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**Norway and Algeria, from rentier economy to comprehensive development:
lessons for a post-hydrocarbon era**

النرويج والجزائر، من الاقتصاد الريعي إلى التنمية الشاملة:
دروس لمرحلة ما بعد المحروقات

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Abstract:

This paper examines the Norwegian experience in economic diversification and the insights that Algeria might get from it. We have analysed the attributes of this model and the essential factors leading to its success, along with the potential, Algeria might use to attain economic diversification and reduce its reliance on oil revenues. At the conclusion of this study, we arrived at several conclusions, the most significant of which is that the Norwegian economic experience exemplifies one of the most successful models of economic diversification, attributable to its numerous advantages, from which Algeria could derive benefits to attain its own economic diversification.

Keywords: economic diversification, oil revenues, Norway, Algeria, economic framework.

المخلص :

لقد تناولنا في هذا البحث بالدراسة والتحليل التجربة الاقتصادية النرويجية في التنوع الاقتصادي والدروس التي يمكن للجزائر الاستفادة منها وذلك من خلال دراسة خصائص هذا النموذج والعناصر الأساسية المساهمة في انجاحه وكذا فرص الاستفادة الجزائر منه لتحقيق التنوع الاقتصادي والخروج من حالة التبعية للريع النفطي، وفي نهاية هذه الدراسة توصلنا لمجموعة من النتائج أهمها أن التجربة الاقتصادية النرويجية تعد من أنجح التجارب في تحقيق التنوع الاقتصادي بفضل مميزاتا مختلفة و التي يمكن للجزائر الاستفادة من بعضها لتحقيق التنوع الاقتصادي بدورها. الكلمات المفتاحية: التنوع الاقتصادي، الريع النفطي، النرويج، الجزائر، النموذج الاقتصادي.

1. INTRODUCTION

The hydrocarbon sector, comprising oil and natural gas, has both benefits and drawbacks. On one side, its financial revenues assist energy-producing nations in financing their budgets, supplying essential cash for investment, compensating workers and employees, and servicing the country's internal and foreign obligations. Moreover, these funds enhance measures designed to promote social tranquilly, resulting in transient, unsustainably attained security, and political stability.

Conversely, total economic reliance on the finances and profits derived from hydrocarbon exports, presents a substantial risk to the stability and security of nations dependent on rentierism. The volatility and persistent price variations are especially alarming for nations reliant on international energy markets, as these variations are affected by political, economic, security, and geopolitical elements associated with the

interactions of major economic powers such as the United States and China. Moreover, nations dependent on energy rents have cultivated a range of social, economic, and political behaviours that render them insincere and disinclined to undertake genuine efforts and sacrifices necessary for formulating strategies and implementing effective policies aimed at diversifying their economies and reducing reliance on hydrocarbon revenues. Corruption and administrative and economic laxity are prevalent characteristics in the majority of rentier states, with only a few exceptions.

Norway has effectively circumvented a pathological reliance on the petroleum industry by establishing a diversified economic model that use oil earnings to foster an economy centred on sustainable growth.

An examination of the Norwegian economic experience prompts an inquiry into whether Algeria may derive insights to mitigate its reliance on oil revenues and establish a

diverse and productive economy. This is particularly accurate considering that both economies exhibit similarities in energy production and marketing; however, Norway, in addition to being an oil-producing nation, possesses a diverse and productive economy, whereas Algeria is reliant on oil and natural gas income.

The question of the study:

In what ways can Algeria use the Norwegian economic model to attain economic diversification and reduce its reliance on hydrocarbons?

To elucidate this inquiry, we present the subsequent sub questions:

- How was the Norwegian economy characterised prior to the discovery of oil and natural gas in the nation?
- How did Norway leverage oil and natural gas income to establish a diverse economy centred on sustainable development?
- What economic, administrative, and political elements might Algeria utilise from the Norwegian experience to attain economic diversification?

Hypotheses of the study:

To answer the question of the study, we suggest the following hypothesis:
-Governance, openness, and the implementation of democratic management are the paramount components for the success of the Norwegian economic model.

-Incorporating the oil and hydrocarbons industry into the development of a diverse and sustainable national economy has been crucial in the success of the Norwegian economic model.

