Economic Studies ISSN 1112-7988 / E-ISSN 8627-2710
volume : 24 issue: 02 year : 2024 PP : 287-302

Activating the Economic Role of the Social Security Fund in Algeria

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Received: 23/11/2024	Accepted: 11/12/2024	Published: 31/12/2024

Abstract:

This study aims to analyze the economic role of the Social Security Fund through the optimal utilization of contributions collected from its affiliates, including workers and companies. The analysis involves examining the evolution of reforms introduced to the social security system during previous periods and their impact on the funding sources of the Social Security Fund, as well as their subsequent effects on the fund's revenues and expenditures in Algeria. Furthermore, the study explores the potential to enhance the economic role of these funds by activating mechanisms to invest their resources for sustainable development.

The study reached several conclusions, most notably the necessity of amending and establishing laws that contribute to reforming the funding sources of the Social Security Fund on the one hand, and transforming these funds into entities capable of employing and investing their resources based on their structure and financial autonomy.

Keywords:

Social Security Fund; Revenues and Expenditures; Contributions; Financial Balance.

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1. INTRODUCTION:

Two essential elements of the institutional framework of prosperous market economies are social security and labor market organizations. They lessen uncertainty, which lowers transaction costs related to crucial procedures for labor market and economic adaptation. However, in emerging nations, the opening to global competition has sparked a move toward the informal sector rather than enough development in organized sector jobs (Sixth Social Security Report, International Labor Organization).

In order to achieve full and productive employment while safeguarding people against both established risks (like illness, unemployment, disability, and old age) and A new equilibrium is currently being achieved through the synthesis of macroeconomic policies, employment policies, labor market policies, and social security measures in light of new dangers brought about by organizational and technological innovations. Modern preferences for social arrangements aim to strike a balance between work, family life, lifelong learning, and the care of parents and children in order to achieve economic growth, full and productive employment, and comprehensive social security.

A new understanding has emerged regarding the balance between social and economic subsidies concerning the financial and economic costs of national social security systems. Social security plays a pivotal role in national social development as an effective means to combat poverty and facilitate economic growth. Unconventional forms of social security coverage, such as tax-funded cash transfer programs, address issues of exclusion from social security. Implementing basic social security systems in low-income countries helps reduce income inequality and poverty.

1.1. Statement of the Problem:

From the above, the following problem can be posed:

How can the economic role of the Social Security Fund be activated?

To answer this main question, the following sub-questions are posed:

1.2. Research Questions:

- What are the mechanisms for activating the economic role of the fund?
- What are the main challenges hindering this activation?
- What is the expected economic significance of the fund?

1.3. Hypothesis

In order to answer the primary issue and the sub-questions, the following theories were developed:

- The economic role of social security funds is activated through the investment of their resources in the financial market.
- The Algerian legislator has contributed to reforming laws to enhance the role of social security funds.

- Social security funds serve as a source of savings by functioning as contractual savings institutions.

1.4. Significance of the Study:

This study's significance stems from the noteworthy connection between contractual savings institutions and economic development, as well as their role in providing capital for developmental projects that drive economic activity. This is despite the obstacles and challenges these institutions face in protecting their funds. Therefore, the purpose of this study is to demonstrate how contractual savings institutions may effectively close the financial gap in the economy and contributing to the provision of capital for developmental projects.

1.5. Previous Researches:

- First Study: Walid Merouani, Nacer-Eddine Hammouda, and Claire El Moudden; "The Algerian Social Protection System: Between Bismarckian and Beveridgean Models"; *The CREAD Journal*; No. 107-108; 2014.

  This study aimed to analyze Algeria's social protection system as a whole by examining it through the frameworks of the Bismarckian system, which is based on the principle of insurance and was first implemented in Germany in 1883, and the Beveridgean system, which originated in Britain in 1941 and is primarily founded on the principle of assistance. The researchers analyzed national accounting data to evaluate the revenues of the social protection system derived from employee contributions and state contributions.

  The study concluded that the social protection system in Algeria is a hybrid model combining insurance and assistance principles. It emphasized the necessity of introducing a new type of contribution targeting informal workers to address the deficits in insurance funds.

