

***Action and Discussion Round table on Companies***

***Program of Corporate Economic Reform.***

***PREE 2017***

***From crisis to collective action.***

***April 2017***

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##### For a new approach to the state-enterprise relationship

The main objective of this project is to **contribute to the reinforcement of the dialog between the state, the companies and the AP-OP (Professional Associations and Business Organizations), through a new "bottom-up" approach which consists in listening to entrepreneurs and the economic community with a view to ensuring that laws and regulations are as effective as possible, and to take into consideration the expectations of all stakeholders** (citizens, state, companies, etc.) and the conditions for implementing these laws and regulations to improve the business climate and economic growth.

For many years, the business environment has been judged by national actors and rating agencies to be unfavorable for investment and economic development.

The drastic drop in oil prices reveals the fragility of the Algerian economy and brings the issue of improving the business climate to the fore. Economic growth must now be driven by a diversified national productive sector. It is now beginning to be reflected in the official discourse, affirming the desire to diversify the economy and place the company at the heart of economic reforms.

Nevertheless, the scope of the reforms to be carried out is considerable. They will require the contribution of all stakeholders. Only an inclusive and open approach will succeed in addressing the challenges of moving to a new model of economic growth.

In doing this, all project partners [[1]](#footnote-1) are convinced of the need for an inclusive approach for all producers of national wealth, especially local actors whose role must be highlighted and enhanced. If we want these actors to invest themselves in the delicate process of economic reform, we must above all listen to them and consult with their representatives.

For more than two years, the CARE club[[2]](#footnote-2), with the support of the International Center "CIPE"[[3]](#footnote-3), has led a collective of employers’ organizations, professional associations and business leaders from twenty regions of the country whose mission is to develop an advocacy project for the improvement of the business climate and the identification of the reforms necessary for the development of the companies.

The project leaders began by listening to business leaders in several regions of the country. After identifying the expectations of business leaders, a long process of co-proposal of solutions was conducted. Lastly, the draft report was proposed to the Professional Associations - Employers' Organizations (AP-OP) before its final adoption.

The peculiarity of this approach lies not in the novelty of the proposals - which for the most part have already been proposed - but in its wide consultation of economic actors, beyond their representative bodies (AP-OP). These actors (companies, AP, OP ...) have thus demonstrated their support for the reform proposals offered. They will thus be active partners of the government in their implementation.

#### The approach underlying this advocacy effort

*An inclusive approach*

The administrative bodies met some two hundred business leaders, from all sectors and of all sizes, leaders in their field. They were consulted on a number of key issues including:

* + 1. What are the daily problems facing their businesses?
    2. What hinders the development of their businesses?
    3. What are the main obstacles to starting a business?
    4. What reforms are needed to improve their business?

At the end of this tour of the regions and collection of the proposals of entrepreneurs, the following salient points emerge:

* The concerns of all entrepreneurs interviewed were common and were expressed similarly in the West, East, Central and South regions of the country.
* The business leaders we met favored a bottom-up process of iterative consultation.
* The entrepreneurs interviewed have been waiting for governments to accelerate the pace of fundamental economic reforms.

*A pragmatic approach*

The proposals addressed in this document were collated, jointly with actors on the ground, from the concerns gathered from various local actors throughout the ten regions visited.

The proposals were then enriched by expert input. This approach aims at ensuring the feasibility and relevance of the proposed measures.

*Broader consultation*

The document resulting from this long consultative process was then shared with the AP-OPs for its enrichment.

Today, a coalition of several partners is committed to carrying the project forward, promoting it at the local level and helping to monitor its implementation as part of the observatory's activities.

#### The PREE, an overview

*The success of a new growth model rests on the implementation of a new state-company consultation model.*

The 4 main stakeholders (Government, Administration, Companies, AP-OP) must work together to identify solutions to the problems faced by companies. Each stakeholder must be responsible for a part of these commitments. A monitoring-evaluation process to be set up and supported by all stakeholders.

*The project partners have elected to structure the Economic Reform Program in two parts:*

**Part 1: The manifesto** is a strategic document that proposes a vision, a goal and principles to serve as a basis for all advocacy by companies, APs and OPs. The manifesto is a "stable" document that is not likely to change for 3 to 5 years.

**Part 2: Reform proposals,** updated annually, are categorized under 5 Axes:

|  |  |
| --- | --- |
|  | **Axis 1: Governance and State action** |
|  | **Axis 2: Competitiveness of companies** |
|  | **Axis 3: Financing** |
|  | **Axis 4: Taxation** |
|  | **Axis 5: Human capital** |

The following structure is outlined for each axis of improvement:

* **One core issue** a faithful overview of the grievances expressed by the participating economic actors
* **Objectives for improvement:** sets goals and milestones in addressing one core issue identified by the business leaders,

###### Proposed measures to achieve the identified goal;

* **A description:** methods and decisions required to carry out each of the proposed measures.

*This document will serve as a basis for field work, with companies and AP-OP partners. The aim is to encourage optimal adherence to this roadmap****.***

*Finally, an observatory is implemented as part of this project. This will enable monitoring of the implementation of the reform proposals.*

#### Part I: The Manifesto for business

##### From crisis to collective action.

The Algerian economy can change course.

A course of growth driven by companies and entrepreneurs. By detaching itself from profitability and by undertaking profound reforms, the Algerian economy can revisit the great ambition of an independent Algeria: a model of economic and social development which benefits all citizens.

While many observers are convinced of its decline, the Algerian economy retains the capacity for renewal: a real capacity for resilience. Beyond its natural and imposed competitive advantages, the genius of women and men must now be mobilized. New meaning must be given to the value of "work", which shall form the heart of our model of economic and social development.

Let us be clear. **The government alone is not in a position to tackle the many challenges facing the Algerian economy.** Companies and their representatives (AP-OP) must come together, while the public authorities must provide leadership to make full use of their business expertise.

Nor will a series of measures alone suffice - **we are tasked with rebuilding trust between all actors.**

This manifesto aims to propose a new, inclusive approach to meet the many challenges in transitioning to a new growth model.

**The Algerian economy faces unprecedented challenges.**

The decline in hydrocarbon revenues, due to the collapse of oil prices and the drop in exportable quantities, is exerting pressure on the entire Algerian economic and social model. This economic crisis exacerbates the various structural problems of the Algerian economy.

Economic growth (3.9% in 2015) has been driven in recent years mainly by public investment. Government investment accounts for 50% of economic investment, compared to only 10% for public and private enterprises.

This development model has resulted in the increased vulnerability of the Algerian economy both to fluctuations in fuel markets and the budgetary expenditure of the state.

The sharp drop in oil tax revenues (-32.9% in 2015, the first 11 months of 2016, down 6% on 2015) represents a double impact for companies: public procurement (on which many sectors depend) and ii) import restrictions (equipment, raw materials, semi-finished products, etc.).

This situation is paradoxical. **For several years laudable efforts have been made by the State to assist companies in their development:** tax incentives, support structures, facilitation, attempts to improve the business climate... This has led to significant progress:

* Economic growth (more than 3% for many years)
* A significant improvement in infrastructure (transport, basic infrastructure, housing, water, gas...)
* The HDI (Human Development Index UNDP) rose from 0.50 points in 1980 to 0.74 points in 2016: over the last several years, Algeria has overseen one of the sharpest improvements in living conditions worldwide.
* Massive job creation and a reduction in unemployment (10.5% in September 2016)
* Growth in the number of companies
* ...

**How is Algerian business faring?**

Between 2002-2013 ***more than one million entrepreneurial initiatives were supported*** by a host of government initiatives. ANDI (47,593 projects), ANSEJ (278,651), CNAC (90,625) and ANGEM (530,703). These companies are poorly integrated (or not at all) within global value chains (with the exception of end-of-chain activities).

***The number of companies created, however, remains insufficient*.** In early 2017, the number of SMEs, of all types, stood at 935,000. This represents a ratio of less than 20 SMEs per 1000 inhabitants, which is very low in comparison to countries within the region and countries with equivalent income.

***Small businesses and a low average number of jobs per project*.** For the year 2012, 95% of companies were very small enterprises (VSE)with less than 9 employees; and the majority of VSEs rarely exceed 3 workers. The projects financed by the ANSEJ generate 2.4 jobs on average, the CNAC 2 jobs, the ANGEM 1.5 jobs and the projects receiving benefits from ANDI create an average of 15.87 jobs. Such rates raise questions as to the effectiveness of Public expenditure in this area.