-Algeria's creation of a sovereign fund to invest oil and gas income, according to Norway's model, will aid in attaining economic diversification in Algeria.

- The objective of the study:

This research aims to accomplish a series of academic objectives, the foremost of which are:

- Discern the essential elements of the Norwegian economic model and the

foundational ideas that support it, with the intention of attaining economic diversity.

- The study seeks to identify solutions for utilising oil and gas income to develop a diverse and sustainable economy in Norway.

- Identifying the elements of the Norwegian economic experience that Algeria might use to expand its economic horizons.

-Methodology of the study:

To realising this study, we employed descriptive, analytical, and comparative methodologies, as some elements need a comparison between Norway and Algeria. We employed the institutional method to economic analysis, concentrating on benchmarking theory as the suitable framework for comprehending how Algeria might leverage the Norwegian economic experience.

- Research Plan:

To finalise this study, we built a framework including two primary components, the initial axis examined the Norwegian economic model, focussing on the characteristics of the Norwegian economy prior to and following the discovery of oil.

We subsequently examined the key characteristics and components of the Norwegian economic strategy implemented to attain economic diversification.

The second axis focused on examining the characteristics of the Algerian economy and exploring methods to use the Norwegian economic experience to develop a diversified Algerian economy outside the oil industry.

2. The Norwegian Economic model:

The Norwegian model of economic diversification serves as a significant case study for oil-producing nations confronting balance of payments deterioration and escalating financial deficits during substantial declines in global oil prices.

Norway has effectively converted its diminishing oil resources into fruitful investments that align with the principles of sustainable development and the maintenance of intergenerational equity.

2.1. Overview of Norway:

Norway is situated in the western and northern regions of the Scandinavian Peninsula, sharing borders with Sweden, Finland, and Russia. The area measures ¹.

Prior to the commencement of oil exploration, Norway has a robust democracy and an efficient administration. It is seen as a democratic and peaceful nation that advocates for human rights and values international collaboration, hence garnering respect and trust from other nations and peoples.

Norway possesses a well-structured and stable society characterised by a high level of living that ensures social care for all residents. Owing to this psychological comfort, Norwegians often put moral and spiritual values above financial ones in their lifestyles.

2.2. The Characteristics of the Norwegian Economy:

In 1969, oil was discovered in Norway, with production commencing in 1971, the fundamental premise of oil extraction in Norway was to convert oil into a sustainable resource by extremely efficient exploration, production, and marketing. Norway pursued two strategies: either directly extracting the oil or offering exploitation rights to businesses. The selected approach for the majority of extraction activities involved maintaining control and monitoring under the Norwegian government².

Consequently, after the discovery of oil, the Norwegian government aimed to investigate methods to safeguard the economy from overreliance on oil and energy revenues, while also seeking to mitigate adverse effects on the industrial sector, particularly in shipping and transportation, and the agricultural sector, which predominantly relies on marine fishing and aquaculture.

Moreover, it concentrated on bolstering the private sector and sustaining elevated production levels. The administration cut the retirement age to

323,802 square kilometres. The 2015 census indicated that Norway's population was around 305,920. Oslo, the capital of Norway, is the most populous city, housing around 230,599 residents enhance possibilities for youth, augmented assistance for agricultural goods, extended industrial initiatives, and somewhat decreased taxes. During the 1980s, the government investigated optimal methods for managing oil resources and delineating them from governmental expenditures.

The Sovereign Wealth Fund was formed in 1990 and began active in 1996, 27 years after the commencement of oil production. The Norwegian government ultimately managed to restrict oil income to a maximum of 30% of overall government revenues³.

The Norwegian economy is defined by its comprehensiveness and diversification, encompassing commerce, industry, agriculture, and many crafts. Numerous reasons have facilitated its growth and development, particularly Norway's extensive and varied natural resources. The petroleum sector holds a prominent role in economic activity, conserving and investing resources for the advantage of future generations.