- Second Study: Akkache Fadila; "The Social Security System in Algeria: A Rentier System?"; *Journal of Research and Studies in Development*; Volume 08/No. 02; December 2021.

  This study aimed to identify the impact of Algeria's rentier state nature on its social protection system by analyzing the social security system's architecture, its evolution, and its funding sources, particularly following the increase in petroleum revenues starting in 2000.

  The findings revealed that Algeria’s social protection system transitioned from a Bismarckian model—where only employees benefit, and funding comes from contributions—to a populist system, benefiting most societal segments and financed by the state through rentier income.

- Third Study:*Khaled Atoui; "Reforming the Financial System of Social Security Funds in Algeria"; Journal of Labor and Employment Law; Volume 06/Issue 01; January 2021.*

  This study focused on identifying the financial revenues allocated by the Algerian legislator in social security laws and finance laws to fund social security funds, as well as the reasons behind the insufficiency of these revenues. It also provided recommendations for reform or the introduction of new financial resources.

  The study concluded that reforming the financial system of social security funds requires empowering these institutions with the authority to engage in investment and commerce.

1.6. Methodology of the Study

To tackle the primary research issue and evaluate the theories, the descriptive method was employed to explore the theoretical aspects of social security institutions and their relationship to economic development. Additionally, the analytical method was utilized to examine the current state of contractual savings institutions in Algeria.

2. A Historical Foundation for the Development of the Social Security System in Algeria:

Any nation's degree of social and economic development is reflected in its national social safety system. It serves as a mirror of the extent of consultation among various actors in the economic, social, and political arenas. The need for social security arises from two realities: the presence of social risks and the desire to mitigate those risks. Social security, therefore, aims to protect individuals and entities from financial losses resulting from potential future risks. It embodies the principle of social solidarity. Given its beneficial effects on the distribution of national income and the health of the national economy, social security is now essential for safeguarding employees and their families.

Since its inception, the social security system in Algeria has undergone significant and continuous development from independence to the present day. This section will focus on the evolution of Algeria's social security system both before and after independence.

2.1. Social Security Before Independence:

During the colonial period, social security was characterized by inequality and injustice toward Algerians compared to the colonizers. Algerian workers were unable to benefit from the same advantages afforded to the French population.

The workers' movements, particularly between 1947 and 1949, led to the issuance of the decree in June 1949. This decree allowed Algeria to benefit from a social security and retirement system, which only came into effect in 1950 for social insurance and 1957 for old-age pensions. However, Algerians were excluded from health insurance until the

eve of independence, which remained a privilege reserved for European settlers (Lamri, 2004, p. 23). This was despite the fact that the social security system had been legislated in France as early as 1945(هاجمي، 2016، صفحة 286).[1]

Thanks to the persistent struggles of Algerian workers, new rights were achieved in 1949, including the introduction of family allowances. However, unlike the provisions of the French Family Law, this measure was arbitrary, excluding the majority of Algerians by denying these benefits to agricultural workers (over 90% of Algerians were employed in agriculture). It was not until 1956 that agricultural workers were included in family allowances.

Despite these inequities, special advantages in social security were granted to critical sectors vital to the colonial enterprise, such as public administration, utilities (electricity and gas), railways, mining, and banking. This was to ensure the stability of workers deemed essential for the functioning of the colonial economy (Ministry of Labor and Social Security, 2024).

2.2. Social Security After Independence to the Present Day:

At independence, the social security system was marked by disparities and inequality, covering only salaried employees. There were 11 distinct systems, 71 social security mechanisms, and 11 retirement schemes with varying benefits for their insured members(Lamri, 2004, p. 24).

This resulted in the implementation of various initiatives intended to unify the social security system. In 1963, the former general system funds were amalgamated into three principal regional funds, and in 1964, the National Social Security Fund was established to replace the prior coordination fund. A consolidated system was established, overseen by the Algerian Fund for Old-Age Insurance. The retirement sector for non-salaried workers experienced substantial changes, as the three regional funds consolidated into a single entity, and all mining rescue funds were incorporated into the Social Security Fund for Mines.

