Forum For Economic Studies and Research Journal
Volume: 10/ N°: 01 (2026), p 482 - 500

Microcredit as a Pillar of Employment Policies in Algeria: The Case of the National Agency for Microcredit Management (ANGEM) – Constantine

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Received: 16/12/2025 ***Accepted: 0106/2026***

Abstract:

The study aimed to evaluate the effectiveness of microcredit as an employment policy instrument in Algeria by analyzing the performance of the National Agency for the Management of Microcredit in the Wilaya of Constantine for the period 2020–2024. The descriptive-analytical approach was adopted through the analysis of performance indicators: number of financed projects, jobs created, sectoral efficiency, and gender distribution. The results revealed the financing of 1,653 projects and the creation of 2,154 jobs, with an average employment efficiency of 1.3 (jobs/project). The study confirmed the superiority of the traditional crafts sector at 1.63 (jobs/project) and the services sector at 1.54, compared to the weakness of the agriculture and trade sectors at 1.00 (jobs/project). Qualitatively, females accounted for 57.5% of the created jobs, while they were completely absent from the construction, agriculture, and trade sectors.

Key Words: *Microcredit, Financial Inclusion, Employment Efficiency, National Agency for Microcredit Management (ANGEM).*

JEL Classification : *G21, J23, H81.*

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1. *Introduction*

Microcredit represents one of the most prominent contemporary financial innovations that emerged in response to the needs of vulnerable groups for alternative financing instruments outside the traditional banking system. This concept has evolved since its inception with Muhammad Yunus' experience in Bangladesh in 1976, crystallizing into varying international and national institutional definitions. Microcredit gains importance as a pathway toward economic and social empowerment, providing opportunities for income improvement, job creation, and enhancement of Financial Inclusion.

In Algeria, the microcredit experience began in 1999, enabling the creation of over 150,000 activities across various sectors. However, this initiative in its original form did not achieve the government's desired success due to lack of support during the early stages of project maturation and monitoring. This reality led to the establishment of a specialized institution named the "National Agency for Microcredit Management (ANGEM)" under Executive Decree No. 04-14 issued on 22 January 2004. This Agency implements and monitors microcredit programs, which constitute fundamental mechanisms adopted by the Algerian state to combat unemployment, particularly among youth and women, while also promoting the social and economic integration of low-income populations.

I .1. Problem Statement of the Study

Amid efforts to enhance microcredit mechanisms as an effective tool for combating unemployment and promoting economic and social development in Algeria, particularly regarding their capacity to create sustainable jobs and improve local labor market dynamics, the following main question arises:

To what extent is Microcredit effective as a pillar of Employment Policies in Algeria, and how can the performance of the National Agency for Microcredit Management (ANGEM) – Constantine in financing job-generating projects be evaluated?

1 .2. Sub-Questions

- What are the mechanisms through which Microcredit impacts local market dynamics in Algeria?.
- Which economic sectors benefit most from microcredit in Constantine province, and what is their effectiveness in job creation?.
- What is the effectiveness of microcredit in economically empowering women through job creation, and how does this empowerment differ across economic sectors in Constantine province?.
- How do changes in administrative oversight and fluctuations in allocated financial resources impact the stability of the financing performance of the National Agency for Microcredit Management?.
- How can the role of Microcredit as an effective tool for Employment Policies in Algeria be strengthened?.

1 .3. Study Hypotheses

To frame this research precisely and methodologically, the following main hypothesis has been formulated:

- Microcredit plays a pivotal role in strengthening employment policies in Algeria by providing essential financing for small enterprises and expanding the scope of their operations, which positively impacts the dynamics of the local labor market.

Stemming from this main hypothesis is a set of sub-hypotheses that elaborate on the sectoral, gender, and institutional dimensions, as follows:

- Microcredit plays a pivotal role in strengthening Employment Policies in Algeria by providing essential financing for small projects and expanding their operational scope.
- A positive correlation exists between the number of projects financed through microcredit and the number of newly created jobs, with varying Employment Efficiency across economic sectors.
- Microcredit enhances women's economic empowerment, with clear sectoral differences in female dominance over employment opportunities.
- Institutional instability, such as shifts in ministerial jurisdiction, coupled with shortages in allocated financial resources, leads to significant fluctuations in the annual financing volume, thereby disrupting the application processing workflow and impeding the agency's capacity to meet the demands of project initiators.
- Technical and administrative support accompanying microcredit is crucial for the success and sustainability of financed projects.

1 .4. Objectives of the study

- Analyze the role of Microcredit as an effective mechanism for Employment Policies in Algeria.
- Evaluate the performance of the National Agency for Microcredit Management (ANGEM) – Constantine during 2020-2024.
- Identify the most effective economic sectors in job creation through microcredit.
- Analysis of the Role of Microcredit in Economically Empowering Women in Constantine Province, through Measuring the Share of Newly Created Female Jobs and Identifying Sectoral Gaps in Access to Employment Opportunities.
- Provide recommendations to improve the effectiveness of microcredit policies in supporting employment and socioeconomic development in Algeria.

1 .5. Study Methodology

To achieve these objectives, the study adopts a descriptive-analytical methodology based on statistical data analysis of the National Agency for Microcredit Management (ANGEM) – Constantine's performance during 2020-2024. Official data issued by the Agency will be utilized. Statistical tools will analyze relationships between study variables, including the number of financed projects, newly created jobs, sectoral distribution of projects, and employment rates per sector. Data related to various financing formulas provided by the Agency and their effectiveness in supporting job-generating projects will also be analyzed.

1 .6. Previous Studies

Microcredit has emerged as a growing element in development literature due to its effective role in driving economic growth and combating poverty by supporting small projects. Below is a review of previous studies that provide a knowledge base enriching this research and clarifying its contributions compared to existing efforts.