***Projects very weakly integrated across territories.*** 59% of existing SMEs (and the trend is the same for new business creation) are registered in the north of the country; 31% in the highlands and only 8% in the south of the country; while barely 2% of SMEs are located in the greater Southern region.

***A weakly competitive economy.*** Algeria is placed 87th in the Davos Economic Forum’s world competitiveness ranking for 2016/2017 (of 138 countries) released by the, behind Morocco (70th) and ahead of Tunisia (95th).

***A business environment that is not favorable to companies.*** In the World Bank Doing Business 2017 ranking, Algeria is placed156th (190). Despite the significant efforts of Algeria in recent years, compared to other countries, the business environment in Algeria remains unfavorable to the creation and development of companies. For example, Algeria ranks behind Tunisia (77th) and Morocco (68th).

***Companies lacking innovation.*** In the report on the 2016 Global Innovation Index by the World Intellectual Property Organization (WIOP), Algeria is ranked 113th out of 128 countries surveyed, winning 13 seats compared to 2015. By contrast, Morocco is in 72nd place and Tunisia 77th.

***Companies that export little.*** In 2016, non-hydrocarbon exports amounted to $ 1.78 billion (6.16%), most of which was derived from hydrocarbons. In 2015, the number of exporters, which stood at nearly 500, dropped to less than 400 exporters, 50 of which realized 97% of the turnover from export!

***Weak FDI (Foreign Direct Investments).*** In 2014, Algeria secured UDS 2 billion in FDI, or 1.8% of FDI for Africa.

And yet **companies, by way of the individuals that compose them, can contribute to addressing these problems.** A healthy economy cannot rest on the shoulders of the State alone... Wealth creation is accomplished collectively by companies, large and small, private and public, national and foreign. *Workers, managers, entrepreneurs and investors are also citizens with a responsibility to support the efforts to develop the Country.*

*The question then arises: what are the conditions required to enable companies, large and small, to play their full role?*

**The 4 main challenges to be met**

**The Algerian economy simply must succeed in its efforts to diversify.** The rentier model has reached its limits and endangers the Algerian social model and the cohesion of the nation. The transition towards a new growth model rests on companies that must address the challenges posed by the diversification of the economy, improving competitiveness, their participation in global value chains... and thus the preservation of our economic model. It is important to stress the need to enhance the role of services, which can be a major source of employment. It is Utopian to imagine industrial development without the development of quality services.

To meet the challenge of diversification, all stakeholders (government, business, administration...) will have to address the following 4 challenges:

###### Overhauling the role of the State and improving governance;

1. **The rapid improvement of the business climate** to enable the creation and development of enterprises, particularly in high value-added sectors and the attraction of FDI;
2. **Improving the competitiveness of companies** by modernizing their management, developing innovation and digital transformation, greater integration in regional and international value chains and by the emergence of a sufficient number of medium-sized companies able to win the battle for international competitiveness, develop non-hydrocarbon exports and play the role of locomotive for SMEs associated with them.
3. **Improving the human resources pool** through profound reforms in the quality of education, at all levels, and vocational training with the aim of promoting the employability of graduates;

**How can we meet these challenges?**

###### The success of a new growth model rests on the implementation of a new state-company consultation model.

RETURN ON INVESTMENT

A mechanism to

ASSESS-MONITOR

COMMITMENT

demonstrated by all stakeholders

INCLUSION

CONFIDENCE

A new model of state-company collaboration

A new growth model

The solutions recommended herein will not suffice: the conditions underlying the practice and supervision of economic activities must be addressed.

**The central ambition** of this manifesto is therefore to **"promote a new culture of state-company partnership".** This requires true confidence in companies and the promotion of **new methods of consultation involving all stakeholders** (Government, national and local administration, companies, AP-OP, trade unions).

The approach we propose aims to **mobilize**, in a coordinated manner, **all available resources and skills** **amongst all stakeholders -** their propositions will be consulted during the policy evaluation phase to promote investment and enterprise in Algeria.

###### The solutions proposed here are the outcome of extensive consultation with companies and their representatives (AP-OP). The final step will be to present the document prepared following this consultation to the public authorities.

**We will then have a roadmap setting out "undertakings" taken by each of the stakeholders:**

Encourage the creation and development of companies, by displaying a vision and a strategic ambition, assuming the role of regulation and improving public governance.

Improve the quality of service for all stakeholders in company: training, consulting, studies, standardization...

Improve their competitiveness by modernizing their management, innovation and digital transformation, greater integration into regional and international value chains

Put administration at the service of companies, simplifying procedures and facilitating procedures and making the administration more proactive

Promote the development of professional associations for all sectors and encourage companies to join them; launch a national capacity building program for AP-OPs and Chambers of Commerce

Government

Administration

Companies

Support structures

AP-OP

This "bottom-up" approach guarantees the feasibility of the measures proposed and the **implication of stakeholders who commit to implementing the roadmap adopted.**

###### Finally, the promoters of the project undertake to set up an observatory to monitor the implementation of the proposed measures.

**Part II: PREE 2017 - The proposals**

* 1. **Constraints expressed by economic actors**

Consultation with the participating economic actors yielded a coherent overview of the difficulties they confront in the daily operation of their companies.

The major issues identified, both by the business leaders and the Business Organizations and Professional Associations, may be divided into five (05) axes as follows:

###### Axis 1: Governance and State action

* + - Slow implementation of the necessary reforms;
    - Opacity in dialogue (absence of upstream consultation, agenda not `communicated, exclusivity of participation, etc.);
    - Lack of macroeconomic visibility;
    - Weakness of planning and decision-making tools;
    - Legal and regulatory instability;
    - Burden of bureaucracy and administrative obstacles;
    - Weak role of local authorities and elected officials in piloting local development;
    - Difficulty accompanying the formalization of informal business activity;

###### Axis 2: Performance and competitiveness of businesses

* + - Lack of trust in companies;
    - Companies not sufficiently included in the preparation of the economic guidelines;
    - Difficulties and delays in obtaining a range of administrative documents;
    - Opacity and difficulties in the granting of industrial land;
    - Limitations of the current management mode of industrial zones;
    - Insufficient and / or ineffective measures and support systems for the intrinsic development of the company and its competitiveness;
    - Public procurement benefits SMEs only marginally;
    - Burden of the Foreign Trade support structure;

###### Axis 3: Financing

* + - Insufficient funding;
    - Rigidity of prudential rules and restrictions to initiative by management;
    - Unsuitable financing;

###### Axis 4: Taxation

* + - The tax burden is excessive for both companies and employees, and does not promote transparency;
    - Tax procedures are slow;

###### Axis 5: Human capital

* + - Low output from higher education and vocational training;
    - Weakness of measures to promote employability;

#### Objectives and measures proposed

Inspired by exchanges with economic operators and their representations (employers' organizations and professional associations), Part III of this document specifies the problems expressed above and proposes possible solutions to contain them.

The following structure is outlined for each axis of improvement:

* + - **One core issue** a faithful overview of the grievances expressed by the participating economic actors
    - **Objectives for improvement:** sets goals and milestones in addressing one core issue identified by the business leaders,

###### Proposed measures to achieve the identified goal;

* + - **A description:** methods and decisions required to carry out each of the proposed measures.