Coordination among social security agencies and the unification of funds into five

1-The first compulsory insurance system appeared in Germany in 1883, attributed to the influence of the ideas and principles of social democrats. This system established social protection for workers by insuring them against risks such as disability, illness, old age, maternity, and life. It was characterized by its compulsory nature and mandatory participation, in addition to the joint financing of benefits by workers and employers. In the 19th century, French workers established cooperative relief associations, which included workers exposed to similar risks. Each member contributed monetary subscriptions that were pooled into funds to compensate any member in case of damage. In 1942, William Beveridge, at the request of the American government, proposed a health policy and laid the foundations of social security, specifying the risks covered under social security (unemployment, illnesses, work accidents, health problems, old age, and family burdens). Beveridge's thesis spread widely after World War II across various Western countries, including France, which established its first social security system in 1945.

major funds were established under Decree 116-70, dated August 1, 1970. In 1974, oversight of all social security systems was unified under the ministry responsible for labor and social affairs. Additionally, a National Committee for Social Security Reform was created in 1975 to propose measures to reform the social security system to the Minister of Labor and Social Affairs. The reform focused on unifying structures, standardizing benefits, and expanding the categories of beneficiaries. But during the 1970s–1980s, these reforms weren't enough to address the nation's requirements for social and economic progress.

The 1983 social system reforms marked a significant era in Algeria's social security system. These reforms solidified the fundamental principles of the social security system, including solidarity, the unification of benefits, and the centralization of funding and management.

As a result of the 1983 reforms, five laws specific to social security were issued along with their respective regulatory decrees(هاجمي، 2016، صفحة 292). These laws include:

- Law 83-11 on social insurance,
- Law 83-12 on retirement,
- Law 83-13 on occupational accidents and work-related diseases,
- Law 83-14 on the obligations of contributors in the field of social security,
- Law 83-15 on disputes within the social security system.

Additionally, the funds were consolidated into two primary entities: the National Fund for Social Security and Occupational Accidents and the National Retirement Fund.

The reform of the social security system was accompanied by the implementation of financial independence for the system and the direct participation of workers in its management. This approach ensured financial balance and allowed for the free and democratic expansion of the social security system to meet evolving social needs and developments.

In 1992, pursuant to Legislative Decree No. 07-92, which redefined the laws governing social security funds and their administrative and financial regulations, the social security system was unified to encompass three main funds:

- The National Social Insurance Fund for Salaried Workers,
- The National Retirement Fund,
- The National Social Insurance Fund for Non-Salaried Workers.

In 1994, a fourth fund, the National Unemployment Insurance Fund, was established under Decree No. 94-188 dated July 1994. This fund was created to address the worsening social and economic conditions stemming from structural reforms that led to rising unemployment levels (Lamri, 2004).

In 1997, a fifth fund, the National Paid Leave and Weather-Induced Unemployment

Fund, was established under Decree No. 47-97 dated February 1997, completing the social security system.

After these reforms, the Algerian social security system was characterized by the following features(Ministry of Labor and Social Security, 2024):

- Unification of systems based on the principles of solidarity and redistribution;
- Mandatory membership for all workers, including salaried and non-salaried workers, quasi-salaried workers, and special categories of insured individuals;
- Harmonization of rules governing the rights and obligations of beneficiaries;
- Unified financing, with funding sources primarily derived from contributions paid by employers and workers, as well as transfers (state funding, investment income, and donations).

To improve the effectiveness and caliber of services provided by the social security system, a reform program was initiated in 2000. Its objectives included maintaining the financial balance of social security bodies by implementing the following measures(Ministry of Labor and Social Security, 2024):

- Reforming mechanisms for collecting social security contributions,
- Reforming the financing of social security by creating additional funding sources, such as establishing the National Social Security Fund under the 2010 Finance Law,
- Implementing a new policy for medicine reimbursement and rationalizing health insurance expenditures,
- Improving service quality and modernizing operations by restructuring existing institutions and introducing the electronic "Chifa" card through adjustments to legislative and regulatory texts.

