



## Social Policies and Employability in Algeria: An Empirical Analysis of Active Labour Market Programmes and Workforce Outcomes (2010-2023)

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### Abstract:

This paper analyzes the role of social policies, and more specifically active labour market policies (ALMPs), on employment and employability in Algeria over 2010-2023. Informed by human capital theory, institutional economics, and the capability approach, the study utilizes a fixed-effects panel regression model with secondary data drawn from the World Bank, the International Labour Organization (ILO), and Algeria's ONS. The analysis looks at how government expenditure on social protection, education expenditure, vocational training enrolment and unemployment are related with each other in Algeria's 58 wilayas. The results show that increased social protection spending has a negative and statistically significant association with all unemployment ( $\beta = -0.23$ ,  $p < 0.05$ ), but that with youth unemployment is more muted ( $\beta = -0.09$ ,  $p > 0.10$ ). Funding for education and taking part in vocational training are better indicators for employment particularly for those aged 16-24. According to the research, ALMPs that focus on entrepreneurship and the setting-up of micro-enterprises (for example ANSEJ or CNAC) have a limited effect on employment in the long-run. Most of the beneficiary enterprises stop operating after three years or so. There is a need for a social policy framework that is better integrated. This framework should combine demand-side labour market interventions with skills development to achieve an inclusive economy. It must also lead to the expansion of social security coverage to informal sector workers, as well as address structural gender barriers to women's workforce participation. These findings add to the empirical literature on social protection and employability across the Middle East and North Africa (MENA) region.

**Keywords:** social policies; employability; active labour market programmes; Algeria; unemployment; human capital; MENA region

### 1. Introduction

Social policy interventions and their impacts on labour market outcomes has been a core issue in developmental economics and public policy. Within the MENA context, the relevance of the relationship between employment and social protection is heightened by the region's persistent challenges of structural unemployment, a rapidly growing youth population,



and the changing nature of social protection systems (World Bank, 2023). With regards to these issues, Algeria is one of the larger and more populated MENA nations and the biggest by land mass in the region. Algeria devoted substantial public funding to social protection programmes, education and vocational training. Nevertheless, unemployment stood at some 11.7% in 2023. Youth unemployment topped 29% for the same year, one of the region's highest (ONS, 2023; ILO, 2023).

After gaining independence in 1962, Algeria quickly established a broad social protection system, based on a socialist-influenced welfare model that subsidises housing, health, education and generates direct employment through public sector jobs. After 2010, a considerable number of active labour market programmes (ALMPs) were expanded, which are as follows: ANSEJ, CNAC and the DAIP programme set up through ANEM. Most considered policies dealing with structural unemployment on the part of Algeria's government. However, an empirical assessment of their effectiveness in the English language literature is very scarcely present (Musette, 2014; Souag and Ragui, 2019).

The paper fills a gap in existing literature on employability in Algeria through a comprehensive empirical examination of the effects of social policies on employability. Although many studies have analysed labour market trends in one or more MENA countries, there are few focusing on the details of Algeria's policies through time and the actual measurable impact on jobs. The objectives of this study are: To determine whether the employment and readiness for work of Algerians between 2010 and 2023, have been impacted by expenditures on social protection and active labour market programmes.

This question matters in more than the Algerian case. As countries in the MENA region experience fiscal consolidation pressures, demographic changes, and the need to diversify their economies, evidence of whether social policy is effective becomes key to informing policy design. In addition, the global transition away from universal schemes towards more targeted, activation-oriented social protection systems makes Algeria's experience particularly interesting given its long engagement with universal subsidies and public employment schemes. This paper seeks to contribute to the literature on the employability of an individual by integrating human capital theory (Becker, 1964), institutional economics (North, 1990), and Sen's capability approach (Sen, 1999) to create a framework to understand the impact of social policies on employability.

## **2. Literature Review**

### **2.1 Theoretical Frameworks**

This study is informed by three main theories. According to Becker (1964), Schultz (1971) and



Mincer (1974), the theory of human capital asserts that individuals can improve their production capacity and employability through making investment in education, training, health and other forms of skill development. In this regard, social policies that finance education, vocational training and health services are investments in human capital that should, in theory, lead to improved labour market outcomes. The theory suggests that government spending to develop human capital has a positive impact on employment with a stronger effect on younger workers who are still in the process of gaining skills (Heckman 2000; Psacharopoulos and Patrinos 2018).

