

The practice of the informal economy and trade in Algeria between causes and solutions

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Abstract:

Electronic cloud (according all its concepts used by researchers) represents an important development in the environment of information technologies that must be taken care of by researchers in field of accounting information systems (AISs) due to its direct effects on accounting work and in what may lead to increasing efficiency and effectiveness of AISs that operate in IT environment.

This research discussed some concepts related to use of the electronic cloud in the work of AISs with a focus on concept of cloud accounting that dealt with the nature of accounting work in light of use of the electronic cloud and the expected effects resulting from that, and then identifying most important requirements for use of the electronic cloud in work of AISs.

The field study was carried out in a number of Iraqi companies to find out the extent of benefiting from the electronic cloud in the work of accounting information systems through the study sample, which included a group of employees in accounting work and information technologies. It was concluded that there are several areas through which cloud storage and computing are used. Cloud down to cloud accounting applications.

Keywords: Cloud accounting, Accounting software, Cloud computing, Cloud storage.

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I- Introduction:

A recent report from the International Labor Organization (ILO) shows that More than 60 per cent of the world's employed population earn their livelihoods in the informal economy. Informality prevail in all countries regardless of the level of development, although it is more prevalent in developing countries. The two billion who make their living in the informal economy are destitute of decent working conditions. Evidence shows that most people enter the informal economy not by choice, but because of a lack of opportunities in the formal economy and in the absence of other means of livelihood (ILO, 2018).

The main challenge for the transition to the formal economy is finding the right policy mix that corresponds to the diversity of characteristics and drivers of informality. Reliable and relevant statistics are needed to better understand these complex aspects of informality and monitor progress towards formalization. Although not everyone in the informal economy is poor and there is also poverty in the formal economy, ample empirical research has shown that workers in the informal economy face a higher risk of poverty than those in the formal economy, while informal economic units' face lower productivity and income.

Worldwide, economy of nations consists of formal and informal economy. (Hart, 1973), (Castells, & A., 1989), define formal economy as that economic area that is legally sanctioned, regulated through state intervention, and marked by regular work. In contrast, the informal economy is defined as irregular work, outside legal sanction, without state regulation of any sort. In the economic sense, the word 'formal sector' has been in existence since beginning of industrial revolution. Keith Hart recently introduced the concept of informal economy in 1973. He described a part of the urban labor force, which works outside the formal labour market as informal sector. Since the concept came to limelight, (Sindzingre, 2004) argues that scholars have subjected the concept to highly heterogeneous phenomena, measurement methods and different definitional terminologies. (Ferman, 1973) for instance called informal economy irregular economy, the subterranean economy by (Gutmann, 1977), some others described the economy as invisible, hidden, shadow, non-official, unrecorded, imperfectly recorded in the official national accounting systems. These different terminologies show that no single definition of informal economy could serve different fields. The concept of informal sector since its inception becomes elusive because of different paradigms, disciplines, interests, and moments in history, that had mutated the meanings. Hence, this accounts for different theorizations of the concept.

International Conference of Labour statisticians (ICLS, 2003), identified informal businesses as small and family-run or run by a single entrepreneur. It includes own-account workers employed in their own informal sector enterprises. Employers employed in their own informal sector enterprises. Contributing family workers irrespective of whether they work in the formal or informal sectors enterprises. Others include members of informal producer's (Tokman, 1978), and co-operatives employees holding informal jobs whether employed by formal sector enterprises or informal sector enterprises. Informal sector businesses also include, domestic workers employed by households, own-account workers engaged in the production of goods exclusively for own final use by their household. Other

examples from the informal economy include workers operating off the books for cash, such as: street vendors, construction workers, and taxi drivers, home based workers, micro, and small-scale members of informal producers. (Tokman, 1978) noted that, there is often no clear distinction between formal and informal sectors labour as large factories, and state-run enterprises have informal labour forces working beside their formal counterparts. However, as the world economy changed from the state-led domination of the 1970's to market-led economic forces in the 1990's and now to an increasingly integrated and globalized world economic growth, the share of informal economy is on the increase. (ILO, 2018) statistics indicate that the share of the informal economy employment ranges among the five main regions, the vast majority of employment in Africa (85.8 per cent) is informal. Asia and the Pacific (68.2 per cent) and the Arab States (68.6 per cent) have almost the same level of informality. In the Americas (40.0 per cent) and Europe and Central Asia (25.1 per cent), less than half of employment is informal. Excluding agriculture, the global level of informal employment falls to 50.5 per cent, but non-agricultural informal employment remains high in three regions (Africa, the Arab States, and Asia and the Pacific).

