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## **The Rise of Employment in Algeria What are the Trends?**

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## **The Rise of Employment in Algeria: What are the Trends?**

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The objective of this report is to try to understand the issue of employment in Algeria in the last few years in relation with the changes, which affected the socio-economic system and its recent effects on the labor market.

Several studies were conducted between 2000-2002. These were promoted by public agencies and were broadly echoed in the national press and more recently, by the BIT (1), with one point in common: the difficulty to understand the measure of employment and its corollary, unemployment, due to the lack of statistics and up-to-date data.

This is even more harmful given the speed and magnitude of changes in structure and organization that create deep and lasting consequences on conditions of work, training and employment.

The most apparent phenomena are the increase of labor instability, the rise in informal employment, the increase in the number of women working and the disappearance of legal protections of workers.

Beyond the numbers on the state of employment, a subject of controversy, it is necessary to study the labor market due to the instability of global politics in the context of the transition of economic markets, impediments and delays affecting it.

For 20 years, the macro-economic framework has weighed heavily on the state in which we find the labor market today.

The structural adjustment plan that was initiated in 1994-95 still has effects on limiting social expenditures and the increase of poverty, while the improvement of government revenues in line with rising hydrocarbons prices since 2000 led to the growth of the job market.

The inclusion in the globalization process (The Association agreement to the European Union and negotiation to membership in the OMC) is still not producing the expected results on investments and the creation of employment.

Since 2001, the structural modifications of the population (Decline in population growth and the rise of the level of education) led the newcomers to the top of the job market, particularly women.

### **Employment characteristics in Algeria**

While drawing attention to the credibility of the data, one is required to rely on the official data of the work force survey of 2003; the investigation of the ONS to evaluate the

conditions of employment and those of the Planning Committee and Prospective to make estimations of this value. Data for the farming sector will be drawn from the general census of 2000.

The population is estimated to be 31.4 million inhabitants in 2002, of which 50.5% are men and 49.5% are women. Close to 62% of this population resides in urban areas.

The natural rate of increase of the population dropped from 2.5% in 1990 to 1.5% in 2002. The 0-14 age group decreased from 45% of the population in 1987 to 32% in 2002.

### The rising population 1998-2003

	Total population	Old enough to work	Employed workers
1998	29,273,000	16,733,000	8,326,000
<i>Women</i>	<i>14,472,000</i>	<i>8,289,000</i>	<i>871,000</i>
2002	31,357,000	19,219,000	9,305,000
<i>Women</i>	<i>15,522,000</i>	<i>9,520,000</i>	<i>1,321,000</i>
2003	-	-	9,540,000
<i>Women</i>	-	-	<i>1,355,000</i>

### The working population

The rising number of employed workers between 1996 (during the structural adjustment period) and 2003 (at the beginning of the stabilization process) is characterized by the substantial increase in employees, with a slight drop among the unemployed but especially by the modification of the employment structure to the detriment of wage earnings:

### The rise of the employed workers 1996-2003

	1996	2003	Change
<b>TOTAL</b>	<b>7 164 000</b>	<b>8 762 000</b>	<b>+ 1 600 000</b> <b>22.3%</b>
Employers and Independents	1 135 000	1 855 000	+ 720 000 63.4%
Permanent employees	2 866 000	2 829 000	- 37 000 - 1.3%
Non- permanent employees	673 000	1 515 000	+ 842 000 125%
Family aid services	290 000	484 000	+ 194 000 67%
Unemployed	2 200 000	2 078 000	- 122 000 - 5%

The improvement of the level of employment is explained by the general deregulation of economic activity: particularly the liberalization of trade; governmental aid programs; the creation of enterprises; the opportunities and advantages allocated to private investment; contractual relations of work introduced by the labor legislation of 1990; the general implementation of a bonus to temporary employees by the public authorities (ESIL, TIG, TUPHIMO,...)

