

Investing in the Algerian tourism sector

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Abstract :

Algeria is the largest country in Africa and the 10 largest country in the world in terms of the total area located in North Africa, the second largest desert in the world, and some can be sand dunes up to 180 meters high. Algeria has a variety of landscapes and has a lot to offer to travelers .

You can reach the country through a short trip from Europe, but the difference between the two continents is noticeable immediately and provides a sense of adventure and challenge for tourists. And it had visited Algeria 2.45 million out of 1.32 billion tourists in the world in 2017, which shows that Algeria did not pay much attention to the arena sector compared to what is available to some of the neighboring countries such as Tunisia and Morocco .

Key words: tourism, investment, regionalization plan.

JEL classification codes: Z39 ‘ Z38 ‘ Z32 ‘ Z30

1. INTRODUCTION

All the statistics and indicators of the global economic institutions confirm that the tourism industry is of great importance in the economy, as its contribution was estimated at 10% of the GDP in 2017, which amounted to 8.27 trillion dollars, which is much better than what is achieved by the auto and vehicle industry, the agricultural sector and banking services. By looking at the natural, historical and cultural tourism components that Algeria enjoys, it can make it a destination and a tourist destination with distinction if it is well exploited and invested, so that the tourism sector is a better alternative or option for hydrocarbons.

As a preliminary evaluation and based on the objectives of the first stage of the plan extending between (2008-2015), most of the goals set, especially the financial and monetary goals, were not achieved, the most important of

which is to reach 2.5 million tourists and achieve a volume of tourism revenues ranging between (1500-2000) million dollars while It actually reached 1.7 million tourists and \$ 308 million in 2015, and therefore it is necessary to focus on the active role that the private sector plays in developing tourism and how it is prepared for that⁹.

The most important obstacles facing the scheme

One of the most important reasons for this failure of the scheme is its lack of reliance on the steps of strategic tourism planning in most of its axes, especially with regard to relying on the geographical standard in dividing the seven tourist poles, while it was better to rely on the types of tourism products to facilitate the achievement and identification of goals that were not formulated and designed well.

The absence of organizational stability and the lack of financing dynamics are among the most important factors that led to the obstruction and failure of the scheme. In almost every year or two, the Minister of Tourism is changed or the ministry is restructured in itself and also the policy of rationalizing government expenditures due to low oil prices reflected negatively on the implementation His projects¹ (Krishnan, 2014) , and strategies.

Here, we can present the following forms: How far has the tourism investment contributed to the development of the Algerian tourism sector?

To answer these forms, we have followed the descriptive and analytical approach that clarifies the effectiveness of investments and their contribution to developing the tourism sector.

2. Types of tourism invested in Algeria

In view of the tourism components that Algeria enjoys, we can invest in many types of tourism to enhance tourism demand, especially recreational tourism, beach tourism, desert tourism and mountain tourism, but recent trends in tourism imposed new types that the tourism strategy in Algeria must cope with, including shopping tourism, business tourism and tourism Sports, medical tourism and other modern styles. (charif noreddine, 2008)

The modern tourist has become more aspiring for new tourism products and it has become necessary to mix natural tourism attractions with qualifications and modern facilities such as smart hotels as well as shopping centers, environmentally friendly resorts and other facilities that adopt the concepts of sustainable tourism and social responsibility.

3. Tourism investment in Algeria

3.1 Launching 80 tourism projects in 6 distinguished tourist poles in the horizons of 2025

Tourism investment in our country tends to cover the registered deficit in the field of accommodation, the latter that remains far from meeting the demand in this aspect in light of the increasing popularity of Algerian tourism, and the investments that are in the process of achievement fall within the framework of the national strategy for preparing the tourism sector in the horizons of 2025, which is an integral part of the national plan to prepare the region, which aims to create a kind of harmony and harmony in the implementation of the various sectoral projects, and in this context, the launch of massive tourism projects that respond to the huge influx of tourists, and the revival of local and national tourism, and in particular the matter Achievement of seven tourist poles with excellence, and 50 tourist villages with international specifications, in various states of the country.

The national plan for preparing the region in the horizons of 2025 is considered the main business platform for tourism development in Algeria, like all other sectors. This plan includes the strategic and reference framework for the application of tourism policy in Algeria within the limits of (charif noredline, 2008), 2025, and embodiment of the approach aimed at valuing the possibilities that Algeria has, including natural, cultural and historical And making these capabilities in the service of tourism, and then covering the registered deficit, especially in the field of accommodation, which does not exceed 80 thousand beds at the national level, only 10 percent of them conform to international specifications, offset by a large number of requests for shelter in Algeria exceeding millions annually.

3.2 Projects for the near and medium term

Among the major projects included in the plan, including the national strategy for the development of tourism, the completion of seven tourist poles by 2025, in addition to the completion of 20 tourist villages and ecological parks with a tourist dimension distributed on the national soil, which are tourist models that allow to structure the region and improve the tourist destination (charif noredline, 2008), of Algeria, including a group of Tourist villages with a degree of excellence and a number of equipment, accommodation facilities and various activities, in harmony with what is included in the region's development project, and these poles respond to the cultural and commercial needs of the population.

