

A presentation of the economic and management path of the Algerian public institution

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Abstract: Since the 1980s, Algeria began transitioning from a socialist to a market-based economy through privatization efforts. Despite signing several reform agreements such as the expanded facilities agreement and the structural adjustment program, implementation was hindered by the dominance of rentier thinking and economic challenges. Two key bodies were created: the National Council for State Contribution to oversee privatization, and the National Council for Privatization to evaluate public enterprises. However, the privatization process remained slow due to the lack of a strong financial market, internal resistance, and weak banking sector involvement.

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Introduction:

The public institution in Algeria has witnessed a long path of radical transformations, reflecting the continuous interaction between internal changes and regional and international fluctuations that have deeply affected its structure and functions. After decades of adopting a directed economic model that relied on the state as a major actor in productive activity, Algeria found itself at the end of the twentieth century facing the necessity of reconsidering the role of public institutions, as a result of the accumulation of financial imbalances and the emergence of new challenges imposed by global economic transformations, and the decline of rentier resources due to fluctuations in markets.energy.

In this context, privatization policies have emerged as a central tool for restructuring the national economy and striving to establish the rules of a market economy. However, the transition process was not just a technical or financial choice, but rather constituted a real test of the ability of the state and society to adapt to a new logic that requires more efficiency, transparency, and competition. Privatization also raised multiple bets, not only about improving economic performance and reducing the burden on the public treasury, but also about maintaining social balances and achieving sustainable development capable of absorbing internal and external shocks.

Hence, studying the path of privatization in Algeria goes beyond simply monitoring policies and procedures, to delve deep into institutional transformations, and examine the conditions for the success of this path and the limits of its application, within an economic environment that is still characterized by the weight of rents, the slow development of financial markets, and the limited competitiveness of the productive fabric. Therefore, this article seeks to provide a critical analytical reading of privatization policies in Algeria, by tracking their legislative and regulatory development, and evaluating their economic and social results, while highlighting the structural and institutional factors that affected their effectiveness, in light of the challenges of the transition towards a more open and diversified economy.

What about privatization policies??

I -Privatization Policies:

- The date of privatization in Algeria:

Algerian governments began moving toward the option of privatizing public enterprises—at least partially—since the 1980s, coinciding with a shift in the country's governance policies. This new orientation adopted an economic outlook that was significantly different from the one embraced by the ruling class since the mid-1960s. A gradual transition began toward adopting a free-market economy, abandoning the socialist economic model and its “industrializing industry” strategy.

This shift was first reflected in the Anti-Scarcity Program, which provided Algerian society with consumer goods. Although it appeared to address shortages, its deeper objective was to prepare society for a market economy. Between 1980 and 1984, a policy of organizational and financial restructuring of public enterprises was implemented.

Following the collapse of international oil prices in 1986, Algeria initiated deep changes in the management of its planned economy through a self-imposed structural adjustment program. The aim was to eliminate state monopolies and to develop a new type of institution—one that is financially and administratively. (Tahar)

This orientation was embodied in the principle of enterprise autonomy, which gave public economic enterprises a liberal character. It introduced structures such as joint-stock companies and limited liability companies, all financially managed by eight shareholder funds. This new arrangement placed the legislator in a contradictory position, as the new capitalist-inspired management model conflicted with the legal, political, and economic reality anchored in the 1976 Constitution, which emphasized an irreversible socialist path.

This contradiction was, in effect, an economic tactic used by reformist circles to make constitutional revision inevitable, thus resolving the conflict between economic liberalization and political ideology.

The violent events of October 5, 1988, which erupted in the streets of Algiers and lasted for several days, became a catalyst for political and economic “reforms.” These reforms culminated in amendments to the 1976 Constitution, and in 1989, a new constitution was adopted. It

was widely seen at the time as a response to the shifting economic and political dynamics.

This new constitution recognized political, associative, and party pluralism, marking the beginning of a new phase of societal dynamism unlike anything Algeria had experienced since independence, economically, however, oil prices continued to fall, causing a sharp decline in Algeria's foreign currency reserves. The government increasingly struggled to meet society's basic needs—such as medicine, consumer goods, and spare parts. This forced the public authorities (i.e., successive governments) to launch a restructuring policy.

How was this process implemented?

II- . Restructuring policy and orientation towards privatization:

Faced with a tense political situation and financial deficit that Algeria experienced before and after the events of October 1988, and in order to resolve the imbalance in the balance of payments, Algeria found itself with no other option but to resort to external borrowing. At the beginning of the crisis, Algeria turned to what it considered to be friendly and brotherly countries to request financial aid to cover the shortage in foreign currency. However, these countries let Algeria down, paving the way for the difficult option the country was forced to take—borrowing from the International Monetary Fund (IMF).