The structure of the working population has also been completely transformed, particularly the sectors that are directly productive indicating a regression to a service based economy.

### The rise in the working population by sector 1985-2003

	1985 %	2003 %
Agriculture	25.1	21.1
Industry	18.2	12
Construction	23.8	11.9
Services	32.8	54.8
Total	100	100

The public administration employing 1.5 million people is the biggest employer in the country.

Trade, with a million people, is becoming the second sector of activity, followed by transport, communication, banking and insurance companies, tourism and trade services.

The private sector exhibited sudden growth during the decade of 1990-2000, employing 635,000 workers, mainly SMEs, concentrated around construction, trade, transport and communications, household services, food processing and micro-enterprises. In 2000, they provided 28.2% of total employment. The contribution of SMEs dominated the public sector in 1998 (53.6%).

### SME/PMI in 2000

Dimension	Number	%	Work	%	Average / unity
- 9	148 725	93.2	221 975	35	1.49
10 – 19	5 778	3.6	77 082	12.2	13.34
20 – 49	3 322	2.1	99 649	15.7	30.00
50 – 99	997	0.6	67 664	10.7	67.87
+ 100	685	0.5	168 005	26.4	245.26
Total	159 507	100	634 375	100	3.98

### Employment in the 5 first labor sectors of SME/PMI 2000

Work sector	Number	%	Work	%	Average / unity
Agro - food industry	11,640	10.77	49,488	12.27	4.25
BTP Construction	42,687	39.48	247,343	61.32	5.79
Trade	26,073	24.11	66,553	16.51	2.55
Transport	14,018	12.97	21,640	5.37	1.54
Services	13,702	12.67	18,259	4.53	1.33
Total	108,120	100	403,183	100	3.37

Employment in the agricultural sector showed a slow but steady increase. The existing data under-estimated the women and children employed and shows a high average age of 60 years and a low level of qualification.

Since independence, the agricultural sector, weakened by the natural conditions of poor lands, as well as weak and unpredictable rainfall, continues to record a continuous decline. Agriculture is made more vulnerable by the demographic growth, diversification of the economy and by the food needs of a growing population.

From 1962 to 2002, the average agricultural plot size declined from 0.85 hectares to 0.25 hectares per person. The agricultural sector's contribution to the economy has fallen from 20% to 10%, and the domestic consumption for cereals is 70% of production, for milk 60% and for sugar 100%.

The cost on importing basic foodstuffs (\$3 billion dollars/year) weighs heavily on the trade balance.

The 2000 general census generated the following data on agriculture:

Number of farms	997,769
Usable agricultural land	8,666,715 ha
Size of farms	62% less than 5 ha
Status of functional farms	94% individual
	3.7% collective type
	1.5% family & civil societies

Farmers	less than 30 years old	4.8%
	41 to 60 years old	43%
	61 to 69 years old	35.2%
Education	No level	66.6%
	First grade	19%
	Specialized training	0.4%
	Average	05.5%
	Secondary	03,0%
	Superior	01,5%
Employment	Farmers	997,769
	Co-exploitants	74,300
	M.O permanents	1,285,894
	M.O families	1,173,554
	among them children – 15 years old	258,141
	M.O employed	112,340

According to the report from the National Plan for Agrarian Development (2000), 445,000 jobs were created in 3 years, in which 381,000 are permanent; 160,000 hectares were valued; and approximately 1,500 projects were created or in the process of creation.

On a national scale, employment in the informal economy was not subjected to a specific investigation. Several university studies were conducted to establish its definition and partial investigations were also performed by public agencies.

Estimates put the level of informal employment at 40% of total employment outside of the agricultural sector. It went from 25% in 1985 to 29% in 1992, 33% in 1997 to close to 40% in 2001, employing approximately 2 million people. These figures sufferer from numerous limitations such as: the non-declaration of activities and/or employment; illegal work; not mentioning two jobs. This affects large and small enterprises in all sectors. This is the origin of the underestimation of women's employment in particular.

