

The role of the NESDA agency in supporting small and medium-sized enterprises (SMEs A): analytical Study of the Batna Province Agency

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Abstract:

The study aims to explore the role of the NESDA agency in supporting small and medium-sized enterprises (SMEs),

This article examines the role of the National Agency for Entrepreneurship Support and Development (NESDA) in supporting small and medium-sized enterprises (SMEs) in Batna Province, Algeria, by assessing the effectiveness and efficiency of its activities. Case study approach methodology was applied; the research analyzes NESDA's initiatives and their impact on entrepreneurship development in the region. Data were collected through secondary data, including entrepreneurs and NESDA officials, as well as a review of relevant documents and program reports, through the provision of data and statistics on the agency's operations during the period from 2013 to 2023. The findings revealed that while the agency plays a significant role in supporting micro-enterprises and offers various benefits, it still faces challenges related to training and the lack of professional competence among entrepreneurs. As a result, reforms have been directed towards linking the agency's activities with higher education institutions and establishing entrepreneurship development centers.

Keywords: Small and Medium-Sized Enterprises (SME); Entrepreneurial; Financing. NESDA

JEL codes: H32 ; M13 ; Z23 ; H81

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I- Introduction:

Small and medium-sized enterprises (SMEs) are widely recognized as the backbone of economies around the world, playing a vital role in fostering economic development and reducing unemployment (Beck, Demirgüç-Kunt, & Levine, 2005). In Algeria, SMEs are particularly crucial given the country's ongoing economic challenges and the need for job creation. However, the definition and classification of SMEs vary significantly across regions and sectors, complicating efforts to establish a universal framework for their support (OECD, 2005). For instance, what may be classified as a small enterprise in the industrial sector could be deemed medium or large in the service sector, and the distinctions further blur between developed and developing nations (Ayyagari, Beck, & Demirgüç-Kunt, 2007).

Despite the proliferation of institutions designed to support these enterprises, a notable knowledge gap persists regarding the effectiveness of such support systems. While many assume that these supporting organizations—ranging from governmental agencies to private

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incubators—provide essential resources, mentorship, and funding to nascent companies, there is limited empirical evidence to fully understand the extent of their impact on startup success.

This knowledge gap raises critical questions: Do these institutions genuinely facilitate the growth of startups, or do they merely serve as a façade for entrepreneurial support without delivering tangible results? Moreover, what specific types of assistance are most beneficial to startups, and how do these vary across different industries and geographic regions? Addressing these questions is vital for entrepreneurs, policymakers, and stakeholders seeking to optimize the support mechanisms available, ensuring that the resources allocated to small businesses translate into meaningful outcomes. By investigating the role of these institutions, we can better understand their contributions to fostering a robust entrepreneurial ecosystem and identify areas for improvement that could enhance their effectiveness in supporting new ventures.

SMEs in Algeria face numerous obstacles, including limited access to financing, bureaucratic hurdles, and inadequate infrastructure (World Bank, 2018). To address these challenges, the Algerian government has implemented various initiatives, including the establishment of the National Agency for Entrepreneurship Support and Development (NESDA). NESDA aims to support young entrepreneurs by providing guidance, financial assistance, and training to help them navigate the complexities of starting and managing a business (NESDA, 2020).

There remains a significant gap in understanding the effectiveness of these initiatives. While studies have documented the challenges SMEs face, such as limited access to financing, bureaucratic obstacles, and market competition (UNIDO, 2019), there is a lack of comprehensive analysis focused on the specific impacts of NESDA's programs on SMEs in various regions, particularly in Batna Province. Furthermore, existing literature often overlooks the nuances of how these support mechanisms operate within different sectors and stages of enterprise development. This gap is critical because the effectiveness of support programs can vary significantly based on local economic conditions, cultural factors, and the specific needs of entrepreneurs. Without targeted research, policymakers may struggle to design interventions that effectively address the unique challenges faced by SMEs in different contexts. Additionally, the period under review (2013-2023) encompasses significant economic changes in Algeria, including shifts in government policy and external economic pressures. Analyzing this timeframe is essential to understand how these dynamics influence the performance and sustainability of SMEs. Therefore, this study seeks to fill these gaps by providing an in-depth examination of NESDA's effectiveness in supporting SMEs, thereby contributing to a more nuanced understanding of entrepreneurship development in Algeria.

This study evaluates the effectiveness of NESDA's activities in supporting and establishing SMEs in Batna Province from 2013 to 2023, providing valuable insights into the agency's impact and the broader implications for SME development in Algeria. This study is of utmost importance as it covers the period from 2013 to 2023, with the latter being the final year under the previous decree. Therefore, it serves as an evaluative study marking the beginning of the implementation of the new 2024 decree.