Algeria began negotiations with the IMF on May 31, 1990, which extended until May 30, 1991, with the aim of restructuring its accumulated debt and agreeing on a loan. This agreement was followed by a second agreement known as the Stand-By Arrangement, for which negotiations began on June 3, 1991, and ended on May 31, 1992.

It is worth noting that these negotiations and the resulting agreements were conducted secretly, away from representatives of civil society and the press, and lacked transparency, raising the issue of good governance in the management of public affairs.

Additionally, a series of negotiations took place (April 1994 – March 1995, April 1995 – March 1998), which led to the signing of the Economic Stabilization Agreement (Stand-By 3) and the Extended Fund Facility agreements (Structural Adjustment Program). Under these agreements, Algeria turned to the Paris and London Clubs

(which are also lending institutions that had previously loaned money to Algeria) to reschedule its public and private debts.

Among the measures included in the structural adjustment program imposed by the International Monetary Fund (IMF) on Algeria to restore economic balance were the following:

1. Opening the capital of public enterprises to foreign and local investors.
2. Working on diversifying exports beyond the hydrocarbons sector.
3. Establishing a financial market to facilitate privatization operations and provide new sources for investment financing.
4. Reforming the financial and banking system, restructuring the banking sector, subjecting it to privatization, and encouraging the establishment of private banks.

However, these measures were difficult to implement in the context of a rentier economy that had dominated since the nationalization of oil in 1971, and under the rentier mindset still prevalent in the Algerian political system and society (a mindset that persists to this day despite the severe economic and political blows Algeria has suffered). From the perspective of good governance, these crucial decisions should have been debated within an elected parliament composed of experts in various fields, particularly economics, finance, and politics. The government's unilateral decision-making at the time could be justified by the serious security situation, which was becoming increasingly dangerous, coinciding with Algeria's negotiations with international lending institutions — a period when the country was entering a dark tunnel of bloody violence.

What is the legal framework for privatization?

The implementation of privatization policy in Algeria began following the signing of the structural adjustment program. Decree No. 95-22 was issued on August 22, 1995, and later amended by Decree No. 97-12 on March 17, 1997. Actual privatization operations started in 1998. A new regulatory decree, No. 01-04, was then issued on August 20, 2001, to further regulate this area.

Decree 95-22 established two main bodies:

- The National Council for State Holdings, responsible for supervising and preparing privatization programs.

- The National Privatization Council, responsible for evaluating public economic enterprises based on reports prepared by independent experts.

It is worth noting that around 14 entities were involved in the privatization process to varying degrees, sometimes leading to overlapping powers and conflicts, particularly between the two main councils. The creation of a dedicated Ministry of Privatization, as seen in many other countries, helped resolve these conflicts and clarified the responsibilities of each party.

Decree No. 95-22 defined the legal and procedural framework for the transfer of public enterprises to the private sector. It outlined four main mechanisms for privatization:

- Sale through the financial market
- National or international tenders
- Contractual agreements (negotiated sales)
- Popular privatization (public offerings for citizens)

With the issuance of Decree 97-12 on March 17, 1997, which amended the previous decree, five key changes were introduced. These included:

- Enhancing workers' participation in capital
- Expanding the scope of popular privatization
- Regulating the payment mechanisms for the sale of public enterprises
- Requiring that the enterprise's activity be maintained for five years after privatization
- Applying these procedures to local public enterprises as well

Decree No. 01-04, dated August 20, 2001, aimed to address the issues that emerged from previous practices. It removed regulatory obstacles and resolved the overlap and conflicts among the entities in charge of privatization. It also expanded the scope of privatization to include all public enterprises with the legal status of joint-stock companies, regardless of their sector of activity.

Under this legislative framework, two main types of bodies were entrusted with overseeing privatization:

- Political bodies, including the Council of Ministers, the State Holdings Council, and the Ministry Delegate for State Holdings and Investment Promotion

- Technical bodies, including Asset Management Companies, the Privatization Operations Oversight Committee, and the Monitoring Committee

This institutional structure brought greater organization and oversight to the privatization process in Algeria.

