

The Intervention of the National Agency for the Valorization of Hydrocarbon Resources (ALNAFT) in the Conclusion of Hydrocarbon Contracts (A Study in Light of Law No. 19-13)

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Abstract:

Law No. 19-13, which regulates hydrocarbon activities, establishes a legal framework assigning the National Agency for the Valorization of Hydrocarbon Resources (ALNAFT) a central role in the conclusion of petroleum contracts, considering it as the State's instrument for asserting sovereignty over this strategic resource. The legislator has granted the Agency the authority to oversee the procedures for announcing the intention to contract, supervise the organization of tenders, determine qualification and evaluation criteria, and review bids, thereby ensuring transparency in the selection of the foreign partner contracting with Sonatrach and safeguarding the national interest. Furthermore, the use of direct negotiation by Sonatrach is made conditional upon prior consultation with the Agency, reinforcing its supervisory role and ensuring the proper application of this contractual approach.

Keywords: ALNAFT; hydrocarbon contracts ; direct negotiation ; tender announcement ; upstream activities.

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1. INTRODUCTION

The hydrocarbon sector in Algeria constitutes the cornerstone of the national economy and the primary source of revenue for the public treasury, as oil revenues—particularly petroleum taxation—serve as a key driver of economic and social development. From this perspective, the Algerian legislator sought to regulate this sector through Law No. 19-13, which governing hydrocarbon activities (Official Journal N°.79/2019) and establishes a clear legal framework that ensures a balance between openness to foreign investment and the protection of national sovereignty over natural resources.

This legislative attention responds to a set of justifications, foremost among them the need to enhance transparency and oversight in exploration and exploitation operations, to ensure the proper utilization of foreign partnerships in a manner that serves the State's economic interest, and to guarantee the State's full sovereignty over its national wealth without compromising the management or strategic revenues of these resources. Moreover, the inherently complex technical nature of exploration and production activities necessitated the creation of a specialized sectoral regulatory authority (Neziloui, 2007, p. 19) to exercise supervision and oversight (LAKEHAL, 2019, p. 707) on behalf of the State: the National Agency for the Valorization of Hydrocarbon Resources (ALNAFT), (Article 24 of Law No. 19/13 governing hydrocarbon activities) which serves as the central institutional actor in the regulation of hydrocarbon contracts. (Article 02/15 of Law No.19/13)

Law No. 19-13, which governing hydrocarbon activities, explicitly provides that the National Agency for the Valorization of Hydrocarbon Resources (ALNAFT) is the legally authorized body responsible for granting licenses to contracting parties (Article 02 of Executive Decree No. 21/227 dated 24 May 2021, specifying the conditions and procedures for granting mining concessions for hydrocarbon exploration and exploitation, (Official Journal: 42/2021).) to carry out exploration and production activities. This authority is exercised through award decisions, which constitute the legal means to ensure that activities are conducted in

accordance with the required technical and legal standards, thereby promoting transparency, oversight, and mitigating risks related to corruption and violations. (Zouaimia, 2023, p. 21).

To achieve this objective, the legislator has established two contracting methods in the hydrocarbon sector: The first is the tender announcement method, considered the general rule that enshrines the principles of equality and transparency among operators. The second is the direct negotiation method, regarded as a restricted exception that requires prior consultation with ALNAFT, thereby ensuring the State's continued sovereign oversight over hydrocarbon contracts while preserving the flexibility of the national company Sonatrach in contracting with foreign partners.

Based on the above, the following research question arises: To what extent does the supervisory authority granted to the National Agency for the Valorization of Hydrocarbon Resources (ALNAFT) under Law No. 19-13 enable the protection of national wealth, the preservation of sovereignty, and the assurance of transparency and fair competition under the two contracting methods of tender announcement and direct negotiation?

To address this question, the study adopts an analytical approach through the examination of the legal texts regulating the conclusion of hydrocarbon contracts, particularly the provisions of Law No. 19-13 concerning hydrocarbon activities, in order to delineate the scope and role of ALNAFT's supervisory authority over petroleum contracts. Additionally, a descriptive approach is employed to clarify the key legal concepts involved, providing an understanding of the legal framework within which these principles are implemented. The study is divided into two main sections: the first examines ALNAFT's powers in supervising the conclusion of petroleum contracts under the tender announcement method, while the second addresses ALNAFT's supervisory authority in the context of direct negotiation contracts in the hydrocarbon sector.

