

Financing systems for the public market sector in an approach to banking reform: *the case of Algeria*

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Abstract :

The reform process initiated in Algeria in 1988 was announced as a radical overhaul of the rules of operation of the economy. One of the crucial elements of regulation of a market economy is the supply of money, hence the law on money and credit sets itself the objective of making financial intermediation the instrument of dynamization economy. To this end, this study will deal with the "public banks/public economic enterprises" organizational relationships from a "credits/financing" perspective, in conjunction with the different phases that characterized the evolution of the two sectors during the reform period.

Mots clés:

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Le résumé :

Le processus de réforme initié en Algérie en 1988 s'annonçait comme une refonte radicale des règles de fonctionnement de l'économie. L'un des éléments crucial de régulation d'une économie de marché est l'offre de la monnaie, d'où, la loi sur la monnaie et de crédit se fixe comme objectif de faire de l'intermédiation financière l'instrument de dynamisation de l'économie. A cet effet, cette étude va traiter les rapports d'organisation «banques publiques/Entreprise Publiques Economiques» dans une optique «crédits/financement», en liaison avec les différentes phases qui ont caractérisé l'évolution des deux secteurs durant la période des réformes.

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1. The introduction:

The Algerian economy has two singular characteristics: unstructured and mono-exporting economy.

These characteristics have influenced the functioning of Algerian public enterprises, which have been “characterized by multiple contradictions both at the level of their organizational structures and at the level their functioning” (Bouyacoub, 1988).

“The operation of this company reveals many contradictions, of an internal nature or external, reflecting a real lack of performance” (Melbouci and Belmihoub, 2001).

These contradictions stem in part from the role assigned to it by the state in the mode of accumulation, in as a place and instrument of investment.

However, the study of the public enterprise is presented today under a new angle in the light of the profound changes experienced by both the State and public enterprises, their underlying purposes, their efficiency (gradually reducing its dependence on the international market and ultimately capable of solving the development problem) and their legitimacy and consequently their future. This question has, in fact, since the start of economic reforms, been the subject of a passionate debate both political, economic and legal.

Faced with these internal and external constraints, the company can only adapt.

The reform process initiated in Algeria in 1988-89 was announced as a radical overhaul of the rules of functioning of the economy to put an end to more than two decades of administered economy.

The reform does not aim to dismantle the productive public sector, but to integrate it into an economy of market where money and monetary management regain all their rights.

To affirm its desire for economic independence and national sovereignty, Algeria has opted for a model of socialist development. One of the major axes of this development model was the implementation of establishment of a vast public sector extending practically to all sectors of activity according to the strategy of the industrializing industries.

From the 1980, the situation became unsustainable with a worsening of the stock of debt by more than 41% between 1985 and 1987, debt servicing absorbing 78% of exports (1988) and a drop in exports of more than 38% between 1985 and 1986.

This crisis, which highlighted the rigidities and weaknesses of the industrialization model adopted the day after of independence, the State was faced with the choice either to continue its policy of centralized management of the economy that he no longer had the means to support, or

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to revive private initiative in the framework of a market economy (Benachenhou)¹.

Thus, it has led the public authorities to officially admit the imperative need to engage in profound reforms of the national economy, in particular the withdrawal of the State from economic activity and the capital promotion and development.

These reforms were, for the Algerian economy, urgent and aimed at restoring the mechanisms of market in the economy.

One of the crucial regulatory elements of a market economy is the supply of money.

As a result, the Algerian banking system reflects the choices of the development model and the banking system economic. The Currency and Credit Act (1990) sets itself the objective of intermediation the instrument of revitalization and modernization of the economy, commercial banks being considered as Economic Public Enterprises autonomous (EPE).

This law will create a new framework in which the Algerian banking system will evolve.

It is in relation to these reforms that our problem can be formulated as follows: is financing the productive public sector through the reform of the banking system a mechanism for development?

For that, our paper breaks down into three axes: the first axis concerns the reforms of the productive public sector from 1988. As for the second axis will expose the evolution of the Algerian banking system since the law 90-10. And finally, the third axis devoted to the issue of financing the market sector after the implementation of banking activity to market economy standards.

2. Public Enterprise Through Reforms:

Before the establishment of autonomy, there were Public Establishments of an Administrative nature and Industrial and Commercial Public Establishments. The decrees promulgated on April 27 and May 15, 1988 gave rise to a third category of operators: Economic Public Enterprises autonomous (EPE).