Algeria, as many developing countries, has implied several economic reforms including baking system, exchange rate regime, the liberalization of trade and price... aiming to achieve high growth rates and to increase the economic performance. However, these reforms had led to many other economic and social issues, such as unemployment, poverty, smuggling, tax evasion, etc. rather than improving the wellbeing of the citizens. These issues are drivers to the informal economy, and are all considered as the main causes to go underground and perform illegally.

There are several causes of the informal sector, among which the economic and social institutions of the country that affect the economic agents behavior. On the one hand, the impact of burdensome government regulations on economic activities that promote economic agents to hide underground, but on the other hand, the informal institutions such as informal rules and social norms that are deep-rooted in the society's culture, where the informal production is considered as one of the most pervasive forms of informal institution (Dell'Anno, 2010).

This research paper aims, first, to give the most important interpretations of the informal economy in the economic literature, and whether these theories were able to explain the reality of the informal economy in developing countries, and secondly, we will address the most important causes and drivers that led to the spread of informal trade and the formal sector in general in Algeria then we will move to give the solutions that would benefit from the informal sector in Algeria and the possibility of integrating it within the formal sector.

2- Theoretical approaches on informal economy

There are studies that confirm the persistence and growing tendency of informality in many countries. Scholars have developed different theorizations on the existence of informality in Latin America and other developing countries. These include modernization, dependency, neo-liberalism, and structuralism.

2.1. Modernization

In his titled, book (Rostow, 1960), *The Stages of Economic Growth: A Non Communist Manifesto* in the aftermath of World War II, introduced modernization approach to national

development. He described the underdevelopment of the Third World largely as a “social problem” internal to and caused by the socio-economic systems of individual countries. according to Rostow, the policy prescription to acquire “modern” values geared toward achievement, ‘modern” legal institutions and political systems, and “modern” capitalist economies. In most cases, the modern was understood as being synonymous with western values, institutions, and market economies. In essence, the problem of underdevelopment (and by extension, informality) was not one of capitalist exploitation and extraction but that these countries had not yet been sufficiently incorporated into the modern world or the international economy. It was only a matter of time that these countries would “take-off” and “catch-up” with the developed West. Proponents of modernization theory saw the informal sector as a remnant of traditional, pre-capitalist modes of production and subsistence strategies common to isolated rural peoples. Informal was trapped outside the modern economy because they lacked the proper education, skills, and value orientations. The language used to describe the growing informal or excess labour includes “marginality “abnormally swollen,” “over distended tertiary sector” and “bazaar types” (Moser, 1978). In line with this patronizing prescription for national development, the prescription by modernists connotes the idea that urban surpluses would eventually disappear with the rise of industrialization. That capitalist manipulate the reserve army confronting workers in the formal sector with the replacement by cheaper labour in the informal labour market (manipulation). Informality is seen as a quasi-evolutionary process, where the informal activities will conduct its actors to the formal sector. Ironically, rather than manipulating and absorbing the reserve labour forces by the formal sector, evidences around the world indicates that the informal economy persists despite the predictions that formal sector will eventually absorbed the reserve forces. Challenging this theory was International Labour Organization and Hart, (Hart, 1973). With extensive and comprehensive studies carried out on informal economic activities in Ghana, they rejected the Modernization theory and see informal economy as a ‘different way of doing thing’ rather than a strategy to manipulate the reserve army in achieving growth and development. However, the weakness of modernization theory was that informal sector was not seen as an area of economic growth or dynamism, nor was it characterized as a reservoir of entrepreneurial training and talent. It was seen as a problem to be solved and not a development strategy to be harnessed and promoted.