#### Axis 1: Governance and State action

###### Objective 1: Establishing a global, shared economic vision Issue

* The economic model adopted so far has depended mainly on oil revenue and public expenditure;
* Absence of long-term strategic vision, driven by economic and social actors mobilized around a common / agreed project;
* Short-term visions have relied excessively on the bureaucracy, slowing economic and business development;
* Slow implementation of tripartite reforms and decisions;
* Low visibility of integrated regional development bodies;
* Lack of clarity in cross-sector objectives;
* Dominance of administrative approaches in economic and industrial integration strategies;
* Lack of convergence between sectoral and / or regional integration programs and the allocation of public or banking resources;
* Low level of harmonization in law enforcement at the local level;

###### Measures

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| **Measure 1** | **Structure and organize an inclusive economic and social dialog** |
| **Description** | **State**  **Ø** Prepare schedules and discussion topics in advance;  **Ø** Establish an exhaustive list of all economic and social partners according to themes and sectors of activity;  **Ø** Include professional organizations in the list of partners;  **Ø** Exchange and circulate documents and studies before tripartite type meetings;  **Ø** Publish and communicate decisions of tripartite type meetings;  **Ø** Create a representative committee to monitor and ensure the implementation of decisions;  **Ø** Engage the private sector in the preparation of laws and regulations with economic effects;  **Ø** Publish draft laws and regulations of an economic nature;  **Ø** Actively involve the public administration in the implementation of the economic decisions taken by consensus;  **Ø** Evaluate the measures undertaken and make public evaluation reports.  **AP/OP**  **Ø** Consolidate the spirit of dialog with the public authorities;  **Ø** Actively communicate solutions offered by actors in the field  **Ø** Assume a role as observer on the ground and ensure the implementation of economic decisions taken by consensus;  **Ø** Promote ideas / proposals agreed with the public authorities. |
| **Piloting implementation** | Public Authorities - Prime Ministry. |
| **Schedule** | Q3 2017 - Q1 2018. |

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| **Measure 2** | **Design a concerted and sustainable growth model and align public policies accordingly.** |
| **Description** | **State**  **Ø** Define objectives for non-hydrocarbon-based economic growth over a minimum of 10 years and subdivide into intermediate objectives;  **Ø** Identify areas of strategic activity to be supported by incentives;  **Ø** Identify the strategic sectors in which the State wishes to retain equity;  **Ø** Support the development of rapidly evolving companies in strategic sectors through specific incentives;  **Ø** Identify the economic zones / regions to be promoted in line with sectoral policy;  **Ø** Promote the creation of clusters;  **Ø** Identify the incentives for which investment is to be maintained or increased (examples: easier access to land, favorable tax measures, express access to financing, etc.);  **Ø** Set targets for food security and energy security;  **Ø** Define a non-hydrocarbon export target (e.g. $ 10 billion within five (5) to seven (7) years and $ 20 billion within ten (10) to twelve (12 years;  **Ø** Design and implement a national program for the promotion of emerging sectors of the future (example: renewable energies, new information technologies, etc.);  **Ø** Replace the commodity price support policy with a more equitable mechanism targeting only disadvantaged social categories (e.g. targeted economic transfers);  **AP/OP**  **Ø** Organize all sectors under a framework of professional associations and / or sectors within employers' organizations;  **Ø** Expand membership to improve representativeness of AP- OPs;  **Ø** Support sector-specific public policies;  **Ø** Develop a strategy to develop their sector and communicate these to the public authorities;  **Ø** Further increase proximity to their members, refine their knowledge of "on the ground" constraints and relay them regularly to the public authorities;  **Ø** Regularly undertake studies and analyzes of the various sectors of activity and share them with decision makers;  **Ø** Establish an up-to-date documentary resource to serve as a tool in economic decision-making;  **Support structures**  **Ø** Direct the support agencies' efforts, as a priority, towards priority strategic sectors;  **Ø** Develop sectoral expertise and support AP- OP competence development programs; |
|  | **Higher education, research and training institutions**  **Ø** Adapt curriculums to the needs of economic sectors and create multi-disciplinary working groups (universities / training institutions with representatives of sector-specific AP-OPs)  **Ø** Devote a majority of research programs (60% for example) to the development of solutions for the development of the industry and innovation.  **Companies**  **Ø** All medium-sized and large companies: commit to developing multi-year partnership programs with vocational training institutions and universities and research centers. |
| **Piloting implementation** | Public authorities - Economic and social partners |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 3** | **Homogenize the interpretation of legislation and standardize its application throughout the territory** |
| **Description** | **State:**  **Ø** Organize meetings to present legislative texts to representatives of local branches of central administrations;  **Ø** Prepare explanatory notes of legislative texts for the local branches of local administrations;  **Ø** Reduce response times for operators in the event of the interpretation of a law contradicting that of a local administration;  **Ø** Establish a toll-free number to manage complaints from operators due to the interpretation and / or an improper application of the laws;  **AP/OP:**  **Ø** Organize the dissemination of legislative texts to their members by increasing the number of meetings on this topic;  **Ø** Provide an online regulatory watchdog on their websites;  **Ø** Assist members in understanding and interpreting laws that govern their activities;  **Ø** Intervene with the competent administrations in case of divergence in the interpretation of legislative texts. |
| **Piloting implementation** | Central institutions and administrations |
| **Schedule** | Q3 2017 - Q1 2018. |

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| **Measure 4** | **Improve the structure and subsequent legal procedures relating to civil and criminal liability of companies** |
| **Description** | **State:**  **Ø** Prepare and disseminate a guide for economic actors to increase awareness of civil and criminal liability and subsequent sanctions;  **Ø** Take into account the new configuration of the economic landscape and adapt the legislation accordingly (example: Commercial Code, Code of Criminal Procedures, Labor Code, etc.);  **Ø** Reduce the time taken to deal with commercial cases and give priority to fines over detention in such cases;  **Ø** Require the appearance of the head of the company at trial only where absolutely necessary;  **Ø** Ensure widespread acceptance of representation by a company lawyer or by an employee;  **Ø** Establish the principle of criminal liability of the legal entity and not of the natural person who represents it;  **AP/OP:**  **Ø** Disseminate and present to their members the criminal and civil responsibilities to which they are subject;  **Ø** Implement advocacy to improve judicial procedures;  **Ø** Provide legal advice to their members. |
| **Piloting implementation** | Economic Institutions - Judicial Institution |
| **Schedule** | Q3 2017 - Q1 2018. |

**Objective 2: Boost the role of meso-economic actors and strengthen their synergy**

**Issue**

* Economic institutions not sufficiently included in economic activity;
* The role of the regulatory bodies not fully developed;
* Institutional instruments governing the economy to be created or improved, as appropriate;
* The lack of synergy between regulatory policies and stakeholders in the meso-economic sphere;
* AP / OPs fail to fully meet expectations of business;
* The number of APs is low and very few economic sectors are grouped together.

###### Measures

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| **Measure 5** | **Review the operation of Chambers of Commerce and Industry** |
| **Description** | **State:**  **Ø** Review and adapt their Articles;  **Ø** Review the mode of financing of their activities for greater autonomy;  **Ø** Extend their management portfolio (example: entrust them with the creation and management of industrial zones, port zones, airport zones, etc.);  **Companies:**  **Ø** Actively encourage the participation of chambers of commerce and industry. |
| **Piloting implementation** | Department of Commerce - Chambers of Commerce and Industry |
| **Schedule** | Q3 2017 - Q1 2018. |

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| **Measure 6** | **Strengthen economic company-to-company interaction** |
| **Description** | **State:**  **Ø** Institute business representation in all institutions and other economy-related bodies (example: Competition Council, Market Commissions, CNAS, Ports, Tax Appeal Boards, etc.);  **Ø** Offer a seat to companies on the boards of universities and polytechnics;  **Ø** Invest and establish a national mediator in charge of the relationship between the economic authorities and companies.  **Companies:**  **Ø** Fully satisfy the responsibilities arising from their representation within institutions and organizations of an economic nature;  **Ø** Take part in the effort to bring university research centers and polytechnics closer together; |
| **Piloting implementation** | Institutions of education |
| **Schedule** | Q3 2017 - Q1 2018. |
| **Measure 7** | **Support the creation of professional associations; enhance their remit and that of Employers' Organizations.** |
| **Description** | **State:**  **Ø** Alleviate the administrative burden on business managers when creating national APs;  **Ø** Reduce the response time of the Department of the Interior to 30 days;  **Ø** Extend current recruitment structures to provide APs with the human resources they need to carry out their activities;  **Ø** Remove the obligation to register the bank account of the association with a public bank;  **Ø** Make available the premises of intermediate bodies (such as facilitation centers, chambers of commerce, etc.) as AP headquarters, initially;  **Ø** Access to public benefits on condition of membership to an AP / OP;  **Support structures:**  **Ø** Undertake a study aimed at AP / OPs to establish constraints and needs, with a view to launching programs to support the expansion of their remit;  **Ø** Organize a training / qualification program for selected consulting firms and consultants to assist AP- OPs;  **Ø** Prepare and disseminate a management and development guide for AP / OPs;  **AP-OP:**  **Ø** Organize experience-sharing sessions among APs / OPs;  **Ø** Participate in the implementation of the action plan adopted in the AP / OP development program;  **Ø** Materially fulfill their objectives and meet the needs of their members;  **Ø** Improve the governance of AP-OPs  **Companies:**  **Ø** Mobilize toward the creation / development of their professional bodies;  **Ø** Join the employers' organizations and advocate for the improvement of their governance;  **Ø** Get involved in the activities of associations and / or employer bodies to which they are affiliated; |
| **Piloting implementation** | Department of the Interior – Department of Industry - ANIREE – Support Programs  – AP/OP |
| **Schedule** | Q3 2017 - Q1 2019. |

**Objective 3: Implement a system for economic information sharing Issue**

* Poor knowledge of conventional company structures in Algeria, among SMEs in particular;
* Difficulties in understanding their needs and potential, and therefore in designing sustainable development strategies;
* Poor correspondence of economic policies with reality on the ground;
* Inadequate assessment / evaluation of economic policies due to the absence of financial indicators;
* Economic actors lack access to information necessary for their activities, including where their publication is mandatory...

