

The impact of the five-year Development Programs 2010-2014 / 2015 - 2019 on improving Algeria's business climate

انعكاسات البرامج الخماسية التنموية 2010-2014 / 2015 - 2019 على تحسين مناخ

الأعمال في الجزائر

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Abstract:

This study aims to diagnose the reality of the business climate in Algeria and the implications of the five-year development programs (2010-2014 / 2015 -2019) for the government to improve it. We addressed first the quantitative assessment of the business climate among the most important indicators of Algerian macroeconomic assessment and then the business climate qualitative assessment, based on the most important indicators emanating from various international bodies.

We concluded that the results of the five-year development program 2010-2019 were not effective and did not achieve their goals, Algeria still ranks last among the majority of the international indicators to assess the business climate. The letter still faces a lot of economic and social challenges to improve it to keep the pace with international economic developments.

Key words: five-year programs, Business climate, indexes, quantitative assessment, qualitative assessment.

JEL Classification Codes: E2, E60, F55, H, G, O

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تهدف هذه الدراسة إلى تشخيص واقع مناخ الأعمال في الجزائر و انعكاسات البرامج الخماسية التنموية (2010-2014 / 2015 -2019) لعمل الحكومة على تحسينه، فتطرقنا أولا إلى التقييم الكمي لمناخ الأعمال ضمن أهم مؤشرات تقييم الاقتصاد الكليالجزائري ثم التقييم النوعي لمناخ الأعمال بالاعتماد على أهم المؤشرات الصادرة عن مختلف الهيئات الدولية.

فخلصنا إلى أن نتائج البرامج الخماسية التنموية 2010-2019 لم تكن ناجعة ولم تحقق أهدافها فالجزائر لا تزال تحتل المراتب الأخيرة ضمن أغلبية المؤشرات الدولية المدروسة لتقييم مناخ الأعمال فهذا الأخير يزال يواجه الكثير من التحديات الاقتصادية و الاجتماعية لتحسينه لمواكبة التطورات الاقتصادية الدولية.

كلمات مفتاحية: البرامج الخماسية، مناخ الأعمال، المؤشرات، التقييم الكمي، التقييم النوعي.

تصنيفات JEL : E2 , E60 , F55, H, G, O

1. INTRODUCTION

With the increasing phenomenon of globalization, economic openness, and the movement of goods and services, competition between enterprises has shifted to competition between countries. Countries are interested in attracting investments and improving the attractiveness of their territories, the attention to investments of both types whether domestic investments or foreign direct investment are due to its positive impact on the economy, so To generate and attract these investments, should be there a range of basic requirements for its growth and development like economic, social, and legislative, and these requirements are known as the business climate. Algeria, like the rest of the world, considers improving its business climate among the most important principles on which its development plans known as the five-year plans since the beginning of the millennium, are based within the framework of the national plan for preparing the territory (SNAT, schema national d'aménagement du Territoire) 2001-2030, which aims at improving the attractiveness of the territory and facilitating the performance of business within what is known as the knowledge economy.

Algeria seeks to revive the dynamic in all sectors and achieve

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economic development through various procedures and laws aimed at improving and supporting the business climate. We find that it has made great efforts to improve infrastructure and develop education, health, and economic structures, so this study aims at diagnosing the reality of the business climate in Algeria in light of the economic reforms within the various the five-year Development Programs (the growth consolidation program 2010-2014, the five-year Development Programs 2015-2019), to study this we have raised the following problems: What is the reality of the business climate in Algeria under the reforms of the five-year programs 2010-2014 /2015-2019?

To answer this question, the following hypotheses can be raised:

- The business climate in Algeria is discouraging to attract investment, either foreign direct investment or domestic investment.
- The economic reforms adopted by the Algerian government in its five-year plans from 2010 to 2019 are not effective and have not contributed significantly to improve the business climate in Algeria.

- the significance of the study:

The significance of the study is represented in being an assessment study of the five-year programs over a period of 10 years and their impact on improving the business climate in Algeria. Its importance derives from the increasing interest in the business climate in general and the greater demand for improving the national economic competitiveness especially, in light of the national strategy based on the five-year programs. The study will help to cover critical areas by giving some solutions and suggestions to overcome the weaknesses that arrive at.

- Methodology:

To answer the problem, we have relied on the government's work plans from 2010 to 2019 and various statistical fields for many sectors that makes up Algeria's business climate, as well as various reports from international organizations and bodies interested in studying indicators of business climate development, We have combined the descriptive and

analytical approach examines the economic implications of the first variable on the second one.