2.2. Dependency

Keith Hart’s pioneering work among informal in Ghana 1973, combined with studies of informality in Kenya published by the ILO in 1972 that crystallized the phenomenon of unregulated economic activity into the term “informal sector.” Hart’s contribution had such a broad and original impact because he focused on the complex, organized, and dynamic income generating activities of informal enterprises. In effect, he found that informal activities were not a mere extension of traditional subsistence strategies and that participants in these unregulated activities were not universally condemned to poverty and marginality (Hart, 1973), (Schauffler, 1992). However, other scholars working within the dependency tradition have all too often made the mistake of characterizing informal

workers as universally poor and emphasized the sector's supposed marginal position vis-à-vis the modern capitalist sector. Furthermore, in place of developing a systematic definition of what constituted informality, practitioners of the dependency approach Tokman (1978) often simply described the many common characteristics of enterprises in the sector. Such as little capital, low technology and production, little profits, utilization of unpaid family labour, easy entry, low efficiency and competition. Furthermore, the dependency approach saw the goal of informal operations as mere survival, not profit maximization. Informal firms were often characterized as taking advantage of their ability to avoid taxes and regulations and exploiting niche areas overlooked by larger and less flexible firms. The weakness of dependency theory was that it saw the informal labour arrangement as taking place largely outside of the exploitative formal relations of production. Thus, the informal sector was viewed largely with suspicion as a mere transposition of the rural subsistence sector into the urban environment.

2.3. Neo-liberalism

Economist Hernando De Soto caused a paradigm shift of sorts when he published his treatise on Latin America's informal sector. Neo liberalism is an ideology based on economic liberalism. The ideology favours economic policies that minimize the role of the state and maximize the private business sector. Neo Liberalism seeks to transfer control of the economy from public to the private sector under the belief that it will produce a more efficient government and improve the economic health of the nation. (Gilles & Hernando, 1994) asserts that the informal sector is a response to excessive state regulations. He subscribes to the notion that the informal sector is comprised of 'plucky' micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration. He noted that micro-entrepreneurs would continue to produce informally so long as government procedures are cumbersome and costly in terms bureaucratic, lack of property rights, difficult accessibility to productive resources like finance and technology. In his view, unreasonable government rules and regulations are stifling private enterprise. More recently, De Soto championed property rights as a means of converting the informally held property of informal entrepreneurs into real capital. De Soto and his followers eagerly champion those who generate income for themselves and their families in the informal sector as the 'real revolutionaries', who heroically stand up to the tyranny of excessive state regulations, and proclaim that these informal workers are the real seeds of the free market doctrine. De Soto can be credited with turning the informality debate on its head and bringing it out of the academy into public view. De Soto argues that Marx himself would be surprised to find that, "In developing countries much of the teeming masses do not consist of oppressed legal proletarians but of oppressed extra-legal small entrepreneurs with a sizeable amount of assets" advocates transforming the "class struggle into a struggle for popular initiative and entrepreneurship" (De, 1989). He argues that the masses have united in a revolutionary front not as proletarians against capitalist exploitation, but as extra-legal, micro-entrepreneurs against a bureaucratic, state-directed economy that excludes them from becoming full capitalists themselves. Locked out of formal jobs and denied formal, legal title to their property, they proceeded to create their own micro-enterprises and institute their own set of occupational-specific extra-legal norms and regulations. He makes grand claims that the informal sector has the potential not only

to create wealth, reduce costs, and democratize politics, but also to push out and replace the first economy. Thus, in comparison to other scholars who see informal economies of growth as exceptional, de Soto contends that the informal sector is filled with revolutionary potential. In the context of global economic crises and restructuring, neoliberal economic ideologies acknowledged the informal economy and encouraged conditionality on aid to developing countries. The essence was to promote formal employment by promulgating state deregulation, free-market development, and curbing social expenditure (Portes, 1994). Under the period of globalization, the concept of informal economy gained new meanings and currency with poverty reduction strategies and its attendant's consequences. However, despite the popularity of neo-liberals' ideology especially among the policy makers, the ideology came under different attacks. Challenging the neo-liberalism theory were different scholars, for instance, in studies carried out by (Olmedo & Murray, 2002) in Argentina, in Cuba, in Nigeria, findings from these studies show that one significant consequence of the new global restructuring outside the core areas of the world economy has been the process of social exclusion. The Structural Adjustment Programs in Argentina led to the erosion of much of the social contract, collective responsibility, and welfare state 'safety net' programs. Thus, millions of people in the global South who had hitherto depended on state provisions now rely on their own initiative to survive. Furthermore, deregulation of prices of necessities, like housing costs, rent, and utilities jeopardizes the security of tenure of poor and working-class people, subjecting them to the vagaries of market forces and the risk of joblessness and homelessness. Reduction of state spending on social programs also meant reduced access to decent public education, health care, urban infrastructural development, and state-subsidized housing. Some others argue that the drive for privatization and commercialization of public enterprises in Nigeria and other African countries resulted in massive layoffs of workers without a clear prospect of boosting economic growth and creating alternative, viable jobs. With the prospects for finding work in the formal labour market declining, retrenched workers have turned to all sorts of informal activities and relationships in order to make ends meet. Thus, rather than the informal sector playing its previous supplementary role in the provision of employment and welfare, it is now a primary medium for sustaining the livelihoods of millions of who had been retrenched from their jobs or whose income is not sufficient to support basic needs. This scenario has led to the questioning of neo-liberalism ideology on informal economy. It is evident that the state and the urban-based large-scale formal sector cannot generate enough jobs for the present and future job seekers. (Weiss, 1987) argues that the necessary conditions for the development of informality are not only provided by the features of an industry or economic sector, but also by specific socio-economic features of a society. Such features as a dispersion of small-scale operators, a marginalized labour source (usually women, youth or vulnerable ethnic communities) and a viable system of social networks-all vital to the development of an active informal sector – informality does not simply appear with the advent of crisis.

