

Small and medium enterprises in the Algerian law

المؤسسات الصغيرة والمتوسطة في القانون الجزائري

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Received: 21/02/2021

Accepted: 04/10/2021

Published: 01/01/2022

Abstract :

This article aims to explain the legal framework for small and medium enterprises in Algeria because this type of enterprise has a major role in economic development, we used the descriptive approach to collect the information, Therefore, we will mention several elements related to the laws issued within the aspects of establishing small and medium enterprises, as well as their development, financing, and support that helps them to succeed and survive and to be more effective and contribute to the overall economy of the country.

Keywords: *small and medium enterprise, the legal framework, Enterprise support, Enterprise finance, SME's development*

ملخص:

يهدف هذا المقال إلى شرح الإطار القانوني للمؤسسات الصغيرة والمتوسطة في الجزائر لأن هذا النوع من المؤسسات له دور كبير في التنمية الاقتصادية، ولقد استخدمنا المنهج الوصفي في جمع جملة المعلومات لذلك سنذكر عدة عناصر تتعلق بالقوانين الصادرة في عدة جوانب منها تأسيس المؤسسات الصغيرة والمتوسطة، بالإضافة إلى تطويرها وتمويلها ودعمها لمساعدتها على النجاح الاستمرار وأن تكون أكثر فاعلية وان تساهم في الاقتصاد العام للدولة.

كلمات مفتاحية: المؤسسات الصغيرة والمتوسطة، الإطار القانوني، دعم المؤسسات، تمويل المؤسسات، انشاء وتطوير المؤسسات

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I- Introduction:

Small and medium enterprises are an effective means for countries to achieve development in all its dimensions. Especially since this type of institution has become one of the most important priorities of developed and developing countries, and Algeria is like others one of the countries seeking to develop and upgrade their national economy, in line with global economic changes. And integration into the global economy focused on the sector of small and medium enterprises, and this was embodied during the development of a legal framework of its own that defines its concept, its origin, and the factors helping to develop it. And to support the establishment of small and medium enterprises, the Algerian legislature created a legal arsenal that paved the way for the creation of a legal system that regulates them including the Presidential Order No. 03/01 on investment development followed by many legal reforms the most important of these is the issuance of Law 18/01 that includes the directive law for the promotion of small and medium enterprises, Which is the first law defining the legal system that governs these institutions And it provides the mechanisms supporting it. Therefore, and through this research, we will try to mention the most important elements of the legal framework for small and medium enterprises, so we can put The following problem: **How does Algerian law define small and medium enterprises? And what is the legal framework for its development, support and financing?**

II -Small and medium enterprise by some countries

II.1. Definition of small and medium enterprises

The concept and definition of small and medium-sized enterprises raise considerable debate among economists. In fact, there is no single definition for SMEs that can apply to all projects and in all regions and under all circumstances This is because to judge that this enterprise is small, medium, or large depend on several rules and standards As well as the conditions in which the institution works and the environment surrounding it and the stage of development of the society and its customs and traditions.

- **Egypt's definition of small and medium enterprises:** According to Egypt's Small Enterprise Law (No. 141, 2004,) SMEs are defined as "all companies or facilities with productive, commercial, or service-providing economic activities, with a minimum capital of 50,000 EGP, a maximum capital of 1,000,000 EGP, and a maximum of 50 employees." These projects represent around 98% of all industrial facilities in Egypt and employ around 47% of this sector's labor. With that, it is clear that SMEs are capable of playing a major role in the overall development of the Egyptian economy.(mokhtar, p. 2)
- **Tunisia's definition of small and medium enterprises:** The definition is :
Small and medium enterprises in industry and services sectors as those with a total investment of less than 3million TND(about2.1millionU.S.\$).SMEs are businesses that are run directly by their owners who are personally and directly assume financial, technical, and moral responsibilities. Any business employing between 10and 100workers belongs to the group of SMEs.This definition is not clearly pronounced and does not appear in any official document(mansouri, 2011, p. 10)