2-What is business climate?:BC Defined by the World Bank in 2004 as the strategy, institutional, and regulatory environment in which firms work. A main hypothesis in the literature is that BC affects specific activity through the impetus to invest(tidiane, 2011, p. 13), Business climate also defined as the set of standards and values, legal and regulatory frameworks, and the general strategy milieu that set principles for the lead of business and impact (positively or negatively) the performance of markets, Also include strong capacity for enforcing contracts, simple and streamlined documentation and fewer procedures for licensing and certification, clear definition of property rights, healthy business standards(collective conscience, truth-telling, reciprocity, and etc) (essia, 2012, p. 1).

2-1-Why is it concerned with improving the business climate? Improving the BC minimizes the value of doing business and leads to higher and extra certain returns on investment,It also makes new chances (for example, via trade or access to new technology) and places competitive compacting on firms. The World Bank (2004) reports, too, that an optimal business climate contributes to the high quality shipping of public goods essential for a productive business, The insufficiencies of the investment climate are additionally seen as a disincentive to entry, exit, and competition(tidiane, 2011, p. 13).

2-2-How to Assess the Business Climate?:The World Bank business Climate Assessment (BCA) classifies the information on the business environment in seven broad categories: Infrastructure and public services, learning capacity and innovation, labor relations, conflict resolution and legal environment, crime, business and government relations, finance(worldbank.org), Some indicators focus on the microeconomic business-focused factors, while others concentrate on the macroeconomic and policy factors,And some indicators with an explicit focus on the business climate.

we tried to assess the BC combining quantitative and qualitative assessment, in which we preferred to start by quantitative assessment of the Algerian economy since 2010 to 2014 as the last year of growth

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consolidation program to 2019 as also the last year of five- year program 2015-2019, then the qualitative assessment in which we have focused on some indicator seems to be the well-regarded index and the most widely used of the business climate, But before that, we set out the financial allocations for each sector within the five-year development programs 2010-2014/ 2015-2019 for the government's work.

Table (01): Sectoral distribution of the two programs 2010/2014-2015/2019

Unit: billion Dinar

Growth Consolidation program 2010/2014			Five-year program 2015/2019	
Program	Amount	%	Amount	%
1- Program of improvement population living	9314	43.9	9017	40.8
- Housing	3700		2936	
- Education, high education, professional formation	1898		2508	
- Health				
- Improving the means and services of public administrations.	618		919	
- Other sectors	1800		1854	
	1298		800	
2-infrastructure Development Program	8400	39.5	3885	17.5
- Public Works and Transport sector	5900		/	
- Water sector	2000		/	
- territorial development	500		/	
3-Economic Development Support Program	3500	16.4	9198	41.6
- Farming and rural development	1000		3159	
- Support for the industrial and public sector	2000		5541	
- Support for small and medium-sized enterprises and operation	500		498	
Total	21214	100	22100	100

Source: Done by the researchers based on the information of the Algerian prime minister from the site <http://www.premier-ministre.gov.dz>

We note from the table that the program of consolidating growth 2010-2014 has centered on improving the living standards of the population, with approximately 43.9% of its financial allocations, as well as on developing and improving the infrastructure by allocating 39.5 % of the total program's financial cover to it, While the 2015-2019 five programs, in addition to focusing on improving the lives of the population, focused more on supporting economic development by allocating approximately 41.6% of the total program's financial cover.

3-the assessment of the business climate in Algeria

3-1-Quantitative assessment of the business climate: The quantitative assessment of the business climate is based on macroeconomic indicators reflecting the country's macroeconomic balance, which are GDP and its realgrowth rate which reflects the size and level of development of the market, total government spending of GDP, the index of monetary policy measured by inflation, the index of internal balance and external balance, The external debt index and other indicators that measure the stability of the economic environment that is conducive to business growth and attracting domestic and foreign investment are prerequisites for attracting businessand investment.

Table (02): Algerian Macroeconomic indicators 2014-2019

Years Index	2014	2015	2016	2017	2018	2019
Nominal GDP (Billions \$)	214.1	187.2	197.5	173.9	197.6	183.7
Real GDP Growth (%)	4.1	2.6	3.9	1.4	3	2.3
GDP per Capita (\$)	5531.8	4741.5	4910.4	4136.9	4845.3	4229.8
Inflation (average consumer prices)	2.9	4	4	4.8	7.4	5.6
Gov. Total Exp. Net Lending (% of GDP)	39.4	42.5	40.4	38.8	36.9	36.4
Current Account Balance (Billions \$)	-9.3	-29.4	-26	-21.4	-18.4	-23
Exports of Goods & Services (Billions \$)	63.8	40	45.6	40.7	43	40.5
Imports of Goods & Services (Billions \$)	68.5	65.6	68.1	61.6	60.5	63.1
Gross Official Reserves (Billions \$)	187.2	156.6	136.4	96.2	82.6	55.6
Total Gross External Debt (% of GDP)	1.5	1.1	1	2.5	2	2.1
Unemployment (% of total labor force)	10.6	11.8	11.9	12.1	11.2	12.6