The Norwegian economy is a contemporary capitalist system predominantly reliant on three primary sectors: services, industry, and agriculture. The sectors allocate their contributions to the yearly gross national revenue as follows:⁴

Services sector:	Industry sector:	Agriculture sector:
57.8%	40.1%	2.1%

The overall work force comprises 9.2 million persons, distributed across industries as follows:

Services sector	Industry sector	Agriculture sector
76%	21.1 %	2.9%

The employment rate in the public sector in Norway is around 30% of the

overall workforce. The unemployment rate in 2015 did not surpass 3.2%, a decrease from about 2% in 2010. Nonetheless, this number may be seen as exceedingly low when juxtaposed with unemployment rates in other wealthy nations during that period.

As of 2015, Norway is among the wealthiest nations globally based on per capita GDP, which amounted to \$61,542. Between 2001 and 2007, it had the highest human development among all nations and was deemed the most peaceful country according to the 2007 Global Peace Index study⁵.

In 2023, for example, it maintained its first place after Iceland with a score of 0.97. The following is a list of the countries that achieved the highest ranks in the Human Development Index for the year 2023, where Norway ranked second:

Figure 01: world HDI ranking and value for 2023:

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HDI ranking and value (2023)

Rank	Country	HDI value
1	Iceland	0.972
2	Norway	0.970
2	Switzerland	0.970
4	Denmark	0.962
5	Germany	0.959
5	Sweden	0.959
7	Australia	0.958
8	Hong Kong, China (SAR)	0.955
8	Netherlands	0.955
17	United States	0.938
130	India	0.685

HDI: Human Development Index
Source: UNDP Human Development Report 2025

Source: UNDP, Human Development Report (HDR) for 2025, <https://www.nextias.com/ca/current-affairs/07-05-2025/human-development-report-2025-undp>

2-3 Norway's strategy for exploiting oil revenues to achieve economic diversification:

Norway exhibited less enthusiasm than other oil-producing nations that were keen to explore and extract oil. Public mood was doubtful regarding the existence of oil in the North Sea, particularly as the Norwegian Geological Survey had determined that no oil was there. Norway once saw oil corporations as a collective of pioneers aspiring to achieve significant discoveries that would diminish the West's reliance on imported oil. The Norwegian populace maintained a quality of life that warranted safeguarding against any hazardous

undertaking⁶

Following the finding of gas in the Netherlands and Britain in the southern North Sea, the potential for gas and oil in Norwegian seas heightened, altering Norway's expectations for this matter. Consequently, Norway commenced the exploration phase by draughting requisite laws and building an administrative nucleus to supervise exploratory activities. It subsequently established the legal, contractual, and regulatory frameworks that progressively facilitated productive collaboration between corporations and governmental entities. This collaboration is founded on mutual respect for roles and the equitable distribution of costs and risks between the two parties, adhering to established commercial norms that align with their respective concessionary interests.

Following an examination of the historical and contemporary dynamics of the oil industry, Norway resolved to establish a novel framework that circumvents conflict between regulatory bodies and corporations, aiming instead for constructive collaboration founded on the equitable distribution of rights and responsibilities between both entities. Moreover, Norway has rapidly formulated a robust and effective financial and economic strategy that has produced favourable outcomes in the optimal use of oil revenues to establish a diversified national economy, minimising undue reliance on oil. This economy relies on sustainable development, ensuring social welfare and a good standard of living for the Norwegian populace while safeguarding the future for subsequent generations and affirming their entitlement to the benefits of oil and economic prosperity. The subsequent parts encapsulate the Norwegian plan for attaining economic diversification via the oil industry:

-Political consensus on oil management: Norway's oil management strategy, based on the 1971 Ten Commandments statement, aims to balance expansion with economic disruptions, implementing a control-oriented policy for gradual growth.

-Establishing a connection between the oil industry and the national industrial sector: Norway's oil strategy aims to

generate new investment opportunities and ensure sustainability independent of oil reliance. It focuses on generating new investment opportunities through direct investment or indirect services. The government creates national enterprises for exploration, development, and production, and contracts with multinational firms to support local industry development. The government encourages multinational oil corporations to support Norwegian technology and technology advancement. In the mid-1970s, the government aimed to increase Norwegian equipment's share in oil operations to 25% of overall exploration and production expenditures⁷.