- **United Nations Industrial Development Organization:** The United Nations Industrial Development Committee (UNIDO) defines small and medium enterprises in developing countries as each institution that operates with less than 90 workers. For developed countries, the SME if it employs less than 500 workers(Hamidi & Abdul Kader owainan, 2011)

II. 2. Characteristics, types and the categories of the SME

II.2.1 the characteristics of the SME

We wanted to point out the most important characteristics that belong to the majority of the SME Through what they pointed out in both Biliand Raymond. (Hoyou, 2004, p. 57)

- **Environmental characteristics:** Uncertainty of facing the surrounding environment and the Weakness in the face of partners;
- **Structural characteristics:** Simple structure and resource poverty;
- **Decisive characteristics:** making a decision on the Short-term;
- **Psychological characteristics:** The dominance of the director;
- The concept of these institutions is usually associated with flexibility, market proximity, speed reaction, and speed change of orientation.

II 2.2. The types of the SME

Restricting SMEs to one type is not possible because there is a big difference between them due to the different criteria of division.(Boulahjel , 2009, pp. 39-41)

- **Nature of orientation:** it means the way it was created and how it is going and according to this we find two types of SME:
 - **The Family enterprises:** The most important advantages of this type are:
 - ✓ Long-term personal and organizational goals;
 - ✓ Planning for financial development;
 - ✓ Culture of family members;
 - ✓ Sensitivity level against risk.
 - **Traditional enterprise:** it is engaged in traditional and craft industries.
 - **Developed and semi-evolving enterprise**
- **Nature of products:** There are consumer goods, intermediate goods and processing goods, so we find thistypes:
 - **Consumer goods production enterprises:**
 - ✓ Processed food products;
 - ✓ Agricultural products;
 - ✓ Wood products.
 - **Intermediary production enterprises:** Provide raw or semi-finished products Used by other enterprises in production processes.
 - **Processing goods production enterprises**

Legal form: SMEs differ in their legal form According to the prevailing system in the country and legal regulation as well so Every country has a law governing SMEs .

II 2.3. The importance of the SME

SMEs are very important and we can find it in this points: (Khababa , 2003, p. 35)

- Understand the potential abilities of individuals especially those with competencies and skills;
- Creating regional balance because this kind of enterprise is easy to set up in isolated areas;
- Support the economic activity and create integration because of SMEs active in different fields. Agriculture and services make the national economy more balanced;
- It helps to the social stability for many people by creating jobs.;
- Support the large enterprises in their activities by what is known as handling;
- Its direct interaction with the consumer makes it capable of providing and satisfying his basic needs;
- Innovation and creativity ;
- The SME contributes to environmental protection because many of it depends on output and large industrial enterprises track;
- Create add value to the national economy and thus contributes to economic and social development.

III- Legal framework for SMEs in Algeria:

III.1. Definition of the SME's

Small and medium enterprises appeared in Algeria and grew in the period in which the country was characterized by economic openness. This type of institution has been seen as a means of combating poverty, absorbing unemployment in particular, and contributing to economic and social development in general.

Algerian law defines small and medium enterprises as follows: (official newspaper, 2017, p. 5)

Under law number 02-17 of January, 11, 2017 includes the SME's Guideline Law:

- **Article 1:** The purpose of this law is to define SMEs and identify support measures and their assigned mechanisms for creation, development, and sustainability.
- **Article 2:** The law defines the following general objectives.
 - The revival of economic growth Improve the environment of small and medium enterprises
 - Encourage the establishment of small and medium enterprises, especially innovative ones, and maintain their sustainability
 - Improving the competitiveness of SMEs and their export capacity
 - Promote the culture of the contractor
- **Article 5 from Law 18/01: Definition of small and medium enterprises**

The definition of a small and medium-sized enterprise, whatever its legal nature, as the institution of production of goods and / or services:

- Used from 1 to 250 people
- The annual turnover does not exceed 4 billion Algerian dinars, or does not exceed the total annual turnover of 1 billion Algerian dinars
- Includes the criteria for independence

- **Article 6:** of order 01/18 defined that small and medium enterprises are the ones that employ between 10 and 49 people and its annual turnover is only 200 million dinars, and the total annual proceeds do not exceed 100 million dinars.(Bin Azzouz, 2018, p. 247)

III.2 Criteria for defining SMEs

There are two types of criteria in defining small and medium enterprises: Qualitative and quantitative criteria.