Source: Done by the researchers based on the Arab Investment and Export Credit Guarantee Corporation reports 2014-2019 from the site <http://dhaman.net/en/>

The table above demonstrates the main results obtained in the growth consolidation program of 2010-2014 and in the five-year 2015-2019 plan at the macro level:

- Continued GDP instability from \$214 billion in 2014 to \$183 billion in 2019 is a result of oil price instability which is the dominant and progressive consequence of Algerian national income, Real GDP growth rates go down from 4.1% in 2014 to 2.3% in 2019.

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- Government spending decreased GDP to \$42.5 billion in 2015, compared to \$36.4 billion in 2019, due to the decline of oil prices and the reduction of its financial cover (Oil revenues fell from 4,054 billion dinars in 2012 to 2,669 billion dinars in 2019) (premier-ministre.gov.dz), which has negatively affected the course of various development programs.
- The large current-account deficit from \$9.3 billion in 2014 to \$18.4 billion in 2018 to \$23 billion in 2019, owing to the apparent differences in total exports and imports of goods and services.
- Foreign debt also rose from \$1.5 billion in 2014 to \$2.1 billion in 2019.
- The continuing rise in unemployment rates from 10.6% in 2014 to 12.6% in 2019, keeping inflation rates unstable from 2.9% in 2014 to 5.6% in 2019.
- The continued decline of both per capita GDP from \$5531 in 2014 to \$4229 in 2019, the exchange reserve fell from 187 billion dollars in 2014 to 55.6 billion dollars in 2019, as it was offset by a rise in the total external debt. The country's economic indicators have been largely reversed, due to the decline of oil prices.

3-2- The qualitative assessment of the business climate: This kind of assessment represents the most important indicator adopted by international institutions concerned with the diagnosis of the business climate, which has shown that there is a strong relationship between the country's ranking in these indicators and business growth and investment. For qualitative assessment of the business climate in Algeria we have selected a number of the most important indicators of famous international bodies, which we offer as follows:

3-2-1-Ease of doing business index: This index is one of the most popular and widely used indicators for assessing business climate, it measures the processes for business incorporation, transfer of property, obtaining a building permit, protecting minority investors, getting admission to credit paying taxes, engaging in international trade, enforcing contracts and resolving insolvency, having an electricity connection. Doing business collects and publishes data on labor market regularity with emphasis on the flexibility of regularity employment as well as other aspects of job quality.

the gap is measured by the score between current performance economy and a measure of best regulatory practice set in doing business, higher scores show absolute ease of doing business (the best score is set at 100), whereas lower scores show absolute worst ease of doing business (the worst performance is set at 0)(World Bank, 2019, pp. 1-4).

Table (03): Algeria ranking in doing business Index 2010-2019

Years	2010	2014	2015	2016	2017	2018	2019
Countries	183 country	189 country	190 country				
Tunisia	69	51	60	74	77	88	80
Morocco	128	87	71	75	68	69	60
Algeria	136	153	154	163	156	166	157

Source: Done by the researchers based on the doing business reports 2010/2019 from the site: <https://www.doingbusiness.org>

The table shows that Algeria's global ranking on the ease of doing business indicator is too late comparing to its wealth, capacities, and resources, The government has allocated approximately 1800 billion dinars out of 21214 billion dinars (8.48%) within the growth consolidation program 2010-2014 to improve public service (justice sector, interior, finance, trade, post sector...)(premier-ministre.gov.dz), and the infrastructure provides the economy property (industrial) of the required quality, Algeria currently has 77 industrial zones covering a total area of more than 12,000 hectares, and 450 activity areas covering over 17,000 hectares within 1,541 municipalities(aniref). Algeria ranked 153th out of 189 in 2014, and 157th out of 190 in 2019, with a decline in ranking from year to year. Morocco and Tunisia, respectively, ranked 60th and 80th in 2019 ranking, Morocco advanced significantly from 2014 to 2019 by 27 rank this reflected positively on its attracting investments and financial flows whether foreign direct investment or domestic investment, as Morocco topped the Maghreb in attracting investments, the world ranking was topped by New Zealand with 86 points, as the best countries in the ease of doing business, Algeria got 49.65 points out of 100 points, Tunisia got 66.11 points, while Morocco got 71.02 points(World Bank, 2019, p. 5), The volume of foreign direct investment (FDI) received by Algeria reached 9.25 billion dollars 11% of the total investment received for Arab countries at 83,458 billion dollars in 2018, with 18 projects. Sultanate of Oman topped the Arab countries with the volume of attracting foreign direct investment at 19.6 billion dollars, 23.5% with 57 projects followed by Saudi Arabia with 15.5 billion dollars, 18.6% with 103 projects, U.A.E in third rank with 14.1 billion dollars,

