on hydrocarbons rather than diversification¹⁶. Studies suggest that the informal economy is a major developmental obstacle, but it can become a resource if integrated into the formal economy through reforms¹⁷.

2. Impact on social dimension

The informal economy negatively affects social stability, despite its role as a temporary "social cushion." The main effects include¹⁸:

- ❖ **Widespread corruption and bribery:** Fosters mistrust in institutions, contributing to widespread financial and administrative corruption, exacerbating social inequality.
- ❖ **Lack of social protection:** About 50.4% of the workforce is employed without social insurance registration, exposing workers to long working hours and loss of rights, and exacerbating poverty (although it has decreased by 20% in past decades).
- ❖ **Worsening unemployment and exclusion:** Some unemployed people are absorbed, but young people are deprived of stable employment opportunities, reinforcing social tensions.

The positive side lies in providing emergency employment opportunities for vulnerable groups, but studies confirm that it hinders sustainable social development due to the promotion of inequality and the absence of government oversight¹⁹.

3. Impact on environmental dimension

The informal economy poses a threat to environmental sustainability due to the lack of regulation, especially in sectors such as unregulated agriculture and construction. Main negative effects²⁰:

- ❖ **Increasing environmental footprint:** Contributes to the unregulated depletion of natural resources, such as water and land, exacerbating pollution and environmental degradation, according to global studies indicating a cumulative long-term impact on the environmental footprint.
- ❖ **Non-compliance with environmental standards:** Informal activities lack oversight, threatening biodiversity and impeding the implementation of environmental policies such as those related to climate change.
- ❖ **Linked to fossil fuel dependence:** The informal economy promotes reliance on unsustainable energy, contributing to carbon emissions.

Algerian studies have not identified clear positive effects, but the informal economy accounts for about a third of global production, posing a global challenge to environmental sustainability²¹.

Third: Strategies for confronting and addressing the phenomenon of the informal economy

1- Presentation of global and local experiences in dealing with the informal sector:

1.1 West Africa: There are so-called " mobile banks " These banks mobilize informal savings through daily passage to small savers, at their workplaces or at home To collect the agreed amounts, the daily amount is usually very small, and at the end of each month the bank refunds to the customer the amounts collected from him throughout the month, less the equivalent of one day's deposit as a commission, and if the customer regularizes for a reasonable period, he can obtain a loan from the bank²².

This system is useful for workers in the official cloud sector for a number of reasons: There is no minimum daily deposit, no need to move or travel long distances, and it does not require complex literacy procedures.

1.2 Tanzania: A pilot project in Dar es Salaam Health Insurance, through five joint associations, provides health insurance to workers in the informal sector. In Ijunga, a community health fund covering primary health care services achieved a 50 per cent participation. The main reason for the success of insurance schemes based on reduced contributions for workers in the informal sector is to organize them around an association based on trust and mutual support (a professional group or village), administrative capacity to collect contributions and provide benefits²³.

1.3 Asian Continent: The Grameen Bank experience in Bangladesh is a successful example of a credit program aimed primarily at low-income women working in the informal sector account for about 92% of the bank's customers Loan repayment rates are 98% on average, which shows the great success of this experiment, although it does not rely on traditional credit guarantees.

The first objective of the Bank's credit program was to improve the social and economic conditions of the rural poor, and one of its most important achievements was to change the perception of rural women and their work Women in such societies suffer from early marriage, frequent childbearing, ignorance and unemployment Despite the achievements of Grameen Bank in terms of increasing women's income in economic activity, providing employment opportunities for the poor, especially women, raising the level of productivity of small farmers and improving the living standards of members in terms of housing and nutrition The first problem the bank suffers from is its inability to make profits that make it a financial institution dependent on its own resources Members who borrow more than once are less likely to repay

loans than members who borrow for the first time. One of the challenges facing the bank's customers is that they need to be able to use advanced technology in the traditional sectors in which they operate, not just move to more productive activities to increase their incomes²⁴.