The expansion and the persistence of the informal economy is fed by the general "informalization" of the economy where the practice of liberalization has been underway since the 1980's effecting formally rigid regulations (salaries, taxation, access to outside markets, exchange rate and finance) . Beyond these negative economic and social aspects, liberalization contributed to the creation of informal activities and the reduction of unemployment, with a shift away from formal employment.

### **Women's employment**

The most important increase in the rate of employment is due to the female workforce, which constituted 14% of employment in 2003. The rate of women's employment has increased 5 fold between 1966 and 1998 and doubled again between 1998 and 2003.

Women are more present as a working force, breaking the sociological norms that have characterized their working behavior in the past.

There are many reasons to explain this massive new presence of women in the job market.

- The rise of education has pushed back the age of marriage.
- The result of the education implementation and the success in their studies. (Women represent 52% of all good students since the last decade).
- The increase of poverty forcing more family members to work. (we estimate at 30% the population living below the poverty line).
- The dynamics of the informal sector bringing more and more women to the market force.

81% of working women are qualified and live in the urban area.  
44% of women are married, while 44% are single women.  
51.4% are in the age group 30 - 40 years old.  
30.3% are high school graduates and 24.1% are college graduates.  
56% work in the public sector against 44% in the private sector.

The wage-earning women represent 66% of permanent employees, and 26.6% of employers and independent workers.  
48.4% are employed in the public sector, of which 80% work in the health and education sector. This sector employs 24.2% of working women.

In the agricultural sector, women constitute 18% of the working population, 17% of permanent workers and 19.3% of migrant or seasonal workers. 4% of farmers are women.

### **Child Labor**

Officially, the poll shows 22,000 children under 15 years of age are working. However there is clear evidence that shows child labor is widespread in big cities. This phenomenon is still not fully understood. Its reappearance is linked to the advance of poverty and the lack of academic schooling affecting younger and younger children due to the disintegration of the educational system and the terrible suffering endured between 1990 and 2000.

### **Unemployment in young adults.**

Unemployment of young adults has always been higher compared to all adults, even during the periods of financial security and a comparatively low percentage in the job market. This is exacerbated by the issue of employability, the educational system and the inadequate professional training that lead to disqualification of young adults in the employment market.

If the worldwide average shows a doubling of youth and adult unemployment, this is tripled in Algeria, with a noticeable worsening during the period of 1966-1998.

### **Youth unemployment 1990-2001**

	1990	1992	1995	2001
15 -19 year old	64.8%	66.6%	61.1%	51.4%
20 -24 years old	48.2%	44.3%	52.5%	45.9%
25 -29 years old	18.1%	25.2%	35.3%	37.6%
15 -59 years old	20.4%	24.4%	26%	27.3%

### **Unemployment and graduates**

The unemployment rate of the graduates went from 11.9% in 1992 to 19.07% in 1997. In 1998, we noted 48% of general graduates, 35% of engineers and 17% of post-graduate were reported as unemployed.

### **Unemployment: What criteria and which measure?**

The long period of declining unemployment until the end of 1980's is confirmed by the behavioral activities of social agencies.

The major debate surrounding the data explains the difficulties of characterizing unemployment in variable economic conditions. Where the changes are often brutal, these affect the overall factors - political, economic, and social - the reduction of the crisis.

Unemployment is proposed to be 13% for some, 17% or 18% for others, and 26% in the most pertinent studies. No matter what the actual number is, unemployment is a serious problem in Algeria, and commands urgent and appropriate responses. At the same time, the solution cannot be accommodated by temporary measures. It is essential in the near future to secure the necessary stability to end the transitions and reform the economy.

We should be able to share opinions expressed in daily columns to affirm, "no one should deny that employment experienced a strong growth in recent years and this is an extremely positive and unexpected result". Common sense, though will rather dictate the next steps in the efforts for necessary reforms to grow the economy.