To address the issue, an analytical approach was employed by dividing the study into three main sections:

- **Theoretical Foundation:** This section covers the theoretical background of small and medium-sized enterprises (SMEs) and provides a profile of the agency.
- **Methodology of the Field Study:** This part involves analyzing various figures and statistics related to the agency's activities in Batna Province.
- **Results and Discussion:** This section evaluates the effectiveness and efficiency of the agency's activities and assesses the validity of the hypotheses .

II- Background of the study:

Small and Medium Enterprises (SMEs) are widely recognized as pivotal players in economic development, contributing significantly to job creation, innovation, and overall economic vitality. This literature review synthesizes key findings from various studies, highlighting the importance of SMEs, the challenges they face, and the support mechanisms available to enhance their growth and sustainability.

Numerous studies emphasize the critical role of SMEs in economic development. According to the World Bank (2019), SMEs account for approximately 90% of businesses and over 50% of employment worldwide. They contribute to GDP and help stimulate local economies by fostering competition and innovation (Ayyagari, Beck, & Demirgüç-Kunt, 2007). Furthermore, SMEs often serve niche markets, providing unique products and services that larger corporations may overlook (OECD, 2017).

Research by Storey (1994) indicates that SMEs are significant drivers of innovation, as they are more agile and can adapt quickly to changing market demands compared to larger firms. This adaptability allows SMEs to experiment with new ideas, leading to the development of groundbreaking products and services (Zahra, 1996).

Despite their importance, SMEs encounter several challenges that hinder their growth. Access to finance is a prominent issue; studies show that SMEs often struggle to secure funding due to perceived risks by financial institutions (Beck, Demirgüç-Kunt, & Maksimovic, 2005). This challenge is exacerbated for startups, which may lack credit histories or sufficient collateral (Berger & Udell, 2006).

Regulatory barriers also pose significant challenges for SMEs. According to the OECD (2019), complex regulatory frameworks can disproportionately affect smaller enterprises, which often lack the resources to navigate compliance effectively. Additionally, SMEs face intense competition from larger firms that benefit from economies of scale, making it difficult for them to compete on price (Cohen & Roper, 2010). Resource limitations further complicate the operational landscape for SMEs. Many small businesses struggle to attract and retain skilled employees due to limited financial resources and benefits (Gibb, 2000). This issue is compounded by the rapid technological advancements that require continuous upskilling and adaptation.

To address these challenges, various support mechanisms have been developed. Government programs often play a crucial role in providing financial assistance and subsidies to SMEs. For instance, the European Commission (2018) highlights the importance of targeted funding programs that can alleviate the financial burden on SMEs, enabling them to invest in growth and innovation.

Business incubators and accelerators have emerged as effective support structures for startups and SMEs. These programs offer mentorship, networking opportunities, and access to resources that can significantly enhance the chances of success (Cohen, 2013). Research indicates that firms participating in incubator programs tend to achieve higher growth rates and sustainability compared to those that do not (Hackett & Dilts, 2004).

Training and development initiatives are also critical in equipping SME owners and employees with the necessary skills to thrive. According to a study by the International Labor Organization (2016), targeted training programs can help SMEs improve their operational efficiency and competitiveness.

The definition of small and medium-sized enterprises (SMEs) in Algeria has evolved significantly over time, particularly following years of neglect by public authorities in shaping a developmental strategy. Prior to the enactment of a formal legal framework, various unofficial definitions existed, leading to ambiguity in characterizing these enterprises. This situation was addressed with the issuance of Law No. 01/18 on December 12, 2001, which established a guiding framework for the promotion of SMEs in Algeria. According to Article 4 of Law No. 01/18, SMEs are defined as:

"Any enterprise engaged in the production of goods and/or services, regardless of its legal form, employing between 1 and 250 people, with an annual turnover not exceeding 2 billion DZD, or a total annual balance sheet not exceeding 500 million DZD, and having autonomy, such that no more than 25% of its capital is owned by another enterprise or a group of enterprises that does not fit the definition of an SME."

This definition provides a clear demarcation for identifying SMEs and underscores the importance of autonomy in their classification, which is crucial for understanding their role in the economy (Algerian Ministry of Industry, 2001).

Law No. 01/18 further articulates the boundaries and classification criteria for SMEs in Articles 5, 6, and 7, which delineate the different categories of SMEs based on their size, capital, and operational capacity. This legal framework facilitates a systematic approach to understanding the distribution and characteristics of SMEs throughout Algeria.

This classification is crucial for policymakers and economists as it provides a structured understanding of the SME landscape in Algeria, allowing for targeted support and development strategies aimed at enhancing the performance and sustainability of these enterprises. From table 1, we conclude that the definition of institutions S and M is based on three criteria: users, turnover and annual revenue, in addition to the institution's independence.