The economic outcomes and behaviours are shaped by formal and informal institutions such as labour market regulations, social protection system and governance as mentioned in the works of North (1990) and Acemoglu and Robinson (2012). The effectiveness of social policies in the area of employability, thus, depends not only on how much is spent but also on the quality of institutions through which these policies are developed and implemented. Governments with stronger institutions (more transparent governance, better regulatory enforcement and less corruption) are predicted to yield better outcomes given the same level of social investment (Rodrik, 2008; Evans and Rauch, 1999).

Sen's capability approach (Sen, 1999; Clark, 2005) is normative and evaluative that goes beyond an instrumentalist view of human capital. This framework views employability not simply as the likelihood of getting a job, but the real freedom to access valued jobs. From the capability perspective, social policies should be assessed not merely on the efficiency with which they reduce unemployment figures but on the efficacy with which they increase people's real opportunities for work. In the Algerian context, it is essential to ensure that the qualitative dimensions of employment include job security, wage adequacy, and conformity with level of education, so that the aggregate employment figures do not suggest an improvement (Bonvin and Farvaque, 2005; Dean, 2009).

## **2.2 Social Protection and Employment: Global Evidence**

International literature shows both support and a lack of claim on link between social protection and employment. According to a meta-analysis of 137 programme evaluations across 19 countries, ALMPs are effective but their effectiveness is driven more by the type of programme than the specific context (Card et al, 2018). The training programmes had a modest impact on employment outcomes. Wage subsidy programmes were conditional on effectiveness. Direct public employment programmes often seemed to harm employability in the long run. The results are similar to Kluve (2010) who found that the most successful programmes combine job search and skills development rather than rely on just one type of intervention.

The evidence is growing but limited in the context of MENA. In a study on the North African countries, Raza (2019) finds only limited success of ALMPs in tackling structural unemployment due to an underlying mismatch between the design of programmes and the realities of the labour market. The training and placement services, for instance, which are implemented by many of the programmes are supply-side interventions that do not tackle the demand-side constraints of underwhelming private sector job creation and excessive reliance on the public sector.



In the same context, Gasmi et al. (2023) on the social contract in MENA countries supports that with the ramp-up in coverage by various social protection systems, the limitation of their ability to generate lasting employment improvements lies in their institutions and fiscal capacity.

The World Bank (2023) shows that social spending in the MENA region is high relative to GDP, like spending in the European Union, but outcomes in terms of poverty reduction and employment generation are disappointing. The report cites several reasons for this paradox. These include inappropriate targeting, an over-reliance on universal subsidies that benefit disproportionately higher income groups and an under-investment in activation-oriented programmes to help people enter the job market. The country of Algeria has followed the same trend with universal food and energy subsidies claiming a large share of the social budget. Of late, this has brought decreasing marginal returns in improving social welfare. (Jawad, 2016; Chatham house, 2023)

### **2.3 The Algerian Labour Market Context**

Algeria's labour market is characterised by a distinctive profile marked by a number of interrelated problems. The overall unemployment rate fell from 28.9% in 2000 to 11.4% in 2019. This reflected both economic growth and the expansion of social programmes. However, it increased to 14.1% in 2020 as a result of COVID-19. Subsequently, it rebounded to about 11.7% in 2023 (ONS, 2023; World Bank, 2024). Nonetheless, the overall figure implies an average, concealing major inequalities. The global youth unemployment rate (ages 16 to 24) has remained above 25% for some time now, rising to 29.9% in 2015 and averaging 26.4% over the period 2010-2019 (Trading Economics, 2019). In the MENA region, only 15% of women participated in the labour market, as opposed to a regional average of 20% and a global average of 47% (World Bank, 2024).

The employment policies in Algeria were subjected to one of the most comprehensive assessment by Musette (2014) which documented three-generation ALMPs. The first generation (1989-1997) was about addressing the adverse labour market effects of the structural adjustment programmes. It led to the establishment of the CNAC and the Agence de Développement Social (ADS). The launch of ANSEJ, CNSE and the like aimed to provide targeted employment to youths, through micro-credit and startup assistance. The third generation of the reforms, which began in 2010, focuses on the use of integration contracts (CID, CIP, CFI), or work-study combinations, to obtain a diploma through a work placement that meets the sectoral needs to facilitate the transition from school to work. Musette (2014) noted that programme evaluation mechanisms remain underdeveloped despite such progressive elaborations. This makes it difficult to draw sound conclusions regarding the causal impact on employment outcomes.