2.3. Risks Covered by Algeria's Social Security Legislation:

The Algerian social security system encompasses all branches included in modern social security systems, covering the nine (9) branches specified in Convention No. 102 of the International Labor Organization:

- Health insurance,
- Maternity insurance,
- Disability insurance,
- Death benefits,
- Occupational accidents,
- Work-related diseases,
- Unemployment insurance,
- Retirement pensions,
- Family allowances.

Prior to exploring the National Social Security Fund's (CNAS) financial analysis, it is essential to understand the legal framework that governs these funds to justify their financial liability. Although these funds are public administrations, originally financed by the state, they operate as public administrations with private management characteristics. In their dealings with third parties, they are governed by private law and are primarily financed through mandatory social contributions (from employers and employees) (Lamri, 2004, p. 24).

3. Analysis of the Financial Status of the National Social Security Fund (2001–2018):

3.1. Sources of Funding for the National Social Security Fund:

Consequently, the reforms and advancements in Algeria's social security institutions have led to substantial alterations in their funding sources, including adjustments to contribution rates and the diversification of funding streams. The following is a summary of these sources:

- Funding through contributions: Algerian contractual savings institutions, particularly the National Social Insurance Fund for Workers (CNAS), rely directly on their professional nature for financing. The primary funding source consists of contributions paid by employers and employees.
    - For non-salaried workers, the overall contribution rate is 15%, borne by the insured individual. This rate is calculated based on the annual taxable income or, if unavailable, on the turnover or the guaranteed annual minimum national wage in certain cases. This rate is equally distributed (7.5%) between the branches of social insurance and retirement.
    - For salaried workers, the unified contribution rate is 34.5% of the contributory salary, as stipulated by law(National Policy for Social Security, n.d.).

The table below (Table 1) illustrates the evolution and distribution of these contribution rates within the social security system from 1985 to 2011.

Table (1): Evolution and Distribution of Contributions in the Social Security System (1985–2011)

Unit: %

Branches	Employers	Employees	Share of Social Services	Total
1985				
Social Insurance	12.5	1.5	-	14
Occupational Accidents and Diseases	2	0	-	2
Family Allowances	6	0	-	6
Retirement	3.5	3.5	-	7
Early Retirement	-	-	-	0
Unemployment Insurance	-	-	-	0
Total	24	5	-	29
1991				
Social Insurance	12.5	1.5	-	14
Occupational Accidents and Diseases	2	-	-	2
Family Allowances	6	-	-	6
Retirement	3	3.5	-	6.5
Early Retirement	0.5	-	-	0.5
Unemployment Insurance	-	-	-	-
Total	24	5	-	29
1995				
Social Insurance	12.5	1.5	-	14
Occupational Accidents and Diseases	1	-	-	1
Family Allowances	-	-	-	-
Retirement	7.5	3.5	-	11
Early Retirement	0.5	0.5	0.5	1.5
Unemployment Insurance	2.5	1.5	-	4
Total	24	7	0.5	31.5
1998				
Social Insurance	12.5	1.5	-	14
Occupational Accidents and Diseases	1	-	-	1
Family Allowances	-	-	-	-
Retirement	7.5	5	-	12.5
Early Retirement	0.5	0.5	0.5	1.5
Unemployment Insurance	2.5	1.5	-	4
Total	24	8.5	0.5	33
2011				
Social Insurance	12.5	1.5	-	14
Occupational Accidents and Diseases	1.25	-	-	1.25
Family Allowances	-	-	-	-
Retirement	10	6.75	0.5	17.25
Early Retirement	0.25	0.25	-	0.5
Unemployment Insurance	1	0.5	-	1.5
Total	25	9	0.5	34.5

Source:(Ministry of Labor and Social Security, 2024)

The above table (Table No. 01) illustrates the development of contribution rates to social security funds in Algeria. It shows that the total contribution rate was 29% in 1985, gradually increasing to 34.5% in 2011(Official Gazette, 1994)(Executive Decrees No. 2000/50, 2000)(Executive Decrees No. 06/339, 2006), as stipulated by the executive

decrees. This increase can be attributed to several factors, the most significant being the financial deficit experienced by social security funds in Algeria during that period due to the continuous rise in expenditures—particularly by the National Retirement Fund and the National Social Insurance Fund for Salaried Workers. Additionally, the economic conditions in the country at the time contributed to the deficit, as privatization of companies led to mass layoffs at national institutions, thereby increasing unemployment rates.