1.4 Latin America: Specifically, in Pew, the Institute for Freedom and Democracy, with financial, intellectual, and moral support from USAID, implemented the Business Form project to broadly formalize projects operating outside the law and create new formal projects that would not have been created without the system. Between 1991 and 1994, 275 thousand projects were formalized, in addition to the establishment of 105 thousand new companies. These projects created 550 thousand new jobs, saved 690 million dollars in administrative expenses and increased tax revenues by about 1.2 billion dollars.

1.5 Egyptian experience: One of the most successful experiences at the Arab level that must be emulated by civil society organizations to regulate the relationship between the state and workers in the informal sector, most notably²⁵:

- **The experience of the Street Food Vendors Association in Minya Governorate:** Which was able to set an important model for organizing workers in this sector for almost two decades in a humanitarian and developmental way at the same time Established in 1985 in cooperation between government officials and street food vendors, the association has been able to protect the rights of street vendors Under an agreement between the association and the officials of the province, it became possible to accompany health officials vendors and organize TD courses for them in how to trade foods and personal hygiene New carriages and permanent kiosks have also been designed and customized for some areas, Taking into account when designed to suit tourist beauty in addition to local trade.

The emergence of this experience came after field research conducted by the Office of Management, Analysis and Social Planning Consultants (SIPAC) in Cairo on the importance of street vendors in achieving food security for low-income people in different cities within Egypt, including the governorate of Minya, and concluded that this sector includes groups of citizens representing a large part of society needs organization, attention, care and development.

However, the success story of the association did not stop at regulating the relationship between the authorities and the vendors and ensuring the safety of the food provided by these vendors

It plays an important role in the development of vendors by providing loans and food production supplies. It holds celebrations at social events, runs a fellowship fund and works to deliver medical care to vendors and their families. These services improved the quality of food sold, and most importantly, the association supported the legitimacy of the profession. Increased self-respect for vendors, and the experience is now being applied in the rest of the governorates of Egypt to organize street food and beverage vendors within civil societies that will be the link between this sector and government agencies.

• **Experience of the local credit fund of the Economic Liberation Society in Sayyeda Zeinab neighborhood in Cairo**

The Local Trust Fund is a pioneering project aimed at empowering community members to manage income generation and support activities. The concept of the project depends on the community itself to manage the lending process and choose the appropriate credit policy that takes into account the economic and social conditions of customers. It also includes some necessary measures to keep funds from waste. The project is based on three principles:

Community involvement in planning, implementation and selection of appropriate fiduciary policies, follow-up and evaluation.

- Assistance in providing the minimum funding to the beneficiary of the project
- Continuity in the work of the Fund and maintain the funds and service of a larger number of customers, and the beneficiary pays service fees from the profits of a project similar to Murabaha system.

The district of Sayed Zainab was chosen in Cairo because it is the most crowded area in the population and a significant decrease in the level of income due to the spread of unemployment among different groups. These problems created complex problems, such as the spread of drugs and a high crime rate. The project aims to contribute to solving the problem of unemployment and to develop and support the capacities and skills of the community in the management of the economic walk in order to have a positive impact on the economy.

Despite the importance of this project, it is insufficient to meet the financing needs of small enterprises, and there are many forms of usurious financing, so non-usurious methods such as savings and credit rotation associations should be encouraged in addition to semi-formal financing and dealing within the framework of the Islamic Perspectives.