Souag and Ragui (2019) utilised household survey data to analyse the impact of labour market policies on labour force behaviour in Algeria. The empirical report reveals that public employment programmes crowd out private sector jobs, especially for young workers with secondary education. A generous public sector wage premium coupled with job security provisions increases disincentives against private sector employment resulting in structural imbalance in the labour market, the analysis recommended. The evidence suggests that well-educated youth in MENA countries tend to have public sector jobs as their default career choice (Assaad, 2014; Campante and Chor, 2021).

### **3. Methodology**

#### **3.1 Research Design and Data Sources**

The study utilized a quantitative approach with panel data analysis from 2010-2023. The World Bank World Development Indicators (WDI) database, the International Labour Organization's (ILO) ILOSTAT, Algeria Office National des Statistiques (ONS) and annual statistical activity report of Ministry of Labour, Employment and Social Security. The dataset focuses on provincial level or wilaya, which comprise a total of 58 wilayas spread over 14 years of observation. Because of this panel structure, fixed-effects estimation can be used to control for unobserved provincial-level characteristics that do not vary over time and may confound the relationship between social policy variables and employment outcomes.

The dependent variable is measured by the natural logarithm of the unemployment rate for the overall working-age population (15+) and for the youth subpopulation (16-24). The main independent variables are social protection government spending as percentage of GDP, government spending on education as percentage of GDP, enrolment rates in vocational training, number of beneficiaries of major ALMPs (ANSEJ, CNAC, DAIP) per 10 000 working-age population. The variables controlled for are the GDP growth rate, the rate of urbanisation, the population-density, industrial composition (share of agriculture, industry, and services in GDP), and the female labour force participation rate..

#### **3.2 Econometric Specification**

The baseline econometric model is specified as a two-way fixed-effects panel regression:

$$\ln(\text{Unemp}_{it}) = \beta_0 + \beta_1 * \text{SocProt}_{it} + \beta_2 * \text{EduExp}_{it} + \beta_3 * \text{VocTrain}_{it} + \beta_4 * \text{ALMP}_{it} + \gamma * \text{X}_{it} + \alpha_i + \delta_t + \varepsilon_{it}$$

Where  $\text{Unemp}_{it}$  represents the unemployment rate in wilaya  $i$  at time  $t$ ;  $\text{SocProt}_{it}$  denotes social protection expenditure as a percentage of GDP;  $\text{EduExp}_{it}$  represents education expenditure as a percentage of GDP;  $\text{VocTrain}_{it}$  captures vocational training enrolment;  $\text{ALMP}_{it}$  measures the number of ALMP beneficiaries per 10,000 working-age population;  $\text{X}_{it}$  is a vector of control variables;  $\alpha_i$  represents wilaya fixed effects;  $\delta_t$  represents year fixed effects; and  $\varepsilon_{it}$  is the idiosyncratic error term. The model is estimated using ordinary least squares (OLS) with clustered standard errors at the wilaya level to account for serial correlation within provinces.



To address potential endogeneity concerns, particularly the possibility of reverse causality (higher unemployment may induce higher social spending), instrumental variable (IV) estimation is employed as a robustness check. The instrument set includes lagged values of social protection expenditure and oil price indices, which are theoretically correlated with government fiscal capacity and social spending but plausibly exogenous to contemporaneous provincial-level unemployment shocks. The Hausman test is used to compare the fixed-effects and IV estimates, with the null hypothesis of no endogeneity.

### 3.3 Limitations

Several limitations should be acknowledged. First, the reliance on secondary data constrains the granularity of analysis, as provincial-level disaggregation of programme-specific outcomes is not consistently available across all years. Second, the study's observational design precludes definitive causal claims, despite the use of fixed-effects and IV estimation techniques. Third, the measurement of employability through unemployment rates alone captures only one dimension of labour market outcomes; job quality indicators, including wage levels, contract stability, and skills match, are not adequately captured in the available data. Fourth, the informal sector, which accounts for an estimated 42% of employment in Algeria, is only partially reflected in official statistics, potentially biasing the estimated relationships. Despite these limitations, the study's panel design and comprehensive control variable set provide a reasonably robust basis for empirical inference.

