

Assessing the social performance of microfinance institutions in Algeria: A case study of the national agency for microcredit management

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Abstract: In order to understand social aspects of microfinance institutions in Algeria, this study aims to assess the social performance of the Algerian National Agency for Microcredit Management (ANGEM) using the Social Performance Indicators (SPI2) model.

The findings revealed, among others, that the agency's social performance is acceptable, as the aggregate result of the four dimensions is average, although the second and third dimensions, Adaptation of services and products to target clients and Improving clients' social and political capital, respectively, are weak.

The study recommends the need for ANGEM to review its strategy to improve the design of its financial services, and therefore strengthen the social and political capital of its target clients.

Keywords: Microfinance; Social performance; National Agency for Microcredit Management; SPI2; Algeria.

JEL classifications codes: D02; D21; G21; M14.

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1. Introduction:

Microfinance began in the 1970s, when financial services were provided to vulnerable people with the goal of alleviating poverty and social and economic development. The Grameen Bank was the first private bank in Bangladesh to lend to the poorest villagers. The goal of microfinance is to provide low-interest loans to underprivileged communities in order to help them develop economically and socially, as well as to alleviate poverty and close the gap between social classes.

The microfinance sector arose from a social movement to provide financing to the poor, allowing them to start productive or trading businesses that would provide additional revenue. It differs from regular banking in two ways: loans are small, and collateral is not required (Armendáriz & Morduch, 2007).

Microfinance institutions (MFIs) have been able to gradually improve their financial development, and the most advanced of them have been able to cover their operating expenses with income generated from financial products, as well as those institutions that sought to significantly increase the number of their clients. Nevertheless, the social goal of MFIs has received much attention in recent years. Working for the advantage of clients and the project at the same time is what social performance management is all about. As a result, we must approach it as a critical component of excellent project management. MFIs will be able to improve their services if they are aware of market requirements and can fulfill clients evolving needs.

Social performance includes indicators of potential difficulties, as well as financial and social data that can be used to impact future performance.

The process of translating a social message into action is known as social performance management. Setting specific goals, monitoring and analyzing progress, and using that data to improve performance and practice are all part of it. Cerise has created the SPI Tool, an international standard for assessing social performance developed by the Social Performance Management Working Group (SPTF). SPI assists

organizations in measuring, assessing, and evaluating social performance development (findevgateway, 2021).

For different reasons, the social performance of MFIs has been more successful in some countries than in others. Algeria's microfinance experience is very modest when compared to similar experiences in other countries. Algeria has used microcredit as a way to combat poverty since 1999. However, five years later, a new organization for providing micro loans, known as the National Agency for Microcredit Management (ANGEM), was required to be established as a public structure for the economic inclusion of those who did not have access to banking services . The government has demonstrated its commitment and determination to address poverty. In order to increase the success of programs for reducing unemployment and poverty in rural and urban areas, the highlands, and the deep south, the government has launched ambitious initiatives and projects. These programs are designed to boost employment in these areas as well as the process of economic growth and market development (ANGEM, 2021).

Although, the considerable demand in Microfinance products, particularly in rural regions, the microfinance sector remains immature and the foreign microfinance institutions are generally wary about investing in Algeria. As the result of the government's influence over the economy, which ultimately defines the country's overall development, is closely tied to the lack of microfinance availability.

The question of the study:

ANGEM strives to promote the economic and social integration of targeted populations by facilitating the creation of goods and service-producing activities. The question remains, however: *to what extent has the agency been successful in fulfilling its social objectives?*

Therefore, the subsequent sub-questions are advanced to clear up the main problem of this study:

- Does the ANGEM successes in reaching out to the poor and excluded?

- Can ANGEM adapt its policy of services and products to the needs of its target clients?
- Is the ANGEM program able to improve its clients' social and political capital?
- Is the ANGEM up to the task of social responsibility?