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19.8% with 378 projects(dhaman.org, 2019, pp. 7-17), and local projects in the form of micro-enterprises, Small and medium-sized enterprises (SMEs), where Algeria registered 896811 SMEs in 2015, rising to 1171945 in 2019(Ministère de l'Industrie et des Mines, 2019), but that number still does not rise to the expectations and the numbers required to cover domestic demand in line with population density. The reason of delay in the arrangement in Algeria is due to the long period required to establish the project and the high cost of establishing the project compared to the level of per capita income, which led to a deterioration in the business environment and an expansion in informal activities, as well as the phenomenon of corruption and bureaucracy, Rule 49/51 is also one of the greatest inhibits of FDI.

3-2-2-Table (04): Algeria ranking in doing business sub-index 2019(World Bank, 2019, pp. 153-190-210)

countries	Tunisia	Morocco	Algeria
Starting a business	63	34	150
Getting electricity	51	59	106
Dealing with construction permits	77	18	129
Registering property	87	68	165
Getting credit	99	112	178
Protecting minority investors	83	64	168
Paying taxes	133	25	156
Trading across borders	101	62	173
Enforcing contracts	80	68	112
Resolving insolvency	67	71	76

Source: Done by the researchers based on the doing business reports 2019 from the site: <https://www.doingbusiness.org>

- **Starting a business index:** Algeria ranked 150th out of 190 countries, the reason for this late classification is due to 12 procedures, 17.5 days, and 11.8% of the average national income per capita.
- **Getting electricity index:** Algeria ranked 106th out of 190 countries, the number of procedures was estimated at 5, and the time required to deliver the current at 93 days and 1478 as cost of connecting to the average national income per capita.
- **Dealing with construction permits index:** Algeria ranked 129th out of 190 countries, the number of procedures was estimated at 19, 136 days and 7.8% of the cost of construction and Algeria got 12 out of 15 points in the quality indicator for building control.

- **Registering property index:** Algeria ranked 165th out of 190 countries, the number of procedures was estimated at 10, the number of days needed to register the property at 55, and 7.1% of the cost of the property as a cost of registration, Algeria got 7.5 points out of 30 points in the land management quality index.

- **Getting credit index:** Measures the ease and difficulty of obtaining funding to project, Algeria ranked 178th out of 190 countries in 2019 by 2 points in the Civil Rights strength Index (the degree to which the collateral laws protect borrowers and lenders, thus facilitating lending with an index value between 0 and 12). And got 0 points for the index of depth credit information (measuring the credit information availability of the index values range from 0 to 8, noting that higher values indicate more information), 2 points for the covering public credit information records, 0 points for private credit information centers and 3.2 points for coverage credit registration.

- **Protecting minority investor's index:** Measures the strength of protecting minority shareholders against personal profit by managers and board members, Algeria ranked 168th out of 190 countries in 2019 and received 4 out of 10 points in the scope of disclosure index. 6 points in the Board of Directors' responsibility index, 4 points in the ease of litigation initiation by shareholders, and 4.5 points in the investor protection force's scope index.

- **Paying taxes index:** This index measures the flexibility or rigidity of the tax collection systems imposed and the applicable tax policy, Algeria ranked 156th out of 190 countries in 2019, with an estimated 27 times, the investor goes frequently to the authorities concerned to pay the taxes due during the year. 265 hours in preparation of tax accounting and corporate profit tax, VAT, social security contributions, plus 66% of annual total business profits.

- **Trading across borders index:** This index focuses on the details of the tradecost, Algeria ranked 173rd out of 190 countries in 2019, with 8 documents and 9 days, with 967 dollars (each container) for exports, 9 documents, 12 days and 809 dollars (each container) for imports.

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- **Enforcing contracts index:** It measures the flexibility and rigidity of the legal texts and administrative procedures governing the judicial systems. Algeria ranked 112th out of 190 countries in 2019, with 630 days as a necessary period for adjudicating the case and issuing the final judgment, 21.8% of the claim value for completing the proceedings to facilitate the case and got 5.5 points out of 18 points in the judicial proceedings Quality Index.