2.4. Structuralism

The neo-Marxist perspective, also called the structuralist perspective, insist that informality is not simply the result of excess labour supply, or over-regulation. Instead, the central

element of the structuralist approach is its insistence that informality is in essence an alternate form of labour utilization (and often exploitation) by capital. Put differently, Maloney succinctly stated that informal labour relations (like informal workers) are not “just there” by some accident or flaw in capitalist development. Instead, these relations (and workers) are actively “informalized” by capital under the logic of peripheral capitalist accumulation. Arguing along the same line was (Rakowski, 1994a), he argued that the “novelty” of the informal sector is largely illusory. What is new in the production process is not informality, but formal labour relations themselves. Labour relations in the late 19th century were characterized by paltry or nonexistent protections and benefits for workers. Informality only came into existence as a distinct category in the production process after its antithesis, the formal, relatively protected worker, was created through years of struggle by labour unions. What is a “new” phenomenon is the active recreation and intensive utilization of informal labour relations by formal capitalist firms. This is identified by Structuralists as a novel strategy in the economic restructuring of global capitalism in reaction to the structural crisis that began in the early 1970s. The structuralist made two main contributions to the informal economy discourse. First, the informal economy’s function according to (Castells, & A., 1989) is to support capitalist structure, which is supported by globalization, to maintain market competitiveness as producers strive to reduce production costs, especially wages. For example, he stated that research on Guatemala shows how several US clothing companies provide local contractors with cloth, design patterns and occasionally with loans, but with no social security. These informal contractors use the manual labour of Indian women who sew for wages, which are significantly below the market price. Similar case studies on different industrial sectors reveal that subcontracted informal activities are concealed in official formal sector documents. A second major contribution by the structuralists, is a multiplicity of reasons why the informal economy is growing and crucial for development. The informal economy retains a higher number of workers than the formal one because individual’s utility of income is higher in the informal economy and there is a large market of cheaply produced goods and services. Capitalists also employ informal labour to reduce costs when compared to employing formal labour. With the development of globalization in developing countries, outsourcing in the informal economy creates dynamic sources for informal producers to take advantage of growing demand of their labour (e.g., in the garments, footwear, and toy industries). A critical shortcoming of this theory is that while industrial subcontracting is a central feature of informal activity in Latin America cities, it is a comparatively insignificant feature of informal activity in developing countries. The common feature in African informality is what Capecchi refers to as the ‘subsistence’ informal economy in which economic actors are occupied on informal means of income generation (Capecchi, 1989).

3- The main causes of informal economic and trade in Algeria

The strength of the body of evidence is limited, its size is small. Indeed, one of the reviewed studies notes that “while there is a wealth of excellent studies on West, South, and East Africa... there has been very little research on borderlands and informal trade in North Africa” (Gallien, 2017). Additionally, the studies suffer from methodological limitations,

which undermine their quality. also, the evidence is generated using data from a range of border locations in North Africa such that most countries in the region are represented.