- Study (2024, Radjef Nacéra, Riad Meriem) titled Microcredit as a Catalyst for Women's Entrepreneurship in Handicrafts: Case of ANGEM of Tipaza (Algeria), focuses on the

importance of Microcredit in facilitating and financing women's craft projects, particularly its capacity to generate jobs. The study examines the contribution of financial loans provided by the National Agency for Microcredit Management (ANGEM) in Tipaza in supplying essential financial support for small craft initiatives. Results indicate that interest-free microcredit constitutes a decisive option for female artisans facing difficulties accessing traditional bank financing. By exempting them from interest burdens, these loans enable women to establish their own projects, leading to reduced poverty and unemployment rates. ANGEM Tipaza plays a pivotal role in job creation through both financial and moral support.

- Study (2023, Tria Djihad) titled The Impact of Microcredit Financing on Employment in Algeria, aimed to analyze the effect of Microcredit on job creation in Algeria. The study utilized the Algerian Financial Social Accounting Matrix (AFSAM) to analyze microcredit impacts on formal and informal employment overall, by gender, and skill level across economic sectors during the first National Employment Policy (NEP) and the second NEP with microcredit additions. Findings revealed that the most effective job creation policies were associated with the first NEP (2010-2014). Allocation of microcredit to services, transport, and communications sectors during this phase increased formal employment growth among skilled women, while allocation to agriculture, forestry, fisheries, and industry during the second NEP and subsequent additions boosted informal employment growth among unskilled women. Results demonstrate that differential sectoral allocation of microcredit is a critical factor in enhancing employment for target groups in Algeria.
- Study (2022, Karim and Heiba) titled The Role of Microcredit in Financing Entrepreneurial Projects in Algeria, attempted to determine the contribution of microcredit through ANGEM in financing entrepreneurial projects, particularly among women. Key findings indicate that Microcredit is among the most preferred financing tools for entrepreneurs, especially women, and that ANGEM plays an effective role in financing and developing small projects, thereby employing target groups and stimulating economic growth.

Despite the value of these studies, they do not sufficiently address the impact of microcredit on economic employment in Constantine province specifically, nor do they integrate a sectoral approach within the same framework. Therefore, a field study is needed to analyze the sectoral impact of microcredit on employment and productivity in Constantine.

2. *Microcredit from Genesis to Definition: A Pathway to Economic and Social Empowerment*

Microcredit represents one of the most prominent contemporary financial innovations that emerged in response to the needs of vulnerable groups for alternative financing instruments outside the traditional banking system. This concept has evolved since its inception with Muhammad Yunus's experience, crystallizing into varying international and national institutional definitions. Microcredit gains importance as a pathway toward economic and social empowerment, providing opportunities for income improvement, job creation, and enhancement of Financial Inclusion.

2.1 The Genesis of the Microcredit Concept

Modern microcredit is commonly attributed to Professor Muhammad Yunus. In 1976, during visits to the impoverished village of Jobra near Chittagong University in Bangladesh, he observed that very small loans could have a tangible impact on the lives of the poor. Traditional banks were unwilling to extend small loans due to perceived default risks, leaving many in critical financial situations. Yunus believed that with appropriate support, the poor could effectively manage these small loans and use them to improve their livelihoods. He began lending $27 of his own funds to 42 women in the village to purchase materials for crafting bamboo stools, which they subsequently sold. The women repaid the loan and sustained their businesses, proving that microfinance could empower the poor and enable them to retain their earnings. In December 1976, Yunus secured a loan from Janata Bank and expanded the initiative as an action research project under Chittagong University. By 1983, this project evolved into Grameen Bank, operating formally as an integrated institution dedicated to serving the poor. By July 2024, Grameen Bank had disbursed over $38,818.19 million to 10.6 million borrowers, reflecting the effectiveness of microfinance in poverty alleviation (Bank, 2025).

Dr. Yunus's achievements extend beyond Grameen Bank. In 2006, he was awarded the Nobel Peace Prize, which he shared with Grameen Bank, in recognition of his efforts to promote economic and social development through microfinance and poverty reduction. The international community embraced the concept of small loans to alleviate poverty by empowering the poor, increasing their incomes, creating new employment opportunities, and enabling them to escape the cycle of poverty.

Despite its significant success, microfinance trends underwent a radical shift over the past decade in multiple aspects. For instance, a notable transformation occurred in the official discourse on microfinance, particularly that promoted by the World Bank. The essence of this shift was a consistent emphasis not on income generation or gender equality, but on the language of "Financial Inclusion". This discourse reshaped microfinance as a practice fundamentally committed to guaranteeing those outside credit institutions or traditional financial systems (Aitken, p. 476).

2.2. Definition of Microcredit

The United Nations declared 2005 as the International Year of Microcredit based on official resolution A/RES/53/197 issued in December 1998. (United Nations General Assembly, 1998, p. 01)This year served as an opportunity to strengthen microcredit programs and enhance public awareness of them as an effective means of poverty alleviation and community empowerment.

Definitions of microcredit vary according to each organization's perspective, focusing on different aspects of this development tool. From the viewpoint of the Economic and Social Commission for Western Asia (UN ESCWA), microcredit is defined as: "A type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance" (Asia, 2025). Similarly, Mr. Juan

Somavia, Director-General of the International Labour Organization (ILO), defines it as: "Loans that create job opportunities and promote self-employment and livelihoods, helping people expand their economic activities to enable them to employ others. They can also become an important part of the social safety net and play a crucial role in women's empowerment" (Organization, 2025). Lastly, the National Agency for Microcredit Management (ANGEM) in Algeria defines microcredit as: "A loan granted to categories of citizens with no income or with a low, unstable or irregular income. Its main objective is the economic and social integration of targeted citizens through the creation of activities of production of goods and services" (Management, Frequently Asked Questions, 2025).