Among these poles, the pole located in the north-east of the homeland and touches six states, namely, Enaya, Al-Tarif, Skikda, Qalamah, the Ahras and Tebessa market, and the second pole mediating north and central of the homeland and includes all of Algiers, Tipaza, Boumerdes, Blida, Chlef, Ain Defla, Medea, Bouira, Tizi-Ouzou and Bejaia, and the third pole, the states Located northwest of the country It includes Mostaganem, Oran, Ain Temouchent, Tlemcen, Mascar and Sidi Bel Abbes and Relizane, and mediates the southwestern states, including Ghardaia, Biskra, Wadi and Al-Manea, a fourth tourist pole, and the fifth mediates the southwestern states, including Touat, Qararah, Adrar, Timimoun, and Bashar. These projects also include the completion of two poles. In the Great South, the first includes Tassili, Elise, and Djanet, and the second includes the Hoggar and Tassili.

The number of investment projects related to the accomplishment of tourist villages amounts to 20 villages distributed over each of Al-Taref, Annaba, Bejaia Boumerdes, Tipaza, Skikda, Oran, the capital, Tlemcen and Tamimon, to which three "Dunia Park" parks are added, and they are one of the ecological parks with a tourist dimension, in each of the capital, Oran and Annaba, and it exceeds The total number of beds to be provided in these various villages is 52 thousand beds.

The state decided to privatize the sector by issuing an appeal to investors who deal with the National Agency for Tourism Development, which is

charged with managing approximately 174 tourist expansion areas, including 20 priorities.

The proposed amendments to the draft law took into consideration the necessity of upgrading the tourism sector to the ranks of the sectors contributing to increasing wealth as well as its rational management, and these amendments centered on the need to put an end to the prevailing inconsistency in tourism development defined by national tourism institutions by adopting a new method of management that guarantees continuity. At work, it depends on the valuation of the available natural, cultural and civilizational resources.

Reinstated the hotel establishments in order to raise their accommodation capacity. (particular, 2005), Providing the tourist offer, as well as developing and sending new forms of tourism activities that meet tourists, especially foreigners.

The amendments focused on the tourism real estate that impedes tourism investment across the various regions of the country, suggesting the cancellation or amendment of some of the materials mentioned in the project, such as those related to the penalties, the tourism development plan, and the monitoring mechanisms, especially for real estate transfer and investment in them.

4 .The reality of tourism in light of the Algerian economy

How can the state support the hotel sector?

If we want to work to disengage from the oil wealth, and not rely entirely on it, the tourism sector must be at the top of the state's priorities and concerns in the next stage by providing support and accompaniment, As the sector, during the Corona pandemic that is sweeping Algeria, was the first supporter of the state by putting all facilities at the disposal of the quarantine strategy, for this we hope to provide extensive accompaniment from the banking sector, (www.tourism.gov.eg/default.aspx, 2008), Certainly, this suffers after confirming its economic feasibility, while others need to upgrade its services by renewing their structures in a way that elevates the Algerian tourist destination, which is not hidden from you because it abounds with scenery and tourist sites that do not exist in the world.

4.1 Follow-up and support of tourism projects

4.1.1 Privileges related to obtaining the property

The plot of land for the project may be private ownership, lease contract, or private ownership of the country, granted by concession contract by the governor by mutual consent.

If the plot of land for the project is located inside the areas of tourism expansion, the prior opinion of the National Agency for Tourism Development and the approval of the Minister in charge of tourism must be obtained in advance. (وزارة تهيئة الاقليم، 2008)

4.1.2 The concession is licensed through the Viceroy and the approval of the Minister in charge of Tourism

The annual rental fee represents 1/33 of the commercial value of the land subject to concession

Reducing the annual rental fee for concession of the plot:

90% during the completion period, from one to three years,

50% during the period of exploitation, from one to three years.

The symbolic dinar per square meter (m²) over a period of ten years (10) for the states of the South and the Highlands. The symbolic dinar per square meter (m²) over a period of fifteen years (15) for the states of the Great South.

4.1.3 Finance Privileges

Investors wishing to complete their projects and modernize their tourism facilities within the framework of the tourism quality scheme at the level of the northern states, as well as the southern states, benefit respectively from 3 4 and 4,5% of a reduction in the interest rate applied to bank loans .

Within the framework of the framework agreements concluded between the Ministry in charge of tourism and various banking institutions, privileges were granted for financing tourism projects, as follows: Contribute more than 60 for projects with privacy and priority.

- ✓ Duration of compensation: 10 years and more, with an interest rate reduction of 03 years and more for priority and private projects.
- ✓ Duration of studying files: * 40 to 60 days for completion of investments.
- ✓ 30 days for exploited projects.
- ✓ Registration in the fund is a guarantee of small and medium enterprises with regard to financing equipment.
- ✓ The possibility of contributing to the development of capital, in partnership with the Algeria Investment Foundation.