• **Institutional support:** Since the initial discovery of oil, major corporations like Norsk Hydro have shown interest in oil activities. In response to challenges faced by shipbuilding and navigation, they shifted their efforts towards seismic drilling and exploratory activities, requiring specialist boats for execution. In the early 1970s, the shipping sector grew, leading to the evolution of the oil equipment business. The Norwegian industry's diverse industrial capabilities and collaboration with foreign enterprises contributed to its success in oil operations. The Norwegian industry has played a prominent role in hydropower projects, infrastructure, and global structures. The industry has also developed "North Sea Technology" to address oil operations demands in various maritime regions. The collaboration of Norway, the United Kingdom, the Netherlands, and Denmark has significantly contributed to the development of this technology. Universities and educational institutions in Norway have played a crucial role in meeting the demand for specialized professional staff during the operating phase.

• **Dependence on domestic workforce:** In contrast to several oil-exporting nations, Norway has not liberalised its labour market to accommodate inexpensive overseas labour. Instead, it has enacted laws that enhance the participation of domestic workers in the job market, particularly

women, so addressing the issue of labour shortages⁸.

• **The Norwegian Oil Fund:** Norway's oil production led to increased global oil prices, generating revenue for the government. This revenue was allocated to the budget, resulting in increased government expenditure from 1974 to 1976. Public sector employment increased over 60% from 1970 to 1980, but this decreased the competitiveness of the nation's exports. The workforce in non-oil sectors and agriculture and fisheries transitioned to the oil industry. The Norwegian krone appreciated relative to neighboring currencies, but the government continued its expansionary strategy fueled by oil income. Norway achieved the highest levels of support for domestic businesses among OECD nations by diminishing subsidies and assistance for non-oil-related sectors. By 1982, due to a significant drop in oil prices, Norway's public expenditure and budgetary strategies were in disarray.⁹

The Norwegian authorities resolved to exclude oil income from the national budget throughout periods of both elevated and diminished prices, opting instead to allocate them to a designated fund. This would alleviate the adverse impacts on the nation's economy that may arise from reliance on oil earnings.

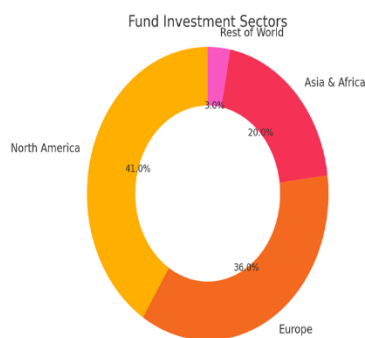
The deposit of oil income into the fund entirely shields the general budget from any oil revenue fluctuations. This prompted the government to minimise dependence on oil earnings and, subsequently, to seek alternate financing sources for its yearly budget, including taxes, income from public projects, and fees. The fundamental principles governing the operation of the Norwegian Sovereign Wealth Fund may be encapsulated in the below points:¹⁰

-The Ministry of Finance manages the Norwegian Oil Fund, which generates revenue from oil earnings and investments. The fund is licensed to invest exclusively outside Norway and is not allowed to invest within the country. The fund aims to maximize reward with minimal risk,

presenting a comprehensive report on oil income to Parliament annually.

-The fund, which exclusively invests outside Norway, aims to diversify holdings, mitigate risks, and maximize returns by investing in 77 countries and around 9,000 enterprises. It must avoid initiatives that violate human rights, involve corruption, or negatively impact the environment to maintain the nation's image. The allocation of investments is based on geographic region and investment type.

Figure 02: Investments of the Norwegian Sovereign Fund in the world:



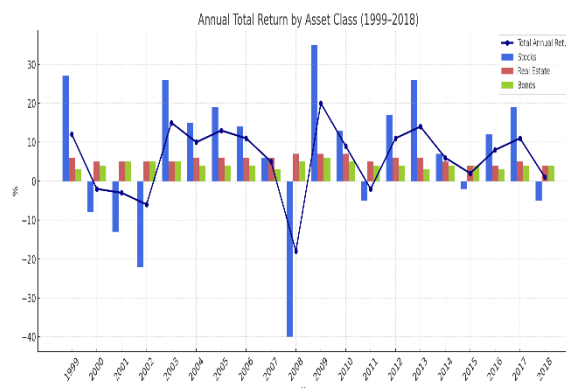
Source: Abdulwahab Al-Qahtani, (2022), The Efficacy of the Norwegian Sovereign Investment Fund and its Determinants of Success, Al-Rai Al-Iqtisadi Magazine, (71), 92.