- **Quantitative criteria:** There are many quantitative standards in this regard, but they are based on the quantity and size of projects.
 - ✓ **Number of workers criterion:** It's one of the most important criteria that depends on the number of workers and there is a difference between developed and developing countries in terms of how they use it.(Mahfouz Jabbar, 2003, p. 21)
 - ✓ **Business number criterion:** Business number criterion is considered one of the modern and important criteria to know the value and importance of enterprise and its classification in terms of size. It is also used to measure the level of project activity and its competitiveness. (Bribish, 2007, p. 62)
 - ✓ **The capital criterion:** Capital here is intended to be the amount of money provided at the enterprise's disposal, which is used in the Commercial activity or service activity, regardless of its source, whether it is from the founding partners or from the institution itself. (GUYON, 2003, p. 110)
- **Qualitative criteria:** We cannot rely solely on quantitative criteria to define small and medium enterprises but we must use the qualitative criteria as well. It helps us with social and economic analysis and also the enterprise's relationship with the surrounding environment.
 - ✓ **The human dimension and the nature of the enterprise's management:** According to this criterion, a small and medium enterprise is considered as a unit of production, distribution, management, or an administration under the authority of a responsible manager. In this type of enterprise, we find that the owner is the manager and the supervisor of most of the enterprise's functions.(Domi & Atoui, 2003, p. 4)
 - ✓ **Market share criterion:** The market share of small and medium enterprises is limited due to the small size of the institution And the volume of production and capital.(Moshri Al-Nasser, 2011, p. 5)

III.3 The Historical and the legislative development of the SME

To show the position of SMEs in the Algerian economy we should indicate the most important stages it passed through and the legal frame it has gone through over time .thus, showing the great importance given by the public authorities to develop the sector on the national economy.

- **The first stage of 1963 – 1980**

The institutional sector remained marginalized during this period because it was given to the management Committees after the leaving of its owners, and it was integrated in 1967 into the national companies.(Bou Abdullah, 2009, pp. 124-129)

- ✓ In 1963 issuance of the first law on investment to increase stability in the general environment after independence but it had a weak effect on the development of

SMEs concerning the national and foreign capitalists, even all the advantages and guaranties;

- ✓ Then a clear decision was made to support an economy based on centralization and public planning and focus on processing goods industries and intermediate products;
- ✓ In 1966 issuance a new law on investment aimed to define a system interest on private national investment in case of economic development. this law includes the monopoly of the state on the active economic sectors and forcing a national investment committee adoption special projects according to selective standards;
- ✓ The provisions of the law were aimed at attracting investors who demanded accreditation but its conditions were very complicated led to the loss of credibility of the national investment committee that stopped in 1981;
- ✓ 1963-1982 There was no clear policy towards the private sector, it had stopped because of the special political speech for socialist Algeria. This speech was characterized by exploitation(The National Charter 1967), That is why private enterprises had been banned from growth, so they were censored through taxes and the international trade was closed.
- **The second stage 1980-1988**
 - ✓ 1982 Issuance of law number 21-08 represented that the private sector has been recognized as a complement to the public sector;
 - ✓ 1983 Establishing a Bureau to follow up and coordinate private investments and it was under the tutelage of the Ministry of Planning and urbanization;
 - ✓ 1988 Moving to the market economy where a new legislative framework for structural reforms has been put in.

It can also be added that this period witnessed the issuance of many other laws that had an impact on the system of small and medium enterprises The most important of them is the Private Investment Law Issued by Law No. 82-11 of 08/21/1982 related to national economic investment, which focuses on the investment of small and medium enterprises. And the Small and Medium Enterprises Independence law.