Hypotheses:

To answer the study questions the following hypotheses are developed:

H1: the ANGEM successes in reaching out to the poor and excluded.

H2: The ANGEM has the ability to tailor its service and product policies to the needs of its target clients.

H3: The ANGEM program is able to improve the social and political capital of its clients.

H4: the ANGEM is up to the task of social responsibility.

The Objectif of the study:

The current study seeks to highlight the following objectives:

- Explore social aspects of microfinance institutions.
- Assess Angem Social' objectives.
- Determine the advantages and disadvantages of the economic, social, and cultural environments that help or hinder the execution of a social responsibility strategy.
- Ascertain the establishment of social ties in the ANGEM's intervention regions.

The importance of the study:

The social performance of MFIs has been successful in specific countries for various reasons, as the literature study illustrates. As a result, microfinance research has been carried out in Algeria, but the specific features of the social objectives attained by ANGEM must be assessed in order to understand why microfinance results in Algeria differ from those of similar emerging economies.

Methodology:

This research paper followed the descriptive approach to clarify the different concepts relevant to the topic under study, along with the analytical approach to fully understand the topic especially in the empirical side, in which a quantitative method was applied to analyze the research problem and discuss the findings.

This paper is outlined in six sections in total. The second section explores relevant literature, in the third section we go through all of the study's concepts in detail. The empirical methodology used in this study is described in Section 4. The empirical results are discussed in Section 5. Finally, Section 6 concludes the study.

II- Literature review:

According to the European dialogue (2008, p. 5), the vast majority of MFIs are truly concerned about achieving their social goals. Microfinance and its association with poverty alleviation is one of the topics that have been discussed and talked about by several studies. However, until recently, researchers have conducted a few studies about assessing or measuring the social performance of MFIs either using existing tools. For instance, the study of Botti and Corsi (2011) and Thrikawala, Locke, & Reddy (2013), or developing a new one, Such as, the study of Marr & Awaworyi (2012).

According to Marr & Awaworyi (2012, p. 53), the supporters of social performance have helped develop social performance indicators and ratings based on a consultation process involving primarily MFI managers and practitioners. Per Thrikawala, Locke, & Reddy, the MFIs reporting social performance are increasing, and most of them are nongovernmental organizations (NGOs). Botti & Corsi (2011) and Thrikawala, Locke, & Reddy, (2013) addressed the main objectives of MFIs, which include promoting microenterprise, reducing poverty, providing facilities to promote the growth of existing businesses, generating employment. Moreover, MFIs slightly provide financial and non-financial products and services for educational programs, children's schooling and health improvement. Thrikawala, Locke, & Reddy (2013) indicated that the most targeted clients are low-income clients, people excluded from financial

markets, women, ethnic minorities, migrants. Botti & Corsi (2011) believed that in the European Union men are served more than women, with greater average loan balances. Additionally, clients get loans for consumption purposes, not only for productive entrepreneurial activity.

Marr & Awaworyi (2012) concluded that older MFIs as well as regulated ones are likely to perform less socially when compared to younger and non-regulated MFIs. Furthermore, MFIs with more assets and higher ratios for loans per loan officer tend to perform more socially. Abrar (2019, p. 17) suggested that MFIs should have a tradeoff between their financial performance and social objectives. By achieving operational sustainability, MFIs can lower their lending interest rate and fulfill their social mission of reducing poverty. There is no difference between MFIs and conventional banks, if they ignore their social mission and just focus on their financial performance.

