School of High Commercial Studies



Thesis submitted in partial fulfilment of the requirements for Master's Degree in Commercial Sciences

Major: International Trade

SUBJECT:

The Role of CAGEX in Supporting the International Expansion of SMEs toward African Markets

Case Study: CAGEX

Submitted by:

Miss. AYACHE Maissa

Miss. HAMOUD Ghadir

Supervised by:

Pr. HADDAD Imene

Professor at the School of Higher Commercial Studies.

13th Promotion

June 2026

School of High Commercial Studies



Thesis submitted in partial fulfilment of the requirements for a Master's Degree in Commercial Sciences

Major: **International Trade**

SUBJECT:

The Role of CAGEX in Supporting the International Expansion of SMEs toward African Markets

Case Study: CAGEX

Submitted by:

Miss. AYACHE Maissa

Miss. HAMOUD Ghadir

Supervised by:

Pr. HADDAD Imene

Professor at the School of Higher Commercial Studies.

13th Promotion

June 2026

Abstract

This research aims to assess the role of CAGEX in supporting the international expansion of Algerian SMEs toward African markets. The study was conducted through a qualitative exploratory approach based on documentary analysis, semi-structured interviews with actors in the export ecosystem and a comparative benchmark of selected export credit agencies.

The findings show that CAGEX provides added value to SMEs by reducing payment and political risks, providing buyer information and offering advisory services. However, its effectiveness remains limited due to administrative complexity, geographic inaccessibility, product mismatch with small African transactions and insufficient coordination with the broader export ecosystem.

The study highlights the need for a differentiated SME product track, a phased digitalization strategy, a tiered African partnership development program and coordinated advocacy for complementary logistics and banking infrastructure reforms.

Keywords : CAGEX, SMEs, export support, African markets, export performance, export credit insurance, non-hydrocarbon exports.

Résumé

Cette recherche vise à évaluer le rôle de la CAGEX dans l'accompagnement de l'expansion internationale des PME algériennes vers les marchés africains. L'étude a été menée selon une approche qualitative exploratoire fondée sur l'analyse documentaire, des entretiens semi-directifs avec des acteurs de l'écosystème exportateur ainsi qu'un benchmark comparatif de certaines agences de crédit à l'exportation.

Les résultats montrent que la CAGEX apporte une valeur ajoutée aux PME en réduisant les risques de paiement et les risques politiques, en fournissant des informations sur les acheteurs et en offrant des services de conseil. Toutefois, son efficacité demeure limitée par la complexité administrative, l'inaccessibilité géographique, l'inadéquation de certains produits aux petites transactions africaines et une coordination insuffisante avec l'écosystème exportateur.

L'étude met en évidence la nécessité de mettre en place une offre de produits différenciés destinés aux PME, une stratégie de digitalisation progressive, un programme hiérarchisé de développement de partenariats africains et de plaidoyer en faveur de réformes complémentaires des infrastructures logistiques et bancaires.

Mots-clés : CAGEX, PME, soutien à l'exportation, marchés africains, performance exportatrice, assurance-crédit à l'exportation, exportations hors hydrocarbures.

ملخص

يهدف هذا البحث إلى تقييم دور الشركة الجزائرية لتأمين وضمان الصادرات في دعم التوسع الدولي للمؤسسات الصغيرة و المتوسسطة الجزائرية نحو الأسواق الأفريقية. أجريت هذه الدراسة باستخدام نهج نوعي يعتمد على التحليل الوثاقئي و مقابلات شبه منظمة مع أخصاء في عمليات التصدير،باالإضافة إلى تحليل مقارن مع عدد من وكالات إئتمان الصادرات أجنبية.

تظهر النتائج أن الشركة الجزائرية لتأمين وضمان الصادرات تضيف قيمة حقيقية للمؤسسات الصغيرة و المتوسطة من خلال تخفيف مخاطرعدم الدفع و المخاطر السياسية و توفير معلومات حول المشتريين و تقديم خدمات إستشارة متخصصة. إلا أن دورها لا يزال محدودا بسبب عدد من القيود، مثل التعقيد الإداري، محدودية النفاذ الجغرافي، عدم ملاءمة منجاتها لطبيعة المعاملات الأفريقية ذات حجم صغير و ضعف التنسيق مع مجمل الهيكل التصديري.

تسلط الدراسة الضوء على الحاجة إلى صياغة منتجات خاصة بالمؤسسات الصغيرة و المتوسطة، تطوير إستراتجية رقمنة تدريجية و الإعتماد على برنامج تدريجي لتحسيين الشركات الأفريقية، إضافة إلى المرافعة من أجل إصلاحات مكملة للبنى التحتية اللوجستية و المصرفية.

الكلمات المفتاحية: الشركة الجزائرية لتأمين وضمان الصادرات ، المؤسسات الصغيرة و المتوسطة، دعم التصدير، الأسواق الأفريقية، أداء التصدير، تأمين ائتمان الصادرات، الصادرات غير النفطية.

Acknowledgements

First and foremost, we express our profound gratitude to Allah Almighty for granting us the power, willingness, and resilience to keep moving forward.

We wish to express our deepest appreciation to our supervisor, **Professor Imene HADDAD**, for her unwavering guidance, rigorous academic standards and constant encouragement throughout the preparation of this thesis. Her insightful feedback and scholarly expertise have been instrumental in shaping this work.

Our sincere gratitude goes to **Mr. Ali Bey NASRI**, whose guidance, expertise, and support during moments of difficulty helped us overcome the numerous challenges encountered along this academic journey.

We are particularly indebted to **Mrs. Ryma BOUTLIBA**, Training Manager at CAGEX, whose exceptional availability, kindness, and efficiency greatly facilitated our access to the institution. Her assistance in navigating administrative procedures and coordinating with relevant departments was indispensable to the successful completion of our fieldwork.

We also warmly thank **Dr. Abdelkarim TOUDART**, our internship supervisor, for his valuable advice and support during our time at CAGEX. His professional guidance greatly enriched our understanding of export credit mechanisms.

We further extend our gratitude to all the professionals who generously accepted to participate in our semi-structured interviews. Their willingness to share their time and candid experiences provided the empirical foundation of this research. Without their contributions, this study would lack its essential practical dimension.

Finally, we thank our school, EHEC, as well as all the professors, administrative staff and employees. All who have guided our academic journey and fostered our personal development. Over these years, EHEC has offered us the environment, opportunities, and friendships that have transformed us into entirely different individuals.

Miss AYACHE Maissa & Miss HAMOUD Ghadir.

Dedications

To my father and my mother
For your unconditional love, your silent sacrifices, and your endless belief in me. Every step I take is built on the foundation you laid.

To my big brother Sid Ahmed, my hero
For being there since the very first day of this journey. You never let me walk alone. Thank you for your strength, your guidance, and your unwavering presence.

To my sister Khadija and my brother-in-law Djalil
For your constant support, your encouragement when I doubted myself, and for believing in me even when I struggled to believe in myself.

To my little brother Zeid
For making fun of my most difficult moments and somehow turning them into something bearable. Your laughter was often the light I needed.

To my sister Meriem and my brother-in-law Ayoub
For your love, your support has been a quiet but powerful force behind me.

To my sister Khaoula
For always believing in me and standing by me through every high and every low.

To my nephews and my niece
Who keep asking me every time how many years of school I still have left… This one is for you. May you always dream bigger than the world expects.

To SOLEIL HEC, and to all the friends I met through it
For the unforgettable moments, the late nights, the shared laughter, and the sense of belonging. You made these years unforgettable.

To my friend Lamis
For always being there to listen to my problems, for your endless encouragement, and for reminding me that I was never alone in this journey.

And last, but never least – to my Loki –
My source of happiness, my daily motivation. You made the hardest days softer simply by being there.

This work is yours as much as it is mine.

Maissa

Dedications

"No matter what anybody tells you, words and ideas can change the world."

– John Keating, Dead Poets Society.

This humble work is dedicated to all those whose words and ideas shaped the person I am today.

To my beloved father and mother,

For each silent sacrifice, each hardship endured, and each second spent loving me. Everything I am today and everything I hope to become tomorrow is thanks to you and for you.

To my dearest siblings, Bouchra, Anfal and Soheib,

Thank you for the playful bunters, the countless moments in between and for looking after me. No matter where life takes us, I know we will always have each other's backs.

To my uncles, aunts and cousins, both in Algeria and in Iraq,

For your affection, encouragement and the bonds that no distance can ever erase.

To those who have left this mortal world, and to the loving memory of my grandmother, Hakima,

You may be gone, but your memory will live on forever in my heart and thoughts.

To my two precious cats,

Whose loss left an emptiness in our hearts and our home, forever loved and remembered.

To my dear friends,

Those near enough to embrace and those far enough to miss. Thank you for sharing laughter, tears, conversations and memories with me.

Finally, to all oppressed people across the world,

For those silenced by injustice and genocides, may words and knowledge continue to fight to build a fairer world.

Ghadir

List of tables

Chapter 01:

N°	Title	Page
1	Key External Trade and Balance of Payments Indicators (2019–2024)	8
2	Top 20 Alegria's clients for non-hydrocarbon products (2022-2023)	15
3	Different views on economic diversification	19
4	Classification of SMEs according to the European Commission	25
5	Comparative Definitions and Measurement Perspectives of Export Performance	32
6	Classification of Measurement Indicators According to Sousa	33
7	Summary of Main Import Sectors Across Africa (2023–2024 Estimates)	37
8	Evolution of Algeria's Intra-African Trade (2019–2024)	39
9	Synthesis of Main Trade Agreements Supporting Algerian SME Exports to Africa	41

Chapter 02:

N°	Title	Page
1	Institutional Typology of Export Credit Agencies	56
2	Shareholding of CAGEX	63
3	CAGEX's Institutional Partnerships in Africa	73
4	CAGEX Access Procedure for SMEs (Global & Individual Policies)	83

Chapter 03:

N°	Title	Page
1	Profile of Interviewees	92
2	Linking Empirical Findings to Theoretical Frameworks	105
3	Comparative Benchmarking	109

List of figures

Chapter 01:

N°	Title	Page
1	Evolution of the Share of Non-Hydrocarbon Export Goods in Algeria (2021-2024)	12
2	The contribution of SMEs to the Algerian non-oil exports (2022)	13
3	Geographic Distribution of Algeria's Non-Hydrocarbon Exports by Destination Region (2022)	14
4	Comparison of annual real GDP growth rate	35

Chapter 02:

N°	Title	Page
1	CAGEX's Organizational chart	66

List of Abbreviations

Abbreviation	Significance
AfCFTA	African Continental Free Trade Area
Afreximbank	African Export-Import Bank
AGM	Annual General Meeting
ALGEX	National Agency for the Promotion of External Trade (Agence Nationale de Promotion du Commerce Extérieur)
AMU	Arab Maghreb Union
ANEXAL	National Association of Algerian Exporters (Association Nationale des Exportateurs Algériens)
API	Application Programming Interface
ARDL	Autoregressive Distributed Lag
ATI	African Trade Insurance Agency
AWU	Annual Work Units
BADR	Bank of Agriculture and Rural Development (Banque de l'Agriculture et du Développement Rural)
BDL	Local Development Bank (Banque de Développement Local)
BEA	External Bank of Algeria (Banque Extérieure d'Algérie)
BNA	National Bank of Algeria (Banque Nationale d'Algérie)
CAAR	Algerian Insurance and Reinsurance Company (Compagnie Algérienne d'Assurances et de Réassurances)
CAAT	Algerian Insurance Company (Compagnie Algérienne des Assurances de Transport)
CAGEX	Algerian Company for the Insurance and Guarantee of Exports (Compagnie Algérienne d'Assurance et de Garantie des Exportations)
CCR	Central Reinsurance Company (Caisse Centrale de Réassurance)
CNEP	National Savings and Provident Fund (Caisse Nationale d'Épargne et de Prévoyance)
CNMA	National Agricultural Mutual Fund (Caisse Nationale de Mutualité Agricole)
COMESA	Common Market for Eastern and Southern Africa
COTUNACE	Tunisian Company for Foreign Trade Insurance (Compagnie Tunisienne pour l'Assurance du Commerce Extérieur)
COVID-19	Coronavirus Disease 2019
CPA	Popular Credit of Algeria (Crédit Populaire d'Algérie)
Dhaman	Arab Investment and Export Credit Guarantee Corporation (Kuwait)
DZD	Algerian Dinar (ISO 4217 currency code)

ECA	**Export Credit Agency**
EC	**European Commission**
ECGD	**Export Credits Guarantee Department (United Kingdom)**
ECIC	**Export Credit Insurance Corporation (South Africa)**
EIB	**European Investment Bank**
EU	**European Union**
Ex-Im Bank	**Export-Import Bank (United States)**
EXPERF	**Export Performance Scale (Zou, Taylor and Osland)**
FSPE	**Special Fund for Export Promotion (Fonds Spécial pour la Promotion des Exportations)**
GAFTA	**Greater Arab Free Trade Area**
GDP	**Gross Domestic Product**
GTI	**Guided Trade Initiative (AfCFTA)**
HC	**Hydrocarbon(s)**
HR	**Human Resources**
IATF	**Intra-African Trade Fair**
IBS	**Corporate Income Tax (Impôt sur les Bénéfices des Sociétés)**
ICIEC	**Islamic Corporation for the Insurance of Investment and Export Credit (member of the Islamic Development Bank Group)**
IFC	**International Finance Corporation (World Bank Group)**
ILO	**International Labour Organization**
IMF	**International Monetary Fund**
ITC	**International Trade Centre**
LPG	**Liquefied Petroleum Gas**
MENA	**Middle East and North Africa**
MIGA	**Multilateral Investment Guarantee Agency**
MSME	**Micro, Small, and Medium-sized Enterprise**
OIC	**Organization of Islamic Cooperation**
OECD	**Organization for Economic Co-operation and Development**
ONS	**National Office of Statistics (Office National des Statistiques, Algeria)**
PAPSS	**Pan-African Payment and Settlement System**
RBV	**Resource-Based View**
SAA	**National Insurance Company (Société Algérienne des Assurances)**

SADC	**Southern African Development Community**
SACE	**Italian Export Credit Agency (Servizi Assicurativi del Commercio Estero)**
SME	**Small and Medium-sized Enterprise**
SOE	**State-Owned Enterprise**
SPS	**Sanitary and Phytosanitary (measures)**
TCE	**Transaction Cost Economics**
TCT	**Transaction Cost Theory**
TND	**Tunisian Dinar (ISO 4217 currency code)**
TVA	**Value Added Tax (Taxe sur la Valeur Ajoutée)**
UK	**United Kingdom**
UNCTAD	**United Nations Conference on Trade and Development**
USD	**United States Dollar**
VAT	**Value Added Tax**
WTO	**World Trade Organization**
ZAR	**South African Rand (ISO 4217 currency code)**

Summary

General Introduction **1**

Chapter 01: Contextual and Theoretical Framework of Non-Hydrocarbon SME Exports to African Markets **5**

Section 01: Algerian Economic Climate and Non-Hydrocarbon Export Dynamics 7

Section 02: Foundational concepts of SMEs and internationalization 24

Section 03: African Markets as Strategic Opportunities 34

Chapter 02: From Theory to Institution: CAGEX's Export Support Mechanisms **48**

Section 01: General Framework of Export Support Mechanisms 49

Section 02: Presentation of CAGEX 61

Section 03: CAGEX Support Instruments and Services 75

Chapter 03: Empirical Investigation and Adaptation Proposals **87**

Section 01: Methodological Framework of the Empirical Study 88

Section 02: Empirical Results and Analytical Interpretation 96

Section 03: comparative benchmarking and recommendations 107

General Conclusion **121**

General Introduction

In an era marked by profound geopolitical shifts and the accelerating fragmentation of global value chains, few strategic imperatives weigh as heavily on resource-dependent economies as the urgent need to diversify export revenues. For Algeria, a nation endowed with vast natural resources yet structurally tethered to hydrocarbon volatility, this challenge has evolved from a policy preference into an existential macroeconomic necessity. The dramatic collapse of oil prices in 2014–2016 served as a brutal reminder: an economy overly reliant on a single commodity cannot guarantee sustainable development, job creation, or long-term stability. Against this backdrop, small and medium-sized enterprises (SMEs) universally recognized as engines of innovation, employment, and productive diversification remain strikingly marginal in Algeria's non-hydrocarbon export landscape. It is within this paradox that the role of specialized public institutions, particularly the Algerian Company for Insurance and Export Guarantee (CAGEX), acquires critical importance as a potential catalyst for Algerian SMEs' expansion into their most promising natural frontier: the African continent.

This master's thesis examines **the role of CAGEX in supporting the international expansion of Algerian SMEs toward African markets**. It analyzes how export credit insurance, guarantees, buyer information services, and advisory mechanisms provided by CAGEX influence the export performance of Algerian SMEs on the African continent, within the broader context of Algeria's economic diversification strategy.

The choice of this theme stems from both objective and subjective considerations. Objectively, Algeria's repeated commitments to reducing hydrocarbon dependence have yielded only modest results, with non-hydrocarbon exports still representing less than 8% of total exports. African markets, boosted by the African Continental Free Trade Area (AfCFTA), offer substantial opportunities for proximity-based trade, yet Algerian SMEs face significant barriers related to payment risks, information asymmetry, and financing constraints, precisely the areas where export credit agencies like CAGEX are designed to intervene. Subjectively, as future professionals in international trade, we are deeply interested in the practical mechanisms that can bridge the gap between policy ambitions and real SME internationalization, particularly in a South-South cooperation framework that aligns with Algeria's strategic positioning.

From this perspective, the main research question arises:

"To what extent do CAGEX's support mechanisms contribute to the export performance of Algerian SMEs toward Africa?"

To address this overarching question, the following sub-questions have been formulated:

- What are the main structural and operational constraints limiting CAGEX's effectiveness for SMEs?
- How do CAGEX's insurance, guarantee, and advisory services address (or fail to address) the specific risks of intra-African trade?
- What lessons can be drawn from comparative experiences of other export credit agencies to strengthen CAGEX's contribution?

Based on these research questions, the following hypotheses have been developed:

- **H01**: The effectiveness of CAGEX's instruments for Algerian SMEs remains structurally limited by a combination of geographic inaccessibility and complex administrative procedures.
- **H02**: Strengthening CAGEX's coordination with the broader African ecosystem through bilateral partnerships represents a critical advantage for enhancing its support for Algerian SMEs seeking to expand into African markets.
- **H03**: In African markets, CAGEX's perceived effectiveness stems from its ability to combine both insurance and guarantees with informational and advisory support adapted to the specific constraints of intra-African trade.

To explore these questions and test the hypotheses, this study adopts a qualitative exploratory approach. It combines an extensive documentary analysis (theoretical frameworks, official reports, statistical data) with empirical investigation through semi-structured interviews with Algerian exporting SMEs, CAGEX officials, and other actors in the export ecosystem. The comparative benchmarking of selected foreign export credit agencies (ECIC – South Africa, Dhaman – Kuwait, SACE – Italy, COTUNACE – Tunisia) enriches the analytical depth and supports the formulation of actionable recommendations.

This work aims to evaluate the role of CAGEX in supporting the international expansion of Algerian SMEs toward African markets. More specifically, it seeks to analyze the effectiveness of CAGEX's insurance, guarantee, information, and advisory services in reducing export-related risks and facilitating SME access to African opportunities. The study also aims to identify the main structural and operational challenges that limit the effectiveness of these support mechanisms. Furthermore, through a comparative analysis of selected foreign export credit agencies, the research seeks to formulate practical recommendations that could strengthen CAGEX's contribution to Algeria's non-hydrocarbon export diversification strategy and enhance the competitiveness of Algerian SMEs in African markets.

This research is structured into three main chapters:

- **Chapter 1** establishes the theoretical and contextual foundations, covering Algeria's economic climate, non-hydrocarbon export dynamics, the conceptual framework of SME internationalization, and the strategic importance of African markets.
- **Chapter 2** presents the institutional framework of CAGEX, its missions, instruments, and operational mechanisms.
- **Chapter 3** analyzes the empirical findings from field research, conducts a comparative benchmark, and formulates strategic recommendations.

A general conclusion will synthesize the results, validate or refute the hypotheses, highlight contributions and limitations, and suggest avenues for future research.

Chapter 01: Contextual and Theoretical Framework of Non-Hydrocarbon SME Exports to African Markets

Introduction:

Algeria's ambition to reduce its structural dependence on hydrocarbon revenues has become an imperative of macroeconomic stability rather than a mere policy aspiration. The collapse of oil prices between 2014 and 2016, delivered an unambiguous warning: an economy tethered to volatile global commodity markets cannot sustain long-term development. In response, successive Algerian governments have proclaimed economic diversification as a strategic priority, yet non-hydrocarbon exports continue to represent less than 8% of total export earnings, and small and medium-sized enterprises contribute barely one-fifth of these non-hydrocarbon shipments.

This paradox lies at the heart of our research. If SMEs are the engine of job creation and innovation in most economies, why do they remain marginal actors in Algeria's export landscape? And more specifically, what role can export support institutions play in enabling these enterprises to access the continent that represents Algeria's most natural growth frontier: Africa?

This first chapter establishes the theoretical foundations needed to understand the role of CAGEX in supporting the international expansion of Algerian SMEs toward African markets. In a global economic environment characterized by regional integration, trade diversification, and increased international competition, Algeria decides strategically to reduce its dependence on hydrocarbon revenues and strengthen the contribution of non-hydrocarbon exports to national economic growth. Within this process, small and medium-sized enterprises play a central role due to their capacity for innovation, employment creation, and productive diversification. Nevertheless, they continue to encounter several barriers that limit their integration into international markets, especially within the African continent, an emerging strategic economic space.

The chapter, therefore, moves from the macroeconomic context to the firm-level and market-level scopes of the given problem. Divided into three complementary sections, it first examines Algeria’s economic climate and the dynamics of non-hydrocarbon exports, with particular attention to SMEs’ position and constraints. It then develops the conceptual framework of SMEs, internationalization and export performance, before examining why African markets are considered strategic opportunities for Algerian SMEs.

Section 01: Algerian Economic Climate and Non-Hydrocarbon Export Dynamics

Placed at a crossroads of Africa and the Mediterranean, Algeria possesses substantial resources but still exhibits a narrow external trade. This contrast is central to the discussion that follows: the country has a foundation of growth and stability, yet it remains tethered to the volatile cycles of global commodity markets. Breaking this structural gravity requires more than incremental adjustment, it demands a reconfiguration of the export landscape in which the untapped potential of small and medium-sized enterprises fuels the broader diversification strategy of the economy.

In order to understand how the export support mechanisms actually work in relation to Algerian SMEs, it is first necessary to understand the economic environment in which these firms operate. This section, therefore, explores the current economic context and identifies the driving forces shaping Algeria's economic transition toward a more resilient and diversified global presence.

1. The principal metrics of the Algerian economic framework

It is important to establish a clear reading of Algeria's overall macroeconomic performance and structural characteristics that define the Algerian economic model and directly frame the opportunities and constraints faced by non-hydrocarbon exporters.

1.1. Principal Macroeconomic Indicators

1.1.1. Gross Domestic Product and Economic Growth:

Algeria remains one of the largest economies in Africa with GDP reaching about USD 263.62 billion in 2024, IMF based reporting placed the country as Africa's third largest economy in 2025, with GDP around USD 268.9 billion[1]. After the post pandemic rebound, Algeria recorded real growth of about 4.1% in the first half of 2025[2], reflecting a solid domestic demand.

[1] https://tradingeconomics.com/algeria/gdp , consulted 19/04/2026 at 11:20
[2] https://tradingeconomics.com/algeria/gdp-growth-annual , consulted 19/04/2026 at 11:30

1.1.2. Inflation Dynamics and Exchange Rate:

Algeria's inflation rate has eased noticeably after earlier price spikes caused by global conflicts and weather-related issues. The average inflation rate decreased from 9.3% in both 2022 and 2023 to 4% in 2024, primarily due to a decline in food prices. [1]

Regarding the exchange rate, the Bank of Algeria has kept the official rate stable since early 2023, after a short rise to help with inflation from imports, the official rate was about 130 DZD/USD at the end of 2025[2]. The parallel market premium on the other hand has increased substantially, reaching an estimated 75.4% in 2025 which shows persistent distortions in the currency market.[3]

1.1.3. Foreign Exchange Reserves:

By the end of 2024, foreign exchange reserves stood at USD 68,277 billion, down from USD 69,825 billion recorded at the close of 2023. This decline was primarily attributed to the global balance of payments deficit in 2024, as well as the depreciation of key reserve currencies, most notably the euro against the US dollar over the same period. Despite this contraction, reserves remained at a comfortable level, sufficient to cover 15.3 months of imports by the second half of 2024, a level significantly higher than international minimum standards.[4] More recent data from early 2026 indicates that reserves have since strengthened further, now covering approximately 15.8 months of imports, the highest coverage ratio recorded across the North African region.[5]

1.1.4. External Trade Balance:

Table 1.1: *Key External Trade and Balance of Payments Indicators (2019–2024)*

Indicator	2019	2020	2021	2022	2023	2024
Total Exports (USD bn)	35.3	21.9	38.6	65.7	55.5	49.1
Hydrocarbon Exports	33.2	20.0	34.1	59.7	50.4	45.2

[1] INTERNATIONAL MONETARY FUND, "*IMF Staff Completes 2025 Article IV Mission to Algeria"*, Press Release No. 25/226, June 30, 2025.
[2] WORLD BANK GROUP, "*ALGERIA ECONOMIC UPDATE, Responding to Climate Challenges and Supporting Sustainable Development"*, Fall 2025, p. 09
[3] Ibid, p xi
[4] BANK OF ALGERIA, "*Annual Report 2024",* Jun 2025, p95
[5] AFRICAN DEVELOPMENT BANK, *"Africa's Macroeconomic Performance and Outlook*", Abidjan: AfDB, January 2026, p. 08.

Indicator	2019	2020	2021	2022	2023	2024
Non-HC Exports	2.1	1.9	4.5	5.9	5.1	3.9
Trade Balance (USD bn)	-8.4	-13.4	1.1	26.9	12.7	12.3

Source: Prepared by the authors based on *Bank of Algeria "Annual Reports 2019- 2024"*

Algeria's external trade experienced significant fluctuations between 2019 and 2024, largely due to the volatility of oil and gas prices on global markets. As shown in Table 1.1, Algeria ran trade deficits from 2019 to 2021, reaching its lowest point at USD -13.4 billion in 2020 as the COVID-19 pandemic caused global demand to drop. The country returned to a surplus in 2021 and maintained it through 2024. Commodity prices surged in 2022, and Algeria recorded its highest surplus in more than a decade at USD 26.9 billion.

However, a closer look at the 2023–2024 export data reveals a different trend: total exports declined from USD 55.5 billion in 2023 to USD 49.1 billion in 2024. Hydrocarbon exports fell by 10.32%, driven by lower average crude oil prices and a drop in natural gas prices. Non-hydrocarbon exports decreased sharply by 23.53%; consequently, the share of non-hydrocarbon exports in total goods exports fell from 9.2% in 2023 to 7.94% in 2024. This underlines the central contradiction that drives this thesis: despite Algeria maintaining a positive trade balance from 2021 onward, non-hydrocarbon exports declined sharply between 2023 and 2024, reversing whatever diversification objectives had been achieved.

The data suggest that the resilience of the overall trade balance rests completely on hydrocarbon revenues, which does not correct the structural weakness of non-hydrocarbon export capacity. For Algerian SMEs, this data describes a macroeconomic environment where public resources for export support expand when oil prices are high and decrease when the pressure to diversify is greatest. This dynamic is the core problem: Algeria should not leave non-hydrocarbon export engagement dependent on schemes financed from commodity revenues that often fluctuate with global energy markets. What is rather recommended is an institutional mechanism capable of supporting exporters throughout price cycles, not due to them.

1.2. Structural Features of The Algerian Economy

1.2.1. Hydrocarbon Dependence:

As illustrated in Table 1.1, hydrocarbon exports reached USD 45.5 billion in 2024, representing roughly 92% of Algeria's total export earnings of USD 49.1 billion. This ratio underscores the deeply entrenched nature of Algeria's dependence on energy revenues.

Non-hydrocarbon GDP growth while accelerating, remains insufficient to offset the structural weight of the energy sector. The concentration of investment and skilled labor in the hydrocarbon industry has produced distortive effects across economy, limiting the development of competitive manufacturing, agricultural, and service industries a pattern that is consistent with the phenomenon known as "*Dutch Disease*"[1] " observed in many emerging economies with a large share of hydrocarbons in their economies.

Despite the implementation of various government plans for economic diversification, non-hydrocarbon exports as a percentage of total exports have only slightly improved from 5.9% in 2019 to 8% in 2024, as shown in Table 1.1, is a positive sign but remains very low in comparison to other emerging economies, and highlights the structural obstacles facing Algeria's diversification strategies.

1.2.2. State-Owned Enterprises and Economic Governance:

State-owned enterprises (SOEs) constitute a central pillar of Algeria's economic architecture, rooted in policies adopted after Algeria’s independence in 1962. Today, SOEs dominate strategic sectors including energy, banking, construction, transport, and essential manufacturing.

The banking sector illustrates this dynamic particularly clearly. Six public commercial banks led by BNA, BEA, BADR, BDL, CPA, and CNEP collectively hold over 85% of total banking assets and direct the majority of their credit toward SOEs[2], leaving private enterprises, and SMEs in particular, severely underserved in terms of access to financing, such unevenness slows down SMEs growth along with chances to reach foreign markets, when commercial banks do not engage in financing export operations, a public export credit agency becomes strategically indispensable,

[1] Corden (W.M.) & Neary (J.P), *"Booming Sector and De-Industrialization in a Small Open Economy"*, The Economic Journal, Vol. 92, No. 368, 1982, pp. 825–848.
[2] IHADDADEN (Mohamed El Fodil), "*Being a state-owned bank is not a fatality: an Algerian case study*." International Journal of Business Performance Management, vol. 22, no. 1, 2021, pp. 44-58.

as it is the only other viable mechanism through which SMEs can access the guarantees needed to operate successfully in global markets. Algeria is still grappling with major governance issues. According to the World Bank's Algeria performed below the regional average in indicators related to the quality of regulation, efficiency of public services for business, and business climate for starting and operating a business,[1] which reflect in an excessive number of administrative steps, unpredictable enforcement of property rights, and lack of transparency in public procurement processes, which all add to the transaction costs of exporters.

1.2.3. Private Sector and Its Economic Contribution:

Algeria's private sector grew strongly in numbers after the 90s liberalization but it still struggles with weak productive capacity, low innovation, and poor competitiveness. In 2024 official data showed over 1.3 million registered businesses, making the private sector the leader in firm count.[2], making the private sector the leader in firm count. However, most are micro or very small enterprises, with little capital, limited access to technology, and high levels of informal activity.

The private sector's share of GDP is rising, but it remains focused on low-productivity areas like retail trade, construction, and personal services while High-value manufacturing and knowledge-based industries are still rare, this pattern reflects an economy long focused on importing rather than producing. The World Bank's 2024 assessment for the MENA region identifies restricted access to formal finance, limited foreign currency availability, inadequate business support ecosystems, and weak linkages to regional and global value chains as the principal structural constraints weighing on Algerian private firms[3].

2. Current State of Non-Hydrocarbon Exports

The structural constraints outlined above are reflected most clearly and persistently in the external sector. Although Algeria has recorded signs of progress, non-hydrocarbon exports remain modest in scale, nevertheless, their current structure and geographic orientation are essential to fathom the country's diversification prospects and ambitions.

---

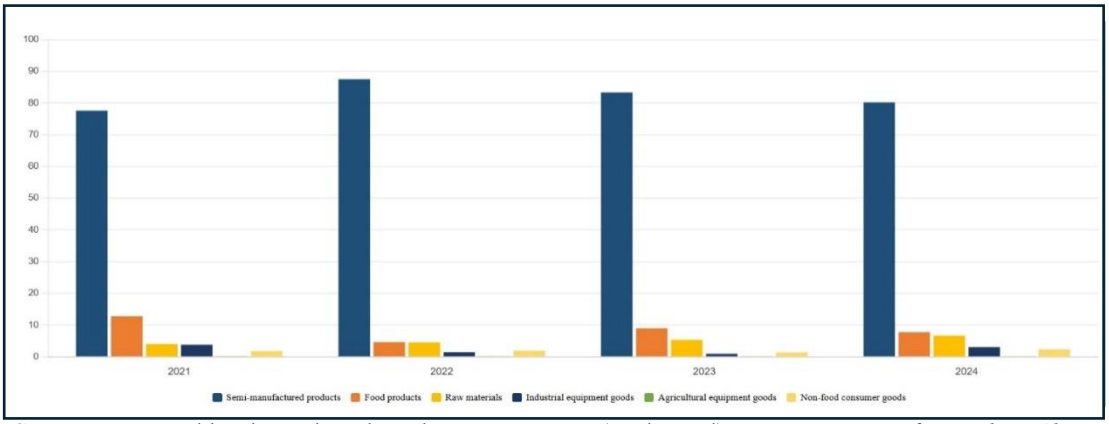
[1] World Bank, "*Business Ready (B-READY) Report 2024*", Washington D.C 2024, pp. 72–75
[2]ONS, "*Annuaire Statistique de l'Algérie 2024*", Alger 2024, pp. 210–215
[3] World Bank, "*Private Sector Assessment: Middle East and North Africa Region*", Washington D.C, 2024, pp. 35–38

2.1. Structure of Algeria's Non-Hydrocarbon Exports

2.1.1. Composition of non-hydrocarbon exports:

Figure 1.1 illustrates the composition of Algeria's non-hydrocarbon exports in 2021-2024. These are: semi-manufactured products, food products, raw materials, industrial equipment, agricultural equipment, and non-food consumer goods.