- Funding through Employer Obligations: Employers play a crucial role in ensuring compliance and covering contributions. Within specified deadlines, they are required to:
  - Declare their business activity,
  - Request the registration of the workers they employ,
  - Submit declarations of wages and employees,
  - Pay contributions, including their share, the employee's share, and those related to social services (see Table No. 1).
- Funding through State Budget Interventions: The state budget contributes to covering part of the social security expenses(Ministry of Labor and Social Security, 2024), particularly family allowances, as well as expenses categorized as national solidarity expenses. These include providing supplementary amounts to retirees whose pension amounts resulting from contributions fall below the legal minimum (75% of the guaranteed national minimum wage), and up to 2.5 times the national minimum wage for freedom fighters. This also includes complementary compensations for small retirement pensions, disability pensions, retirement pensions, and exceptional revaluations.
- Other Funding Sources: In addition to contributions, funding also comes from:
  - Investment revenues,
  - Contributions paid by employers for unemployment insurance and early retirement,
  - Penalties and late fees imposed on employers who fail to meet their social security obligations,
  - Donations and bequests.

3.2. Development of the Financial Balance of the National Social Security Fund:

Algerian social security institutions, akin to other entities, strive to augment financial income and minimize expenditures while delivering superior services to its covered members. Consequently, preserving financial equilibrium is among the fundamental objectives they endeavor to attain and uphold.

The financial balance of social security funds depends on the consistency of

contributors in paying their dues and subscriptions. Maintaining this balance helps the state implement its social policies. Given the reciprocal relationship between the sources and expenses of social security institutions, social security cannot spend beyond its resources. It is continuously searching for the sustainability of its sources and ensuring their fair and proper distribution through cash and in-kind benefits(Deif & Ajlan, 2023, pp. 235–236).

The National Social Security Fund is one of the funds that make up Algeria's social security system, and the table below shows its financial balance evolution:

Table (2): Financial Balance of the National Social Security Fund for the Period 2001–2018
Unit: Million Algerian Dinars

Years	Revenues	Expenses	Balance
2001	88174	80744	7430
2002	104771	98719	6052
2003	115331	106431	8900
2004	137144	128659	8485
2005	169703	159711	9992
2006	162429	160858	1571
2007	176930	167285	9645
2008	217423	191726	25697
2009	237280	187104	50176
2010	290835	209742	81093
2011	374138	240607	133531
2012	477285	280753	196532
2013	429840	322523	107317
2014	459757	374060	85696
2015	474944	395395	79549
2016	482065	400553	81512
2017	492340	425227	57113
2018	489094	467988	21106

Source: National Office of Statistics, Algeria in Figures.

Because of its operations and the services it offers—represented by the monthly and yearly contributions of its subscribers—the National Social Security Fund is one of Algeria's contractual savings institutions. It is clear from Table No. 02 that the National Social Security Fund was able to keep its finances in check from 2001 to 2018. Its revenues increased at a faster rate than its expenses did throughout this period, especially between 2007 and 2017, which is the main reason for the balance. The subsequent legislative amendments stand out as key contributors to this fiscal equilibrium, which was achieved through a series of reforms implemented during that period:

- Law No. 08-08 dated February 21, 2008, regarding disputes in the field of social security, which introduced new measures that, on the one hand, facilitated the collection of mandatory contributions and the implementation of measures against non-compliant contributors and, on the other hand, allowed the resolution of the