###### Measures

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| **Measure 8** | **Provide media outlining corporate structures, SMEs in particular** |
| **Description** | **State:**  **Ø** Establish a single reference database for the definition of different types of companies;  **Ø** Study SME profiles, forms and characteristics;  **Ø** Study the number and sectoral distribution of SMEs;  **Ø** Study the number and sectoral distribution of SMEs;  **AP/OP:**  **Ø** Gather the necessary information from their members and, jointly with the public authorities, provide them with the necessary data. |
| **Piloting implementation** | NSOs, Institutions and Organizations of an Economic Character - AP / OP |
| **Schedule** | Q3 2017 - Q1 2018. |

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| **Measure 9** | **Set up an SME observatory** |
| **Description** | **State:**  **Ø** Identify the structure of the observatory and its tasks (example: monitoring, analysis, recommendations, etc.);  **Ø** Design an organizational structure for the supply of economic data;  **Ø** Identify the actors involved in the supply of economic data;  **Ø** Design indicators to highlight and motivate decision-making;  **Ø** Digitize the data platform;  **Ø** Publicly publish economic information / analysis / statistics by applying OPEN (example: online access);  **AP/OP:**  **Ø** Gather the necessary information from their members and, jointly with the public authorities, provide them with the necessary data; |
| **Piloting implementation** | Institutions and Organizations of an Economic Character - AP / OP |
| **Schedule** | Q3 2017 - Q1 2019. |

**Objective 4: Draw up and implement a genuine plan to formalize the economy Issue**

* The informal economy is a source of unfair competition that affects businesses;
* The informal economy undercuts economic growth;
* The informal economy favors precarious employment and absence of social protection;
* The tax gap is important
* The risks of the informal sector in terms of hygiene, safety and use are significant;
* The level of taxation and employer contributions is a brake on the formalization of entire sectors of the economy;

###### Measures

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| **Measure 10** | **Reconsider the approach to informal occupations** |
| **Description** | **State**  **Ø** Conduct a thorough analysis of the size of the informal economy, its variants, and its effects on the national economy;  **Ø** Identify the sectors of activity most affected by informal activities;  **Ø** Develop a narrative against informal occupations and for formal registration;  **Ø** Adopt an incentivizing, participatory and inclusive approach for all actors in the economy;  **Ø** Assign responsibility to intermediary bodies (AP / OPs, Chambers of Commerce, etc.) for dialoging with actors within the informal sector;  **AP/OP**  **Ø** Stimulate dialog with the actors within the informal sector, in particular those in the distribution sector;  **Ø** Support informal actors in transitioning to the formal economy;  **Companies**  **Ø** Deploy their commercial relations, upstream and downstream, to encourage a formalization of the entire value chain (example: require administrative documents, require invoicing, require traceability of payments, etc.); |
| **Piloting implementation** | Public Administration – AP/OP – Companies |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 11** | **Design a policy to assimilate the informal productive sector** |
| **Description** | **State**  **Ø** Launch a national awareness campaign on formalization;  **Ø** Further facilitate business start-up procedures;  **Ø** Digitize the procedures for registration in the commercial register;  **Ø** Reorganize wholesale markets and distribution channels;  **Ø** Simplify tax procedures and ease the tax burden (see proposals in *taxation axis*);  **Ø** Reduce the cost of business banking transactions;  **Ø** Set out measures to attract informal savings;  **Ø** Launch a training program for the staff of the tax, customs, trade administrations...  **Companies:**  **Ø** Constantly increase compliance with statutory duties;  **Ø** Do not use actors whose activities are informal. |
| **Piloting implementation** | CNRC – Department of Finance – Banking Institutions |
| **Schedule** | Q3 2017 - Q1 2020. |

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| **Measure 12** | **Design a policy to include workers in the formal economy** |
| **Description** | **State:**  **Ø** Reduce employers' expenses while protecting workers’ rights;  **Ø** Facilitate the declaration of staff for social and tax contributions;  **Ø** Highlight the benefits of formal work (access to support programs, access to training and retraining programs, etc.);  **Ø** Modernize labor inspections to make them more equitable for businesses.  **Companies:**  **Ø** comply with the subsequent obligations of the Labor Code; |
| **Piloting implementation** | Department of Finance - Department of Labor |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 13** | **Enhance fair competition between companies** |
| **Description** | **State:**  **Ø** Eliminate discriminatory measures benefitting public enterprises over private companies in all laws, regulations: the commercial code, the public procurement code, labor and social security regulations, the right to competition, tax law, environmental law and the law on commercial practices must be applied in all their provisions by all natural and legal traders to eliminate the distinction between public enterprises and private companies  **Ø** Facilitate access by public enterprises to financing in the private financial sector, especially where private banks offer better conditions;  **Ø** Avoid demonizing private enterprise and private entrepreneurs in public speeches and statements;  **Ø** Conduct tax audits at public as well as private companies;  **Ø** As with the directors of FIEs, allow directors and associate managers of private companies to join the CNAS (CASNOS if they wish);  **Ø** Do not discriminate against private companies during public-private partnerships or partnerships involving public companies;  **Ø** Avoid any discrimination against private companies in the awarding of public contracts;  **Companies:**  **Ø** Avoid any discrimination against private companies in contracts offered by public companies, which often prefer to "choose" public companies even at the expense of their economic interests;  **Media:**  **Ø** Eliminate discriminatory measures benefiting public enterprises over private companies (for example, never mentioning the names of private companies on the pretext that it is providing unfair advertising, whereas they do for public companies). |
| **Piloting implementation** | Department of Commerce - Department of Finance - Department of Labor |
| **Schedule** | Q3 2017 - Q1 2019. |

**Axis 2: Performance and competitiveness of businesses**

**Objective 5: Simplify administrative procedures for companies Issue**

* The standard practices of the formal economy implemented at all levels (business creation, obtaining land, access to bank financing, exporting, customs clearance of goods, payment of taxes, etc.);
* The unbearable burden of administrative inefficiency;
* The complexity and range of administrative procedures;
* The excessive influence of the administrative bodies leading to the development of the economy and business relations tailored to its own need;
* Bureaucracy promotes recourse to informal occupations;
* Bureaucracy promotes opacity and corruption;
* Bureaucracy promotes unfair practices, fraud and tax evasion;
* Most of the constraints faced by companies cannot be addressed at the local level;
* The majority of economic relations remain centralized;
* Centralization hinders local development;
* Local authorities, particularly APC, do not have the means to fulfill their missions;
* Local authorities fail to promote their regions and attract investment;
* The current requirements for access to public contracts are not favorable to SMEs;
* The opportunities offered by government procurement benefit mainly large corporations, whether domestic or foreign;
* The current mechanism for access to public procurement is excessively complex for SMEs;
* The current mechanism is not sufficiently transparent;
* The cost of participating in public procurement tenders is excessive for SMEs;

###### Measures

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| **Measure 14** | **Enhance the relationship between the administration and economic actors** |
| **Description** | **State:**  **Ø** Reduce the complexity of business registration and creation;  **Ø** Reduce the time required to obtain certain documents / administrative authorizations (example: certificate of exploitation for industrial units, certificate of ownership, valuation of the property, authorization to import and use sensitive products), etc.);  **Ø** Set down deadlines for processing of main administrative documents (example: tax card, business register, etc.;  **Ø** Advance the e-government program to a point where essential administrative documents and major public services are accessible electronically;  **Ø** Create a one-stop service for advice and support to first-time entrepreneurs; the service to be standardized and available in all administrative offices (example: commercial register services, chambers of commerce and industry, chambers of crafts, tax services, etc.);  **Ø** Connect the different administrations to a digitized database to replace outdated administrative document submission system;  **Ø** Revise the Commercial Code and bring it in line with the economic reality (examples: the legal forms of companies, securities regulations, bankruptcy and judicial settlement, etc.); |
| **Piloting implementation** | Economic institutions (Commerce – Industry) – Department of the Interior – CNRC |
| **Schedule** | Q3 2017 - Q1 2018. |