Figure 1.1: *Evolution of the Share of Non-Hydrocarbon Export Goods in Algeria (2021-2024)*



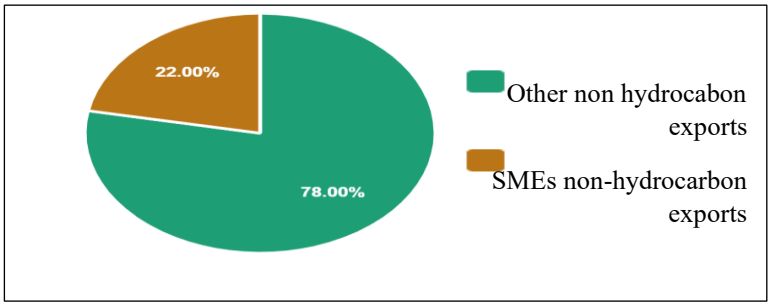
Source: Prepared by the authors based on HEBBOUL (Mohamed) "*Determinants of growth in Algerian non-hydrocarbon exports during the period (1990-2023) An econometric study using the autoregressive distributed lag (ARDL) model*", Abdelhafid Boussouf University Center, Mila- Algeria, 04/06/2025, p. 13; Bank of Algeria *"Annual Reports 2024"*

The figure shows Algeria's non-hydrocarbon exports (2021–2023) are dominated by semi-manufactured products (fertilizers, iron, steel, ammonia, cement), which made up 78.6% ($3.97 billion) of the total in 2023. This concentration on commodity-linked goods makes exports vulnerable to global price swings. Food products are the second largest group, growing rapidly from $269 million (2022) to $428 million (2023), led by sugar, dates, and processed foods. Raw materials (phosphate, hydrogen) hold a steady but smaller share, indicating continued reliance on low-processing exports. Industrial equipment goods are a small but strategic segment, showing potential in African markets, though their higher unit values and deferred payments require export credit agency support for SMEs. Agricultural equipment goods and non-food consumer goods are very small, reflecting weak high-value-added manufacturing and limited SME competitiveness. Overall, the persistent reliance on a narrow range of semi-manufactured products undermines Algeria's export diversification strategy, exposing it to price fluctuations. To succeed in African

markets, Algeria needs more diversified, higher-value exports (agri-food, industrial equipment, consumer goods) where SMEs could play a key role. Beyond export composition, the structure of exporting firms reveals additional constraints.

2.1.2. The Profile of Exporting Enterprises:

Figure 1.2: *The contribution of SMEs to the Algerian non-oil exports (2022)*



Source: prepared by the authors based on KHELLIL (Khaled) & LOUCIF (Kamilia), *"The contribution of Small and Medium-sized Enterprises in Achieving Economic Diversification: An Analytical Study of the Algerian Economy During the Period (2010-2022)",* Oum El Bouaghi University, Algeria, 30/12/2023.

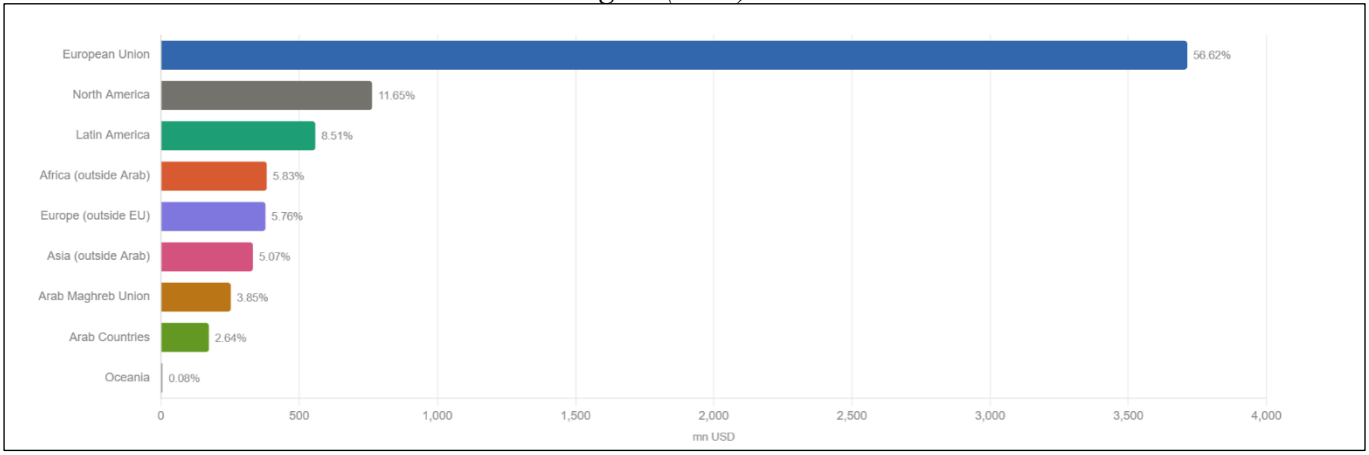
The figure 1.2 illustrates this stark imbalance, in 2022, SMEs accounted for only 22% of Algeria's non-hydrocarbon exports despite constituting 97% of all enterprises which highlights a critical structural weakness in Algeria's export ecosystem, While SOEs and a handful of large private firms continue to dominate both the volume and value of foreign trade the vast majority of SMEs remain either absent from or marginally engaged in international market.

Notably, SMEs constitute the near-totality of Algeria's enterprise landscape yet are responsible for barely one-fifth of non-hydrocarbon export value. This contradiction suggests that existing export support is not yet sufficient, accessible or good enough to integrate Algerian SMEs into sustained export activity toward African markets.

The imbalance noticed between large exporters and SMEs has another spatial and geographic dimension: export opportunities are not distributed equally across destination regions.

2.1.3. Geographic orientation of non-hydrocarbon exports:

Figure 1.3: *Geographic Distribution of Algeria's Non-Hydrocarbon Exports by Destination Region (2022)*



Source: Prepared by the authors based on DAHMOUNI (khelidja) *"The Status of Algerian Exports, Excluding Hydrocarbons, for the Years (2020- 2022)",* University of Boumerdes Algeria, 12/30/2023.

Although the exact percentages may vary from year to year, the 2022 distribution illustrates a heavily tilted geography, the European continent alone absorbed the largest share of shipments, and North America constituted the second major pole, driven by a few high-value industrial and agri-food products. By contrast, Africa's share remained comparatively small, often limited to cross-border trade with immediate neighbours and a handful of West African economies with which Algeria has historical ties. The Maghreb region, despite its cultural and linguistic proximity, accounted for only a fraction of total exports, a situation partly explained by the intermittent closure of land borders and underdeveloped logistics corridors.

This geographic concentration reveals that Algeria's non-hydrocarbon exporters are more likely to trade across the Mediterranean than across the Sahara, and that is because historical ties, regulatory familiarity, predictable payment infrastructure and stronger buyer information make European markets less uncertain despite their geographic distance, contrary to African markets, which systematically deter SMEs without the existence of risk management support, that makes the African continent commercially viable for Algerian SMEs that still view it as too risky to enter.

2.1.4. Main Non-Hydrocarbon Client Countries:

The geographic orientation of non-hydrocarbon exports is evolving from a mono-regional dependency on Europe toward a more diversified portfolio that accords a growing, though still modest, place to African destinations. To appreciate the concrete manifestations of this trend, it is necessary to examine the composition of Algeria's principal client countries at the most disaggregated level available. Table 1.2 provides a more dynamic picture by comparing Algeria's top twenty non-hydrocarbon export destinations between 2022 and 2023.

Table 1.2: *Top 20 Alegria clients for non-hydrocarbon products (2022-2023)*

Unit: mn DZD

Country	Export volume in 2022 (mn DZD)	Country	Export volume in 2023 (mn DZD)
France	112 060	France	77490
Netherlands	106 898	United state	77248
United state	77 731	Poland	57484
Belguim	64 327	Netherlands	56819
Italy	63 366	Belguim	53446
Spaine	49 651	Turky	43845
Brazil	44 409	Brazil	38665
India	41 574	Italy	26500
Turky	29 940	Tunisia	26398
Germany	29 560	United Kingdom	19229
Canada	27 939	Canda	18089
Poland	26 420	India	17469
Portugal	23 837	Colombia	16409
Tunisia	20 332	Portugal	14898
Ireland	16 904	Libya	12585
Uruguay	12 685	Uruguay	11733
Niger	11 010	Mexico	9592
Côte d'Ivoire	10 614	Senegal	8974
United Kingdom	9 681	Bulgaria	8883
Jordan	9 110	Mauritania	8640

Source : National Office of Statistics of AlgeriaONS, *"*Evolution des échanges extérieurs de marchandises de 2018 à 2023*",* Collections Statistiques N° 242/2024 Série E : Statistiques Economiques N° 129, December 2024

Table 1.2 reveals a geographical reorientation that is promising but remains fragile: Tunisia climbed from 14th to 9th place with a 30% increase in value received, Libya entered the ranking at 15th, Senegal appeared at 18th, and Mauritania secured 20th, while France, Algeria's largest non-hydrocarbon client in 2022, fell by 30.8% in absolute value. This repositioning toward African markets is not large enough yet to disturb the positions of European and North American markets,

but it can be accelerated by trade agreements, logistics investments and export risk coverage. The appearance of Senegal and Mauritania for the first time in the top twenty, which are markets where buyer credit information is rarely available to individual firms, makes solvency investigation and country risk assessment services most needed. If this southward shift becomes a durable export strategy rather than a passing effect of commodity price fluctuations in European markets, the risk-coverage mechanism supporting Algerian SMEs exporting to these new destinations must develop accordingly.

The analysis of the data in Figure 1.3 and Table 1.2 paints a consistent picture. The geographical distribution in 2022 confirms a strong focus on Europe, but the comparison of the client-country rankings in 2022 and 2023 shows that the highest growth rates are now occurring on the south-south axis. For a continent that imports a large proportion of its manufactured products and food from abroad, the progressive shift of Algerian non-hydrocarbon exports to Africa is an economic opportunity and a goal.

This gradual shift toward African destinations, however, does not depend on just market demand, it is also influenced by the procedures and institutional arrangements governing export activity.

2.2. Regulatory Framework Governing Non-Hydrocarbon Exports

2.2.1. General Legal Regime and Guiding Principles:

The cornerstone of Algeria's foreign trade legislation is Ordinance No. 03-04 of July 19, 2003, which establishes the general rules applicable to the import and export of goods. Article 2 of the ordinance clearly states that these operations shall be carried out freely, subject to the preservation of public order, morality, health, and the environment.[1] This legal foundation dismantled the state monopoly on foreign trade that had prevailed since independence, signaling a decisive shift towards a market-oriented economy. However, this freedom is not absolute and is framed by a network of subsequent laws and executive decrees. For instance, Executive Decree No. 07-102 of April 2, 2007, sets conditions for the export of certain sensitive products.

At the institutional level, the promotion of non-hydrocarbon exports was historically entrusted to the National Agency for the Promotion of External Trade (ALGEX), an administrative public

[1] BOUCHOUARED (Hichem), *"Cadre juridique applicable aux opérations d'importation destinées aux besoins de fonctionnement en Algérie"*,Village de la Justice, August 20, 2025.

establishment created by Executive Decree No. 04-174 of June 12, 2004. However, in 2025, according to presidential directives, ALGEX was formally dissolved and replaced by two specialized bodies: one dedicated exclusively to export promotion and support, and another focused on the regulation and supervision of imports. This structural reorganization reflects a broader institutional rationalization aimed at improving the efficiency and sectoral focus of Algeria's foreign trade support mechanism. As part of this transition, the Ministry of Commerce and Export Promotion has initiated the development of a unified digital for exporters, intended to centralize and streamline access to all export-related administrative procedures and incentive programs.[1]

Under current Algerian legislation, the following entities are authorized to carry out export operations:

- Companies (producers, manufacturers, service providers and other traders) duly registered in the trade register;
- Artisans, farmers, agricultural cooperatives and business incubators holding a document that serves as a trade register.[2]

No separate "exporter license" is required before commencing exports; the sole precondition is a legally established business with a valid trade register entry.

As a general principle, all goods may be exported unless explicitly prohibited by law, certain products require prior export authorization under specific legislation, such as dangerous products, sensitive equipment and hazardous special waste. Exporters are also reminded that subsidized products may not be exported, thereby preventing the resale of goods that have benefited from domestic subsidies.

Once the general legal entitlement to export is secured, the primary constraint for exporters shifts toward managing foreign currency and ensuring the repatriation of proceeds.

[1] Hamiche (A), *"Exportations hors hydrocarbures : la nouvelle organisation se met en place",* Horizon quotidien national d'informtion, 13 septembre 2025.
[2] https://www.douane.gov.dz/spip.php?article451&lang=fr consulted 29/04/2026 at 20:13

2.2.2. Foreign Exchange Controls and Repatriation of Proceeds:

The most operationally significant component of the regulatory framework for an exporter is the exchange control regime governed by the Bank of Algeria. Algeria maintains a managed float and strict foreign exchange controls, where the central bank holds a monopoly over all foreign currency resources.[1]

The central pillar of this regulation is the obligation for bank domiciliation. Before any shipment, an export contract must be domiciled with an approved commercial bank in Algeria, which then monitors the operation and assigns a unique customs code for the declaration. Domiciliation must normally be completed prior to the export operation. A partial exception applies to fresh, perishable and/or dangerous products, where domiciliation may occur after shipment within a deadline set by a Bank of Algeria instruction.

Under Regulation No. 16-04 which amended Regulation 07-01, a non-hydrocarbon exporter is legally required to repatriate the total value of the sale within 360 days from the date of export. Importantly, the regulation also states that if the credit period granted to the foreign importer is between 180 and 360 days, then the export transaction must be insured against the risk of non-payment by an export credit insurance policy that the exporter must obtain from the nationally designated entity.[2] This regulatory provision establishes CAGEX as a legally chosen intermediary for any Algerian SME extending medium-term credit to foreign buyers. Upon repatriation of the export proceeds, the bank will credit the exporter's foreign currency account, Algerian exporters now have the right to use 100% of their foreign currency receipts.

The financial regulation of exports is only one fraction of the process, after that, goods must also move through a customs and documentary framework that constitutes the practical cost of exporting.

Because this regulatory and documentary process increases the burden on exporters, Algeria has further introduced incentive schemes to help offset part of the costs of internationalization.

---

[1] BANK OF ALGERIA, Regulation No. 07-01 of February 3, 2007, Relating to Current Transactions with Foreign Countries and Foreign Currency Accounts, Journal Officiel de la République Algérienne, No. 15, 2007.
[2] ANEXAL, *"Contrôle des Changes : Guide pratique"*, ANEXAL, Algiers, 2019.

2.2.3. Specific Incentives and Support Schemes:

In an effort to offset the restrictive nature of its financial and fiscal regulations, the Algerian government has built an extensive framework of incentives to promote non-oil exports, the most enduring financial support instrument is the Special Fund for Export Promotion (FSPE) which offers a wide-ranging The types of expenses assistance like, international transport and handling charges, for which the fund reimburses 50% of transport costs for agricultural and 25% for non-agricultural goods; registration fees to participate in trade fairs and international exhibitions, reimbursed at 80% for collective participations inscribed in the official annual program, 50% for individual participations, and 100% for participations of an exceptional character.[1]

In addition to the FSPE, various tax measures, as recrafted by the Finance Laws are also in place. These incentives address the cost dimension of export entry, reimbursing what has already been spent, however, they do not reduce the risk of non-payment once goods have crossed the border, which is a more limiting barrier for SMEs targeting African markets

3. Strategies for Economic Diversification.

The regulatory and incentive framework shows that diversification represents a long-term development strategy for the country. This makes it necessary to clarify what economic diversification is before assessing how Algerian policy has attempted to execute it.

3.1. Conceptual Foundations of Economic Diversification

3.1.1. Definition of Economic Diversification:

Economic diversification is a multidimensional concept that has been defined variously across the literature, reflecting its complexity as both a process and an outcome of structural economic transformation.

[1] https://www.commerce.gov.dz/fr/a-fonds-special-pour-la-promotion-des-exportations-fspe consulted 29/04/2026 at 23:117

Table 1.3: *Different views on economic diversification*

Authors	Definition of economic diversification	Analytical observation
United Nations	*"The process of shifting an economy away from a single income source toward multiple sources from a growing range of sectors and markets. Traditionally, it has been applied as a strategy to encourage positive economic growth and development. In the context of climate change adaptation, it takes on a new relevance as a strategy to diversify away from vulnerable products, markets, and jobs toward income sources that are low-emission and more climate resilient."*	This definition is macro- and policy-oriented. It defines diversification as a long-term transition rather than a spontaneous market outcome, but it does not delve into how diversification is measured in trade terms. This definition is distinctive in mentioning environmental sustainability.
HIDALGO and HAUSMANN	*"The number of products a country exports with a Revealed Comparative Advantage." Diversification thus refers to "a country's ability to become competitive in a wider range of products" and represents "a process of shifting towards a more varied production structure, involving the creation of new production lines or products, and transitioning from low-quality to high-quality products."*	This definition is more technically precise and empirically operationalizable. It redefines diversification as a structural capability and not a policy objective, and it is the most disconnected definition from the institutional context.
ZHANG Le Yin	*"Comprehensive policies to reduce dependence on a restricted number of commodities that are inherently susceptible to pronounced market price fluctuations."*	It sets diversification as a defensive response to commodity market volatility in order to reduce the country's vulnerability rather than a growth-seeking strategy, a very relevant uptake for hydrocarbon-dependent economies such as Algeria. Furthermore, it foregrounds the active institutional role of the state.

Source: Prepared by the authors from United Nations Framework Convention on Climate Change, "Economic Diversification". HAUSMANN (Ricardo) and HIDALGO (César A), "Country diversification, product ubiquity, and economic divergence" and ZHANG Le-Yin, cited in KERMI (Malika) and DAHMOUNE (Fatima), "Economic diversification in Algeria, prospects and challenges."

For this research, no definition is enough alone, which calls for a synthesis. Economic diversification is, therefore, understood as a multidimensional process of structural economic transition, driven by public policy and institutional mechanisms, aimed at broadening the production and export base of a national economy, reducing its dependence on a limited number of sectors or commodities, creating new sources of income and employment with higher value added, and enhancing resilience to external economic shocks, ultimately contributing to sustainable long-term growth.

3.1.2. Objectives of Economic Diversification:

- **Lowering risk and building resilience**: The main goal of economic diversification is to reduce risk and help countries handle outside shocks like oil price swings, droughts, or slowdowns in global markets. For oil-dependent nations, the real danger is when oil prices fall below what the government needs to balance its budget.[1]
- **Being more self-sufficient and earning more from exports**: Another goal is to produce more goods and services at home, boost exports, rely less on imports, and create jobs. By moving beyond oil, countries can stabilize foreign income, strengthen their balance of payments, and reduce currency risks.[2]
- **Making development last**: Diversification also aims to keep development going over the long run. That means building multiple income sources, raising their share in GDP, and encouraging productive investment.[3]
- **Giving the private sector a bigger role**: In economies where the state has dominated, diversification helps the private sector step up. Policies aim to enable private businesses to join production, play a key development role, and reduce direct government control.[4]
- **Spreading investment across sectors and linking to the global economy**: Beyond budgets, diversification spreads investment across farming, industry, and services so economies can compete internationally. It also brings in foreign investment, technology, and know-how.[5]

3.2. Economic diversification in Algeria

Throughout successive governments since independence, diversification has always been a persistent policy ambition and primary strategic objective for Algeria, yet the hydrocarbon sector continues to dominate the national economy, exposing the country to chronic external vulnerability and limiting the development of a competitive non-hydrocarbon export base.

---

[1] SENOUCI BEREKSI(I), BENALLAL (B) & BERRACHED (A), "*Economic Diversification in Algeria: Reality, Challenges and Prospects.*" Finance & Markets Journal, Vol. 11, No. 02, p. 51.
[2] KERMI (M) & DAHMOUNE (F), "*Economic Diversification in Algeria: Prospects and Challenges.*" Journal of Economics and Human Development, Vol. 15, Issue 1, p. 3.
[3] INTERNATIONAL ENERGY AGENCY, "*Outlook for Producer Economies: What do changing energy dynamics mean for major oil and gas exporters?*", Paris, 2018, p. 11.
[4] KERMI (M) & DAHMOUNE (F), "*Economic Diversification in Algeria: Prospects and Challenges.*" Journal of Economics and Human Development, Vol. 15, Issue 1, p. 3.
[5] Luciani (G) & Moerenhout (T), "*When Can Oil Economies Be Deemed Sustainable?*" The Political Economy of the Middle East, Springer, p. 86.

3.2.1. Key Strategic Frameworks and Policy Instruments:

Sectoral Development Plans: The government has developed targeted strategies for priority sectors. The 2023-2027 Agricultural and Rural Development Plan aims to achieve food security while developing agricultural exports, particularly dates, olive oil, and processed agricultural products.[1]

Financial and Fiscal Incentives: As detailed in subsection 3.1, the Special Fund for Export Promotion (FSPE) provides financial support for transport costs, trade fair participation, and international certification. The Loi de Finances 2025 extended and enhanced several tax measures: exemption from Value Added Tax (TVA) on exported goods and services; a 50% reduction in Corporate Income Tax (IBS) for five years for activities in southern wilayas; and a 30% tax reduction on research and development expenditures.[2]

Infrastructure Development: Recognizing that export competitiveness depends on logistics the development of the Trans-Saharan Highway corridor, linking Algiers to Lagos via Tamanghasset, represents a strategic initiative to facilitate trade with Sub-Saharan Africa. Port modernization efforts include the construction of the new deep-water port at El Hamdania, designed to handle larger vessels and reduce transit times to European and African markets.[3]

Trade Diplomacy and Regional Integration: Algeria has pursued an active trade diplomacy agenda to expand market access for non-hydrocarbon exports. The country is a founding member of the African Continental Free Trade Area (AfCFTA), which entered into force in 2021 and aims to create the world's largest free trade area by number of countries.

3.2.2. Persistent Gaps and Structural Limitations:

These strategic instruments indicate a clear reform effort for three decades, but their outcomes remain limited by structural weaknesses. Several persistent gaps explain why Algeria's

[1] MINISTRY OF AGRICULTURE, "*Agricultural and Rural Development Plan 2023-2027*," Algiers, 2023.
[2] BANK OF ALGERIA, Regulation No. 16-04 of April 27, 2016, amending Regulation No. 07-01 on "*current transactions with foreign countries and foreign currency accounts*", Official Journal of the Algerian Republic, No. 29, 2016.
[3] MINISTRY OF PUBLIC WORKS AND INFRASTRUCTURE, "*Port of El Hamdania: Development and Operational Status Report*" Algiers, 2025.

diversification objectives have not yet achieved a broad and competitive non-hydrocarbon export base:

Limited SME Integration into Export Activities: As demonstrated in Figure 1.2 and discussed in subsection 2.1, SMEs constitute 97% of Algerian enterprises but account for only 22% of non-hydrocarbon exports. This disconnect represents the most critical structural weakness in Algeria's export ecosystem. Algerian SMEs face multiple binding constraints: restricted access to trade finance, particularly pre-export financing; limited information about foreign market opportunities and regulations; weak technical and managerial capabilities for internationalization; and inadequate quality certification and standards compliance.[1]

Insufficient Export Diversification Within Non-Hydrocarbon Sector: Table 1.1 and Figure 1.1 reveal that Algeria's non-hydrocarbon exports remain highly concentrated in a few semi-processed products principally fertilizers, iron and steel, ammonia, and cement. The share of manufactured goods with higher value-added, such as industrial equipment, machinery, or consumer products, remains negligible.

Foreign Exchange Constraints and Banking System Rigidities: The parallel market premium, estimated at 75.4% in 2025, continues to distort export incentives. Formally operating SMEs that access FSPE subsidies must conduct transactions through the banking system at the official exchange rate, while informal competitors may benefit from more favorable effective rates. The 360-day repatriation requirement, while liberalized from previous 180-day limits, remains challenging for SMEs selling to African markets where payment cycles can be extended and banking correspondence is less efficient. The requirement for export credit insurance for transactions with credit periods exceeding 180 days adds regulatory complexity and cost.[2]

Limited African Market Integration: As shown in Figure 1.3 and Table 1.2, Africa's share of Algeria's non-hydrocarbon exports remains disproportionately small relative to geographic and cultural proximity. While African destinations particularly Tunisia, Libya, Senegal, and Mauritania

[1] KADI (Mohammed), "Les facteurs influençant l'engagement des PME dans l'exportation: Illustration par le cas algérien," *Cread*, June 2019, pp. 45-52.
[2] Hamiche (A), "*Exportations hors hydrocarbures: la nouvelle organisation se met en place*" Horizon quotidien national d'information, 13/09/2025.

are growing rapidly from low bases, European markets continue to absorb the majority of non-hydrocarbon shipments.[1]

Section 02: Foundational concepts of SMEs and internationalization

The previous section identified a central constraint in Algeria's diversification process: SMEs are numerous and strategically central, yet their contribution to exports remains limited. To understand why this gap exists, the analysis must move from the macroeconomic scope to the firm itself, beginning with the definition of SMEs, their characteristics and different classifications and the theoretical explanations of their internationalization through classical and modern models, then finally concluding with an explanation of the determinants and measurement of SMEs' export performance.

1. Definitions and specific characteristics of SMEs

Since SME export performance depends partially on the exact nature of these firms, the analysis first requires a precise definition of what constitutes an SME. Therefore, this subsection reviews some international classifications, including the legal Algerian definition and highlights SMEs' contribution to both the global and Algerian economies.

1.1. International definitions and classifications

A universally agreed-upon definition of SMEs does not exist, it varies depending on the country, institution and legal context. Nonetheless, they are typically defined worldwide by the same main criteria: the number of employees, the annual turnover or revenue, and the company's total assets.

The European Commission defines a micro, small, or medium-sized enterprise, in its Recommendation 2003/361/EC, which is still considered the reference framework in EU policy, as any entity engaged in an economic activity, regardless of its legal form and determines its size category by the mandatory staff headcount criterion and one of the two financial thresholds, as well as its relationship with other entities. According to this definition, to qualify as an SME, an enterprise must employ fewer than 250 persons and have an annual turnover not exceeding €50

[1] DAHMOUNI (khelidja) "The Status of Algerian Exports, Excluding Hydrocarbons, for the Years (2020-2022)," University of Boumerdes Algeria, 30/12/2023, pp. 15-18.

million, or an annual balance sheet total not exceeding €43 million.[1] Within this large category, three sub-categories take form, as shown in Table 1.4.

Table 1.4: *Classification of SMEs according to the European Commission*

Enterprise category	Staff Headcount	Annual Turnover	Annual Balance Sheet Total
Micro	< 10	≤ €2 million	≤ €2 million
Small	< 50	≤ €10 million	≤ €10 million
Medium-sized	< 250	≤ €50 million	≤ €43 million

Source: European Commission, Commission Recommendation 2003/361/EC

The personnel headcount is given in Annual Work Units (AWU), including full-time, part-time, seasonal employees, and even owner-managers. Financial calculations are based on the latest approved annual accounts, with the turnover calculated without VAT and indirect taxes. Additionally, an enterprise can only lose or gain SME status if it surpasses or falls below these thresholds for two consecutive accounting periods.

The definition of MSMEs established by the International Finance Corporation is somewhat similar but more adapted to developing countries. It construes SMEs as enterprises with fewer than 300 employees and either assets or annual sales below $15 million, whereas micro-enterprises admit a 10-employee ceiling and assets or sales below $100,000.[2] While still acknowledging that these criteria should be tailored to the income level and economic framework of each country. The IFC also proclaims SMEs as firms with financial requirements that are too big to be financed by microfinance institutions but too small and risky for traditional corporate banking models.[3]

The OECD generally considers enterprises that employ fewer than 250 people as SMEs. These are further subdivided into micro-enterprises with less than 10 employees, small enterprises that count 10 to 49 employees, and medium-sized enterprises with 50 to 249 employees.[4]

---

[1] EUROPEAN COMMISSION: "*Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC)",* Official Journal of the European Union, L 124, 2003, pp. 36-41.

[2] https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors consulted on 01/04/2026 at 14:55

[3] WORLD BANK REPORT, "*MSME finance gap Assessment of the shortfalls and opportunities in financing micro, small, and medium enterprises in emerging markets"*, 2017.

[4] OECD, "*OECD SME and Entrepreneurship Outlook 2023"*, OECD Publishing, Paris, 2023.

1.2. The Algerian definition of SMEs

For the purposes of this research, this definition is retained as the primary framework, established by the Algerian law No. 17-02 of January 11, 2017, which succeeded the earlier Law No. 01-18 of 2001, an SME equals any entity producing goods and/or services under any legal form, that takes on between 1 and 250 employees, whose annual turnover does not go beyond 4 billion Algerian dinars, or whose annual balance sheet total does not exceed 1 billion Algerian dinars, in addition to that, no more than 25% of its capital is to be held by any external entity, making the enterprise independent. However, an exception allows for up to 49% ownership by venture capital firms. Under these guidelines, three sub-categories emerge:

- Micro-enterprise: 1 to 9 employees, turnover below 40 million DZD, or a balance sheet total of 20 million dinars or less.
- Small enterprise: 10 to 49 employees, turnover between 40 million and 400 million DZD, or a balance sheet not exceeding 200 million dinars.
- Medium enterprise: 50 to 250 employees, turnover between 400 million and 4 billion DZD, or a balance sheet between 200 million and 1 billion dinars.

Traditionally, an enterprise only gains or loses its SME status if these thresholds are breached for two consecutive accounting years.

This law excludes banks, financial institutions, insurance companies, real estate agencies and import firms from its definition of SMEs.[1]

1.3. The Economic and Strategic Importance of SMEs

It is imperative to acknowledge the fundamental role that SMEs play in both developed and emerging economies. Their strategic importance must first be understood at the global macroeconomic level, then within the specific context of Algeria.

SMEs are considered the backbone of the global economy because, according to recent data and estimates, they constitute around 90% of all businesses worldwide and account for 70% of total

[1] Loi n° 17-02 du 11 Rabie Ethani 1438 correspondant au 10 janvier 2017 portant loi d'orientation sur le développement de la petite et moyenne entreprise, Journal Officiel de la République Algérienne, N° 02, 2017, pp. 4-11.

employment when including micro-enterprises[1], highlighting their importance for job creation, especially in economies characterized by a growing population and a young workforce. Furthermore, SMEs contribute approximately 50%-60% of GDP in high-income economies, so they are responsible for a significant share of value and wealth creation.[2] The figure below highlights their performance indicators across 26 OECD countries.

Beyond their vast numbers and quantitative contributions, SMEs are also considered social and economic stabilizers by exploring a larger and more diverse industrial landscape, while spreading their economic activity across the regional market, enhancing local inclusive growth, and dispersing capital and technological advancements.

On the other hand, because of their smaller size and flexible organizational structure, they adapt rapidly to crises and technological shifts and are more capable of responding to ever-changing customers' needs than large corporations, making them more innovative and competitive.

However, despite their intrinsic advantages and the digital revolution that has significantly lowered their barriers to entry into global markets, SMEs remain at a disadvantage regarding expanding beyond their local markets, due to several constraints, such as limited access to formal finance and information and risk management apparatus. This further underscore the need for tailored support mechanisms to unlock their export potential and therefore use them as a powerful lever for economic expansion and diversification.

In Algeria, similarly to global tendencies, SMEs dominate the economic landscape. They form the core of the private sector, representing approximately 99.9% of all businesses and playing a crucial role in job creation, innovation, and economic growth. As of the end of 2022, the total SME number reached 1,359,803 entities, employing more than 3.3 million workers.[3]

While Algeria's economy remains heavily dependent on hydrocarbons' revenues, exposing it to external volatility due to fluctuating global oil and gas prices, the Algerian government declares its national strategy for economic diversification. Exports from SMEs in sectors other than oil have

[1] ILO, "Small Matters: Global Evidence on the Contribution to Employment by the Self-Employed, Micro-Enterprises and SMEs". Geneva, 2019.
[2] OECD, "*OECD SME and entrepreneurship outlook 2019"*, OECD Publishing, 2019.
[3] MINISTÈRE DE L'INDUSTRIE, BIS-2023-04-42, République Algérienne Démocratique et Populaire, 2023.

shown steady growth over time, increasing from 107,4 million USD in 2001 to 1337,8 million USD in 2022[1], highlighting their growing strategic role in developing a heterogeneous, production-based economy to both substitute for imports and achieve export diversification.

Nevertheless, even though SMEs are dynamic at the national level, their contribution to export activities remains limited. This underlines the persistent challenges faced by Algerian SMEs, such as bureaucratic barriers, financing difficulties and technological limitations. These circumstances are limiting their capacity to invest, innovate, and integrate global markets.

2. Classical and modern theories of internationalization

After SMEs have been defined and situated within the economy, the next step is understanding how these firms expand beyond domestic borders. Internationalization theories help explain the processes, constraints and strategies through which SMEs enter foreign markets. Within this research, the following theories are not seen as abstract models only, they provide the analytical view for understanding why Algerian SMEs require institutional support when entering African markets.