2. ALNAFT's Powers in Supervising the Conclusion of Hydrocarbon Contracts under the Tender Announcement Method

Article 09 of Law No. 19-13 provides that upstream activities are commercial in nature and that these activities are regulated; they may only be conducted pursuant to an administrative license issued by the legally authorized authority. (Sardoun Mahmoud, 2015-2016, p. 27) This ensures the proper management of the exploitation of national wealth within the legal framework. Any person may engage in such activities, provided they comply with the provisions of the Hydrocarbon Law and all other applicable legislation and regulations. According to Article 76 of the same law, upstream activities take the form of a hydrocarbon contract concluded between the national company (Sonatrach) and one or more contract partners for a period of thirty (30) years from the date of its entry into force, in legally specified formats. (Tomi, 2021, pp. 652–665)

Accordingly, this section will address the fundamental principles of the tender announcement method for concluding hydrocarbon contracts (2.1), in addition to the procedures for announcing a tender in the conclusion of hydrocarbon contracts (2.2).

2.1 Fundamental Principles of the Tender Announcement Method for Concluding Hydrocarbon Contracts

Hydrocarbon contracts constitute the legal instrument for the exploitation of petroleum and gas resources. Law No. 19-13, in its Article 05, considers both discovered and undiscovered hydrocarbon resources as public domain property managed by the State. To protect petroleum wealth, Law No. 19-13 established the tender announcement method as a mechanism for selecting foreign investors to conclude hydrocarbon contracts with Sonatrach.

Article 13 of Law No. 23-12, which sets out the general rules governing public procurement (Law No. 23/12 dated 5 August 2023, setting out general rules regarding public procurement, (Official Journal: 51/2023))—including for institutions such as Sonatrach—requires adherence to a specific framework that determines the rules and procedures for contract awarding. This framework is based on the general principles of public procurement law, aiming to ensure the effectiveness of public requests, the optimal use of public funds, equality among competitors,

transparency, and freedom of participation. These principles are inspired by global and constitutional references regarding citizenship rights, equal opportunities, and freedom of investment and trade (Moussaoui, 2017-2018, p. 133). The purpose of the tender announcement in hydrocarbon contracts is to select the best offer to ensure the effective performance of activities without compromising petroleum wealth, while applying the necessary standards to preserve reservoirs and achieve optimal hydrocarbon recovery. Furthermore, Article 90 of Law No. 19-13 grants ALNAFT a central role in structuring the contractual process, ensuring transparency, equality among operators, and the publicity of procedures, thereby attracting investment and safeguarding national resources.

Accordingly, it can be stated that the competitive system for concluding hydrocarbon contracts is based on a set of fundamental legal principles that guide the work of the National Agency for the Valorization of Hydrocarbon Resources and frame its interventions within the national petroleum market. Foremost among these principles are transparency and publicity (2.1.1), along with equality and freedom of competition (2.1.2), which together constitute the normative framework for ensuring integrity and efficiency in the granting of petroleum rights.

2.1.1 The Principles of Transparency and Publicity

The legislator's objective in subjecting hydrocarbon contracts to a specialized and adapted legal framework—which incorporates methods similar to those applied in the Public Procurement Law governing administrative contracts—is to establish a balance between the requirements of autonomy and independence of the public economic enterprise on one hand, and the need to prevent corruption and protect public funds on the other hand. (Achour, 2018, p. 95)

Within this context, the tender announcement in hydrocarbon contracts is guided by a set of legal principles that ensure transparency and integrity in the granting of petroleum rights, including the principle of transparency enshrined in Article 90 of Law No. 19-13. According to this provision, hydrocarbon contracts are concluded by the contracting parties

following a competition announced and organized by the National Agency for the Valorization of Hydrocarbon Resources (ALNAFT). This involves inviting foreign companies interested in contracting to participate through legally established channels, specifying the substantive and procedural conditions under which bids are submitted and evaluated. (Article 02/02 of Executive Decree No. 07/184 dated 9 June, specifying procedures for concluding hydrocarbon exploration and exploitation contracts based on competitive tendering, as amended and supplemented, (Official Journal: 40/2007)) The purpose of this announcement is to provide all potential contractors with equal access to information and facilitate their participation in investment opportunities within the hydrocarbon sector, thereby reinforcing the principles of equal opportunity and transparency in public dealings.

In addition to the principle of transparency, the principle of publicity plays a crucial role in ensuring fair competition among an unlimited number of foreign companies seeking to contract, by providing a transparent competitive environment that serves the public interest. A larger number of participants increases the likelihood of obtaining the best technical and financial offers, enabling ALNAFT to select the most competent and economically viable foreign partner alongside Sonatrach, thereby achieving optimal exploitation of national resources.