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| **Measure 15** | **Accelerate the decentralization of public administration** |
| **Description** | **State:**  **Ø** Create a regional authority for all economic administrations and give them responsibility for regional development;  **Ø** Provide regional economic authorities with real agency independent of the central government;  **Ø** Distribute tasks of the central administration to the regional economic administrations;  **Ø** Ensure adequate translation of guidelines produced by the central government at the regional level; |
| **Piloting implementation** | Economic institutions |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 16** | **Improve the responsiveness of local authorities and elected bodies** |
| **Description** | **State:**  **Ø** Train representatives of local communities and local elected officials in economic measures;  **Ø** Enhance the capabilities of local authorities;  **Ø** Review the role and responsibility of elected officials in economic matters;  **Ø** Review the role and missions of local authorities;  **Ø** give priority to dialogue and consultation with local representatives upstream of any public economic and / or social policy proposals; |
| **Piloting implementation** | Department of the Interior – Department of Commerce – Department of Industry |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 17** | **Simplify procedures for participation in public procurement tenders** |
| **Description** | **State:**  **Ø** Reduce scale of mandatory financial guarantee;  **Ø** Create a financial guarantee mechanism for companies with inadequate financial capacity (e.g. a mutual insurance company whose endowments come from the state and voluntary contributions from affiliated companies);  **Ø** further improve conditions for SMEs wishing to group together for public procurement;  **Ø** Reduce the number of administrative documents required;  **Ø** Require administrative documents only in case of awarding of contract. To compete, a letter of undertaking should be sufficient;  **Ø** Reduce the potential for insider trading and corruption;  **Ø** Decrease the discretionary power of the state;  **Ø** Consistent publishing of list of successful contractors and the details of their application;  **Ø** Require the remuneration of companies by public administrations and institutions within a period not exceeding 30 days;  **Companies:**  **Ø** Adhere to undertakings made during application, and plan for adequate submission of administrative documents in case of successful application;  **Ø** Organize into consortiums and groups for application and participation in public procurement. |
| **Piloting implementation** | Public contract owners |
| **Schedule** | Q3 2017 - Q1 2018. |

**Objective 6: Promote access to industrial land and improve the management of industrial zones**

**Issue**

* Poor access to industrial land is a significant impediment to investment;
* The land grant system lacks transparency and does not always correspond with economic imperatives;
* Management of industrial zones is not satisfactory for companies;
* Management of industrial zones does not promote investment;

###### Measures

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| **Measure 18** | **Review the management and deployment structure for industrial zones** |
| **Description** | **State:**  **Ø** Create new industrial zones (example: along the East-West motorway route);  **Ø** Specialize industrial zones according to type of activities by promoting integration upstream (example: agricultural with the agri-food industry);  **Ø** Adopt private management structures for the management, operation and maintenance of industrial zones, on the basis of project specifications and property concessions where the State continues to discharge certain services (example: water and gas utilities);  **Ø** Promote the emergence of "industrial development" professionals to complement the State's effort in the realization and management of modern and functional industrial zones;  **AP/OP:**  **Ø** consult with members on constraints arising from management of industrial zones;  **Ø** formulate proposals for improving the management of industrial zones; **Ø** mobilize their members to identify collaborative measures with the aim of improving the scope and quality of services provided by industrial zones;  **Companies:**  **Ø** facilitate improvements to services provided by the industrial zones; |
| **Piloting implementation** | Department of Industry - ANIREE |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 19** | **Review industrial land management and transfer structures** |
| **Description** | **State:**  **Ø** Prepare an overview of the distribution of industrial property;  **Ø** Entrust the management of industrial land to industrial zone managers based on previously identified criteria;  **Ø** Increase government transfers of industrial, economic and agricultural land and bring it into line with economic policies (example: geographical areas to promote, sectors to promote, etc.);  **Ø** Reduce the cost of access to land;  **Ø** Limit the concessionary to the completion of the investment projects. In other cases, prefer full ownership;  **Ø** Conduct training of "land evaluators" and / or sign agreements with existing land experts, with a ceiling on their rates;  **Ø** Simplify the administrative procedures for declaration and registration of land;  **Ø** Establish a dedicated team for rapid land registration in all industrial hubs;  **Ø** Reduce the time required to obtain drilling authorizations; |
| **Piloting implementation** | Department of Industry and supervised bodies |
| **Schedule** | Q3 2017 - Q1 2019. |

**Objective 7: Support the development and competitiveness of companies**

**Issue**

* Domestic supply of products and services to consumers does not meet, or only partially meets, economic and social requirements, which are satisfied for the most part by imports;
* Existing industrial activities do not sufficiently reflect international economic conditions;
* Current support schemes do not favor competitiveness and development of companies; they adhere to an administrative approach;
* Procedures for access are not always transparent and well communicated;
* Current measures do not have a significant impact on production and employment;
* Current support schemes do not favor competitiveness and development of companies;
* Companies are technologically inferior and lacking in quality and innovation;
* Companies do not receive from significant support in the managerial, technical and technological fields;
* The absence and / or non-operational nature of specialized technical centers;
* Company / university interaction is not dynamic enough;
* A low rate of industrial integration and a disjointed subcontracting system that does not provide all specializations;
* The current subcontracting network and scale insufficient to replace imported spare parts, spare parts, intermediate goods, maintenance costs, etc.;
* Major contract owners do not manage subcontracting adequately;
* The cost of imported outsourcing is high;

###### Measures

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| **Measure 20** | **Improve support systems for business competitiveness** |
| **Description** | **State**  **Ø** Assess the impact of different support mechanisms for the implementation at the company level (equity and cooperation);  **Ø** Create a " delivery unit " within the Prime Ministry responsible for coordinating and monitoring all support systems for business competitiveness;  **Ø** Launch a communication campaign aimed at companies, via their AP / OPs, to assess their needs;  **Ø** Associate companies, through their AP / OPs, in an effort to design company competitiveness policies;  **Ø** Take into account the weaknesses / requirements of companies in designing cooperative support programs;  **Ø** Dedicate some of these support programs to local Public Enterprise, including those privatized in whole or in part;  **Ø** Take stock of all programs, whether national or cooperative, before launching others;  **Ø** Train technical staff in charge of business support programs  **Companies**  **Ø** Register with a range of development and support programs for enhancing business performance;  **Ø** Require suppliers to comply with minimum quality standards (accepted professional standards and practices) for products and services to improve the quality of finished products;  **Ø** Invest in improving the quality of their products and services (e.g. introducing new technologies, modernizing tooling and production methods, etc.);  **Ø** Support the sectors’ efforts to develop while remaining mindful of their interests;  **AP/OP:**  **Ø** act as representative of the various support programs to ensure their implementation;  **Ø** popularize support programs among members;  **Ø** assist members in utilizing support programs effectively;  **Ø** organize experiences-sharing sessions |
| **Piloting implementation** | Prime Ministry - Support mechanism management institutions – AP/OP – Companies |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 21** | **Create and develop specialized technical centers** |
| **Description** | **State:**  **Ø** Create technological centers for priority sectors;  **Ø** Establish technological centers near major industrial zones;  **Ø** Review the legal status of technical centers to allow tangible and intangible involvement of companies;  **Ø** Adapt the remit of existing technological centers to requirements;  **Ø** Provide laboratories with technological centers with adequate equipment and human resources;  **Ø** Strengthen research / development departments at technological centers;  **Ø** Provide technological centers with a mission to disseminate standards and training;  **Ø** Include technological centers in efforts toward innovation, digitization and popularization of new technologies;  **AP/OP:**  **Ø** communicate the role of technological centers to members and encourage them to use their services; |
| **Piloting implementation** | Department of Industry |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 22** | **Invest in new technologies and industries of the future** |
| **Description** | **State:**  **Ø** Support training in digital industries;  **Ø** Encourage, through a specific national program, country-wide digitization in economic and corporate fields;  **Ø** Support the energy transition industries (e.g. energy saving, renewable energy, clean energy, clean chemistry, green chemistry, etc.);  **Ø** Integrate new training modules / specializations (e.g. new materials, biotechnology, etc.);  **Ø** Support companies in robotization, CNC machining centers... to improve productivity and quality;  **Companies:**  **Ø** Invest in new technologies, especially in digital fields, to modernize production systems (goods or services);  **Ø** Invest in projects, companies in the digital sector  **Ø** Launch "business angel " clubs to support start-ups  **AP/OP:**  **Ø** Accompany and assist members in digital / electronic transition; |
| **Piloting implementation** | Department of Industry – Department of Higher Education – Department of Vocational Training. Department of Post, Telecommunications, Technology and Digitalization |