The following table summarizes the key classifications outlined in the law:

Category	Number of Employees	Annual Turnover (DZD)	Total Balance Sheet (DZD)
Micro Enterprises	1 – 9	≤ 1 million	≤ 1 million
Small Enterprises	10 – 49	≤ 20 million	≤ 10 million
Medium Enterprises	50 – 250	≤ 2 billion	≤ 500 million

Source: (01/18, Law for the Promotion of SMEs, 2001)

II- Case study of NESDA to support SMEs:

1. NESDA, objectives and roles:

The establishment of the National Agency for the Support and Development of Entrepreneurship (NESDA) represents a significant shift in Algeria's approach to fostering entrepreneurship, particularly among youth. NESDA was created as a successor to the National Agency for the Support of Youth Employment, aiming to address the shortcomings of its predecessor by providing a more robust framework for entrepreneurship support (Executive Decree, 2022).

The National Agency for the Support of Youth Employment was initially established by Executive Decree No. 96-296 on September 8, 1996, under the authority of the Prime Minister, with the Minister of Employment responsible for overseeing its activities. This agency aimed to promote youth employment through the establishment of small enterprises focused on producing goods and services (Decree, 1996).

In 2022, NESDA was formalized under a new executive decree, positioning it within the Ministry of Knowledge Economy, Startups, and Micro-enterprises. As a governmental body with legal personality and financial independence, NESDA is tasked with managing a comprehensive system designed to support project holders in creating and expanding small enterprises (Executive Decree, 2022). The agency's objectives include:

- Promoting an entrepreneurial ecosystem that fosters the creation, funding, and development of resilient micro-enterprises capable of generating sustainable value.
- Providing training to project holders on essential skills for establishing and managing micro-enterprises.
- Supporting project holders through various stages of micro-enterprise development until operations commence.
- Offering financing options to assist in the establishment and expansion of micro-enterprises.

To access the agency's support, project owners must meet specific conditions. These include:

- Being between 18 and 55 years of age.
- Possessing professional qualifications or recognized cognitive abilities, substantiated by a relevant certificate or training from the Entrepreneurship Development Center.

NESDA aims to reduce youth unemployment and harness the skills of young entrepreneurs to stimulate the economy. To achieve this, the agency offers various financing options, alongside financial and tax incentives designed to encourage private project initiatives and promote small enterprises.

NESDA recognizes three primary financing types:

- Self-financing: The project owner independently funds the entire investment without external assistance.
- Dual financing: This model combines the entrepreneur's personal financial contribution with an interest-free loan from the agency.
- Triple financing: This approach includes the project owner's contribution, an interest-free loan from NESDA, and a bank loan, with the agency covering part of the interest based on the nature and location of the activity. This financing model is backed by the Joint Guarantee Fund for Loan Risk Coverage (The National Agency for Support and Development of Entrepreneurship, 2024).

The National Agency for the Support of Youth Employment was established by Executive Decree No. 96-296, dated September 8, 1996. It was placed under the authority of the Prime Minister, and the Minister in charge of employment was responsible for the practical supervision of all the agency's activities. It later became part of the Ministry of Employment and National Solidarity. The agency is a national body with a special status, enjoying legal personality and financial independence. Its goal is to encourage all forms of initiatives aimed at boosting the youth employment sector through the establishment of small enterprises for the production of goods and services. (Decree, the agency and defining its regulations., 1996)

According to the Executive Decree, the National Agency for the Support and Development of Entrepreneurship (NESDA) was established as a successor to the National Agency for the Support of Youth Employment. It is a governmental body with a special status, placed under the supervision of the Ministry of Knowledge Economy, Startups, and Micro-enterprises. (Decree, Executive Decree , which assigns supervisory authority to the Minister of Knowledge Economy, Startups, and Micro-Enterprises., 2022) The agency is responsible for managing a system with an economic approach aimed at supporting project holders in creating and expanding small enterprises in the production of goods and services, with the goal of creating wealth and job opportunities.)Executive Decree(2020 ‘

The main objectives of the system includes:

- The National Agency for the Support and Development of Entrepreneurship seeks to promote an entrepreneurial ecosystem that encourages the creation, funding, and development of high-performance, resilient micro-enterprises that generate sustainable added value for citizens and the nation.
- Training project holders on the most important theoretical and practical skills related to the establishment and management of micro-enterprises.

- Accompanying project holders through various stages of establishing their micro-enterprises until the start of operations.
- Providing financing options for project holders to establish and expand their micro-enterprises.

The following table outlines the financing options adopted following the 2024 amendments.