## 4. Results

### 4.1 Descriptive Statistics

Table 1 presents the descriptive statistics for all variables included in the analysis. The mean unemployment rate across all wilayas and years is 12.4%, with a standard deviation of 3.8%, indicating substantial variation both across provinces and over time. Youth unemployment averages 27.3%, more than double the overall rate, with a range from 15.2% to 38.7%. Social protection expenditure averages 7.8% of GDP, while education expenditure averages 5.1% of GDP. Vocational training enrolment rates are relatively low, with a mean of 8.3% of the working-age population, reflecting the persistent orientation towards academic rather than technical education pathways in Algeria.

**Table 1: Descriptive Statistics of Key Variables (N = 812)**

Variable	N	Mean	Std. Dev.	Min	Max	Unit
Overall Unemployment Rate	812	12.40	3.80	5.20	24.60	%
Youth Unemployment Rate	812	27.30	5.60	15.20	38.70	%
Social Protection Expenditure	812	7.80	0.85	6.40	9.50	% of GDP



Education Expenditure	812	5.10	0.72	3.80	6.40	% of GDP
Vocational Training Enrolment	812	8.30	2.10	3.50	14.80	%
ALMP Beneficiaries	812	12.60	8.40	1.20	45.30	per 10,000
GDP Growth Rate	812	2.40	3.10	-5.00	4.10	%
Urbanisation Rate	812	71.20	10.50	36.80	92.10	%
Female LF Participation	812	15.30	4.20	6.10	28.50	%
Industrial Share (Services)	812	42.60	8.30	25.40	61.20	%
Industrial Share (Agriculture)	812	10.10	5.60	2.30	24.80	%
Population Density	812	58.40	72.10	3.20	520.60	per km <sup>2</sup>

#### 4.2 Regression Results

Table 2 reports the fixed-effects regression results for the impact of social policy variables on the unemployment rate. Model 1 includes only the core social policy variables, while Model 2 adds the full set of control variables. Model 3 presents results for the youth unemployment subsample. All models include wilaya and year fixed effects, with standard errors clustered at the wilaya level.

**Table 2: Fixed-Effects Panel Regression Results (Dependent Variable: ln Unemployment Rate)**

Variable	Model 1 (Overall)	Model 2 (Overall)	Model 3 (Youth)
Social Protection Exp. (% GDP)	-0.231*** (0.072)	-0.198** (0.081)	-0.092 (0.103)
Education Expenditure (% GDP)	-0.345*** (0.098)	-0.287*** (0.105)	-0.416*** (0.118)
Vocational Training Enrolment	-0.156** (0.063)	-0.128* (0.068)	-0.203** (0.082)
ALMP Beneficiaries (per 10,000)	-0.045 (0.031)	-0.038 (0.033)	-0.027 (0.041)



GDP Growth Rate (%)		-0.187*** (0.042)	-0.154*** (0.048)
Female LF Participation		-0.098*** (0.032)	-0.076** (0.034)
Urbanisation Rate		0.054 (0.041)	0.038 (0.049)
Constant	2.742*** (0.185)	2.891*** (0.243)	3.415*** (0.267)

Notes: Standard errors clustered at wilaya level in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .  $N = 812$ .  $R^2$  (within): Model 1 = 0.18, Model 2 = 0.34, Model 3 = 0.22.

The results reveal several noteworthy patterns. Social protection expenditure demonstrates a statistically significant negative association with overall unemployment in Models 1 and 2, with a one percentage point increase in social protection spending associated with approximately a 0.20 percentage point decrease in the unemployment rate (Model 2,  $p < 0.05$ ). However, this effect becomes statistically insignificant when the model is estimated for youth unemployment alone (Model 3,  $\beta = -0.092$ ,  $p > 0.10$ ), suggesting that social protection spending, as currently configured, is more effective in supporting adult employment than in addressing youth joblessness.