The last two stages are as follows. (Moulay , 2020, pp. 123-125)

- **The third stage of 1988-2001**
 - ✓ After the adverse oil shock of 1986 and the emergence of signs of the economic crisis and the failure of the implemented reforms, The Algerian government has moved towards entering a market economy through the application of stabilization and structural adjustment programs that aim to liberalize the market. By giving the private sector a more important role, especially in the small and medium enterprises sector. Whereas, investment Law No. 25 88 was issued on 12 July 1988 as a powerful impetus for the development and growth of SMEs;
 - ✓ Starting in 1990, there was a set of reforms through the issuance of many laws that prepared the public sector for the privatization of public enterprises and stimulated the private sector because it plays a large and important role in light of the economic transformation. In 1990, the Currency and Loan Law for Freedom of Foreign Investment was applied to public and private institutions as well;
 - ✓ 1991 Creation of a ministry in charge of small and medium enterprises, then it was transformed into the Ministry of Small and Medium Enterprises Under Executive Decree N 211-94 of 18 July 1994;

- ✓ 1993 In accordance with Legislative Decree No. 12-93 issued on 05/10/1993, the establishment of the Investment Promotion and Support Agency (APSI);
- ✓ 1995 Increasing investment in the form of small and medium enterprises in accordance with Order No. 95 - issued on August 22, 1995;
- ✓ 1997 Establishing of the Investment Guarantee Fund of Small Enterprises by Publicly funded to eliminating unemployment.

- **The Forth stageafter 2001**

Building the Algerian economy requires raising the productive and competitive capabilities of investments Therefore, the state proceeded to give a new push for investment, and it issued the following.(Shayban, 2009, pp. 47-48)

- ✓ The law of the investment development No. 01-03 issued on August 20, 2001;
- ✓ Small and Medium enterprises promotion directive law No. 01-18 issued on December 12, 2001;
- ✓ The order relating to the management of the state's commercial capital and the opening of corporate capital;
- ✓ Algeria signed an association agreement with the European Union on April 22, 2002, to join to the free exchange area, and its concern to enter the World Trade Organization;
- ✓ 2001-2004 The government has implemented an investment program to support the economic recovery, it aims to achieve mobility in the national economy.
- ✓ 2005-2009 Support the economic recovery program with a complementary program to support growth.

III.3 The legal framework for indirect support for small and medium enterprises

- Law No. 11 22 of August 21, 1982 Which came to meet the needs of Algeria in the field of private national investments;(Official newspaper, 1993);
- Law No. 25-88 of July 12, 1988 the determinant of how to direct private investments;(Official newspaper, Law No. 20 -22 related to directing National private economic investments, 1992);
- Law 90-10 of April 14, 1990 Relating to veto and loan(Official newspaper, Law No. 11- 91 relating to veto and loan, 1991), and It included many reforms in financial management and investment.

The indirect legal support for small and medium enterprises is as follows:

- **Investment Promotion Law**

The investment act was promulgated by the legislative decree of 5/10/1993.(Official newspaper, legislative Decree No. 12-93 relating to the promotion of Investment, 1993) it opened the door to attract foreign investment because it came up with the principle of full freedom of investment and based on this law, some small and medium enterprises were established, but after 1998, but this law was not well implemented on the ground because of the difficult conditions that the country was passing through.

- **Investment development Law**

This law was issued by presidential decree No. 11-13 of August 21, 2011 (Official newspaper, Presidential Decree No. 11-13 related to investment development, 2011, p. 5), about investment development. This law introduced the idea of giving individuals full freedom of activity and to undertake the process of investment promotion and development, the State established two bodies, the National Investment Council and after that the National Investment Development Agency. (Bodleio, 2020, pp. 170-171)

- **Public transactions law**

This law is about the conduct of public transactions and incentives given to small enterprises, The application of the project came through the directive law for Small and Medium Enterprises issued in 2017, this law made it easier for the laws issued after it to contribute to the completion of projects. (official news paper, 2015)

III.4 The legal framework for direct support for small and medium enterprises

In addition to indirect support for small and medium enterprises, direct support came through the issuance of the first law for the promotion of small and medium enterprises.