The predominant allocation of the fund's investments is in North America, accounting for 41% of the total, followed by Europe at 36%. Investments are allocated among three asset classes: equities, fixed income securities, and real property. Data from the Central Bank of Norway indicates that on March 31, 2018, stock investments constituted 2.66%, bond investments constituted 2.31%, and real estate investments constituted 7.2%.

These investments have yielded substantial returns due to the judicious use of resources, establishing the fund as an

effective instrument for economic diversification in this country by contributing to the diversification of national revenue sources. The below chart illustrates the percentage returns attained by this fund.

Figure 03: Returns of Norway's Sovereign Wealth Fund for the Period (1999-2018):



Source: Abdul Wahab Al-Qahtani, (2022), The Strength of the Norwegian Sovereign Investment Fund and Factors for Its Success, Al-Rai Al-Iqtisadi Magazine, (71), 92.

Consequently, we observe that the fund's foray into real estate commenced in 2011, coinciding with its investments in equities and bonds. Ultimately, it engaged in certain real estate ventures, but to a restricted extent. The fund's returns have demonstrated their value, particularly during the 2008 global economic crisis, during which the fund saw a loss of 31.23% in a single year. Subsequently, its revenues increased once more in the years after 2008. Second Axis: The Norwegian Economic Model and Its Applicability in Algeria for Economic Diversification.

3. The Norwegian economic model and the Opportunities for Applying It in Algeria to Achieve Economic Diversification:

This study's first axis reveals that Norway has effectively circumvented the pitfalls of excessive reliance on oil and hydrocarbon resources. Although it ranks among the greatest producers and exporters of oil and gas, the country has successfully

established a diverse and sophisticated economy grounded in sustainable development, using the oil industry as a catalyst for the advancement of other economic sectors. This accomplishment is attributable to the successful method Norway implemented to get this outcome.

Considering that Algeria's economy is predominantly reliant on hydrocarbon revenues, the critical inquiry is whether Algeria can leverage the Norwegian model to attain economic diversification and reduce its dependence on oil and natural gas. This part will be delineated as follows for exploration.

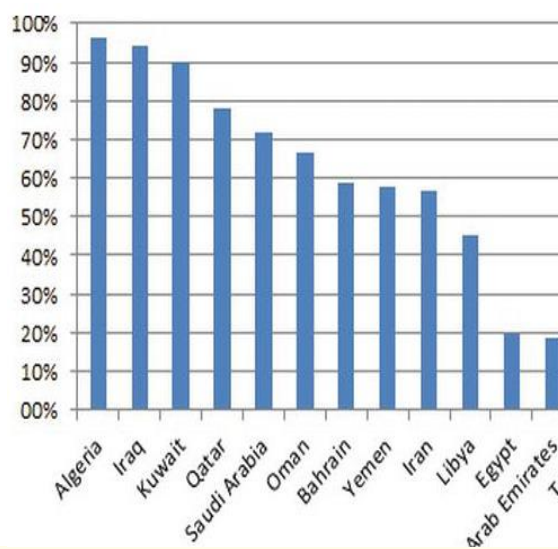
One.

3.1 Characteristics of the Algerian economy:

The primary difficulty confronting the Algerian economy is its substantial reliance on hydrocarbon earnings and government expenditure. From 2019 to 2023, the hydrocarbon industry constituted 14% of GDP, 93% of exports, and 47% of budgetary expenditures. In light of this circumstance, Algeria aims to diversify its economy to diminish reliance on hydrocarbons, broaden revenue sources, and enhance job opportunities, especially for the youth, considering their demographic characteristics¹¹.