The texts governing the autonomy of public enterprises, from 1988, distinguished the respective roles of state and business. Thus, the legal reforms introduced make the EPE a joint-stock company (SC), whose share capital is held by the State. As a result, the company acquires an autonomy

¹ Benachenhou, réformes économiques : dettes et démocratie, ouvrage non daté.

that it submits to the rules of commercial law, which at the same time manages private enterprise.

This reform will address the following four successive stages:

2.1. Participation Funds

Law No. 88-03 of January 12, 1988, Official Gazette of the Algerian Republic (OGAR) No. 02 January 1988 introduced between the owner State and the State manager of the Participation Funds (PF) which constitute the fiduciary agent of the State. These PF, numbering 08 are responsible for managing a portfolio of securities on behalf of the State with the purpose of produce financial gains. Each fund will play a leading role for all EPE belonging to the branches or activities that constitute its dominant.

This scheme is based on three levels: the State, the Funds of Participation and the company. Their powers are as follows:

- exercise a right of ownership over the contributions of the State ;
- ensure the financial management of public capital ;
- participate in the capital of economic public enterprises in the form of State capital contributions or transfer of contributed shares ;

The questioning of PF is due in particular to the failures of the latter to settle in a hostile environment.

FP as a fiduciary company were handicapped in their functioning by the absence of a financial market on the one hand and the impossibility of managing the assets of public enterprises with a view to profitability on the other.

2.2. Public Holdings

Ordinance No. 95-25 of September 25, 1995, appeared following the failure of the reforms of the period (1988-1994). The holding companies were responsible for managing state assets, overseeing the restructuring of public enterprises and, where appropriate, to prepare them for privatization, partnership or liquidation.

Initially, this reform will give birth to 12 national Public Holdings and then to five holdings regional authorities responsible for the privatization of local public enterprises.

Its powers and prerogatives are:

- to invest with all the attributes of property rights on the shares, participations and other securities securities subscribed in the name of the State or on own funds ;
- to manage, administer all securities held by the State in its name (shares, shares, investment certificates and other securities) ;
- preparing for privatization with external partners.

Four hierarchical levels are to be distinguished, the highest point of the hierarchy is represented by the head of the government, the second level is represented by the National Council of State Participations. The Economic

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Public Enterprises are at the fourth and last hierarchical level, they have elsewhere a board of directors.

Three confusions are linked to this prescription:

- the incompatibility of the guidelines proposed by the National Council of State Participations which are entrusted to Public Holdings ;
- the motivations of the people composing the general meeting of Public Holdings (what interest in a person, appointed by Executive Order, to grow a portfolio that does not belong to him ?) ;
- the last relating to the allocation of privatization missions.

2.3. State Holding Management Companies

Ordinance No. 01-04 of August 20, 2001, entrusted the State's merchant capital with their organization and management to AMC (28 in number) and to Industrial Groups, which are trust funds responsible for manage Economic Public Enterprises on behalf of the State, by mandate of the Council of Participations of the State², with the aim of transforming the productive system into an open and competitive economy, without modification of the general organization of the economic public sector. They may not assign or transfer assets or businesses only by resolution of the State Participation Council (SPC) chaired by the Head of Government.

Its powers and prerogatives are:

- conduct of investment management strategies ;
- conduct of the EPE privatization process.

The AMC structure refocuses decisions at the central level, the Ministry of Participation and Investment Promotion and the SPC.

The logic underlying the new reorganization of the public sector seems difficult to grasp, to say the least.

What justifies the existence of AMC which has absolutely no decision-making power? This one being now officially assigned to the SPC.

Why AMC and Industrial Groups? Why 28 and 08? That is a total of 36. Industrial branches developed by the Algerian public sector so diversified? Even the wording adopted by designers in regulatory texts as a “particular form of administrative body and management” arouses perplexity (Bouzidi, 2007).

This ordinance and its implementing texts are, as a whole, legally open to criticism and unsuitable economically.

² The Council of State Participations replaces the National Council of State Participations and essentially has the same prerogatives.

2.4. Industrial groups

In order to adapt the mode of organization of the Industrial Merchant Public Sector (IMPS)³, the objective is to target the emergence, from existing portfolios, of groups capable of initiating industrial development expected.