III. The results of the privatization and the issue of good governance:

Studies indicate that the privatization operations carried out during the period from 1995 to 1999 primarily targeted local public enterprises affiliated with regional holding groups. These enterprises were often characterized by chronic structural and financial imbalances, placing them in a critical position and making them vulnerable to liquidation. In this context, a total of 815 enterprises were dissolved in 1998 alone. Local public enterprises accounted for 83% of these cases, while national holding-affiliated public economic enterprises represented around 16%.

It is worth noting that the industrial sector was the most affected by these liquidations compared to other sectors such as agriculture, construction, public works, and services, as demonstrated by the accompanying statistical data, which is illustrated in the following two tables:

Table 1: Results of Privatization during the Period 1995-1999. (Kasmi, 2008)

Sectors	Public Economic Institutions	Local Public Institutions	Private enterprises	Total
Farming	05	18	2	25
Industry	60	383	-	443
Construction and Public Flares	54	195	-	249
Services	15	83	-	98
Total	134	679	2	815

Statistical Analysis of the Data:

The table illustrates the distribution of dissolved institutions by main sectors and type of ownership during the period 1995–1999. It is evident that the total number of dissolved institutions amounted to 815, distributed as follows:

-Public Economic Institutions: 134 institutions (16.4% of the total)

-Local Public Institutions: 679 institutions (83.3%)

-Private Institutions: Only 2 institutions (0.2%)

Distribution of Dissolution by Economic Sector:

-Industrial Sector: Ranked first in terms of the number of dissolved institutions, with a total of 443 institutions (54.3% of the total), including 60 public economic institutions and 383 local ones.

-Construction and Public Works Sector: Ranked second with 249 institutions (30.6%), including 54 public economic and 195 local institutions.

-Services Sector: Accounted for 98 dissolved institutions (12%), including 15 public economic institutions and 83 local ones.

-Agricultural Sector: Registered the lowest number of dissolutions with only 25 institutions (3.1%). Notably, this sector included the only 2 private institutions among the dissolved ones.

Secondly: Economic Interpretation of the Data

-Dominance of Local Public Institutions in Dissolutions
The data shows that an overwhelming majority—over 83%—of the dissolved institutions were local public entities. This reflects the financial and organizational fragility of these institutions, especially given their limited resources and weak adaptability to the demands of transitioning to a market economy. It also indicates the limited options available to privatization authorities, who chose to eliminate financially burdensome and non-reformable institutions rather than attempt restructuring.

-Targeting the Industrial Sector the industrial sector was the most affected, accounting for more than half of all dissolved institutions. This can be attributed to accumulated issues such as low productivity, technological obsolescence, overstaffing, and lack of product competitiveness. As a result, dissolution appeared to be a more viable option than partial privatization or restructuring, especially given the sector's low attractiveness to investors.

-Construction and Public Works this sector ranked second in the number of dissolved institutions. The decline is closely related to shifting public investment priorities, a reduced role of the state as the main contractor, and the inability of these institutions to compete effectively in the more liberalized and competitive post-reform economic environment.

-Minimal Dissolution Among Private Institutions only two private institutions (both in agriculture) were dissolved, indicating that although the private sector was still relatively small at the time, it demonstrated greater resilience and better survival capacity compared to public institutions. This can be attributed to its reliance on market mechanisms and more flexible administrative and financial structures.

-Limited Dissolutions in the Services and Agriculture Sectors Dissolutions in the services and agriculture sectors remained relatively limited. This may be due to acceptable profitability margins, or the strategic and social nature of some service-related institutions, which led authorities to proceed cautiously. In agriculture, the diversity of activities and varying institution sizes likely reduced the number of closures.

These indicators suggest that the privatization policy, accompanied by dissolution measures, focused primarily on eliminating non-reformable public burdens, particularly in the industrial and construction sectors. They also highlight the limited effectiveness of local public institutions compared to public economic entities and underline the resilience of the private sector.

Furthermore, the results point out that the success of privatization was highly dependent on the preparedness of targeted institutions, as well as the existence of an appropriate legal and regulatory environment capable of attracting private investment and facilitating a genuine transition to a market economy.

**Table2:Privatization Results During the Period 2001–2008:
(Promotion, 2008)**

Type of privatization	2001	2002	2003	2004	2005	2006	2007	2008	Total
Total privatization	-	1	5	7	50	62	68	18	210
Privatization Part 50% <	-	-	1	2	11	12	7	1	34
Partial Privatization % 50 >	-	-	-	3	1	1	6	2	13
Enterprises acquired by workers	-	-	8	23	29	9	-	7	76
Partnership	5	3	4	10	4	2	9	1	38
Waiver of shares in private interest	1	1	2	13	18	30	20	7	91
Total	6	5	20	58	113	116	110	36	458

First: Statistical Analysis of the Data

The table presents the distribution of privatization operations by type during the period 2001–2008, with a total of 458 completed operations. These operations are categorized into six main types.