The projected employment rate for 2024 is 12%, including 25.4% for women and 29.3% for youth aged 15-24. Due to the rise in hydrocarbon output, economic growth is anticipated to be strong, achieving 3.8% in 2021, 3.6% in 2022, and 4.1% in 2023. This performance has resulted in almost a 60% rise in public expenditures from 2021 to 2023, attributed to elevated public sector wages and bonuses, the implementation of suitable allocations, the enhancement of food subsidies, and a substantial increase in public investment. Increased gasoline costs are facilitating a decrease in the budget deficit, resulting in balance of payments surpluses for 2022 and 2023¹².

Figure 04: Percentage of fuel export on total merchandise export in MENA countries, 2017:



Source: Cecilia Camporeale and al, Beyond the Hydrocarbon Economy: The Case of Algeria, <https://www.intechopen.com/chapters/71015>, p02.

Moreover, reduced gasoline prices, in conjunction with OPEC quota reductions, are bolstering public spending via robust import dynamics and growth, while the budget and external balances under pressure.

The aforementioned illustrates the crucial significance of hydrocarbons in the Algerian economy, rendering it perpetually susceptible to price volatility in global energy markets, over which Algeria exerts little control. The recurrent decline in petroleum prices globally compels Algeria to diversify its economy and reduce its reliance on hydrocarbons.

This is what Norway accomplished, and we will endeavour to identify the elements from the Norwegian example that Algeria may leverage to diversify its economy and diminish reliance on hydrocarbons.

3-2. The Algerian Economic Experience and Norway:

Norway serves as a compelling exemplar and a standard in economic literature for nations aiming to diminish reliance on natural resource

exports and diversify their economy. This results from the efficacy of the Norwegian model and its capacity to mitigate the adverse impacts of global market changes¹³.

This is further underscored for Algeria, considering the analogous natural resources shared with the other country and the proximate initiation of oil and gas extraction activities. Researchers can derive several indicators or dimensions from the economic literature on diversification and the Norwegian experience, which might serve as a foundation for diversifying the Algerian economy¹⁴.

The methods include compliance with governance regulations; the incorporation of petroleum policy into economic policy; the interconnection of the oil and gas industry with other industries; and the establishment of a suitable contractual framework; the interrelation of the aforementioned elements requires a comprehensive investigation of the subject.

- Compliance with governance regulations: This entails the implementation of new regulations, ideals, and frameworks grounded in the tenets of democracy, transparency, accountability, respect for human rights, and the rule of law.

Furthermore, it entails the establishment of new organisations and public administrations aimed at preventing wrongdoing that may result in the misappropriation of natural resources and their revenue, including the utilisation of public monies for personal or political advantage. Governance standards substantially diminish the probability that governments would dismiss economic diversity as a challenge to their authority and power. Governance furnishes the political will essential for establishing a conducive economic climate, marked by equitable chances, competitiveness, innovation, and creativity. This climate fosters economic diversification, a philosophy embraced in Norway¹⁵.

Consequently, enhancing the administration and management of natural

and energy resources in Algeria, like to Norway, will diminish public authorities' reliance on these resources for hard currency and tax income, while simultaneously augmenting and reinforcing accountability. In essence, governance regulations would inhibit the predominance of the natural resources and hydrocarbons sector in the economy, therefore facilitating the growth of other economic sectors and garnering the attention of both the government and investors¹⁶.

- Incorporating oil and gas industry policy with economic policy: The oil policy of Norway is formulated based on ideas from the Ministry of Oil, which are deliberated with several ministries, including the Ministry of Economy, Planning, and Environment. Consequently, oil policy integrates into the nation's overall economic policy, necessitating deliberation and endorsement by parliamentary members, along with requisite revisions if deemed required¹⁷.

In Algeria, the executive authorities, particularly the Ministry of Energy and its central directorates determine investments in the hydrocarbon industry, each operating within its domain, without collaboration with other ministries and councils.

Consequently, the paramount lessons Algeria may derive in this context are the formulation of a participative energy strategy, informed by the Norwegian model. This is accomplished by engaging various ministerial sectors, including the Ministry of Environment and Investment, the National Energy Council, and Parliament, in the development of a national energy policy aimed at positioning this sector as a contributor to the advancement of other economic sectors in the country, similar to the approach taken in Norway¹⁸.