The implementation of this configuration is based on a triple requirement:

- put in place a mode of governance of the public industrial sector capable of positively supporting the implementation of the strategic orientations of the Government's action plan.
- ensure a structuring and articulation of the attributes of the strategic State (manager) and the State shareholder (owner).
- to activate the reconfiguration process, without generating any disruption of the current productive system, nor dilution and disintegration of responsibilities "an approach that does not break with the dynamic engaged in the implementation of development plans".

In the same spirit, this configuration takes into account four parameters :

- the grouping of companies by branches and industrial sectors ;
- the search for a critical size to give consistency to the targeted Industrial Groups ;
- the importance of the investments projected in the development plans validated by the SPC ;
- the continuation of the follow-up of the transactions carried out and the process of liquidation of the dissolved companies.

The establishment of efficient and competitive Industrial Groups in growth sectors, in partnership with world leaders mastering the technology and the markets", have the following objectives :

1. at the macro level :

- ensures the strategic management of the industrial EPE portfolio ;
- leads the operations of partnership, privatization and opening of capital of the groups and their subsidiaries in accordance with the program adopted by the SPC ;
- ensures the articulation of business development plans with the action program of the Government ;
- evaluates group management performance ;
- sets up an economic, financial and technical database on the portfolio ;

³ The reorganization of the IMPS bearing the resolution of the 142 nd session of the SPC of August 28, 2014.

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- designates the administrators in the boards of directors of the groups.
- 2. at the micro level :
 - a qualified management composed of competent executives, thus, with the appointment of directors will be based on competency criteria ;
 - responsibilities and delegation of powers (performance contract) ;
 - human resources carrying the values of the company and having a behavior oriented towards the productivity.
 - good governance that breaks with current habits ;
 - move towards a more integrated management and towards a development dynamic aimed at increasing market share to become a leader in its field;
 - the establishment of a modern management control and reporting system ;

All of these arrangements constitute the fundamental bases of the new organizational scheme of the Industrial Market Public Sector (IMPS), which is divided into 3 levels : the State, the Ministry of Industry and Mines and Industrial Groups in number of 12. This hierarchy returns to the practices of administrative management.

3. Focus on the reform of the algerian banking system:

Law No. 90-10 of April 14, 1990, as amended and supplemented, relating to money and credit, has been promulgated in a context where its implementation focused on the autonomy of the public company. With a goal of shape the Algerian banking landscape, with the aim of creating the foundations of a legal framework common to all banks and financial institutions. The principles are :

- a large autonomy, both organic and functional at the Central Bank, is renamed to leave place at the “Bank of Algeria”⁴ ;
- assign new missions to the Public Treasury ;
- reorganize the activity of the banks by granting them more freedom but ensuring control effective ;
- regulation of the banking system by independent administrative authorities ;
- provide an instrument for the control and supervision of the banking system.
- the opening of the banking field to national and foreign capital ;

⁴ Article 12 of Law No. 90-10 of April 10, 1990 relating to money and credit.

- the option for the universal bank or the specialized financial institution is no longer dictated by the authorities, but results from the promoter's free choice ;
- Improve the financial situation of public sector enterprises.

It will put an end to monopolistic management and replace financing with equity and savings, in order to that it can fulfill its functions according to market standards. It put an end to all administrative mediation and establishes institutions and instruments in order to be able to establish an autonomous regulatory authority.

The period (1990-1993) is characterized by three highlights: it coincides with the external debt rescheduling program (agreement with the International Monetary Fund «IMF» ;

- the start of the establishment of the institutional framework (rehabilitation of the role of the Bank Central, establishment of the Council of Money and Credit and the Banking Commission defined by the law 90-10 ;
- the establishment of the regulatory framework (organizational and functional) resulting from law 90-10.

The finance law for 1994 authorizes the opening of EPEs to national or foreign private capital while repealing the ceiling of the majority percentage of the state at 51% of the capital, the ordinance No. 95-06 of January 25, 1995 on competition or legislative decree No. 93-10 establishing the Stock exchange⁵.

In short, Algeria during this period will make various changes concerning the monetary policy, foreign exchange policy and in the financing of the national economy.