Evolution of Privatization Operations Over the Years:

-2001–2003:

The pace of privatization was very slow, with only 31 operations completed over three years:

-2001: 20 operations

-2002: 5 operations

-2003: 6 operations

-2004–2008:

A significant acceleration in the privatization process occurred, particularly between 2005 and 2007, where the number of annual operations exceeded 100:

-2005: 113 operations

-2006: 116 operations

-2007: 110 operations

This was followed by a decline in 2008, with only 36 operations carried out.

Distribution of Operations by Type of Privatization

-Full Privatization:

This category represents the largest share, with 210 operations (45.9% of the total), showing a notable acceleration starting in 2005.

-Partial Privatization (more than 50% of shares):
A total of 34 operations were recorded (7.4%).

-Partial Privatization (less than 50% of shares):
Only 13 operations (2.8%) were carried out.

-Transfer to Workers (Employee Buyouts):
76 operations (16.6%) were completed, with peak activity observed between 2003 and 2005.

-Partnerships:

38 operations (8.3%), with fluctuating figures from year to year.

-Transfer to Private Individuals:
91 operations (19.9%), showing a gradual increase until 2006, followed by a period of relative stability.

Secondly: Economic Interpretation of the Data

-Acceleration of Privatization and Its Implications the data clearly shows that Algeria initially adopted a cautious approach to privatization in the early years, likely due to political and social considerations, or the need to establish an appropriate legal and institutional framework. However, starting in 2004, a qualitative shift occurred in both the pace and scope of privatization, especially full privatizations. This change was driven by economic reform pressures and the need to improve the financial performance of public enterprises and relieve pressure on the state budget.

-Priority Given to Full Privatization full privatization accounted for the largest share of operations, reflecting the state's intention to

completely relinquish ownership and management of a significant number of enterprises—especially those no longer economically viable or unable to compete. This strategy aimed to boost private sector efficiency, stimulate investment, and create a more dynamic business environment.

-Partial Privatization and Partnerships: Risk Mitigation Strategy
The limited number of partial privatization operations suggests a reluctance by the state to relinquish full control over some strategic or socially sensitive enterprises. On the other hand, partnerships had a notable presence, indicating an effort to broaden ownership, and to benefit from foreign expertise and technology—all while retaining some level of state control.

-Transfer to Workers: A Significant Social Dimension the relatively high number of worker buyouts (76 operations) demonstrates the state's concern for the social dimension of privatization. By transferring ownership or shares to workers, the government sought to mitigate negative social impacts like unemployment, and to create new incentives for productivity enhancement.

-Transfer to Private Individuals: Gradual Market Liberalization
The gradual increase in operations involving transfers to private individuals signals a growing openness to the private sector and a greater liberalization of market mechanisms, aiming to expand investment opportunities for both domestic and foreign investors in the national economy.

-Decline in Privatization Activity in 2008 the drop in 2008 may be attributed to a combination of factors, including the state reaching a target threshold, economic or social challenges, or the impact of global developments—notably the 2008 global financial crisis.

These data confirm that Algeria's privatization path during this period was characterized by gradualism and caution, with a notable acceleration in the mid-2000s. The process primarily targeted economically unviable enterprises, while attempting to strike a balance between economic efficiency and social stability.

Privatization played a key role in restructuring the national economy, but it also raised challenges related to industrial capacity, unemployment, and the future role of the state in economic activity. The success of these operations largely depended on the effectiveness of the legal framework, the attractiveness of the business climate, and

the private sector's ability to absorb the restructured or privatized enterprises and generate added value.

IV- What are the factors that hindered public policies related to privatization?

The structural crises of public enterprises are among the fundamental reasons behind the failure or limited outcomes of privatization policies in Algeria. These crises are not circumstantial or solely linked to the shift toward a market economy; rather, they are the result of structural accumulations rooted in the nature of the establishment and development of Algerian public enterprises since independence. Below is a detailed breakdown of these crises, supported by official statistics and academic studies:

1. Governance Problems and Weak Leadership

A. Lack of Strategic Vision and Multiple Decision-Making Centers

-Statistical data shows that the pace of privatization remained modest with a total of only 458 transactions between 2001 and 2008, primarily full privatizations (210 transactions or 45.9% of the total). Meanwhile, the role of financial markets in this process was nearly non-existent (Algerian Ministry of Finance, 2009).