From the above, microcredit can be defined as an economic and social empowerment tool directed toward vulnerable groups, particularly in developing countries. It aims to support entrepreneurship and combat poverty, representing a common form of microfinance involving a very small loan granted to an individual to assist them in working for themselves or developing a small project.

2. 3. Economic and Social Importance of Microcredit

The philosophy underlying microfinance is "Teach the poor how to fish rather than giving them a share of the catch." Increasing the number of projects through microfinance enables income generation that allows the poor to live dignified lives, while simultaneously contributing to regional development through increased employment and local demand.

In developing economies, microcredit constitutes an effective mechanism for enhancing Financial Inclusion and providing capital to populations lacking collateral or access to traditional bank financing. For instance, an analysis in Bangladesh revealed that the total income of microcredit beneficiaries increased by 13.57%, investments rose by 26.17%, and debts decreased by 2.39% (ISLAM, 2022, p. 02) .This demonstrates that expanding microcredit disbursement yields economic impacts not only on individuals, families, communities, and regions but may also influence a country's economic and political stability. Socially, a study on the impact of microcredit programs on vulnerability and women's empowerment in southwestern Nigeria showed that female beneficiaries were significantly more empowered than non-beneficiaries. Beneficiaries reported improved negotiation power, increased household decision-making, and enhanced self-confidence. Through expanded use of financial services—access to microcredit—they also benefited from increased Financial Inclusion.

Similarly, in Benin, female beneficiaries of microcredit reported significantly greater empowerment, particularly regarding social responsibilities, living conditions, cultural participation, and rights. Positive effects were more pronounced among women who used microcredit to support income-generating activities such as small enterprises (Policy, 2025).

These examples illustrate that microcredit carries economic power to foster growth and employment opportunities, alongside positive social impacts manifested in promoting self-reliance, women's empowerment, and strengthening the family's economic foundation.

3. From Financing to Employment: Mechanisms of Microcredit's Impact on Local Market Dynamics

Microcredit constitutes a developmental mechanism extending beyond financial financing to reach employment and stimulate the local market. By financing projects, expanding their activities, and enhancing their competitiveness, it contributes to job creation and social development. Thus, microcredit becomes a link between financing and employment, reflecting its direct impact on local economic dynamics.

3. 1. Providing Initial Financing

Microcredit serves as the primary mechanism enabling micro-enterprises to overcome initial financing barriers, providing necessary capital for acquiring essential machinery, equipment, and raw materials to commence operations. In the United Kingdom, accessing financing is one of the most significant challenges facing small businesses and startups. Many of these companies struggle to secure financing due to limited financial history, absence of collateral, or weak credit ratings. Without adequate financing, business owners may find it difficult to invest in growth, innovation, or operational improvements. Microcredit offers a practical solution by providing smaller financing amounts with more favorable terms compared to traditional loans. Whether for launching a new project, purchasing equipment, or covering daily expenses, small loans play a vital role in supporting small business growth in the UK . (Finance, 2025) In Algeria, ANGEM's microcredit is directed toward establishing projects, including home-based ones, through acquiring small equipment and raw materials to initiate projects. This loan also covers necessary expenses to start activities or purchase priority raw materials (Loan, 2025).

3. 2. Expanding Operational Scope

Microcredit enhances the capacity of small and medium enterprises to expand their economic activities. A study (Moussa, 2020) demonstrated significant relationships between microcredit amounts and dependent balance sheet variables, indicating a direct positive financial impact. Data analysis using SPSS revealed that loans contributed to improved liquidity, sales revenue, and project profitability, facilitating customer base expansion and increased production and services. This correlation between microfinance and financial performance shows that microcredit is an effective tool for developing project capabilities and increasing profit expectations.

3. 3. Enhancing Competitiveness

Microcredit represents a fundamental support pillar for startups excluded by traditional banks due to lack of collateral. It provides flexible financing typically based on project economic viability assessments and community guarantees instead of strict banking collateral. This tool enhances Financial Inclusion and enables these entrepreneurs to enter the market, raising competition levels by introducing new and innovative forces into the local economy. A study (Agarwal, Thomas , Camelia , Andrea F. , & André F, 2023) on microcredit expansion in Rwanda found that initial beneficiaries who established credit histories through these loans subsequently accessed bank financing under better terms, supporting their competitiveness and strengthening the market environment.

3. 4. Job Creation

Microcredit is one of the effective mechanisms supporting small and micro-enterprises, as it provides project owners with necessary financing to launch or expand their activities, allowing increased production and services. This expansion naturally leads to the creation of new job positions, directly reducing unemployment rates, particularly among youth and women. These loans also enable beneficiaries to gain economic independence and enhance their managerial capabilities, thereby promoting project sustainability and their integration into the local economic fabric. Beyond its financial impact, microcredit mechanisms provide technical and administrative support that increases project success rates and extends their socioeconomic impact on local communities through job creation. According to a report by MicroBank, which leads small loan disbursement in Europe, €1,115.6 million was granted in Spain in 2023 as microloans not exceeding €30,000 without collateral, aimed at enhancing productive activity, creating jobs, and fostering personal and family development. Microloans provided by MicroBank created 28,521 direct jobs in 2023, a 63.4% increase from the previous year. The report further indicated that most employment in these companies was in professional services (39%), followed by retail trade (23%), hotels and restaurants (20%), and construction (9%), with the remainder divided between primary sectors and technology-related enterprises (Durán, 2025).