- **Resolving insolvency index:** Focuses on the liquidation of business activity, the flexibility of bankruptcy laws and the liquidation of activity. Algeria ranked 76th out of 190 countries in 2019. The duration of the proceedings was estimated at one year, 3 months, and 7% capital and got 7 points out of 16 points in the insolvency scope Index.

3-2-3-Logistics performance index: Logistics is a high priority economy's countries. Because the core of stimulating economic development is facilitating trade and transport, the LPI based on six sub-indicator (quality of logistics services, customs, timeliness, and infrastructure, ease of arranging shipments, and tracking and tracing) points to policy actions that can support the enhancement of each component. Logistics performance index scale: overall performance 1=low and 5= high (The World Bank, 2018, pp. 2-6).

Table (05): Algeria ranking in the Logistics performance index 2010-2018

Countries	Years				
	2010	2012	2014	2016	2018
	155 country		160 country		160 country
Tunisia	61	41	110	110	105
Morocco	/	50	/	86	109
Algeria	130	125	96	75	117

Source: Done by the researchers based on the logistics performance index and its indicators reports 2010/2018. From the site: <https://www.worldbank.org>

The table shows that Algeria's ranking based on this index declined from 75th out of 160th countries in 2016 to 117th in 2018 out of 160 countries, and ranked internationally after Morocco and Tunisia, Algeria gained 2.45 points out of 5. Tunisia ranked 105th, got 2.57 points, Morocco 109th, got 2.54 points, Germany topped globally by 4.19 points, United Emirates topped in Arabic countries and got 3.96 points out of 5 points. As

for the sub-indicators that make up the index, Algeria ranked 138th in the index of efficiency and transparency of customs clearance procedures at 2.13 points, Ranked 96th in the infrastructure Quality Index at 2.42 points, It ranked 122th in the International Shipping Performance Index at 2.39 points, and 113rd in terms of the quality and efficiency of the logistics services at 2.39 points. The government has allocated approximately about 2800 billion dinars for the transportation sector and 500 billion dinars through for the territorial development (program of 2010-2014), Where the infrastructure of the electrified railway transport network is estimated of 4576 km, and 324 km of which are under freight construction, And about The maritime transport Algeria has a coastline of more than 1280 km with port infrastructure that includes 45 ports in service, including 11 mixed commercial ports (trade, fishing, and hydrocarbons) where the ports are equipped to allow the handling of car ferries, ship containers and bulk carriers, tankers, to ensure the passage of all types of cargo, 02 port specializing in hydrocarbons (Skikda Eastern and Beitoua), 31 fishing ports and shelters, six of which are inside commercial ports, one marina in SidiFaradj, 200 traffic lights and coastal defense, Regarding the airports, it contains 35 airports, 13 of which are international airports. In addition to the terrestrial network Algeria has one of the densest networks in Africa with more than 118,000 km road network including 2450 km highway, an East-West highway (designed to link Casablanca and Tunisia), a highland highway, trans-Saharan road (connecting the north of the country to the sub-Saharan African countries)(aniref).

3-2-4-economic freedom index: This index focus on policies within a country, assessing the liberty of individuals to use their labor or finances without undue restraint and government interference. The 12 aspects of economic freedom measured in the index are grouped into four broad categories: Rule of law (property rights, judicial effectiveness, and government integrity), limited Government (tax burden, government spending, and fiscal health), Regulatory efficiency (business freedom, labor freedom, and monetary freedom), and open Market (trade freedom, investment freedom, and financial freedom), this index classifies countries' economies as (80–100 Free), (70–79.9 Mostly Free), (60–69.9 Moderately

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Free), (50–59.9 Mostly Unfree), (0–49.9 Repressed)(the heritage foundation, 2019, pp. 2-4-16)

Table (06): Algeria ranking in the Economic Freedom Index 2012-2019

Years	2012	2014	2015	2016	2017	2018	2019
countries	152 Country	178Country			180 Country		
Tunisia	96	109	107	114	123	99	125
Morocco	113	103	89	85	86	86	75
Algeria	148	146	157	154	172	172	171

Source: Done by the researchers based on the economic freedom Reports 2012-2019 from the site: <https://www.heritage.org>

The table above shows that Algeria occupies low levels, as it came among the last ten countries worldwide according to this index. It ranked 146th out of 178 countries in 2014, falling to 171 in 2019 from 180 countries and earning 46.2 points out of 100, While Tunisia ranked 125, with 55. 4 points, Morocco ranked 75, by 62.9 points, Hong Kong is first globally ranked 90.2, while the United Arab Emirates topped the Arabic countries with 76.2 points (the heritage foundation, 2019, p. 2). Algeria was ranked among the countries with closed or repressed economies, considered among the least open countries and economic freedom, keeping its economy closed and its business climate complicated compared with the rest of the countries, the economic freedom report was based on several indicators that kept Algeria in the last stages like the size of the government's role and control over the economy, The size of duties and taxes on enterprises, as well as the economic and trade laws index, intellectual property insurance, access to finance as well as the free trade and credit control index.