-This is largely due to the underdevelopment of the local stock exchange, where the annual trading volume at the Algiers Stock Exchange accounts for less than 1% of GDP, while informal markets such as those in Port Said and El Eulma absorb a significant portion of monetary liquidity outside institutional control.

-The state failed to incentivize public enterprises to go public, due to the absence of a financial market culture, fear of exposing their true financial situation, and low expected returns.

-For decades, public enterprises have been managed under direct executive control, with ministries and central administrations intervening in daily operations. This has led to a lack of decision-making autonomy and conflicting priorities.

-According to the 2019 report by Algeria's Court of Auditors, over 60% of public economic enterprises admitted that their investment and operational decisions are subject to complex administrative approvals, severely delaying decision-making.

B. Weak Internal and External Oversight

-Reports from the General Inspectorate of Finance (IGF) reveal that around 70% of public enterprises lack effective audit and oversight committees, and oversight is often limited to formalities without real performance or risk assessment.

-A World Bank (2022) study ranked Algeria's institutional governance as "weak" compared to MENA region benchmarks, particularly in transparency and accountability.

2. Low Productive and Administrative Efficiency

A. Low Labor Productivity

-According to the National Statistics Office (ONS), productivity in Algerian public industrial enterprises is 40% lower than in the local private sector, and over 60% lower than in foreign firms operating in Algeria (ONS Report, 2018).

-Example: A worker's productivity in Algeria's cement industry is only 60% of that of workers in neighboring countries (National Association of Building Materials Producers, 2020).

B. Low Qualification and Lack of Training

-Only 35% of workers in public industrial enterprises hold specialized vocational or technical qualifications (ONS, 2018).

-Most administrative positions are held by employees with general education or accumulated experience that does not align with modern industrial management standards.

3. Overstaffing

A. Unjustified Workforce Inflation

-In labor-intensive sectors, privatization efforts faced strong opposition from workers fearing job loss or transition to temporary employment, exacerbated by declining purchasing power. These social pressures slowed down reform efforts.

-Ministry of Labor data (2017) shows that public enterprises employ 30% more staff on average than private-sector counterparts in the same field.

-In major industrial groups (e.g., El Hadjar Steel Complex), workforce surplus exceeded 40% of actual production needs (IMETAL Group Report, 2019).

-Example: In 2005, a public transport company employed five times more staff than a private firm offering the same service with fewer buses.

4. Administrative Complexity and Overlapping Structures

A. Conflicting Jurisdictions and Roles

-Privatization was politically contested, caught between conservative factions favoring state asset retention for sovereignty, and reformist forces advocating private and foreign investment.

-Power struggles were exacerbated by ambiguous authority among privatization agencies and difficulties in transparent and objective asset valuation.

-Public enterprises often fell under multiple supervisory bodies (e.g., Industry, Finance, local councils), causing managerial confusion and unclear responsibilities.

-A study by the National Institute for Comprehensive Strategic Studies (INSE) found that over 50% of public enterprises had undergone at least two organizational changes in ten years, due to shifting government policies and institutional instability.

B. Bureaucracy

-Economic liberalization did not strengthen market competition. Instead, it sometimes replaced public monopolies with private ones without fixing the regulatory framework to ensure fair competition.

-The banking sector did not effectively support the transformation process; it remained reluctant to finance asset purchases or restructuring, undermining privatization's appeal (World Bank, 2022).

-Completing a transaction or importing equipment requires over 10 administrative steps on average, compared to 4–5 in the private sector (INSE, 2020).

-Transparency International (2023) noted that excessive administrative procedures were a major reason investors avoided buying public enterprises or partnering with them.

5. Corruption and Weak Oversight

A. Documented Corruption Cases

-Algeria's Court of Auditors revealed in its annual reports that more than 22% of audited public enterprises showed evidence of embezzlement or mismanagement between 2015 and 2022.

-The Ministry of Justice (2021) reported that 23% of administrative and financial corruption cases involved public companies or those with government participation.