The principle of publicity also helps safeguard the contracting process against any suspicion and prevents challenges or doubts regarding the integrity of ALNAFT's procedures (SamiraYagoubat, 2023-2024, p. 68) as publicity constitutes both a legal guarantee and an effective supervisory tool over the actions of the contracting authority.

In practical application of this principle, ALNAFT is committed to maintaining publicity at all stages of concluding a hydrocarbon contract—from the announcement of the tender, through the public opening of bids supervised by a specialized committee in the presence of candidates who submitted their technical and financial offers, to the official publication of the competition results. (Articles 22–38 of Executive Decree No. 07/184 specifying procedures for concluding hydrocarbon exploration and

exploitation contracts based on competitive tendering, as amended and supplemented) In doing so, the Agency translates the principle of publicity from a mere theoretical rule into a concrete institutional practice that enhances investors' confidence in the legal framework regulating Algeria's petroleum sector.

2.1.2 The Principles of Equality and Freedom of Competition

Both the principle of equality and the principle of freedom of competition constitute fundamental foundations of the system governing the conclusion of hydrocarbon contracts. These two principles complement each other in achieving contractual fairness and ensuring economic integrity in the market for petroleum resource exploration and exploitation. While the principle of equality embodies the procedural dimension of competition by granting all prospective contractors equal opportunities to submit and have their bids evaluated under the same conditions without discrimination, the principle of freedom of competition represents the economic dimension of the system, reflecting the freedom of initiative and investment in petroleum activities.

The principle of equality is realized by providing the same opportunities to all parties wishing to contract through a tender, ensuring equal conditions for submitting and evaluating bids in accordance with the law, without discrimination. All participants must be subject to the same requirements, without granting exemptions to some at the expense of others. (Chouieb, 2021, p. 345)

Accordingly, ALNAFT is prohibited from discriminating between competitors, either legally or in practice. Legal discrimination occurs when certain competitors are exempted from specific legal conditions or procedures while others are required to comply. (SamiraYagoubat, 2023-2024, p. 71) Practical discrimination arises when actual circumstances create advantages for some bidders or place others at a disadvantage relative to their competitors. (Khalifa, 2004, p. 159)

However, the absolute application of the principle of equality may hinder the intended purpose of competition, necessitating some exceptions.

Consequently, the exclusion of certain competitors by the administration, while excluding others, is not considered a violation of the principle, provided that the exclusion rules are general and abstract, applied uniformly to all bidders. (Khalifa, 2004, p. 159)

The principle of freedom of competition is based on the recognition that hydrocarbon activities are commercial activities of an economic nature, which requires ensuring freedom of competition in the exercise of petroleum activities in accordance with the principle of freedom of trade, investment, and enterprise enshrined in Article 61 of the Algerian Constitution. (Constitutional Amendment, (Official Journal: 82/2020))

True competition in any economic activity cannot be achieved without the prior recognition of economic initiative, as the principles of freedom of competition and economic freedom are two sides of the same coin, each reinforcing the other, (Wargali, 2013-2014, p. 21) thereby ensuring the openness of the petroleum market to both national and foreign operators on an equal footing.

Accordingly, failing to uphold freedom of competition in the economic sphere would disrupt equal opportunities among competitors seeking contracts with the administration, negatively affecting the transparency and integrity of procedures. For example, collusion among economic operators when submitting bids could nullify the essence of competition and impede its normal operation, undermining the principle of transparency and violating the principle of contractual fairness upon which hydrocarbon contracts are intended to be based. (Khalifa, 2004, p. 154)

2.2 Procedures for Announcing the Tender in the Conclusion of Hydrocarbon Contracts

The National Agency for the Valorization of Hydrocarbon Resources (ALNAFT) holds the authority to organize the procedures for announcing tenders in the conclusion of hydrocarbon contracts. This Agency defines the rules governing the tender announcement, which encompasses several stages: the tender announcement phase (2.2.1), the submission of bids phase (2.2.2), and the evaluation of bids and contract conclusion phase (2.2.3).