Table 02: Financing Options Adopted by NESDA According to the 2024 Amendments

Self-Financing								
Investment Value			Personal Contribution (Cash or In-Kind)					
10.000.000 دج			100%					
Dual Financing								
Investment Value Up to DZD 10,000,000								
Interest-Free Loan (Agency)			Personal Contribution (Cash or In-Kind)					
50%			50%					
Triple Financing								
Investment Value Up to DZD 10,000,000								
Unemployed and University Students								
All Areas								
Bank Loan		Personal Contribution				Interest-Free Loan (Agency)		
70%		5%				25%		
Non-Unemployed								
Bank Loan			Personal Contribution			Interest-Free Loan (Agency)		
Other Areas	Plateau & Special Area	South	Other Areas	Plateau & Special Area	South	Other Areas	Plateau & Special Area	South
%70	%70	%70	%15	%12	%10	%15	%18	%20

Source: The National Agency for Support and Development of Entrepreneurship, 2024

From the table, we observe that the agency offers a variety of financing options to benefit from a loan of up to DZD 10 million, which takes into account the different needs of entrepreneurs based on their financial situation and geographic location. The options are as follows:

Self-financing relies entirely on the entrepreneur's own resources, with the personal contribution being 100% of the investment value, without the need for loans or additional support. Dual financing involves a personal contribution of 50%, with the interest-free loan provided by the agency covering the remaining 50% of the investment value.

Triple financing targets two categories. For unemployed individuals and university students, triple financing is offered in all regions, consisting of a 25% interest-free loan from the agency, a 5% personal contribution, and a 70% bank loan of the investment value. For non-unemployed individuals, this option also applies, with different percentages based on geographic regions. The agency loan percentage ranges from 15% to 20%, depending on the region, while the entrepreneur's personal contribution ranges from 10% to 15%. The bank loan remains constant at 70% across all regions.

From these financing options, we can observe that triple financing provides significant support through bank loans, with a low personal contribution, encouraging entrepreneurs to start their projects. Additionally, the lower percentages in the southern regions compared to other areas reflect policies aimed at incentivizing investment in less developed regions.

The financial aid includes a non-repayable loan, which the agency grants to project holders, with a percentage ranging between 15% and 50%, depending on the financing option, the region where the project is being implemented, and the status of the project owner. Additionally, when necessary, project holders can benefit from an additional non-repayable loan of up to DZD 500,000 to cover the cost of renting a premises or a docking space at ports designated for the production of goods and services, excluding non-resident activities. This loan is granted when project holders resort to bank financing during the establishment phase of activities. Project holders can also benefit, on an exceptional basis, from an additional non-repayable operating loan of up to DZD 1,000,000.

In terms of tax benefits, during the implementation phase, there is an exemption from property transfer fees for real estate acquisitions related to the establishment of an industrial activity. Additionally, there is an exemption from value-added tax (VAT) for equipment and services directly involved in the implementation of the investment during the creation and expansion phases for activities subject to the real tax system. A reduced 5% customs duty rate applies for imported equipment directly involved in the implementation of the investment.

During the operating phase, there is an exemption from property tax on buildings and additional constructions for a period of 3, 6, or 10 years, depending on the project's location, starting from the date of completion. There is also an exemption from the flat-rate tax or income tax for a period of 3, 6, or 10 years, depending on the project's location, starting from the date of operation. After the initial exemption period, it can be extended for an additional two years if the investor commits to employing at least three workers on a permanent basis. Failure to meet the job creation commitment will result in the withdrawal of the granted benefits and the requirement to pay the applicable duties and taxes.

A micro-enterprise is created through the NESDA agency according to a series of steps. First, the project idea is established, followed by entrepreneur training at Entrepreneurship Development Centers to improve the entrepreneur's skills and knowledge. Registration can be done via the NESDA website. Reception and guidance are provided by the agency's team within the framework of the necessary support. The project must then receive approval from the Project Selection, Approval, and Financing Committee through the submission of a file that includes a business plan. After receiving committee approval, the next step is to obtain bank approval for financing.

The agency assists the entrepreneur in the legal establishment of the enterprise, with guidance provided by agency trainers at Entrepreneurship Development Centers. Following this, project financing occurs, leading to the project launch through the receipt of the first orders, the start of production, and the delivery of the first sales. The agency's role doesn't end when the activity starts; the enterprise needs ongoing support to ensure sustainability and continuity. To

benefit from the agency's services, it is necessary to participate in the training programs at Entrepreneurship Development Centers.

2. Entrepreneurship Development Centers:

Entrepreneurship Development Centers were established as structures to receive and support students and graduates from higher education and scientific research institutions who are project holders. The aim is to enable them to materialize their ideas and establish their micro-enterprises. This initiative resulted from a cooperation agreement between the Ministry of Higher Education and Scientific Research and the Ministry of Knowledge Economy, Startups, and Micro-enterprises. During the National Conference for Entrepreneurial Students held on July 13, 2023, at the International Conference Center, the launch of these centers was announced as a replacement for the entrepreneurship units in Algerian universities. Furthermore, on November 20, 2023, the Entrepreneurship Development Center was classified as a Joint Research Service under Executive Decree No. 23-410, complementing Executive Decree No. 12-293, which defines the tasks, organization, and functioning of joint scientific and technological research services (Decision, 2024).