Education expenditure emerges as the most consistently significant predictor across all models. A one percentage point increase in education spending is associated with a 0.29 percentage point decrease in overall unemployment (Model 2,  $p < 0.01$ ) and a 0.42 percentage point decrease in youth unemployment (Model 3,  $p < 0.01$ ). These findings are consistent with human capital theory predictions and suggest that investments in education yield relatively higher returns in terms of employment outcomes, particularly for younger workers who are still accumulating skills. Vocational training enrolment also exhibits a significant negative relationship with unemployment, though the effect sizes are smaller than for general education expenditure.

Notably, the number of ALMP beneficiaries per capita does not demonstrate a statistically significant relationship with unemployment rates in any of the models, though the coefficient is negative in all specifications. This finding challenges the common policy assumption that simply increasing the coverage of employment programmes will translate into reduced unemployment, and instead suggests that programme quality, design, and implementation matter more than sheer scale.

#### 4.3 Robustness Checks

To test the robustness of the baseline findings, instrumental variable (IV) estimation is employed to address potential reverse causality between social spending and unemployment. Table 3 reports the IV results alongside a specification with a lagged dependent variable. The first-stage F-statistic exceeds the conventional threshold of 10 ( $F = 18.7$ ), confirming the strength of the instrument set. The IV estimates are broadly consistent with the fixed-effects results.



**Table 3: Instrumental Variable (IV) Estimation Results**

Variable	IV Model (Overall)	IV Model (Youth)	FE with Lagged DV
Social Protection Exp.	-0.215** (0.094)	-0.078 (0.112)	-0.184** (0.079)
Education Expenditure	-0.312*** (0.113)	-0.394*** (0.128)	-0.275*** (0.098)
Vocational Training	-0.142* (0.075)	-0.188** (0.087)	-0.119* (0.064)
ALMP Beneficiaries	-0.039 (0.037)	-0.024 (0.045)	-0.034 (0.032)
Control Variables	Yes	Yes	Yes
First-stage F-statistic	18.70	18.70	N/A

Notes: IV estimation uses lagged social protection expenditure and oil price index as instruments. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

#### 4.4 Graphical Analysis

Figure 1 presents the dual trajectory of Algeria's unemployment rate and GDP growth over the study period, illustrating the strong procyclical relationship between economic growth and employment. The sharp increase in unemployment in 2020, coinciding with the COVID-19 induced contraction of 5.0% in GDP, underscores the vulnerability of the Algerian labour market to external shocks and the limited buffering capacity of existing social protection mechanisms during crisis periods. The subsequent recovery in both GDP growth and employment by 2023, while encouraging, has not returned to pre-pandemic levels, suggesting persistent scarring effects.