3-2-5- Corruption Perception Index: This indicator built on the existence of transparent governments, civil liberties, independent judicial systems, and press freedom, it ranks countries and territories according to experts and businesspeople in relation to their perceived levels of public sector corruption, using a scale of 0 to 100, where 0 is extremely corrupt and 100 is very clean business climate, a combination of 13 surveys and evaluations of corruption, collected by a variety of reliable institutions (transparency.org, 2020).

Table (07): Algeria ranking in the corruption perception Index 2011-2019

Years	2011 183 Country	2014 175 Country	2015 168 Country	2016 176 Country	2017 180 Country	2018 180 Country	2019 198 Country
Tunisia	73	79	75	75	74	73	74
Morocco	80	80	/	90	81	73	80
Algeria	112	100	88	108	112	105	106

Source: Done by the researchers based on corruption reports 2011/2019 from the site:

<http://www.transparency.org>

From the table above we see that Algeria in the late ranking countries it ranked 100 out of 175 countries in 2014, falling to 106th out of 198 countries in 2019 and got 35 points out of 100, while Tunisia ranked on 74 by 43 point and morocco in 80 out of 198 countries by 41 point, in the international level, Denmark and New Zealand took the lead with 87 points as the most honest country or economy in the world, in the Arab world, the United Arab Emirates come first with 70 points, Algeria has been ranked among the most corrupt countries in the world, and the reasons for this delay in the arrangement are due to the rise of corruption as a result of abuse using of authorities, bureaucracy, and secret dealings. And the high levels of bribery, despite the government efforts like the creation of several agencies to combat these phenomena, such as the National Anti-Corruption Commission, the National Anti-Corruption office, and the ministry charged with reforming the public service and signing various agreements such as the UN Convention against Corruption in 2006.

3-2-6-Global Competitiveness Index: GCI designed to consolidate countries to define relevant strategies and practices, the index is a yardstick for policymakers to look beyond short-term and reactionary measures and to instead assess their advance toward the full set of factors that determine productivity. These are grouped into 12 pillars: Financial system, Infrastructure, Institutions, Skills, Market size, ICT adoption, Macroeconomic stability, Health, Product market, Labor market, Business dynamism, and Innovation ability. The Global Competitiveness Report is designed to help business leaders, policy-makers, and other stakeholders shape their economic policies in the era of the 4.0 Industrial Revolution, the

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indicator guide ranges from 0 to 100 scale, where 100 representing the 'boundaries', an idealized state where an issue ceases to be a constraint to productivity growth (World Economic Forum, 2019, pp. 7-9).

Table (08): Algeria ranking in global competitiveness Index 2013-2019

Years countries	2014/2013 148 Country	2015/2014 144 Country	2016/2015 140 Country	2017/2016 138 Country	2018/2017 137 Country	2018/2019 141 Country
Tunisia	83	87	92	95	95	87
Morocco	77	72	72	70	71	75
Algeria	100	79	87	87	86	89

Source: Done by the researchers based on the global competitiveness report 2013/2019 from the site: <https://www.weforum.org>

The table shows based on this index that the business climate in Algeria has progressed from 100 in 2014 out of 148 to 89th out of 137 countries in 2019, and got 56.3 points out of 100 points in this index, Tunisia got 56.4 points, Morocco got 60 points, Singapore occupied the lead by 84.8, and the Arab United Arab Emirates topped the Arabic countries by 75 points, despite the efforts made by the government which allocated about 2500 billion dinars out of 21214 billion dinars, 11.78% of the total financial cover of the program for consolidating growth 2010-2014 to support economic development and promoting investment and small and medium enterprises, the government also allocated about 8400 billion dinars out of 21214 billion dinars, or 39.5%, to develop the basic facilities (transport sector, public works, development the territories...)(premier-ministre.gov.dz), Algeria received negative observations justified by the Global Competitiveness Report on the inefficiency of public bodies in the field of economic management, the weakness of the private sector, the lack of research and innovation and the instability of the general economic environment, the basic structures of the economy remain fragile and weak especially the transport sector.