Ordinance No. 01-01

Ordinance No. 01-01⁶ via adjustments mainly affecting the Council for Currency and credit which has therefore been divided into two bodies:

- the first body is made up of the board of directors responsible for the management and administration the Bank of Algeria ;
- the second organ is constituted by the council of money and credit playing the role monetary authority.

Ordinance No. 03-11

⁵ Legislative Decree No. 93-10 of May 23, 1993, amended and supplemented by Law 03-04 of February 17, 2003, relating to the stock exchange, defined the latter as being the framework for the organization and conduct of securities transactions.

⁶ Ordinance No. 01-01 of February 27, 2001 has been amended and supplemented Law No. 90-10.

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Three main objectives were sought via this ordinance No.03-11 of August 26, 2003 relating to the currency and to credit:

- enable the Bank of Algeria to better exercise its prerogatives ;
- strengthen consultation between the Bank of Algeria and the government in financial matters ;
- enable better protection of banks and public savings.

Ordinance No. 10-04

This ordinance⁷ stipulates that the Bank of Algeria is responsible for ensuring the security and soundness of the banking system.

The main measures are :

- Foreign participation in banks can only be authorized within the framework of a partnership whose national resident shareholder represents at least 51% of the capital per shareholder national, one or more partners may be heard.
- The state will hold a specific share in the capital of banks and financial institutions at private capital and by virtue of which it is represented, without the right to vote, within corporate bodies.
- The state has the right of pre-emption on any transfer of shares or similar securities of a bank or of a financial institution.
- Transfers of shares or similar securities carried out abroad by companies holding shares or assimilated securities in companies under Algerian law which would not be carried out in accordance with the provisions of Ordinance No. 01-03 relating to the development of investment are void.

4. Company/bank : funding problems:

The centralized plan system has not yielded the expected results at the level of the public sector, which will set out its structural weaknesses, namely:

- the inability of companies to self-finance, which meant that the financing of investments was fully secured by credit ;
- the slowdown in investment ;
- the additional investment and operating costs are due to the low productivity of labor and capital and the high cost of imported intermediate consumption ;
- the weight of administrative control ;

⁷ Ordinance No. 10-04 of August 26, 2010 amending and supplementing Ordinance No. 03-11 of August 26, 2003 relating to money and credit (OGAR) No. 50 of September 1, 2010).

- sales prices fixed administratively often lower than the cost of production and sold at a loss ;
- indebtedness with commercial banks and the Public Treasury.

All its financial difficulties that the public companies had encountered, the public authorities take the initiative of several financial rehabilitation actions that have taken place regularly to give back to the companies the financial balance they need to operate.

The process of financial rehabilitation of companies implemented from the beginning of the 1990s, in connection with the adjustment programs, continued throughout the period 1991-2012.

In this context, the operations to clean up the assets of public banks have been very significant and related to the purchase of claims of public banks held on customers of public companies. The Treasury also took charge of external loans mobilized by public enterprises and not reimbursed at the institution in charge of managing these debts⁸.

The transition to autonomy was aimed at the financial reorganization operation which consists in restoring and maintaining sustainably the financial equilibrium of companies for:

- rebalancing the accounts of public enterprises to achieve a balanced financial structure ;
- process bank overdrafts ;
- put companies in optimal conditions in terms of production, productivity, profitability, etc.

As a result, and based on an analysis of the financial structure of companies, in particular the analysis of their net assets and their working capital, companies have been classified into 4 categories (Naas, 2003 ; p141).

- category A companies with positive net assets and positive net working capital (considered viable and performing) ;
- category B companies with positive net assets and net working capital negative ;
- category C companies with negative net assets and positive net working capital ;
- category D companies considered to be financially unstructured with a net asset negative and an equally negative working capital.

Following this selection, companies in categories A and B will go directly to autonomy.

⁸ Executive Decree 91/74 of March 16, 1991 setting the conditions for the repurchase by the treasury of claims held on public enterprises by banks and financial establishments.

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In such a situation, the share capital is self-constituted by the net assets without calling on external assistance.

While companies falling under category C, they require two forms of competition, namely a assistance intended to absorb the previous deficit, the other intended for the capital endowment.

Category D companies, deemed to be highly unstructured financially, require assistance from the State for the consolidation of their previous deficit, the capital endowment, and the reconstitution of a fund of net bearing.