3. 5. Social Development

Microcredit constitutes one of the most significant financial instruments developed by states and developmental institutions to combat poverty and promote economic inclusion of vulnerable groups. This mechanism aims to empower individuals to launch income-generating small projects. Amid growing global interest in this financing model, studies and field experiences have emerged demonstrating its positive impact on improving living standards and achieving sustainable socioeconomic development. A study (ISLAM, 2022, pp. 6-7) reveals multiple mechanisms through which microcredit affects projects, showing that microcredit directly increases beneficiary income, with total income rising by 13.57% due to formal and informal loans. This income enhancement subsequently improves household living standards, evidenced by increased food expenditure and reduced food insecurity from 22.1% to 13%. Socially, microcredit improved beneficiaries' socioeconomic status, as the proportion of households classified as "extremely poor" decreased from 25.5% to 13.9%, while those transitioning to the "middle class" increased from 4.9% to 7.9%. This shift in income and social status fosters local economic development through a 26.17% increase in investments in productive activities such as purchasing agricultural and livestock inputs and supporting family enterprises, confirming microcredit's pivotal role as a mechanism for stimulating economic growth and social welfare in target communities.

3. 6. Technical and Administrative Support

Non-financial support mechanisms associated with microcredit—particularly training, mentorship, and guidance—are fundamental to enabling beneficiaries to manage their projects efficiently and sustainably. Findings from a study (Mengstie, 2022, pp. 7-8) demonstrate a significant positive impact of training sessions on economic empowerment, with a regression coefficient (Beta) of 0.224, significant at $p < 0.05$. This cognitive and skill-building support,

confirmed by statistical analysis, elevates projects' operational performance, making microcredit an effective tool not only through financial financing but also through developing the human capacities required for effective management.

4. Analyzing the Effectiveness of the National Agency for Microcredit Management (ANGEM) – Constantine Province in Supporting Job-Generating Projects

4. 1. Technical Profile of the National Agency for Microcredit Management – Constantine Province

The study aims to demonstrate the significant role played by the National Agency for Microcredit Management (ANGEM) in promoting micro-projects and its contribution to economic development through providing new job opportunities, fostering entrepreneurial spirit and innovation, achieving substantial increases in investment and employment, and maximizing added value**.**

4. 1. 1. Definition of the National Agency for Microcredit Management – Constantine Province

Launched for the first time in Algeria in 1999, microcredit enabled the creation of over 150,000 activities across various sectors. However, this initiative in its original form did not achieve the government's desired success due to lack of support during the early stages of project maturation and monitoring. This reality led to the establishment of a specialized institution named the "National Agency for Microcredit Management (ANGEM)" under Executive Decree No. 04-14 issued on 22 January 2004 (Management, Presentation, 2025).

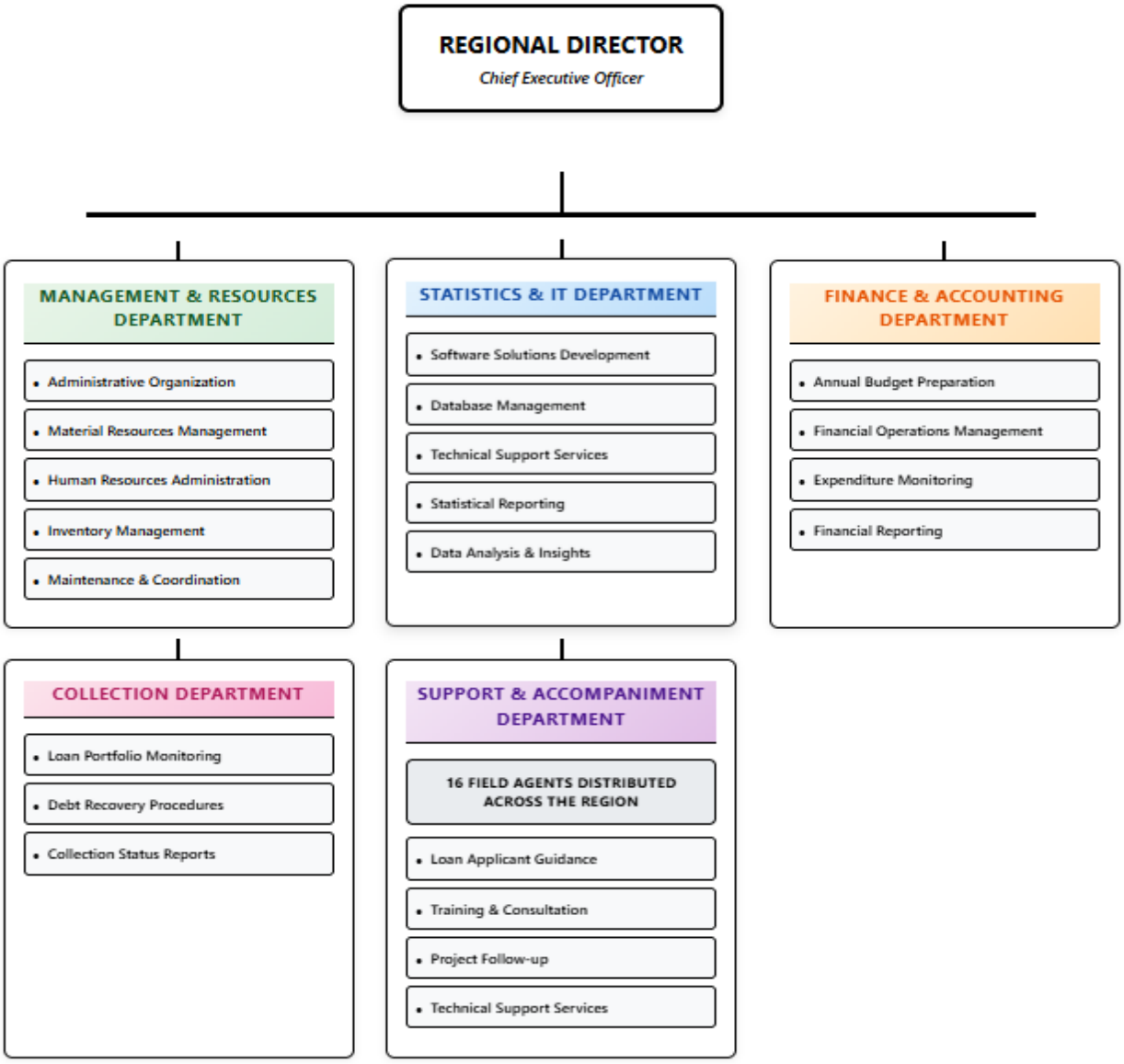
The headquarters of the National Agency for Microcredit Management is located in Constantine province at Bouali Said Area No. 03, Constantine city. The agency is responsible for implementing and monitoring microcredit programs, which constitute fundamental mechanisms adopted by the Algerian state to combat unemployment, particularly among youth and women, and to promote the social and economic integration of low-income populations**.**

