INFORMAL LABOR: POLICIES’ DRIVES AND REALITY’S STRAIN – CASE OF ALGERIA

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EXECUTIVE SUMMARY

Similarly to other Arab countries, Algeria has been suffering from the phenomenon of informal labor, estimated at around 3.7% of the total workforce (with the exception of the agricultural sector). The share of informal labor in Algeria is its decline since 2011, following a relevant rise between 2002 and 2010. This decline could be the result of the public mechanisms incentivizing the creation of the form of all jobs opportunities. However, the fall of oil prices in 2014 shocked the Algerian economy, which highly relies on oil exports; this could have directly resulted in another rise of informal labor. In the paper entitled « Informal Labor in Algeria », we will tackle the various aspects of said phenomenon, by reviewing demographic policies, informal labor in Algeria and implemented policies to eliminate it.

1. Demographic trends

The Algerian population tripled in the last 44 years, rising from 12 million in 1966 to 39 million in 2014. This is due to the rise in birth rates registered since 2002, reaching 2.9% in 2014 as well as the decrease in mortality rates. In 1970, the mortality rate decreased fourfold between 1970 and 2014, primarily as a result of the improving health conditions in Algeria. In addition, the population growth rate in Algeria witnessed an important growth in the past 15 years, increasing from 1.74% in 2000 to 2.15% in 2015. This is due to increasing birth rates and decreasing mortality rates throughout the aforementioned period. The General Population and Housing Census of 2008 indicated that around 52% of the population in Algeria ranges between 0 and 14 years old. The segment of the population witnessed a full 6 points upsurge in 2008 out of 15.6% in 1966. This situation is quadrupled over the span of 42 years, increasing from 1.8 million in 1966 to 7.4 million in 2008.

The current population structure in Algeria reveals a drop in the number of young men, an increase of adults and a noticeable rise in the age of a large segment of the population, revealing an unexpected trend. This current trend would give socio-economic repercussions pertinent to the growth of the active population. In parallel, this situation is reflected in the unemployment rates, resulting from large numbers of young men entering the job market. The increasing number of elderly Algerians raise the problem of financial equilibrium of the pension system, which already suffers from structural disruptions.

2. State of the labor market in Algeria

The active population in Algeria was estimated at 7.5 times between 1966 and 2015, and rose from 000 455 2 in 1966 to 000 932 11 in 2015. The activity rate in 2015 was estimated at around 41.8%, as opposed to 69.9% in 1997 (compared to 71.9% for men and 41.8% for women) compared to adults (%69.9 for men and %41.8 for women).

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3. Informal labor in Algeria

The informal labor sector (with the exception of the agricultural sector) was estimated in 2014 at around 5.7% of workers, all of whom were registered at the social security system, and representing 3.7% of labor force in the non-agricultural sector. It is possible to differentiate between two categories of informal labor, with the employment rate reaching 7.4% in 2015, i.e. 2.4% of formal labor and that of informal labor between 1966 and 2014. In absolute values, the informal labor rate reached around 5.7% in the period.

Privatization and the shutting down of public institutions contributed to an increase in unemployment. Even the active public institutions implemented internal restructuring programs, which resulted in voluntary layoffs. In 1998, the number of laid off workers reached 637 198, including 215 161 who have benefited from unemployment insurance and 37 422 who chose early retirement. The mechanisms of early retirement, workers lay off and voluntary resignation indicate a certain form of economic exclusion for economic collaborators in Algeria. In fact, the share of informal labor in the labor market was estimated at around 3.7%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%. In addition, those who have achieved recruitment within the supported labor contracts, have increased from 000 17 sponsored employment contracts in 2000 to 000 308 in 2014, i.e. a growth rate of over 71%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%. In addition, those who have achieved recruitment within the supported labor contracts, have increased from 000 17 sponsored employment contracts in 2000 to 000 308 in 2014, i.e. a growth rate of over 71%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%. In addition, those who have achieved recruitment within the supported labor contracts, have increased from 000 17 sponsored employment contracts in 2000 to 000 308 in 2014, i.e. a growth rate of over 71%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%. In addition, those who have achieved recruitment within the supported labor contracts, have increased from 000 17 sponsored employment contracts in 2000 to 000 308 in 2014, i.e. a growth rate of over 71%.

The number of diploma holders reached around 000 200 in 2001, which raises the problem of their employment, especially with the restructuring of the public industrial sector and the private sector’s incapacity to replace the former. This vulnerability is further exacerbated if we add the educational and training, especially vocational and educational diplomas and the needs of the labor market in Algeria. According to the National Economic and Social Council (CNS), in 2003, the integration percentage of holders of vocational training diplomas reached around 51%.

It has become clear that informal labor is still on the rise since the early nineties. This was revealed by our analysis, indicating that the phenomenon of informal labor does not affect all categories and generations in the same way, but is most affected by the informal labor phenomenon, in spite of their high education level. Subsequently, we are in the middle of a complex and intergenerational conflict, with the ensuing repercussions on the political level and the social environment. This work deserves to be considered by different categories of people, including those of their qualifications. In fact, we have analyzed some media impacts regardless of people’s qualifications. We are thus facing the improvement of informal and education level, especially for women.

The dynamic analysis of informal labor in Algeria allows us to state that following the plunge registered in the post-independence years, the rate of informal labor started to rise with new generations entering the labor market since the eighties. This rise in the group of young workers was concurrent with the economic crisis and the deep transformations shaping the Algerian economy. It is baffling that new generations are the principal victims of the informal labor phenomenon despite their high education.

4. Adopted policies in combating informal labor

Despite multiple programs focusing on the elimination of poverty and the enhancement of employment, there is no specialized program to eliminate informal labor. The strategy targeting this category of workers. The employment policy in Algeria depends on two main pillars: improving employment by incentivizing entrepreneurial initiatives and improving employment. By paving the way for individual initiatives to establish enterprises, the employment improvement initiative is based on the idea that paid labor alone is not the solution to the unemployment problem. Thus, there is a need to reflect on a labor generating mechanism, providing jobs to ambitious young people eager to prove themselves by allowing them to enter the entrepreneurial world. In order to achieve these objectives, public authorities have adopted an institutional mechanism represented by the National Youth Employment Support Agency (ANJE), the National Microfinance Management Agency, the National Fund for Support to Youth Employment, and the National Unemployment Insurance Fund. Numerous mechanisms to support this type of initiative was completed by different categories of certain institutions such as the National Youth Employment Agency (ANEM). Employment Directories and the different departments of the labor ministry contributed to the realization of these programs, the number of job offers registered by the National Employment Agency rose from 000 235 job offers in 2010 to 000 700 in 2014, a growth rate of over 71%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%. Moreover, the National Employment Agency was able to increase the number of positions offered from 000 180 in 2010 to 000 700 in 2014, a growth rate of over 71%.