The current study examines Algeria's microfinance experience, which is very limited in comparison to similar experiences in other nations. According to Prior & Santoma (2007, p. 7), the Algerian microfinance system is the least developed one compared to the systems in Egypt, Tunisia and Morocco. One of the reasons behind this situation is the lack of means for banks to penetrate the microfinance market, in addition to the absence of a strategic orientation to do so. Twiti & Wazzani (2017), Oueld al-Safi, Almawi, & Bin Abdul Rahman (2020), Djemaa, Bacha, & Aouadi (2020), Zouak (2021), and Belkala, Deif, & Gasoul (2021) concurred that the microfinance formula in Algeria has contributed to supporting development through financing small projects, supporting local development and absorbing unemployment. Ait Kasi Ezzo & Ben Zidane (2018) and Sadrati & Badissi (2021) mentioned that ANGEM contributes to empowering women, while Sadrati & Badissi (2021) confirmed that it supports small projects, whereas (Salhi, Riadh, & Mahawa (2020) emphasized that ANGEM slightly support and finance traditional industries and crafts. Additionally, the agency provides finance to several vulnerable segments in society (released prisoners, people with disabilities, returning illegal immigrants, victims of the national tragedy, etc.). Moreover, it also

provides non-financial services such as accompaniment and training. The study also refers to the obstacles that affect the agency performance.

The present study is to a large degree aligned with the foreign aforementioned studies in terms of using tools and indicators, though the context is different. At the same time, it is a bit different from the Algerian studies, which most of them rely on ready-made available statistics on the number of loans granted. Whereas, the current study attempts to assess the social performance of ANGEM using a well-known tool of assessment, which is the SPI initiative tool. We believe that this is the first work that employs the SPI tool to evaluate ANGEM's social performance.

II- Conceptual framework:

1- MFIs Social objectives and social performance

Microlending, which is a primary component of microfinance, was invented in Bangladesh by Muhammad Yanus, who lent 27 USD to several women (in a poor village), believing that lending small amounts of money to the poor could help them overcome poverty (Credit summit, n.d.). Yanus established the Grameen Bank in 1983 as a challenge to the conventional banks. It is a group-based lending program that provides credit and organizational assistance to those who cannot benefit from the official credit system as they lack material collateral (Shahidur R. Khandker, 1995, p. ix). After the success of this bank, several organizations adopted microcredit to help prompt economic activity in the developing world (Credit summit, n.d.). The first microfinance Summit, as an example, launched a 9-year campaign in 1997 to offer 100 million of the world's poorest families, a credit for self-employment and other financial services by 2005 (Microcredit Summit Campaign, n.d.).

Historically, microfinance mostly refers to micro-credit. A micro-credit corresponds to a credit of low amount destined to people having little or no income (ADA, 2020). According to Basel Committee (2010, p. 9), microfinance refers to the provision of financial services in limited amounts to low-income persons and small, informal businesses. In view of that, microfinance is interested in providing those (people and even businesses) who do not have access to the traditional finance, with the needful financial

services, so they can live autonomously, overcome poverty, and improve their living conditions. MFIs activities include microcredits, microsavings, payments, remittances and other money transfer services, and micro-insurance (Basel Committee on Banking Supervision, 2010, p. 14).

From its definition, it is apparent that microfinance has an intrinsic social mission. It has been developed to satisfy a need and become an alternate to traditional banking and financial services, which do not serve a customer segment, which is considered to be too risky or not sufficiently profitable (Bauwin, 2019, p. 9). In contrast to traditional systems for which profitability is the prime objective, the main mission of microfinance is to meet a double bottom line: (social and financial objectives). The social objective is concerned with serving the clients who are distanced from the traditional systems, whilst the financial objective will enable it to perform this mission on a sustainable basis (Bauwin, 2019, p. 9). ***The social objectives of an MFI*** may include (SEEP Network, 2006, p. 1):

- Expanding and deepening outreach to poorer and excluded people to serve them sustainably.
- Providing the target clients with improved quality and suitability of financial services through an efficient assessment of their specific needs;
- Generating benefits for clients, their families, and communities to increase access to social capital, social links, services...etc.; lessen their vulnerability; and satisfy their basic needs;
- Improving the social responsibility of the MFI toward its stakeholders (employees, clients, and the community).