The center aims to achieve several objectives. Firstly, it has an informational and awareness objective, seeking to raise awareness among university students about the importance and benefits of entrepreneurial work, thereby instilling an entrepreneurial culture. Secondly, it focuses on guidance by supporting students in identifying projects that align with their goals and aspirations. The training objective ensures comprehensive training for students in the field of entrepreneurship. Lastly, the economic objective aims to drive development and positively contribute to the national economy by supporting the creation of wealth-generating projects.

To accomplish these goals, the Entrepreneurship Development Center undertakes various tasks. This includes organizing seminars and awareness-raising activities to attract students with investment ideas and providing necessary consultancy to university students regarding entrepreneurial work. The center also organizes competitions and specialized training sessions on topics such as establishing businesses, managing enterprises, the relationship between the enterprise and various stakeholders (including shareholders, funders, customers, suppliers, tax authorities, and social security), financing methods, and government support systems. Additionally, it coordinates with the business incubator, innovation center, and university-industry liaison office to provide comprehensive services for various investment projects.

Methodology:

This section outlines the methodology employed in the case study examining the impact of the National Agency for the Support and Development of Entrepreneurship (NESDA) on small and medium-sized enterprises (SMEs) in Batna Province, Algeria. The methodology incorporates both quantitative and qualitative approaches to provide a comprehensive analysis of NESDA's effectiveness.

1. Research Design:

A mixed-methods research design was utilized, combining quantitative data analysis with qualitative interviews. This approach allows for a richer understanding of the impact of NESDA by quantifying outcomes while also capturing the nuanced experiences of entrepreneurs.

2. Data Collection:

2.1 Quantitative Data:

Secondary Data: Statistical data on SME establishment, employment rates, and financial assistance disbursed by NESDA from 2013 to 2023 were obtained from government reports, NESDA publications, and relevant economic databases. Key metrics included: Number of SMEs established in Batna Province; Total employment generated by these SMEs; Amount of financial assistance provided by NESDA.

2.2 Qualitative Data:

Interviews: Semi-structured interviews were conducted with a sample of entrepreneurs who received support from NESDA. The interviewees were selected using purposive sampling to ensure a diverse representation of industries, business sizes, and stages of development. The interview questions focused on:

- The perceived impact of NESDA's training and financial support.
- Challenges faced during the establishment and growth of their businesses.
- Suggestions for improving NESDA's services.

3. Sample Selection

The sample consisted of 30 entrepreneurs, representing various sectors such as agriculture, manufacturing, and services. Efforts were made to include both successful and less successful business owners to gain a balanced perspective.

4. Data Analysis:

4.1 Quantitative Analysis

Statistical analysis was conducted using descriptive statistics to summarize the data on SME growth and employment. Trends over the decade were illustrated using graphs and charts to highlight key findings.

4.2 Qualitative Analysis

Thematic analysis was applied to the interview data. Responses were transcribed and coded to identify common themes and patterns related to NESDA's impact, challenges faced, and suggestions for improvements. This process involved:

- Familiarization with the data through repeated readings.
- Generating initial codes based on recurring ideas.
- Identifying themes that capture the essence of the entrepreneurs' experiences.

5. Validity and Reliability:

To ensure the validity and reliability of the findings:

- Triangulation was used by comparing quantitative data with qualitative insights to corroborate results.
- Member checking was employed, where interview summaries were shared with participants for validation of interpretations.

III. Results and discussion:

The agency is experiencing developmental activity in the enterprise sector through the establishment of micro-enterprises, as illustrated by the following table:

Table 3: Number of Enterprises Established by the Agency in Batna Province

Y	SME	%
2013	1091	19 %
2014	1212	22%
2015	915	16%
2016	525	9 %
2017	162	3 %
2018	290	5 %
2019	353	3 %
2020	144	4%
2021	253	7%
2022	367	6%
2023	320	%

Source: Prepared by the researcher based on information provided by the agency.

The table provides data on the number of projects funded by the agency in Batna Province during the period from 2013 to 2023. We observe fluctuations in project funding over the years, with periods of strong growth in 2014, during which 1,212 projects were funded, representing 22% of the total funded projects. This was followed by a significant decline in 2020, with only 144 projects funded, accounting for just 3% of the total projects. This decline is attributed to the COVID-19 pandemic, during which most agencies and support mechanisms were halted. There was a return to moderate growth in recent years, although the numbers have not returned to previous levels. This may be linked to economic challenges, policy changes, or less focus on these types of projects.

Table 4 indicates a clear disparity in project funding between males and females in Batna Province during the period from 2013 to 2023. It is evident that the number of projects funded for males significantly exceeds those funded for females in every year. Out of a total of 5,632 projects, 5,181 were allocated to males, representing approximately 92% of the total funded projects, while only 451 projects were funded for females, accounting for around 8%. This gap may be due to several factors, including differences in available opportunities, agency

preferences, or even cultural and social factors. Therefore, it is necessary to study the factors affecting the distribution of funding between genders and explore ways to improve equality in opportunities.