The Constantine provincial branch began exercising its actual functions as a provincial branch of ANGEM in September 2006. Since then, it has played a pivotal role in supporting local development by assisting thousands of beneficiaries across various municipalities in the province, contributing to the creation of new job opportunities and achieving financial independence for numerous families.

4. 1. 2. Organizational Structure of the National Agency for Microcredit Management – Constantine Province

The organizational structure of the National Agency for Microcredit Management – Constantine Province is formed according to a precise administrative system aimed at ensuring operational effectiveness and achieving the strategic objectives set by the General Directorate of the National Agency. This structure is responsible for organizing internal work, distributing tasks, and monitoring the implementation of various programs at the provincial level, as shown in Figure 01.

Fig.1. Organizational Structure of the National Agency for Microcredit Management – Constantine Agency



Source: Department of the National Agency for Microcredit Management for Constantine Province.

4. 1. 3. Objectives of the National Agency for Microcredit Management

The National Agency for Microcredit Management seeks to achieve the following objectives: (Management, Objectives & Missions, 2025)

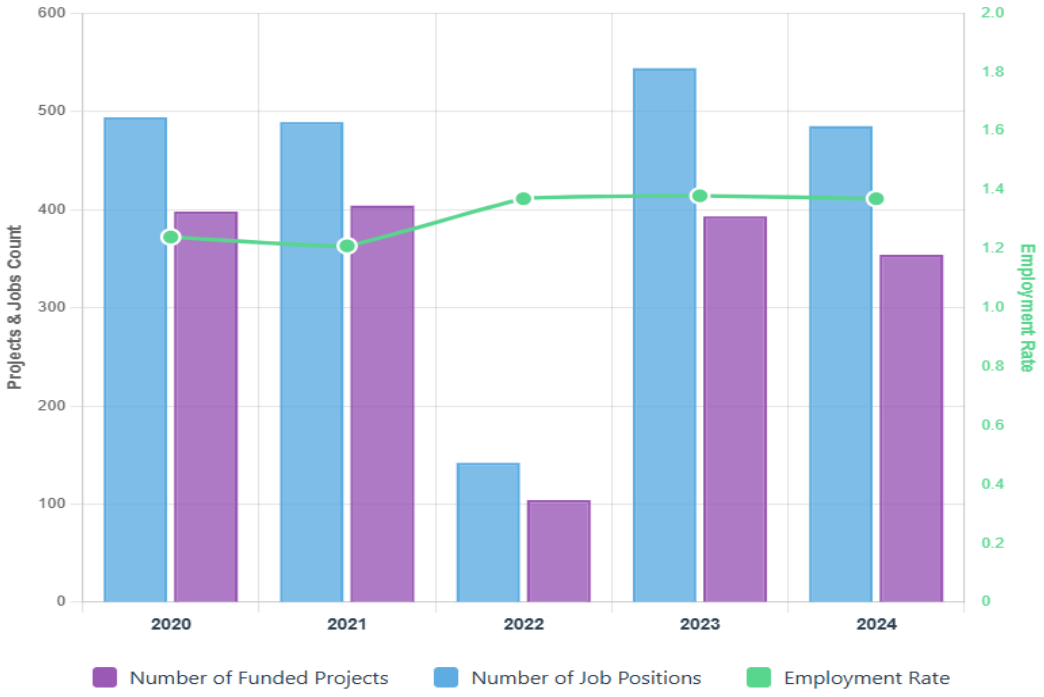
- Help fight unemployment and precariousness in urban and rural areas by promoting self-employment, home-based work and crafts, especially among female populations.
- Raise awareness among rural populations in their areas of origin through the emergence of production of goods and services businesses, that generate income and employment.
- Developing entrepreneurial spirit that would replace the assistantship and help to social integration and personal development of people.

- Support, advise and assist beneficiaries in the implementation of their small businesses, especially concerning the financing of their projects and during the exploitation phase as well.
- Monitoring the beneficiaries' small businesses ensuring that the agreements and contracts between them and ANGEM are respected.
- Training project backers and micro loans beneficiaries in mounting techniques and income generating business management, as well as in very small businesses.
- Organizing exhibitions-sales to support marketing of microcredit products.

4. 2. Analysis of the General Performance of the National Agency for Microcredit Management – Constantine Province during 2020-2024

To analyze the general performance of the National Agency for Microcredit Management – Constantine Province during 2020-2024, we examine Figure 2, which illustrates the evolution of the number of funded enterprises and newly created jobs under the framework of the National Agency for Microcredit Management – Constantine Province during 2020-2024.

Fig.2. Evolution of Funded Enterprises and Newly Created Jobs under the National Agency for Microcredit Management – Constantine Province during 2020-2024.



Source: Prepared by researchers based on statistical data provided by the National Agency for Microcredit Management for Constantine Province.

The total number of funded projects during the period reached 1,653 projects, with an annual average of approximately 331 projects. As for newly created jobs, their total amounted to 2,154 positions, representing an annual average of around 431 positions. This overall average reflects the significance of microcredit in maintaining a substantial annual pace in terms of

project creation and job provision, despite notable fluctuations characterizing the studied years, with high levels recorded in 2020 and 2021, contrasted by sharp declines in 2022 and 2024.