-Networks of interest connected to the traditional rentier system obstructed reform by maintaining influence over public assets and preserving ties with political decision-makers. These networks often benefited from privatization through privileged access to public resources. However, their influence is expected to wane as fair competition mechanisms and productive capitalist restructuring gain traction. (Benachenhou, 2009)

B. Lack of Transparency in Public Contracts

- Major contracts are often awarded through negotiated procedures or limited tenders, which opens the door to bribery and favoritism.
- World Bank (2022): Algeria is classified among the countries with “weak transparency in the management of state assets”, according to the Public Asset Management Index.
- In terms of foreign investment, some privatization operations were characterized more by financial speculation than by a real focus on creating added value in the national economy. A notable example is the M’sila cement plant deal, in which Orascom invested \$700 million, only to resell the plant four years later to the French company Lafarge for approximately \$3 billion, without Algeria benefiting directly in financial terms from this transaction. (President’s, 2008)

V-Impact on Privatization Policy

All these “chronic” factors have made public enterprises unattractive or “ailing” entities that are difficult to reform or sell under fair competitive conditions, which led to:

-Reluctance of both local and foreign investors to acquire them or enter into serious partnerships.

-The state being forced to resort to “liquidation” (i.e., dissolution of the enterprise) instead of privatization, as reflected in official figures (more than 800 enterprises liquidated between 1995 and 1999).

-Failure of many privatization operations to achieve their objectives (such as increasing productivity, improving financial performance, creating new jobs).

-Continued reliance of partially or fully privatized enterprises on government support or state contracts, which weakened the market and competition mechanisms.

The above statistics and examples confirm that the structural crises of public enterprises were, and remain, one of the main reasons for the failure of privatization policy, and addressing these crises remains a fundamental prerequisite for any genuine reform in the future.

VI-challenges of Privatization Policy:

Privatization policies in Algeria face deep structural and institutional challenges, reflecting the nature of the national economy, which remains heavily reliant on oil rent. This has resulted in an economic environment marked by rigidity and weak market dynamics. (Economy, 2002)

Statistical data indicate that the pace of privatization operations in Algeria remained modest, with a total of only about 458 transactions completed between 2001 and 2008. There was a clear concentration on full privatizations (210 operations, representing 45.9% of the total), while the contribution of financial markets to this process was virtually non-existent (Statistics, 2009). This is largely due to the underdevelopment of the local stock market, where the annual volume of transactions on the Algiers Stock Exchange does not exceed 1% of GDP. In contrast, informal parallel markets such as the Bourse of Bordj Bou Arreridj and El Eulma absorb a significant portion of cash liquidity outside institutional oversight.

Moreover, the state failed to encourage public enterprises to enter the stock exchange due to the lack of a financial market culture, concerns over exposing the true financial status of the companies, and the limited expected returns from such a move.

In addition, political considerations obstructed the privatization process, as it remained a subject of tension between conservative factions—who viewed retaining public assets as a safeguard of economic sovereignty—and reformist factions advocating for opening up to the private sector, including foreign investors. These conflicts were exacerbated by ambiguities in the distribution of powers among privatization authorities and difficulties in transparently and objectively valuing public assets.

As for the competitive environment, economic liberalization was not accompanied by a genuine strengthening of competition. In some

cases, reforms merely replaced public monopolies with private ones, without addressing the regulatory framework needed to ensure a level playing field for all market actors.

Furthermore, the banking system did not fulfill its expected role in supporting economic transformation. The banking sector remained reluctant to finance the acquisition of public assets or the restructuring of privatized enterprises, which weakened the appeal of privatization for both domestic and international investors. (Economy, 2002)

On the social level, the privatization program faced strong opposition from workers, who expressed concerns about potential job losses or a shift to temporary employment accompanied by a decline in purchasing power. These social pressures contributed to slowing the pace of reforms, especially in labor-intensive sectors.

Moreover, networks of vested interests linked to the traditional rentier system played a role in obstructing the dynamics of change. These groups continued to exert influence over public assets and maintained strong ties with political decision-makers, allowing them to benefit from privatization processes by securing special advantages. However, this influence is expected to gradually diminish as fair competition mechanisms are strengthened and enterprises are restructured according to a productive capitalist logic. (Benachenhou, 2009)

Even at the level of foreign investment, it was observed that some operations were characterized more by financial speculation than by a focus on creating real added value in the national economy. A notable example in this context is the deal involving the cement factory in M'sila, where Orascom invested approximately 700 million US dollars, only to sell the factory four years later to the French company Lafarge for about 3 billion dollars, without Algeria deriving any direct financial benefit from the transaction. (President's, 2008)

Conclusion:

Based on the above, it is clear that the success of privatization in Algeria is linked to addressing the challenges of a rentier economy, developing financial markets, enhancing competition, and activating the pivotal role of the banking sector, alongside establishing transparency and good governance in public institutions. This is essential to achieve a genuine transition towards a productive and competitive economy.

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