4.1.3.1 Banks and banking institutions

- the Algerian popular (secteur-du-tourisme) ,loan, 2- The Agriculture and Rural Development Bank, 3- The Local Development Bank, 4- The National Savings and Reserve Fund "Bank", 5- Al Baraka Bank, 6- Trust Bank, 7- Gulf Bank Algeria, 8- Societe Generale Algeria, - Peace Bank, 10- Small and Medium Enterprises Loan Guarantee Fund, 11- Algeria is an investment.

4.1.4 In addition to the benefits granted by the National Investment Development Agency

(Law No. 16-09 of Shawwal 29, 1437 corresponding to 03 August 2016 relating to investment development) Common advantages for eligible investments, Additional benefits for distinct activities and / or job opportunities , Exceptional benefits for investments of particular importance to the national economy.

Procedures for the approval of hotel and tourism projects plans , The legal basis: In application of Articles 46, 47, 48 and 49 of Law 99-01 of 06 January 1999 related to the rules related to hotel:

The investor must deposit his file with the directorate of tourism and traditional industry of the state, the place of residence of the project.

4.1.5 Administrative file

The application form for approval of hotel plans, signed by the owner of the project, download it via the website of the Ministry of Tourism and

Traditional Industry (mtatf.gov.dz), or withdraw it at the level of the directorates of tourism and traditional industry of the state, the place of residence of the project.

- ✓ A formal contract of ownership for the month or enjoyment of the right to use the plot of land on which the project will be built.
- ✓ The company contract for the legal persons.
- ✓ Building permit or conformity license for tourism projects to be retrofitted, expanded or renewed. (اسلام، 2015، الصفحات 20-22)

4.1.6 Technical file:

- ✓ Site plan on scale 1/2000 or 1/5000.
- ✓ Block diagram on scale 1/200 or 1/500.
- ✓ Topographic chart on scale 1/200 or 1/500.
- ✓ Various floor plans are detailed on ladder 1/50 or 1/100.
- ✓ Portrait and project cross section on ladder 1/50 or 1/100.
- ✓ Interface layouts on ladder 1/50 or 1/100.
- ✓ Economic technical study of the project.

Table No. 1: Projects in progress

the year	2015	2016	2017	2018
Number of projects	504	584	764	799
growth rate (%)	-	15,87%	30,82%	4,58%
Number of beds	69 138	76 670	101 772	100 866
growth rate (%)	-	10,89%	32,74%	-0,89%
Number of Workers	28 835	32 592	44 840	41 879
growth rate (%)	-	13,03%	37,58%	-6,60%

Source: Tourism Investment Directorate .

Table No. 2: Discontinued Projects

the year	2015	2016	2017	2018
Number of projects	101	119	147	181
growth rate (%)	-	17,82%	23,53%	23,13%
Number of beds	8 591	13 397	16 985	19 745
growth rate (%)	-	55,94%	26,78%	16,25%
Number of Workers	3 732	5 003	6 978	8 535
growth rate (%)	-	34,06%	39,48%	22,31%

Source: Tourism Investment Directorate.

Table No. 3: Tourism Investment Projects - continued - for the period 2015-2018

Projects - non-completed and completed -

Non-flying projects:

the year	2015	2016	2017	2018
Number of projects	607	793	928	1 163
growth rate (%)	-	30,64%	17,02%	25,32%
Number of beds	78 813	104 979	129 641	162 774
growth rate (%)	-	33,20%	23,49%	25,56%
Number of Workers	29 074	39 502	47 812	61 629
growth rate (%)	-	35,87%	21,04%	28,90%

Source: Tourism Investment Directorate

Table No. 4 :Completed projects:

the year	2015	2016	2017	2018
Number of projects	58	106	107	67
growth rate (%)	-	82,76%	0,94%	-37,38%
Number of beds	4 241	9 843	10 162	5 773
growth rate (%)	-	132,09%	3,24%	-43,19%
Number of Workers	1 951	5 049	4 476	2 447
growth rate (%)	-	158,79%	-11,35%	-45,33%

Source: Tourism Investment Directorate.

5. CONCLUSION

Tourism investment in Algeria did not receive the attention it deserves on the part of the public authorities, which prevented taking advantage of all available capabilities, as in this regard the public authorities established seven tourist poles in order to meet the market demand and promote tourism in Algeria, such as the framework of 2030 .

And it is necessary to provide the suitable tourism environment for the advancement of this sector, Liberalizing acquisition or opening tourism investment to foreigners to support reception through a package of tax exemptions To get them to invest in the sector, by applying low rates on customs rights and tax exemption On the added value, including achieving the sector's support in terms of tourism revenue, employment opportunities and contribution to output Motherland

Finally, we hope that Algeria will turn into a tourist destination in the first place and have a place on the level. International competition with Arab and international tourism, tourism is the economic alternative that generations will benefit from. Present and future generations, This is in conjunction with all efforts, with real will and political will .

In the development of this sector and strictness in the implementation of the projects under the framework of the guideline plan for the tourist preparation.

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