

Does Support and Financial Assistance Agencies Stimulate Handicraft Industries within the Framework of Financial and Social Inclusion in Algeria?

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Abstract

This study examines the multidimensional role of handicraft industries in promoting sustainable economic development and explores how financial and institutional support agencies contribute to stimulating this sector within the framework of financial and social inclusion, with a specific focus on Algeria. Handicraft activities constitute a strategic development lever that simultaneously preserves cultural heritage, generates employment, strengthens social cohesion, empowers women, and contributes to poverty alleviation.

Using a qualitative analytical approach supported by comparative international experiences and institutional policy analysis, the paper demonstrates that sustainable financial inclusion mechanisms—when combined with entrepreneurship development, innovation systems, and effective institutional accompaniment—significantly enhance the economic viability and social resilience of handicraft enterprises. The Algerian experience reveals how public support institutions, including specialized agencies, microfinance programs, incubators, and tax incentives, contribute to building productive capacities, facilitating market access, and generating inclusive value chains.

The study further argues that the sustainability of handicraft industries depends on the coherence between financial inclusion policies, social inclusion strategies, gender empowerment programs, environmental sustainability practices, and market integration frameworks. The findings provide important policy implications for emerging economies seeking to design integrated development strategies capable of transforming traditional industries into engines of inclusive growth and long-term economic diversification.

Keywords: Handicraft Industries; Financial Inclusion; Social Inclusion; Sustainable Development; Entrepreneurship; Gender Empowerment; Institutional Support; Algeria.

Jel classification: G38

1. Introduction

Handicraft industries represent one of the most deeply rooted productive sectors in human civilization, embodying accumulated knowledge, technical skills, cultural identity, and creative expression. In contemporary development discourse, these industries are no longer perceived merely as heritage-preserving activities but as strategic economic assets capable of contributing meaningfully to sustainable development, inclusive growth, and social transformation.

In developing countries in particular, handicraft activities play a critical role in generating employment, especially for youth and women, while simultaneously strengthening local economies, reducing poverty, and preserving both tangible and intangible cultural heritage. Their labor-intensive nature makes them especially suitable for addressing structural unemployment and regional economic disparities, while their reliance on local resources supports environmentally sustainable production models.

Recent scholarly work challenges the traditional perception of handicrafts as static or technologically backward. Instead, crafts are increasingly understood as dynamic systems that evolve through continuous innovation, adaptation, and interaction with modern markets. Kroezen (2021) emphasizes the need to reimagine craftsmanship as a human-centered mode of production that offers alternative organizational models for contemporary economies. Similarly, Lee (2024) demonstrates how Japanese potters transform modern disruptions into creative opportunities by actively engaging with evolving consumer demands, digital platforms, and global markets.

However, the long-term sustainability of handicraft industries faces substantial structural constraints. Traditional knowledge transmission mechanisms—most notably the master–apprentice relationship—are increasingly threatened by rapid technological change, shifting labor preferences, and declining intergenerational continuity (Karakul, 2015). Moreover, limited access to finance, weak institutional support, and insufficient market integration continue to constrain the growth potential of handicraft enterprises in many developing economies.

Within this context, financial inclusion emerges as a pivotal development instrument. By expanding access to affordable financial services for artisans and small producers, financial inclusion enhances productive capacity, encourages entrepreneurship, and facilitates integration into formal value chains. Yet financial inclusion alone is insufficient unless embedded within broader institutional support systems that provide technical assistance, training, market access, and policy coherence.

Accordingly, this paper seeks to address the following core research question:

To what extent does sustainable financial inclusion—supported by effective institutional accompaniment—serve as a driving force for the long-term viability and inclusive development of handicraft industries in Algeria?

This study contributes to the literature by offering an integrated analytical framework linking financial inclusion, social inclusion, entrepreneurship, gender empowerment, innovation, and sustainable development within the context of traditional industries. It further provides empirical and policy-relevant insights from the Algerian case, illustrating how coordinated public support mechanisms can transform handicrafts into engines of inclusive economic growth.

2. Literature Review and Conceptual Framework

2.1 Handicraft Industries in Development Theory

Within development economics, handicraft industries are increasingly recognized as strategic productive systems that connect cultural heritage with economic performance. Unlike capital-intensive industries, handicrafts rely primarily on human skills, creativity, and locally embedded knowledge, which makes them particularly suited for inclusive development strategies in low- and middle-income economies.