3-2-7-Human Development Index: HDI is a composite index centered around three key dimensions of human development as sub-indicators that measures the average advancement accomplished over five years in the

country in advancing human development (education, per capita income, health), which are longevity (life expectancy at birth), science and knowledge (enrollment ratios in the educational stages, Literacy rate, average years and number of years of schooling), the standard of living (real GDP per capita), to measure more comprehensively human development the indicator includes four other composite indicators: The Human Development Index based on inequality, the Gender Development Index comparing female and male, the Gender Index focusing on women's empowerment, the multidimensional poverty index measuring poverty rates, the score of HDI reads as follows very high human development index 80 points and above, high human development index from 79 to 70 points, medium human development index from 69.9 to 50.5 points, low or weak human development index below 50.5 points (UNDP, 2019, pp. 300-303).

Table (09): Algeria ranking in the human development Index 2011-2018

Years	2011	2012	2013	2014	2015	2016	2017	2018
Countries	187 Country				188 Country	189 Country		
Tunisia	94	94	90	/	97	95	95	91
Morocco	130	130	129	129	123	123	123	121
Algeria	96	93	93	93	83	83	85	82

Source: Done by the researchers based on the human development evidence and indicators reports 2011/2018 .from the site: <http://hdr.undp.org>

The table shows that Algeria ranks internationally advanced and compared with neighboring countries in this index ranked 93th out of 187th in 2014, and 82th out of 189 countries in 2018. Algeria ranks among the countries with high human development (between 79 and 70 points), and earning 75.9 points out of 100, Tunisia got 73.9 points, while Morocco gets 67.6 and is ranked among the countries with medium human development. Globally, Norway ranked first with 95.4 points, and the Arab world the first is the UAE with 86.6 points (UNDP, 2019, pp. 300-301-302). This improvement is due to government spending policy within the five-year development programs that targeted education, health, improvement of living standards and women's empowerment sectors, as the government allocated within the growth consolidation program 2010-2014 about 10122 billion dinars out of 21214 billion dinars for human development as the

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largest share of 47.7% for improving the education sector, higher education, professional training, health, housing, energy, youth, sports, and fight poverty (premier-ministre.gov.dz), but in terms of poverty rates, Algeria recorded 5.5% in 2011 with 4 million Algerians living below the poverty line of \$1-\$2 a day, rising to 24% in 2014, rising to 38% in 2019 with 15 million Algerians living below the poverty line, owing to high unemployment and inflation rates.

3-2-8- The Networked Readiness Index: This indicator examines the expanding diffusion of technology and its impacts and the increase in worldwide prosperity so that it can help direct officials to strategy and investment priorities. The index assesses the networked readiness state using 53 individual indicators and based on six principles: the impact that ICTs actually have on the economy and society is what ultimately matters, a high-quality regulatory and the business environment is essential for taking fully leverage information and communication technologies (ICTs) and create impact, skills and infrastructure is a condition to generate impact, ICT readiness as measured by ICT accessibility, fully use of ICTs requires a wide effort society: the government, the business sector, and the population, in general, each has a critical role to play, the set of drivers the environment, readiness, and usage interact, co-evolve, and reinforce each other to form a virtuous cycle, distributed across the different pillars: Environment sub-index, Readiness sub-index, Usage sub-index, Impact sub-index, the indicator uses a scale of 1 to 7 points (world economic forum, 2016, pp. 9-13-37).

Table (10): Algeria ranking in the networked readiness Index 2012-2016

Years	2012 142	2013 144	2014 148	2015 143	2016 139
Countries	Country	Country	Country	Country	Country
Tunisia	/	/	87	81	81
Morocco	91	89	99	78	78
Algeria	118	131	129	120	117

Source: Done by the researchers based on the global information technology 2012/2016 from the site: <https://www.weforum.org>

The table notes that Algeria's ranking within these remains behind, ranking 129 in 2014 out of 148 countries, ranked 117th out of 139 countries in 2016. Algeria ranked after Tunisia and Morocco as 81st and 78th respectively, Algeria gained 2.78 out of 7 points in 2016 and ranked among the countries with poor electronic performance in the red box, while Tunisia and Morocco got 3.9 out of 7 points each. Globally, Singapore and Finland ranked first and second in a row with 6 points each, and the first in Arabic countries are the United Arab Emirates with 5.3 points (world economic forum, 2016, p. 16). Algeria has adopted the idea of the digital economy and knowledge economy declaring that the electronic government will be ready within the borders of 2013-2014 which falls within a wider project "Electronic Algeria", which witnesses the digitization of all different public services from electronic health, to e-education, to e-municipality. Over than \$35 million has allocated by the government for this project until its pace remains slow and does not reflect expectations and plans, Algeria has registered a fully digitized telephony network in the telecommunications sector to ensure 100% coverage of the country's high fixed telephone density, The percentage of the population covered by the mobile phone network passed 98% in 2017(aniref).