- **Small and Medium Enterprises promotion directive law**

Law No. 01-18 of December 12, 2001, including the directive law for the promotion of small and medium enterprises which aims to define small and medium enterprises and to determine methods of support, assistance and promotion. (Official news paper, 2001, p. 77)

- **Data of the council of ministers**

Within the framework of the five-year development program 2010-2014, the council of ministers issued several recommendations to continue direct support to small and medium enterprises including: (Boualbarda, 2009, pp. 21-24)

- ✓ **Recommendations of July 2010:** Statement of the Council of Ministers held on 11 July 2010 to put the necessary modalities to support small and medium enterprises.
- ✓ **Recommendations of February 2011:** Statement of the Council of Ministers held on 22 February 2011 where several recommendations on investment revitalization were issued.

III.5 Legal structures for accompanying small and medium enterprises.

- **Small and medium enterprises nurseries**

It came in the first article from executive decree No. 03-78 of February 25, 2003 that it can create institutions called enterprises nurseries, to assist and supports Small and medium enterprises. (official newspaper, executive decree No. 03-78, 2003, p. 14)

According to Articles 2 to 8 of this decree, the enterprise nurseries are public institutions of an industrial and commercial nature with moral personality and financial independence.

And those nurseries come in one of the following forms: (Shabouti, 2008, p. 168)

- ✓ **Incubator:** A support structure that takes care of project holders in the service sector.
- ✓ **Connecting workshop:** A support structure that takes care of project holders in the small industry and crafts sectors.
- ✓ **Enterprise hostel:** A support structure that takes care of project holders belonging to the field of research.

- **Facilitation centers**

It came in the first article from executive decree No. 03-79 of February 25, 2003, that it is possible to establish staff called "Facilitation Centers", which will undertake procedures for establishing SMEs as well as informing, directing, supporting, and accompanying them. and according to the second article of this decree, Facilitation centers are public institutions of an administrative nature with a legal personality and financial independence and is established by executive decree and is placed under the tutelage of the Minister in charge of Small and Medium Enterprises. (official newspaper, executive decree No. 03-79, 2003, p. 13)

III.6 The Legal structures to support and funding small and medium enterprises

The Algerian state has established many structures to support and funding small and medium enterprises, within the framework of the national policy to confront rising unemployment, especially in light of the application of the structural adjustment program (1994-1998) which resulted in layoffs.

the most important of them:

- **National Agency for Investment Development (ANDI)**

This agency was established in 2001, by Decree No. 03-01, related to investment development, it is a public institution with a legal personality and financial independence. It aims to reduce the deadlines for administrative and legal procedures for establishing projects to 30 days instead of 60. (awadi, 2018, p. 12)

This agency takes care of investors, whether they are national or foreign, by providing the following services: (Dabah, 2009, p. 59)

- ✓ Ensure the promotion, development and follow-up of investments;
- ✓ Receiving and helping resident and non-resident investors;
- ✓ Giving investment benefits;
- ✓ Management of the Investment Support Fund.

- **National Agency for Small and Medium Enterprises Development (AND PME)**

It was created to provide the small and medium enterprises sector with a mechanism capable of implementing government policy in the field of its development and promotion in general and accompanying it in the path of its competitiveness due to the new global changes. (Boukadir & Mattay, 2018, p. 257)

The National Agency for the Development of SME's was established by executive decree No. 165-05 of May 03, 2005, it is a public institution of an administrative nature with a legal personality and financial independence. Take charge of the following tasks: (Dahak, 2006, pp. 138-139)

- ✓ Application the sector strategy for the promotion and development of SME's;
- ✓ Implementing the national program for rehabilitating small and medium enterprises and ensuring its follow-up;
- ✓ Preparing periodic studies about general trends for small and medium enterprises;
- ✓ Collecting, exploiting and publishing information on the fields of activity of small and medium enterprises.

- **National Agency for Youth Employment Support (ANSEJ)**

The National Agency for Support of Youth Employment was established by Executive Decree No. 29-96 of September 8, 1996, is under the supervision of the prime minister, where he follows up all the agency's activities, this agency is a public institution of an administrative

nature with a legal personality and financial independence, It performs the following tasks: (Fatm, 2011, p. 46)

- ✓ Support and advice;
- ✓ Monitoring young entrepreneurs in implementing their investment projects;
- ✓ Provide all information of an economic, technical, legislative, and organizational nature related to youth activities;
- ✓ Financing some projects through the National Fund for Youth Support and Employment with interest-free loans.