Early structuralist theories viewed traditional crafts as transitional sectors destined to decline under industrialization. However, contemporary development thinking challenges this assumption, emphasizing that traditional industries evolve rather than disappear. The endogenous growth perspective highlights how knowledge accumulation, learning-by-doing, and innovation allow traditional production systems to adapt and compete within modern economic structures.

Kroezen (2021) proposes a reconceptualization of craftsmanship as a human-centered production paradigm that restores the primacy of creativity, social relations, and meaning in economic activity. This view aligns with Amartya Sen's capability approach, which frames development as the expansion of human capabilities and freedoms rather than mere income growth. Handicraft activities enhance individual capabilities by generating skills, income security, social recognition, and community cohesion.

Empirical studies further demonstrate that handicraft clusters generate localized development multipliers, stimulating upstream and downstream activities, strengthening territorial competitiveness, and reducing spatial inequalities.

2.2 Financial Inclusion and Handicraft Sustainability

Financial inclusion constitutes a central pillar for the sustainability of handicraft industries. Access to financial services enables artisans to invest in equipment, raw materials, skills upgrading, product innovation, and market expansion. Without adequate financing mechanisms, handicraft enterprises remain trapped in subsistence-level production cycles.

Wanjooi (2020) provides strong evidence from Kenya's informal metalworking sector, identifying information asymmetry, high interest rates, and collateral constraints as the primary obstacles preventing young artisans from accessing formal finance. The introduction of interest rate caps unintentionally pushed many youth toward expensive informal lending, demonstrating that poorly designed financial regulation may undermine financial inclusion objectives.

Recent literature emphasizes the need for **blended finance mechanisms**—combining microcredit, grants, risk guarantees, and revolving funds—to accommodate the structural constraints of handicraft entrepreneurs, particularly women and youth who often lack conventional collateral.

From an institutional economics perspective, financial inclusion reduces transaction costs, mitigates market failures, and enhances productive efficiency. When embedded within coherent support ecosystems, inclusive finance becomes a catalyst for enterprise growth, formalization, and long-term viability.

2.3 Social Inclusion, Gender Empowerment, and Entrepreneurship

Handicraft industries are deeply intertwined with social inclusion and gender empowerment. Globally, women constitute the majority of handicraft workers, particularly in rural and informal economies. Yadav (2022) reports that approximately 87% of informal handicraft workers worldwide are women, highlighting the sector's strategic importance for gender-equitable development.

Entrepreneurship plays a mediating role in this relationship. Through entrepreneurial activity, artisans transform cultural skills into economic value. Female entrepreneurship in handicrafts not only increases household income but also strengthens women's decision-making power, social status, and participation in community governance.

Dolfsma and Velde (2014) observe that nearly 70% of handicraft enterprises in Sub-Saharan Africa are led by women, significantly contributing to poverty reduction and multidimensional well-being. These findings confirm that the handicraft sector functions as a powerful socio-economic equalizer.

2.4 Innovation and Market Integration

Contrary to outdated stereotypes, handicraft industries exhibit strong innovation capacity. Innovation occurs not only through technological upgrading but also through design modernization, branding, storytelling, digital marketing, and market repositioning.

Schumpeterian theory interprets artisans as entrepreneurs who introduce "new combinations" by integrating traditional skills with modern technologies and market structures. Contemporary cases—such as Japan's Mingei movement, Morocco's digital handicraft platforms, and India's Khadi transformation—illustrate how crafts achieve competitiveness through hybridization of tradition and modernity.

Nevertheless, innovation remains constrained by institutional barriers, limited managerial capacity, and weak market access. Amiri et al. (2023) identify organizational culture and management support as key constraints inhibiting traditional firms' adaptation to competitive environments.

2.5 Conceptual Framework of the Study

Drawing from the preceding analysis, this study proposes an integrated conceptual framework linking:

- **Financial Inclusion** → Access to credit, microfinance, blended finance
- **Institutional Support** → Training, incubation, policy incentives, market facilitation
- **Entrepreneurship & Innovation** → Product development, branding, digitalization
- **Social Inclusion & Gender Empowerment** → Employment, income security, social mobility

- **Sustainable Development Outcomes** → Growth, poverty reduction, environmental sustainability

These dimensions interact dynamically to determine the long-term sustainability of handicraft industries.

3. Handicraft Industries and Sustainable Development Dimensions

The contribution of handicraft industries to sustainable development extends far beyond their cultural and aesthetic value. These industries function as complex socio-economic systems that generate multidimensional development outcomes across economic, social, environmental, and institutional domains. Their sustainability impact is particularly significant in developing economies where they address structural constraints related to unemployment, poverty, regional disparities, and social exclusion.