2.1. The concept of internationalization

Internationalization can be defined differently across diverse disciplinary angles. For instance, Jan Johanson and Jan-Erik Vahlne explain it as the process by which firms gradually increase their involvement in international operations while focusing on progressively deepening their commitment to foreign markets[2]. Then, Calof and Beamish developed a broader, more internal strategic definition, calling it the process of adapting firms' operations, strategies, and resources to international environments[3].

[1] KHELLIL, (K) and LOUCIF, (K), *"The contribution of small and medium-sized enterprises in the Algerian economy: An entropy index approach"*, Acta Economica, Vol. 22, N°41, 2024, p. 165.
[2] JOHANSON, (J) and VAHLNE, (J. E), *"The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments*". Journal of International Business Studies, 8(1), 1977, pp. 23–32.
[3] CALOF, (J. L) and BEAMISH, (P. W), *"Adapting to foreign markets: Explaining internationalization",* International Business Review, Vol. 4, N° 2, 1995, pp. 115-131.

From a converging standpoint of the different approaches, internationalization can be described as the dynamic procedure by which firms link to global markets and international value chains[1], progressively extending their strategic, operational, and commercial activities beyond local borders, through export, licensing, partnership, or investment by mobilizing internal resources and adapting to the legislative, cultural, and competitive characteristics of the targeted foreign markets.

2.2. The classical theories

2.2.1. The transaction cost theory:

The origins of this theory can be traced back to Coase's seminal work "The Nature of the Firm." Where he shifted the narrative from production costs towards marketing and transaction costs. The TCE was later formalized by Oliver E. Williamson, who demonstrated how firms organize their activities in a way that keeps the costs of conducting transactions to a minimum, such as the costs of searching for information, negotiating contracts or haggling, and monitoring.[2] Erin Anderson and Hubert Gatignon applied TCT to foreign market entry choice, such as exporting, licensing, joint ventures, or fully owned subsidiaries, as a strategic decision to minimize transaction costs while safeguarding their investments. The firm's choice is determined by factors like specific assets, free-riding risk, external and internal uncertainty, which dictate the level of control a firm needs.[3] For Algerian SMEs that are targeting Africa, transaction costs usually appear through buyer uncertainty, contract enforcement difficulties and the risk of non-payment. These are structural barriers that need to be controlled for Algerian SMEs to reach their full export potential.

2.2.2. The Uppsala internationalization model:

Arguably the most influential and relevant theoretical framework, developed by Jan Johanson and Jan-Erik Vahlne. The model explains that a firm internationalizes gradually, and it is a step-by-step process where firms tend to expand first towards markets with low "psychic distance", which means

---

[1] INTERNATIONAL TRADE CENTRE, "*SME competitiveness outlook 2015: Connect, compete and change for inclusive growth"*, 2015.

[2] WILLIAMSON, (O. E), *"Hierarchies, markets and power in the economy: An economic perspective"*, Industrial and Corporate Change, Vol. 4, N° 1, 1995, p. 27.

[3] ANDERSON, (E) and GATIGNON, (H), *"Modes of foreign entry: A transaction cost analysis and propositions"*, Journal of International Business Studies, Vol. 17, N° 3, 1986, pp. 1-26.

less differences in languages, cultures, and political systems, all while progressively gaining experiential knowledge through international operations.

For Algerian SMEs, this model is particularly relevant because they usually rely on a progressive establishment chain, due to limited resources and lack of market knowledge, reasons explaining why they start with exporting before getting more involved. Whereas psychic distance explains why African markets are particularly interesting for them.[1]

This model assumes that firms can handle the financial exposure of early-stage experiential learning, an assumption that is wrong for Algerian SMEs, which lack the necessary resources in unfamiliar African markets.

2.3. The modern theories

2.3.1. The Resource-Based View:

Originally, Edith Penrose was the economist who came up with the idea of the resources approach, which was consequently formalized by scholars like Birger Wernerfelt and Jay Barney. This theory states that a firm can successfully compete in foreign markets if it uses valuable, rare, inimitable and non-substitutable resources to its advantage. [2]According to Wernerfelt, these resources can be classified as both tangible and intangible assets, for example, trademarks, technological expertise, trained employees, and efficient procedures. These assets are temporarily attached to the firm and represent its particular strengths or weaknesses. Another key principle of the RBV is that resources and products are viewed as being "two sides of the same coin", even if products are the end output, they are essentially the outcome of employing diverse resource services.[3]

2.3.2. The international new ventures/ born global theory:

This phenomenon, commonly referred to as "born global", challenges traditional theories of internationalization, mainly the Uppsala model, by proving that firms can be international from inception birather than evolving gradually. The theoretical framework for these ventures is built upon four necessary elements: the internalization of some transactions to form an organization, a

[1] JOHANSON, (J) and VAHLNE, (J. E), *Op.cit*, pp. 23-32.
[2] BARNEY, (J), *"Firm resources and sustained competitive advantage",* Journal of Management, Vol. 17, N° 1, 1991, pp. 99-120.
[3] WERNERFELT, (B), *"A resource-based view of the firm",* Strategic Management Journal, Vol. 5, N°2, 1984, pp. 171-172.

heavy reliance on alternative governance structures such as global networks and strategic alliances to acquire resources in spite of having limited initial capital, the establishment of foreign location advantages typically through transferring private knowledge, and the control over unique resources to stay competitive.[1]

2.3.3. The network theory of internationalization:

Johanson and Mattsson define the network theory by describing industrial markets as networks of relationships between firms. The firm must establish, entertain, and exploit its inter-organizational relationships, including social, financial, and institutional connections to gain access to external assets. Johanson and Mattsson argued that a firm's international position is significantly influenced by its network status, both on the domestic and international level. Following this model, internationalizing isn't just about crossing borders, it's more about integrating the firm into a new foreign network. This occurs through three steps: international extension (establishing positions in new nets), penetration (enhancing positions and increasing commitments in these nets), and lastly international integration (The firm coordinates its positions across different nets).[2]

Altogether, these modern concepts show that in order for Algerian SMEs to internationalize they cannot depend only on internal resources and entrepreneurial initiative, but also on access to and the use of valuable networks, information and risk-reducing institutions.

For Algerian SMEs, which lack prior representation in African markets most of the time and cannot easily establish network positions, this theory clarifies why unaided entry into continental markets is structurally constrained.

3. Measurement of export performance

The preceding theories explain how firms internationalize, but the research also requires a way to evaluate whether internationalization provides valuable results.

With regard to the internationalization of SMEs, exporting remains the most common and oldest way to access new foreign markets. The measurement of a firm's success in these markets is

[1] OVIATT, (B.M) and MCDOUGALL, (P. P), *"Toward a theory of international new ventures",* Journal of International Business Studies, Vol. 25, N°1, 1994, pp. 45-64.
[2] JOHANSON, (J) and MATTSSON, (L.G), "*Internationalisation in industrial systems: A network approach*", Strategies in global competition, Croom Helm, 1988, pp. 287-314.

measuring its export performance, one of the most researched subjects in the international business literature, yet no consensus has been reached concerning its definition, as scholars conceptualize it in various, multidisciplinary ways, as shown in the following table.

Table 1.5: *Comparative Definitions and Measurement Perspectives of Export Performance*

Authors	Definition	Analytical observation
Cavusgil and Zou	The degree to which a firm achieves both its economic and strategic objectives for a certain product in a foreign market through the planning and execution of its marketing strategy	This pioneer definition is relevant because it links performance to both economic and strategic goals. It is relevant for SMEs because success cannot be measured only by export volume.
Zou and Stan	A multifaceted outcome influenced heavily by both internal (resource-based factors) and external (industry-level determinants), typically measured through seven categories: sales, profit, growth, success, satisfaction, goal achievement, and composite scales.	This contribution is better suited to explain why performance varies across SMEs, with the explicit integration of both internal and external determinants.
Katsikeas, Leonidou and Morgan	Export performance is assessed through three dimensions: effectiveness (to what extent export goals were attained), efficiency (the ratio of outcomes relative to inputs concerning export operations), and adaptiveness (the ability of the firm to respond to shifts in the export market environment).	It introduces a process-efficiency logic, an input-output ratio and an unprecedented dynamic dimension. This agenda is particularly relevant for African markets, where the ability to adapt to changing payment and regulatory conditions is crucial to sustain export activity.
Zou and Osland	the EXPERF scale which groups export performance measurements into three distinct dimensions: financial measures (economic and static indicators), non-financial measures (strategic indicators), and managerial satisfaction.	This operational measurement scale merges objective outcomes with managerial perception, It is useful when precise financial data of SMEs is difficult to obtain.
Sousa	Export performance measurement can be divided into objective and subjective indicators. Objective measures refer to quantifiable financial and operational indicators, such as export sales volume, export growth percentage, export intensity compared to total sales, export profitability and market share. Subjective indicators, on the other hand, measure attitudinal performance depending on how managers view their firm's export success, these include satisfaction with export performance, perceived reach of strategic objectives, and evaluation of the firm's competitiveness in foreign markets.	Sousa's addition differentiates between objective indicators, which capture measurable export results, and subjective indicators, which reflect managerial perceptions of good export performance. This distinction is precisely relevant for SMEs because it gives perceived improvements in market reach, competitiveness and export confidence at the same importance as financial results.

Source: Prepared by the authors based on CAVUSGIL and ZOU (1994), ZOU and STAN (1998), KATSIKEAS, LEONIDOU and MORGAN (2000), ZOU, TAYLOR and OSLAND (1998) and SOUSA (2004).

The evolution of export performance, as seen in Table 1.5, demonstrates a consistent intellectual journey: from a strategic management view that privileges deliberate action and goal achievement,

toward progressively multi-dimensional frameworks that integrate firm-level resources, external market conditions and subjective managerial experience.

For this thesis, export performance should be retained as a multidimensional outcome that combines financial outcomes, strategic goals achievement, market prosperity and the firm's ability to adapt to foreign market conditions. For Algerian SMEs exporting to African markets, this synthesis is more suitable than retaining only a financial definition because a firm can have modest export sales but still improve its market knowledge, stabilize its buyer relationships, reduce non-payment risk and sustain engagement in foreign markets, so both measurable indicators and perceived improvements in export capacity should be taken into consideration when evaluating an Algerian SME export performance.

Having established that export performance is a multidimensional concept, its assessment requires indicators that cover both measurable export results and the firm's perceived progress. Sousa's classification is considered useful in this case. Table 1.6 presents the principal measurement indicators of this approach.

Table 1.6: *Classification of Measurement Indicators According to Sousa*

Indicator	Definition
Export intensity	Share of total turnover achieved in foreign markets.
Growth of export turnover	Evolution of export turnover over a given period of time.
Number of country–export market pairs	The number of countries and markets where the company is present and has trade ties.
Number of new export (country–markets) pairs	Variation in the number of (country–markets) pairs over a given period. Positive if new pairs are gained, negative if lost, stable if unchanged.

Source: Sousa, Carlos (2004). Export Performance Measurement: An Evaluation of the Empirical Research in the Literature, Academy of Marketing Science Review, Nº 9, p. 6.

The four indicators presented in Table 1.6 constitute a measurement framework through which SME performance can be studied. Each indicator reflects a distinct dimension of what it means for an Algerian SME to strengthen its position in African markets: export intensity measures growing engagement with existing markets, export turnover growth measures financial progression, the number of country-market pairs reflects the previously discussed geographic diversification and the new pairs indicator measures whether the firm is dynamically expanding its African footprint.

Section 03: African Markets as Strategic Opportunities

After establishing the firm-level foundations of SME internationalization and export performance, the analysis must situate these firms within the most relevant external market for our research. Regarding Algerian SMEs, Africa represents both a proximate strategic opportunity and a complex commercial environment. This section, therefore, examines African markets and their attractiveness through three complementary dimensions: their macroeconomic foundations, the institutional architecture of regional integration and the sectoral demand patterns that may generate openings for Algerian non-hydrocarbon exports.

1. Overview of the African economic potential

1.1. Africa's Growth Dynamics

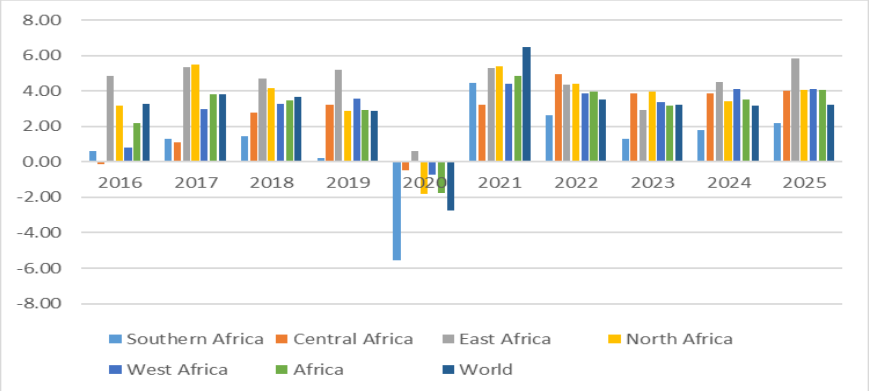
The strategic attractiveness of Africa first rests on its economic trajectory. The continent has recently emerged as one of the most dynamic regions in the world economy, displaying sustained economic growth, demographic expansion and evolving domestic demand.

Africa's combined nominal GDP surpassed 2.8 trillion USD in 2024 and 3.1 trillion USD in 2025[1]. Forecasts indicate an upward trajectory for the near future. During the past years, several African economies have shown moderately stable GDP expansion. According to the AfDB, GDP growth estimation is 4.2% for 2025, exceeding the global average of 3.1%, while its record in 2024 was 3.5%. Furthermore, 24 countries, such as Djibouti, Niger and Rwanda are poised to exceed 5% GDP growth in 2025. With this, the continent remains the world's second-fastest-growing region after Asia, hosting 12 of the 20 fastest-growing economies.[2] For 2026, real GDP growth is projected to steady at approximately 4.3 per cent, with an expansion to 4.5 per cent for 2027. [3]As shown in Figure 1, Africa's gross domestic product at current prices has clearly gone through long-term growth, despite periods of economic disruptions due to global crises and different structural constraints.

[1] https://www.afrik.com/top-5-des-plus-grandes-economies-africaines-en-2025-l-algerie-3%E1%B5%89-devance-le-maroc-5%E1%B5%89 consulted on 06/05/2026 at 17:01
[2] AfDB, *"Africa's Macroeconomic Performance and Outlook: Navigating Global Uncertainties",* African Economic Outlook 2025, Abidjan, 2025.
[3] AfDB, "*Africa's macroeconomic performance and outlook, January 2026*", 2026, p. 1.

This evident growth is not limited to specific countries only, but is propagated all over the continent, as it is evident in Figure 1.4, which shows the growth rate of annual real GDP across the past 9 years, in different regions of Africa compared to the world.

Figure 1.4: *Comparison of annual real GDP growth rate*



Unit of measurement: percent per annum

Source: Prepared by the authors from OECD data explorer

Figure 1.4 reveals that Africa's growth has often exceeded the world average over the studied period, however, with notable differences in sub-regions, as East Africa records the highest growth rates. Growth performance and trade concentration, as shown in Table 1.2, suggest that some of Africa's most dynamic markets are currently unexplored by Algerian exporters, be it due to logistical barriers, information deficits or the absence of adequate risk coverage.

Beyond GDP performance, Africa's other advantage lies in its demographic dynamics. The continent's population reached approximately 1.58 billion people as of 2026, and is expected to reach 2.5 billion in 2050.[1] Africa's population accounts for 19.09% of the total world population, with a yearly growth rate of around 2.2% to 2.5%, this populace is characterised by a youth bulge, with a median age of 19.5 for the whole region.[2] If managed well, this implies a larger workforce and therefore an economic advantage for Africa, but it also creates a rapidly expanding consumer market.

[1] Lawrence (Adu Asamoah), *"Harnessing Africa's Demographic Dividend: Opportunities and Emerging Challenges for Economic Transformation",* African Center for Economic Transformation, September 2, 2025.
[2] https://www.worldometers.info/world-population/africa-population/ consulted on 07/05/2025 at 16:18

However, macroeconomic and demographic growth alone do not naturally create accessible markets, the degree of regional integration within the continent determines whether that evident potential can be rendered into trade flows.

1.2. Regional integration

In discussions of intra-African integration and trade facilitation, the AfCFTA must be mentioned for its contribution to the latter. On the 30Th May of 2019, this regional union entered into force and started trading under its framework in 2021. It represents the most consequential regional integration initiative in Africa's modern history. The AfCFTA unifies 54 nations within one single market of about 1.4 billion people with a combined GDP of $3.4 trillion.[1]

Africa's total goods trade grew by 13.9% in 2024, while intra-African trade increased by 12.4% to $220.3 billion. This reflects the immediate impact of the AfCFTA in facilitating trade between African countries[2]. For the future, the United Nations Economic Commission for Africa visualizes a 35% increase in intra-African trade by 2045, depending on the full implementation of the agreement.[3]

Nevertheless, compared to other continents, Africa still lags since its share of global trade is only at 3%, while 15% of its total trade represents its intra-regional exchanges, compared to 60% in Asia and 70% in Europe[4]. The AfCFTA is working on reversing and improving these statistics.

The AfCFTA's architecture is designed for step-by-step tariff liberalization. 90% of tariff lines are to be liberalized in five to ten years, the other 7% are classified as sensitive products subject to liberalization over a 10–13year period, and the remaining 3% are permanently excluded tariff lines. Since October 2024, 37 member nations have submitted their tariff schedules.[5]

The tariff framework is reinforced by a set of operational instruments designed to translate legal commitments into practical trade facilitation. As of January 2024, forty-four countries had formally

---

[1] https://www.brookings.edu/articles/the-future-of-african-trade-in-the-afcfta-era/ consulted on 08/05/2026 at 09:23
[2] https://www.ecofinagency.com/finance/2706-47457-africa-s-trade-grows-13-9-in-2024-driven-by-afcfta-progress consulted on 08/05/2026 at 11:30
[3] MANGENI, (F), MOLD, (A) and SIGNE, (L), *"The promise of free trade and integration across Africa's nations."* 2024, P.3.
[4] https://www.brookings.edu/articles/the-future-of-african-trade-in-the-afcfta-era/ consulted on 08/05/2026 at 13:10
[5] Nelly (Nyagah), *"A Five-Year Review of the AfCFTA through a Trade Union Lens",* Trade Unions in AfCFTA, July 4, 2025.

ratified the Pan-African Payment and Settlement System (PAPSS), a centralized cross-border payment infrastructure that processes transactions in any of Africa's forty-two national currencies, thereby reducing the continent's structural dependence on the US dollar as an intermediary currency and diminishing the foreign exchange conversion costs that have historically burdened intra-African commercial transactions. In parallel, the AfCFTA Secretariat has deployed a suite of digital trade management tools: an e-Tariff Book consolidating member states' tariff concession schedules; a Rules of Origin manual providing guidance on product eligibility for preferential treatment; a non-tariff barrier reporting and resolution platform enabling traders to flag and escalate regulatory impediments through a structured institutional channel; and a series of trade facilitation dashboards interfaced with corridor management systems to monitor goods flows and identify logistical bottlenecks in real time.[1]

1.3. Main import sectors across Africa

The combined effects of demographic growth, urbanization and consumer demand induce higher import needs in strategic sectors for Algerian exporters. The total value of African imports reached $719 billion in 2024, a 2.4% increase from 2023, whereas intra-African trade grew by 7.7% in the same period, reaching $208 billion, mainly due to the implementation of the AfCFTA. Table 1.7 identifies the principal import sectors, the main importing countries for each sector, and the estimated annual import values found in recent available statistical sources.

Table 1.7: *Summary of Main Import Sectors Across Africa (2023–2024 Estimates)*

Sector / Product Category	Main Products	Top Importing Countries	Est. Annual Imports
Mineral Fuels & Petroleum Products	Crude oil, refined petroleum, LPG	South Africa, Nigeria, Egypt, Morocco, Algeria, Kenya	~$95.9 bn (2024)
Machinery & Mechanical Equipment	Industrial machinery, engines, boilers, construction equipment	South Africa, Egypt, Nigeria, Ethiopia, Kenya	~$70–75 bn (2023)
Electrical Machinery & Electronics	Telecom equipment, computers, electrical apparatus	South Africa, Egypt, Nigeria, Morocco, Kenya	~$55–60 bn (2023)
Vehicles & Transport Equipment	Passenger cars, trucks, buses, used vehicles, auto parts	South Africa, Nigeria, Egypt, Algeria, Morocco, Ethiopia, Kenya	~$52–56 bn (2023)

[1] https://futures.issafrica.org/thematic/08-afcfta/ consulted on 09/05/2026 at 10:00

Food & Cereals	Wheat, rice, maize, vegetable oils, sugar, processed foods	Egypt, Algeria, Nigeria, Morocco, South Africa, Senegal	~$97–110 bn total; ~$27.3 bn cereals alone (2024)
Pharmaceuticals & Medical Products	Generic drugs, vaccines, ARVs, OTC medicines	South Africa, Nigeria, Egypt, Algeria, Kenya, Tanzania	~$27.7 bn market (2024); 61% imported
Plastics & Chemical Products	Plastics, fertilisers, industrial chemicals	South Africa, Egypt, Nigeria, Morocco, Ethiopia	~$27.4 bn plastics (2024)
Iron, Steel & Construction Materials	Iron ore, steel bars, cement, aluminium	Egypt, South Africa, Nigeria, Ethiopia, Angola	~$15.8 bn iron & steel (2024)

Source: authors' conception from TradeImeX (2025), African Exponent (2025), UNCTAD (2025), FAO (2025), Brookings Institution (2022), World Economic Forum (2023), World Bank WITS (2023), TrendEconomy (2023).

Referencing both Table 1.7 and Figure 1.1, which explores Algeria's actual non-hydrocarbon export composition, reveals a coordination between what Africa imports and what Algeria exports. Semi-manufactured products such as fertilizers, iron and steel, and construction materials appear in both figures, consolidating that Algeria occupies an important position in many Africans' high-value import categories. Moreover, the food and cereals sector, Africa's largest import category at USD 97–110 billion, is exactly the category where Algerian SMEs are growing fast, with food exports to African markets rising 59.1% in 2023 from 2022 2022. The pharmaceutical sector is a fellow emerging opportunity that Algeria's growing domestic pharma-manufacturing base could explore.

These continental opportunities must now be read against Algeria's trade pattern with Africa, since potential demand only becomes strategically important if Algerian firms are positioned to reach it

2. The Dynamics of Algerian-African Trade

2.1. Evolution of Algeria's Trade with Africa

Historically, Algeria has been oriented toward extra-continental trade, particularly with Europe. This pattern was reinforced by the country's colonial legacy, its hydrocarbon export model, and the structure of its industrial base. For most of the post-independence period, the share of Algerian trade conducted with African partners remained negligible, rarely exceeding 3% to 4% of total foreign trade figures. This northward orientation created a persistent structural asymmetry: while Algeria maintained significant trade volumes with France, Italy, Spain, and other European Union members, its commercial exchanges with neighboring and regional African economies remained underdeveloped relative to geographic and cultural proximity.

2.1.1. Current Trade Flow:

Despite the historical marginality of intra-African trade, the absolute value of Algerian commercial flows with the continent has expanded markedly during the last decade, though it remains highly sensitive to global energy prices and the irregular opening of terrestrial corridors. Table 1.8 provides a synthetic overview of the evolution of merchandise trade between Algeria and African countries over the period 2019–2024.

Table 1.8: *Evolution of Algeria's Intra-African Trade (2019–2024)*

Year	Exports to Africa	Imports from Africa	Trade balance	Share of Africa in Total Exports
2019	1.94	0.85	+1.09	5.5%
2020	1.60	0.64	+0.96	7.3%
2021	1.88	0.55	+1.33	4.9%
2022	2.33	1.63	+0.70	3.9%
2023	2.70	1.96	+0.74	4.9%
2024	2.71	2.14	+0.57	5.3%

Unit: USD Bn

Source: Prepared by the authors based on Bank of Algeria, "*Annual Report 2024"*; pp. 95–98, NATIONAL OFFICE OF STATISTICS (ONS) "*Evolution des échanges extérieurs de marchandises de 2018 à 2023*" Collections Statistiques N° 242/2024, pp. 45–48; AFREXIMBANK, "*Country Brief: Algeria*," October 2025; AFRICAN EXPORT-IMPORT BANK, "*African Trade Report 2025*".

As illustrated in Table 1.8, Algeria's merchandise trade with African countries exhibited a small but noticeable expansion between 2019 and 2024. Exports to the continent rose from USD 1.94 billion in 2019 to USD 2.71 billion in 2024, reflecting an overall increase of approximately 40%. Imports from Africa followed a more pronounced upward trajectory, climbing from USD 0.85

billion to USD 2.14 billion over the same period. This import growth narrowed the traditionally positive trade balance, which declined from USD 1.09 billion in 2019 to USD 0.57 billion in 2024.

The share of Africa in Algeria's total exports remained relatively marginal, fluctuating between 3.9% and 7.3%. The peak share recorded in 2020 (7.3%) appears partly attributable to the contraction of extra-African trade during the COVID-19 pandemic rather than a structural reorientation. By 2024, the share had stabilized around 5.3%, indicating that, despite absolute growth, intra-African trade continues to represent a limited component of Algeria's overall external trade portfolio, implying that Algerian firms are not penetrating new African markets at a sufficient rate to count as structural diversification.

After the evolution of trade values, the following question is what Algeria really exports to African partners and which sectors are the most relevant.

The sectoral structure of Algerian and African trade is paired with a strong geographic concentration, which determines where SME opportunities are currently the highest.

2.1.2. Regional Distribution:

Algeria's non-hydrocarbon exports to Africa are concentrated in the Maghreb and, secondarily, West Africa. Within the Maghreb, Tunisia alone accounted for 70.7% of Algeria's African export volume in 2023,[1] reflecting deep commercial ties rooted in geographic proximity, historical relationships, and existing formal trade arrangements. driven by proximity, historical ties, and formal arrangements. Libya has emerged as a significant destination due to reconstruction demand for construction materials, food, and manufactured goods, entering Algeria's top-20 non-hydrocarbon client list in 2023.

Beyond the Maghreb, West Africa represents the fastest-growing frontier: Senegal, Côte d'Ivoire, Niger, and Mauritania feature in the 2023 top-20, with growth facilitated by geographic logic and the AfCFTA framework. Algeria's January 2026 accession to the AfCFTA Guided Trade Initiative (members include Ghana, Cameroon, Rwanda, Mauritius, Tanzania, Tunisia, Egypt, Kenya) is expected to open new corridors. The Sahel corridor, despite infrastructure deficits and security challenges, remains critical: the Trans-Saharan Highway (Algiers–Lagos via Tamanrasset) and

[1] AFREXIMBANK, "Country at a Glance: Algeria 2024", Cairo, 2024, p. 5

planned Nigeria-Algeria gas pipeline and fibre-optic cable promise to reduce land transport costs and reshape trade geography.[1]

East and Southern Africa are marginal except South Africa (second-ranked partner, 6.7% of export volume, primarily hydrocarbons and semi-processed products). Central and East Africa are barely represented due to limited connectivity and absent commercial networks. These patterns are shaped by structural and geopolitical drivers that condition Algeria's market access.[2] The Central and East African sub-regions remain barely represented in current trade statistics, reflecting the combined effects of limited transport connectivity and an absence of established commercial networks.

These patterns of value, composition and geography are not coincidental, but they are shaped by larger structural and geopolitical drivers that shape Algeria's access to African markets.

2.2. Structural and Geopolitical Drivers

2.2.1. Bilateral and Multilateral Trade Agreements

Algeria has actively pursued a layered network of bilateral and multilateral trade agreements to deepen economic integration with African partners, moving beyond its traditional European orientation. A cornerstone of this strategy is membership in the AfCFTA. Algeria signed the agreement in 2018 and officially entered into force on November 1, 2024. This positions the country within a market of 54 nations, a combined GDP exceeding USD 3.4 trillion, and a population of about 1.4 billion.

Under the AfCFTA's Guided Trade Initiative (GTI), Algeria can trade certain goods duty-free with participating countries including Cameroon, Egypt, Ghana, Kenya, Rwanda, South Africa, and Tunisia. This builds on Algeria's existing participation in the Greater Arab Free Trade Area (GAFTA), which already facilitates trade with Egypt, Tunisia, Libya, and Sudan.

[1] MINISTRY OF COMMERCE AND EXPORT PROMOTION OF ALGERIA, "*Algeria Joins the Guided Trade Initiative within the AfCFTA Framework*", Press Release, Algiers, January 2026.
[22]AFREXIMBANK, "*Country at a Glance: Algeria 2024*", Cairo, 2024, p. 5.

Table 1.9: *Synthesis of Main Trade Agreements Supporting Algerian SME Exports to Africa*

Agreement	Type	Partners	Key Provisions
AfCFTA	Multilateral	54 African Union member states	Progressive elimination of tariffs on 90 % of goods; liberalization of services; harmonized rules of origin; dispute settlement mechanism.
AfCFTA Guided Trade Initiative	Multilateral	Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania, Tunisia	Immediate duty-free trade for a selected basket of products based on mutually agreed rules of origin; simplified customs procedures.
Bilateral Trade Agreements with Maghreb Neighbors	Bilateral	Tunisia, Libya, Mauritania	Preferential tariff rates; reduced non-tariff barriers; streamlined border procedures; facilitation of land transport corridors.
Arab Maghreb Union (AMU) Reactivation Framework	Regional	Algeria, Libya, Mauritania, Morocco, Tunisia	Institutional framework for a free trade area; sectoral cooperation agreements; steps toward deeper regional integration and harmonization of standards.

Source: Prepared by the authors based on AFRICAN UNION , "*Agreement Establishing the African Continental Free Trade Area"*; MINISTRY OF COMMERCE AND EXPORT PROMOTION OF ALGERIA, Press Release, "Algeria Joins the Guided Trade Initiative within the AfCFTA Framework"; Bank of Algeria," *Annual Report 2024"*, pp. 95-98; AFREXIMBANK "*Country at a Glance: Algeria 2024"*, p. 5; ARAB MAGHREB UNION, "*Final statement of the 18th Ordinary Session of the Council of Foreign Ministers"*

These agreements summarized in Table 1.9 aim to reduce tariffs, harmonize standards, and facilitate South-South trade. It identifies four different but complementary legal frameworks through which Algeria's non-hydrocarbon SMEs can access better trading conditions in Africa. However, none of these agreements addresses payment risk, buyer creditworthiness or the commercial uncertainty that limits an Algerian SME's export engagement most. These trade agreements, therefore, only open commercial opportunities for SMEs theoretically and represent demand-side enablers that expand the legal space for Algerian exports.

2.2.2. Geopolitical and Security Dynamics:

The political and security environment along Algeria's borders and across its African partner countries profoundly conditions the feasibility and cost of commercial operations.

The closure of the Algeria Morocco land border, in effect since 1994, represents one of the most consequential geopolitical constraints on Algerian trade with Africa. The border closure prevents

the circulation of persons, stifles cross-border trade, and prohibits the development of logistics corridors that could have benefited populations on both sides.[1]

The Sahel region constitutes the principal overland transit zone between Algeria and the large markets of West Africa. This region has experienced a severe deterioration in security conditions. For Algerian exporters and logistics operators, the Sahel security crisis translates into elevated transport costs due to insurance premiums and security escort requirements, unpredictability of transit times, disruptions to established commercial networks; and reluctance among SMEs to engage with markets perceived as high-risk[2]

3. Opportunities and Barriers of Exporting towards African Markets.

The previous analysis shows that Algerian-African trade flows are shaped by market size, regional integration, infrastructure and geopolitical conditions. At the firm level, these forces translate into real opportunities and challenges that dictate whether Algerian non-hydrocarbon SMEs can actually penetrate continental markets.

3.1. Opportunities for Algerian Non-Hydrocarbon SMEs in African Markets

3.1.1. Growing intra-African trade and regional value chains:

The upward momentum of intra-African commerce signals that continental demand is not only expanding but also densifying in terms of intermediate goods. After the disruption of the pandemic, intra-African trade recorded a 12.4 % year-on-year increase in 2024, reaching approximately USD 220.3 billion, driven by refined petroleum, manufactured goods and processed agricultural products.[3] This dynamism creates space for Algerian SMEs to insert themselves into nascent regional value chains, either as suppliers of semi-finished industrial inputs or as processors of final consumer goods.

---

[1] AMOUSSOU (Cédric), *"Algérie–Maroc : le prix lourd d'un duel sans fin",* La Nouvelle Tribune, December 2, 2025.

[2] JABBAR (Chaima), "*CORRIDORS OF THE ALLIANCE OF SAHEL STATES: LOGISTICAL VULNERABILITIES, SECURITY CONSTRAINTS, AND ADAPTATION DYNAMICS",* Policy center for the new south, PB-67/25

[3] Boudiaf, Y. & Boudiaf, M., "*The Reality of Intra-African Trade: Algeria as a Model in Achieving Economic Security in Africa*", ZAOULI, n°11, Vol. 4, September 2025, p. 164.