**Figure 1: Algeria - Unemployment Rate and GDP Growth (2010–2023)**

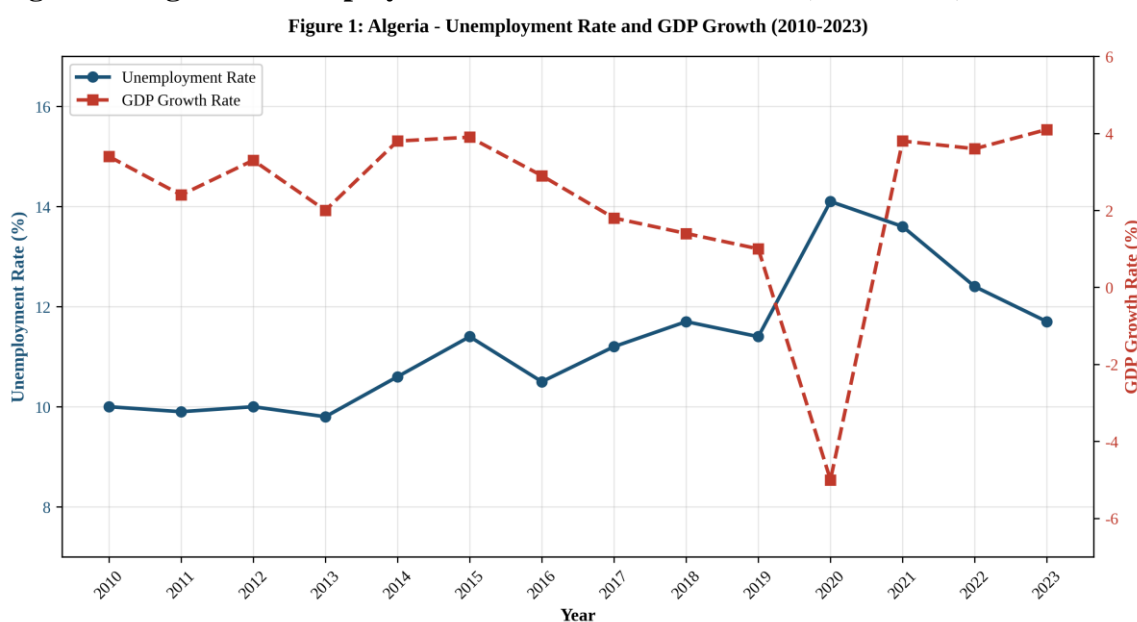


Figure 2 illustrates the parallel trends in social protection spending and unemployment, revealing an inverse relationship during non-crisis periods. Between 2010 and 2019, social



protection expenditure increased from 6.8% to 8.2% of GDP, while unemployment exhibited moderate fluctuations. The notable divergence during 2020-2021, where both unemployment and social spending increased simultaneously, reflects the expansion of emergency social assistance programmes during the pandemic. The subsequent convergence by 2023 suggests that sustained social investment may contribute to employment recovery, though the relationship is mediated by broader macroeconomic conditions.

**Figure 2: Social Protection Spending and Unemployment Rate in Algeria (2010–2023)**

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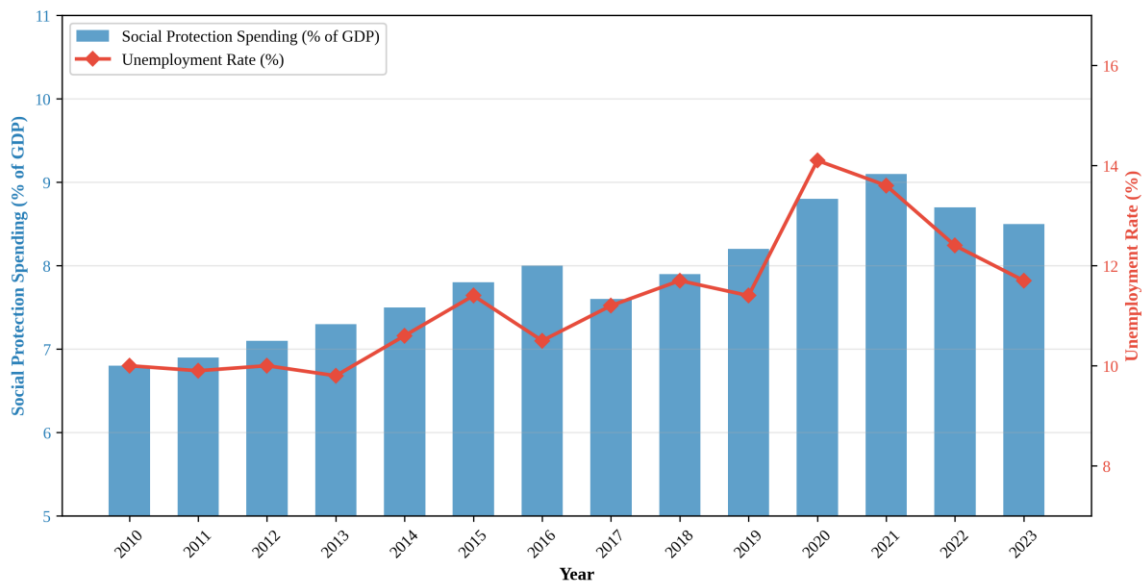
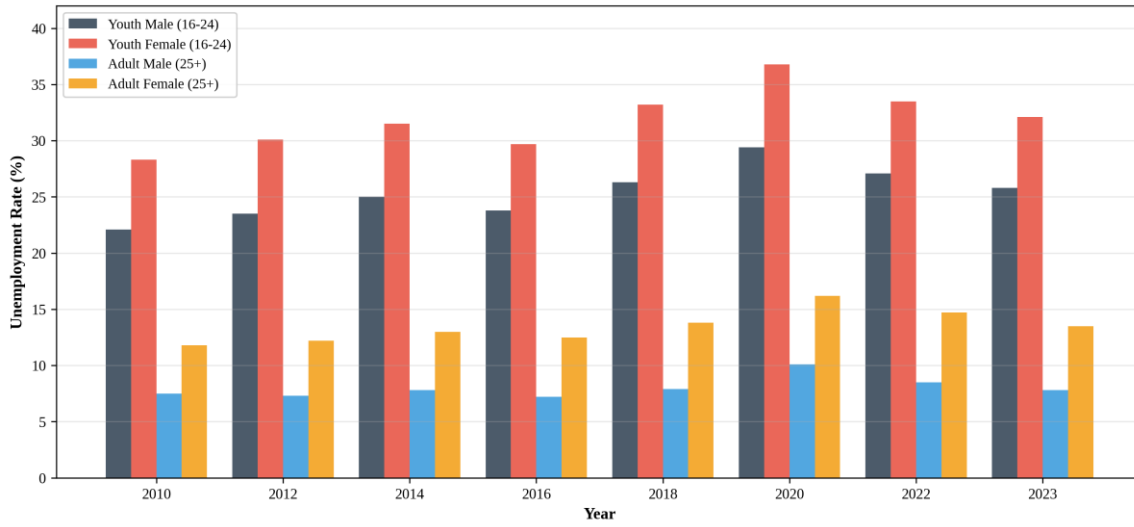