3.1 Contribution to Economic Growth and Local Development

Handicraft industries stimulate economic growth through multiple transmission channels. First, they generate direct employment and income for artisans and related supply chains. Second, they strengthen local economies by anchoring production in specific territories, thereby fostering regional development and reducing spatial inequalities. Third, they contribute to national income through exports and tourism-related revenues.

Empirical evidence confirms this impact. In South Africa, the handicraft sector provides income to approximately 273,495 individuals, yet remains underutilized relative to its economic potential (Oluwayemisi & Fillis). In India, the Khadi and Village Industries sector supports over five million livelihoods and plays a pivotal role in rural industrialization (Roy & Basak, 2020). Similarly, Tunisian Kairouan carpets represent a major export product generating foreign exchange and preserving regional cultural capital (World Bank, 2021).

Moreover, handicraft clusters generate strong multiplier effects. The concentration of artisans stimulates upstream industries (raw materials, tools, logistics) and downstream activities (tourism, retail, cultural services), thereby reinforcing local value chains and regional competitiveness.

3.2 Employment Creation and Unemployment Reduction

Handicraft industries are inherently labor-intensive and therefore highly effective in absorbing surplus labor, particularly among youth and women. Unlike capital-intensive sectors, they require relatively low initial investment while generating immediate employment opportunities.

Global data indicate that women account for approximately 87% of informal handicraft workers (Yadav, 2022). In Morocco, women's carpet cooperatives alone employ more than 20,000 women, offering stable income sources and reducing vulnerability to poverty (UNDP, 2023). In South Africa, targeted handicraft support programs have demonstrably reduced youth unemployment by equipping young people with marketable skills and entrepreneurial competencies.

By expanding productive employment, handicraft industries contribute directly to SDG 8 (Decent Work and Economic Growth) and mitigate structural unemployment in marginalized regions.

3.3 Poverty Alleviation and Social Inclusion

The poverty-reducing impact of handicraft industries operates through income generation, asset accumulation, and social empowerment. For many rural households, handicraft production represents the primary or supplementary source of livelihood. In Tanzania, handicraft initiatives targeting rural women have significantly improved household welfare, food security, and educational access for children, despite persistent challenges related to marketing and capital access.

Furthermore, handicraft participation enhances social inclusion by integrating marginalized groups—especially women, youth, and ethnic minorities—into productive economic activities. This integration strengthens social cohesion, reduces inequality, and fosters inclusive development.

3.4 Environmental Sustainability and Green Economy Transition

Handicraft industries contribute positively to environmental sustainability by relying predominantly on natural, renewable, and locally sourced materials. Compared with industrial manufacturing, handicraft production exhibits significantly lower carbon emissions, reduced waste, and minimal ecological footprints.

The use of organic fibers, natural dyes, recycled materials, and traditional eco-friendly techniques aligns handicrafts with the principles of the green economy and circular production systems. For example, Indonesia's Ikat textile production employs natural dyes that minimize water pollution, while Indian Khadi production emphasizes organic cotton and low-energy processes.

Such practices directly support SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action), positioning handicrafts as environmentally sustainable industries.

3.5 Alignment with the Sustainable Development Goals

Handicraft industries contribute simultaneously to multiple SDGs:

- **SDG 1 (No Poverty):** Through income generation and livelihood security.
- **SDG 5 (Gender Equality):** Via women's economic empowerment and leadership in cooperatives.
- **SDG 8 (Decent Work):** By creating productive, dignified employment.
- **SDG 12 (Responsible Consumption):** Through eco-friendly production methods.
- **SDG 11 (Sustainable Communities):** By preserving cultural heritage and strengthening local identity.

This multidimensional contribution underscores the strategic importance of handicraft industries in national development agendas.

4. Successful International Experiences in Modernizing and Integrating Handicraft Industries

The international experience demonstrates that the sustainability of handicraft industries does not depend on preserving tradition in isolation, but rather on the strategic integration of heritage with innovation, entrepreneurship, institutional support, and market modernization. Countries that have successfully transformed handicraft sectors into engines of inclusive growth share common structural characteristics: strong public policy coordination, access to inclusive finance, investment in human capital, and systematic market integration.