3.1.2. Complementarity between Algerian supply and African demand:

From a productive standpoint, Algeria's non-hydrocarbon export basket exhibits a significant alignment with the import demand structure of African economies. Semi-manufactured industrial products, particularly fertilizers, ammonia, and construction materials, respond to robust demand from rapidly urbanizing and agriculturally developing African economies.[1] This complementarity is reinforced by the geographical contiguity of the Sahel and West African economies, which reduces transit times and enables agile restocking, an advantage that Asian competitors cannot easily replicate for moderate-volume shipments.

3.1.3. Institutional finance and guarantee architecture:

The African trade finance ecosystem has matured substantially in the past decade. The African Export-Import Bank, which reports directly to member states, has expanded its product suite to include factoring, invoice discounting, supply chain finance and country-specific lines of credit that are tailored to SMEs.[2] Moreover, the Guided Trade Initiative of the AfCFTA which Algeria joined in January 2026, is designed to test the operational readiness of the zone by enabling selected shipments to move duty-free, accompanied by simplified customs documentation and, crucially, access to dedicated liquidity support from Afreximbank.[3] For Algerian SMEs that have until now been deterred by the high upfront costs of market entry, these mechanisms represent a meaningful reduction in the perceived risk premium of exporting to Africa. Crucially, there are some functions, such as non-payment risk coverage and buyer solvency assessment, that remain the responsibility of the domestic ECA regardless of what regional financing architecture exists.

The same continental environment that creates these opportunities also presents entry costs and barriers that can be particularly hindering for SMEs.

---

[1] REDA (Z) & BENLAKEHAL, (M A), "African Continental Free Trade Area (AfCFTA) as an Export Destination for Algeria's Small and Medium Industries: Between Opportunities and Constraints", International Journal of Economic Performance, 07(01), 2024, p. 11.

[2] AFREXIMBANK, "*African Trade Report 2025: Export Manufacturing and Regional Value Chains"*, Cairo, 2025, pp. 34-38.

[3] MINISTRY OF COMMERCE AND EXPORT PROMOTION OF ALGERIA, Press Release, "Algeria Joins the Guided Trade Initiative within the AfCFTA Framework", Algiers, January 2026.

3.2. Barriers That Constrain SME Entry into African Markets

3.2.1. Draconian technical standards and conformity assessment procedures:

The most pervasive non-tariff barrier facing Algerian exporters is the dense and often opaque web of technical regulations, sanitary and phytosanitary (SPS) measures, and mandatory conformity assessment programs that African countries maintain. Many of these standards were inherited from former colonial metropoles and have since been overlaid without harmonization by national standardization bodies, resulting in a mosaic of divergent requirements even within the same sub-regional economic community.[1] The lack of a continental mutual recognition agreement for conformity assessment means that a product certified in Algeria must frequently be retested at destination, duplicating expense and time.

3.2.2. Complexity of rules of origin and documentary compliance:

While the AfCFTA annex on rules of origin seeks to establish a single, predictable regime, its implementation remains work-in-progress. Exporters must demonstrate that goods satisfy either a wholly-obtained criterion or a minimum 40 % local value-added threshold, with product-specific rules applying to sensitive items.[2]For SMEs that source packaging, additives or semi-components from outside the continent, calculating and documenting the qualifying content is a technical bottleneck. Moreover, customs administrations in many partner states still require paper-based certificates of origin, consular invoices and other legacy documents, multiplying the transactional burden.[3] The combined effect of stringent origin verification and bureaucratic documentary demands raises the de facto cost of trading within the continent above the level that small firms can absorb in the early stages of their export development.

3.2.3. Trade finance gaps and currency risk:

African banks have a poor recognition rate of letters of credit issued by sub-Saharan banks, and also provide few open account terms to Algerian banks, which themselves risk-averse and unfamiliar with the credit profiles of African importers[4]. Bank of Algeria's Regulation No. 16-04

---

[1] BRENTON (P) & CHEMUTAI (V), "*The African Continental Free Trade Area: Economic and Distributional Effects"*, World Bank, Washington, D.C., 2021, pp. 58-61.
[2] AFRICAN UNION, "*Agreement Establishing the African Continental Free Trade Area"*, Annex 2: Rules of Origin, 2018.
[3] ITC, "*SME Competitiveness in Africa: A Business Survival Guide to the AfCFTA"*, Geneva, 2021, pp. 44-47.
[4] AFREXIMBANK, *Trade Finance in Africa: Trends and Outlook 2024*, Cairo, 2024, p. 12.

requires 360 days for repatriation, which is an improvement from the previous limits, but still difficult for transactions with markets that require payments to be made beyond 12 months. For the exporter, the option of asking for advance payment is off-putting to potential buyers, this is where coverage of the risk of non-payment becomes essential to allow Algerian SMEs to offer open account terms without being exposed to the full default risk that Algerian banks are unwilling to absorb. Further, many African currencies are not freely convertible, and are not widely used in the parallel market, which makes it hard to deal with residual exchange risk without the use of costly hedging instruments that are not readily available to SMEs.

3.2.4. Scarcity of actionable market intelligence and local intermediary networks:

Unlike large state-owned enterprises or multinationals, Algerian SMEs typically lack permanent representation in target countries and cannot fund costly market studies. Information on consumer preferences, distribution channels, competitor pricing and regulatory changes is scarce, fragmentary and often outdated.[1] The absence of reliable local partners like import agents, wholesalers, after-sales service providers compound the difficulty, as does the limited presence of Algerian commercial banks and logistics operators in most African capitals. As a result, promising opportunities remain unidentified, while early missteps due to information asymmetries frequently lead to discouragement and withdrawal.

Conclusion:

This chapter has examined three interconnected dimensions: Algeria's economic context, the theoretical foundations of SME internationalization, and the characteristics of African markets as export destinations.

The analysis reveals a persistent gap: although Algerian SMEs dominate the national enterprise landscape, their contribution to non-hydrocarbon exports remains marginal. African markets offer genuine opportunities: growing demand, trade agreements, and geographic proximity, but also pose specific barriers that disproportionately affect smaller firms.

[1] REDA (Z) & BENLAKEHAL, (M A), "African Continental Free Trade Area (AfCFTA) as an Export Destination for Algeria's Small and Medium Industries: Between Opportunities and Constraints", International Journal of Economic Performance, 07(01), 2024, p. 12.

These barriers are assigned to the corrective mandate of specialized public institutions. It is therefore no longer sufficient to describe the problem, the analysis must now discuss the institution that Algeria has designed to resolve it, examining the logic, architecture and instruments through which CAGEX is intended to serve as the risk-mitigating intermediary between Algerian SMEs and their African market potential.

Chapter 02: From Theory to Institution: CAGEX's Export Support Mechanisms

Introduction:

Chapter 01 revealed a finding that is as analytically precise as it is strategically consequential: Algerian SMEs constitute the majority of the national enterprise base, yet account for barely 22% of non-hydrocarbon exports, and their engagement with African markets remains marginal despite the opportunities they exhibit. This is not attributable to the lack of ambition or productive capacity of SMEs. It is, however, a paradox of risk. The barriers that separate an Algerian SME from a sustainable African export establishment are not actually tariff barriers or product competitiveness gaps, they are financing constraints, limited international experience, information asymmetry, payment uncertainty and regulatory complexity that the firm alone cannot handle.

This observation raises the question that animates this Chapter: “Does Algeria have an institution capable of reducing the risks that prevent its SMEs from realising their full African export potential, and if yes, how?” Export credit agencies were invented exactly to answer this question for economies whose private financial markets cannot price the risks of international trade at accessible terms for smaller firms. Yet between the theoretical rationale of these institutions and their actual capacity to transform SME export behaviour lies a gap that varies depending on national contexts, institutional designs, and operational realities. In Algeria, CAGEX is the singular institutional response to this challenge, and the central actor of this thesis.

The present chapter, therefore, moves from the general logic of export support to the specific institutional analysis of CAGEX in three successive dependent sections. It first presents the general framework of export support mechanisms and the theoretical role of export credit agencies in SME internationalization. Then it introduces CAGEX as an institution, its historical evolution, legal status, organizational structure and position within Algeria’s export support system. Finally, it examines the instruments, services and access procedures through which CAGEX tries to support Algerian SMEs, and its deployment in African markets.

Section 01: General Framework of Export Support Mechanisms

The limited export participation of SMEs identified in the first chapter leads us to question under what conditions public institutions can correct the gap between their export potential and the realities of their contribution. Export activity entails costs, uncertainties and informational

capacities that smaller enterprises are structurally less able to undertake, which justifies public intervention in the domain of export support. This section, therefore, establishes the theoretical and operational framework of export support mechanisms, with particular attention to the role of export credit insurance within this broader institutional ecosystem.

1. The Economic Rationale for Export Support

The theoretical justification for government intervention in support of export activity rests on the presence of identifiable market failures that systematically distort private incentives to engage in international trade. In perfectly competitive markets with complete information and no transaction costs, firms would enter foreign markets whenever the expected returns exceeded the costs of entry, and no public intervention would be required. However, export markets are characterized by several structural imperfections that systematically disadvantage potential exporters, particularly smaller firms.

1.1. Market Failures in Export Markets:

1.1.1. Information asymmetry

constitutes the most pervasive market failure affecting export decisions. Potential exporters lack reliable information about foreign market opportunities, buyer creditworthiness, regulatory requirements, and competitive conditions. As Stiglitz and Weiss demonstrated in their seminal analysis of credit markets, such asymmetries can lead to equilibrium credit rationing – lenders may refuse to serve certain borrowers at any interest rate because they cannot distinguish good risks from bad ones.[1] The same logic applies to export transactions. Extending Akerlof's "lemons" problem to trade finance, without reliable buyer information, sellers cannot accurately assess credit risk; consequently, mutually beneficial trade may not occur because the perceived risk of non-payment drives low-risk sellers out of the market.[2]In the African market context, the underdevelopment of credit registries, formal auditing standards and cross-border banking correspondence in many economies makes Algerian SMEs face a buyer information problem.

[1] STIGLITZ (J.E) & WEISS (A), "*Credit Rationing in Markets with Imperfect Information."* American Economic Review, Volume71 Issue3, 1981, pp. 393–410.

[2] Akerlof (G.A) , "*The Market for 'Lemons': Quality Uncertainty and the Market Mechanism."* The Quarterly Journal of Economics Vol84 No3, 1970, pp. 488–500.

1.1.2. Transaction Costs and Contract Enforcement

Cross-border contracts are harder to write, monitor, and enforce than domestic ones. Legal recourse across jurisdictions is costly, time-consuming, and uncertain, raising the effective cost of exporting well beyond production and logistics expenses. Anderson and van Wincoop famously estimated that transaction costs in international trade are equivalent to a 170% ad valorem tariff in some country pairs.[1] The absence of effective legal remedies for non-payment in foreign markets acts as a significant non-tariff barrier, particularly for firms without dedicated legal expertise. For Algerian SMEs targeting African markets, this problem is amplified by the rare presence of Algerian commercial banks and legal practitioners in most African jurisdictions, making the independent pursuit of a defaulting buyer both expensive and uncertain.

1.2. Positive externalities of export activity

The rationale for export support extends beyond correcting market failures to capturing the positive externalities that export activity generates. Governments strategically promote exports because export-oriented economies leverage positive externalities and enhance economic growth

At the macroeconomic level, export growth contributes to foreign exchange earnings, reducing balance of payments constraints and supporting the convertibility of the national currency. Exports also facilitate technology transfer and knowledge spillovers, as exposure to international competition and demanding foreign buyers forces firms to upgrade quality standards, adopt better production techniques, and improve management practices. These productivity gains may diffuse throughout the domestic economy via worker mobility, supplier linkages, and competitive pressure.[2]

At the sectoral level, the development of an export base creates positive collection externalities: specialized logistics providers, export finance specialists, and trade facilitation services emerge once a critical mass of exporting firms exists, reducing entry costs for subsequent exporters. Because individual firms cannot capture the full social return of their export investments, the

[1] ANDERSON (J. E) & VAN WINCOOP(E), "*Trade costs"*, Journal of Economic Literature Vol.42 No.3, (2004), pp. 691–751.

[2] MELITZ (M.J), "*The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity*," Econometrica Vol. 71No.6, 2003, pp. 1695-1700.

market will produce less export activity than is socially desirable, justifying public subsidies or support mechanisms to internalize these externalities.[1]

1.3. The Particular Vulnerability of SMEs:

While market failures affect all firms, SMEs face disproportionately severe barriers to export entry and expansion. The vulnerability of SMEs to international trade risks stems from three structural characteristics that distinguish them from larger corporations.

- SMEs typically operate with compressed liquidity margins and concentrated customer portfolios, meaning that a single buyer default can generate a cash-flow disruption severe enough to threaten the firm's financial continuity.[2]
- SMEs occupy a weaker bargaining position when negotiating payment terms with foreign buyers and may be compelled to extend longer credit periods than their financial position would warrant, increasing their exposure to default risk.[3]
- SMEs possess limited internal resources to invest in market intelligence, regulatory compliance, and foreign representation, all of which are necessary for successful international expansion.[4]

These financing constraints directly limit the ability of SMEs to participate in international trade, even when their products are competitive and foreign demand exists. Export promotion interventions are justified by the observation that it is especially SME firms who lack the key competences to operate in foreign markets.

Private credit insurers avoid markets with high political risk, charge prohibitively high premiums for small-volume transactions, and face economies of scale that favors large clients. Consequently, a purely private market would systematically under-serve SMEs targeting unfamiliar or risky destinations.

---

[1] SERRA (N) & STIGLITZ (J.E), "*The Washington Consensus Reconsidered: Towards a New Global Governance"*, Oxford University Press, 2008, pp. 324-335.
[2] Beck (T), Demirgüç-Kunt (A) & Maksimovic (V), "*Financial and Legal Constraints to Growth: Does Firm Size Matter?*" Journal of Finance, Vol. 60, No. 1, 2005, pp. 137-177.
[3] OECD, "*Enhancing the Financing of SMEs Engaged in International Trade*", Paris, 2019, pp. 21-48.
[4] Leonidou, (L.C), "*An Analysis of the Barriers Hindering Small Business Export Development*," Journal of Small Business Management, Vol. 42, No. 3, 2004, pp. 279-302.

Public intervention, therefore, is not a distortion of an otherwise efficient market but a correction of identifiable and persistent market failures. The appropriate instruments are designed to reduce information asymmetries, share or absorb risks that private markets cannot price, and capture the external benefits of a more diversified and resilient export base. Such interventions are particularly justified for SMEs, whose structural disadvantages would otherwise exclude them from the benefits of international trade.

The need for public intervention raises the question of instruments: which forms of support are used and most effective for the minimisation of the barriers identified above?

2. Typology of Export Support Instrument

2.1. Financial Support Mechanisms:

Financial support instruments operate by reducing the direct monetary costs of export activities or by improving access to working capital for export operations. These mechanisms address the liquidity and cost barriers that disproportionately affect smaller firms.

2.1.1. Direct subsidies and cost reimbursement schemes

Represent the most traditional form of financial export support. Under such programs, the government reimburses a percentage of specified export-related expenditures after they have been incurred. Typical eligible expenses include international transport costs, customs clearance fees, participation fees for trade fairs and exhibitions, costs of obtaining international quality certifications, and expenses related to adapting product packaging or labeling for foreign markets.[1]

The Special Fund for Export Promotion in Algeria, examined in Chapter One, exemplifies this approach.

2.1.2. Preferential export financing and credit lines

Governments or development banks may offer loans at below-market interest rates specifically for export activities, or may provide guarantees that encourage commercial banks to lend to exporting SMEs on more favorable terms. Such facilities may be structured as direct lending programs, where a public financial institution extends credit to exporters, or as indirect programs, where the

[1] OECD, "*Export Credit Financing Systems in OECD Member and Non-Member Countries*", Paris, 2020, pp. 45-52.

government guarantees a portion of commercial bank loans to exporting firms. The European Investment Bank's Global Loan program, for example, provides credit lines to intermediary banks that are then on-lent to SMEs for export and internationalization projects.[1]

The African Export-Import Bank offers similar facilities through its trade finance programs, with country-specific lines of credit tailored to member states' export priorities.

2.1.3. Tax incentives for exporters

Governments may exempt export earnings from corporate income tax, provide accelerated depreciation for export-related capital investments, or offer VAT rebates on inputs used in the production of exported goods. Such measures reduce the effective tax burden on export activities relative to domestic sales, improving the after-tax return on export investments.

The Algerian Finance Laws, as discussed in Chapter One, provide VAT exemption on exported goods and services, a 50% reduction in corporate income tax for five years for activities in southern wilayas, and a 30% tax reduction on research and development expenditures.

2.2. Risk Mitigation Instruments:

Risk mitigation instruments address a different barrier than financial support mechanisms, they reduce the uncertainty and potential loss associated with export transactions rather than subsidizing the costs of export entry.

2.2.1. Export credit insurance

constitutes the most sophisticated and economically significant risk mitigation instrument. As examined in detail in the following subsection, export credit insurance transfers the risk of buyer default, political interruption, or transfer restriction from the exporter to an insurer, typically an export credit agency operating with government backing. The insured exporter receives indemnification if the foreign buyer fails to pay within a specified period after the due date. By shifting the default risk to an institution with superior risk-bearing capacity and diversified exposure, export credit insurance allows SMEs to offer competitive payment terms to foreign buyers without bearing the full risk of non-payment.

[1] EUROPEAN INVESTMENT BANK, "*EIB Global Loan Programme: Supporting SMEs and Mid-Caps*", Luxembourg, 2023, pp. 12-15.

2.2.2. Government guarantees

While insurance transfers risk in exchange for a premium, guarantees typically provide a contingent commitment to absorb losses under specified conditions, often without a separate premium payment or with a premium that does not fully reflect the underlying risk. [1]

2.3. Informational and Advisory Support:

Informational and advisory services address the knowledge barriers that prevent SMEs from identifying and seizing export opportunities. These instruments are often less visible than financial subsidies or insurance programs, but they are no less important for SME internationalization.

2.3.1. Market intelligence services

Export support agencies may produce and disseminate country profiles, sectoral reports, trade statistics, and regulatory guides that reduce the fixed cost of market research for individual SMEs. More sophisticated services provide buyer-specific credit reports, solvency assessments, and payment history analyses for potential foreign customers, the value of such information lies in its ability to resolve the information asymmetry described earlier**.**

2.3.2. Export coaching and capacity building programs

Export support agencies may offer training programs on export procedures, trade documentation, international contracting, cross-cultural negotiation, and export finance. Individual coaching or mentoring arrangements pair experienced exporters or trade specialists with SME managers who lack international experience. The objective is not merely to transmit factual knowledge but to build the firm's internal capacity to manage export operations independently over time. The most effective coaching programs are tailored to the firm's specific sector, target market, and stage of internationalization; generic training courses, while less costly to deliver, yield lower returns in terms of sustained export engagement.

Among these instruments, export credit agencies hold a crucial position because they combine risk mitigation, financing facilitation and information allocation in a single institutional framework.

[1] ASIAN DEVELOPMENT BANK, “Credit Guarantees: A Public Instrument to Support SME Access to Finance”, Manila, 2014, pp. 23-28.

3. Export Credit Agencies

3.1. Conceptual and institutional foundations of ECAs

3.1.1. Core definition:

Export Credit Agencies are the most specialized institutions in terms of providing export support mechanisms. They can be defined as public, quasi-public, or government-mandated institutions whose role is to facilitate national exports of goods and services by assuming or minimizing commercial risk (buyer insolvency, protracted default) and political risks (transfer restrictions, war, expropriation) associated with cross-border operations that commercial financial entities are unable or unwilling to bear.[1]

3.1.2. Historical origins:

The origins of ECAs go back to the United Kingdom's Export Credits Guarantee Department (ECGD), established in 1919, which is usually recognized as the first modern ECA, created after the First World War to revive disrupted British commercial exports to overseas markets.[2] The United States followed right after with the Export-Import Bank (Ex-Im Bank) in 1934, made to counter the Great Depression's effects on American exporters.[3] The model spread progressively towards continental Europe, then Asia, Latin America and Africa, especially after the two waves of independence and industrialization during the 1960s and 1970s.

3.1.3. Main functions:

In terms of functions, ECAs can provide suppliers' credit, buyers' credit, export credit guarantees, and export credit insurance. A supplier's credit is financing given in relation to the exporter's deferred payment to the foreign buyer, whereas a buyer's credit is a loan provided for the foreign importer so that it can purchase goods from the exporting country. Export credit guarantees are

[1] MALCOLM, (S.), "The Changing Role of Export Credit Agencies", International Monetary Fund, Washington, 1999, PP 2-7.
[2] CHAUFFOUR, (J.-P.) and FAROLE (T.), "Trade Finance in Crisis: Market Adjustment or Market Failure?," World Bank Policy Research Working Paper No. 5003, Washington D.C., World Bank, 2009, p. 3.
[3] IMF, "The Development of Export Credit Agencies," in Official Export Credits, Chapter II, Washington D.C., IMF eLibrary, 1999.

issued directly to banks and other financial institutions that lend to SMEs, and lastly, export credit insurance protects exporters directly against the risk of non-payment by foreign buyers.[1]

Beyond these classic products, many ECAs have extended their toolkit to include internationalization support and advisory, solvency investigation of foreign buyers and debt collection services, after grasping that the information and administrative constraints facing exporters are as important as the financial ones.[2]

3.1.4. Institutional typology:

ECAs encompass a spectrum of organisational models that differ noticeably in their ownership structure, operational autonomy, and risk-bearing ability. Three principal models can be noticed in the comparative literature[3]:

Table 2.1: *Institutional Typology of Export Credit Agencies*

Institutional Model	Defining Characteristics	Representative Examples
Ministerial / Departmental Model	ECA is a government ministry or department, directly integrated into state administration	UK's ECGD (pre-privatisation), early US Ex-Im Bank
State Agency Model	ECA is a state-owned company operating at arm's length from government under an explicit public mandate	CAGEX (Algeria), SACE (Italy), ECIC (South Africa), Sinosure (China)
Private Mandate Model	ECA functions are delegated to a private insurer operating under a government guarantee and regulatory framework	Atradius Dutch State Business (Netherlands), Euler Hermes (Germany, pre-2022)

Source: Prepared by the authors based on Stephens (1999) and Berne Union Yearbook (2024).

Table 2.1 presents a clear classification of Export Credit Agencies depending on their institutional structure. This shows that ECAs do not operate under one universal model, and that

their organization depends on the relationship they hold with the state, the degree of administrative autonomy they have and how public export-support functions are delegated.

[1] MAYER (B.), "Export Credit Agencies and Political Risk Insurers in International Project Financing," May 2019, p. 3.
[2] KLASEN, (A.), ed., "The Handbook of Global Trade Policy," London, Wiley-Blackwell, 2020, Chapter 11: "The Non-Financial Toolkit of Modern ECAs and SME Internationalization," pp. 212–217.
[3] STEPHENS, (M.), The Changing Role of Export Credit Agencies, IMF, Washington D.C., 1999, pp. 15–19

3.1.5. International regulatory framework:

Rather than supplying direct state subsidies, which are highly policed under WTO rules, ECAs deploy facilities that secure cross-border transactions without influencing international competition.[1] That is the reason why their activities have long attracted international regulatory attention, the rules governing officially supported export credits are diffused internationally through two principal frameworks: One is the Berne Union (International Union of Credit and Investment Insurers), that was founded in 1934 and is the global association of public and private ECAs, intending to promote common principles for export credit insurance and to facilitate cooperation among members. The other is the OECD Arrangement on Guidelines for Officially Supported Export Credits, first enacted in 1978 and which progressively evolved into a broad regulatory scheme influencing many dimensions of official export credit activity outside of its members, it establishes the financial terms and conditions that member countries may offer when providing official export credit support.[2] A modern modification of the arrangement, agreed in 2023, introduced a Common Line agreement permitting ECAs to offer coverage of up to 95% of export contract value temporarily, down from the standard 15% down payment requirement, specifically to address market failures aggravated by the COVID-19 pandemic.

3.2. ECAs and SME Internationalization: Theoretical Alignment and Instruments

The contribution of ECAs to SME internationalisation becomes clearer when their instruments align with the theoretical frameworks introduced in Chapter 01.

3.2.1. Alignment with the Uppsala internationalisation model

The Uppsala model implies that, for SMEs, the first export transaction in an unfamiliar, high-risk market is the most critical and most vulnerable moment in their internationalisation process.

ECA credit insurance mitigates this vulnerability. By absorbing between 80% and 95% of the commercial and political risk associated with the first transaction, the ECA effectively lowers the cost of commitment, making the SME able to extend credit terms to an unfamiliar foreign buyer, without risking its entire operating capital because of a single default event. In Uppsala terms, ECA

[1] KLASEN, (A.), ed., op. cit., pp. 204–209.
[2] KRAUSS, (R. M.), "The role and importance of export credit agencies," Institute of Brazilian Business and Public Management Issues, Vol. 7, No. 10, 2011, pp. 22–23.

usage compresses the early stages of the establishment chain: the SME can commit to credit-based export operations at an insufficient level of foreign market knowledge.

3.2.2. Alignment with the Resource-Based View

SMEs are structurally resource-constrained compared to larger firms, they lack the financial reserves to self-insure against export payment risk, the skilled personnel to conduct accurate buyer solvency assessments, and the institutional relationships to get export financing from commercial banks. These shortfalls directly limit their capacity to engage in export operations in unfamiliar environments.

Following the RBV logic, ECA instruments serve as externally provided strategic resources that compensate for these previous deficits without requiring the SME to internalise the costs of developing them organically. Credit insurance substitutes for financial reserves, buyer solvency investigation compensates for internal market intelligence ability and the ECA guarantee replaces the collateral base that commercial banks would otherwise demand.

3.2.3. Alignment with Network Theory

The Network Theory of internationalisation poses a central challenge for SME exporters, which is that entry into new networks requires an initial position, the cost of which is excessively high for small firms with no prior market presence.

ECAs reduce this initial entry cost through two mechanisms. First, their buyer database and solvency assessment services, which give SMEs access to structured information about potential foreign counterparts. Second, ECA support for trade fair and prospection programmes directly funds the physical presence in foreign markets that is a prerequisite to network entry. By covering a proportion of the prospection expenditure, the ECA lets SMEs participate in commercial events through which buyer relationships are initiated and maintained, all at a lower cost.

3.2.4. Alignment with Transaction Cost Theory

For SMEs, export transaction costs are higher than for large enterprises because they cannot be spread across a large volume of transactions or absorbed by a trade finance department.

ECA credit insurance reduces these transaction costs. The insurance contract effectively replaces the costly individual monitoring and enforcement mechanisms that an SME would need to deploy

for each foreign buyer. The ECA performs the solvency investigation, follows the buyer's financial state and assures the enforcement function in the event of default with its debt collection and indemnification services. This makes open account trading economically viable for SMEs that would otherwise be forced into advance payment terms, reducing their competitiveness against larger exporters.

3.3. Structural Limitations of ECAs in Supporting SME Exports

The theoretical alignment of ECAs with SME needs does not mean that their positive impact is guaranteed. Empirical evidence points to positive effects when ECA support is effectively accessed, but it also uncovers structural limitations that can prevent smaller enterprises from benefiting fully from support instruments.

3.3.1. Empirical evidence of positive impact

When ECA support is effectively accessed, the outcome is largely positive. Moser, Nestmann and Wedow's econometric analysis of German export credit guarantees finds that official ECA support significantly increases both the volume and the destination diversification of exports. [1]

The WTO's 2023 Aid for Trade review, drawing on a cross-country panel of 62 developing economies, finds that access to export credit insurance increases the probability of SME market entry into high-risk destinations by between 30 and 45 per cent.[2] The OECD likewise states that SMEs with access to export credit insurance are significantly more likely to maintain export activity after the first transaction and to progressively diversify their export destination portfolio[3].

3.3.2. Persistent limitations for SMEs

Despite their positive effects, ECAs can be less adapted to SME needs because their operational and institutional design reflects the logic of large-scale export operations. Historically, many ECAs

[1] MOSER, (C.), NESTMANN, (T.) & WEDOW, (M.), "Political Risk and Export Promotion: Evidence from Germany," The World Economy, Vol. 31, No. 6, 2008, pp. 781–803. of exports, with the strongest marginal effect observed for smaller exporters entering high-risk markets.
[2] WTO, "Aid for Trade Monitoring and Evaluation: Global Review 2023," WTO Publications, Geneva, 2023, pp. 47–52.
[3] OECD, "OECD SME and Entrepreneurship Outlook 2023," OECD Publishing, Paris, 2023, pp. 134–138.

were designed to support large state-owned enterprises, which explains why their requirements and procedures often fit large contracts better than smaller ones. This constitutes a structural mismatch.[1]

Two other constraints reinforce this mismatch. First, ECAs face an information asymmetry problem, where weak credit registries and uneven accounting systems make it difficult to assess buyer solvency accurately.[2] Second, many SMEs do not fully access ECA services because of a lack of awareness, since services are usually concentrated in a few urban centers, making many firms either not know the instruments exist or perceive them as too distant and difficult to access. These constraints are important because they reduce the real reach of ECA support where it is most needed.[3]

Section 02: Presentation of CAGEX

The previous section explained why export credit agencies matter in theory. In the Algerian context, the institution designed to perform this role is CAGEX, the Algerian Company of Insurance and Export Guarantee, which is legally mandated to provide export credit insurance for non-hydrocarbon exporters. It was created in the mid-1990s, at a time when Algeria was liberalizing its economy and seeking to reduce its dependence on hydrocarbon revenues. CAGEX was designed to fill a critical gap: protecting non-hydrocarbon exporters against the risk of non-payment by foreign buyers. Without such protection, Algerian enterprises cannot reasonably venture into unfamiliar markets in which buyer insolvency, political instability, or natural disasters may interrupt payments. Understanding how CAGEX is structured, what resources it commands and where it is positioned within the broader export support system is, therefore, a necessary step before evaluating its actual contribution to SME internationalization toward African markets.

1. Historical, Institutional and Legal Framework

To understand the scope of CAGEX's current mandate, it is first necessary to clarify its institutional and legal foundations. The company did not emerge in isolation, it was the result of a conscious action in response to the liberalization of the Algerian insurance market and the increasing demand

[1] STEPHENS, (M.), op. cit., pp. 45–52.
[2] CHAUFFOUR (J.-P.) and MALOUCHE (M.), eds., "Trade Finance during the 2008–09 Financial Crisis: Core Metrics and Policy Responses," Washington, D.C., World Bank Publications, 2011, pp. 91–96.
[3] INTERNATIONAL TRADE CENTRE (ITC), "SME Competitiveness Outlook: Connect, Compete and Change for Inclusive Growth," Geneva, ITC/UNCTAD/WTO, 2015, pp. 55–61.

for insurance cover for non-hydrocarbon exporters entering into the uncertain foreign markets. This subsection, therefore, examines the 1990s context, the founding ordinance of 1996 and the governance that delineates CAGEX's institutional identity.

1.1. Historical Background and Legal Framework

1.1.1. Creation in the 1990s Liberalization Context:

The Algerian Company of Insurance and Export Guarantee (CAGEX) emerged as a specialized public institution during Algeria's broader economic transition in the 1990s. This period was marked by efforts to liberalize the economy, reduce reliance on hydrocarbons, diversify exports, and integrate more fully into international trade frameworks following structural adjustment programs and the shift away from a centrally planned model.[1]

In this context of opening markets, promoting non-hydrocarbon exports, and supporting private sector activity, the Algerian authorities established mechanisms to mitigate risks associated with international trade. Export credit insurance and guarantees were seen as critical tools to encourage Algerian operators to engage with foreign markets by protecting against commercial and political risks. CAGEX was created specifically to fill this gap as part of the export promotion infrastructure.

1.1.2. Foundation Texts: Ordinance No. 96-06 and Related Decision:

The foundational legal instrument for CAGEX is Ordinance No. 96-06 of 10 January 1996, which pertains to export credit insurance in Algeria and the management of risks linked to export credits excluding hydrocarbons. This ordinance formally instituted the framework for export credit insurance operations.[2]

It built upon the broader liberalization of the insurance sector initiated by Ordinance No. 95-07 of 25 January 1995, which ended the state monopoly and opened the sector to greater competition and specialization. Decision 95-07 further supported the establishment of specialized entities.

---

[1] ALMI (H), KHOUALED (A) & BOUZERB(K), BOUSSOUAK(A),"*AN ANALYTICAL STUDY OF THE REALITY OF THE INSURANCE INDUSTRY IN ALGERIA DURING THE PERIOD 1995-2022*", Badji Mokhtar University, Annaba, Algeria, 2024

[2] https://www.cagex.dz/fr/about consulted 15/05/2026 at 14:22

CAGEX was incorporated as a joint-stock company with public capital through a notarial act dated 3 December 1995, positioning it to operate under the new regulatory regime.[1]

1.1.3. Operational Decree:

The operational details were issued through Executive Decree No. 96-235 of July 2, 1996. This decree specified how export credit insurance would work what risks it would cover, and under what conditions. It put CAGEX in charge of running these operations, and specified a that CAGEX would handle two types of coverage: one on its own account under state supervision and another on behalf of the State itself.

The decree addressed key operational aspects, it set up a special Commission for Export Insurance and Guarantees, composed of representatives from key ministries and institutions. It defined who could approve guarantees at different levels, how premiums would be set, how claims would be settled, how subrogation rights worked, and the financial flows between the company and the State. For state-account operations, separate accounting was required: any deficits would be covered by government subsidies, and any surpluses would go back to the Treasury. The decree also made sure that existing export insurance policies from Algerian Insurance and Reinsurance Company (CAAR) were transferred over to CAGEX.[2]

With this legal and operational framework in place, CAGEX is able to offer coverage for commercial risks, political risks and other disruptions. That strengthened Algerian exporters' risk-management capacity, with tools like global policies, individual policies, and coverage for prospection and trade fairs.