Figure 02 reveals that 2020 marked a starting point with 398 projects and 494 jobs, indicating an employment ratio of approximately 1.24 jobs per project. In 2021, relative stability was observed with 404 projects and 489 jobs, yielding an employment ratio close to 1.21 jobs per project. However, 2022 constituted the lowest point in the series, with projects not exceeding 104, generating 142 jobs at an employment ratio of approximately 1.37 jobs per project—the highest in the period despite fewer projects, reflecting relatively better returns on completed projects. The year 2023 was distinguished by financing 393 projects and providing 544 jobs, achieving an employment ratio of approximately 1.38 jobs per project, representing the best indicator in terms of employment intensity. Conversely, 2024 witnessed a decline to 354 projects and 485 jobs, with an employment ratio reaching 1.37 jobs per project, indicating that completed projects maintained considerable returns despite the relative decrease in total numbers. Thus, it can be stated that the employment ratio per project showed relative improvement over the years, even during periods of overall project decline.

Analysis of the data indicates that the general performance of the National Agency for Microcredit Management (ANGEM) – Constantine during 2020–2024 was characterized by volatility, yet it achieved positive overall outcomes in employment generation. Key observations can be summarized as follows:

- The annual average of funded projects was 331, matched by an average of 431 jobs, reflecting the structural impact of microcredit on labor market support.
- A clear positive correlation exists between the number of funded projects and jobs created, though the employment ratio per project shows notable stability across years, hovering around 1.3 jobs/project.
- 2022 represented the lowest level in project numbers, yet demonstrated higher relative efficiency in terms of employment intensity of completed projects.
- 2023 stood out as a dual peak year, both in total project numbers and job creation, with a substantial employment ratio, making it a reference year for evaluating the Agency's performance.
- 2022 experienced a sharp decline in funded projects, attributable to:

✓ Insufficient financial resources allocated for financing during that period, adversely affecting the Agency's capacity to respond to funding requests from project proponents on one hand, and beneficiary turnout on the other.

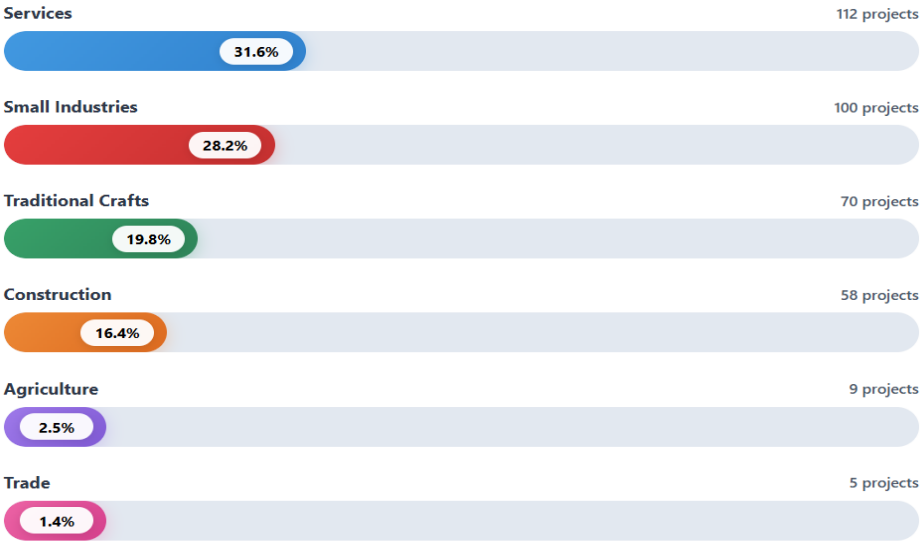
✓ Procedural changes affecting the Agency, particularly following the transfer of its supervision from the Ministry of National Solidarity to the Ministry of Knowledge Economy and Startups, which caused temporary instability in policy direction, thereby impacting the processing of files and financing programs.

Based on this, future attention should focus on maintaining financing stability while enhancing project employment intensity, thereby achieving a balance between quantitative and qualitative outcomes in the Agency's local development results.

4. 3. Analysis of Sectoral Distribution of Funded Projects by the National Agency for Microcredit Management – Constantine Province in 2024

The total number of projects funded across sectors by the National Agency for Microcredit Management – Constantine Province in 2024 reached 354 projects across various economic sectors, resulting in the creation of 485 jobs. The services sector recorded the highest number with 112 projects, while the trade sector had the lowest with 5 projects—a difference of 107 projects between them. The average per sector was 59 projects. Figure 3 below illustrates the ranking of economic sectors by project count and their percentage of the total.

Fig.3. Ranking of Economic Sectors by Project Count in 2024.



Source: Prepared by researchers based on statistical data provided by the National Agency for Microcredit Management for Constantine Province.

From the previous figure, it is observed that three main sectors (services, small industries, traditional crafts) collectively account for approximately 80% of total projects. This pattern indicates an investment orientation favoring sectors with employment dynamics (particularly services and small industries), considering them sectors with greater employment capacity and market integration potential. It maintains margins for traditional sectors and construction, with marginal presence of trade.

4. 4. Analysis of Distribution of Newly Created Jobs by Sector by the National Agency for Microcredit Management – Constantine Province in 2024

The analysis of the distribution of newly created jobs across economic sectors constitutes a fundamental indicator for understanding the local economic structure and identifying sectors capable of leading the development process. This helps determine the efficiency of microcredit mechanisms in directing investments toward activities with the greatest job creation potential. Figure 4 below illustrates the distribution of jobs by sector for 2024.

Fig.4. Distribution of Jobs by Sector in 2024.