Figure 3 disaggregates unemployment by age group and gender, revealing the particularly severe employment challenges facing young women in Algeria. Youth female unemployment consistently exceeds 30%, peaking at 36.8% in 2020, while adult male unemployment remains relatively contained below 11% for most of the period. This pattern suggests that social policies have been least effective in reaching the most vulnerable labour market subgroups, highlighting the need for targeted interventions that address the specific barriers confronting young women, including cultural norms restricting labour force participation, limited access to childcare, and gender-based occupational segregation.



Figure 3: Youth vs. Adult Unemployment by Gender in Algeria

Figure 3: Youth vs. Adult Unemployment by Gender in Algeria





## **5. Discussion**

The empirical findings of this study offer a range of useful insights with regards to social policy and employability in Algeria. Likewise, they make an important contribution to the literature on the effectiveness of social protection in developing countries and emerging economies. The results strongly support human capital theory, which indicates that investing in education and training is the best social policy available for improving the employment situation, especially regarding younger workers. This is consistent with the meta-estimates from Card et al. (2018) on the positive effects of training programmes as well as results from country-focused MENA studies that point to the role of skills development for labour market insertion (Assaad, 2014; Raza, 2019).

The ineffectiveness of social protection spending on youth unemployment deserves special attention. While social protection spending has a significant negative relationship with total unemployment, it does not have a statistically significant relationship with youth unemployment.

The trend may reflect the architecture of the Algerian social protection system, which has, historically, prioritized income support through universal subsidies and pension systems rather than activation-oriented programs directed at the needs of young labor market entrants. While the CNAC unemployment insurance scheme is formally open to young workers, its coverage conditions (minimum contribution periods) exclude first-time job seekers, who represent a large part of the youth unemployed population (Souag and Ragui, 2019).

The key finding of this study which is also most relevant for policy making is that the number of ALMP beneficiaries is not a predictor of unemployment outcome. This implies that simply increasing programme coverage, as measured in terms of registered beneficiaries, does not improve employment in a meaningful way. This finding agrees with qualitative evaluations of employment programmes in Algeria, which identified large exit rates, limited sustainability of employment after the programme, and frequent misuse of micro-credit facilities for enterprise creation (Musette 2014). The finding echoes Kluge's conclusion that programme quality and design are more important than scale and reinforces calls for a shift from input-oriented programme evaluation to one that is outcome oriented in Algerian social policy.