In North Africa, more than half of the regional labour force works in the informal economy. The International Labour Office estimates that 60 percent of the total labour force of Egypt and Morocco works in the informal economy, with Tunisia at 53 percent. Statistics for Algeria are less reliable ILO (2018)., but typically, according to (Charmes, 2016), in Algeria, after an administered and centralised economy, the informal economy has grown a double from 21.8 per cent in the mid of the 1970s to 45.6 per cent at the end of the 2000s, with a small and short decrease to 41.3 per cent at the beginning of the 2000s. Given the growing trend, the authorities implemented policies targeting employment creation for the youth that brought the level of informality down to 37.3 per cent in 2013.

Perhaps the best illustration of the role of the region's informal economy as an integral result of the regional development models is the region's turn towards IMF-led structural adjustment programmes in the 1980s. Reforms aimed at modernising the region's agriculture, reducing the size of the public sector, and decreasing the state's role in the economy all had important consequences for the regional labour market. Following the vision for agricultural reform led by the private sector, Egypt, Tunisia, and Morocco embarked on a set of reforms that included the sale of state-owned farms, the mechanisation of agricultural production, and liberalisation of markets for agricultural products and land. As a result, the balance between smallholder farming and large landowners shifted towards the latter, contributing to a deterioration of the standards of rural life and greatly diminishing the ability of the agricultural sector to absorb the demands for work of an expanding population. Many people, young men in particular, moved from the countryside into the urban periphery to look for work despite having little training, little capital, and few connections. Many of these jobseekers found their way into the informal economy as street vendors, construction workers, or domestic labourers , (Hanieh, 2013).

Structural adjustment led to a significant reduction in public sector hiring across the region amid concerns about bloated bureaucracies and public expenses. This also limited one of the traditional avenues of formal sector employment in the region, an avenue that had been particularly important for women. At the same time, the role of the formal private sector in employment creation remained sluggish at best. The privatisation of public sector enterprises in the region largely went hand-in-hand with the rise of a politically connected business class that was able to benefit from state support, effectively erecting significant barriers to new entrants in the market, which could have provided formal sector employment. Once again, the slack was picked up by a rapidly expanding informal sector. The dismantling of public enterprises also moved employment into the informal sector more directly.

Far beyond providing a temporary fix for the region's employment problem, the expansion of the informal economy in Algeria has served to fundamentally restructure the relationship between the region's states and the majority of its labour force. It has created a largely atomised workforce, neglected its training, development, and security, emphasised highly gendered dynamics of access and opportunity, and transferred significant economic regulatory power to the region's security apparatus. As a result, the informal sector has

become the central field in which social justice in Algeria needs to be understood, negotiated, and rebuilt. The expansion of the informal sector in Algeria has created a large informal private sector that is atomised, unconnected and unable to formulate systematic political demands. While their lack of a formal legal status is one of the crucial barriers for workers in the informal sector to form unions and associations, it is not the only one. Formal labour unions in the region have typically refused to cooperate with groups in the informal sector, citing their lack of contracts and legal status, or the prevalence of own-account workers in the sector. Low levels of social capital, divergent interests, and fear of reprisals from security services have further hindered the creation of associations. This has limited the ability of informal workers to negotiate with decision-makers, articulate specific demands, and engage in collective action to enforce them. However, it has also limited the access of decision-makers to information about the informal sector, its situation, problems, and needs (Max, 2018).

The absence of formal status has largely excluded the informal economy from a variety of institutions connected to education, financial services, social security, and wider human capital development. While workers in the informal economy have an income, they miss many of the aspects of decent work. In the absence of wage regulation, many of the wages in the country informal and formal as well are so low that they are locally referred to as pocket money. This type of subsistence wage is enough to get by, but not enough to save, not enough to ever be able to afford a car, an apartment, marriage, or to expand their business. The lack of contracts and integration into social insurance systems exacerbates the inability to plan for the future. This has reduced regional social insurance to club goods enjoyed by a minority of the region's workers, rather than a universal feature. In addition, informal sector jobs in the region typically do not provide the type of on-the-job training or additional skills development that would provide workers with new opportunities, an issue that is often missed in discussions on education in the region. Access to capital is typically limited to micro-loans. Lack of workplace safety increases the risks of accidents, as happened in the construction areas. While the informal economy continues to provide employment, it is often through jobs, which do not provide key functions that traditional formal sector, used to provide such as dignity, an opportunity for social development, and upward mobility (Max, 2018).