“The extent to which an MFI fulfills its social mission and achieves its social objectives, as well as those of its primary stakeholders.” is termed Social performance (Gary Woller and Chemonics International Inc. , 2005, p. 1). On the report of SEEP Network (2006, p. 1), “social performance is the effective translation of an institution’s mission into practice in line with an accepted social values that relate to improving the lives of poor and excluded clients and their families, and widening the range of opportunities for communities”. Eventually, performing socially makes MFIs more customer-driven by monitoring performance against both social and

financial goals (SEEP Network, 2006, p. 1). The social and financial performances of MFIs are linked and mutually reinforcing. Strong financial performance supports an MFI's ability to chase its social objectives, and on the contrary, achieving them is good for business (SEEP Network, 2006, p. 1).

Social Performance Management (SPM) refers to the entire process within an MFI that puts the fulfillment of a social mission into action. Given the entire process by which the effect is created, the social performance includes analyzing the declared objectives of the institutions, the effectiveness of their systems and services in accomplishing these objectives, the related outputs such as reaching larger numbers of very poor families. Beside to the success in making positive changes in the lives of clients (European Microfinance Platform, 2008, p. 5).

2- MFIs Social performance assessment initiatives and tools

There exist two main ways to comprehend the social performance concept, *looking at the results* by examining the type of ultimate beneficiaries. Or at *the internal management processes*, which are implemented by the organisations to allow them to realize their mission and to attain their social goals (Bauwin, 2019, p. 10). There are a number of ongoing SPM initiatives in the microfinance sectors. Basing on a different conceptual framework, each initiative is a good resource of perspectives from which to elicit ideas relevant to microfinance (Gary Woller and Chemonics International Inc. , 2005, p. 7). Below some of these tools and initiatives are explained briefly whereas the SPI tool is enlightened in details.

2-1- The CGAP Poverty Audit: This tool is designed firstly for donors to comprehend the poverty focus and outreach of their potential (or existing) partners. It intends to determine to what extent an MFI programme is based on an institutional vision of responding to issues of poverty and meeting the needs of the very poor. It focuses on five sets of issues: (a) the stated vision and institutional history of a focus on poverty; (b) the targeting strategy and depth of outreach; (c) the staff-client interface; (d) the product design based on an understanding of poverty and vulnerability; and (e) changes in client

wellbeing due to programme participation. An external appraiser conducts the survey, which is designed to be used as a joined element of the CGAP MFI appraisal format. The survey complements the focus on financial sustainability so that donors can identify and make funding decisions based on the twin criteria of poverty focus and institutional viability (IFAD, 2006, p. 56).

2-2-The Six Aspects of Outreach: This initiative sets SPM within a cost-benefit framework. It includes 6 dimensions as follows (Gary Woller and Chemonics International Inc. , 2005, p. 7):

- **Worth of outreach**, which defined as the client's willingness to pay,
- **Cost of outreach**, which clarifies the sum of price and nonprice transaction costs,
- **Depth of outreach**, defined by how far the MFI reaches down the socio-economic ladder with products and services,
- **Breadth of outreach**, defined by the number of clients,
- **Length of outreach**, determined as the time frame of supply of products and services, and
- **Scope of outreach**, defined as the number of distinct types of products and services supplied.

2-3- ACCION's Studies on Poverty Outreach: This tool measures the clients' absolute level of poverty with regard to the rest of the population using information collected by the MFI from its clients (Quantitative data on the standard of living of clients). It uses MIS ready-made information, an often-underused source of data. Besides, ACCION does not need to carry out surveys among nonclients, thus it avoids the need for an external operative and could depend an internal monitoring system within the MFI as it relies on information provided by clients, not national statistics. Yet, the tool is useful only to a limited number of MFIs who can provide detailed information on their borrowers (IFAD, 2006, p. 64).