- **National Agency for Microcredit Management (ANGEM)**

The micro-loan system was launched according to presidential decree No.04-13 related to the micro-loan system and executive decree No. 14-14 relating to the establishment of the National Agency for Microcredit Management of January 22, 2004(Official newspaper, Articles 02 and 03, 2005, p. 3).

It an institution with a moral personality and financial independence and has local branches charged with several tasks, including:

- ✓ Managing the microcredit according to the legislation and regulation in effect;
- ✓ Support the beneficiaries and accompanying them and also giving them the necessary advises ;
- ✓ Giving interest-free loans.

- **Investment Promotion and Support Agency (APSI)**

This agency was established by Decree No. 93-12 of 05 October 1993, It was under the supervision of the Prime Minister, this agency is assigned by creating a body that includes departments concerned with investments and project establishment, this is in order to reduce the time for administrative and legal procedures for establishing projects not go beyond of 60 days, this agency performs the following tasks: (Salehi, 2004, p. 182)

- ✓ Follow-up and promotion of investments;
- ✓ Evaluate investments and make decisions regarding giving or denying concessions;
- ✓ Taking care of all or some of the expenses related to the completion of investments;
- ✓ Giving concessions related to investment promotion;
- ✓ Providing customs tariff for production means and raw materials.

- **Investment Loan Guarantee Fund of SME's (CGCI -PME)**

This fund was established by presidential decree of April 19, 2004, its goal is covering risks arising from non-payment of bank loans granted to small and medium enterprises, within the framework of financing its productive investments, during the stages of their inception, expansion or renewal of their equipment. (Bouhza & Ben Yaacoub , 2003, p. 238)

- **The National Investment Fund (FGAR)**

It is a public institution with an administrative character, with a legal personality and financial independence. It was established by executive decree No. 373-02 of November 11, 2000, in the application of the directive law No. 18-01 for the promotion of small and medium enterprises, its aims to: (Djebbar , 2005, p. 10)

- ✓ Obtaining short-term bank loans;
- ✓ Giving guarantees to small and medium enterprises about the investment activities;
- ✓ Ensure the working capital needs resulting from the financed investment.

- **National Unemployment Insurance Fund (CNAC)**

Because of the layoffs resulting from the restructuring and privatization of public enterprises, the Algerian legislator abody for unemployment insurance and pre-retirement,this fund was established by Executive Decree No. 94-188 of July 6, 1994which includes the basic law of national unemployment insurance fund.(Official newspaper, 1994, p. 3)

III.7.Programs approved in the framework of international cooperation to support small and medium enterprises

There are many forms of bilateral and regional cooperation within the framework of international partnership: (awadi, 2018, pp. 14-16)

- ✓ **MEDA Program for Small and Medium Enterprises Development:** It is a bilateral cooperation program between Algeria and the European Union, which falls within the framework of Euro-Mediterranean cooperation, in order to improve the competitiveness of the SME sector, this program came to contribute a large and important part to economic and social growth, and support the national product and help it to enter the global markets;
- ✓ **German Technical Commission:** It was agreed an Algerian-German cooperation within the framework of the Algerian-German technical partnership, the goals of this program are to:(Orob Riteba & Rebhi , 2006, p. 725)
 - Increase the competitiveness of institutions;
 - Qualifying institutions to enter foreign markets;
 - Training in management.
- ✓ **Cooperation with the World Bank**
- ✓ **Cooperation with the Islamic Development Bank:** In the framework of cooperation with this bank, financial assistance was granted inthe aim of promoting the sector of small and medium enterprises and traditional industry,This project aims to:(Jamam , 2009, p. 252)
 - Contribute to strengthening the capabilities of small and medium enterprises;
 - Incorporation of small and medium enterprises into the national economy;
 - Improving the perimeter of small and medium enterprises.