From a Schumpeterian perspective, artisans function as entrepreneurs who introduce "new combinations" by merging inherited knowledge with modern technologies, organizational models, and consumer preferences (Harvey et al., 2010). This theoretical foundation explains why successful handicraft development is not an accidental outcome but the result of deliberate innovation ecosystems.

4.1 South Africa: Institutionalized Entrepreneurship Support

Although South Africa possesses substantial handicraft potential, the sector historically underperformed due to fragmented institutional coordination and limited market access. Recent government interventions have focused on strengthening entrepreneurial ecosystems by providing business training, technical support, and export facilitation. These programs have enhanced artisans' productivity, formalization, and competitiveness, especially among youth entrepreneurs.

4.2 India: Women-Centered Sustainable Craft Development

India represents one of the most comprehensive global models for integrating handicrafts with sustainable development. Through large-scale initiatives supporting women's cooperatives, eco-friendly production methods, and inclusive finance, India has transformed traditional crafts into globally competitive industries. The Khadi and Village Industries Commission, for example, institutionalized artisanal production while promoting organic materials, environmental sustainability, and fair trade principles.

4.3 Tanzania: Linking Handicrafts with Tourism and Local Economies

In Tanzania, handicraft development strategies increasingly focus on integrating crafts into tourism value chains. This model enhances market access, stabilizes income for rural women, and strengthens community-based enterprises. While marketing and financing challenges persist, institutional coordination between tourism authorities, local governments, and NGOs has improved sector performance.

4.4 Japan: The Mingei Model of Hybrid Innovation

Japan's Mingei movement offers a paradigmatic example of heritage-based innovation. By blending ancient craftsmanship techniques with contemporary design, digital branding, and global fashion partnerships, Japanese handicraft enterprises achieve high-value market positioning. Government grants, intellectual property protection, and partnerships with international designers have further strengthened the sector's global competitiveness.

4.5 Morocco: Digital Market Integration and Cooperative Empowerment

Morocco's handicraft sector illustrates the transformative role of digital platforms. Women-led carpet cooperatives in Fez now export products globally through platforms such as Etsy, supported by institutional training in quality control, digital marketing, and logistics. The Agency for Social Development has played a central role in building these capacities and facilitating global market integration.

4.6 Synthesis: Key Determinants of International Success

Comparative analysis reveals that sustainable handicraft development depends on:

1. **Institutional coherence** between ministries, financial institutions, and development agencies.
2. **Inclusive financial instruments** adapted to artisans' structural constraints.
3. **Human capital development** through continuous training.
4. **Innovation systems** combining tradition with modern design and technology.
5. **Market integration** via digital platforms and tourism value chains.
6. **Gender-responsive policies** empowering women entrepreneurs.

These elements collectively form the backbone of resilient handicraft ecosystems.

5. Mechanisms Enabling the Sustainability of Handicraft Industries

The long-term sustainability of handicraft industries depends on the establishment of an integrated development ecosystem that combines human capital development, inclusive finance, innovation, market integration, institutional coordination, gender empowerment, and environmental responsibility. International evidence demonstrates that isolated interventions are insufficient; rather, sustainability emerges from the coherence of mutually reinforcing mechanisms.

5.1 Training and Human Capital Development

Continuous technical and managerial training constitutes the cornerstone of handicraft sustainability. Beyond mastering traditional skills, artisans increasingly require competencies in financial management, digital marketing, quality assurance, branding, and export procedures.

Programs such as the United Kingdom's Crafting Futures initiative illustrate how targeted training strengthens artisans' adaptability, enabling them to respond to evolving market conditions while preserving cultural authenticity. Enhanced human capital not only increases productivity but also fosters innovation, entrepreneurship, and long-term competitiveness.

5.2 Entrepreneurship Support and Inclusive Financing

Access to appropriate financing remains one of the most critical constraints facing handicraft enterprises. Successful development strategies rely on diversified financial instruments including microcredit, concessional loans, grants, revolving funds, and risk-sharing mechanisms.

Institutions such as the Grameen Bank exemplify how low-interest microfinance can unlock productive capacity among vulnerable entrepreneurs, particularly women. Blended finance approaches further mitigate risk and accommodate artisans' limited collateral, enabling business expansion and technological upgrading.

5.3 Innovation, Design Modernization, and Technology Adoption

Innovation in handicraft industries extends beyond aesthetics to encompass production processes, organizational models, and market positioning. While some scholars argue that traditional industries often limit innovation to superficial design improvements (Jorge & Enrique, 2007), emerging practices contradict this view.