2- 4- Social Performance Indicators Tool (SPI): CERISE and its partners have developed SPI tool since 2001. More than 500 MFIs have used this

tool since 2003 to assess and enhance their practices. The SPI assesses the intentions, actions and corrective measures implemented by an MFI in an attempt to decide whether it has the means to attain its social objectives (IFAD, 2006, p. 58). SPI aims at (1) developing a conceptual framework for defining social performance in microfinance, (2) developing a set of indicators to measure different dimensions of MFI social performance, and (3) field-testing the indicators and arriving at a set of social performance indicators with broad industry relevance(Gary Woller and Chemonics International Inc. , 2005, p. 7).The last version of this initiative is SPI4, but in this research, we used SPI2, which does not require a burdensome survey process. The SPI2 assesses social performance using a set of simple indicators falling under one of its following four dimensions (CERISE, 2005a, pp. 7, 8).

- ***Outreach to the poor and excluded.*** The objective of MFIs can be to reach socially excluded or poor populations, or simply to provide financial services in an area where there are no banking systems or to people who are rejected by banks (not necessarily poor or socially excluded).
- ***Adaptation of products and services to target clients' needs and wants.*** MFI should not only aim to reach the target population, microfinance services are often identical, but its objective should be to identify the target population and then work on designing its financial services that fit the needs and constraints of its clients.
- ***Improving social and political capital*** “The extent to which MFIs give importance and trust to clients inside and outside the institution.” Trust between MFIs and clients reduce the institution's transactions costs and improve repayment rates, which promotes collective action and reduces opportunistic behavior and risks. As for clients,enhancing their social and political capital can boost their social organisation (collective action, information exchange, political lobbying, etc.) and self-confidence to facilitate their economic and social development.
- ***Social responsibility.***Socially responsible corporate behavior requires social awareness. This requires an appropriate human resource policy,

an adaptation of the MFI corporate culture to its cultural, socioeconomic context, and social responsible towards both clients and the community in which it operates.

Information on the four dimensions is translated into values, which vary between 0 and 3. Each dimension is scored on a point scale of 25 for a total of 100 points per questionnaire (IFAD, 2006, p. 58). Not all MFIs are supposed to have a maximum score in all the four dimensions: some of them may prefer to concentrate on one or another depending on their structure, their history and the socioeconomic environment within which they operate (CERISE, 2005b, p. 9).

MFIs may use this tool internally in order to examine their social mission and the means available to pursue it. As well, external parts may use it as a basis for dialogue with the MFI on its social objectives. To promote and spark an understanding of the MFI and its social objectives, the MFIs should first complete the questionnaire internally. Then, with the intention of testing and conversing about the results and their significance beyond the indicators, the questionnaire has better be discussed with an external stakeholder (For instance, consultant, donor, rating agency, etc.)(IFAD, 2006, pp. 58, 59). The SPI indicators are a bit simple and offer a comprehensive vision of the definition of social performance; accordingly, the tool could be used as an aid in drawing up social reports on the MFI's activities (IFAD, 2006, p. 59).

3- Overview on the Algerian microfinance market

In Algeria, the terms microfinance and microcredit are also used in relation to government actions to support the creation of small enterprises and fight unemployment (CGAP and AFD, 2006, p. 8). Statistics on the number of families and the number of very small enterprises (including those in the informal sector) may explain the need or demand for microfinance (CGAP and AFD, 2006, p. 8). At the end of the first half of 2018, very small enterprises (which employ less than 10 employees) constituted 97.7% of the total number of small and medium-sized enterprises, i.e. 1,068,027 very small enterprises that are still strongly dominant in the economic fabric (Ministère de l'Industrie et des Mines,

2018, p. 8). It is claimed that 35% of Algerians live below the poverty line. Moreover, the unemployment is placed at 10.1% in 2017 according to the World Bank figures (Algeria Country Report 2020, n.d.). These numbers show the big demand for microfinance.