1.2. Institutional Framework

The legal framework defines CAGEX's mandate, however, its practical functioning depends on the governance arrangements through which this mandate is managed.

[1] Décret exécutif n° 96-235 du 16 Safar 1417 correspondant au 2 juillet 1996 définissant les conditions et modalités de gestion des risques couverts par l'assurance-crédit à l'exportation, p.10
[2] Ibid.

1.2.1. Governance Structure

CAGEX's governance follows the standard model for Algerian public joint-stock companies, centered on a Board of Directors that provides strategic oversight. The Board is typically composed of representatives drawn from its shareholder base, ensuring alignment with public policy objectives while maintaining operational autonomy in day-to-day risk assessment and insurance activities.

Decision-making integrates commercial prudence with public interest considerations, particularly in distinguishing between operations conducted on the company's own account (commercial risks) and those on behalf of the State (political and related risks). A culture of continuous professional development and performance enhancement underpins human capital mnagement.[1]

1.2.2. Shareholders:

CAGEX's ownership structure is rooted in Algeria's public financial sector. The company is primarily owned by a corporation of state-owned financial institutions and, since 2024, the Public Treasury. Its capital is distributed among:

- **Five leading public banks**
- **Five leading public insurance companies**
- **The Public Treasury**, which entered as a major shareholder in 2024.

Table 2.2: *Shareholding of CAGEX*

BANKS	INSURANCE COMPANIES
BADR (Bank of Agriculture and Rural Development)	CAAR (Algerian Insurance and Reinsurance Company)
BEA (External Bank of Algeria)	CAAT (Algerian Insurance Company)
BDL (Local Development Bank)	CCR (Central Reinsurance Company)
BNA (National Bank of Algeria)	CNMA (National Agricultural Mutual Fund)
CPA (Popular Credit of Algeria)	SAA (National Insurance Company)

Source: BENAMEUR Mohamed, "*Assurance-crédit à l'exportation: Cas CAGEX",* MOULOUD MAMMERI University Tizi-Ouzou, 2022, p. 45

[1] https://www.cagex.dz/en/Message consulted 15/05/2026 at 14:55

This combination of strategic investors ensures broad institutional backing while maintaining public control over the export credit agency.

The shareholding structure of CAGEX, as presented in Table 2.2, reflects the same SOE-dominated financial architecture identified in Chapter 01, which is a primary constraint on SME access to trade finance. On one hand, this configuration ensures that CAGEX is integrated within Algeria's institutional financial ecosystem and can easily coordinate with its shareholder banks to simplify the conversion of insured receivables into export financing facilities. On the other hand, a shareholder base consisting entirely of public financial institutions generates an institutional culture and risk appetite that corresponds more to the needs of larger clients than to exporting SMEs. This ownership structure impacts the environment within which CAGEX's management makes its operational and strategic decisions.

1.2.3. Partners and Reinsurers of CAGEX:

CAGEX maintains strategic partnerships and reinsurance agreements with several leading international credit insurers and export credit agencies. These collaborations enable the company to enhance its underwriting capacity, diversify risks, and provide robust coverage for Algerian exporters facing commercial, political, and transfer risks.

The main international partners and reinsurers of CAGEX, as documented in corporate sources around 2022, include the following:[1]

- Atradius (Belgium) — one of the world's leading credit insurance groups;
- Coface (France) — a major global player in export credit insurance and a long-standing partner of CAGEX;
- ICIEC (Islamic Corporation for the Insurance of Investment and Export Credit, Saudi Arabia) part of the Islamic Development Bank Group, with which CAGEX signed a significant reinsurance agreement in 2024 to boost export credit capacity;[2]

[1] BENAMEUR Mohamed, "*Assurance-crédit à l'exportation: Cas CAGEX",* MOULOUD MAMMERI University Tizi-Ouzou, 2022, p. 45

[2] ICIEC, "CAGEX Hosts the 14th AMAN Union AGM to Foster Credit Insurance and Trade Exchange across Africa, Arab and OIC Countries", ICIEC News and Events, December 3, 2024.

- Africa-RE (Morocco) — the African Reinsurance Corporation;
- Dhaman (Kuwait) — the Export Credit Guarantee Company of the Gulf region;
- COTUNACE (Tunisia) — the Tunisian Company for Foreign Trade Insurance;
- Bulgarian Export Insurance Agency (Bulgaria).

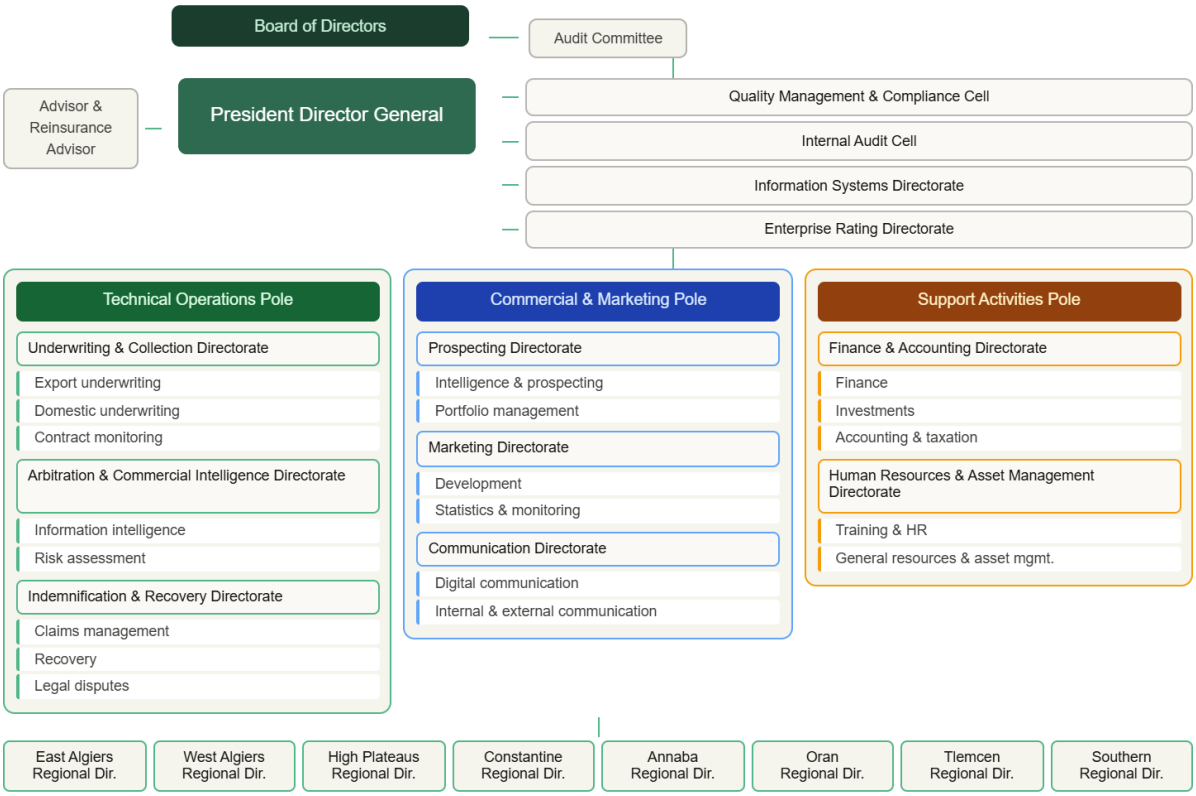
After establishing the legal and institutional identity of CAGEX, its real capacity to support exporters depends on the organization and resources through which this mandate is executed.

2. Organizational structure and resources of CAGEX.

2.1. Structural Architecture

The organizational structure of CAGEX follows a hierarchical and functional model, topped by a Board of Directors, which oversees strategic governance. Attached to the Board are three specialized control and support entities: the Auditor Committee, the Quality Management & Compliance Cell, and the Internal Audit Cell, along with two technical directorates: Information Systems and Enterprise Rating, the President Director General holds executive authority

Figure 2.1*: CAGEX's Organizational chart*



Source: Prepared and translated by the authors based on https://www.cagex.dz/fr/Organigramme consulted 15/05/2026 at 22:23

2.1.1. The Three-Pole Organizational Model

The most structurally significant development in CAGEX's recent history was the comprehensive internal reorganization implemented in 2024. CAGEX underwent a global internal reorganization, structured around three operational poles:

- **Technical Operations Pole:** Forms the core of underwriting and risk management at CAGEX. It handles risk assessment, acceptance, and management of export credit guarantees. It covers the full lifecycle of guarantee contracts (evaluation, country risk classification, claims, and indemnification), manages the CAGEX Rating system for enterprise assessment, and maintains the country-risk database used for premium rates and coverage limits. This pole decides eligibility for coverage, selects the appropriate product, and sets premiums, it also manages reinsurance arrangements.

- **Commercial & Marketing Pole:** Manages client acquisition, exporter relations, and promotion of CAGEX services domestically and internationally. It oversees the regional agency network, communication, digital marketing, participation in trade fairs, forums, and business meetings. It supports Algeria's export ecosystem through proactive development, capacity-building, and representation at continental platforms.
- **Support Activities Pole:** Covers financial management, accounting, HR, legal affairs. It handles reserves, investment of technical provisions, and compliance under the dual-account model, it also manages digital security for electronic procedures.

2.1.2. Regional Network:

In addition to its functional poles, CAGEX maintains a territorial presence through a network of regional agencies designed to bring export insurance services closer to SMEs operating outside the capital. The company's regional network was expanded in 2024 with the opening of two new agencies in Tlemcen and Constantine**,** complementing the two pre-existing regional in Oran and Annaba. The principal headquarters is located at 10, Route Nationale N°36, Dely-Ibrahim, Algiers, while a secondary administrative office operates at Tour ABC, 7th Floor, Pins Maritimes, El Mohamadia, Algiers.

This network of four regional agencies alongside the Algiers headquarters reflects the company's strategic objective of progressively decentralizing its service delivery to reach the SME fabric distributed across Algeria's industrial regions.

2.2. CAGEX Resources:

The operational capacity of CAGEX relies on three main pillars: its human capital, its financial resources, and the specific statutory framework that governs its risk coverage activities.

2.2.1. Human Resources

At the core of CAGEX's transformation is a strategic revaluation of its human capital. As part of its 2023-2025 strategic plan, the company has focused on enhancing employee skills and fostering performance at all levels. This investment in human resources has been accompanied by a comprehensive internal reorganization structured around three key operational divisions (Technical

Operations, Commercial & Marketing, and Administration & Finance), fostering more agile and responsive governance.

2.2.2. The Dual-Account Model

CAGEX operates under a dual-account model as defined by Ordinance No. 96/06 of January 10, 1996. This framework legally separates two distinct activities:[1]

1. **For its own account:** The company assumes responsibility for commercial risks using its own funds, while operating under state control.
2. **For the state account:** CAGEX covers political risks on behalf of the Algerian state, using state funds.

This model allows the state to backstop risks of a sovereign nature while CAGEX maintains commercial discipline for private sector risks.

2.2.3. Financial Resources and Capital Evolution

CAGEX's financial base has been significantly strengthened. The company's share capital has been increased multiple times, most notably in 2024 to 10 billion Algerian Dinars. This increase was accompanied by the entry of the Public Treasury as a direct shareholder, providing greater financial solidity and leading to a reconfiguration of the Board of Directors

Structure and resources indicate what CAGEX can use internally, but its relevance for SMEs depends equally on how it interacts with the wider export support environment.

3. CAGEX’s Position in the Algerian’s Export Ecosystem.

Having the legal framework and organizational resources in place, the final issue in this section is the real position of CAGEX along the map of all the actors of the export support system for Algeria, this subsection answers these questions by distinguishing CAGEX's unique risk-underwriting function from other support mechanisms and by mapping its strategic positioning both domestically and internationally.

[1] https://anexal.dz/companie-algerienne-dassurance-et-des-exportations-cagex/ consulted 16/05/2026 at 2:39

3.1. The Typology of Covered Risks

CAGEX's technical capacity to intervene rests on a precise classification of risks, which reflects the real threats faced by Algerian operators in international markets. Four main categories of risk structure its intervention:

3.1.1. Political risks and natural catastrophes:

Encompasses events beyond the control of the contracting parties: political decisions in the importing country such as embargoes, nationalizations, or unilateral contract cancellations by a public buyer; foreign exchange transfer restrictions that prevent an importer from repatriating the payment currency; armed conflicts, revolutions, or civil unrest that render the execution of the contract impossible; and natural disasters affecting the destination country.

3.1.2. Commercial risk:

the second category, is managed on CAGEX's own account and represents the most immediate concern for SMEs dealing with private foreign buyers. It covers the failure of a private importer to honor a contractual payment obligation, whether due to insolvency, bankruptcy, or prolonged default, defined in standard policy terms as non-payment persisting beyond a specified number of days after the due date.

3.1.3. Market interruption risk:

This is the most specific and least known risk covered by CAGEX. It concerns the situation where an export operation is interrupted after the operator has begun production and built up inventories intended for a specific export contract, but before delivery and invoicing.

3.2. Strategic Positioning of CAGEX:

CAGEX’s position must now be understood in two dimensions: its domestic importance within Algeria’s export support system and its insertion into international networks of export credit agencies.

3.2.1. Within Algeria's domestic export support architecture

CAGEX occupies a functionally distinct and non-substitutable role. The Special Fund for Export Promotion (FSPE), examined in Chapter One, operates as a financial subsidy mechanism,

reimbursing transport costs and trade fair fees after the fact; it addresses the cost side of exporting but provides no protection against payment failure. The banking sector, for its part, offers trade finance instruments such as documentary credits and bank guarantees, but these instruments presuppose that a transaction has already been structured and financed, and they require the presentation of collateral that most SMEs cannot provide.

CAGEX fills the structural gap between these instruments: it intervenes at the risk-underwriting stage, enabling exporters to obtain bank financing against insured receivables and to commit to foreign contracts with the financial security that open-account trading requires. Following the 2025 dissolution of ALGEX and the creation of specialized export promotion and import regulation bodies, CAGEX's position within the new institutional architecture has become even more central, as the primary risk-mitigation pillar of the reformed export support system.

3.2.2. International Positioning of CAGEX

At the international level, CAGEX's institutional position is built on its active membership in several multilateral frameworks that shape the global export credit insurance community.

The most important of these is the Aman Union, the official body of Arab and African export credit agencies and investment promotion institutions, it serves as a platform for sharing risks and exchanging information: member agencies coordinate country risk assessments, share data on buyer defaults, and cooperate on reinsurance for exposures that exceed any single member's capacity. [1]

The 2024 reinsurance agreement with ICIEC further strengthens CAGEX's ability to underwrite transactions in markets that would otherwise be too risky due to country-risk concentration limits. Under this arrangement, ICIEC takes on a share of the political and commercial risk for specific transactions. [2]

[1] ICIEC, “CAGEX Hosts the 14th AMAN Union AGM to Foster Credit Insurance and Trade Exchange across Africa, Arab and OIC Countries”, ICIEC News and Events, December 3, 2024.
[2] ICIEC, *"ICIEC and CAGEX Renew Reinsurance Agreement to Boost Algerian Exports to Africa”*, ICIEC Press Release, May 21, 2025.

Beyond these institutional relationships, CAGEX's broader network of bilateral reinsurance partnerships with Coface, Atradius, Africa-RE, and other agencies mentioned in the preceding subsection enables the company to benefit from global underwriting expertise and pricing benchmarks. This improves the technical quality of its risk assessments and the competitiveness of its premium rates.

For Algerian exporters, the practical implication is clear: CAGEX's capacity to offer coverage is not limited by its own balance sheet alone, it is effectively supported by an internationally diversified risk-sharing architecture.

3.3. Institutional deployment and strategic partnerships in Africa

Since the thesis's main focus is the expansion toward African markets, CAGEX's strategic positioning must also be analysed through its continental deployment. The agency does not rely primarily on physical offices in African capitals, instead, its deployment operates through two complementary channels: membership in continental risk-sharing frameworks and bilateral partnerships with African export credit agencies and financial institutions. This model gives CAGEX a wider reach without bearing fixed representation costs, though this model's effectiveness for SMEs depends on the operational depth of said partnerships.

3.3.1. Multilateral Frameworks and Continental Integration

CAGEX's most significant institutional anchor in Africa is its active membership in the Aman Union, the association of Arab and African export credit agencies. This membership, examined briefly in a previous subsection, acquires particular strategic weight when considered from an African perspective. The Aman Union functions as a platform for several continent-specific activities: the exchange of country risk assessments for African destinations, the coordination of reinsurance arrangements for large exposures, and the development of harmonized documentation standards for intra-African trade transactions.[1] For Algerian SMEs, this multilateral framework means that CAGEX's risk assessment for a given African country is not produced in isolation but draws on pooled intelligence from multiple agencies active in the same market.

[1] Aman Union, "*Annual Report 2024: Export Credit Agencies in Africa and the Arab World*," Jeddah, 2025, pp. 34-36.

The second pillar of CAGEX's continental deployment is its relationship with the African Export-Import Bank (Afreximbank). The 2024 reinsurance agreement between CAGEX and the ICIEC, a member of the Islamic Development Bank Group with deep African reach, represents a particularly significant development.[1] Under this agreement, ICIEC provides reinsurance capacity for CAGEX's political risk coverage on African transactions, effectively allowing the Algerian agency to underwrite exposures that would otherwise exceed its country concentration limits. The practical implication for an SME exporting to, for example, the Democratic Republic of Congo or South Sudan is that CAGEX can offer coverage where its own balance sheet alone might not suffice.

Furthermore, CAGEX participates in the African Trade Insurance Agency (ATI) network, though Algeria's membership status remains less formalized than that of other North African countries.[2] This participation enables CAGEX to access country risk guarantees that cover political violence, transfer restriction, and contract frustration risks that are particularly salient in sub-Saharan markets. For Algerian SMEs, the existence of these multilateral arrangements translates into a broader menu of covered destinations than CAGEX's standalone capacity would permit.

3.3.2. Bilateral Partnerships and Operational Cooperation

Beyond multilateral frameworks, CAGEX has cultivated a network of bilateral agreements with individual African export credit agencies. The most operationally significant of these is the partnership with COTUNACE (Tunisian Company for Foreign Trade Insurance), which predates the broader AfCFTA framework.[3] This bilateral arrangement includes provisions for reciprocal risk coverage, meaning that an Algerian SME exporting to Tunisia can benefit from CAGEX's guarantee while the Tunisian importer's creditworthiness is assessed through COTUNACE's local intelligence. The agreement also facilitates debt collection on a reciprocal basis, reducing the legal and logistical complexity of recovering unpaid receivables across the border.

CAGEX has also established cooperation frameworks with export credit agencies in Senegal, Côte d'Ivoire, and Egypt, though these agreements remain less operationally mature than the Tunisian

[1] ICIEC, "*ICIEC & CAGEX Renew Reinsurance Agreement to Boost Algerian Exports to Africa*," ICIEC Press Release, May 21,2025.
[2] ATI, "*Member Countries and Covered Risks*", Nairobi, 2025.
[3] COTUNACE, "*Rapport d'Activités 2024: Coopération avec les agences de crédit à l'exportation maghrébines*", Tunis, 2025, p. 18.

partnership.[1] In the Senegalese case, the agreement focuses primarily on information exchange and capacity building rather than on reciprocal risk coverage. For an Algerian SME targeting the Senegalese market, this means that CAGEX can obtain buyer credit reports through its local partner but cannot yet offer the same streamlined claims handling available for Tunisian transactions.

A more recent development is CAGEX's engagement with the Guided Trade Initiative (GTI) of the AfCFTA, which Algeria joined in January 2026.[2]

Under this initiative, CAGEX has committed to providing expedited coverage decisions for transactions involving GTI member countries, including Ghana, Cameroon, Rwanda, and Kenya. The operational mechanism involves a simplified due diligence process for buyers in these markets, recognizing that the GTI's customs facilitation reduces certain transactional risks. For SMEs, this means shorter processing times for insurance applications targeting these priority markets.

Table 2.3: *CAGEX's Institutional Partnerships in Africa*

Partner	Type of Agreement	Primary Function	Operational Maturity
Aman Union	Multilateral	Risk intelligence sharing, reinsurance coordination	Fully operational
ICIEC/Afreximbank	Reinsurance agreement	Political risk capacity enhancement	Operational (2024)
COTUNACE	Bilateral	Cross-border risk coverage, debt collection	Mature, fully operational
Senegal	Bilateral	Information exchange, capacity building	Emerging
Côte d'Ivoire	Bilateral	Buyer credit reporting	Emerging
Egypt	Bilateral	Information exchange	Under development
AfCFTA GTI member states	Multilateral initiative	Expedited coverage, simplified due diligence	Operational (2026)

Source: Prepared by the authors based on CAGEX corporate communications, Aman Union proceedings, and ICIEC press releases (2024-2026).

[1] CAGEX, "*Conventions de coopération internationale: État des lieux 2025*", Document interne, Alger, 2025.
[2] Ministère du Commerce et de la Promotion des Exportations, "*L'Algérie rejoint l'Initiative de Commerce Guidé dans le cadre de la ZLECAf*", Communiqué de presse, Alger, janvier 2026.

The geographic pattern evident in Table 2.3 reveals an institutional presence that is densest in North and West Africa, where historical ties and existing trade flows justify partnership investments, and thinner in Central and Southern Africa, where Algerian export volumes remain low. For SMEs considering markets beyond this core zone, CAGEX's coverage remains possible but requires longer processing times and more extensive buyer due diligence, reflecting the absence of mature local partnerships.

The gradient operational maturity evident in this table maps almost exactly onto the geographic concentration of current African export activity of Algeria documented in Table 1.6. CAGEX's most mature partnerships, such as Aman Union, ICIEC and COTUNACE, cover the North African and Maghreb markets that already constitute the largest amount of Algerian non-hydrocarbon exports toward Africa

Section 03: CAGEX Support Instruments and Services

After CAGEX’s mandate, structure and position have been established, the analysis now moves from the institution itself to the instruments it deploys. The effectiveness of CAGEX depends on the quality, accessibility and functional coherence of the specific products it proposes. With this rationale in mind, this section examines the company’s support portfolio and access procedures.

1. Guarantee and Financial Instruments

The first category of instruments tackles the management of payment and market risks, which are important for exporting SMEs.

1.1. Export credit insurance

Export credit insurance constitutes the keystone of CAGEX's product portfolio. It is a contractual agreement by which an agency bears a clear portion of the credit risk embedded in a deferred-payment export transaction, thereby transferring that risk away from the individual exporter and redistributing it across a pooled institutional mechanism.[1]

[1] Ordonnance n° 96/06 du 10 janvier 1996 relative à l'assurance-crédit, Journal Officiel de la République Algérienne Démocratique et Populaire, n° 03, 14 janvier 1996.

CAGEX offers two complementary export credit insurance products: the Global Policy and the Individual Policy. The Global Policy is designed for exporters who conduct repetitive credit sales with multiple foreign buyers. The insured's entire projected export turnover must be declared fully to CAGEX at the outset of each policy period. The Individual Policy, on the other hand, is intended to cover one-time or project-specific export operations with a single foreign buyer against non-payment risks, making it more appropriate for firms at early stages of internationalisation.[1]

Both policies cover three types of risks. The first is commercial risk, including buyer insolvency or creance, bankruptcy, refusal to pay, or prolonged payment default. The second is political risk, including war, political instability, catastrophic events, exchange transfer restrictions, import bans, civil unrest, or governmental decisions preventing the completion of payment in the buyer's country. The last residual category is called market interruption risk, which arises from the warehousing of goods intended for export, and is also covered under the Global Policy.

This makes CAGEX act in a dual institutional capacity. For commercial risks, it operates on its own account, and for political risks, it functions as a mandatary of the Algerian State, with coverage decisions subject to approval by the State Insurance and Guarantee Commission. Indemnification ratios are set at 80% of the unpaid amount for commercial risk and 90% for political risk, with the exporting client bearing the remaining co-insurance share in the two cases.

Export credit insurance is especially important for SMEs on account of three structural vulnerabilities that distinguish them from larger exporters. First, smaller firms characteristically operate with compressed liquidity margins and concentrated client portfolios, reason why a single instance of buyer default may generate a cash-flow disruption severe enough to interrupt production or threaten the firm's financial continuity. Second, SMEs typically occupy a weaker bargaining position with new foreign buyers and may be compelled to extend longer payment terms than their financial position carefully warrants, only to remain competitive on the international level. By securing the underlying receivable against non-payment, export credit insurance enables the SME to grant deferred terms without bearing the entire attendant risk, effectively separating commercial competitiveness from financial vulnerability. Third, insured receivables are treated as lower-risk assets by banks, improving the SME's ability to mobilise working capital against its

[1] https://www.cagex.dz/en/Produits consulted 11/05/2026 at 12:46

export portfolio, as the insurance coverage can substitute for tangible collateral in bank financing negotiations. Taken together, these consequences position export credit insurance as a foundational enabler of SME export capacity, competitiveness, and effectively lower the risk-adjusted cost of engaging with unfamiliar markets.[1]

1.2. Domestic credit insurance

Also referred to as the Globalliance policy or the Inter-company policy for domestic commerce, available to all companies registered with the National Commercial Register, this type of insurance is designed to protect companies operating within the domestic Algerian market against the risk of unpaid commercial debts because of local clients' insolvency or payment default, in the case when customers of suppliers fail to pay for the goods or services that have already been delivered. This instrument has a higher purpose, which is to secure commercial exchanges within the national economy and preserve the financial stability of enterprises.

The domestic policy protects the insured against the following three triggers of non-payment: the formal insolvency or bankruptcy of the local buyer, the conclusion of an amicable settlement arrangement between the buyer and its creditors, and the buyer's financial powerlessness preventing repayment of the full amount of debt. The indemnification ceiling is set at 90% of the invoiced amount, with the insured retaining a mandatory 10% co-insurance share.

Domestic credit insurance is as significant for SMEs because delayed payments from clients can generate liquidity shortages affecting salaries, operational expenses, supplier payments, and future investments. Furthermore, SMEs usually possess limited power when negotiating payment conditions with larger domestic firms, which is why, in most cases, they are obliged to accept extended payment deadlines that increase their exposure to financial risk. By addressing this uncertainty, domestic credit insurance enables SMEs to maintain steadier financial management and prepare better for export activities. Following this logic, an SME that has secured its domestic receivables against non-payment is better positioned to redirect liquidity toward the upfront costs of African market entry. The domestic policy is therefore a sequential instrument designed to accompany the SME across progressive stages of its commercial development.

[1] https://www.winne.com/dz/company-profiles/c-a-g-e-x consulted on 11/05/2026 at 14:30

1.3. Trade fair and prospection accompaniment

This fourth instrument addresses a particular category of financial risk, one that does not arise from the failure of a buyer to pay, but from the logistical and financial hazards associated with participation in international trade events. Created for Algerian exporters attending fairs, commercial exhibitions and trade shows organised abroad, the policy covers two principal risk types: the non-repatriation of funds generated through sales conducted at the event, and the non-repatriation of the materials and goods displayed or used during the exhibition. The policy's core benefit is the reimbursement of losses incurred by the insured upon the materialisation of any covered risk.

The rationale for this instrument is rooted in the economics of market prospection. Participation in an international trade fair entails substantial advance expenditure (stand construction, transportation of goods and display materials, travel, accommodation, and promotional investments), all deployed before any revenue is generated. For an SME with limited liquidity, these costs represent a considerable financial exposure.

A related financial instrument named the prospection guarantee extends complementary coverage to broader market exploration, reimbursing 60% of the committed budget. Applications must, however, be accompanied by a market study of the foreign country, a demonstration of the exporter's technical and financial capacities, and quantified export objectives.[1]

For SMEs, participation in international trade fairs such as the Intra-African Trade Fair (IATF), constitutes an important commercial and strategic instrument allowing enterprises to promote their products, identify new business opportunities, and establish relationships with foreign partners and distributors. The Fairs and Exhibitions Policy thus play a dual role: it reduces the financial risk of the prospection itself, while at the same time lowering the psychological and institutional barriers that prevent risk-averse SME managers from exploring and integrating into regional and global markets.

Risk coverage minimises exposure to default, but SMEs need information and networks as well to distinguish valuable opportunities.

[1] CAGEX’s internal documents

2. Advisory and Information Services

2.1. Market and commercial intelligence services

CAGEX offers a dedicated sale of information product, providing financial, economic and commercial reports to Algerian exporters already engaged in, or considering, cross-border operations, for both insured and non-insured clients. These reports cover a wide range of countries and economic sectors, enabling businesses to assess risks and identify opportunities in their targeted international environments.

Country-level information includes: macroeconomic and financial indicators, foreign trade statistics by sector, main productions and market access conditions, legal and regulatory frameworks, banking summaries, and country ratings, trade relations with Algeria.

Whereas, economic operator information provides detailed data on potential buyers or partners, like their legal status (form, establishment date, shareholding, workforce), financial status (revenue, results, receivables, liabilities), business activity and sector details, analysis of commercial reputation, payment history, banking evaluations, and overall ratings.[1]

As stated by the institution's CEO, CAGEX makes available to economic operators *"les informations économiques et commerciales sur les marchés sur lesquels ils veulent se positionner, mais également sur les acheteurs et clients avec lesquels ils comptent réaliser leurs exportations,"*[2] which showcases the intelligence's two levels of usage: the macro level of market conditions and the micro level of individual buyer characteristics.

At the buyer level, the most significant intelligence product is the solvency investigation, conducted by CAGEX on each foreign buyer named in an insurance application before the issuing of any coverage decision. Because of its institutional standing, its partnership network, and its long experience in trade credit assessment, CAGEX has the ability to access and evaluate buyer creditworthiness information that cannot be found by an individual SME operating without local contacts or an established reputation in the targeted market.

[1] https://www.cagex.dz/en/ProduitVente consulted on 13/05/2026 at 13:00
[2] Rédaction AE, *"La CAGEX se lancera dans l'assurance des investissements nationaux à l'étranger"*, Algérie Eco, January 9, 2025.

As Afreximbank has identified, *"inadequate and often fragmented data on trade, market opportunities, and even customs procedures"* constitutes one of the primary blockades to intra-African trade, which causes African firms to preferentially trade outside the continent rather than confront the informational costs of intra-regional commerce.[1] CAGEX's services help improve exporters' decision-making capacities and reduce the uncertainty associated with international commercial operations and selecting markets that correspond to their operational capacities and risk tolerance.

2.2. Partnerships & Business Matchmaking

Another important dimension of CAGEX's advisory and information function is the network of bilateral institutional partnerships through which it extends its intelligence-gathering and risk-sharing capacity into foreign markets. Then it proceeds to do business matchmaking, which refers to the process of connecting firms with potential buyers, distributors, importers, investors, or strategic partners in foreign markets.[2]

The purpose of these activities is to reduce one of the principal constraints faced by SMEs during international expansion: the absence of professional international networks. Unlike large corporations that often possess established international contacts and subsidiaries abroad, SMEs generally encounter difficulties identifying reliable commercial partners in foreign markets. This lack of networks significantly increases market entry costs and limits SMEs' capacity to negotiate favourable commercial conditions. Consequently, CAGEX's support in networking activities plays a significant role in helping SMEs overcome relational barriers and establish sustainable export partnerships, indirectly strengthening SMEs' international capabilities and improving their access to strategic market information.

2.3. Debt collection services

Whereas market intelligence and matchmaking result in the formation of export relationships, debt collection becomes relevant when those exact relationships fail to produce payment. This service makes CAGEX intervene after a receivable remains unpaid by domestic or foreign parties. It is

[1] https://www.afreximbank.com/trade-intelligence-solutions/ consulted on 13/05/2026 at 16:11
[2] CAGEX's internal documents

available for either insured clients or for exporters who have not even subscribed to any insurance policy and need assistance to recover foreign debts.

The collection process is structured around four sequential operational stages. The first involves the identification of unpaid receivables, establishing which invoices remain outstanding beyond their contractual maturity dates. The second stage includes direct communication with the debtor, conducted either by CAGEX's own teams or by its partner organisations in the debtor's country. The third stage is negotiating settlements, making instalment plans or terms where full immediate repayment is not feasible. Finally, in the case where amicable resolution fails, CAGEX initiates legal proceedings against the debtor party in the appropriate jurisdiction.[1]

The standard intervention request form to be completed by the exporter in case of buyer non-payment is provided in Appendix 01

The retrieval of an unpaid foreign trade receivable is often complex due to geographical distance, language barriers, differences in legal frameworks, and administrative constraints, all of which require the legal expertise, international networks, and financial resources that most SMEs do not possess. More so, foreign purchasers are less likely to engage in strategic default when a professional recovery apparatus with local presence in their own market is known to be available to the seller. This altogether makes this instrument particularly interesting for exporting Algerian SMEs, by strengthening their confidence in entering foreign markets and enhancing the security and sustainability of SMEs' international commercial operations.

2.4. Advisory support and export accompaniment

CAGEX offers an even broader advisory accompaniment function that covers the exporter's pre-transaction, transactional and post-transaction phases, which makes the agency not only an insurer but also a strategic partner in the SME's internationalisation process, by offering guidance on export procedures, receivable monitoring and practical accompaniment throughout the export journey.