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| **Measure 23** | **Facilitate University / training center / business interaction** |
| **Description** | **State:**  **Ø** Establish an operational framework to drive research / development and orientate it towards the needs of the company, in particular robotization & automation of industrial processes;  **Ø** Provide greater autonomy for university research centers to support the needs of businesses;  **Ø** Open university campuses in major industrial zones;  **Ø** Permit the funding of university laboratories by companies;  **Ø** Warrant material and immaterial aid to companies engaged in a research / development process;  **Ø** Promote private sector investment in higher education and research;  **Ø** Promote training programs for technical trades in strategic sectors.  **Universities and training institutions:**  **Ø** Establish research programs that meet the needs of business sectors;  **Ø** Adapt curriculums to the needs of the economy; |
| **Piloting implementation** | Department of Higher Education and Vocational Training – AP/OP |
| **Schedule** | Q3 2017 - Q1 2020. |

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| **Measure 24** | **Support the development of industrial subcontracting** |
| **Description** | **State:**  **Ø** Identify the priority sectors for which a network of subcontracting is required and urgent;  **Ø** Identify subcontracting fields to be developed (existing) and those to be promoted (non-existent);  **Ø** Grant specific support (at creation) to project promoters linked to the development of subcontracting;  **Ø** Adapt the tax system to favor industrial subcontracting activities;  **Ø** Provide industrial subcontractors with privileged access to new technologies;  **Ø** Grant specific tax benefits to contract owners who contribute to the structuring of a local subcontracting network;  **Ø** Facilitate the development of subcontracting markets;  **Companies:**  **Ø** Engage in development programs for local subcontracting |
| **Piloting implementation** | Department of Industry - Department of Finance |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 25** | **Improve the framework for foreign trade** |
| **Description** | **State:**  **Ø** Strengthen the measures proposed in the FSPE and widen its scope of coverage;  **Ø** Pay the full costs of participation in fairs and exhibitions abroad;  **Ø** Organize fairs for Algerian products abroad;  **Ø** Include diplomatic representations in promoting Algerian produce abroad;  **Ø** Create duty free zones specially dedicated to the development of export-oriented activities;  **Ø** Include economic operators in the negotiation of Free Trade Agreements;  **Ø** Remove the obligation to apply for exemption from customs: its sole purpose is statistical. Other bodies can undertake this, and in particular the CNIS, without requiring an additional administrative step by the economic operator;  **Ø** Bring more transparency to the import licensing regime;  **Ø** Allow companies who so wish to undertake representations abroad:  **Ø** Orient the customs representatives to support the economy and not to suppress it with excessive bureaucracy;  **Ø** Reduce clearance times to days to bring them closer to the universally accepted average (in hours);  **Ø** Review the remuneration structure of port and border area stakeholders to increase their remuneration inversely proportional to release period of goods;  **Ø** Facilitate the application of certain customs procedures, which may be provided for in the Customs Code, but are often rejected through ignorance or poor understanding;  **Ø** Automate port procedures between the different border actors (port services, quality control services, freight forwarders and others);  **Ø** Review the organization of structures operating at the borders which do not have to adhere to, as an example, administrative timelines, which can lead to delays that are detrimental to foreign trade;  **AP/OP:**  **Ø** Organize oversight of the Foreign Trade instrument and make proposals for improvement;  **Ø** Intervene with the competent administrations in the case of particular constraints identified by their members;  **Ø** Encourage members, where possible, to develop exports of their products and / or services; |
| **Piloting implementation** | Department of Commerce – Bank of Algeria – Customs |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 26** | **Modernize the exchange regime** |
| **Description** | **State:**  **Ø** Establish a currency futures market for companies;  **Ø** Empower banks to manage foreign exchange related to non-hydrocarbon exports and emigration resources;  **Ø** Facilitate the potential for stockbroker involvement;  **Ø** Dedicated time line for the total convertibility of the DZD as inscribed in the Law of the Currency and Credit |
| **Piloting implementation** | Bank of Algeria |
| **Schedule** | Q3 2017 - Q1 2019. |

**Axis 3: Financing economic activity**

**Objective 8: Enhance the capacities of banks and financial institutions (BEF) to deliver better business services**

**Issue**

* Insufficient bank coverage rate
* The current banking system is centered on commercial activities and does not sufficiently support the needs of productive activities;
* Insufficient training of bank staff;
* Burdensome banking conditions (high interest rates - unspecified interest rates);
* Lack of Bank Transparency (TR Reference Rate - Management of Charges and Other Interest Arising from Value Dates);
* Absence of company rating institutions, for better management of the financing procedure;
* The credit decision-making process is slow.

###### Measures

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| **Measure 27** | **Increase the financing capacity of the BEF** |
| **Description** | **State:**  **Ø** Allow the banks, without the prior authorization of the Bank of Algeria, to expand their network of agencies and to deploy locally to promote competition and the role of financial intermediation; For example, set an objective to triple the network over 5 years.  **Ø** Authorize and facilitate the national investment for the creation of new banks; Bank of Algeria may sit on the Board of Directors to ensure compliance with regulatory provisions;  **Ø** Create an investment support fund that provides timely support to first-time investors and / or guarantors with other funders;  **Ø** Decriminalize management decisions for bank managers and evaluate the managers of public banks on their annual results and not on the nature of allocated credit;  **Ø** Orient banks toward Risk Management and not risk avoidance;  **Ø** Orient the training of banking executives towards performance in risk management;  **Ø** Relax credit syndication procedures for better risk sharing;  **Ø** Raise the rate of remunerations of deposits to further exploit available savings capacity;  **Ø** Alleviate the criteria and conditions of access to the resources of the National Investment Fund by increasing, in particular, the equity threshold to 100 million DZD minimum; |

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|  | **Ø** Encourage the creation of national private and public venture capital institutions and the tax exemption of their revenues;  **Ø** Implement incentives for the use of venture capital / private equity institutions;  **Ø** Allow banks to increase their net banking income by diversifying their services with new products (e.g. insurance products);  **Ø** Require a minimum threshold of medium and long-term bank loans per bank, in order to stimulate the agencies of the network to exploit investment bank loans. Thus, create a dynamic banking network that will be more active in their intermediary role;  **Ø** Adopt intensive training plans for staff in charge of customer relations and management of financial products;  **Ø** Decentralize bank credit decision-making;  **Ø** Put in place an instrument for regulating bank commission rates applied to companies; |
| **Piloting implementation** | Department of Industry - Department of Finance – Bank of Algeria |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 28** | **Enhance the Algiers Stock Exchange** |
| **Description** | **State:**  **Ø** Set up a structure and a program to support companies wishing to go public;  **Ø** Launch a stock exchange educational institution, with initial and ongoing training programs for stock market actors;  **Ø** Organize training sessions with the Hawkama Institute to prepare companies for an IOP;  **Ø** Define specific incentives to encourage companies to acquire stock market listing;  **Ø** Register a sufficient number of developing public companies on the stock exchange;  **Ø** Require major privatization efforts to undertake IOPs of privatized companies;  **Ø** Improve the current rating system by aligning it with international standards;  **Ø** Preferential tax structure for stock market operators |
| **Piloting implementation** | Department of Finance - Department of Industry |
| **Schedule** | Q3 2017 - Q1 2018. |

**Objective 9: Broaden and diversify financial services for businesses Issue**

* Insufficient financial products offered, in particular Top of Balance Sheet financing products;
* Financing procedures are cumbersome;
* Conditions of access to credit are difficult to meet (guarantees);
* Absence of specific measures for companies in difficulty.