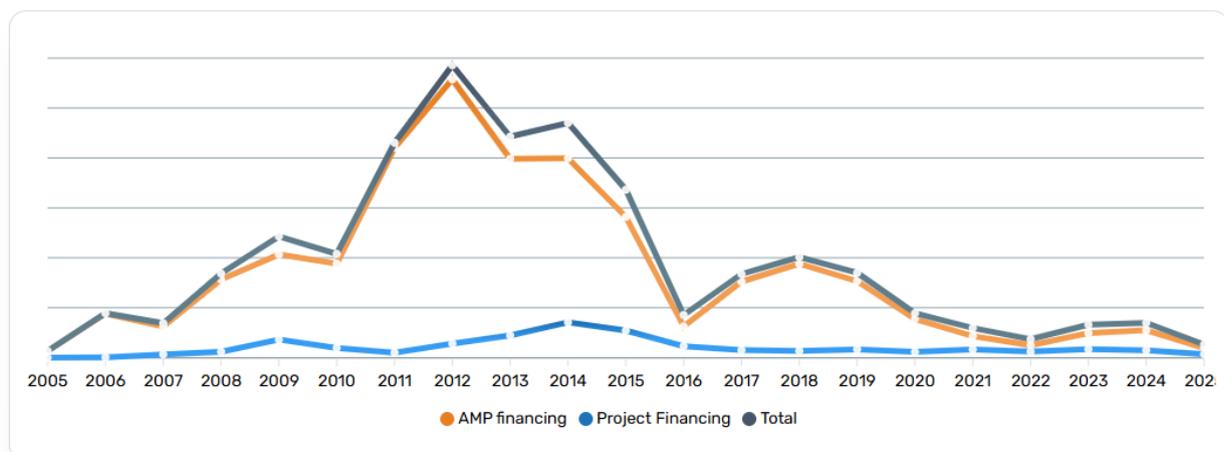
2-Strategies taken by Algeria in reducing unemployment and integrating the informal economy

Reducing unemployment, especially among young people (which stood at 31.9% in 2021), and integrating the informal economy (estimated at 30-40% of GDP) are key priorities for the Algerian government, within the framework of the presidential program and the 2030 Sustainable Development Goals. Since 2020, Algeria has seen policy development, supported by international partnerships such as the International Labour Organization (ILO) and the International Agricultural Development Fund (IFAD), with a focus on economic diversification, social inclusion, and governance. The following is an analysis of the most prominent strategies, broken down by area, based on recent data up to 2025²⁶.

2-1 Strategies to reduce unemployment

Algeria focused on a combination of direct support, training, and entrepreneurship, with tangible achievements in 2024, with job applications down 9%, offers up 11%, traditional employment up 19% and compensated employment up 51%.

Figure 2: Financing report by fiscal year



Source: Prepared by researchers based on <http://www.angem.dz/>

Unemployment Compensation (2022): Launched in February 2022, it provides \$90 per month for first-time job seekers (19-40 years) for up to two years, helping 580,000 young people in 2022. It aims to cover basic needs and facilitate market entry, despite challenges such as inflation (7.7%) and potential fraud from informal workers.

National Youth Promotion Plan (2020-2024): A multisectoral approach focusing on vocational training for youth (15-24 years), especially in agriculture and food, with 1,100 jobs

created in rural areas (70% paid employment, 30% self-employment), and targeting 30% for women in areas such as Biskra and Ghalma.

Social and Solidarity Economy Program (2024): Supports youth and women social impact projects, with an institutional framework for public support, resulting in a 27% increase in employment in 2023 (from 293,912 to 373,655 cases, 83% in the private sector).

Promote green entrepreneurship and jobs: Develop inclusive value chains in agriculture and the circular economy (such as recycling and organic farming), in partnership with IFAD, to create sustainable jobs in rural areas, with green skills training.

Private sector partnerships: Such as an agreement with Elsewedy Cables (2025) to recruit via the National Employment Agency (ANEM), which promotes private sector employment.

Table 1: Unemployment Compensation Results (2022-2024).

Year	Number of beneficiaries	Monthly value (USD\$)	Challenges
2022	580000	90	Inflation 7.7%, potential fraud
2023	Not determined	90	Persistent inflation, improved oversight
2024	Not determined	90	Improve targeting, reduce fraud

Source: Adapted by researchers from African Development Bank (AfDB, 2024).

2-2 Strategies for integrating the informal economy

Inclusion aims to transform the parallel economy into formal via incentives and social dialogue, with a major initiative in 2025 to channel \$90 billion into the formal banking sector²⁷.

Table 2 Comparison of Informal Economy Integration Strategies (2023-2025).