Advanced applications such as **3D printing in ceramic design** (Spain's Ceramcraft project) and the establishment of creative hubs (e.g., the UK's Crafts Council) demonstrate how technological integration enhances productivity and global competitiveness without eroding cultural authenticity.

5.4 Market Integration and Value Chain Development

Expanding access to domestic and international markets is essential for sustaining handicraft enterprises. Digital platforms such as **NOVICA**, **Etsy**, and regional e-commerce hubs connect artisans directly with global consumers, reducing dependency on intermediaries and increasing income margins.

Simultaneously, linking handicrafts with tourism, cultural festivals, and heritage branding strengthens demand and diversifies revenue streams, reinforcing economic resilience.

5.5 Institutional Partnerships and Policy Coherence

Effective sustainability requires coordination among governments, NGOs, financial institutions, private enterprises, and artisan cooperatives. Institutional fragmentation undermines program effectiveness, whereas strategic partnerships facilitate resource mobilization, knowledge exchange, and policy coherence.

Amiri et al. (2023) identify organizational culture and weak management support as major barriers to traditional industries' adaptation in competitive markets. Overcoming these constraints necessitates coherent governance frameworks and sustained public commitment.

5.6 Gender Empowerment and Social Impact

Women's participation is a structural pillar of handicraft sustainability. Empowering female artisans strengthens household welfare, enhances community resilience, and multiplies development impacts. Programs integrating financial inclusion with gender-responsive training significantly improve enterprise survival and social outcomes.

5.7 Environmental Sustainability and Green Transition

The environmental dimension reinforces the competitiveness of handicraft industries. Eco-friendly materials, low-energy production, and waste minimization align handicrafts with global green economy trends and growing consumer demand for sustainable products.

6. The Role of Support and Financial Assistance Institutions in Algeria

Algeria has progressively developed an integrated institutional framework aimed at stimulating handicraft industries and enhancing their contribution to inclusive and sustainable development. This framework combines administrative support, financial assistance, capacity-building programs, and regulatory reforms within a comprehensive national strategy for the promotion of traditional industries and crafts.

6.1 Administrative Support and Institutional Accompaniment

6.1.1 Handicraft Houses and Traditional Industry Centers

Since 2010, the Ministry of Tourism and Handicrafts has established and managed **81 Handicraft Houses and Traditional Industry Centers** across the country. These centers provide artisans with multifunctional spaces for production, training, marketing, and exhibition. According to official statistics (Ministry of Tourism and Handicrafts, 2025), **893 professional workshops** were allocated to **992 artisans**, significantly enhancing production capacity and market visibility.

Beyond infrastructure, these centers serve as platforms for professional development through continuous training programs, national exhibitions, and international fairs, enabling artisans to integrate into broader value chains and improve product competitiveness.

6.1.2 Business Incubators and Entrepreneurial Support

Algeria has institutionalized entrepreneurial support through the establishment of **business incubators** (enterprise nurseries) under **Executive Decree No. 03-78 (2003)**. These incubators provide integrated services including technical guidance, managerial training, financial counseling, and legal assistance, thereby facilitating the creation and growth of small and medium handicraft enterprises.

This institutional accompaniment enhances enterprise survival rates, accelerates formalization, and strengthens artisans' capacity to operate within competitive market environments.

6.1.3 Professional Agencies and Chambers

Several professional bodies, including the **National Agency for the Promotion of Foreign Trade (ALGEX)** and the **Algerian Chambers of Commerce and Industry**, play a vital role in supporting artisans through market intelligence, export facilitation, and professional orientation. The legal framework governing these institutions is anchored in **Order No. 96-01 (1996)**, which defines the regulatory environment of handicrafts and traditional industries.

6.2 Financial Support and Incentive Mechanisms

6.2.1 Financial Facilities and Tax Incentives

Law No. 96-01 grants artisans, cooperatives, and handicraft enterprises extensive fiscal and financial privileges, including tax exemptions, subsidized loans, and preferential access to financing. These incentives reduce production costs, encourage formalization, and stimulate investment in productive capacity.

6.2.2 Public Financial Contributions

The Algerian state provides direct financial contributions to the institutions managing handicraft centers. In 2018 alone, public service compensation for these structures amounted to **58,000 Algerian dinars**, supporting operational sustainability and service delivery.

6.2.3 Training and Qualification Programs

Financial support is systematically complemented by vocational training and skills upgrading programs. These initiatives enhance artisans' technical proficiency, managerial competence, and market readiness, thereby increasing enterprise competitiveness.