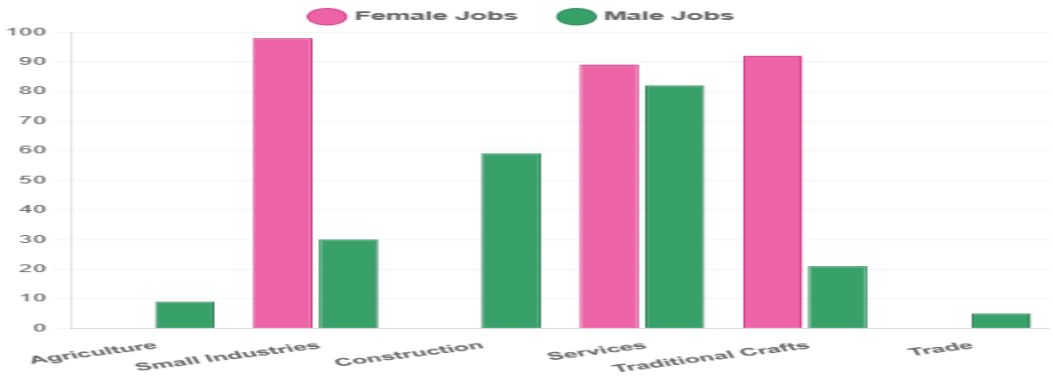
Source: Prepared by researchers based on statistical data provided by the National Agency for Microcredit Management for Constantine Province.

The total newly created jobs sectorally under the framework of the National Agency for Microcredit Management – Constantine Province reached 485 positions. The services sector dominated with 171 jobs (35.3% of the total), followed by small industries with 128 jobs (26.4%), and traditional crafts with 113 jobs (23.3%). These three main sectors collectively accounted for approximately 85% of total employment opportunities. Meanwhile, the construction sector ranked fourth with 59 jobs (12.2%), while agriculture and trade recorded the lowest shares with 9 jobs (1.9%) and 5 jobs (1.0%) respectively. These indicators reflect the Agency's capacity to target six key sectors, with a clear focus on service activities and small-scale productive industries as primary drivers of employment.

4. 5. Analysis of Distribution of Newly Created Jobs by Gender by the National Agency for Microcredit Management – Constantine Province in 2024

Analyzing the distribution of newly created jobs by gender across economic sectors serves as a vital tool for measuring the extent of justice and equality in employment opportunities, reflecting the effectiveness of financing policies targeting beneficiary groups. This analysis also reveals the role of microcredit mechanisms in women's economic empowerment and enhancement of their participation in local development. Figure 5 below illustrates the distribution of newly created jobs by gender by the National Agency for Microcredit Management – Constantine Province in 2024.

Fig.5. Distribution of Newly Created Jobs by Gender by the National Agency for Microcredit Management – Constantine Province in 2024.



Source: Prepared by researchers based on statistical data provided by the National Agency for Microcredit Management for Constantine Province.

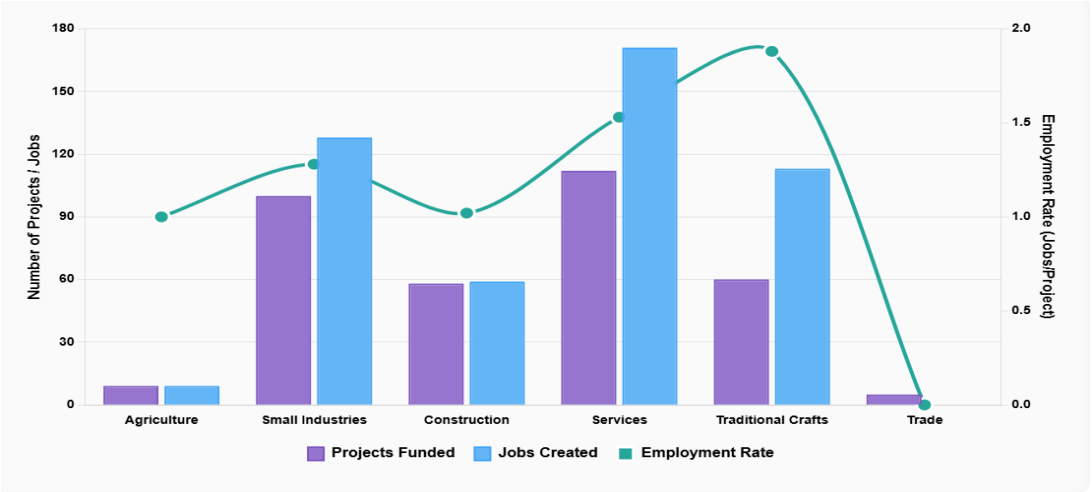
Analysis of gender distribution data for newly created jobs in Constantine province during 2024 under ANGEM programs reveals a total of 485 new jobs, with notable female predominance in the emerging labor market. Females constituted 57.5% (279 positions) of total jobs compared to 42.5% (206 positions) for males, representing a 73-position gap favoring females. At the sectoral level, distribution patterns vary significantly: in small industries and traditional crafts, female participation reaches 76.6% (98 females vs. 30 males) and 81.4% (92 females vs. 21 males) respectively, while the services sector shows relative balance (52% females vs. 48% males). Conversely, male dominance is absolute in construction (100% males), agriculture (100% males), and trade (100% males). Females are concentrated in small industries (35.1% of their total positions) and traditional crafts (33.0%), with strong presence in services (31.9%), and complete absence from the latter three sectors. Males demonstrate more diversified distribution, primarily concentrated in services (39.8%) and construction (28.6%), with absolute dominance in sectors with traditional or physically demanding characteristics.

The analysis of Figure 5 data indicates relative success of microcredit programs in women's economic empowerment, as their participation exceeds 57.5% of total positions, with sectoral diversification focusing on productive activities like small industries and crafts (23.3% of total), alongside relative balance in services. However, challenges include the complete absence of females from three fundamental sectors (construction, agriculture, trade). This necessitates enhancing female participation in trade through specialized training programs, developing women-led agricultural projects, and promoting joint cooperatives between genders to ensure complementarity. Expanding the services sector to leverage growing demand is also recommended.