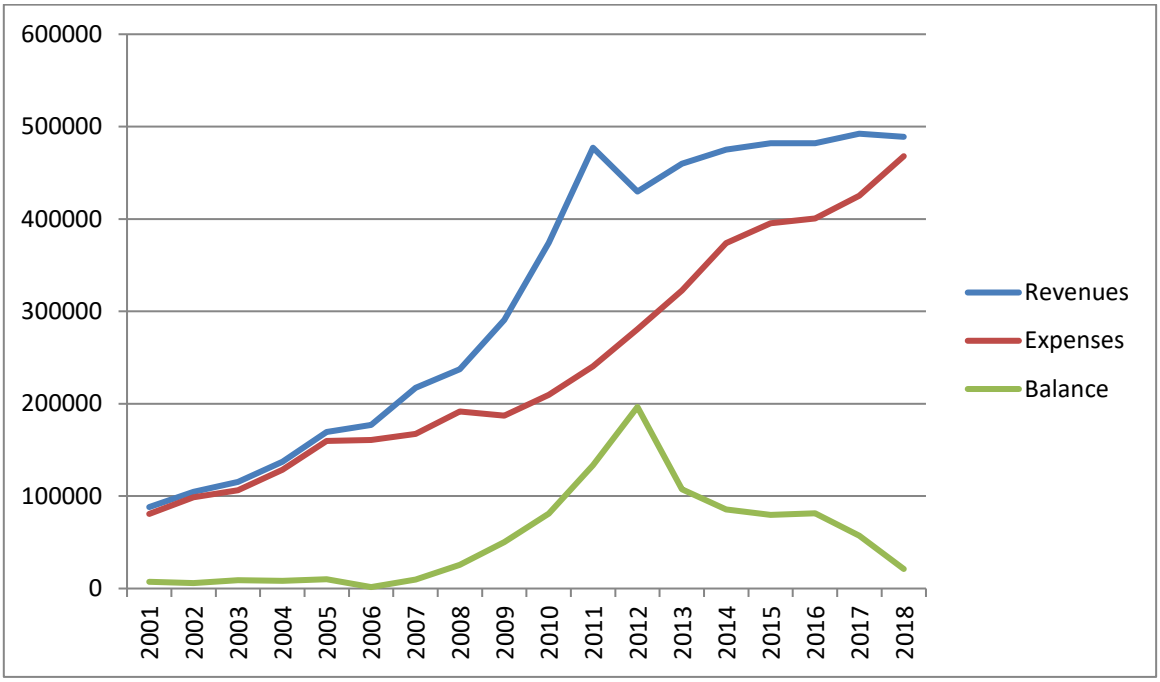
situations of employers in good faith who faced financial difficulties.

- Law No. 11-08, amending and supplementing Law No. 83-11 on social insurance, which provides for the extension of social coverage to new special categories of the population, improving social coverage for women, enhancing the quality of services by addressing the particularities of the Great South and High Plateaus regions, and expanding the application of modern information and communication technologies. This law also emphasizes the reform of social security system financing.
- The 2010 Finance Law (Article 67), which reinforced the reform of the social security system through the establishment of the National Social Security Fund, funded by levies on tobacco products, taxes on yacht purchases, and deductions from the net profits of pharmaceutical import activities.

The following figure further clarifies the financial balance development of the National Social Security Fund during the period 2001–2018:

Figure 01: Development of the Financial Balance of the National Social Security Fund (2001–2018)

Unit: Million Algerian Dinars



Source: Prepared by the researchers based on Table No. 1

From Figure 01 shown above, it can be observed that the financial balance of the National Social Security Fund experienced continuous growth during the period 2001–2012. However, it started to decline between 2013 and 2018, despite the reforms and adjustments made to the social security system and the increase in revenue collection. This decline is attributed to expenditures growing at higher rates than revenues during this period.

This imbalance was largely due to the increase in the number of insured individuals through voluntary affiliation(Article 66 , 2015), which represents a double-edged sword. While it contributes to increased collections on one hand, it also raises expenditures on the other. The following table (Table No. 03) provides details on the number of insured individuals during the period 2014–2017.

Table 03: Evolution of Socially Insured Individuals in the National Social Security Fund (2014–2017)

	2014	2015	2016	2017
Number of Socially Insured Individuals	11342779	11957202	12316593	12050005
Number of Salaried Socially InsuredIndividuals	6126302	6140078	5874042	6347433
Percentage of Salaried Individuals	54.01	51.35	47.69	52.68

Source: Algeria in Figures

The increase in expenditures at a higher rate than revenues can also be attributed primarily to rising social expenses, increasing costs of medications, traffic accidents, and heightened repair and maintenance expenses(Deif & Ajlan, 2023, p. 237).