To meet the growing demand for microfinance services, there exist a number of players of different types. The main institution that provides microfinance services is **Algérie Poste**. Three government schemes support very small start-ups, a non-governmental organization, and a network of cooperative finance companies delivers microfinance services. While the banks seem to lack the appropriate tools and the will to enter this market (CGAP and AFD, 2006, p. 9). As for **the Algerian NGOs**, there are about fifteen large NGOs working in the non-profit sector in Algeria. For instance, Touiza is one of those organizations that have gained a lot of experience in this area since 1996, establishing a financing program for micro-enterprises that includes support for entrepreneurs. It has also established 26 partnerships with foreign public and private organizations and works in collaboration with the Algerian public authorities (CGAP and AFD, 2006, p. 12).

Another player is **Zakat Fund**, which is a religious and social institution operating under the supervision of the Ministry of Religious Affairs and Endowments. It guarantees legal coverage based on the law regulating the mosque institution. Zakat funds supposed to be disbursed based on the final deliberations of the State Committee to (Ministry of Religious Affairs and Endowments, 2021):

- **Poor families**: this is according to priority, by giving them an annual or six-monthly amount (every six months), or triple (every three months);
- and to **Investment for the benefit of the poor**: a portion of the zakat funds will be allocated for investment, and this is always for the benefit of the poor, such as adopting **the good loan** method as a mechanism for financing small projects, or **purchasing work tools** for small and micro projects...

To counter unemployment and promote small businesses in the private sector, the government has set up **three schemes** operated through government agencies to backup small business start-ups. **The National Agency for Youth Employment (ANSEJ, now: ANADE)** is created in 1996 to assist project leaders for the creation and extension of micro-enterprises producing goods and services. It has a network of 51 branches (ANADE, 2021). Statistics from the ANSEJ website shows that 11 262 projects funded in 2016 (On average 45 projects are funded per day), 1,550 of them dedicated to women (14%). 22 766 jobs created in 2016. **The National Unemployment Benefit Fund (CNAC)** set up a scheme to provide financing for the unemployed aged 35 to 50, for investment amounts up to 5 million DZD. It includes a lending system with interest-free initial loans and low-interest loans, a mutual credit insurance fund covering 70 percent of the loans made by banks, and support for borrowers. The scheme is governed by specific regulations. Banks have entered into some 3,500 financing agreements under the terms of the CNAC scheme, with fewer than 2,000 loans disbursed and more than 5,000 new jobs created (CGAP and AFD, 2006, p. 14). **ANGEM** was created by the executive decree number 04-14 of 22nd January 2004. It has 49 branches throughout the country. It is part of the national strategy to combat poverty and insecurity. It came to compensate the identified weaknesses and meet the growing demand for microcredit, aiming at reaching the poor through granting loans in a decentralized way, Simplifying of eligibility conditions, etc. (ANGEM, 2021).

In addition to the above-mentioned players, some government and private banks and finance companies have developed suitable products for the retail market. Despite this fact, the supply of microfinance is still insufficient and fails to meet the growing demand. Therefore, it has become necessary to develop the microfinance sector through providing the appropriate environment to expand it and motivate it to achieve its social objectives.

IV- The empirical methodology:

In this study, we use the SPI2 tool to assess the social performance of ANGEM and to give a wider vision of how the Agency is performing. To

confirm the validity of the questionnaire, we tried to modify it to match the nature of the Algerian social environment. ANGEM is represented at the local level through 49 states agencies located throughout the country, including two in Algiers. At the dairas level, surrounding cells help to support this coordinating network. The most recent Presidential Decree No. 11-133 required all agencies to follow the same laws and follow the same directions (ANGEM, 2021). Thus, a single survey directed at one agency is sufficient to provide an overview of how the other agencies function. The questionnaire was sent to the Director of ANGEM in the state of Setif. AS it was explained above, there are four factors that are crucial in this tool:

- Reaching out to the poor and the excluded.
- Adaptation of services and products to target clients.
- Enhancing the social and political capital of clients.
- Institutional social responsibility.