In the pre-transaction phase, advisory support takes the form of guidance through the requirements of CAGEX's own instruments, explaining eligibility conditions, helping exporters construct the

[1] https://www.cagex.dz/en/ProduitRecouv consulted on 12/05/2026 at 16:22

required market studies for prospection applications, and providing assessments of the risk profile of target markets.

In the prospection phase, CAGEX's advisory accompaniment overlaps with the fairs and exhibitions policy examined previously, but extends beyond insurance to encompass active operational support for SME participation in international commercial events.[1]

The objective of export accompaniment is to facilitate SMEs' adaptation to the operational requirements of international trade. SMEs frequently encounter several difficulties in managing export procedures because of limited managerial expertise and insufficient knowledge of international commercial practices. Export activities often involve complex administrative requirements, customs regulations, banking procedures, and contractual obligations that may discourage inexperienced firms from operating beyond local borders.[2]

Advisory support, therefore, contributes to reducing procedural uncertainty and improving firms' operational readiness for their internationalisation. CAGEX enables SMEs to conduct international operations more efficiently and with lower exposure to commercial errors.

The effectiveness of these instruments ultimately depends on whether SMEs can easily access them thanks to easy and manageable procedures.

3. Access Conditions and Procedures for SMEs

3.1. General eligibility conditions

CAGEX's instruments are formally available to any legally registered exporting enterprise operating in Algeria outside the hydrocarbons sector. Neither Algerian law nor CAGEX's terms impose a minimum size threshold, export turnover or prior export experience as conditions for accessing the agency's services, the only criterion is legal registration under Algerian commercial law and a declared non-hydrocarbon export activity.

However, in practice, for the global export credit insurance policy, the applicant must be engaged in repetitive credit-based export transactions with multiple foreign buyers. For the individual

[1] CAGEX's internal documents
[2] LEONIDAS, (C.), *"Export Barriers: Non-Exporters' Perceptions,"* International Marketing Review, Vol. 12, No. 1, 1995, pp. 4–25.

policy, the transaction must be a single, specific export operation with a clearly identified foreign party. For the prospection and fairs insurance, the eligible applicant is any Algerian exporter or enterprise wanting to prospect new foreign markets or participate in international trade fairs and exhibitions, and does not require an established buyer relationship.[1]

3.2. Documentary requirements

After eligibility has been established, access to CAGEX support depends on the submission of an application dossier, that varies according to the type of insurance product the client requests, but the following documents are constantly required across instruments:

- A completed CAGEX application form: detailing the applicant enterprise's identity, legal status, and, for the global policy, a list of all foreign buyers for whom coverage is sought. A blank copy of the individual policy application form is reproduced in Appendix 02 for reference.
- Legal proof of incorporation
- Financial statements: with evidence of the applicant's technical and financial capacity to execute the said export operations.
- For the prospection and fairs insurance: a document that includes an overview of the exporter's capacities, a definition of the products to be exported and quantified commercial objectives.
- For the individual policy or buyer credit policy: the characteristics of the export project, the identity of the foreign buyer, the nature and duration of the commercial credit and the destination country.

For the individual and buyer credit policies specifically, the submission of the application dossier is expected to occur at the outset of commercial negotiations, or one month maximum before the submission of a commercial offer to the foreign buyer.[2]

[1] CAGEX’s policy conditions
[2] CAGEX’s subscription guides

Table 2.4: *CAGEX Access Procedure for SMEs (Global & Individual Policies)*

Stage	Actions Required	Documents required	Timeline
Stage 1: Pre-application	Determine applicable insurance product (global or individual policy). Identify target foreign buyers.	Internal export strategy document, identification of foreign buyers	Variable (before commercial negotiations)
Stage 2: Filing the application	Submit the insurance application form to CAGEX detailing all foreign buyers for whom coverage is pursued.	Completed CAGEX application form and legal proof of incorporation, financial statements	Submit at the start of negotiations or at least 1 month before submission of the commercial offer
Stage 3: Solvency investigation	CAGEX conducts a solvency investigation of each declared foreign buyer.	No additional SME action required	3 to 10 working days per buyer
Stage 4: approval of the guarantee	CAGEX issues approval specifying the covered amount per buyer, or issues a guarantee promise valid for 3 months for individual/buyer credit policies.	CAGEX approval notification or promise of guarantee	Issued upon positive risk analysis
Stage 5: Contract signature	Insurance policy signed between the SME (insured) and CAGEX. Coverage begins.	Signed insurance policy, notification of commercial contract to CAGEX	Upon agreement on insurance terms
Stage 6: Ongoing monitoring	SME must declare the total projected export turnover, and declare any non-payment within 30–60 days of the due date.	Periodic turnover declarations, non-payment declaration and intervention request	Continuous, non-payment notification within 30–60 days of the due date
Stage 7: Claim and indemnification	Upon confirmed non-recovery, indemnification is paid according to the guaranteed quota.	Non-payment declaration: proof of fulfilment of contractual obligations	2–6 months, depending on risk type and receivable size

Source: Prepared by the authors from CAGEX official product documentation, WINNE Company Profile of CAGEX, and Algeria SME Toolkit.

The procedures presented in Table 2.4 are, in some ways, an indicator of administrative burden, where two features stand out as mostly consequential for SMEs. First, Stage 2 means that an SME must already identify a specific African buyer and initiate a commercial dialogue before accessing CAGEX, which requires a level of prior market engagement that first-time exporters or SMEs operating without prospection support do not have yet. Second, the indemnification period in Stage 7 requires sufficient financial flexibility to absorb short-term cash flow disruption before getting compensation, which could threaten liquidity for firms operating with small margins, as discussed in Chapter 01. These two features suggest that CAGEX's procedure, even if formally accessible to all SMEs, implicitly favours those with sufficient market presence and good financial abilities.

Concerning applications and dossiers, they may be submitted directly to CAGEX's headquarters in Dely-Ibrahim, Algiers or to one of the company's regional delegations. Physical submission remains the primary channel, though CAGEX has digitalization in its plans as a strategic priority for the upcoming years.

Conclusion:

This chapter explained how export support is not an optional policy luxury but a theoretically grounded reaction to identifiable market failures. It further established that export credit agencies occupy an important position within the broader typology of export support instruments: they operate on the financial and informational constraints that suppress SME export engagement.

Then, it proceeded to demonstrate why CAGEX occupies a strategic position in the specific core of Algerian export support. By offering insurance, guarantees, market intelligence, advisory and debt collection services, CAGEX aims to reduce the challenges that Algerian SMEs encounter when engaging in foreign trade, especially in high-risk African markets.

The analysis also highlighted that CAGEX is not simply a financial institution, but also an export-support agency whose role is to transform uncertainty into manageable risk. Its intervention is important because Algerian SMEs often face limited access to financing, weak market information and difficulties in handling cross-border payment risks. In this sense, CAGEX contributes not only to the protection of exporters but also to the broader objective of export diversification and economic projections. At the same time, the study showed that the effectiveness of CAGEX depends highly on the degree to which SMEs are able to access, be aware of and use its services.

However, the existence of institutional instruments and the formal accessibility of support mechanisms are not evidence of operational effectiveness. Whether CAGEX's products actually reach and materially benefit Algerian SMEs pursuing African market entry, whether its procedures are adapted to the commercial realities of small-firm internationalization and whether its institutional design corresponds to the specific characteristics and risks of intra-African trade, all of these are empirical questions that no amount of institutional mapping can resolve. Chapter 03 accordingly shifts the analysis from institutional description to field-based investigation, in order to assess the operational relevance of CAGEX’s support, through the collection of primary

empirical data, and identify the adaptations required to strengthen its contribution toward African markets.

Chapter 03: Empirical Investigation and Adaptation Proposals

Introduction:

The previous chapter demonstrated that CAGEX possesses a legally mandated, institutionally structured and instrumentally diversified framework for supporting Algerian SME exports toward African markets and it holds a central position within Algeria's export support system. However, between the existence of support mechanisms and their concrete impact on the export performance of Algerian SMEs lies an operational gap that can only be understood through direct field-based investigation.

The main empirical question is whether CAGEX's mechanisms are actually perceived, accessed and used by SMEs in a way that contributes to their export performance. The present chapter, therefore, shifts from institutional mapping to field-based interpretation, drawing on primary qualitative data collected directly from the actors at the intersection of Algeria's export support system and African market export activity.

The chapter is organized around three linked sections that move from methodological grounding to empirical analysis and, finally, to suggested reform. The first section presents the methodological framework of the empirical study by clarifying the research objective, the adopted approach, the data collection instrument and the analytical method. The second section presents and interprets the empirical findings, focusing on the awareness and accessibility of CAGEX, the effectiveness of its insurance and guarantee mechanisms, and the quality of its advisory and informational services. Finally, the third section places these findings in comparative perspective through an international benchmark of selected export credit agencies, before formulating strategic recommendations adapted to CAGEX's mandate, institutional constraints and African market orientation.

Section 01: Methodological Framework of the Empirical Study

The empirical study begins with a methodological clarification of how this research shifts from merely institutional description to field-based interpretation. The present section presents the epistemological choices that govern the empirical investigation, starting with a definition of the research objective, justifying the methodological approach, explaining the deployed data collection tool and specifying how the collected material was analyzed.

1. Methodological Framework

1.1. Research Objective

The main objective of this empirical study is to evaluate, from the perspective and experience of professional actors directly engaged in export practices and export support, the actual contribution of CAGEX's support mechanisms to the export performance and international expansion of Algerian SMEs toward African markets, and to identify the determinants and limitations of their contribution. This investigation seeks to determine if CAGEX's designated institutional instruments achieve their proclaimed tangible effects at the operational level, and whether their design befits firm-level realities and the African commercial environment.

This objective stems directly from the main research question: to what extent do CAGEX's support mechanisms contribute to the export performance of Algerian SMEs toward Africa? The final purpose of this field study is to acquire reasoned elements that help eventually read and clarify the validity of each of the three posed hypotheses.

In order to reach the needed empirical findings, an adequate research approach must be followed.

1.2. Research Approach

Methodologically, the study adopts a qualitative exploratory approach due to the nature of both the research question and objective. For a better evaluation of the contribution of CAGEX's mechanisms to the expansion of Algerian SMEs targeting African markets, an assessment that goes beyond quantifiable results is necessary, encompassing the experiences, procedures, and perceptions through which those results are achieved or maintained. Besides, export performance, as defined in Chapter 01, includes subjective dimensions such as managerial satisfaction and perceived strategic goals attainment, which cannot be captured fully through just transaction volume data or insurance subscription rates.

1.2.1. Justification of the chosen approach

A qualitative field investigation involves direct contact with the research involved actors, primarily through interviews or the observation of practices within the very environments in which they operate.[1]

[1] PIERRE (P) et MUCCHIELLI (A) : *Chapitre 1 - Choisir une approche d'analyse qualitative*, L'analyse qualitative en sciences humaines et sociales, édition Armon Colin, 2012, p.13.

This type of approach is especially suited to inquiries that seek to understand meanings, processes, and interpretations within their real contexts rather than to separate variables from the social and institutional environments in which they exist and operate.[1] Regarding our research, the verification of the hypotheses calls for the examination of the meanings attributed to CAGEX's mechanisms by professionals who are involved in export practices, risk coverage, SME constraints and African markets.

The exploratory orientation of the study is justified by the unavailability of a detailed statistical database containing SMEs' export performance indicators, CAGEX usage rates, insurance coverage data, sectoral distribution and African-specific export outcomes. Such data are not accessible for confidential reasons. Moreover, a purely quantitative investigation would be incapable of capturing the contextual explanation that allows the gap between CAGEX's institutional potential and its operational reality to be empirically characterized.

1.2.2. Epistemological positioning

In this perspective, the empirical study is grounded in an interpretive logic. Interpretivism holds that social phenomena cannot be reduced to objective facts but are constituted through the meanings that concerned actors attribute to their own lived experiences. To understand if and in which ways CAGEX's support mechanisms contribute to SME export performance toward Africa, one must comprehend the interpretations, perceptions and operational experiences of both the institutional actors who provide those mechanisms and the enterprise managers who utilize them. This epistemological positioning does not imply subjectivism or the absence of analytical scope, it simply implies that the apt standard of validity for this research is the depth, coherence and contextual credibility of the interpretive findings produced.[2]

2. Data Collection Instrument

The primary data collection tool used is semi-structured interviews, conducted with various actors concerned by CAGEX's mechanisms, SMEs' expansion and African markets dynamics.

[1] POPE (C), MAYS (N): *Qualitative research in healthcare*, edition Wiley-Black Welt, 1995, p. 93.
[2] SAUNDERS, (M.), LEWIS, (P.) and THORNHILL, (A.), *Research Methods for Business Students*, 8th ed., Pearson Education, Harlow, 2019, pp. 167–170.

Interviews are one of the most widely used qualitative methods due to their detailed exploration of individual experiences and perceptions. An interview can be defined as an oral, face-to-face conversation between two individuals, one providing the other with information on a pre-chosen subject.[1] Depending on their degree of structure, interviews can be classified into: structured, semi-structured and non-structured interviews.

A semi-structured interview lies right between structured and unstructured interviews. The interviewer prepares a series of open questions for all interviewees, grouped in distinct themes. During the interview, additional questions might be asked to relaunch and expand on certain answers.[2]

Unlike fully formalized questionnaires, which limit respondents to pre-defined answers and suppress their valuable elaborations and unlike entirely unstructured interviews, which lack sufficient analytical control to enable meaningful comparison between respondents and stay relevant to the research objective, Semi-structured interviews were selected because they uniquely combine the structural coherence with the conversational flexibility needed to capture the context-specific, experience-based insights that this research requires.

2.1. The interview guide

To successfully conduct the semi-structured interviews, an interview guide was elaborated, which is composed of 14 open questions (The complete interview guide, comprising all 14 questions and indicative relaunches, is presented in Appendix 03) divided into three fundamental parts, following a logical sequence to gather a maximum amount of information, in accordance with the research problem and hypotheses of the study.

PART I: This is the introductory part that concerns the interviewee's profile and their assessment of the current position of Algerian SMEs in African markets. It establishes the context within which CAGEX's role is to be evaluated, and assesses the relevance of the respondent’s answers.

[1] CHABANI, (S.) and OUACHRINE, (H.) : *Guide de Méthodologie de la Recherche en Sciences Sociales*, 1ère édition, 2013, Alger, p.72.
[2] https://www.simplypsychology.org/interviews.html accessed on May 23, 2026 at 04:48 AM

PART II: This part addresses the opportunities and challenges faced by Algerian SMEs when entering African markets. It aims to assimilate the conditions that define the operational environment in which CAGEX's instruments are deployed.

PART III: The most important part, it examines the perceived role and effectiveness of CAGEX.

Each thematic part is followed by indicative relaunches, designed to get further analytical depth when an initial response remains vague and insufficient.

The complete interview guide, comprising all 14 questions and indicative relaunches, is presented in Appendix 03.

2.2. Conduct of the interviews

When choosing the sample of the interviewees, we followed a purposive sampling logic. In qualitative inquiries, the importance of participants is determined by their ability to provide informed and relevant insights serving the research purposes.

Therefore, we selected various information-rich profiles with particular consideration to their institutional position, professional knowledge and direct involvement with CAGEX.

The sample is composed of both the CAGEX supply-side and the SME demand-side actors, along with an independent expert standpoint that provides an external analytical vantage point.

The interviews were conducted as face-to-face exchanges at both CAGEX's headquarters and during an information day on "Access to African Markets within the AfCFTA Framework" organized by the Directory of Foreign Trade and Export Promotion at the Algerian Export Authority, with time slots adapted to the availability of the respondents. A duration of twenty to forty-five minutes for each interview was reached. Notes were taken throughout the interviews to collect data and use it for academic purposes only. The subsequent table outlines the information concerning the interviewees. For confidentiality reasons, the identity of the informants will not be disclosed.

Table 3.1: *Profile of Interviewees*

Interviewee	Category of respondent	Function	Date, time and location of the interview	Duration of the interview
I1	CAGEX representative	Director	14 May 2026, 10:00, CAGEX Headquarters, Dely-Ibrahim, Algiers.	40 minutes
I2	CAGEX representative	Export insurance advisor	14 May 2026, 11:15, CAGEX Headquarters, Dely-Ibrahim, Algiers.	45 minutes
I3	Consultant	Export and international trade advisor	21 May 2026, 09:10, Algerian Export Authority, El Mohammadia, Algiers	30 minutes
I4	Consultant	Trade finance consultant	21 May 2026, 10:40, Algerian Export Authority, El Mohammadia, Algiers	42 minutes
I5	Exporter	Representative, Agri-food Processing SME	21 May 2026, 09:05, Algerian Export Authority, El Mohammadia, Algiers	37 minutes
I6	Exporter	Commercial director, Pharmaceutical SME	21 May 2026, 09:50, Algerian Export Authority, El Mohammadia, Algiers	25 minutes
I7	Exporter	Representative, Construction Materials SME	21 May 2026, 09:55, Algerian Export Authority, El Mohammadia, Algiers	35 minutes
I8	Exporter	Representative, Industrial Equipment SME	21 May 2026, 10:25 Algerian Export Authority, El Mohammadia, Algiers	30 minutes
I9	Exporter	Director, Pharmaceutical SME	21 May 2026, 11:35 Algerian Export Authority, El Mohammadia, Algiers	25 minutes
I10	Exporter	Manager, Packaging and Plastics SME	21 May 2026, 11:00 Algerian Export Authority, El Mohammadia, Algiers	30 minutes
I11	Exporter	Director, Agri-food processing SME	21 May 2026, 12:10 Algerian Export Authority, El Mohammadia, Algiers	30 minutes
I12	Exporter	Representative, Dates and Agricultural Products SME	21 May 2026, 11:40 Algerian Export Authority, El Mohammadia, Algiers	40 minutes

Source: Prepared by the authors

3. Data Analysis Method

3.1. Choice and justification of the analytical method

The data collected through the semi-structured interviews were interpreted using thematic content analysis, a method commonly used in qualitative research, inspired by the methodological approach set by Braun and Clark.

Thematic content analysis can be defined as the systematic identification, structure and interpretation of recurring ideas within a qualitative dataset, moving from the raw material of transcribed speech towards abstract analytical categories.[1]

This method was selected in accordance with the study's empirical objective, which is to grasp how actors involved in export support and African market entry perceive the usefulness, accessibility and limitations of CAGEX's mechanisms. The obtained empirical data were thus treated as a set of professional perspectives from which recurring ideas, convergences, divergences and relevant patterns were identified.

The analysis adopted a rich epistemological flexibility, combining both deductive and inductive coding. The deductive dimension was derived from the research hypotheses, the theoretical framework and the established interview guide's axes. Whereas the inductive dimension allowed the empirical investigation to remain open to themes emerging only from the respondents' answers, to acquire realities that were not previously treated in the theoretical part of the research.

3.2. Analytical procedure

The analytical procedure adopted follows Braun and Clarke's six-phase model[2]

Phase 1: The first step consisted of data familiarization. The interview notes were read several times to comprehend the range and depth of the collected material. At the same time, the main ideas and convergences expressed by the three categories of respondents were noted and registered, constituting a preliminary analytical layer.

Phase 2: This next phase involved the coding of the material. Initial codes were assigned to different units of meaning, also known as segments of data derived from the transcripts, depending on their relevance to the research. These codes were kept as close as possible to the language and concerns of the interviewees. This process organized the empirical data thematically rather than as a succession of answers.

---

[1] BARDIN, (L.), *L'Analyse de Contenu*, Presses Universitaires de France, Paris, 2013, p. 43.
[2] BRAUN, (V.) and CLARKE, (V.), *Using Thematic Analysis in Psychology*, Qualitative Research in Psychology, Vol. 3, No. 2, 2006, pp. 87–93.

Phase 3: The third phase was grouping the codes into broader themes. Three main thematic categories were retained, which correlate with both the empirical results and the theory-based research. The first category bears on the awareness and positioning of CAGEX among the export ecosystem, which mentions the distinction between institutional and effective operational knowledge. The second category discusses the effectiveness of CAGEX's insurance and guarantee mechanisms regarding African market risks. The third category elaborates on the quality of advisory and information services and the agency's role as a network intermediary.

Phase 4: The fourth phase consisted of reviewing the themes and refining them. Themes that exhibited insufficient data support or collapsed under scrutiny into other categories were either merged, subdivided or eliminated. This analytical step is what Miles, Huberman and Saldaña explain as a pattern confirmation, which tests preliminary interpretations in relation to the totality of evidence.[1]

Phase 5: The fifth phase entailed defining and naming themes. Each theme name was chosen to be analytically substantive rather than only descriptive, with a mention of its internal logic and scope.

The process of moving from raw interview data to analytical themes was grounded in the recurrent, cross-participant resonance of specific concerns and evaluations, which provided the empirical warrant for each thematic label. For instance, the near-universal complaint that *"we spend more time printing and scanning documents than actually discussing the insurance"* led to the theme **Digitalization Deficit**, while the repeated observation from SME managers that *"by the time CAGEX finishes its investigation, my client in Abidjan has already bought from a Turkish supplier who delivered in three weeks"* directly informed the theme **Procedural Rigidity** and its sub-theme of temporal misalignment. The phrase *"they don't have a product for the small, frequent orders that African buyers actually place"* was voiced by six different exporters, crystallizing the **Micro-Consumption Mismatch**. Conversely, the statement that *"without the political risk guarantee from CAGEX, my bank would never have released the pre-export financing for Conakry"* was repeated almost six firms, anchoring the theme **Political Risk as Indispensable Condition**. Consultants similarly consolidated the theme **Banking Counterparty Risk** by noting that "*CAGEX's solvency*

[1] MILES, (M. B.), HUBERMAN, (A. M.) and SALDANA, (J.), *Qualitative Data Analysis: A Methods Sourcebook,* 3rd ed., SAGE Publications, Thousand Oaks, 2014, pp. 86–90.

report is excellent for the buyer, but useless for the buyer's bank in Douala," a gap echoed in exporter accounts of delayed repatriations. Lastly, the overwhelming refrain "*the insurance covers the default, but not the truck that breaks down for two weeks in the Sahara"* confirmed the boundary theme **Logistics as Exogenous Constraint.** The recurrence of these exact or functionally equivalent formulations across multiple, independent interviewees transformed isolated complaints into robust analytical categories, ensuring that the resulting theme names reflected not the researchers' preconceptions but the lived operational realities of the actors themselves.

Phase 6: The sixth and last stage involved the interpretation and analysis of the themes. Our findings were written in an integrated discursive way, consistently distinguishing between convergent positions and divergent positions across the three categories of respondents. In accordance with the confidentiality commitments made to all participants, the analysis does not include verbatim quotations or direct attribution of certain positions to identifiable individuals.[1] It is written instead as a synthesis of recurring patterns across the interviews. Additionally, the themes were read against the theoretical foundations of the previous chapters, embedding the empirical results within the broader intellectual framework of this research.

Section 02: Empirical Results and Analytical Interpretation

This section presents the synthesized findings from the empirical investigation, drawing on semi-structured interviews conducted with two CAGEX managers, two international trade consultants, and eight Algerian exporters actively engaged in or targeting African markets. The analysis adopts a thematic content approach, organizing results around the three principal axes defined in the research methodology. These findings illuminate the practical realities of CAGEX's support mechanisms, highlighting both strengths and structural constraints in facilitating SME internationalization toward African destinations.

A fundamental methodological note must precede the presentation of empirical findings: In accordance with the ethical commitments made to all participants, the analysis that follows does not reproduce verbatim quotations or attribute specific statements to identifiable individuals. Rather, it synthesizes patterns, convergences, and divergences across respondent groups,

[1] HAMMERSLEY, (M.) and TRAIANOU, (A.), *Ethics in Qualitative Research: Controversies and Contexts*, SAGE Publications, London, 2012, p. 78.

presenting a consolidated analytical account that respects confidentiality while preserving empirical richness.

1. Empirical Results

1.1. Awareness and Positioning of CAGEX in the Export Ecosystem

This first axis addresses a foundational precondition for any assessment of institutional effectiveness: the extent to which Algerian SMEs are aware of CAGEX, understand its instruments, and can effectively access its services.

1.1.1. Institutional Reputation and Market Recognition

Contrary to the assumption of limited awareness that often characterizes studies of public support institutions in developing economies, CAGEX emerged as a well-known entity across all respondent categories. One SME exporter stated, *"Everyone in the export circuit knows CAGEX. The name comes up in every chamber of commerce meeting and every bank discussion about Africa."* A trade consultant confirmed, *"When I mention CAGEX to my counterparts in Tunisia or Senegal, they nod immediately. The agency has a real continental reputation through the Aman Union."* Both CAGEX managers and external consultants confirmed that the agency enjoys substantial name recognition among Algerian exporters, including those who have never directly used its services.

However, name recognition does not translate automatically into effective utilization. A clear distinction emerged between knowing that CAGEX exists and understanding how to access its services efficiently.

As one SME manager expressed, *"I have known CAGEX for five years, but I could not tell you exactly which form to fill or what documents they need for a first-time exporter to Côte d'Ivoire. The information is not actionable."* Another exporter added, *"The website tells you what they do, but not how to actually get it done. You end up calling repeatedly."*. Many SME managers reported having heard of CAGEX through chambers of commerce, bank relationships, or sectoral associations, but few possessed a precise understanding of which products apply to their specific export situations, what documentation is required, or how to navigate the application process. This finding suggests that CAGEX has succeeded in building brand awareness but has been less

successful in converting awareness into accessible, actionable knowledge, a pattern consistent with the information asymmetry problem identified in the theoretical literature on export credit agencies.

Analytically, this divergence between recognition and operational knowledge constitutes a **conversion gap**. From a Resource-Based View perspective, the firm-level resource deficit that CAGEX is intended to compensate includes not only financial capacity but also absorptive capacity, the prior knowledge required to recognize the relevance of external resources and integrate them into firm operations. The finding implies that CAGEX's informational and advisory services may be under-utilized not because they are unavailable, but because SMEs lack the cognitive framework to recognize their value.

1.1.2. Geographic Accessibility and Regional Coverage

Despite CAGEX's expansion to four regional agencies, geographic accessibility remains a binding constraint for SMEs located outside major urban centers. Algeria's industrial fabric is dispersed across numerous provincial zones, and many exporting SMEs operate in areas where the nearest CAGEX agency is several hours' drive away. One exporter from the western highlands reported, *"The nearest CAGEX agency is a four-hour drive from my factory. That means losing an entire working day just to submit a file. For a small shipment worth €8,000, that travel cost alone eats into my margin."*

CAGEX managers acknowledged this constraint and noted that the agency's strategic plan includes further territorial expansion, but they also emphasized that physical presence alone does not solve accessibility. The digitalization deficit, examined below, exacerbates geographic distance by preventing remote service delivery.

1.1.3. The Digitalization Gap

The absence of a fully functional digital platform emerged as a recurring and intensifying frustration across nearly all exporter interviews. One exporter stated *"We live in 2026. I can track a parcel from China to Algiers in real time, but I cannot know if CAGEX has received my scanned application unless I call and wait on hold."*

CAGEX's website was uniformly described as a static informational brochure rather than an interactive service portal. Exporters cannot submit applications online, track pending application

status, access policy documents digitally, or communicate with case officers through secure messaging. The process remains predominantly paper-based, requiring physical or scanned document submission followed by telephone follow-up to confirm receipt and progress.

This digitalization deficit creates hidden transaction costs that fall disproportionately on smaller SMEs. The time spent printing, scanning, emailing, and telephoning accumulates rapidly, particularly for firms managing multiple buyers or frequent amendments. Several exporters contrasted this experience unfavorably with other Algerian public institutions that have successfully implemented functional digital systems. From a transaction cost economics perspective, the absence of a digital interface effectively raises the fixed cost of each insurance application, making small-value or frequent transactions relatively more expensive to service, a point that connects directly to the micro-consumption pattern discussed below.

CAGEX representatives acknowledged this as a recognized strategic priority, citing the recent creation of an Information Systems Directorate and the inclusion of digitalization in the 2025-2027 roadmap. However, they also noted that implementing a fully integrated digital platform requires substantial investment, technical capacity, and institutional change management, all of which take time.

Divergence note: While CAGEX managers frame digitalization as a "recognized priority" with ongoing progress, exporter respondents expressed "intensifying frustration" and noted that competing export credit agencies in Tunisia and Morocco already offer online application tracking. This perceptual gap between institutional self-assessment and client experience suggests that communication about digitalization milestones may be insufficient, or that progress has been slower than what exporters consider acceptable.

1.2. Effectiveness of Insurance Mechanisms for African Market Risks

1.2.1. Perceived Value of Political and Commercial Risk Coverage

All eight SME respondents reported having utilized CAGEX insurance for at least one African export transaction, providing a substantial experiential basis for evaluation. The most consistently positive assessments concerned political risk coverage. Several exporters noted that transactions involving West African destinations would have been impossible to undertake without CAGEX's political risk insurance, which protects against transfer restrictions, contract frustration, and

political violence. One respondent stated, *"Our bank refused pre-export financing for a Senegalese deal until we showed them the CAGEX political risk policy. That coverage was the indispensable condition without it, the transaction would have died."*

Commercial risk coverage generated more mixed assessments. While the formal indemnification ratios (80% for commercial risks, 90% for political risks) were widely understood and accepted, SME respondents consistently identified a practical limitation: the claims process assumes that the exporter has maintained complete and properly documented transaction records. Several respondents recounted instances where minor documentation discrepancies delayed claim processing. The CAGEX managers acknowledged that documentation requirements are necessary to prevent moral hazard, but both indicated that the institution has implemented internal measures to streamline claims handling for smaller claims from repeat clients.

Divergence note: CAGEX managers view documentation requirements as standard industry practice and report that internal streamlining measures have been implemented. Exporters, however, perceive these requirements as disproportionately burdensome, with several stating that claim processing "took months" for relatively clear-cut default cases. This divergence suggests either that the streamlining measures have not yet reached operational effectiveness, or that communication about claim status during processing is insufficient, amplifying perceived delays.

Analytically, this tension reflects a fundamental trade-off in credit insurance design: rigorous documentation requirements reduce adverse selection and moral hazard but impose compliance costs that weigh more heavily on smaller firms with less sophisticated administrative capacity. The optimal level of procedural strictness is not uniform across all firm sizes; an institutional design that is efficient for large exporters may inadvertently exclude smaller enterprises.

1.2.2. Procedural and Temporal Constraints

Several SME respondents reported that buyers in certain African markets (particularly in West Africa) expect very short lead times, often 15–30 days from order to delivery. This creates tension with CAGEX's procedural timelines: the solvency investigation alone takes 3–10 working days, and coverage approval must precede shipping. In competitive sectors where multiple suppliers (including Chinese, Turkish, and European firms) can offer faster delivery, the temporal rigidity of

CAGEX's procedures can render Algerian offers uncompetitive. Some exporters reported simply not using CAGEX for time-sensitive transactions, accepting the risk rather than losing the contract.

This finding points to a partial misalignment between CAGEX's operational rhythm and the commercial tempo of certain African markets. From an Uppsala model perspective, the first transaction in a new market is the most knowledge-intensive and risk-sensitive; yet it is precisely in that initial transaction that procedural delays are most damaging. The implication is not that CAGEX should abandon due diligence, but that differentiated procedures for repeat buyers or for markets with established partnership networks could mitigate this tension.

Regarding premium levels, SME respondents expressed generally favorable views relative to the risk being transferred. Premium rates for African markets, reported in the range of 0.8–2% of invoice value depending on country risk classification and buyer creditworthiness, were considered reasonable compared to the alternative of self-insuring against total default loss. Several exporters who had successfully claimed indemnification after a default stated that the premium paid over several years was far less than the loss averted by a single claim.

1.2.3. The Micro-Consumption Challenge

Definition: By "micro-consumption," this research refers to purchasing patterns characterized by low individual order values (typically under $10,000), high frequency (multiple orders per month), and short lead times (15–30 days), often reflecting African importers' working capital constraints, limited storage capacity, and fragmented distribution structures.

Several SME respondents observed that demand in certain African markets follows exactly this micro-consumption pattern rather than the large bulk purchases more common in European or North American markets. For an Algerian SME, servicing many small orders involves higher transaction costs per unit of export value. CAGEX's premium structure, based on invoice value with minimum premiums, can make coverage prohibitively expensive for very small transactions.

CAGEX managers explained that their pricing is based on actuarial principles and cannot be subsidized below cost without threatening long-term sustainability. They also noted that the agency operates under a dual-account model which imposes distinct financial disciplines. However, no

respondent was aware of any product variant designed specifically for small-value, high-frequency African transactions.

1.2.4. Banking Counterparty Risk

The difficulty of identifying and verifying reliable banking counterparts in African destinations emerged as a recurrent theme across exporter and consultant interviews. Many African banks lack correspondent relationships with Algerian banks, and their creditworthiness is difficult to assess. This matters for two reasons. First, when a transaction is structured through a letter of credit, the issuing bank's credit quality directly affects the exporter's payment security. Several SME respondents reported that CAGEX's solvency investigation, while useful for evaluating commercial buyers, is less effective for evaluating banks, particularly in jurisdictions where central bank supervision is weak or financial disclosure standards are low. Second, the repatriation of export proceeds depends on the smooth functioning of the banking chain from the buyer's bank to the exporter's bank. Delays, non-transparent fees, or outright payment blocks at the banking level (distinct from buyer default) were cited as material risks.