Companies in categories C and D, and before accessing the autonomy phase, had to go through financial consolidation (Chiha, 2002).

In practice, the consolidation carried out consists in making public enterprises eligible for bank credit. To do this, various measures are applied.

The 1991 period

The first operation to clean up the assets of public banks was initiated in 1991.

Circular No. 27/ME/DCT/91 of March 16, 1991 on the terms and conditions for the application of reorganization measures corporate finance concerns the 3 categories of companies which are :

- unstructured autonomous enterprises ;
- financially unstructured non-autonomous companies ;
- dissolved companies.

And, according to instruction No.07-91 of April 3, 1991 relating to the conduct of restructuring and refinancing banks ; and based on the assessment of claims held on the 23 large industrial companies of heavy industry (highly unstructured), they encountered enormous difficulties in being cleaned up before their transition to autonomy.

This instruction mainly includes measures to reorganize non-performing debts of banks on companies, and measures for allocating new credit flows in conjunction with the performance of these companies.

The assessment of the quality of these receivables according to the nature of the budgetary constraint of the companies gives the following classification:

- claims on dissolved companies ;
 - claims on financially unstructured non-autonomous companies ;
 - receivables from destructured autonomous companies.
1. The reorganization of bank claims on dissolved companies consists of a repurchase under form of issue by the treasury of bonds over 20 years at the rate of 5%.

2. The restructuring of bank claims on companies that are not financially autonomous unstructured must be preceded by the determination before April 10, 1990 :
 - the effective and final outstanding amount (including interest for the fourth quarter) of these receivables at 12/31/1990 ;
 - the normal level of this outstanding debt on the basis of the following parameter : 6 to 9 months of figures according to the financial constraint of the company. It must correspond to a level indebtedness that is not excessive and can be supported by the expected performance of the company, especially in terms of repayment capacity.
3. The restructuring of bank claims on companies that are not financially autonomous unstructured includes :
 - the consolidation in medium-term loans of part or all of the normal level of outstanding receivables, with a deferred repayment of two years. The debit rates applied to these loans at medium-term consolidation should be determined based on normal market conditions credit ;
 - cleaning up the rest of outstanding receivables by freezing them over a period of two years at most.

The operation will lead to its acquisition by the Treasury. Frozen receivables do not include interest for businesses.

However, the banks will receive remuneration from the reorganization fund, at a rate to be set for each Bank by the Bank of Algeria in agreement with the Treasury and the Planning Delegate.

The consolidation of part of the claims of banks on unstructured autonomous companies involves :

- first, the determination of the outstanding amount (including fourth quarter interest) of these receivables as of December 31, 1990 ;
- then, the determination of the level of short-term loans considered to be performing in depending on the following parameter : 6 to 9 months of turnover depending on the company ;
- and finally, the consolidation in medium or long term credits of the remainder.

The lending rates applied to banks' claims on destructured autonomous companies must be determined according to normal credit market conditions. The refinancing of banks is carried out partly through rediscounting operations, on the basis of a rediscount limit per Bank. This ceiling is set at the beginning of each quarter on the basis of relative performance of banks in raising and allocating funds.

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Eligibility for the Bank of Algeria's rediscount of (net) credit flows to non-autonomous companies financially unstructured is based in particular on the expected adjustment of their performance and on the Treasury guarantee.

The balance sheet of claims on these companies were first entered in frozen credits (64.7 billion dinars), without interest charges for these companies.

During 1992, the sample of companies eligible for the restructuring of their bank debts been extended to other public enterprises, to more than 23 large enterprises. First, the Treasury and the banks have carried out a joint assessment of the estimated non-performing loans held on these companies on the basis of the criterion of a "normative credit" assessed in terms of number of months of figures (between 6 and 9 months), in relation to the type of activity of the companies concerned. The credits exceeding this standard were considered non-performing and, as such, eligible for repurchase by the Treasury.

This first operation to buy back non-performing loans held by public banks on the clientele of public companies, including the group of 23 large companies, covered a total amount of 275.4 billion dinars. These claims were redeemed by issuing 20-year Treasury bonds (annual repayment of one twentieth of the principal) at the interest rate of 5%.