Each of these four dimensions is given a 25-point rating out of a possible 100.

V- Results and discussion:

After answering the four dimensions of the (SPI2) questionnaire on social performance and analysing the strategy of ANGEM, the results are showing in table 1.

Table 1: The scores obtained by the National Agency for Microcredit evaluated by the SPI -2 method.

Dimensions	Total 53				
Outreach to the poor and the excluded	Geographic targeting	Individual targeting	Pro-poor methodology	Geographic outreach of target clients	21
	4	4	4	9	
Adaptation of services and products to target clients	Range of services	Quality of services	Non-financial services accessible to clients	/	8
	2	5	1		

Improving clients' social and political capital	Trust and information sharing	Clients' representatives and participation in decision-making	Empowerment	/	7
	3	0	4		
Social Responsibility of the institution	Human resources policy	Social responsibility towards clients	Social responsibility towards the local community	/	17
	6	7	4		

Source: made by researchers depending on the retrieved questionnaire

The microcredit program of ANGEM is part of the government's social development strategy. Through the implementation of a new social policy, this development aims to promote individuals' and populations' self-reliance capacities, allowing them to achieve a decent standard of living and obtain a significant job, with the primary goal of lowering the social cost of the transition to a market economy. An average of 53 points is gained in a global evaluation, with a maximum score of 100. For all four dimensions combined, an acceptable result was reported, however for each dimension independently, the following observations were made:

For the first dimension, the result shows that the Agency gets 21pts from 25, which means that the agency met its objectives of reaching out to socially excluded people and the poor, as well as providing financial services in areas where banking institutions are lacking or to people who have been rejected by banks. One of the agency's main goals is to aid in the reduction of unemployment and precariousness in urban and rural regions by supporting self-employment, home-based jobs, and crafts, particularly among women. The statistics show that women received 63.63 % of all loans (601 032 loans), while males received 36.37 % (343 526 loans) until 31 March 2021. Furthermore, ANGEM adopts specific policies and methodologies to reach remote areas, and the excluded and poor clients. According to the previous score, the first Hypothesis **H01 is**

accepted. The number of clients in each of the excluded categories is shown in the table below:

Table 2: Balance sheet of financing specific categories

Categories	Gender/ Number		
	Women	Men	Total
Disabled	607	1064	1671
Ex-detainees	67	1834	1910
Victims of the national tragedy	147	228	402
Candidates for illegal migration	9	86	95
People with HIV/AIDS	61	2	63
Repatriated persons	1	769	770
Total	919	3992	4911

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

For the second dimension, only 8 points out of a maximum of 25 were obtained, which means that the National Microcredit Agency failed to design financial services that are tailored to the clients' needs and constraints. This could be owing to the fact that the National Agency provides two types of financing:

- a micro-loan for the acquisition of small equipment, raw materials, and the payment of startup costs for activities with a cost of less than 1 000 000 DA.
- An interest free loan, for the purchase of raw materials that cost does not exceed 100 000 DA, this loan can reach up to 250 000 DA in southern regions.

The Agency does not offer loan solutions that are specifically customized to meet the social demands of clients. Furthermore, there are no voluntary savings products. The loan Employees do not visit their clients for regular financial transactions outside of the Agency's premises. Because there was no study or clear understanding of the reasons for certain clients' departure over the last 12 months, it was difficult to know the percentage of clients that dropped out or became inactive. Nevertheless, the National Agency

for Microcredit was able to create 1.383.308 job opportunities ended March 31th 2021. Although the agency scored one point for non-financial services, it provides free treatment and individualized accompaniment to populations, as well as aiding micro entrepreneurs through all stages of their small company development, with close monitoring on a regular basis, with the goal of ensuring the small enterprises' long-term viability besides social and economic success.

The second Hypothesis **H02 is rejected** based on the prior analysis.