Table 04: Number of Local Enterprises Established by Gender

Y	MALE	FEMALE	Σ
2013	1035	56	1091
2014	1130	82	1212
2015	861	54	915
2016	484	41	525
2017	145	17	162
2018	270	20	290
2019	331	22	353
2020	133	11	144
2021	225	28	253
2022	303	64	367
2023	264	56	320

Source: Prepared by the researcher based on information provided by the agency.

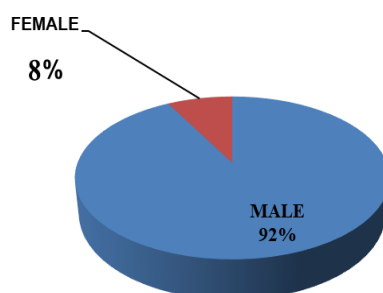


Figure 02: Projects Funded by Gender

Source: Prepared by the researcher based on information provided by the agency.

The table 5 provides data on the number of local enterprises established according to three types of funding schemes: triple funding, dual funding, and self-funding. It is noted that triple funding is the preferred scheme for establishing local enterprises, with 5,162 projects funded under this scheme, accounting for about 90% of the total projects. This reflects the importance of multi-faceted financial support in funding new projects and ensuring their success. This is followed by dual funding with 418 projects, which represents 7% of the projects, while self-funding is the least utilized, with only 52 projects established, representing less than 1%. This indicates that financing from personal resources is less common compared to other schemes.

Table 05: Number of Local Enterprises Established by Funding Schemes up to 2023

Scheme	Nbr of projects
Triple funding	5162
Dual funding	418
Self-funding	52

Source: Prepared by the researcher based on information provided by the agency.

The locally established enterprises by the agency operate in several sectors, as shown in the table 6.

Table 06: Number of Local Enterprises Established by NESDA by Sector (2013-2023)

Sector of Activity	Funded Projects	%	Sector of Activity	Funded Projects	%
Agriculture	967	17%	Services	1093	19%
Crafts	418	7%	Goods Transportation	75	1%
Public Works	1188	21%	Passenger Transportation	35	1%
Irrigation	4	0%	Cold Transportation	16	0%
Industry	1045	19%	Total	5632	100%
Maintenance	543	10%			
Freelance Work	248	4%			

Source: Prepared by the researcher based on information provided by the agency.

Table 6 shows that the total number of projects funded by the agency reached 5,632, distributed across various sectors, with significant variation in funding size between sectors. The data indicate that the agency prioritized funding for public works projects, with 1,188 projects funded, representing 21% of the total. This is followed by the industry and services sectors, which each received approximately equal funding, with 1,045 projects funded in industry and 1,093 projects in services, both accounting for 19% of the total. The agriculture sector also had a significant presence, accounting for 17% of the total projects, reflecting the emphasis on the agricultural sector as part of local development strategies. On the other hand, funding was very limited in transportation sectors, which are saturated, potentially reflecting the agency's focus on supporting higher-priority sectors. The lower percentage in the irrigation sector is attributed to lower demand for it.

Furthermore, the enterprises established by NESDA contribute to the creation of job positions, as shown in the table 6. The table shows that job creation from 2013 to 2023 was fluctuating, with the highest job creation occurring in the early years, a decline in the middle years, followed by a gradual recovery. This fluctuation mirrors the variation observed in the funding of established enterprises. This reflects the close relationship between the number of funded projects (5,632) and the number of job opportunities provided by these projects (8,734). From this, we can infer an average number of job positions per project: each project provides an average of approximately 1.55 job positions (8,734 job positions / 5,632 projects).

Table 07: Job Positions Created by NESDA

Years	Job Positions		Years	Job Positions
2013	1622		2018	439
2014	2173		2019	521
2015	1223		2020	227
2016	806		2021	470
2017	234		2022	580
2018	439		2023	439

Source: Prepared by the researcher based on information provided by the agency.

III- Results and discussion: Evaluative Study of NESDA's Local Activity:

The evaluation process involves identifying errors and discrepancies while highlighting strengths and weaknesses. From a management perspective, the goal of evaluation is to assess the quality and effectiveness of a specific activity.

1- Measuring the Effectiveness and Efficiency Indicators of the Agency's Activity:

To assess the effectiveness of the NESDA program in supporting the creation of micro, small, and medium-sized enterprises, and several elements can be used to measure the agency's activity effectiveness and efficiency:

1-1 Percentage of Files Submitted, Accepted, and Funded:

Entrepreneurs approach the agency to submit their files, which are then reviewed and potentially funded. The following table provides statistics for each stage, as well as the percentage of eligible projects relative to funded projects.

The table 9 indicates that the process of qualifying and funding projects follows specific criteria, as not all submitted or qualified files are funded. This reflects careful oversight and evaluation procedures aimed at selecting the most eligible projects for funding. In some years, there is a significant gap between the qualified and funded files, which may be due to financial constraints or other challenges faced by the agency.