2.2.1 The Tender Announcement Phase

The tender announcement constitutes a fundamental procedure, as it informs oil companies of ALNAFT's intention to subject a specific geographic area to exploration and exploitation or to offer a previously discovered reservoir for development. (Article 40 of Executive Decree No. 07/184 specifying procedures for concluding hydrocarbon exploration and exploitation contracts based on competitive tendering.) This procedure aims to obtain offers from multiple competing contractors, awarding the contract without negotiations to the bidder presenting the best economic terms, based on objective selection criteria established prior to initiating the process. (Article 38 of Law No. 23/12 setting general rules on public procurement.) In this context, ALNAFT establishes a committee called the "Tender Competition Committee" to manage the tender process, oversee its conduct, and close it based on a decision by the Chairman of the Administrative Committee (the Management Committee). (Article 21 of Executive Decree No. 07/184) This committee ensures that the tender complies with the applicable regulations throughout its duration and verifies that the tender is widely published in national journals and, if necessary, international publications to attract the maximum number of participants. (Article 22 of Executive Decree No. 07/184).

The tender announcement includes a detailed and coordinated schedule for the various stages, starting with a session presenting technical data and the main contractual provisions to the companies pre-selected by ALNAFT. This is followed by setting dates for workshops and sessions where participating companies can review the tender file and the specific conditions for each project, then dates for explanatory meetings on contractual and regulatory provisions with partners upon request, followed by the date for sending all final documents to participating companies, the date for bid submission and envelope opening, and finally, the date for signing the final contracts at ALNAFT's headquarters. (Wargali, 2013-2014, p. 38)

Following the tender announcement, ALNAFT organizes an initial meeting to present a general overview of the technical data and main

contractual provisions for each project and to provide guidance on participating in the data workshops where the technical files and project-specific conditions are obtained. Attendance at this meeting, participation in the workshops, and access to the tender files are restricted to oil companies that were pre-selected by ALNAFT. (Article 90/03 of Law No. 19/13 governing hydrocarbon activities) After the tender announcement phase, and once the pre-selected companies have reviewed the tender files and submitted their proposals and inquiries, (Article 28 of Executive Decree No. 07/184 specifying procedures for concluding hydrocarbon exploration and exploitation contracts based on competitive tendering.) ALNAFT sends the final contractual documents to the participating companies. ALNAFT is committed to conducting the tender competitively. It is noteworthy that the legislator has established different legal provisions for exploration and production tenders compared to the provisions for tenders concerning the exploitation of previously discovered reservoirs.

2.2.2 Submission of Bids

Following the announcement of the tender, contractors submit their bids in accordance with the specifications outlined in the tender file they obtained, and within the deadline specified by ALNAFT. To ensure the integrity and transparency of the process, the legislator has mandated that the submission and opening of bids occur on the same date and in the same session. This arrangement allows the participants themselves to oversee the correctness and validity of the procedures, providing additional guarantees for fair competition.

2.2.3 Evaluation of Bids and Contract Conclusion

The legislator has carefully established the timeline for the bid opening process, specifying that the opening date coincides with the last day for bid submission, according to the time indicated in the tender file. (Article 39 of Executive Decree No. 07/184 specifying procedures for concluding hydrocarbon exploration and exploitation contracts based on competitive tendering.) The Tender Competition Committee opens the envelopes in the presence of independent observers selected from among the attendees. Subsequently, the committee examines and evaluates the bids

based on the sole selection criterion predetermined in the tender file. The committee also excludes bids that do not comply with the specifications outlined in the tender file. Article 41 of Executive Decree No. 07-184 identifies the cases that necessitate the exclusion of a bid from the tender process.

The Tender Committee announces the results of the tender immediately and publicly, identifying the best bid through a formal report documenting all details of the envelope opening, bid evaluation, and the declaration of the successful bidder. The tender results are published at a minimum in a national daily newspaper specified in the tender file. (Article 40 of Executive Decree No. 07/184) Thereafter, the contract is signed within fourteen (14) days from the bid opening date and must be accompanied by the award decision, (Article 45 of the same decree) which is approved by a decree issued by the Council of Ministers and enters into force upon the publication of the approval decree in the Official Journal. (Article 65 of Law No. 19/13 governing hydrocarbon activities.)

3.ALNAFT's Powers in Supervising the Conclusion of Hydrocarbon Contracts under the Direct Negotiation Method

The direct negotiation method, as stipulated in Article 91 of Law No. 19-13, is an exceptional procedure established by the legislator for concluding hydrocarbon contracts, alongside the tender announcement method, which represents the general rule for petroleum contracts. The adoption of this method responds to the specific nature of petroleum activities, characterized by technical and economic complexity and their close connection to national interests, which may render the strict application of competitive rules impractical or inefficient in certain cases.