4. 6. Analysis of Sectoral Effectiveness in Job Creation by the National Agency for Microcredit Management – Constantine Province in 2024

Evaluating the efficiency of economic sectors in job creation constitutes a fundamental pillar for assessing the performance of microcredit mechanisms and their achievement of Sustainable Development Goals. Figure 6 below illustrates the ranking of economic sectors by employment rate for 2024.

Fig.6. Ranking of Economic Sectors by Employment Rate in 2024.



Source: Prepared by researchers based on statistical data provided by the National Agency for Microcredit Management for Constantine Province.

The analysis of the performance of the National Agency for Microcredit Management in Constantine Province for 2024 shows the financing of 354 projects, leading to the creation of 485 jobs, with an overall employment efficiency rate of 1.37 jobs per project. Sectorally, the sectors can be divided into three levels based on employment efficiency:

- Level One (High Efficiency > 1.5): Led by Traditional Crafts with an employment efficiency of 1.61 jobs/project (the highest), contributing 23.3% of total jobs through only 70 projects, followed by the Services sector with 1.53 jobs/project, which is the most impactful with a total of 171 jobs (35.3% of jobs) despite financing 112 projects.
- Level Two (Medium Efficiency 1.2-1.5): Includes Small Industries which achieved a rate of 1.28 jobs/project, recording 128 jobs (26.4% of jobs) through 100 projects, i.e., 6.6% below the general average.
- Level Three (Low Efficiency ≤ 1.1): Represented by the Construction sector (1.02 jobs/project), and Agriculture and Trade (1.00 jobs/project for each), where their efficiency declined significantly from the general average by rates of 25.5% for Construction and 27% for Agriculture and Trade, reflecting a waste of resources.

What can be concluded from the analysis of Figure 6 data is the sharp disparity in investment, where three sectors accounted for 80% of the projects, while the Agriculture and Trade sectors were neglected (only 4% of the total), threatening food security and weakening the local economy. Traditional Crafts and Services also emerged as successful models, while the Construction sector suffered from weak efficiency (1.02 jobs/project), despite financing 58 projects.

5. Conclusion

This study analyzes the role of microcredit as a fundamental mechanism in enhancing employment policies in Algeria, with special focus on the experience of the National Agency for Microcredit Management (ANGEM) in Constantine Province during 2020-2024. The study presents an evaluation of sectoral and institutional performance, based on ANGEM's statistical data.

5. 1. Results

The results revealed:

- Data showed that microcredit contributed to financing 1,653 projects and creating 2,154 jobs in Constantine between 2020-2024, with an annual average of 431 jobs. Analyses also revealed a noticeable improvement in employment efficiency (from 1.2 to 1.8 jobs/project), reflecting its pivotal role in providing essential financing for micro-enterprises and expanding their operations.
- Despite a positive correlation (increase in projects accompanied by increase in jobs), data showed variation in employment efficiency across years. For example, 2022 witnessed a sharp decline in project numbers (104 projects) but achieved good employment efficiency (1.37 jobs/project), while 2023 recorded peaks in both financing volume (393 projects) and efficiency (1.38 jobs/project).
- Data revealed significant variation in job creation efficiency by sector for 2024:

- Level One with high efficiency: Led by Traditional Crafts with an employment efficiency of 1.61 jobs/project (the highest), contributing 23.3% of total jobs through only 70 projects, followed by the Services sector with 1.53 jobs/project, which was the most impactful with a total of 171 jobs (35.3% of jobs) despite financing 112 projects.
- Level Two with medium efficiency: Includes Small Industries which achieved a rate of 1.28 jobs/project, recording 128 jobs (26.4% of jobs) through 100 projects.
- Level Three with low efficiency: Represented by the Construction sector (1.02 jobs/project), and Agriculture and Trade (1.00 jobs/project for each). This confirms that Services, Traditional Crafts, and Small Industries sectors are most capable of achieving social and economic added value.

– ANGEM proved its ability to create jobs with direct impact in combating unemployment, especially among women. 2024 witnessed significant female dominance in the newly created job market, where females constituted 57.5% of total positions (279 jobs vs. 206 for males). This female empowerment was particularly prominent in Traditional Crafts (81.4% female) and Small Industries (76.6% female) sectors, while women were completely absent from Construction, Agriculture, and Trade sectors.
– The study highlighted that project success depends not only on financing but also on accompanying support (training, mentoring, guidance). Projects benefiting from capacity-building programs recorded higher sustainability.
– Fluctuations in annual performance reflect the fragility of the current model due to reliance on government funding and lack of institutional stability.

5. 2. Discussion

The study confirmed that microcredit constitutes a cornerstone in Algerian employment policies, but its effectiveness remains contingent on addressing structural and sectoral challenges. While ANGEM Constantine proved its ability to create jobs with direct social and economic impact, sustaining this role requires radical institutional reforms and a strategic focus on the most efficient sectors. Below are some proposed recommendations that we believe will contribute to transforming microcredit from a temporary tool for combating unemployment into a sustainable mechanism for economic and social development, aligning with international goals of Financial Inclusion and economic empowerment:

– Enhance institutional stability by establishing a legislative framework ensuring financing continuity and protecting the Agency from political fluctuations.
– Diversify funding sources by establishing a National Microcredit Fund supported by the private sector and international financial institutions.
– Adopt an advanced risk assessment system to determine financing priorities based on economic feasibility and employment capacity.
– Develop mechanisms for post-financing project monitoring to ensure sustainability.
– Strengthen sectoral focus by increasing concentration on the most efficient sectors (Traditional Crafts, Services) while supporting them with specialized training programs. Re-evaluate investments in the Trade sector, which showed zero employment efficiency.

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