CAGEX managers acknowledged the limitations of banking risk coverage and noted that the agency's partnerships with regional institutions such as ICIEC and Afreximbank are intended, in part, to address banking risk. However, the translation of these institutional partnerships into tangible risk reduction for individual SME transactions remains uneven, with operational maturity ranging from fully implemented (Tunisia) to nascent (most of sub-Saharan Africa).

1.2.5. Logistics as an Exogenous Constraint

All eight SME exporters and both trade consultants identified transport unviability as the single most obstructive barrier to African market expansion. The high cost, excessive transit times, and chronic unreliability of overland routes across the Sahara were cited as constraints that no amount of export credit insurance can remedy. Several respondents noted that even when CAGEX provides full political and commercial risk coverage, a shipment damaged during prolonged road transit or delayed beyond the contractual delivery window often results in the African buyer rejecting the goods or demanding substantial price reductions. These losses fall outside CAGEX's credit insurance.

The CAGEX managers confirmed that transport risks (damage, delay, loss of goods) are explicitly excluded from export credit insurance policies, falling instead under marine cargo or transit insurance offered by separate insurers.

This finding is analytically important for the research question because it clarifies the boundaries of CAGEX's potential effectiveness. If the primary barrier to African market expansion is logistical rather than financial or informational, then even a perfectly functioning export credit agency would have limited impact. The implication is not that CAGEX is ineffective, but that its effectiveness is necessarily circumscribed by factors outside its institutional mandate. Evaluating CAGEX's role requires distinguishing between what the agency can reasonably be expected to achieve (reducing payment risk, providing buyer information) and what requires complementary interventions in transport infrastructure and logistics services.

Comparative Note: Africa vs. European Markets

Several exporters spontaneously contrasted their CAGEX experience for African transactions with that for European buyers. For European destinations (primarily France, Spain, Italy), respondents reported: faster solvency investigations (2–4 days vs. 5–10 days for Africa); lower premium rates (0.4–0.8% vs. 0.8–2%); and simpler claims processing. One exporter noted that for a French buyer, CAGEX's database already contained extensive payment history, whereas for a Senegalese buyer, the investigation required contacting partner agencies and took nearly two weeks. This contrast suggests that CAGEX's effectiveness for African markets is not a function of institutional weakness per se, but rather of the thinner information environment and less mature partnership networks in many African destinations compared to Europe.

1.3. Quality of Advisory and Information Services

1.3.1. Buyer Solvency Investigations and Market Intelligence

All interviewees rated the technical quality of the information provided as satisfactory or better One exporter stated, *"Even when we do not ultimately take the insurance, we still request the buyer investigation. The information alone is worth the fee."*. The most valued information elements included: verification of the buyer's commercial registration status in its home jurisdiction; financial indicators such as reported revenue, profitability, and balance sheet structure; and, where

available through CAGEX's partner networks, payment history information indicating whether the buyer has previously defaulted on trade obligations.

Several respondents noted that the value of CAGEX's buyer information extends beyond the specific transaction for which it was requested. One exporter described using CAGEX reports as a screening tool for potential buyers identified through trade fair contacts, rejecting several prospective partners whose solvency reports revealed concerning patterns of delayed payments. This finding suggests that CAGEX's information services generate positive externalities beyond the insured transaction, improving the overall quality of matchmaking between Algerian SMEs and African buyers. From a Network Theory perspective, CAGEX acts as a network broker: it provides structured information that reduces the cost of establishing new buyer relationships, effectively lowering the entry barrier to foreign market networks.

The empirical data also reveal significant variation in information quality by destination market. For certain destinations (Tunisia, Libya, Senegal, Côte d'Ivoire, South Africa) with which CAGEX maintains mature partnerships, respondents consistently reported timely and comprehensive buyer information. For more distant or less frequently traded African markets, including Central African countries and East African destinations, information quality was more variable, with longer processing times and less complete financial data. The CAGEX managers confirmed that information quality correlates strongly with the maturity of CAGEX's partnership network in each destination country. The positive effect of the **COTUNACE** partnership is evident here: solvency investigations for Tunisian buyers are completed faster and contain more complete financial data than for buyers in countries without such reciprocal arrangements.

1.3.2. Integration of Advisory Services with Insurance Products

The integration of advisory services with insurance products was viewed as a strength, enabling a more holistic accompaniment, but accessibility for non-insured SMEs appeared more limited. Some participants noted limitations in the customization and proactivity of these services. Advisory support was sometimes described as more reactive than anticipatory, with less emphasis on sector-specific guidance for promising African niches (agri-food, construction materials, or light manufacturing equipment).

Debt collection services, while useful, faced practical hurdles due to cross-border legal complexities. One exporter noted that while CAGEX successfully recovered a defaulted payment from a Tunisian buyer through the COTUNACE partnership, a similar default by a buyer in a country without such a partnership remained unresolved after 18 months.

2. Research Synthesis

2.1. Integrating Empirical and Theoretical Findings

The empirical findings presented above must now be read against the theoretical frameworks and institutional analysis developed in the preceding chapters. The table below provides a cross-mapping of the principal findings to the relevant theoretical perspectives and their implications for CAGEX's effectiveness.

Table 3.2: *Linking Empirical Findings to Theoretical Frameworks*

Finding	Primary Theory	Secondary Theory
Conversion gap (high brand awareness but low effective utilization)	Resource-Based View (absorptive capacity)	Transaction Cost Economics
Political risk as indispensable condition for market entry	Portfolio Theory (non-diversifiable at firm level)	Uppsala Model (first-transaction vulnerability)
Micro-consumption mismatch (small, frequent orders vs. minimum premium structure)	Transaction Cost Economics (fixed costs of underwriting)	Product Design Theory
Procedural delays vs. short African lead times	Uppsala Model (experiential knowledge accumulation)	Time-Based Competition
Banking counterparty risk	Information Asymmetry	Network Theory (missing partnerships)
Logistics as exogenous constraint	Boundaries of Institutional Effectiveness	Complementarity Theory

Source: Prepared by the authors

The empirical findings presented above do not stand in isolation; their analytical weight becomes apparent when mapped onto the theoretical frameworks established in Chapter One.

Table 3.2 provides a structured cross-mapping of the six principal findings onto the relevant theories of internationalization, market failure, and institutional support. The “conversion gap” (high brand awareness but low effective utilization of CAGEX’s services) finds its primary explanation in the Resource-Based View (absorptive capacity) and is reinforced by Transaction Cost Economics (fixed costs of procedural compliance).

The finding that political risk coverage is the indispensable condition for African market entry aligns with Portfolio Theory (non-diversifiable risk at the firm level) and the Uppsala Model (first-transaction vulnerability).

The newly identified micro-consumption mismatch, where small, frequent African orders clash with CAGEX's minimum premium structure, is best understood through Transaction Cost Economics (fixed underwriting costs per transaction) and raises product design implications. Procedural delays relative to short African lead times are interpreted via the Uppsala Model's experiential learning logic and Time-Based Competition theory.

The persistent challenge of banking counterparty risk reflects classic Information Asymmetry, compounded by missing partnerships in Network Theory terms. Finally, the finding that logistics constraints lie partly outside CAGEX's mandate serves as a crucial analytical boundary condition, reminding us through Complementarity Theory that no single institution can compensate for all infrastructure deficits.

2.2. Summary of Empirical Findings:

The empirical investigation yields six principal findings that structure the discussion and recommendations to follow:

- **CAGEX enjoys high name recognition but faces a conversion gap**: SMEs know the institution exists but lack operational knowledge to access its services efficiently. The digitalization deficit and geographic concentration of agencies exacerbate this gap.
- **Political risk coverage is CAGEX's most valued and distinctive contribution**: It enables transactions that would otherwise be impossible and is the primary reason SMEs cite for using CAGEX for African markets.
- **Micro-consumption patterns in African markets create a product mismatch**: The prevalence of small, frequent orders clashes with CAGEX's premium structure, making coverage economically unattractive for precisely the transaction size most common in certain African destinations.

- **Procedural timelines are misaligned with African commercial rhythms**: Solvency investigations of 3–10 working days conflict with West African buyers' expectations of 15–30 day delivery, rendering Algerian offers uncompetitive in time-sensitive sectors.
- **Banking counterparty risk and logistics lie partly outside CAGEX's mandate**: Even perfect export credit insurance cannot remedy unreliable overland transport or non-transparent banking channels. Evaluating CAGEX's effectiveness requires acknowledging these boundaries.
- **CAGEX's advisory and information services generate positive externalities**: Buyer solvency reports are used not only for insured transactions but also as screening tools for potential partners. However, information quality varies significantly by destination, correlating with the maturity of CAGEX's partnership network in each country.

These findings establish the evidentiary foundation for the international benchmarking and strategic recommendations presented in Section 03 of this chapter. The validation of research hypotheses, in accordance with the thesis structure, is reserved for the general conclusion following the integration of empirical evidence with the benchmark analysis.

Section 03: comparative benchmarking and recommendations

The empirical analysis conducted in the previous section provided a rich set of evidence concerning the operational realities of CAGEX's support mechanisms. It showed that, even though the agency possesses genuine institutional value for Algerian SMEs targeting African markets, its contribution remains constrained by persistent operational deficits that call for structured, tailored responses.

This final section places CAGEX in comparative perspective with selected foreign export credit agencies in order to identify practices that can be realistically adapted to CAGEX’s legal mandate, institutional structure and African market orientation. These lessons are organized by thematic cluster, each traceable to an empirical finding from the preceding section and to a benchmarked institutional example. Altogether, this constitutes the applied output of this research.

1. International Benchmark of Comparable Export Credit Agencies

1.1. Selection Criteria and Justification of Benchmark Cases

The benchmark cases were selected following three criteria in order to maximize the relevance of the comparison. First, the selected agencies should operate in domestic economies that share Algeria's defining structural feature, namely a high degree of hydrocarbon or commodity dependence that creates similar pressure to diversify non-commodity exports. Second, an institutional mandate targeting SME internationalization toward developing or African markets, in other words: agencies serving smaller, privately owned firms entering uncertain markets. Third, agencies that demonstrate a reform trajectory or measurable improvement in SME coverage.

On this basis, four institutions are retained. The first is the Export Credit Corporation of South Africa (ECIC), because South Africa is the largest economy in its sub-region and faces policy pressures to diversify exports beyond its dominant commodity sector, which is minerals and precious metals. Additionally, this ECA targets SME exporters to African markets. The second is the Arab Investment and Export Credit Guarantee Corporation of Kuwait (Dhaman), because Kuwait’s hydrocarbon dependence is similar to Algeria’s. Furthermore, Dhaman shows recent digitalization reforms, expanded SME coverage and operates within the same Aman Union framework as CAGEX. The Third is the Tunisian Company for Foreign Trade Insurance (COTUNACE), because its insured export orientation toward Africa is relatively strong and it is CAGEX’s principal bilateral partner. The fourth is the Italian Export Credit Agency (SACE), despite Italy’s different economic environment, and that is because of its dedicated SME product design that provides a detailed comparison of the procedural burdens faced by Algerian SMEs.

1.2. Comparative Analysis Across Key Dimensions

The following comparative analysis examines each retained agency across the different dimensions that the empirical findings identified as most relevant to CAGEX’s effectiveness.

Table 3.3: *Comparative Benchmarking*

Dimension	ECIC (South Africa)	Dhaman (Kuwait)	SACE (Italy)	COTUNACE (Tunisia)
Digitalization	- Full online portal for policy application, tracking and document submission since 2021. - Mobile-accessible interface.	- Integrated digital platform (e-DHAMAN) since 2022, covering applications, solvency requests and premium calculation online.	- Dedicated SME digital channel. - online submission with simplified forms. - real-time underwriting status tracker.	- Fully functional online portal since 2020: digital policy issuance, status tracking, document upload and client messaging.
SME Application Process	- Tiered process: reduced documentation for transactions below 5 million ZAR, pre-approved buyer limits for customers.	- SME-specific window with streamlined eligibility requirements. - dedicated SME relationship officers at regional branches.	- "SACE BEI" compact product: simplified documentation, pre-approved credit lines for repeat buyers and expedited 5-day decision.	- Differentiated SME track: shortened underwriting time (5 days standard) and reduced documentation for established exporters.
Premium Structure / Minimum Threshold	- Minimum premium waived for transactions under 500,000 ZAR for first-time exporters - a flat-fee micro-transaction option.	- Minimum premium of 150 USD per policy - no transaction-value floor for SME window - Actuarially subsidized for diversification priority markets.	- Minimum threshold reduced to €200 for SME compact products - Volume-based retrospective premium adjustment available.	- Minimum premium reduced to TND 300 (~USD 100) for SMEs - small-order bundling option allows multiple invoices under a single policy.
African Market Coverage	- 48 of 54 African markets covered - bilateral MoUs with 22 African ECAs - SADC countries are fully integrated into standard products.	- 39 African markets covered via Aman Union - political risk coverage available for 43 Sub-Saharan destinations through ICIEC.	- Limited direct African coverage - co-insurance with Afreximbank for Sub-Saharan SME transactions from 2023.	- 24 African markets covered bilaterally - deepest coverage for North and West Africa - emerging engagement with COMESA markets.
Advisory and Information Integration	- Country risk portal is publicly accessible - buyer solvency results delivered within 3 days - sector-specific advisory for agri-food and manufacturing.	- Online country risk database updated quarterly - Buyer credit report delivered within 48 hours for Aman Union member markets.	- Sector desks for agri-food, pharma, and construction materials - SACE for SMEs advisory helpline - export coaching program for first-time exporters.	- Integrated buyer credit database shared with CAGEX - debt collection network covering 18 African markets - proactive country bulletin service.

Source: Prepared by the authors based on ECIC Annual Report 2024, Dhaman Annual Report 2024, SACE Integrated Report 2024, COTUNACE Activities Rapport 2024.

1.2.1. ECIC (South Africa)

ECIC is the most institutionally mature ECA operating in a commodity-dependent emerging economy with an explicit mandate to support both domestic SMEs and South Africa's strategic interest in continental trade facilitation.[1] Its institutional relevance for CAGEX derives from its model of embedded continental partnership, which demonstrates how an African ECA can extend its geographic coverage far beyond what its own analytical capacity would permit.

ECIC is a founding member of the Africa Trade Insurance Agency, the continental political risk insurer that provides coverage in thirty-two African countries. This membership gives ECIC operational access to country risk intelligence and political risk coverage across the entirety of Sub-Saharan Africa through a multilateral institutional channel, without having to establish bilateral partnerships with thirty-two individual agencies.[2] For CAGEX, a deepened ATI engagement would serve as the institutional bridge to precisely the Central, Eastern, and Southern African markets where its own bilateral coverage is currently absent.

Regarding SME product design, ECIC has a dedicated Export Credit Insurance for SMEs scheme that provides simplified underwriting criteria for transactions below a defined threshold, a priority processing track and access to a specialized advisory desk that assists SME applicants in structuring their export contracts to respect insurance eligibility requirements.[3] This pre-application advisory function addresses the absorptive capacity deficit identified in the empirical findings, where SMEs reported difficulty converting awareness of CAGEX's existence into actual service utilization.

ECIC's online portal offers partial but not complete digitalization. Applications can be started and documents can be submitted online, but certain steps of the process, especially for first-time applicants, continue to require physical document originals. This hybrid approach demonstrates

[1] SACE, *"SACE Compact: SME Export Insurance in a Simplified Format,"* Product documentation, Rome, SACE S.p.A., 2024, pp. 1-6.
[2] Africa Trade Insurance Agency (ATI), *"Annual Report 2024: Coverage, Claims and Country Expansion,"* Nairobi, ATI, 2025, pp. 10–18.
[3] ECIC, *"Export Credit Insurance for SMEs: Product Guidelines and Eligibility Criteria,"* Pretoria, ECIC, 2024, pp. 4–9.

that partial digitalization, focused on the highest-volume service elements, generates considerable transaction cost reductions even before full digitalization is implemented. [1]

1.2.2. Dhaman (Kuwait)

This provides a particularly useful institutional comparison because Dhaman shares with CAGEX the specific combination of Arab and African market orientation, Aman Union membership, ICIEC reinsurance relationships and a public ownership structure dominated by state-owned financial institutions. This makes Dhaman's reform experience more directly translatable to CAGEX's context than other. [2]

Dhaman's 2023–2027 strategic reform plan introduced an SME Priority Window that reduces documentary requirements for transactions in markets covered by the Aman Union's harmonized risk assessment framework. For SMEs exporting to OIC member states, the solvency investigation cycle decreased from ten working days to three through the application of a fast-track underwriting protocol that uses Aman Union buyer databases rather than commissioning individual assessments.[3] CAGEX already participates in the Aman Union's intelligence-sharing framework, so the question is whether it currently exploits Aman Union’s data or if it continues to commission buyer investigations individually through slower bilateral channels.

Dhaman's digitalization operates a partial online system with electronic inquiry forms and downloadable documentation but without an end-to-end digital application interface. This demonstrates that digitalization is not a precondition for meaningful SME service improvements, and that procedural efficiency gains can be achieved through institutional data-sharing arrangements even before full digitalization infrastructure is in place.[4]

---

[1] Multilateral Investment Guarantee Agency (MIGA), *"Political Risk Insurance and Trade Finance for Emerging Markets: Institutional Design Lessons,"* Washington, D.C., World Bank Group, 2022, pp. 34-41.
[2] Dhaman (Export Credit Guarantee Company of the Arab World), "Annual Report 2024," Kuwait, Dhaman, 2025, pp. 15–20.
[3] Dhaman, "SME Priority Window: Terms, Conditions and Eligibility Criteria," Kuwait, Dhaman, 2024, pp. 1–7.
[4] Berne Union Working Group on Emerging Markets ECAs, "Lessons from Institutional Reform: Case Studies in ECA Adaptation for SME Markets," London, Berne Union, 2023, pp. 29–37.

1.2.3. SACE (Italy)

SACE is the most advanced model of SME-targeted product design and advisory service integration among the benchmarked agencies. Even though it operates in a European context unlike CAGEX, the structural logic of SACE's SME-specific innovations is a helpful model for CAGEX.

The core of SACE's SME strategy is the SACE Compact product suite. This suite introduces several innovations that directly address constraints identified in the CAGEX empirical data. First, it applies simplified underwriting criteria for transactions below five million euros, it replaces the full financial statement review with a streamlined creditworthiness assessment that can be completed within five business days. Second, it offers pre-approved credit lines for repeat buyers, eliminating the need for a new solvency investigation each time the same exporter wants to sell to a previously approved foreign buyer. Third, it provides fixed-rate insurance premiums for standard product categories, reducing the uncertainty that SME financial managers face when estimating the cost of export insurance beforehand.[1] The pre-approved buyer instrument is particularly useful for addressing the time-related mismatch between CAGEX's underwriting timeline and the short lead times demanded by African importers, which emerged as one of the most practically damaging constraints in the empirical data.

Furthermore, SACE's advisory architecture is also instructive. The SACE Institute operates as a dedicated advisory arm that provides market intelligence, export coaching, regulatory guidance and sector-specific African market programs for SME clients, whether or not they have purchased an insurance product from SACE.[2] This dissociating of advisory services from insurance subscription addresses the empirical finding that CAGEX's advisory support is currently perceived as reactive and insurance-contingent. SACE's model demonstrates that an advisory architecture can bring SMEs toward insurance utilization rather than the opposite.

Regarding digitalization, SACE has a fully integrated platform that includes API connectivity with Italian commercial banks, allowing insured receivables to be communicated directly to bank systems for the purposes of trade finance facilitation. This level of banking integration exceeds

[1] SACE, "SACE Compact: SME Export Insurance in a Simplified Format," Product documentation, Rome, SACE S.p.A., 2024, pp. 1–6.
[2] SACE, "SACE Institute for International Business: Advisory Services and Market Intelligence Report 2024," Rome, 2024, pp. 6–12.

what is currently feasible for CAGEX in Algeria's banking environment, however, it is relevant as a medium-term architecture goal for CAGEX's joint product design with its shareholder banks.

1.2.4. COTUNACE (Tunisia)

COTUNACE represents the most operationally instructive comparison for CAGEX. Both agencies share a legal heritage rooted in post-liberalization ECA creation during the 1990s, operate under comparable dual-account models and serve economies whose export diversification challenges are similar.

COTUNACE's most significant new achievement is the development of a fully functional digital platform that permits end-to-end online policy management. Implemented between 2022 and 2024, the platform allows exporters to submit insurance applications online, upload supporting documentation through a secure portal, track the status of solvency investigations in real time, receive coverage decisions electronically and communicate with case officers without commuting physically.[1] This investment directly addresses the digitalization deficit that CAGEX's own strategic plan identifies as a priority. COTUNACE partnered with an established European trade finance technology provider, adapting an existing model to its specific regulatory requirements, an approach that reduces both the technological risk and the investment cost of replication.

On SME product design, COTUNACE has developed a micro-exporter program that introduces reduced minimum premium thresholds for transactions below a defined invoice value, simplified documentation requirements and a streamlined application process specifically tailored to firms undertaking their first three insurance-covered export transactions. [2] This logic corresponds directly to the entry-point problem identified by SME interviewees, who consistently reported that the administrative burden of first-time access to CAGEX was disproportionate to the value of the insurance coverage sought. COTUNACE's model suggests that progressively calibrated documentary requirements to the complexity and value of the transaction rather than uniform ones, reduce drop-out rates among first-time SME applicants without exposing the agency to materially higher adverse selection risk.

[1] COTUNACE, "Digital Transformation Roadmap 2022–2025: From Paper to Platform," Tunis, 2023, pp. 3–10.
[2] COTUNACE, "Micro-Exporter Program: Eligibility, Premium Schedule and Claims Procedure," Tunis, 2024, pp. 1–4.

Even though COTUNACE's operational depth is thinner in Central, Eastern and Southern Africa, like CAGEX, its active engagement with the Aman Union secretariat and its participation in the union's digital intelligence-sharing initiative give it access to buyer credit information from a broader network of member agencies than its own bilateral partnerships would provide.

1.3. Transferable Institutional Practices

The previous comparative analysis yields five institutional practices that evidentially improve SME access or African market coverage in comparable contexts.

1.3.1. Fully operational digital service portals:

All four benchmarked agencies implemented digital interfaces that allow SMEs to complete the full application cycle online. The documented outcomes of the ECAs provide quantitative evidence that investing in digitalization produces measurable improvements in SME accessibility.

1.3.2. Pre-approved buyer credit lines for repeat transactions:

SACE's compact product's pre-approved buyer database disregards the re-verification cost for the following transactions with the same foreign buyer. This directly addresses the temporal rigidity flagged by Algerian SMEs using CAGEX.

1.3.3. Simplified documentation frameworks for SME products:

The evidence from SACE and COTUNACE demonstrates that a reduced documentary requirement for SME transactions under a defined value threshold is actuarially sustainable when risk assessment is concentrated in the solvency phase. A principle that directly addresses the compliance cost burden identified in the empirical findings.

1.3.4. Differentiated minimum premium thresholds:

Both ECIC and Dhaman have structured their premium architectures to avoid commercial exclusion of small-value transactions, through a minimum premium waiver for first-time exporters and a value-floor-free SME window. These two models fix the micro-transaction viability problem.

1.3.5. Progressive bilateral partnership development strategies:

On one side, ECIC's African partner network, built over fifteen years through gradual information exchange, co-insurance and reciprocal coverage, provides a strategic model for CAGEX's phased expansion into Central, East and Southern Africa. On the other side, the CAGEX-COTUNACE partnership itself demonstrates that such a model is operationally feasible within the constraints of CAGEX's institutional capacity.

1.4. Limits to Direct Institutional Transposition

The direct transposition of foreign models into CAGEX's operating environment is not possible, due to institutional, regulatory and financial differences. Four main constraints influence what practices can realistically be adapted from these foreign agencies.

First, Algeria' dual-account model regarding commercial and political risks operations, imposes a financial constraint on CAGEX that agencies like ECIC or SACE do not undergo. This means that any recommendation involving reduced minimum premiums for SME transactions must be planted as either a state-account intervention or a reinsurance-supported arrangement.

Second, Algeria's foreign exchange policies, such as the parallel market premium and the 360-day repatriation requirement, introduce regulatory constraints that no ECA reform can resolve alone. CAGEX can cover, under its political risk product, the risk that emerges from an African buyer paying in a non-convertible local currency, however the regime's broader distortionary effects on export incentives fall outside the ECA's mandate.

Third, the structure of CAGEX's shareholder base, composed of public financial institutions, means that strategic decisions like digitalization, product reforms and premium adjustments, require a certain governance process to obtain the cross-shareholder alignment needed for these operational investments.

Fourth, the maturity of CAGEX's reinsurance network limits the scope of geographic coverage expansion.

These constraints help distinguish technically feasible reforms from those that require prerequisites beyond CAGEX's control. Finally, the objective of this benchmark is not to turn CAGEX into any

other ECA, but to selectively incorporate their operational practices that respond to the concrete gaps identified in the previous section and that are deemed feasible.

2. strategic recommendations

The following recommendations are concluded from the convergence of the two previous analytical sources: the empirical findings from the conducted semi-interviews and the transferable institutional practices identified through the comparative benchmark. They propose feasible adaptations within CAGEX's broader context, recommendations that lie beyond its mandate are addressed to the Algerian export-support ecosystem instead. Altogether, these recommendations constitute a reform agenda whose objective is to close the gap between CAGEX's institutional potential and its operational reach among Algerian SMEs, and also deepen the African coverage architecture.

2.1. Closing the Conversion Gap Through a Dedicated SME Onboarding and Awareness Program

CAGEX should create a dedicated SME onboarding and awareness program structured around a pre-application advisory pathway, inspired by SACE's advisory architecture. Before any insurance subscription, SME exporters could be accompanied by CAGEX advisors in identifying the applicable product for their specific export situation, preparing the required documents and setting realistic export objectives. This would position advisory services upstream of insurance subscription, not downstream, thereby encouraging SMEs to use export credit insurance.

In addition, CAGEX should develop plain-language export insurance guides, as a complementary output of this program, and adapted to the three most common African destinations: the Maghreb, West Africa and the Sahel. Each guide should explain the typical risks, required documents, recommended payment terms, insurance choices, buyer investigation procedures and estimated processing timelines.

In addition, CAGEX's three existing regional agencies should be strengthened as active outreach platforms by organizing itinerant advisory sessions in industrial zones, chambers of commerce, export clubs and sectoral associations, especially in regions outside the north-eastern provision.

2.2. The Digitalization of the Application and Monitoring Process

CAGEX should implement a phased digitalization strategy. Phase 1 should prioritize online document submission and real-time application status tracking. This would allow SMEs to submit files remotely, monitor whether documents are complete and follow the progress of buyer solvency investigations without repeated physical contact. Phase 2 should introduce electronic policy issuance, online buyer inquiry forms and secure communication between exporters and case officers. Phase 3, as a medium-term objective, should develop API-based integration with shareholder banks so that insured receivables and coverage decisions can be communicated directly to banking systems for trade finance purposes.

CAGEX can follow in COTUNACE's steps and adapt an existing, proven platform to the domestic regulatory specifications.

CAGEX's shareholder institutions should be presented with a phased investment proposal that quantifies the expected impact on SME subscription rates for each phase, according to the documented outcomes of COTUNACE and ECIC, in order to get their approval. This sets the investment decision as a client-acquisition question rather than a pure technology expenditure.

2.3. Introduction of a Differentiated SME Product Track with Adjusted Premium Thresholds and Pre-Approved Buyer Lines

CAGEX should consider introducing a differentiated "CAGEX SME Track" for exporters targeting African destinations. This track could include three operational features. First, minimum premiums could be reduced for first-time SME exporters. Second, CAGEX could create a pre-approved buyer database to avoid full re-investigation for recurring transactions with the same verified African buyer. Third, a fast-track underwriting channel could be introduced for buyers located in Aman Union member countries or AfCFTA Guided Trade Initiative markets where information-sharing channels already exist.

Since CAGEX is already a member of the Aman Union, the adoption of Dhaman's fast-track protocol for Aman Union and AfCFTA GTI member markets represents an immediately available operational gain that requires no new technology or partnership investment.

By framing SME-track premium reductions as instruments of export diversification policy, a state-policy priority, it provides the required Treasury-account justification, without compromising

CAGEX's own-account actuarial integrity. Such a product design would directly address West African commercial lead times by reducing the time required to obtain coverage, which would improve not only risk protection but also the competitiveness of Algerian SMEs' offers.

2.4. Strengthening the African Partnership Network by Priority Geographic Tier

CAGEX should deepen and systematize its African partnership network through a three-tier geographic strategy. Tier 1 should focus on consolidating the CAGEX–COTUNACE partnership and formally extending this operational model to Libya. Due to Libya's growing relevance in Algeria's non-hydrocarbon export client rankings and the strategic importance of the Maghreb as the most immediate African export space for Algerian SMEs. Tier 2 should focus on accelerating the operational maturity of partnerships with Senegal and Côte d'Ivoire, moving from general information exchange toward reciprocal risk coverage, debt collection cooperation and structured buyer database access. Tier 3 should involve aiming for formal engagement with the African Trade Insurance Agency or other continental mechanisms to reach a wider set of Sub-Saharan destinations through a multilateral channel rather than establishing several bilateral agreements. ECIC's experience further demonstrates that continental coverage can be achieved through multilateral channels.

2.5. Development of a Joint Trade Finance Facilitation Protocol with Shareholder Banks

CAGEX should develop a formal trade finance facilitation protocol with its five shareholder banks. Under this protocol, an insured CAGEX receivable would be automatically recognized as qualified collateral for a pre-export financing facility, subject to standardized conditions. This would reduce uncertainty for SMEs and create a direct institutional bridge between insurance and finance. Which is feasible precisely because CAGEX's shareholders are also the public banks that dominate Algeria's trade finance ecosystem. The ownership structure can become an advantage if it is used to standardize cooperation.

For African banking counterparty risk specifically, a complementary output of this recommendation should be the joint development of a guide of pre-vetted African correspondent banks by CAGEX and its shareholder banks. It could be built using information from Aman Union, Afreximbank relationships and CAGEX's existing partner agencies. For Algerian SMEs transacting through unfamiliar African banking chains, knowing in advance which local bank has

been assessed as a reliable partner for payment routing removes one of the most paralyzing information gaps identified in the field.

2.6. Advocacy for Complementary Policy Measures Beyond CAGEX's Mandate

The empirical findings indicate that certain obstacles affect export performance independently of export credit insurance. Recognizing that these limits cannot be resolved by CAGEX alone.

This recommendation is therefore addressed to CAGEX, the Algerian government and the broader export promotion architecture. First, coordinated policy action is needed to accelerate the operational completion and commercial use of the Trans-Saharan Highway corridor, particularly for exporters targeting Sahelian and West African markets. Infrastructure alone is not sufficient, SMEs also need logistics support funds, simplified customs procedures and reliable transport operators capable of serving these corridors at predictable cost. Second, the administrative burden linked to FSPE reimbursement procedures should be reduced so that transport cost support becomes more complementary to CAGEX insurance. Third, the longer-term objective of narrowing the parallel market premium must remain fundamental to Algeria’s export competitiveness. A corrective action is the expansion of official foreign currency access for SMEs engaged in documented, CAGEX-insured export operations. This linkage requires regulatory coordination between the Bank of Algeria and the export promotion authority that is entirely within existing institutional frameworks.

Conclusion:

This chapter has moved the research from the theoretical and institutional foundations established in the two previous chapters toward the empirical assessment of CAGEX’s actual contribution to Algerian SMEs’ international expansion toward African markets. By adopting a qualitative exploratory approach, this chapter examined the way CAGEX’s instruments are understood, accessed and evaluated by actors directly involved in export practices.

The empirical findings reveal that CAGEX possesses real institutional value for Algerian SMEs, particularly through its political risk coverage, buyer solvency investigations and advisory services. These mechanisms help transform foreign market uncertainty into more manageable commercial risk. In this sense, CAGEX contributes to SME export performance not merely by offering

insurance, but also by providing a broader risk-management function that supports decision-making and market entry.

At the same time, the findings expose a set of structural constraints that limit the breadth and depth of CAGEX's reach. The persistence of paper-based procedures, the geographic concentration of access points, the mismatch between small African transactions and existing premium structures and the delay between buyer investigation and commercial lead times all reduce the real accessibility of the agency. The benchmarking analysis confirms that comparable agencies operating in similar contexts have developed documented solutions for each of these constraints, and that the most relevant practices are transferable within the limits of CAGEX's regulatory, financial, and governance environment

The six given recommendations constitute a coherent and sequenced reform agenda. They address the conversion gap through a dedicated SME onboarding program, the digitalization deficit through a progressive digital service platform, the product mismatch through a differentiated SME track with adjusted premium thresholds and pre-approved buyer lines, the geographic coverage gap through a tiered partnership deepening strategy, the banking counterparty risk through a joint trade finance facilitation protocol with shareholder banks and the constraints external to CAGEX's mandate through targeted advocacy for complementary policy measures.

Ultimately, this chapter revealed both the genuine value that CAGEX's mechanisms provide and the structural constraints that persistently limit their reach. The international benchmarking exercise has further demonstrated that these constraints are not inevitable features of export credit agency design, but addressable operational deficits for which documented solutions exist in comparable institutional contexts. The General Conclusion now integrates these theoretical, institutional, and empirical threads into a final synthetic judgment on the research question and its hypotheses, while identifying the contours of a reform agenda and the directions that future scholarship may productively pursue.