Strategy	Year	Target group	Key results	Partnerships
Financial inclusion	2025	Vulnerable groups	90 billion dollars for the banking sector	Banking Union
Self-Function System	2024	Entrepreneurs	Tax exemptions, CASNOS insurance	Leadership Agency

Triple Side Integration (SOLIFEM)	2023-2025	Agricultural/craft sectors	1457 participants VAE system	ILO, UGTA
Support for cooperatives and small enterprises	2023-2025	Women, Youth & Rural People	Integration into value chains	ANGEM, ANADE

Source: Adapted by researchers from World Bank. (2025). "Algeria: Boosting Productivity to Achieve Sustainable and Diversified Growth." Press Release, June 3, 2025.

Financial Inclusion Initiative (April 2025): The Union of Banks launched a campaign to include vulnerable groups in the banking system, targeting \$90 billion from the informal economy, to strengthen economic regulation and reduce reliance on unregulated markets.

Self-employment system (January 2024): Establishment of a national agency for self-leadership, with tax exemptions and an annual contribution of 24,000 Algerian dinars, and access to social insurance for non-work-related persons (CASNOS). Includes one year leave for employees to create projects, encouraging the transition from informal activity.

The tripartite integration strategy (SOLIFEM/ILO, 2023-2025): A diagnostic study of the agricultural, craft, trade and construction sectors, led to a first national strategy for social dialogue integration. These include the establishment of "Green Self-Leadership" offices (reaching 1,457 participants by February 2025), the VAE system for informal skills certification, and the training of 30 representatives of the General Union of Algerian Workers (UGTA) on social protection.

Supporting cooperatives and small enterprises: Facilitating access to finance and markets for small and medium-sized enterprises (TPMEs) in rural areas, in collaboration with ANGEM and ANADE, to integrate informal workers into formal value chains, with a focus on women and youth.

Institutional reforms: Streamlining administrative procedures, reducing tax burdens (currently more than 35 taxes), fighting corruption, and digitization to improve transparency and access to financial services.

Table 3: representing the achievements of the National Agency for the Management of Microcredit until 31 August 2025.

Loans granted	Gender of Beneficiary		Distribution of loans granted by sector of activity							
	Men	Women	Agriculture	Small Industry	Construction & Public Works	Traditional Industry	Services	Trade	Fishing	Total
Number of loans granted	379,852	627,169	138,969	390,724	92,646	176,229	200,397	6,841	1,361	1007021
Percentage %	37.7 %	62.3 %	13.8 %	38.8 %	9.2 %	19.9 %	17.5 %	0.007	0.001	100 %

Source: <http://www.angem.dz/>

These strategies have made progress, such as integrating more than half a million beneficiaries in 2023, but the challenges remain²⁸: Corruption, inflation, and dependence on hydrocarbons. To enhance effectiveness, it is recommended to strengthen international partnerships, expand digital training, and monitor implementation to ensure sustainability. These efforts are transforming the informal economy from an obstacle to an engine of growth, supporting the goal of reducing unemployment to below 10 percent by 2030²⁹.

Conclusion

Algeria's informal economy is a major development obstacle, threatening the balance between the three dimensions of sustainable development, with cumulative negative impacts that hinder inclusive growth and resource conservation. However, it holds positive potential if treated as an untapped resource. To counteract this, it is recommended that:

-Institutional reforms to reduce taxes and improve governance (such as digital management).

The informal economy is a phenomenon that occurs in all countries of the world, rich and poor alike. No country in the world is free from the activities that take place in this economy. Given the seriousness of most of these activities, all countries of the world seek to resist this economy and dry up its sources. What necessitated attention to the categories of this economy and the search for ways to manage it by paying attention to address the causes leading to it instead of being preoccupied with agreeing on the negative effects that have emerged in various forms in this research and the resulting ways to strengthen its positive effects. Data from international organizations indicate that the informal economy is an important part of the economy of every country in the world. It contributes to varying degrees to their economies, provides jobs and sources of income for large numbers of people, and interacts with the organized economy. It is therefore necessary to recognize and appreciate its importance to GDP, its contribution to

employment, the provision of goods and services, and its characteristics and levels of concentration in various economic sectors.

- Training and registration programs to integrate informal workers into the formal system.
- Strict environmental policies involving the informal sector, with a focus on economic diversification to achieve the 2030 Sustainable Development Goals.
- These impacts require joint efforts by government and civil society to turn the challenge into an opportunity.

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