4. Recommendations and Possible Solutions to Reduce the Deficit of the Social Security Fund:

4.1. The Role of Social Security Funds in Economic Development:

Social security funds are considered contractual savings institutions and, therefore, one of the most vital components of any country's financial system. They strengthen the national economy and extend their benefits to public interest through the following(Abdelkader & Radia, 2019, pp. 57–59):

- Capital formation and project financing: By pooling individual savings and directing them toward investments.
- Encouraging diverse economic projects: With their ability to mobilize savings and invest them in various profitable ventures.
- Improving the balance of payments: By investing in various economic projects, they increase exports, reduce imports, and thereby improve the balance of payments.
- Creating job opportunities: As contractual savings institutions constitute a significant part of economic sectors, they absorb a large workforce, which helps reduce unemployment rates.
- Stimulating financial markets: Contractual savings institutions play a crucial role in economic growth by transforming savings into real capital investments. This is demonstrated by:
    - Enhancing the efficiency and performance of financial markets, which are now seen as pathways for growth and development.
    - Providing the necessary capital to finance various productive investment

projects.

4.2 Activating the Role of the Social Security Fund in Economic Development:

Maximizing the use of contributions received from institutions and workers can activate the Social Security Fund's role in economic development. The first step is to calculate how big the financial gap is, which is the difference between the amount of money the government has saved and the amount it has invested in the economy. The financial gap is the amount of investment that cannot be funded through existing national savings and must be filled through deficit financing, other sources, or a mix of the two(Bilal & Salima, 2018):

Financial Gap = Available National Savings – Total Investments.

4.3. Activating the Role of the National Social Security Fund in the Algerian Economy:

Prior to this, legislators in Algeria made a number of changes to the legislation governing the social protection system, tying each change to the funding sources of the social security system so that it could continue to function. The expected role of social security funds derived from insured individuals' mandatory contributions, state subsidies, taxes, fees, donations, and bequests has not been met in addressing coverage, adequacy, and financing issues.

This calls for the establishment of a framework law for social security that transforms the current funds and their local structures into specialized funds and bodies exclusively responsible for collection, financing, investment, commerce, employment and unemployment, retirement, and social security disputes. This can be achieved by leveraging current operating budgets, adopting digitization, investing capital in trade and commerce, facilitating collection and payment processes, and improving services. Furthermore, legal texts should be reinforced with more effective provisions to protect the established rights of social security funds, insured individuals, and employing institutions(Atoui).

As for the future prospects of maintaining the financial balance of social security bodies, it is likely that the following measures will be implemented:

- The actual establishment of the National Fund for the Collection of Social Security Contributions;
- Continuing to develop actuarial studies related to the national retirement system;
- Strengthening the national policy for medicine reimbursement;
- Effectively implementing contracts between social security bodies and public health institutions;
- Continuing the reform of social security financing;
- Reforming the social mutual aid system.

4. CONCLUSION:

The social security laws have clarified the fundamental principles of the social security system, namely solidarity, unification of benefits, centralized financing and management, and the application of financial independence for the system. These laws have become the foundational framework for Algeria's social security system, which was subsequently subject to a series of reforms, the most notable of which occurred in 2004, 2008, and 2011. These reforms aimed to improve and modernize the system's performance, as well as to optimize contribution collection for the benefit of insured individuals. However, these reforms did not focus on activating the economic role of social security funds in Algeria, despite the financial deficits they experienced in recent years. This was largely due to the inability to invest their resources in financial markets or other investments, given the absence of laws regulating and controlling such activities.

Study Findings:

The study concluded with several findings:

- The social security system underwent numerous reforms that contributed to diversifying its funding sources and expanding its application scope.
- Including informal workers in the periodic contributions to the Social Security Fund increased the number of insured individuals, which in turn boosted revenues.
- In 2000, the system began relying on a new type of funding source: the state budget, which allocated a specific percentage annually to finance the expenditures of social security funds.
- The absence of a legal framework allowing the investment of social security fund resources in financial markets or other ventures hindered potential economic returns.
- Amending the regulations governing social security funds to enable the utilization of their resources in investments would generate revenues, achieve financial balance, and address the deficits these funds face.

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