- Distinguishing oil and gas export income from the budget: The Norwegian government have endeavoured to segregate hydrocarbon export profits from their other financial revenues by refraining from injecting them into the economy, therefore avoiding dependence on them as a source of

rent and evading the pitfalls experienced by their neighbour, the Netherlands.

The Norwegian government created a sovereign fund to manage oil earnings in order to realise this ambition. This fund seeks to safeguard the Norwegian economy against volatility in global energy markets, allocate oil and gas earnings for future generations, and invest in assets and industries that yield supplementary income and profits for Norway and its economy.

Algeria, being a developing nation with a mono-economy reliant only on hydrocarbon income, has had little choice but to depend on these resources to fund its economic growth initiatives since gaining independence. The concept of creating a dedicated fund for the allocation of extra oil earnings was first introduced in 2000 under the Supplementary Finance Law, nevertheless, the government utilised the resources from this fund to address the budget deficit and settle both domestic and international public debt, This fund lacks legislative scrutiny, allowing the administration autonomy in money allocation and disincentivising economic diversification¹⁹.

Thus, Algeria might create a sovereign fund like to the Norwegian Sovereign Fund, allocating it to engage in internationally successful financial and economic ventures, including the acquisition of diverse enterprises and economic institutions or forming partnerships with them. This fund must undergo legislative scrutiny, provide openness in its management, and engage national specialists recognised for their integrity and ability.

4. CONCLUSION

Based on the preceding discussion, we have arrived at the following conclusions:

-The Norwegian economic model is considered as one of the most successful in the world, regarding the exploitation of hydrocarbon sector revenues to achieve economic diversification and avoid dependence on oil.

- The Norwegian economic experience has proven that the availability of natural resources, particularly oil and natural gas, can be a blessing for the local economy. If institutions support and encourage productive projects, they can leverage this to diversify the economy by preserving surplus revenues.

- The success of the Norwegian economic model in achieving economic diversification and prosperity and avoiding dependence on oil and hydrocarbon sector revenues in general is due to its reliance on an effective strategy, primarily:

- The strategy involves activating the rules of governance to manage the country's affairs and economy, while also involving the parliament, representatives of the people, and various institutions in formulating successful economic plans. Furthermore, strong democratic institutions enforce oversight over the extraction, exploitation, and sale of energy resources, preventing any attempts to use these financial revenues to consolidate a rentier state (clientel state).
- The country exploits oil and gas revenues by investing them in human capital and competitive economic projects.
- It is crucial to involve the oil sector in the development of other economic sectors and establish a sovereign fund to safeguard the share of hydrocarbon sector revenues for future generations.

Despite the economic, political, social, and administrative differences between Norway and Algeria, where Norway has strong economic foundations and political and administrative institutions that have helped and contributed to the success of its economic diversification experience, a situation that is completely different from that of Algeria, Algeria can benefit from some aspects of the Norwegian experience, such as:

- Adopting a system of governance and sound management of economic affairs and oil and gas sector revenues, while involving various political and representative institutions in the development of economic

plans beneficial to the Algerian economy, is a crucial step.

- Including various sectors and ministries in the creation of an energy policy allows the energy sector to actively participate in and enhance the growth of other economic sectors.
- Separate hydrocarbon sector revenues from the budget and invest them in a sovereign fund whose primary mission is to invest in economic and financial projects that benefit the national economy.

Algeria can benefit from the Norwegian experience in achieving economic diversification by implementing the following recommendations:

- Set aside portions of oil and natural gas revenues, especially during periods of high prices on international markets, such as the current one, and invest them in purchasing assets from foreign companies and

leveraging their expertise and available technology.

- Allocate a portion of the funds injected into various economic sectors to building centres for scientific and technological research, investing in human capital and training, and establishing appropriate infrastructure for industrial, agricultural, and service projects, in which Algeria is highly competitive.
- Implement political and administrative reform and establish strong, representative institutions responsible for formulating development and economic plans.
- Build national consensus on how to rationally and wisely manage hydrocarbon sector revenues in Algeria.

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¹⁵ Boutiara, A. (2018). The Role of Hydrocarbon Export Surplus Management in Achieving Growth and Economic Diversification: The Experience of the Norwegian Depletion Fund. Journal of Economic Research, N°36 ? p65.