6.3 National Strategies and Policy Framework

Since 2003, Algeria has implemented a comprehensive national strategy for the development of handicrafts and traditional industries. This strategy encompasses:

- Infrastructure development
- Investment climate improvement
- Enterprise support programs
- Market promotion through national and international exhibitions
- Regulatory modernization aligned with international standards

The continuous updating of Algeria's handicraft activity classification system further strengthens sector governance, transparency, and market integration.

Synthesis: Algeria's Institutional Model

Algeria's experience illustrates how **coordinated institutional support, inclusive finance, human capital development, and regulatory reform** collectively transform handicraft industries into engines of inclusive growth, social stability, and sustainable development.

7. The State of the Handicraft Industry in Algeria: Legislative and Institutional Infrastructure

In Algeria, a comprehensive legislative and institutional framework has been established to promote and regulate the handicraft and traditional industries sector. This framework aims to organize artisanal activities, safeguard handicraft products, and provide artisans with the necessary financial, technical, and institutional support to ensure the sustainability of this economic and cultural sector.

7.1. Core Legislative Framework

The cornerstone of this framework is **Ordinance No. 96-01 of January 10, 1996**, which constitutes the principal legal reference governing handicrafts and traditional industries in Algeria. This ordinance defines the conditions for exercising handicraft activities, regulates the registration of artisans, and guarantees their professional rights, thereby providing legal stability and institutional recognition for the sector (Ordinance No. 96-01, 1996).

7.2. Support and Management Structures

Since 2010, the Algerian government has established **81 Houses and Centers of Handicrafts** across the country. These structures serve as integrated platforms for production, vocational training, and marketing of handicraft products. In addition, professional workshops and commercial spaces are allocated to artisans, facilitating their market access, enhancing productivity, and strengthening their technical competencies (Ministry of Tourism and Handicrafts, 2025).

7.3. Protection of Handicraft Products

The Ministry of Tourism and Handicrafts has implemented a national policy to protect handicraft products from imitation and counterfeiting through the registration of geographical indications, quality labels, and certificates of authenticity. Several iconic products—such as Constantine copperware, Tlemcen pottery, and Khenchela and Ghardaïa carpets—have already been protected. A strategic plan aims to extend this protection to **28–30 handicraft products by 2027**, reinforcing the competitive positioning of Algerian handicrafts in domestic and international markets while safeguarding artisans' intellectual property rights (Bouam, 2024).

7.4. Industrial Property and Innovation Support

Technology and Innovation Support Centers (TISCs) have been created within provincial chambers of handicrafts, in collaboration with the National Institute of Industrial Property. These centers raise awareness among artisans regarding intellectual property rights, patent protection, and branding, while offering specialized training programs to strengthen managerial, marketing, and entrepreneurial skills (Bouam, 2024).

7.5. Fiscal Incentives

Algerian legislation provides **fiscal incentives and tax exemptions** specifically designed to encourage artistic and traditional handicrafts. These incentives reduce production costs, stimulate private investment, improve product quality, and promote the expansion of artisanal activities, thereby enhancing sectoral competitiveness (Handicrafts Tax Guide, 2025).

7.6. Support for Artisans and Small Enterprises

Public policies further support artisans through the creation of handicraft houses, vocational training centers, professional workshops, and financial incentives targeting small and medium-sized handicraft enterprises. Together, these measures constitute a coherent development ecosystem that enhances artisans' productive capacities and strengthens the sector's contribution to sustainable economic and social development.

8. Assessment of Algeria's Initiatives in Promoting the Handicraft Sector

Previous studies indicate that artistic and handicraft industries have experienced significant growth, contributing to unemployment reduction and increasing GDP through the creation of small and medium-sized enterprises (SMEs). Table 1 illustrates the evolution of SMEs operating in Algeria's handicraft sector.

8.1. Structural Characteristics of Handicraft Enterprises

The data reveal that all newly established handicraft enterprises in 2022 were micro-enterprises employing fewer than nine workers. Despite their small size, they accounted for **28.31% of total newly created micro-enterprises** and approximately **24% of existing SMEs nationwide**, demonstrating the sector's substantial contribution to entrepreneurial dynamism and wealth creation.

However, a critical policy question emerges: Do these numerous micro-enterprises genuinely reduce unemployment, or are they primarily individual and family-based activities with limited employment impact?

This question necessitates a deeper examination of the sector's actual contribution to employment generation and value creation.