For example, in 2020, 704 files were submitted, but only 183 were qualified, and 144 projects were funded. This demonstrates a precise selection process, with strict criteria or difficulties in meeting the required conditions. The approach highlights a focus on funding the projects most likely to succeed.

Comparing funded projects with the number of qualified files serves as a key indicator of the agency's efficiency. A high ratio suggests that the agency is operating efficiently and funding qualified projects effectively. In contrast, a low ratio may indicate difficulties in securing financing or hesitation from banks in providing financial support.

However, in some years, the number of funded projects significantly exceeded the number of qualified files, suggesting the agency was funding projects from previous years. In 2023, no new files were accepted; instead, the focus was on reviewing and funding previous projects due to the agency's activity freeze for new reforms. This freeze coincided with the emergence of a new ministry that included the NESDA system.

Table 09: Number of Files Submitted, Accepted, and Funded by the Agency

Years	Number of Files Submitted	Number of Eligible Files	Funded Projects	Percentage of Funded Projects Relative to Eligible Projects
2013	1 706	1 586	1091	0.69
2014	2 328	2 381	1212	0.51
2015	1 089	725	915	1.26
2016	278	238	525	2.20
2017	324	242	162	0.67
2018	545	407	290	0.71
2019	524	422	353	0.84
2020	704	183	144	0.79
2021	2 557	1 024	253	0.25
2022	325	92	367	3.99
2023	-	-	320	-
Σ	10 380	7 208	5 632	-

Source: Prepared by the researcher based on information provided by the agency.

1-2 Indicator Effectiveness:

We cannot assess its effectiveness without comparing the number of projects completed annually by NESDA with the total number of MSMEs in Batna.

The table 10 shows a comparison between the number of small and medium-sized enterprises (SMEs) established in the Batna region in general and those created through the NESDA program, with the contribution percentage of NESDA to the total local enterprises calculated annually. NESDA played a significant role in the creation of enterprises during the early years (2013-2015), recording its highest contribution rate (15%) in 2013 when it was responsible for 1,091 projects out of a total of 7,465 local enterprises. After that, the contribution rate gradually decreased, reaching 0.13 in both 2014 and 2015. This downward trend continued significantly in 2016, with a contribution rate of 6%, and reached its lowest point in 2020 at just 1%.

There was then a relative stabilization, although the number of projects executed by NESDA remained relatively low compared to the earlier years, maintaining a steady rate between 0.02 and 0.03 during 2021-2023.

Even though the overall number of local enterprises (SMEs) increased in certain years, such as 2019 and 2020 (13,086 and 14,042 respectively), NESDA's contribution remained relatively low, indicating that the growth in the number of local enterprises may not be directly linked to increased support from NESDA.

It is also important to connect this number to deadlines, as achieving the target within the specified timeframes would indicate the program's effectiveness. An open-ended timeline is not practical, as progress over time means additional public funds being spent. Additionally, there must be verification of the sustainability and continuity of the businesses created by the agency, as businesses that are quickly established and then shut down cannot be considered successful outcomes.

Table 10: Percentage of enterprises established by NESDA compared to the total number of local enterprises

YEARS	The number of SMEs in Batna (1) Province	The number of SMEs established (2) by NESDA	The percentage of (2)/(1)	YEARS	The number of SMEs in Batna (1) Province	The number of SMEs established (2) by NESDA	The percentage of (2)/(1)
2013	7465	1091	0.15	2019	13086	353	0.03
2014	9236	1212	0.13	2020	14042	144	0.01
2015	6950	915	0.13	2021	10374	253	0.02
2016	8957	525	0.06	2022	10773	367	0.03
2017	7018	162	0.02	2023	9642	320	0.03
2018	8486	290	0.03				

Source: Prepared by the researcher based on information provided by the agency.

1-3 Indicator efficiency: This indicator refers to the relationship between available resources and achieved outcomes. The policy is considered effective when the resources allocated by the agency to support entrepreneurs are sufficient to meet the desired objectives.

One of the key factors to ensure effective support is the number of facilitators. According to the information provided by the agency, the number of facilitators reached 16 in 2023. Their role is not limited to providing training sessions, but also includes accompanying the entrepreneur's file, offering advice, and answering various inquiries.

To ensure the effectiveness of the agency's activities, it is essential to allocate sufficient resources in the area of support, primarily by increasing the number of qualified facilitators who are well-versed in business creation techniques, ensuring that entrepreneurs receive effective training.

Training is a fundamental factor in the facilitator's journey, as their role begins from the initiation of the entrepreneur's project to achieving market competitiveness. The success or failure of the business reflects the effectiveness of the support provided.

In this regard, the agency has recently turned to leveraging the expertise of higher education professionals, such as university professors, to provide training in entrepreneurship development centers within universities, utilizing a training manual accredited by the International Labor Organization (ILO).