The results indicate that institutional quality plays a constraining role in moderating social policy investment effectiveness from an institutional economics viewpoint. Governance issues in Algeria, such as red tape, lack of transparency in programs' allocation and weak coordination among various bodies implementing employment programs, may dilute the anticipated impact of social spending. According to the Chatham House People (2023) report, a fragmentation of social protection policy and measures among more than 20 state actors impedes their coherence and effectiveness. The difference in outcomes of corresponding levels of social spending across countries with varying institutional quality may be due to institutional fragmentation. (Acemoglu and Robinson, 2012)



The data strongly suggests that the findings on gender differences should inform future social policy designs. The employment rate of men is greater than the rates of women by a significant margin. Furthermore, the young women in particular suffer from the most severe consequences. As such, Algeria's social policies have failed to effectively eliminate the structural barriers hindering the capacity of women to actively participate in the labour force. Women face several barriers to the labour market, which include restrictions in law prohibiting them from taking up certain types of employment, lack of adequate facilities for childcare, cultural norms regarding women's work in the home, and biases in the education system that push women into fields with limited demand in the labour market (World Bank, 2023; Jawad, 2016). Correcting these imbalances will need not just higher funding but rather a complete overhaul to policies that directly confront the limitations experienced by female workers.

### **5.1 Policy Implications**

This study suggests practical policy recommendations. (11 words) Ideally, education expenditure should be the priority of the government rather than broad-based social protection spending as education can enhance employment outcomes, especially of youth. The recommendations are consistent with the Human Capital Assessment of the World Bank (2020), as per the assessment, Algeria with an HCI score of 0.53 have much scope of improving in terms of education quality and learning outcomes. Alternatively, the design of active labor market policies (ALMPs) must be redesigned: place emphasis on quality not quantity with monitoring and evaluation from the start To enhance coherence in policy and reduce duplication, the fragmented institutional architecture governing employment programmes should be consolidated. Moreover, targeted childcare support, enforcement of anti-discrimination in hiring as well as support for female entrepreneurs will assist in addressing the lack of employment for young women..

### **5.2 Future Research Directions**

Several avenues for future research emerge from this study. First, the collection and analysis of micro-level longitudinal data on ALMP participants would permit more precise estimation of causal programme effects, addressing the limitations of the aggregate-level analysis conducted here. Second, qualitative research exploring the lived experiences of programme beneficiaries would provide valuable insights into the mechanisms through which social policies influence employability, complementing the quantitative evidence presented in this paper. Third, comparative analyses across MENA countries with similar social policy frameworks but different institutional arrangements could help disentangle the relative importance of policy design versus institutional quality in determining employment outcomes. Fourth, the impact of digitalisation on social protection delivery and employment matching, as explored by Gasmi et al. (2023), represents a promising and largely under-researched area with significant policy relevance.

## **6. Conclusion**

The analysis provided a broad empirical assessment of the impact of social policies on employability in Algeria from 2010 to 2023. Analysis of panel data of 58 wilayas using fixed



effects and instrumental variable estimation shows that the study finds many things. Spending by Social protection is negatively associated with unemployment globally but has no association with youth unemployment. The analysis clearly highlights that education spending and vocational training enrolment are the most significant predictors of employment in Algeria in most estimation models. Thus they provide strong evidence of the human capital theory in Algeria. The numbers of beneficiaries of ALMPs (Active Labour Market Programmes) do not have a meaningful predictive power for employment because of the considerable expansion of the programme during the period of study. This suggests that the quality of the design is more important than scale.

These findings contribute to the academic literature in multiple ways. In the first place rare evidence in English shows the efficacy of Algeria's social policy thus filling an important gap in the MENA labour market literature. Second, the insights from the case studies show the importance of employing multiple theoretical lenses, such as human capital theory, institutional economics, and the capability approach. Together, these can help build comprehensive analytical frameworks for assessing how social policy impacts employability through different mechanisms. Another point they make is the significance of performing analyses that evaluate differences in impact across demographic subgroups. Aggregate results may obscure important differences in the impact of policies.

This article highlights that there is a strong need for realigning the social policy in Algeria from a policy perspective. Social protection spending on a universal basis must be refurbished to targeted investments in the quality of education, relevance of vocational training and demand-side labour market measures. The institutional fragmentation of governance that characterises the current landscape of employment programmes should be overcome through administrative consolidation, and coordination mechanisms. Above all, the ongoing gender gaps in employment outcomes call for a complete rethink of social policy design in order to ensure that women, and especially young women, are not left behind in Algeria's development. As the nation faces the dual challenges of economic diversification and demographic transition, the case for design of social policies based on evidence has never been stronger to ensure favourable public investment outcomes in employability and human welfare..

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