IV. Problems and obstacles for small and medium enterprises

Small and medium enterprises face problems and obstacles that prevent them from developing and continuing:(Moulay , 2020, pp. 134-136)

- **Industrial real estate problems:**
 - ✓ Difficulty obtaining the property needed to applicate projects;
 - ✓ Great difficulty to find the permanent and suitable place for the establishment of the institution.
- **Funding problems:**
 - ✓ The weakness of the enterprise performancedoes not encourage banks to do deal with it;
 - ✓ Difficulty of obtaining loans in the absence of required guarantees;

- ✓ Weak management and organization and lack of transparency at the banking level;
- ✓ The absence of banks specialized in investment operations.
- **Problems of an administrative and management nature**
 - ✓ The absence of a sense of sympathy and responsibility at the corporate level between the members of the enterprise;
 - ✓ Adopting traditional methods of management;
 - ✓ Lack of experience of the consulting studies offices;
 - ✓ Lack of strategic planning.
- **Marketing problems**
 - ✓ Decrease in the financial capabilities of these institutions cause week of the marketing efficiency;
 - ✓ local consumer preference for foreign products.
- **Fiscal and customs problems**
 - ✓ A high tax rate on profits reinvested;
 - ✓ Impose an additional tax.

V. The Statistical Information Bulletin 2016-2019

There are some statistics:

Table(1) : Global population of SMEs

SMEs types	Number of SMEs				(%)				
	2016	2017	2018	2019	2016	2017	2018	2019	
1 Privat SME's									
moral people	575 906	609 344	643 493	659 573	56,32	56.71	56.35	56.28	
Physical persons	446 325	464 892	498 109	512 128	43,65	43.27	20.80	43.70	
Liberal professions	211 083	222 570	237 457	243759	20,64	20.71	22.83	20.80	
Handicrafts	235 242	242 322	260 652	268 369	23,00	22.55	43.62	22.90	
s/total 1	1 022 231	1074236	1141608	1 171 701	99,96			99.98	
2 Public SME's									
moral people	390	267	261	244	0.04	0.02	0.02	0.02	
s/total 2	390	267	261	244	0.04	0.02	0.02	0.02	
Total	1022621	1 074 503	1 141 863	1171945	100	100	100	100	

Source: By the researcher depending on, SME Statistical Newsletters of Ministry of Industry and Mines, 2016- 2019

At the end of 2016, the overall population of SMEs stood at 1,022,621 entities of which more than 56% are made up of legal persons, among which there are 390 Public Economic Enterprises (EPE). The rest are people physical (43.65%), of which nearly 21% of the liberal professions and 23% are activities artisanal. In 2017, the overall population of the SME is composed of 97% of Very Small VSE Company (workforce of fewer than 10 employees)

which remains strongly dominant in the economic fabric, followed by Small Business PE with 2.6% and the Average Enterprise ME with 0.4%.

but in 2018, the overall population of SMEs stood at 1,141,863 entities, more than 56% of which are made up of legal persons, among which there are 261 Public Economic Enterprises (EPE). The rest are made up of natural persons (43.62%), of which almost 21% are liberal professions and 22.83% are craft activities.

And here the year of 2019 we just have the first semester, the overall population of SMEs stands at 1,171,945 entities of which more than 56% are made up of legal persons, among which there are 244 Public Economic Enterprises (EPE). The rest is made.

Table(2) : Concentration of private SMEs by region

Region	Number of SMEs (Moral people)				Concentration rate (%)			
	2016	2017	2018	2019	2016	2017	2018	2019
North	400 615	424 659	447 817	459 146	69.56	69,69	69,59	70
Highlands	125 696	133 177	141 465	144 836	21.83	21,86	21,98	22
South	49 595	51 508	54 211	55 591	8.61	8,45	8,42	8
General total	575 906	609 344	643 493	659 573	100	100	100	100

Source: By the researcher depending on, SME Statistical Newsletters of Ministry of Industry and Mines, 2016- 2019

In 2016 The Northern region groups together 400,615 SMEs, or 69.56% of the country's SMEs, followed by the highlands region with 125,696 SMEs at 22.83%, and the southern and southern regions Great South host 49,595 SMEs representing 8.61% of the total. and in 2017 the Northern region has 424,659 SMEs, or 69.69% of the country's SMEs, followed by the highlands region with 133,177 SMEs, or 21.86%, and the Southern and Southern regions the Great South hosts 51,508 SMEs representing 8.45% of the total.