The relationship between the informal economy and the states of North Africa can in many ways be conceptualized as what Tandler called (The Devil's Deal) political support is exchanged for the toleration of informal economic activity in the continued absence of any attempts by the state to systematically transform or upgrade elements of the informal economy, to develop the situation, or the skills of the people in this sector. In the absence of a commercial and economic strategy, a significant amount of the economic governance of the informal sector is transferred to the security services and to the police in particular. This relationship not only offers a myriad of opportunities for corruption, commonly imposing significant costs on members of the informal economy, but also doubles down on the experience of indignity and marginalisation. More fundamentally, it continues to undermine trust between the actors involved. It fails to provide a basis for the renegotiation of the relationship between the region's states and its working population, offering no platform for

a conversation about work, development, and social justice to take place. Clearly, a different approach is needed (Max, 2018).

4- The main solution of informality sector in Algeria

From this very brief discussion on the role of the informal economy in the economic structure of Algeria and North Africa, the absurdity of a fight against the informal economy (Ben Zakour, 2017) quickly becomes clear. An approach focused around law enforcement not only inflicts further damage and dispossession on an already largely marginalised section of the population, but also seriously endangers the region's stability and social peace. More fundamentally, law enforcement operations such as street clearings, where security forces remove informal roadside vendors, only result in a geographical relocation of the informal economy if they are not accompanied by reforms that provide viable alternatives to informal employment.

4.1. Tax and Financial Services

The few development oriented engagements with the informal economy in the region typically focused on the provision of micro-credits to informal »entrepreneurs«, having identified the lack of access to credit and financial services as a key obstacle to formalisation for informal enterprises. There are, however, good reasons to suggest that this approach is insufficient as an economic strategy for the region's informal economy. First of all, much of the research on the role of micro-credit for small enterprises has been conducted outside of the cultural and religious context of Algeria, where many actors view commercial credits with suspicion. More importantly, it rests on the assumption that all or many informal enterprises can be scaled up through the availability of additional capital. However, many informal economic activities are survivalist in nature; heavily saturated sectors such as roadside vending, or too directly in opposition to the formal legal framework in order to be sensibly or profitably formalised or scaled up. Even in the case of the informal enterprises where expansion or development makes economic sense, taking on credit implies significant commercial risks and, through interest, transfers some capital out of the informal economy. Increasing the availability of credit is at best a very partial strategy (Max, 2018).

Another feature of the current policy discourse on the informal economy in North Africa is the promise that »formalising« the informal economy will immediately and significantly expand the state tax income in the region. A study conducted by the consultancy Roland Berger for the Moroccan Employer's association claims that the Moroccan state currently loses 40 billion Dirham (3.6 billion Euro) annually due to the lack of tax income from the informal sector. While it has become a very common staple of policy analysis on the informal economy, there are at least two reasons to be very cautious of this approach. First the assumption that a significant extraction of tax revenue from the informal economy is feasible, desirable, and legitimate implies that a suspension of the (Devil's Deal) and a significant redistribution of resources within the region can be achieved without widespread unrest, or that the lack of trust created through decades of state neglect can swiftly be overcome through promises of investment and credit. Second, framing the informal economy primarily as a potential income stream for the region's states makes it more

difficult to advocate for policy solutions, which, at least in the short term, require costly interventions. However, given that today's informal economy is closely connected to decades of state withdrawal and neglect, it should not be surprising that meaningful and sustainable reform in this sector, especially with an eye to social justice, will require significant state investment (Max, 2018).

4.2. Developing Skills, Infrastructure and Livelihoods

Before the taxation of the region's informal sector is planned or implemented, state policy should focus on developing and upgrading skills, infrastructure, and livelihoods. Rather than as bandits and tax dodgers, the informal economy needs to be recognised as what it is the region's main labour force, a large section of its youth, and its commercial future. The first step towards a social contract that is not built on neglect would be the systematic extension of social insurance programs to the members of the informal economy. Developing skills through training programs that require no formal sector connection can be critical in opening up new alternatives for informal workers, especially in rural areas where young men frequently leave school at an early age to work in the informal economy. Improving the infrastructure in which informal vendors or manufacturers operate cannot only improve their efficiency, but also the safety and dignity of their work. Moreover, it serves to rebuild trust between state administrations and the informal sector. Nevertheless, many of the markets built to offer street vendors a locality and a better infrastructure remain empty, as vendors prefer to sell in their old locations in the city center. This example highlights the importance of interaction between the state and informal labourers to develop projects that can support meaningful development within the informal economy.