The number of beneficiaries of non-financial services is shown in the following table:

Table N 3: Cumulative Balance Sheet of Non-financial services ended March 31th 2021

Action carried out	Number of beneficiaries
Small businesses management training	117266
Global financial education training	108439
GET AHEAD training program	1725
General themes on creation and management of small business	4185
Number of trained promototers	231615
Professional experience validation tests	96685
Exhibitions	28880
Number of non-financial services beneficiaries	357180

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

For the third dimension, the agency received 7 out of a possible 25 points, indicating that it has failed to improve clients' social and political capital. And reflect a lack of social cohesion as well as exchange and solidarity principles. The poor result is mainly due to the absence of clients' representation and their absence of participation in decision-making. Where there are no procedures for making decisions at the client or agency level, and there is no election system for participating clients.

The agency's operations do not seek to improve the social capital of the clients it serves, and it does not encourage the development of management and leadership abilities on a local level. And the agency's efforts, as well as the relationships formed between clients and local socioeconomic stakeholders, haven't created a space for sharing and resolving some of the clients' difficulties that go beyond access to financial services. Based on the above, the third Hypothesis **H03 is rejected**.

In terms of the fourth dimension, the agency scored 17 out of a potential 25 points, suggesting that it produced acceptable results. Social responsibility necessitates an appropriate human resource policy, adaptation of the agency culture to its cultural and socioeconomic context, and social conscience between clients and the society in which it operates. Because Social awareness is a necessary prerequisite for socially responsible corporate behaviour, the agency has an annual training plan for its employees that corresponds to various job categories. And through specific and regular information and meetings between staff and top management, employees can participate in decision-making.

In terms of social responsibility for clients, the agency is conducting survey research to measure the social and economic impact of the services it provides, despite the fact that it has not changed its services or products to take customer welfare into account. As a result, we can conclude that the fourth Hypothesis **H04 is accepted**.

VI- Conclusion:

This paper sheds light on the social performance of MFIs, especially those in Algeria. ANGEM, which is a governmental institution funded by the public treasury, is the biggest institution functioning in the microfinance market. Due to the lack of a significant number of microfinance institutions operating in the Algerian market, there is a lack of diversity in the financial services supplied and their compatibility with the demands of all underprivileged groups in an uncompetitive market.

The results of applying SPI to the ANGEM demonstrate that it has to enhance its performance in all dimensions, particularly in dimensions 2 and 3, Adaptation of services and products to target clients and Improving

clients' social and political capital, respectively. It turns out, Microfinance products, are limited and affect the needs of a specific group of people. Micro loans are restricted to modest sums, and microfinance agencies do not provide savings services due to their sensitivity and risks.

The type of relationship that exists between MFIs and their clients, such as the nature of the loans granted (loans directed at consumption or micro loans directed to the establishment of a productive project), and the nature of MFIs' activity, influences the social role that they play. Institutions that depend on grants and government support have limited social impacts because they work according to the government' plans. Despite the fact that the Algerian legislature created laws and established a general framework for the activity of MFIs in Algeria, the private sector was not allowed to participate. The conclusion is that the attained results and actual microfinance numbers in Algeria are still insignificant.

The paper makes the following recommendations for the development of the microfinance market in Algeria based on the preceding findings:

- Creating a legal framework that allows microfinance institutions linked with the private sector to enter the commercial microfinance market.
- Develop the ANGEM's activities in order to provide it financial independence and allow it to attract and win financing from other sources than the government.
- Establishing Islamic microfinance institutions, such as zakat-based microfinance institutions.
- Savings services are essential for the microfinance's effective development.
- the government has to carefully consider establishing and supporting this type of financing by using people capabilities and natural resources, as well as leveraging the large market embodied in the growing demand for Microfinance Products.
- In order to benefit from international experiences in the field of microfinance, it is necessary to first evaluate the Algerian experience

in terms of its principles, results, and effects, and then attempt to identify lessons and experiences gained at the international level, and adapt them in line with the national strategy for the development of the microfinance sector.

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