Accordingly, this section aims to examine the nature of the direct negotiation method and the justifications for its adoption in hydrocarbon contracts (3.1), as well as the shortcomings of the legal framework governing direct negotiation in hydrocarbon contracts (3.2).

3.1The Nature of the Direct Negotiation Method and the Justifications for Its Adoption in Hydrocarbon Contracts

The direct negotiation method in hydrocarbon contracts is one of the exceptional mechanisms established by Law No. 19-13, which governing hydrocarbon activities. It differs fundamentally from the tender announcement method, both in terms of procedures and the nature of the applied oversight. The legislator, through this method, aims to grant the national company Sonatrach sufficient flexibility to select its foreign partners under complex technical and economic conditions, while taking into account the need to protect national resources and preserve state sovereignty.

This method gains its importance from providing a framework that allows for the acceleration of contracting processes and adaptation to the requirements of efficient petroleum resource exploitation, without undermining the general principles established by the law to ensure transparency and fair competition. Accordingly, we will clarify the nature of the direct negotiation method (3.1.1) and review the justifications for its adoption in hydrocarbon contracts (3.1. 2).

3.1.1 The Nature of the Direct Negotiation Method.

Direct negotiation in the oil sector refers to the method through which a contract is concluded between the state or a national institution and one or more oil companies, without resorting to international competition or tenders. This method is based on direct discussions between the parties, during which the commercial, legal, and technical terms governing exploration, production, and profit-sharing are determined. It is considered a specialized negotiation approach used by oil-producing countries in certain circumstances, particularly when it concerns sensitive areas or projects requiring expertise available only to a limited number of companies. Direct negotiation is also an exceptional method for concluding hydrocarbon contracts, as it grants Sonatrach the freedom to select the foreign investor contracting with it without being bound by the complex and lengthy formal procedures of competitive tendering, reflecting the principles of flexibility and speed inherent in direct negotiation. (Benamara, pp. 163-182)Accordingly, this method has a distinctive character that sets it

apart from competitive procedures, justifying its exemption from the principles of publicity, equality, and competition.

3.1.2 Justifications for Adopting the Direct Negotiation Method in Hydrocarbon Contracts.

Certain obligations in a hydrocarbon contract may require execution by a single foreign investor due to its monopolistic position, possession of technology relied upon by Sonatrach, or specific technical and engineering considerations. (Badrani & Boukouba, 2022, p. 63) Another reason for resorting to direct negotiation may be the existence of urgent circumstances, justified by an imminent risk to an asset or investment in the field, which cannot be addressed through competitive tendering because of its numerous procedures and extended duration. (Dahmani, 2022, p. 120)

In general, competitive tendering is exceptionally excluded in cases that require the public interest and within the framework of the national hydrocarbon policy, after consultation with the National Agency for the Valorization of Hydrocarbon Resources (ALNAFT). In this regard, within the framework of transparency in hydrocarbon contracting and to prevent the misuse of direct negotiation for illegitimate purposes, the legislator has entrusted the decision to resort to direct negotiation to the discretion of ALNAFT.

3.2 The Shortcomings of the Legal Regulation of the Direct Negotiation Method in Hydrocarbon Contracts.

The direct negotiation method is an exceptional approach authorized by the Algerian legislator for concluding hydrocarbon contracts under Article 91 of Law No. 19-13, in consideration of the sector's strategic nature and its technical and economic complexities. (41 of Law No. 23/12 establishing general rules regarding public procurement) However, its regulation under Law No. 19-13 is characterized by a degree of ambiguity and lack of precision, both regarding the substantive rules justifying its use and the procedural safeguards governing its practice. Furthermore, the role of the National Agency for the Valorization of Hydrocarbon Resources (ALNAFT) in this context remains unclear, as the legislator limited itself to

stipulating consultation with the agency without specifying the nature or binding force of such consultation. This ambiguity raises questions about the compatibility of the direct negotiation method with the principles of transparency and fair competition underpinning the hydrocarbon contract framework. Accordingly, it is necessary to distinguish between two interconnected aspects: the ambiguity of ALNAFT's legal role in the direct negotiation method (3.2.1), and the absence of procedural and oversight guarantees regulating the practice of direct negotiation (3.2.2).

3.2.1 Ambiguity of ALNAFT's Legal Role in the Direct Negotiation Method.

Article 91 of Law No. 19-13 provides that Sonatrach is authorized to conclude hydrocarbon contracts through direct negotiation, after consultation with ALNAFT; however, the wording of the text is ambiguous and does not definitively clarify the legal nature of such consultation, creating uncertainty regarding the scope of the agency's involvement and the binding effect of its opinion.