The period 1996-1998

The year 1995, characterized by the structural adjustment program aims to put in place "a process of stabilization and economic recovery" which was supported by a mechanism intended to restructure the economic public sector, referred to as the Banks-Companies system, was carried out by public holding companies national governments, with the support of the Treasury, the central bank and commercial banks. This device has consisted in distinguishing 2 categories of economic public enterprises (Naas, 2003 ; p243) :

- viable economic public enterprises have been subject to the consolidation of a large part of the overdrafts in medium-term loans, with low interest rates ;
- non-viable economic public enterprises have either been dissolved or liquidated.

In this context, and according to IMF estimates :

- 76 companies and 64 production units were affected by these measures ;
- public companies have also had to implement recovery plans and spin off (in the form of a CS or a Sole Proprietorship with Limited Liability their units.

These restructuring operations in the financial field, excluding the various adjustments banks,

The cost estimated by the Ministry of Finance for these restructuring operations is estimated at 240 billion dinars.

In 1996, the conditions for the bonds issued were modified by reducing their overall maturity to 12 years with an interest rate of 10% and an additional clause stipulating that the Treasury will pay the interest due on these new bonds for the first 4 years up to 50% in cash and 50% in securities (capitalization half of the interest due).

Structural Adjustment Plan (SAP)⁹, which was supported by a device intended for the restructuring and support of businesses, is being implemented.

Operates in what has been called the “banks-businesses” scheme aimed at supporting businesses with real prospects for recovery by actively involving the banking system. This device has consisted in distinguishing 2 categories of economic public enterprises (Naas, 2003 ; p243) :

- viable economic public enterprises which have been the subject of the consolidation of a large part medium-term loan overdrafts with low interest rates ;
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As part of the program drawn up with multilateral institutions, the Treasury paid quarterly banks concerned for advances on these redemptions. These advances were charged to the Rehabilitation Fund created to support the rehabilitation and upgrading of public enterprises. These advances paid to banks per quarter totaled, at the end of 1996, an amount of 237.2 billion dinars.

⁹ The Algerian economy has been subject to the structural adjustment program since the signing in April 1994 of an agreement with the IMF and the acceptance to reschedule its external debts vis-à-vis the Paris and London Clubs.

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In accordance with the terms of the agreements signed between the Treasury and the public banks concerned, the debts effectively repurchased between 1991 and 1998, amounted to 244.395 billion dinars, of which the Breakdown by category of companies is as follows (in billions of dinars)¹⁰ :

- the 23 big companies : 115,057.
- other public enterprises : 106,696.
- local businesses dissolved : 22,642.

The period 2000-2001

The period 2000-2001 focused on the purchase of claims on dissolved companies as well as the purchase of receivables inherent in public suggestions (freezing of overdrafts, social aspect,).

In addition, the Treasury has also included, in these new agreements, the various expenses that the banks made at his request, as well as the interest on the frozen overdrafts of the 23 large companies. These interest was assessed but not actually settled during the 1990s.

It was also in 2001 that the Treasury transformed the obligations of the first and second stage into 20-year bonds with an interest rate of 6%, known as "consolidated bonds".

In total, the various redemptions carried out in 2001 total 272.067 billion dinars and are broken down as follows, repurchase of receivables and other operations (in billions of dinars):

- receivables from active companies : 121,857.
- claims on dissolved companies and offices : 142,433.
- interest on overdraft freeze : 7.777.

The repayment schedule for these redemptions covers 20 years at an interest rate of 6%.

The 2002 period

The repurchase operation carried out by the Treasury was in 2002 when it repurchased claims on companies dissolved for a total amount of 4,539.

The repayment schedule for the bonds issued by the Treasury in 2002 also covers 20 years at the rate 6% interest.

It should be noted that during 2004, the Treasury transformed the bonds issued up to 2002, with a repayment schedule over 20 years, in equivalent treasury bills (BTA) at maturity of 1, 2 and 5 years in equivalent Treasury bonds (OAT) with maturities of 7 and 10 years. The interest rate for these securities is set according to the nature of the securities issued.

¹⁰ https://www.bank-of-algeria.dz/pdf/rapport_ba/chap_05_06.pdf

The period 2005-2007

During this period (2005-2007), the Treasury bought back from the banks by issuing bonds, claims on companies (in operation and dissolved), operations carried out by banks at the request of the Treasury (account transactions) and unpaid interest on bonds issued. The total amount of these redemptions is of 186.357 billion dinars and breaks down as follows (in billion dinars):

- destructured public enterprises : 136,009.
- public enterprises dissolved : 50,348.