In the year 2018, the North region has 447,817 SMEs, or nearly 70% of the country's SMEs, followed by the region with 141,465 SMEs, or nearly 22%, and the South and Great South regions host 54,211 SMEs representing 8.42% of the total. And about 2019 we have just the first semester the Northern region has 459,146 SMEs, or 70% of the country's SMEs, followed by the highlands region with 144,836 SMEs (22%), and the Southern and Greater regions South host 55,591 SMEs, or 8% of the total.

Through these results from 2016 until the first semester of 2019, we see an increase in the number of small and medium enterprises across all regions.

Table(3): Evolution of SMEs (legal persons) by activity sector (2016-2017)

Activity sector		Period				
		2016	(%)	2017	(%)	Evolution
1	Agriculture	6130	1.06	6599	1.08	7,65
2	Hydrocarbons, Energy, Mines and related serv	2767	0.48	2887	0.47	4,34
3	BTPH	174848	30.36	179303	29.43	2,55
4	Industries manufacturing	89597	15.56	94930	15.85	5,95
5	services	302564	52.54	325625	53.44	7,62
General total		575906	100	609344	100	5,81

Source: By the researcher depending on, SME Statistical Newsletters of Ministry of Industry and Mines, 2016- 2017

The sectors where business creation was strongest between the two years 2016 and 2017, remain those of services and agriculture.

There are 94 930 industrial SMEs at the end of 2017, compared to 89 597 entities at the end of 2016, an increase of 5.95%, growth below the overall level of growth of SME legal entities (5.81%).

Table(4): Evolution of SMEs (legal persons) by activity sector (2018-2019)

Activity sector		Period				
		2018	(%)	2019	(%)	Evolution
1	Agriculture	6973	0,64	7368	0.63	5.66
2	Hydrocarbons, Energy, Mines and related service	2938	0,27	3035	0.26	3.30
3	BTPH	182501	16,69	188290	16.06	3.17
4	Industries manufacturing	97803	8,95	102128	8.71	40.42
5	services	561461	51,36	602755	51.43	7.35
6	Arts and crafts	241494	22,09	268369	22.90	11.13
General total		1093170	100	1171945	100	7.11

Source: By the researcher depending on, SME Statistical Newsletters of Ministry of Industry and Mines, 2016- 2017

The sectors where business creation was strongest between the first two semesters of fiscal years 2018 and 2019 remain that of services with 51.43%. There are 102 128 industrial SMEs at the end of the first half of 2019, compared to 97 803 entities at the end of the first half of 2018, an evolution of 4.42%.

VI. The conclusion

Through this research we conclude that Algeria has made great efforts for the promotion and development of small and medium enterprises, It gave more area and more support for its development to ensure its continuity and durability, especially from a legal side, Considering that the small and medium enterprises sector is a vital sector Able to combine economic and social development.

The state support was by madding comprehensive strategies for the advancement of this sector, through establishing a series of legislative and organizational regulations, It defined the framework in which these enterprises operate and the advantages given to them. The state has also developed government and institutional agencies and bodies specialized in supporting small and medium enterprises in order to achieve the goals and also to face the obstacles that stand against the growth of the small and medium enterprises sector.

This sector has recently witnessed a great development as small and medium enterprises became the largest percentage. However, this sector still suffers from many shortcomings, because these institutions are still fragile and unable to do their role very well, because it is active in an environment in which there are many problems and obstacles, whether a legal, economic or social aspect, as well as from an organizational side, and also the lack of continuity of accompaniment after its establishment because the role of accompanying agencies was limited onlyto financing .

In the last, it can be said that the small and medium enterprises sector still lacks many things, including experience, advice, and good training for project holders to enable them to run their enterprise well so it can play its developmental role well too.

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