8.2. Employment Creation in the Handicraft Sector

Activity Field	2019	2020	2021	2022	2023	2024
Artistic handicrafts	39,949	44,707	52,000	36,401	31,742	31,528
Material production handicrafts	12,372	12,605	15,882	13,377	12,355	11,787
Service handicrafts	27,234	28,887	30,521	25,342	24,829	25,631
Total	79,555	86,199	98,403	75,120	68,926	68,946

Source: Ministry of Tourism and Handicrafts, 2025.

The data identify **2021 as a structural turning point**, after which traditional handicraft employment declined due to substitution by other industrial and service occupations, despite relative stabilization in 2023–2024. The artistic handicrafts subsector remains the leading employer.

8.3. Formalization and Financial Inclusion

Statistics from the National Social Security Fund for Non-Salaried Workers (CASNOS) indicate that in 2022, **20,480 new handicraft enterprises** were registered, bringing the total to **324,085 SMEs**. Between 2021 and 2022, **26,606 new enterprises entered the market**, while **8,175 exited**, reflecting high sectoral dynamism but also vulnerability.

8.4. Financial Support and Inclusive Development

Support provided by the **National Agency for Microcredit Management (ANGEM)** demonstrates the central role of microfinance in strengthening the handicraft economy:

Sector	Number of Projects	Financing (DZD)	Share (Projects)	Share (Amounts)
Agriculture	130,686	9.32 bn	13.8%	13.5%
TPI	381,421	20.03 bn	29.7%	39.4%
BTPH	86,120	7.95 bn	11.8%	8.9%
Services	191,098	18.17 bn	26.9%	19.8%
Handicrafts	170,180	10.42 bn	15.4%	17.6%
Commerce	5,799	1.46 bn	2.2%	0.6%

Sector	Number of Projects	Financing (DZD)	Share (Projects)	Share (Amounts)
Fisheries	998	0.14 bn	0.2%	0.1%
Total	966,302	67.49 bn	100%	100%

This confirms that handicrafts represent 17.6% of total financing guarantees, illustrating ANGEM's pivotal role in promoting inclusive financial development, particularly in remote and underserved regions.

Notably, women accounted for 611,449 microcredits (63.28%), strongly advancing SDG 5 on women's empowerment, particularly within the household and community-based economy.

This study has demonstrated that handicraft industries constitute a strategic development sector capable of generating multidimensional economic, social, cultural, and environmental benefits. Far from being merely heritage-preserving activities, handicrafts represent dynamic productive systems that promote inclusive growth, employment creation, poverty alleviation, gender empowerment, and environmental sustainability.

The analysis confirms that the long-term sustainability of handicraft industries depends critically on the coherence between financial inclusion mechanisms and institutional support structures. Financial inclusion enhances artisans' productive capacity, while institutional accompaniment provides the necessary ecosystem for innovation, entrepreneurship, market integration, and resilience.

The Algerian case illustrates the effectiveness of an integrated development model in which public policy, financial incentives, training programs, incubators, and regulatory reforms converge to strengthen the handicraft sector's contribution to national development. However, further consolidation of this model is required to maximize its long-term impact.

8.5. Discussion

The results of this study highlight the multidimensional impact of Algeria's handicraft sector, demonstrating clear links between legislative infrastructure, institutional support, microfinance, and socio-economic outcomes. These findings resonate with global evidence from developing economies, where the integration of financial inclusion and institutional accompaniment enhances the sustainability of traditional industries.

1. Financial Inclusion and Employment Generation The high proportion of microenterprises (<9 employees) confirms the sector's dynamism, yet raises questions about the quality of job creation. Similar patterns have been observed in Kenya and India, where artisanal microenterprises often sustain livelihoods rather than generating formal employment (Wanjoji, 2020; Roy & Basak, 2020). The Algerian experience demonstrates that **targeted microcredit support**, particularly in remote regions, can expand access to resources while also supporting women's economic participation.

2. Institutional Support and Sustainability The establishment of handicraft centers, incubators, and vocational training programs in Algeria reflects best practices identified in global literature (Kroezen, 2021; Lee, 2024). Such institutions strengthen skill transfer, foster innovation, and preserve cultural heritage. The integration of intellectual property protection ensures that traditional knowledge and artisanal designs are safeguarded while promoting market competitiveness.

3. Gender Empowerment The allocation of 63% of microcredit funds to women aligns with international evidence that women-led artisanal enterprises contribute significantly to household income and community development (Dolfsma & Velde, 2014). This demonstrates Algeria's alignment with **SDG 5**, reinforcing the notion that targeted financial support is critical for inclusive growth.