###### Measures

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| **Measure 29** | **Develop financial services tailored to the needs of companies (SMEs, mid-size companies, LC-Large Companies...)** |
| **Description** | **State:**  **Ø** Expand the entire banking product portfolio relating to Operations and Investment: Leasing, Venture Capital...  **Ø** Alleviate the conditions of financial and real guarantees submitted by SMEs and integrate financial guarantees into banking legislation by limiting the need to deploy real and personal guarantees.  **Ø** Allow public companies to open accounts with private banks;  **Ø** Develop specific financing instruments for the creation or extension of SME-type enterprises;  **Ø** Structure or even cap interest rates on bank credits;  **Ø** Make the 70% -30% rule flexible for the financing of investment projects, especially those whose profitability is deemed satisfactory by the bank;  **Ø** Integrate Guarantee Funds into the financing scheme to reduce risk to banks;  **Ø** Grant particular advantages to projects that fall within the adopted sector / regional policy (see above);  **Ø** Encourage long-term loans with delayed maturation for investment projects;  **Ø** Promote the creation of a funding pool for large-scale private projects;  **Ø** Make it mandatory for banks to respond to any investment case within one (01) month of filing and adopt transparent procedures to process appeals; |
| **Piloting implementation** | Department of Finance – Bank of Algeria – Commercial Banks |
| **Schedule** | Q3 2017 - Q1 2018. |

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| **Measure 30** | **Adopt exceptional measures for companies in difficulty** |
| **Description** | **State:**  **Ø** Improve the quality of risk assessment in the preliminary examination of the case through the creation of a database on the profitability of the sector of activity and the quality of the promoters;  **Ø** Define eligibility criteria to qualify for exceptional treatment;  **Ø** Give banks latitude to manage these difficult cases in order to avoid closure;  **Ø** Prioritize restructuring and strengthen recovery and monitoring teams for difficult cases;  **Ø** Facilitate the redemption of loans between banks, and provide, with conditions, for a special guarantee fund dedicated to supporting companies;  **Ø** Facilitate the cancellation of interest and banking charges for companies in difficulty, for example from the third unpaid installment;  **Ø** Facilitate rescheduling of credits repayment over periods ranging from ten years to fifteen years;  **Ø** Similarly, facilitate operating and / or investment loans;  **Ø** Pre-finance the expenses necessary for the execution of public contracts, in return for the domiciliation of the market once obtained; |
| **Piloting implementation** | Department of Finance – Bank of Algeria – Commercial Banks |
| **Schedule** | Q3 2017 - Q1 2018. |

**Axis 4: Taxation**

**Objective 10: Reduce the tax burden on companies Issue**

* Due to limited tax base, the tax burden is borne by the sole registered contributors (companies and employees);
* The current tax system does not encourage investment;
* The current tax system does not promote transparency;
* The current tax system is complex and does not offer flexibility;

###### Measures

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| **Measure 31** | **Alleviate the tax burden on businesses** |
| **Description** | **State:**  **Ø** Promulgate the implementation of texts relating to the fiscal measures in the finance laws.  **Ø** Provide companies with lighter tax constraints for provisions on receivables, inventory etc.  **Ø** Increase the turnover ceiling for companies subject to the Flat Tax;  **Ø** Adopt a reduced VAT rate for basic necessities;  **Ø** Reduce the WRI on wages paid by companies;  **Ø** Lower the IBS rate;  **Ø** Eliminate double taxation on WRI and IRG on distributed profits;  **Ø** Lower the tax rate on reinvested earnings;  **Ø** Reduce the social contributions paid by companies; |
| **Piloting implementation** | Department of Finance - Department of Labor– APN |
| **Schedule** | Q3 2017 - Q1 2018. |

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| **Measure 32** | **Broaden the tax base** |
| **Description** | **State:**  **Ø** Prepare an overview of the latest fiscal and para-fiscal compliance and tax amnesty operations;  **Ø** Based on the results of these reviews, reinforce successful measures and correct ineffective measures;  **Ø** Broaden the tax base by supporting the formalization of informal actors.  **Ø** Discontinue APR for distribution activities;  **Ø** Increase the turnover ceiling for companies subject to the Flat Tax;  **Ø** Reduce the social contributions paid by first-time employers;  **Ø** Exonerate payments made by electronic means in order to fight against the informal economy and promote banking within the economy; |
| **Piloting implementation** | Department of Finance - Department of Labor– APN |
| **Schedule** | Q3 2017 - Q1 2019. |

**Objective 11: Improve relations between the tax administration and the taxpayer. Issue**

* The current tax system is complex and does not offer flexibility;
* Tax procedures are cumbersome, expensive and slow.
* The relationship between tax authorities and taxpayers is tense and does not promote dialogue.
* Companies complain of injustices in tax audit operations.

###### Measures

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| **Measure 33** | **Simplify tax procedures** |
| **Description** | **State:**  **Ø** Simplify all tax procedures for declarations, payments, appeals and contestation and reduce delays in transactions.  **Ø** All tax procedures electronic (declarations, statements, payment...);  **Ø** Offer grouped accounts for promoters with holdings throughout the territory;  **Ø** Generalize the use of Internet tax declarations;  **Ø** Promote dialog between operators and the tax administration in case of contestation  **Ø** Simplify tax audit procedures and shorten the time taken to process appeals; |
| **Piloting implementation** | Department of Finance |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 34** | **Promote dialog between operators and the tax administration in case of contestation** |
| **Description** | **State:**  **Ø** Simplify tax audit procedures;  **Ø** Ensure greater dissemination of the rights of users of the tax administration in the context of audit and tax audit operations;  **Ø** Shorten the time taken to process appeals;  **Ø** Upgrade tax and customs structures;  **Ø** Train and improve tax and customs staff;  **Ø** Specialized judges in tax matters; |
| **Piloting implementation** | Department of Finance |
| **Schedule** | Q3 2017 - Q1 2019. |

**Axis 5: Human capital**

**Objective 12: Enhance the skill set of the human resources pool Issue**

* The question of human resources competence has become a major problem in companies;
* Only 10% of university enrollments are in technical and technological cycles;
* Efforts in vocational training remain insufficient;

###### Measures

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| **Measure 35** | **Involve the education system in the preparation of a qualified human resource pool** |
| **Description** | **State**  **Ø** Orient teaching towards the reinforcement of "soft skills";  **Ø** Introduce a curriculum on entrepreneurship;  **Ø** Encourage language teaching;  **Ø** Reinforce and generalize the teaching of new technologies;  **AP/OP**  **Ø** Agreements with training institutions for academic training and “soft skills” training; |
| **Piloting implementation** | National Department of Education |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 36** | **Improve the supply of training (higher education - vocational training)** |
| **Description** | **State**  **Ø** Encourages twinning operations between the best Algerian universities and the best foreign universities;  **Ø** Adopt incentives for in-company training;  **Ø** Involve AP / OPs in the ongoing training of the staff of their member companies;  **Ø** Accrediting APs / OPs as training institutions for trades;  **Ø** Ensure that the training mission of the specialized technical centers is effective;  **Ø** Select ten or so major schools or universities and accompany them to become poles of excellence in previously identified disciplines;  **Ø** Involve, through incentives, the diaspora in the creation of centers of excellence;  **Ø** Require foreign investors, for large-scale projects, to set up a technical training center and implement an experience transfer plan;  **Universities and vocational training institutions:**  **Ø** Modernize retraining and skills development programs in education and vocational training;  **Ø** Identify training needs with companies, especially those activating in strategic sectors;  **Ø** Expand / update higher education and vocational training programs based on survey results;  **Ø** Create in all higher education and vocational training structures a department responsible for relations with companies;  **Ø** Generalize the teaching of new information technologies;  **AP/OP**  **Ø** Organize "Businesses" training efforts to support their companies in their improvement process;  **Companies**  **Ø** Adopt and implement an annual program of continuing education;  **Ø** Adopt and implement a career management plan; |
| **Piloting implementation** | Department of Higher Education and Research - Department of Higher Education and Vocational Training. |
| **Schedule** | Q3 2017 - Q1 2020. |

**Objective 13: Promote employability**

**Issue**

* A high unemployment rate among young people from the education and training system;
* The human resource is poorly qualified and not very operational; low employability;
* Nearly 90% of the young people trained come from training courses, particularly university, low employability;
* The complex and burdensome obligations that companies must bear in the context of labor relations;
* The cost of employment is high.