The legislator does not specify whether the agency's opinion is binding on Sonatrach, requiring explicit approval for contract conclusion, or merely advisory, aimed at exchanging viewpoints without legal force. This ambiguity results in practical conflicts over the distribution of authority between the two institutions and renders the agency's role more formal than substantive, particularly as Sonatrach retains actual authority to select and negotiate with the foreign partner. The lack of clarity regarding the institutional relationship when employing direct negotiation undermines the effectiveness of oversight intended to balance the state's interest with the national institution's contractual freedom and generates a legal vacuum that could justify non-transparent or potentially abusive negotiation decisions. Therefore, through the imprecise drafting of Article 91, the legislator has left considerable room for interpretation regarding the limits of ALNAFT's involvement, necessitating legislative or regulatory intervention to clarify whether the agency's opinion in direct negotiation is binding, constrained, or merely advisory, in line with the principles of transparency and sound management of national resources.

3.2.2 Absence of Procedural and Oversight Guarantees Regulating the Direct Negotiation Method.

Despite the considerable importance of direct negotiation in hydrocarbon contracting, the Algerian legislator has not provided sufficient procedural safeguards to ensure transparency and oversight, limiting itself to a single formal constraint: subjecting contracts concluded under this method to approval and publication in accordance with Article 65 of Law No. 19-13. Under this provision, a hydrocarbon contract only becomes effective after approval by a decree issued by the Council of Ministers, followed by publication in the Official Journal of the People's Democratic Republic of Algeria.

This measure constitutes the only formal safeguard to ensure minimum oversight of oil contracts, aiming to affirm the state's sovereign control over its natural resources and to grant the government ultimate authority over its international obligations in this domain. However, this approval, despite its symbolic and legal significance, does not provide an effective guarantee of procedural transparency, as it pertains to the contract in its final form after negotiations have concluded, without extending to the negotiation process itself or to the evaluation of the foreign partner's selection. Consequently, limiting oversight to Council of Ministers approval and publication, without complementary substantive and procedural rules, demonstrates the shortcomings of legislative regulation in framing direct negotiation and calls for legislative or regulatory intervention to establish clear rules ensuring transparency and limiting the broad discretionary authority granted to Sonatrach. In this context, the direct negotiation method, under this legislative ambiguity, grants Sonatrach wide discretion that may affect the contractual balance between the parties, necessitating legislative intervention to define the substantive and procedural rules governing this method, thereby ensuring a balance between negotiation flexibility and the obligation of transparency in managing national resources.

4. CONCLUSION

The National Agency for the Valorization of Hydrocarbon Resources (ALNAFT) is a sectoral regulatory body responsible for supervising exploration and production activities on behalf of the state, ensuring that operating facilities comply with technical standards, and establishing competition rules within a regulated legal framework. Law No. 19-13 provides for the agency's supervision over the conclusion and execution of hydrocarbon contracts, enshrining the principle of competitive tendering as the primary method to ensure transparency and prevent corruption, while leaving direct negotiation as an exceptional procedure subject to consultation with the agency.

However, the legal provisions regarding the direct negotiation method do not clarify whether ALNAFT's opinion is binding on Sonatrach or merely advisory, creating a lack of clarity in the allocation of authority, limiting the agency's oversight effectiveness, and granting Sonatrach broad discretionary power that may affect contractual balance and the protection of national resources. This legislative ambiguity requires intervention by the legislator to define the substantive and procedural rules governing direct negotiation, balancing negotiation flexibility with the duty of transparency.

To enhance ALNAFT's role in supervising hydrocarbon contracts and ensuring transparency and protection of national resources, the following measures are recommended:

- it is necessary to define and regulate the cases and conditions under which direct negotiation may be used in hydrocarbon contracts as provided in Article 91 of Law 19-13, and to strengthen ALNAFT's supervisory powers over the use of this method to prevent any illegitimate application.
- it is essential to reinforce ALNAFT's independence vis-à-vis the executive authority, represented by the Minister of Hydrocarbons, by limiting ministerial intervention in the agency's functions, particularly regarding the conclusion and amendment of hydrocarbon contracts, so that the agency does not become merely advisory.
- It is recommended that mechanisms for the public disclosure of hydrocarbon contracts, as well as the financial and technical outcomes of

competitive procedures, be established in order to ensure transparency and facilitate social oversight and accountability.

- It is legally advisable to strengthen mechanisms aimed at enhancing transparency in the broader exploitation of the country's hydrocarbon resources.

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