4.3 Supporting Informal Associations and Unions

In order to support the co-creation (Lindell, 2010), and inclusive formulation of development projects in the informal economy, more support should be given to projects that help sections of the informal economy to create associations and unions that are able to formulate needs of their respective sectors, nominate intermediaries, and engage in collective action. Given their often-marginalised positions, building associations in the informal economy comes with significant challenges, and is often vulnerable to co-optation (Lindell, 2010). Yet, there are good case studies on which to build. SEWA (2020), India is Self-Employed Women's Association is a globally recognised example of the positive impact of an association of informal workers granted trade union status. Limiting Informality in the Formal Sector Analyses of the informal economy in the region commonly lack a discussion of the important role that informal economy plays within the region's formal sector. Most commonly, this role is driven by formal enterprises that employ informal workers and do not provide their employees with formal contracts or social insurance schemes. This is particularly common among enterprises and sectors that are connected to ruling elites. The lack of control and enforcement of labour laws in this context can be interpreted as an informal subsidy to these sectors by the region's governments, to the detriment of their workforce. Cracking down on these practices and supporting small businesses in not just formally registering themselves, but also registering, paying and supporting their employees, promises to be the policy area related to economic informality that can produce some of the swiftest results.

Formal Sector Employment and Inclusive Development Any future policy development addressing informal employment in Algeria should learn from the economic programs that have led to the informal economy's expansion in the region and aim to address the legacies of neglect that accompanied them. Not all segments of the region's informal economy can be formalised, upgraded, or developed. All the policy options discussed above are important. Yet, none of them can act as a complete substitute for creation of accessible, dignified, and decent formal employment, in both the public and the private sector. The region can no longer afford to pursue a development model that is built on jobless growth and can no longer exert additional sacrifices from those it has economically marginalised. The political symbolism of the confrontations between the state and members of the informal economy demonstrates that this relationship is already at a breaking point. It echoes the demands of the region's protest movements: dignity, economic opportunity, and social justice. For decades, the informal economy has been a social buffer for a development model that has benefitted small elite. As this buffer has become the majority of the region's labour force, there is no alternative to a more inclusive development model (Max, 2018).

5- Conclusion

This paper shows that the concept of the informal economy remains inadequate to explain the dynamism of the informal economy in developing countries from its origin, causes and persistence. The modernization and dependency approach focuses on the inability of capital to absorb labour and provide it with protections. The neo-liberal approach sees informality as an antagonistic struggle between entrepreneurs and the state. The structuralist approach sees informality as the result of the complex and ongoing class struggle between capital and labour, where capital has successfully evaded state regulations by actively creating and taking strategic advantage of a "new" type of labour the unprotected informal worker. The informal economy in developing countries is more complex than all the theories discussed. From the policy perspective, it is important to agree on a theoretical framework for scholars to examine contemporary works on informal economy, whether led by individuals, by the families or the community. Also, it important to consider the realities of informal dynamism, negligent or weak states apparatus, and growing global market stress that penetrates every sphere of life. Most of the informally operating economic units, in which regular labour relations have no place, and which operates in such a small scale with low income range that compliance with administrative regulations and tax law is hardly feasible. The strategic options seeking to formalizing informality should concentrate on the productive units of the society whether they are formal or informal and help them modernize and improve productivity through structural supports like access to credit, legal system and provide training. Those who criticize those policies are difficult to implement, for a lack of quantitative measures should not forget, how China and India raised at the highest level of productivity with its massive informal economy. This research paper is very modest, in which we were not able to apply the rules of explanatory measurements, but rather we touched on the most important weaknesses that did not benefit from the labor force in Algeria, and also the informal economy, and we have tried to show some of the overall features of the solutions that would reduce the various obstacles and brakes that

restrict the comprehensive development of the country, and in conclusion, we stress that Algeria has natural potentials, and exceptional engines that everyone knows, but what we have forgotten and overlooked is our enormous human energies And distinguished, especially our elites of scholars in various fields, they are the key to the launch and success of development programs. It is our duty to first seek to create an attractive and appropriate climate that attracts them and enables them to formulate future strategies for us that restore to our nation Algeria its place among civilizations and nation.

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