###### Measures

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| **Measure 37** | **Introduce greater flexibility in the system of regulation of labor relations and employment** |
| **Description** | **State**  **Ø** Alleviate the obligations in employment contracts, while enshrining the rights of the worker;  **Ø** Revise the rules governing collective agreements;  **Ø** Conduct an independent evaluation of the achievements of ANEM;  **Ø** Update the missions of the ANEM on the basis of the conclusions of the evaluation;  **Ø** Create a labor market analysis tool and disseminate the conclusions;  **Ø** Strengthen support for vocational training in companies;  **Ø** Review and train judges for an impartial rendering of Employee / Companies disputes  **AP/OP**  **Ø** Publish guides of job descriptions. |
| **Piloting implementation** | Department of Labor |
| **Schedule** | Q3 2017 - Q1 2019. |

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| **Measure 38** | **Introduce incentives to reduce the cost of employment** |
| **Description** | **State:**  **Ø** Grant a period of exemption from payroll tax (example: first 02 years of recruitment);  **Ø** Reduce the cost of employers' expenses to less than 20%;  **Ø** Alleviate the salary scale of the WRI paid by the employee;  **Ø** Give managers and directors of private companies the opportunity to be affiliated with CNAS or CASNOS |
| **Piloting implementation** | Department of Labor - Department of Finance |
| **Schedule** | Q3 2017 - Q1 2019. |

***Summary table of proposals***

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| **Axis** | **Objective** | **Measures** | |
| **Axis 1: Governance and State action** | **Objective 1:**  **Establishing a global, shared economic vision** | **1** | **Structure and organize an inclusive economic and social dialog** |
| **2** | **Design a concerted and sustainable growth model and align public policies accordingly.** |
| **3** | **Homogenize the interpretation of legislation and standardize its application throughout the territory** |
| **4** | **Improve the structure and subsequent legal procedures relating to civil and criminal liability of companies** |
| **Objective 2: Boost the role of meso-economic actors and strengthen their synergy** | **5** | **Review the operation of Chambers of Commerce and Industry** |
| **6** | **Strengthen economic company-to-company interaction** |
| **7** | **Support the creation of professional associations; enhance their remit and that of Employers' Organizations.** |
| **Objective 3:**  **Implement a system for economic information sharing** | **8** | **Provide media outlining corporate structures, SMEs in particular** |
| **9** | **Set up an SME observatory** |
| **Objective 4:**  **Draw up and implement a genuine plan to formalize the economy** | **10** | **Reconsider the approach to informal occupations** |
| **11** | **Design a policy to assimilate the informal productive sector** |
| **12** | **Design a policy to include workers in the formal economy** |
| **13** |  |
| **Axis 2: Competitiveness of companies** | **Objective 5:**  **Simplify administrative procedures for companies** | **14** | **Enhance the relationship between the administration and economic actors** |
| **15** | **Accelerate the decentralization of public administration** |
| **16** | **Improve the responsiveness of local authorities and elected bodies** |
| **17** | **Simplify procedures for participation in public procurement tenders** |
| **Objective 6:**  **Promote access to industrial land and improve the management of industrial zones** | **18** | **Review the management and deployment structure for industrial zones** |
| **19** | **Review industrial land management and transfer structures** |
| **Objective 7:**  **Support the development and competitiveness of companies** | **20** | **Improve support systems for business competitiveness** |
| **21** | **Create and develop specialized technical centers** |
|  | **22** | **Invest in new technologies and industries of the future** |
| **23** | **Facilitate University / training center / business interaction** |
| **24** | **Support the development of industrial subcontracting** |
| **25** | **Improve the framework for foreign trade** |
| **26** | **Modernize the exchange regime** |
| **Axis 3: Financing** | **Objective 8:**  **Enhance the capacities of banks and financial institutions (BEF) to deliver better business services** | **27** | **Increase the financing capacity of the BEF** |
| **28** | **Enhance the Algiers Stock Exchange** |
| **Objective 9:**  **Broaden and diversify financial services for businesses** | **29** | **Develop financial services tailored to the needs of companies (SMEs, mid-size companies, LC-Large Companies...)** |
| **30** | **Adopt exceptional measures for companies in difficulty** |
| **Axis 4: Taxation** | **Objective 10:**  **Alleviate the tax burden on businesses** | **31** | **Alleviate the tax burden on businesses** |
| **32** | **Broaden the tax base** |
| **Objective 11:**  **Improve relations between the tax administration and the taxpayer.** | **33** | **Simplify tax procedures** |
| **34** | **Promote dialog between operators and the tax administration in case of contestation** |
| **Axis 5: Human capital** | **Objective 12:**  **Enhance the skill set of the human resources pool** | **35** | **Involve the education system in the preparation of a qualified human resource pool** |
| **36** | **Improve the supply of training (higher education - vocational training)** |
| **Objective 13:**  **Promote employability** | **37** | **Introduce greater flexibility in the system of regulation of labor relations and employment** |
| **38** | **Introduce incentives to reduce the cost of employment** |

**PART III: THE 2017 PREE monitoring observatory**

The PREE initiative is intended to be effective, relevant, and objective; to achieve this a decision-making and monitoring tool for the reforms and measures carried out by the public authorities and the business community must be created. This is required for a faithful representation of the business climate in Algeria as perceived by the actors within this environment and as initiated and regulated by legislative and regulatory bodies.

* *“The Business Climate Observatory, (OCA)"*

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| The Business Climate Observatory: A first in Algeria | |
|  | * *The Algerian Business Climate Observatory (OCA) is a* ***new tool*** *in the Algerian economic landscape.* * *The purpose of the OCA is to* ***monitor the implementation of economic reforms*** *to the benefit of business and the business climate in Algeria.* * *The OCA will prepare an* ***Business Climate Index*** *for Algeria enabling an* ***assessment of the level of implementation*** *of the reforms proposed by the PA-OP towards the public authorities (PREE 2017).* * *The OCA proposes to* ***combine two aspects of analysis: Quantitative*** *(representative national survey of entrepreneurs) and qualitative (expert report based on factual data).* |

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| The Business Climate Observatory: The structure | | | | | | | | | | | |
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|  | *Quanti* | | | | | | |  | *Quali* | |  |
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|  | Survey | | | | | | |  | Interviews / observation | |  |
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|  | Measure **the perception** of reforms on the part **of business leaders.** | | | | | | |  | Measure **the effective implementation** of economic reforms by **government and other stakeholders.** | |  |
|  |  | On line Survey |  | | Off line Survey | |  |  |  |
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|  | **Measure the implementation gap (difference between perception and actual measurements)** | | | | | |  |

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| The Business Climate Observatory: The structure | | | | | | | | | | |
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|  | *Quanti* | | | | | |  | * *Survey based on a representative sample of Algerian companies (sectors of activity, size of enterprises and regions).* * *Survey method: Quotas.* * *On line questionnaire (Web & SMS) + Direct (off line: Tel. & Fax. interviews)* * *Two modes of publication:* * *Real time update (on line). It will provide a trend (limited to only on-line respondents)* * *Quarterly report (****half-yearly*** *initially) based on* ***representativeness criteria*** *and inclusion of off line answers.* * *Periodic comparison (Quart., Bi-an., Current / Previous Year) of the Main Index and Indicators By lever. Displaying trend toward improvement or regression.* | | |
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|  | Survey | | | | | |  |
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|  | Measure **the perception** of reforms on the part **of business leaders.** | | | | | |  |
|  |  | On line Survey |  | Off line Survey | |  |  |
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| The Business Climate Observatory: The structure | | | | | | |
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|  | * ***Annual qualitative survey*** *conducted by a consultant or a pair of consultants.* * *The objective is to* ***measure the level of implementation***of PREE proposals. * *Use the same structure as the Survey, across 5 levers and /10 (or %) scoring levels. To facilitate comparison.* * *The experts will firstly analyze the* ***laws and regulations****, as well as* ***any information on the implementation of the recommendations of the PREE.*** * *The experts will work with local AP-OP members and will meet with some business leaders and other actors.* * *Subsequently, they will prepare a report or a rating based on criteria accepted by all parties.* * *The experts may substantiate the report with remarks and assessments notably on the implementation Gap / Survey.* | | |  | *Quali* |  |
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|  |  | Interviews / observation |  |
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|  |  | Measure **the effective implementation** of economic reforms by **government and other stakeholders.** |  |
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| The Business Climate Observatory: The structure | | | | | | | | | | | | | | | | | | | | | |
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|  | |  | | **Survey $0**  **(Test/correct)** | | | |  | **Survey $1** | | | |  | | | **Survey $2** | | | | |  |
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|  | *July* | | ***2017*** | | *January* | | ***2018*** | | | *July* | | | | ***2018*** | | |  | *January* | | | |
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1. cf. list in annex. [↑](#footnote-ref-1)
2. Action and Discussion Round table on Companies (www.care.dz) [↑](#footnote-ref-2)
3. Center for International Private Enterprise ([)www.cipe.org](http://www.cipe.org/) [↑](#footnote-ref-3)