In addition, in 2006 and 2007, the Treasury bought claims on companies in operation (36.033 billion dinars) and dissolved companies (6.916 billion dinars) held by a financial institution in charge in particular to manage the mobilization of external loans on behalf of public enterprises.

In addition, from 2005, the Treasury bought back claims of public banks on public companies and receivables held by the financial institution by issuing BTA and OAT with matched interest rates for each type of security issued.

The 2009 period:

The year 2009 recorded the purchase of bank receivables on the receivables of dissolved companies for a amount of 35.812 billion dinars. During the year 2010, the Treasury bought back claims on financially unstructured public companies for an amount of 297.932 billion dinars.

In total, for the decade 2001-2010, purchases made by the Treasury by issuing securities (BTA and OAT) concerning bank claims on public enterprises reached an amount of 591.831 billion dinars.

The 2011-2012 period:

For the years 2011 and 2012, the repurchases of non-performing debt carried out by the Treasury related to a total amount of 235.7 billion dinars.

As regards the year 2011, the repurchases carried out by the Treasury in respect of receivables from companies active or dissolved public authorities and other operations carried out on behalf of the Treasury concerned a total amount of 117.839 billion dinars and concern:

- public enterprises in operation : 100,466.
- public enterprises dissolved : 17,151.
- local public enterprises : 0.222.

As for the year 2012, it recorded redemptions made by the Treasury for a total amount of 2,027 billion dinars and concern claims on public enterprises in operation.

In total, purchases by the Treasury of claims of public banks on public enterprises, carried out by public banks at its request concerned :

- public enterprises in operation : 102,493.
- public enterprises dissolved : 17,151.
- local public enterprises : 0.222.

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5. Conclusion:

Any reform, and mainly economic, is globalizing and forces social actors to define new strategies.

Economic reform can therefore be seen as a kind of adjustment process by which one seeks to improve the mode of operation of the economy in question (Bouzidi, 1986).

The many organizational and financial reforms that were indeed implemented were intended to rehabilitate and clean up the public company without however calling into question its instrumental role in the national development strategy.

The challenge of these changes therefore remains the key question of development, its purpose and the ways and means to implement to achieve it. These reforms that have been carried out in the field of public enterprise have mainly focused on the aspect institutional (steering these reforms requires effective public institutions whose construction is a matter more political than economic) without giving enough importance to industrial structures and the management criteria of a modern productive economy; which has led to public enterprises new constraints in their approach to emerging from the crisis (Melbouci et Belmihoub, 2001).

Despite these successive reforms, the public sector remains characterized by¹¹ :

- its strong dependence on external markets,
- underutilization of installed capacity,
- insufficient control of production processes,
- the lack of organization and management,
- low external competitiveness,
- the poor performance of the production tool with regard to the needs of the national economy and the efforts made by the community, for its constitution.

So, all these reforms according to SADI (2005), which can be likened to acts of resistance to change, did not produce the expected results.

The state of public enterprises has not ceased to deteriorate with a sharp worsening of deficits and their dependence on the State budget. It was the fall in oil revenues (the oil shock) of 1986 and the debt crisis, which have severely limited, or even annihilated, the State's financing capacity, and more the conditions of the IMF resulting from the structural adjustment

¹¹ Ministry of Equipment and Territorial Development.

agreements, led Algeria to opt for the market economy as a new opportunity for “development and to initiate reforms structural”.

In addition, the measures undertaken for the reform, to remedy the deviations, were intended to seek greater efficiency of the economic system in place, without calling it into question. But the disability Algeria is that the dynamics of institutional change are inseparable from politics.

It is the latter that determines the content and pace of the changes taking place in the field Economic and Social.

Like countries with a rentier accumulation regime, Algeria presents itself as a country where any change institutional is subordinated to the will of the state, institutional innovation does not depend on the conditions technical but of social conditions and that in addition, it is the institutional dynamic that is at the origin of technical innovation.

In view of the rentier nature of the accumulation regime at work in the country, it seems that the form of the political system plays a central role here.

The reality of the nature of state-owned enterprises is even more complex: the state is supposed to have "power of direction and control (SPC)" leaving to the company "a power of management". The content of these powers is highly variable.

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