4- Conclusion:

Finally, the purpose of this study is to diagnose the reality of the business climate in Algeria and the implications of the five-year development Programs (2010-2014 / 2015-2019) for the government to improve it, we concluded to many results based on the deferent's reports of the international bodies and its indicators about the business climate in Algeria:

- Within the macroeconomic indexes in Algeria, the economic environment is not conducive to business growth and attracting investment.

- Within indicators of ease of doing business, and economic freedom, we find that the business climate in Algeria and its economy are characterized by the lack of a healthy business and investment economy, as well as the low degree of economic freedom, which is due to a large number of state intervention.

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- Within the Logistics Performance indicator, and Global competitiveness Algeria has a non-competitive business climate, due to a large number of state intervention and economic restrictions imposed by it, as well as weak infrastructure and delays in the customs sector.
- Within transparency indicator, Algeria is among the most corrupt countries and economies in the world.
- Within the Human Development Index, Algeria has achieved good results by classifying them as high-human development countries and improving education, health, life expectancy, and births.
- Within the e-government and digital-ready index Algeria has a weak electronic and network readiness (Internet Communications...).

It is clear that the Algerian business climate is discouraging to attract investments whether domestic or foreign. This confirms the validity of the first hypothesis, because Algeria still faces a lot of challenges that obstruct its ability to improve their business climate especially after price oil decrease and the crisis of 2015, that resulted in the closure of the five-year Program 2015-2019 in December 2016 and its compensation for the Public Investment Program in 2017 by decreasing its financial package and Freezing of certain operation that has not been launched and committed only to priority sectors (public enterprises and works, industry, social development, including health and education) within the policy of austerity and rationalization of public expenditures, Algeria is still far from integrating into the world economy because of its industrial and innovation delay and the difficulties of application of knowledge economy concepts, its dependence on the economy of rents and oil, in addition to the ineffectiveness of the economic improvements launched by the government, which explains the late ranks granted to it. This confirms the validity of the second hypothesis and we can be said that the five-year development programs did not achieve their economic and social goals and did not contribute much to improving the business climate in Algeria.

Depending on these classifications and ranks, we can diagnose the impact of structure reforms of the five-year programs 2010-2019 on

business climate in Algeria by SWOT matrix, where we find its strengths points include medium market size, a young workforce, the spread of the entrepreneurial culture, natural resources and energy, geographic proximity to external markets, and gradual economic integration, the Weaknesses points are the depends of rents and the independency on fuels (subsidiary economy), weakness of the infrastructure, the difficulty of obtaining finance for enterprises(the banking system does not meet the requirements of investors), the difficulty of acquiring industrial estate (industrial property),a slow legal system, an unstable legal and political environment, the conflicting powers and decisions between economic and administrative sectors instead of their coordination,the lack of coordination among the various economic actors charged with developing and implementing development policies, unclear and unstable economic policies and the absence of prospective studies for all field of economic environment, the output of higher education, scientific research, and the professional training sector are not in line with the requirements of the labor market, and the delay of the electronic administration operational plus the slow pace of administrative procedures, the bureaucracy of public administration, and the phenomenon of corruption, We found also among the opportunities that Algerian markets still blue oceans because there are many promising sectors to invest in, such as mining, agriculture and marine fishing, tourism, industry, telecommunications, and services, In addition, there are many threats including Informal Sectors, Conditions and complications set by international organizations, Globalization, economic openness and the inability of the national product to compete with the foreign product, and brain immigrant. And To improve the weak points and avoid threats to Algeria's business climate, we propose a set of some recommendations It can be used in future development programs, which are:

- to set a clear and stable economic strategy and prospective studies for all field of economic environment, and create the economic ministry to unify the vision of all sectors, ministry of commerce, industry, financial, agriculture, customs...to join forces to eliminate differences and ensure economic coordination.

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- work to eliminate investment rule 49/51 which would contribute to the creation of real enterprises and attract the FDI.
- Facilitate the financing of projects from banks and re-activate the stock exchange and the money market as one of the most important sources of finance.
- make electronic government operational to reduce bureaucracy, exit from the country's most corrupt classifications, commitment to governance standards, and ensure transparency for investors.

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