2- Challenges and Difficulties Facing the NESDA Program

Despite the number of businesses established by the agency and its role in creating job opportunities, several challenges exist; some related to the entrepreneurs themselves and others to the agency:

2-1 Challenges related to the entrepreneur:

- Lack of professional and pricing skills among many microcredit beneficiaries or applicants.
- Severe shortage of training programs for entrepreneurs.
- Absence of project monitoring and oversight leads entrepreneurs to become dependent and fail to repay their debts.
- The significant focus on commercial and service activities, with an increasing number of small businesses in sectors like transport and non-wealth-generating activities, which do not require many jobs, at the expense of productive investments in job-generating sectors such as industry and agriculture.
- Weak interest among entrepreneurs in the industrial and public works sectors due to poor feasibility studies by the agency and the lack of specific training from facilitators in these fields.
- Given that Algerian society is predominantly Muslim, the majority of entrepreneurs demand interest-free loans for project financing, limiting the number of projects.
- Inability to repay debts within the required timeframes.

2-2 Challenges Related to the Agency:

- Significant delays in administrative and executive procedures, slowing down file processing and project approval.
- The high volume of requests at the district-level facilitators makes it difficult to thoroughly review all files.
- Lack of feasibility studies for projects, as the support programs rely solely on technical-economic studies based on information provided by the entrepreneur, often leading to the closure of businesses shortly after launch due to the lack of viable ideas or market saturation.
- No specific criteria for evaluating the entrepreneurial traits of the entrepreneur, with the committee merely observing the entrepreneur's ability to defend their project.

- Microfinance in Algeria is tied to public banks, which do not prioritize microfinance as their expertise is focused on other activities they are more accustomed to.
- The absence of private banks that promote competition in the microcredit sector, eliminating the incentive to provide such loans.
- Complex and unclear legislative and regulatory texts governing the process (frequent amendments).

Conclusion:

Based on the analysis, it is clear that the National Agency for Entrepreneurship Support and Development (NESDA) plays a crucial role in supporting entrepreneurs, as reflected in the increasing number of businesses created and job opportunities generated at an encouraging pace, as demonstrated by the figures recorded when assessing the agency's local activities.

However, despite the advantages provided by NESDA and its active role in establishing economic foundations through SMEs, there are several challenges identified through the evaluative study aimed at determining the program's effectiveness in terms of efficiency and impact.

One of the key findings is the inadequacy of training programs and the lack of professional and managerial competencies among many microcredit beneficiaries or applicants. Consequently, recent reforms, as outlined in the decree, now require university or professional degrees as a prerequisite, while also mandating that training be overseen by entrepreneurship development centers. These centers will rely on qualified trainers and university professors to deliver content based on a training manual provided by the ministry, which includes five key modules on the essentials of business creation.

Recommendations:

- **Enhance Training Programs:** It is essential to expand and improve the training programs offered through NESDA and entrepreneurship development centers. This should include practical training modules that cover not only business management but also soft skills, such as leadership, communication, and negotiation. Incorporating real-world case studies and simulation exercises could enhance the learning experience.
- **Increase Accessibility to Resources:** NESDA should consider providing additional resources, such as online training materials and workshops, to reach a broader audience. This would help ensure that potential entrepreneurs, especially those in remote areas, can access necessary training and support.
- **Strengthen Collaboration with Educational Institutions:** By fostering partnerships with universities and vocational training centers, NESDA can tap into academic expertise and resources. Collaborative programs could be developed where students work on real entrepreneurial projects, benefiting both the businesses and the students' practical experience.
- **Implement Mentorship Programs:** Establishing mentorship initiatives that connect experienced entrepreneurs with new business owners can provide valuable guidance

and support. Mentors can share insights and best practices, helping new entrepreneurs navigate challenges more effectively.

- Regularly Evaluate Training Effectiveness: To ensure that training programs remain relevant and effective, regular assessments should be conducted. Feedback from participants can be used to refine the curriculum and delivery methods continuously.

Implications:

- Economic Growth: By enhancing the competency of microcredit beneficiaries through improved training and support, NESDA can contribute to a more robust entrepreneurial ecosystem, leading to sustainable economic growth and job creation.
- Increased Business Viability: Strengthening the managerial and professional skills of entrepreneurs will likely lead to higher business success rates. This can reduce the failure rate of new enterprises and increase their contributions to the economy.
- Policy Development: The findings from this evaluative study can inform policymakers about the need for ongoing reform in entrepreneurship support programs. This could lead to more targeted initiatives that address the specific needs of entrepreneurs and SMEs.
- Social Impact: Improved training and support mechanisms can empower a more diverse range of individuals to become entrepreneurs, including those from underrepresented groups. This can promote social equity and inclusion within the entrepreneurial landscape.
- Long-term Sustainability: By focusing on building skills and competencies, NESDA can help ensure that the businesses established are not only viable in the short term but also sustainable in the long run, contributing to a resilient economy.

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