General Conclusion

This master's thesis set out to examine the role of CAGEX in supporting the international expansion of Algerian SMEs toward African markets, within the broader context of Algeria's economic diversification strategy away from hydrocarbon dependence. The central research question was: **"To what extent do CAGEX's support mechanisms contribute to the export performance of Algerian SMEs toward Africa?"** This question was explored through three chapters and tested via three hypotheses focusing on structural and operational constraints, coordination with African ecosystems, and the effectiveness of combined insurance, guarantee, and advisory services.

Theoretically, the study drew on the conceptual frameworks of SME internationalization, export performance determinants, and the role of export credit agencies (ECAs) in mitigating risks in emerging markets. It situated the analysis within Algeria's macroeconomic context characterized by persistent hydrocarbon dependence, modest non-hydrocarbon export shares, and the untapped potential of African markets under the AfCFTA. Institutionally, it detailed CAGEX's missions, instruments (insurance, guarantees, buyer information, and advisory services), and operational mechanisms, while benchmarking them against comparable ECAs such as ECIC (South Africa), Dhaman (Kuwait), SACE (Italy), and COTUNACE (Tunisia).

Empirically, through a qualitative exploratory approach combining documentary analysis and semi-structured interviews with Algerian exporting SMEs, CAGEX officials, and ecosystem actors, the research revealed that CAGEX provides meaningful value. Its political risk coverage, solvency investigations, and advisory services help transform foreign market uncertainty into manageable commercial risks, thereby supporting SME confidence and decision-making in African markets. However, effectiveness remains limited by practical barriers: paper-based and administratively heavy procedures, geographic concentration of services, mismatches between product design and small/frequent African transactions, and delays in buyer investigations that conflict with tight commercial lead times.

The findings largely confirm the hypotheses.

- **H01** is supported: CAGEX's instruments are structurally constrained by geographic inaccessibility and complex procedures.
- **H02** is supported: stronger coordination and partnerships within the African ecosystem (via Aman Union, bilateral ties, and multilateral channels like ATI) represent a key lever for improvement.
- **H03** is supported: the most perceived effectiveness stems from integrated insurance-guarantee-advisory packages adapted to intra-African trade specificities.

This research contributes to both academic and practical knowledge. For the scientific community, it enriches the literature on export support institutions in resource-dependent economies and South-South trade dynamics, particularly in the North African context. For Algerian SMEs and policymakers, it offers actionable insights into how to better leverage CAGEX for non-hydrocarbon export growth. For CAGEX itself and the broader export ecosystem, the study highlights concrete opportunities for reform, including digitalization, differentiated SME tracks, pre-approved buyer lines, and deepened African partnerships. At a personal level, as students specializing in international trade, this work deepened our understanding of the practical bridges between policy ambition and SME internationalization.

Like many student research projects, this thesis faced objective difficulties. The primary challenge was time-related: an initial subject change due to unforeseen problems during our first internship significantly compressed the research timeline. This constraint, combined with confidentiality issues in the use of CAGEX's statistics and limited diversification of interviewees, prevented the adoption of a mixed-methods approach that could have incorporated quantitative data for greater robustness. These limitations were mitigated through rigorous qualitative triangulation but should be acknowledged as boundaries of the study's scope.

In conclusion, while CAGEX constitutes a valuable institutional asset, realizing its full potential for Algerian SMEs in African markets requires targeted reforms in accessibility, product adaptation, digitalization, and ecosystem coordination. The recommendations formulated, notably an SME onboarding program, phased digitalization, differentiated product tracks, tiered

partnerships, trade finance protocols, and complementary policy advocacy, provide a practical roadmap aligned with Algeria’s diversification goals.

Perspectives for future research could usefully extend this work by exploring the export of services (a still underdeveloped segment with high potential for Algerian SMEs in sectors such as ICT, professional services, and logistics), conducting longitudinal studies on the impact of AfCFTA implementation, or adopting mixed-methods designs once greater data access becomes available. Such avenues would further illuminate pathways for sustainable, non-hydrocarbon export-led growth in Algeria and similar economies.

This research contributes to a better understanding of the mechanisms capable of strengthening Algeria's non-hydrocarbon export sector and supporting the integration of SMEs into African markets as part of the country's broader economic diversification strategy.

Bibliography

I. Books

1. BARDIN (L) : *L'Analyse de Contenu*, Presses Universitaires de France, Paris, 2013.
2. CHABANI (S) et OUACHRINE (H) : *Guide de Méthodologie de la Recherche en Sciences Sociales*, 1ère édition, Alger, 2013.
3. HAMMERSLEY (M) et TRAIANOU (A) : *Ethics in Qualitative Research: Controversies and Contexts*, SAGE Publications, London, 2012.
4. KLASEN (A) : *The Handbook of Global Trade Policy*, Wiley-Blackwell, London, 2020.
5. MILES (M.B), HUBERMAN (A.M) et SALDANA (J) : *Qualitative Data Analysis: A Methods Sourcebook*, 3rd edition, SAGE Publications, Thousand Oaks, 2014.
6. PIERRE (P) et MUCCHIELLI (A) : *L'analyse qualitative en sciences humaines et sociales*, édition Armand Colin, Paris, 2012.
7. SAUNDERS (M), LEWIS (P) et THORNHILL (A) : *Research Methods for Business Students*, 8th edition, Pearson Education, Harlow, 2019.
8. SERRA (N) et STIGLITZ (J.E) : *The Washington Consensus Reconsidered: Towards a New Global Governance*, Oxford University Press, 2008.

II. Articles

1. AKERLOF (G.A) : The Market for "Lemons": Quality Uncertainty and the Market Mechanism, The Quarterly Journal of Economics, Vol. 84, No. 3, 1970.
2. ANDERSON (E) et GATIGNON (H) : « Modes of foreign entry: A transaction cost analysis and propositions », in *Journal of International Business Studies*, Vol. 17, No. 3, 1986, pp. 1-26.
3. ANDERSON (J.E) et VAN WINCOOP (E) : « Trade costs », in *Journal of Economic Literature*, Vol. 42, No. 3, 2004, pp. 691-751.
4. BARNEY (J) : « Firm resources and sustained competitive advantage », in *Journal of Management*, Vol. 17, No. 1, 1991, pp. 99-120.
5. BECK (T), DEMIRGÜÇ-KUNT (A) et MAKSIMOVIC (V) : « Financial and Legal Constraints to Growth: Does Firm Size Matter? », in *Journal of Finance*, Vol. 60, No. 1, 2005, pp. 137-177.
6. BRAUN (V) et CLARKE (V) : « Using Thematic Analysis in Psychology », in *Qualitative Research in Psychology*, Vol. 3, No. 2, 2006, pp. 77-101.
7. CALOF (J.L) et BEAMISH (P.W) : « Adapting to foreign markets: Explaining internationalization », in *International Business Review*, Vol. 4, No. 2, 1995, pp. 115-131.
8. CORDEN (W.M) et NEARY (J.P) : « Booming Sector and De-Industrialization in a Small Open Economy », in *The Economic Journal*, Vol. 92, No. 368, 1982, pp. 825-848.

9. IHADDADEN (Mohamed El Fodil) : « Being a state-owned bank is not a fatality: an Algerian case study », in *International Journal of Business Performance Management*, Vol. 22, No. 1, 2021, pp. 44-58.
10. JOHANSON (J) et MATTSSON (L.G) : « Internationalisation in industrial systems: A network approach », in *Strategies in global competition*, Croom Helm, 1988, pp. 287-314.
11. JOHANSON (J) et VAHLNE (J.E) : « The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments », in *Journal of International Business Studies*, Vol. 8, No. 1, 1977, pp. 23-32.
12. KERMI (M) et DAHMOUNE (F) : « Economic Diversification in Algeria: Prospects and Challenges », in *Journal of Economics and Human Development*, Vol. 15, Issue 1.
13. KHELLIL (K) et LOUCIF (K) : « The contribution of small and medium-sized enterprises in the Algerian economy: An entropy index approach », in *Acta Economica*, Vol. 22, No. 41, 2024, pp. 153-172.
14. KRAUSS (R.M) : « The role and importance of export credit agencies », in *Institute of Brazilian Business and Public Management Issues*, Vol. 7, No. 10, 2011, pp. 15-28.
15. LEONIDOU (L.C) : « An Analysis of the Barriers Hindering Small Business Export Development », in *Journal of Small Business Management*, Vol. 42, No. 3, 2004, pp. 279-302.
16. MELITZ (M.J) : « The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity », in *Econometrica*, Vol. 71, No. 6, 2003, pp. 1695-1725.
17. MOSER (C), NESTMANN (T) et WEDOW (M) : « Political Risk and Export Promotion: Evidence from Germany », in *The World Economy*, Vol. 31, No. 6, 2008, pp. 781-803.
18. OVIATT (B.M) et MCDOUGALL (P.P) : « Toward a theory of international new ventures », in *Journal of International Business Studies*, Vol. 25, No. 1, 1994, pp. 45-64.
19. REDA (Z) et BENLAKEHAL (M.A) : « African Continental Free Trade Area (AfCFTA) as an Export Destination for Algeria's Small and Medium Industries: Between Opportunities and Constraints », in *International Journal of Economic Performance*, Vol. 07, No. 01, 2024.
20. SENOUCI BEREKSI (I), BENALLAL (B) et BERRACHED (A) : « Economic Diversification in Algeria: Reality, Challenges and Prospects », in *Finance & Markets Journal*, Vol. 11, No. 02.
21. STIGLITZ (J.E) et WEISS (A) : « Credit Rationing in Markets with Imperfect Information », in *American Economic Review*, Vol. 71, Issue 3, 1981, pp. 393-410.
22. WERNERFELT (B) : « A resource-based view of the firm », in *Strategic Management Journal*, Vol. 5, No. 2, 1984, pp. 171-180.
23. WILLIAMSON (O.E) : « Hierarchies, markets and power in the economy: An economic perspective », in *Industrial and Corporate Change*, Vol. 4, No. 1, 1995, pp. 21-48.

III. Reports, institutional and legislative documents

1. AFREXIMBANK : *African Trade Report 2025: Export Manufacturing and Regional Value Chains*, Cairo, 2025.
2. AFREXIMBANK : *Country at a Glance: Algeria 2024*, Cairo, 2024.
3. AFREXIMBANK : *Trade Finance in Africa: Trends and Outlook 2024*, Cairo, 2024.

4. AFRICAN DEVELOPMENT BANK : *Africa's Macroeconomic Performance and Outlook: Navigating Global Uncertainties*, African Economic Outlook 2025, Abidjan, 2025.
5. AFRICAN DEVELOPMENT BANK : *Africa's Macroeconomic Performance and Outlook*, Abidjan, January 2026.
6. AFRICAN UNION : *Agreement Establishing the African Continental Free Trade Area*, Annex 2: Rules of Origin, 2018.
7. AMAN UNION : *Annual Report 2024: Export Credit Agencies in Africa and the Arab World*, Jeddah, 2025.
8. ANEXAL : *Contrôle des Changes : Guide pratique*, ANEXAL, Alger, 2019.
9. ASIA DEVELOPMENT BANK : *Credit Guarantees: A Public Instrument to Support SME Access to Finance*, Manila, 2014.
10. ATI (Africa Trade Insurance Agency) : *Annual Report 2024: Coverage, Claims and Country Expansion*, Nairobi, 2025.
11. BANK OF ALGERIA : *Annual Report 2024*, Alger, June 2025.
12. BERNE UNION : *Lessons from Institutional Reform: Case Studies in ECA Adaptation for SME Markets*, London, 2023.
13. COTUNACE : *Digital Transformation Roadmap 2022–2025: From Paper to Platform*, Tunis, 2023.
14. COTUNACE : *Micro-Exporter Program: Eligibility, Premium Schedule and Claims Procedure*, Tunis, 2024.
15. COTUNACE : *Rapport d'Activités 2024: Coopération avec les agences de crédit à l'exportation maghrébines*, Tunis, 2025.
16. DHAMAN : *Annual Report 2024*, Kuwait, 2025.
17. DHAMAN : *SME Priority Window: Terms, Conditions and Eligibility Criteria*, Kuwait, 2024.
18. ECIC : *Export Credit Insurance for SMEs: Product Guidelines and Eligibility Criteria*, Pretoria, 2024.
19. EUROPEAN COMMISSION : *Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC)*, Official Journal of the European Union, L 124, 2003.
20. EUROPEAN INVESTMENT BANK : *EIB Global Loan Programme: Supporting SMEs and Mid-Caps*, Luxembourg, 2023.
21. INTERNATIONAL MONETARY FUND : *The Development of Export Credit Agencies*, in Official Export Credits, Chapter II, IMF eLibrary, Washington D.C., 1999.
22. INTERNATIONAL MONETARY FUND : *IMF Staff Completes 2025 Article IV Mission to Algeria*, Press Release No. 25/226, June 30, 2025.
23. INTERNATIONAL TRADE CENTRE (ITC) : *SME Competitiveness in Africa: A Business Survival Guide to the AfCFTA*, Geneva, 2021.
24. INTERNATIONAL TRADE CENTRE (ITC) : *SME Competitiveness Outlook: Connect, Compete and Change for Inclusive Growth*, Geneva, ITC/UNCTAD/WTO, 2015.
25. OECD : *Enhancing the Financing of SMEs Engaged in International Trade*, Paris, 2019.

26. OECD : *Export Credit Financing Systems in OECD Member and Non-Member Countries*, Paris, 2020.
27. OECD : *OECD SME and Entrepreneurship Outlook 2019*, OECD Publishing, Paris, 2019.
28. OECD : *OECD SME and Entrepreneurship Outlook 2023*, OECD Publishing, Paris, 2023.
29. ONS : *Annuaire Statistique de l'Algérie 2024*, Alger, 2024.
30. SACE : *SACE Compact: SME Export Insurance in a Simplified Format*, Product documentation, Rome, SACE S.p.A., 2024.
31. SACE : *SACE Institute for International Business: Advisory Services and Market Intelligence Report 2024*, Rome, 2024.
32. WORLD BANK : *Business Ready (B-READY) Report 2024*, Washington D.C., 2024.
33. WORLD BANK : *MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets*, Washington D.C., 2017.
34. WORLD BANK : *Private Sector Assessment: Middle East and North Africa Region*, Washington D.C., 2024.
35. WORLD BANK GROUP : *Algeria Economic Update: Responding to Climate Challenges and Supporting Sustainable Development*, Fall 2025.
36. WTO : *Aid for Trade Monitoring and Evaluation: Global Review 2023*, WTO Publications, Geneva, 2023.
37. Textes législatifs et réglementaires algériens
38. BANK OF ALGERIA : Règlement n° 07-01 du 3 février 2007 relatif aux opérations courantes avec l'étranger et aux comptes en devises, *Journal Officiel de la République Algérienne*, n° 15, 2007.
39. BANK OF ALGERIA : Règlement n° 16-04 du 27 avril 2016 modifiant le règlement n° 07-01, *Journal Officiel de la République Algérienne*, n° 29, 2016.
40. Décret exécutif n° 96-235 du 2 juillet 1996 définissant les conditions et modalités de gestion des risques couverts par l'assurance-crédit à l'exportation, *Journal Officiel de la République Algérienne*, 1996.
41. Loi n° 17-02 du 10 janvier 2017 portant loi d'orientation sur le développement de la petite et moyenne entreprise, *Journal Officiel de la République Algérienne*, n° 02, 2017.
42. Ordonnance n° 96/06 du 10 janvier 1996 relative à l'assurance-crédit, *Journal Officiel de la République Algérienne Démocratique et Populaire*, n° 03, 14 janvier 1996.
43. IV. Travaux universitaires
44. BENAMEUR (Mohamed) : *Assurance-crédit à l'exportation : Cas CAGEX*, Mémoire de Master, Université Mouloud Mammeri, Tizi-Ouzou, 2022.
45. KADI (Mohammed) : *Les facteurs influençant l'engagement des PME dans l'exportation : Illustration par le cas algérien*, Cread, Juin 2019.

V. Webography

https://afreximbank.com/trade-intelligence-solutions/

https://www.anexal.dz/companie-algerienne-dassurance-et-des-exportations-cagex/

https://www.brookings.edu/articles/the-future-of-african-trade-in-the-afcfta-era/

https://www.cagex.dz/en/

https://www.douane.gov.dz/spip.php?article451&lang=fr

https://www.ecofinagency.com/finance/africa-s-trade-grows-2024-driven-by-afcfta-progress

https://www.commerce.gov.dz/fr/a-fonds-special-pour-la-promotion-des-exportations-fspe

https://futures.issafrica.org/thematic/08-afcfta/

https://tradingeconomics.com/algeria/gdp

https://www.winne.com/dz/company-profiles/c-a-g-e-x

https://www.worldometers.info/world-population/africa-population/

https://tradingeconomics.com/algeria/gdp-growth-annual

Appendices

List of Appendices

N°	Title
Appendix 01	CAGEX Intervention Request Form
Appendix 02	CAGEX Individual Policy Application Form
Appendix 03	Semi-Structured Interview Guide

Appendix 01: CAGEX Intervention Request Form



CAGEX

COMPAGNIE ALGERIENNE D'ASSURANCE ET DE GARANTIE DES EXPORTATIONS

S.P.A. AU CAPITAL DE 2.000.000.000 DA

Adresse : 10, Route Nationale N° 36 Dély-Ibrahim, Alger.

Tél. : (213) 023.31.21.00 à 02 - Fax : (213) 023.31.20.93/94

R.C 00 B 14088 - Matricule Fiscal : 099616239128706- Article d'Imposition : 162524858021 - NIS : 099616230082327

ASSURANCE CREDIT EXPORT
DECLARATION DE MENACE DE SINISTRE
N° SIN.2.2/0000/AN
POLICE INDIVIDUELLE

1 – L'ASSURE :

CODE	WILAYA	SOCIETE
	31	0004

POLICE	CB	CP	NP	AN
	14.2	2	0047	22
	DU AU			

2 – L'ACHETEUR :

CODE : ☐☐☐☐☐☐☐☐

3 – L'IMPAYE :

FACTURES						Observations
Numéro	Date de facturation	Date d'expédition	Date d'échéance	Montant en Devises (Préciser Monnaie)	Montant Impayé	

4 – MOTIF ET FAIT GENERATEUR DU SINISTRE:

☐ Insolvabilité ☐ Carence de Payement ☐ Politique ☐ Autre (Préciser) .....

5 – DEMARCHES EFFECTUEES (joindre justificatifs):

6 – SURETES/ GARANTIES DE PAYEMENT : ☐ **OUI** ☐ **NON**

Si OUI : Préciser nature : .....

7 – DEMANDE D'INTERVENTION : ☐ **OUI** ☐ **NON**

Si OUI, Veuillez joindre à la présente Déclaration la Demande d'Intervention - MANDAT, suivant modèle annexé à votre Police d'Assurance.

Si NON, la demande d'intervention doit être adressée à la Compagnie, au plus tard, dans le mois qui suit l'expiration du délai prévu pour la Déclaration de Menace de Sinistre.

Fait à ..... **le** .....

P/L'ASSURE

(Nom du Signataire et Cachet de la Société)

DEMANDE D'INTERVENTION
-MANDAT-

Le Créancier :.....
Dont le siège social se trouve à : ..... *
Algérie.
Représenté par **Monsieur :** ..... .
Sa (fonction) :.....

Donne mandat total et irrévocable à la **C.A.G.E.X.** Compagnie Algérienne d'Assurance et de Garantie des Exportations SPA, 10 route Nationale Dely-Ibrahim, Alger, Algérie, en vue de recouvrer, en son nom sa créance :

Auprès du débiteur :
Adresse:

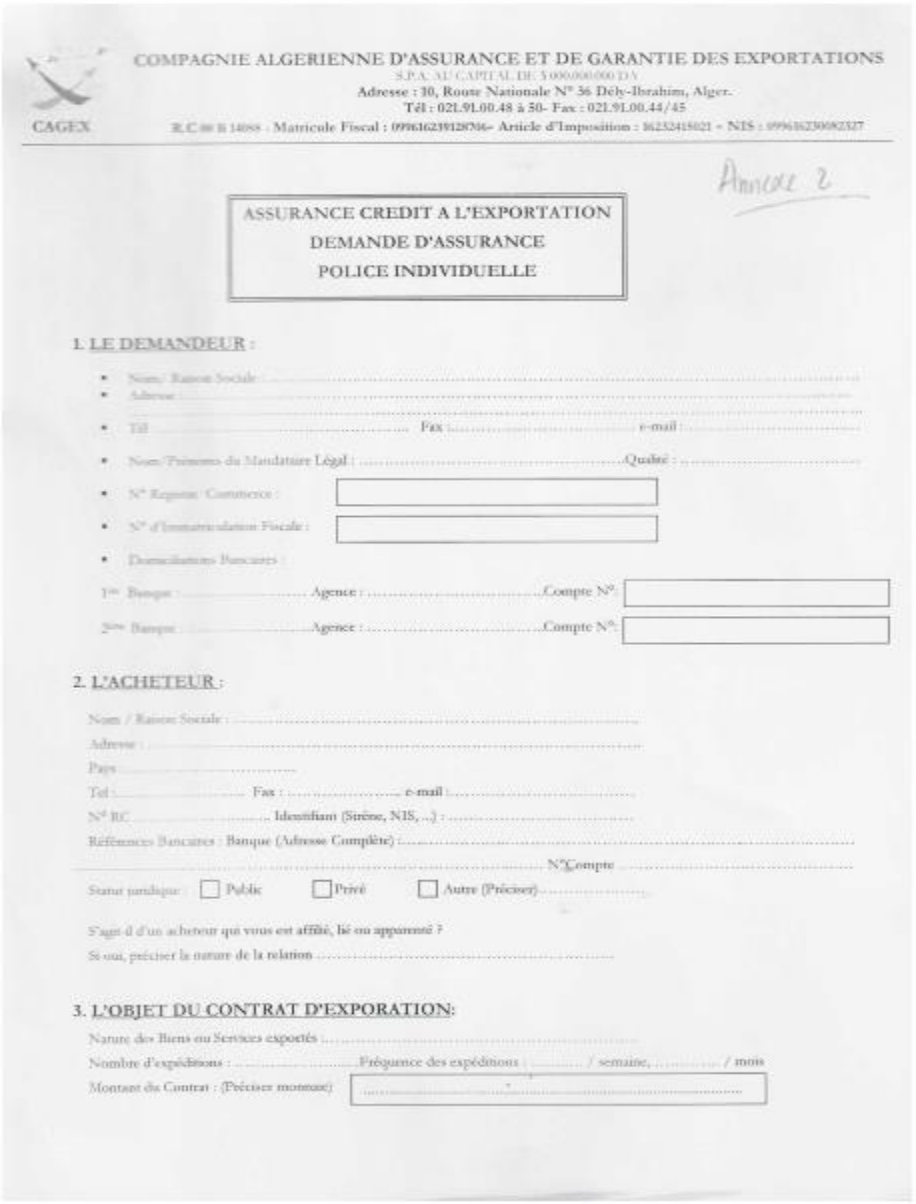
Pour un montant de
Et

- d'engager toute action en justice en recouvrement de cette créance ;
- de consentir toutes compétences et juridictions, même en dernier ressort ;
- de conclure, de plaider, de transiger, de concilier ;
- demander et accorder tout délais ;
- choisir, constituer, désigner, révoquer, tous experts, tous hommes de loi (Avocats, Avoués, Arbitres, Huissier) et des procédures ;
- former toutes demandes en déclarations de redressement ou liquidation judiciaires, agir en conséquence ;
- former toute opposition, faire toutes inscriptions ou saisies, faire toutes productions à ordre, formuler toutes constations, réquisition, en donner mainlevée ;
- recevoir et signer toutes décharges ;
- acquiescer, retirer et faire exécuter toutes décisions émanant des juridictions ;
- recevoir et remettre toutes sommes d'argent ainsi que toutes pièces, à quelque titre que ce soit ;
- agir en revendication de marchandises pouvant permettre le recouvrement de la créance ;
- signer tous registres et mandats ;
- généralement faire tout ce qui sera nécessaire à l'intérêt de cette action.

Fait à Alger

Le Créancier doit écrire de sa main
« Bon pour pouvoir »
sa signature et son cachet.

Appendix 02: CAGEX Individual Policy Application Form



COMPAGNIE ALGERIENNE D'ASSURANCE ET DE GARANTIE DES EXPORTATIONS

S.P.A. AU CAPITAL DE: 5 000 000 000 D.A

Adresse : 30, Route Nationale N° 36 Dély-Ibrahim, Alger.

Tél : 021.91.00.48 à 50- Fax : 021.91.00.44/45

CAGEX

R.C 00 B 14088 - Matricule Fiscal : 099616239128706- Article d'Imposition : 16232415021 - NIS : 099616230082327

Annexe 2

ASSURANCE CREDIT A L'EXPORTATION

DEMANDE D'ASSURANCE

POLICE INDIVIDUELLE

1. LE DEMANDEUR :

- Nom/ Raison Sociale :
- Adresse :
- Tél : Fax : e-mail :
- Nom/Prénoms du Mandataire Légal : Qualité :
- N° Registre Commerce :
- N° d'Immatriculation Fiscale :
- Domiciliations Bancaires :

1ère Banque : Agence : Compte N°:

2ème Banque : Agence : Compte N°:

2. L'ACHETEUR :

Nom / Raison Sociale :

Adresse :

Pays :

Tél : Fax : e-mail :

N° RC : Identifiant (Siréne, NIS, ...) :

Références Bancaires : Banque (Adresse Complète) :

N°Compte :

Statut juridique : ☐ Public ☐ Privé ☐ Autre (Préciser) :

S'agit-il d'un acheteur qui vous est affilié, lié ou apparenté ?

Si oui, préciser la nature de la relation :

3. L'OBJET DU CONTRAT D'EXPORATION:

Nature des Biens ou Services exportés :

Nombre d'expéditions : Fréquence des expéditions : / semaine, / mois

Montant du Contrat : (Préciser monnaie) :

4. L'ETAT DU CONTRAT :

☐ En passe ☐ Conclu

Si conclu : Durée de Réalisation : ...../mois Date de début d'exécution : JJ/MM/AAAA

NB : Joindre une copie du Contrat

5. FINANCEMENT DE L'EXPORTATION (LE CAS ECHEANT) :

Nom / Raison Sociale de l'Organisme / Institution de Financement : .....

Nature du crédit accordé : .....

Montant du crédit alloué : .....

INTITULE	Montants Devises	Contre Valeur en DA
Principal		
Intérêts		
Montant total		

6. MODALITES ET DUREE DE PAIEMENT :

- Mode de Paiement :

☐ CREDOC ☐ REMDOC ☐ TRANSFERT LIBRE ☐ AUTRE (PRECISER) .....

- DUREE :

☐ A VUE ☐ AUTRE (PRECISER) .....

Si CREDOC : Préciser : Nature du CREDOC : .....

Nom et Adresse de la Banque émettrice : .....

.....

Y'a t-il des avances ? ☐ Oui ☐ Non

Si, oui : Préciser Montant ou Pourcentage : .....

7. CAUTIONS / GARANTIES (LE CAS ECHEANT) :

INTITULE	Organisme émetteur	Montant Devise	Conditions d'exécution
Nature :			

8. RELATIONS ANTERIEURES AVEC L'ACHETEUR :

Avez-vous déjà traité avec cet Acheteur ?

Si oui, Indiquer Chiffres d'Affaires réalisés durant les 03 dernières années :

Année 1 : 200. : ..... DA.

Année 2 : 200. : ..... DA.

Année 3 : 200. : ..... DA.

9. RISQUES A ASSURER :

☐ RP (RP) Risque Politique ☐ RC (RC) Risque Commercial ☐ RIM (RIM) Risque d'Interruption de Marché

10. DECOUVERT DEMANDE (MONTANT A ASSURER) : .....

11. CONTACTS :

- Chargé du dossier (Nom/ Prénoms) : .....
- Fonction : .....
- Tél : ..... Fax : ..... e-mail : .....
- Signataire de la Police d'Assurance (Nom/Prénoms) : .....
- Fonction : .....
- Tél : ..... Fax : ..... e-mail : .....

Le signataire certifie sincères et véritables les informations rapportées dans la présente demande d'assurance.

Fait à ....., le .....

(Cachet et signature)

Appendix 03: Semi-Structured Interview Guide

SEMI-STRUCTURED INTERVIEW GUIDE

Research Topic:

The Role of CAGEX in Supporting the International Expansion of Algerian SMEs toward African Markets

Introduction

Thank you for accepting to participate in this interview.

This research is conducted as part of a Master's thesis in International Trade at EHEC Algiers. The objective is to better understand the effectiveness, limitations, and perspectives of CAGEX mechanisms in supporting Algerian SMEs exporting to African markets.

The interview will last approximately 30–45 minutes. All information shared will remain confidential and will only be used for academic purposes.

PART I — PROFILE OF THE INTERVIEWEE

1. Could you briefly present your position, professional experience, and your relation with export activities or CAGEX?
2. From your experience, how would you describe the current position of Algerian SMEs in African markets?

PART II — AFRICAN MARKETS AND EXPORT CHALLENGES

3. What are the main opportunities African markets currently offer to Algerian SMEs? Possible relaunch:

- Which sectors seem the most promising?
- Which African regions are the most attractive?

4. What are the principal obstacles faced by Algerian SMEs when exporting to Africa? Possible relaunch:

- Financial constraints?
- Administrative barriers?
- Logistics?
- Payment risks?
- Market information?

5. In your opinion, are Algerian SMEs sufficiently prepared for international expansion toward African markets? Why?

PART III — ROLE AND EFFECTIVENESS OF CAGEX

6. How would you evaluate the role of CAGEX within the Algerian export support ecosystem?
7. Which CAGEX services are the most useful for SMEs exporting to Africa? Possible relaunch:

- Export credit insurance?
- Guarantees?
- Information services?
- Advisory support?

8. To what extent do CAGEX mechanisms facilitate SMEs' access to export financing?
9. In practice, how effective is CAGEX in reducing commercial and political risks related to African markets? Possible relaunch:

- Can you provide a concrete example?
- Are there still uncovered risks?

10. What operational limitations or difficulties have you observed regarding CAGEX procedures and services? Possible relaunch:

- Administrative complexity?
- Delays?
- Communication?
- Accessibility for SMEs?

PART IV — STRATEGIC PERSPECTIVES AND RECOMMENDATIONS

11. What improvements would you recommend to strengthen CAGEX support for Algerian SMEs in African markets?
12. What additional mechanisms or partnerships should CAGEX develop in the future? Possible relaunch:

- AfCFTA?
- Afreximbank?
- PAPSS?
- Local representation offices?

13. How do you perceive the future of Algerian SMEs within African markets?
14. Do you have any additional remarks or recommendations related to this research topic?

Closing Statement

Thank you very much for your valuable time and contribution. Your insights are highly valuable for the completion of this academic research.

Table of Contents

Abstract

Résumé

ملخص

Acknowledgements

Dedications

Dedications

List of tables

List of figures

List of Abbreviations

Summary

General Introduction 1

Chapter 01: Contextual and Theoretical Framework of Non-Hydrocarbon SME Exports to African Markets 5

Introduction: 6

Section 01: Algerian Economic Climate and Non-Hydrocarbon Export Dynamics 7

1. The principal metrics of the Algerian economic framework 7
2. Current State of Non-Hydrocarbon Exports 11
3. Strategies for Economic Diversification. 19

Section 02: Foundational concepts of SMEs and internationalization 24

1. Definitions and specific characteristics of SMEs 24
2. Classical and modern theories of internationalization 28
3. Measurement of export performance 31

Section 03: African Markets as Strategic Opportunities 34

1. Overview of the African economic potential 34
2. The Dynamics of Algerian-African Trade 39
3. Opportunities and Barriers of Exporting towards African Markets. 43

Conclusion: 46

Chapter 02: From Theory to Institution: CAGEX's Export Support Mechanisms 48

Introduction: 49

Section 01: General Framework of Export Support Mechanisms 49

1. The Economic Rationale for Export Support 50

2. Typology of Export Support Instrument 53
3. Export Credit Agencies 56
Section 02: Presentation of CAGEX 61
1. Historical, Institutional and Legal Framework 61
2. Organizational structure and resources of CAGEX. 66
3. CAGEX's Position in the Algerian's Export Ecosystem. 69
Section 03: CAGEX Support Instruments and Services 75
1. Guarantee and Financial Instruments 75
2. Advisory and Information Services 79
3. Access Conditions and Procedures for SMEs 82
Conclusion: 85
Chapter 03: Empirical Investigation and Adaptation Proposals 87
Introduction: 88
Section 01: Methodological Framework of the Empirical Study 88
1. Methodological Framework 89
2. Data Collection Instrument 90
3. Data Analysis Method 93
Section 02: Empirical Results and Analytical Interpretation 96
1. Empirical Results 97
2. Research Synthesis 105
Section 03: comparative benchmarking and recommendations 107
1. International Benchmark of Comparable Export Credit Agencies 108
2. strategic recommendations 116
Conclusion: 119
General Conclusion 121
Bibliography
I. Books
II. Articles
III. Reports, institutional and legislative documents
V. Webography
Appendices
List of Appendices

Appendix 01: CAGEX Intervention Request Form I
Appendix 02: CAGEX Individual Policy Application Form III
Appendix 03: Semi-Structured Interview Guide VI