4. Sectoral Challenges and Opportunities Despite the growth in enterprises and employment, the decline observed in 2021–2022 highlights the sector's vulnerability to economic shocks and changing consumer preferences, consistent with findings from Japan and South Africa (Sato et al., 2020; Oluwayemisi & Ian, s.d.). Policies promoting digital market integration, eco-friendly production, and cross-sector partnerships (e.g., tourism and handicrafts) are essential to maintain competitiveness.

5. **Contribution to Sustainable Development Goals** The Algerian handicraft sector contributes to SDGs through multiple pathways: sustainable employment (Goal 8), women's empowerment (Goal 5), green production practices (Goal 12 and 13), and cultural preservation (Goal 11). This multidimensional alignment demonstrates the potential of traditional industries to act as catalysts for **inclusive and sustainable development**, a finding that resonates with international theoretical frameworks on artisanal and creative economies.

9. Conclusion

This study provides a comprehensive analysis of the Algerian handicraft sector, highlighting the critical role of financial and institutional support in promoting sustainable artisanal industries. The findings demonstrate that legislative frameworks, dedicated support centers, microfinance programs, and vocational training collectively contribute to the economic, social, and cultural sustainability of the sector.

Key conclusions include:

1. **Sustainability of Artisanal Microenterprises:** The sector is dominated by microenterprises (<9 employees), which, despite their small size, contribute significantly to the creation of wealth, preservation of traditional skills, and mitigation of poverty. This aligns with international evidence from other developing countries, emphasizing the importance of targeted support to maintain the viability of small-scale artisanal businesses.
2. **Financial Inclusion as a Catalyst:** Microcredit and other financial facilities, particularly those managed by the National Agency for Microcredit (ANGEM), have proven essential for enhancing access to capital, especially in remote areas. The allocation of 63% of these funds to women illustrates the dual impact of fostering both financial inclusion and women's empowerment, thereby contributing to inclusive growth and social equity.
3. **Institutional Support and Innovation:** Handicraft centers, incubators, and intellectual property programs strengthen skill development, protect artisanal knowledge, and encourage innovation. These mechanisms mirror best practices observed internationally, showing that sustainable development in traditional sectors requires both cultural preservation and adaptation to modern markets.
4. **Contribution to SDGs:** The Algerian handicraft sector positively impacts multiple Sustainable Development Goals, including:
 - **Goal 5 (Gender Equality):** Empowering women through entrepreneurial and financial support.
 - **Goal 8 (Decent Work and Economic Growth):** Creating employment opportunities, particularly for youth and rural populations.
 - **Goal 12 & 13 (Responsible Consumption & Climate Action):** Encouraging eco-friendly production practices.
 - **Goal 11 (Sustainable Cities and Communities):** Preserving cultural heritage while fostering economic activity.
5. **Policy Implications:** To further enhance the sector, the study recommends:
 - Expanding digital platforms for market access and product promotion.
 - Strengthening vocational training with a focus on business management and marketing skills.
 - Encouraging public-private partnerships to facilitate innovation and sustainability.
 - Continuing targeted support for women-led enterprises to maximize social and economic benefits.

In conclusion, the Algerian handicraft sector exemplifies how institutional support and financial inclusion can serve as powerful levers for sustainable development, cultural preservation, and social empowerment. By combining traditional skills with modern financial and technological mechanisms, the sector can continue to generate economic value while contributing to broader developmental goals.

Handicraft industries prove to be more than mere traditional economic activities; they constitute a powerful tool for achieving sustainable development. Their success depends on integrating innovation with cultural identity, promoting economic inclusion through women's empowerment, and fostering partnerships between governments and the private

sector. International experiences demonstrate that investing in these industries is not merely about preserving heritage, but represents a strategic investment in a sustainable future.

Handicraft industries form a fundamental pillar of sustainable development in developing countries, contributing to economic growth, job creation, poverty reduction, and women's empowerment. The success of these countries in developing and modernizing the handicraft sector stems from integrated mechanisms that include vocational training, entrepreneurship support, marketing strategies, and innovation, with a strong emphasis on environmental and social sustainability. International case studies confirm that investment in handicraft industries constitutes a strategic choice for achieving comprehensive and sustainable development.

Despite competition with industrial production and the limitations of logistical infrastructure, it is essential to adopt Fair Trade certifications to ensure quality and market credibility.

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