The Private Sector as an Alternative Investment for Establishing and Redirecting Sustainable Development Pathways in Algeria amid Economic Diversification Challenges An Economic Study for the Period 2018–2024

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Abstract:

Achieving comprehensive and sustainable development has become a paramount economic and social objective for nations worldwide, In Algeria the private sector is central to the aspirations for progress and prosperity, necessitating concerted efforts to elevate societal well-being.

The private sector, with its substantial capabilities , plays a pivotal role in shaping developmental strategies through collaboration with social partners policymakers increasingly emphasize mechanisms to develop and foster an enabling environment for private sector activities , Algeria continually underscores the decisive role of the private sector in economic growth and sustainable development, invigorating its status within comprehensive sustainable development frameworks. This study examines the private sectors contribution to sustainable development pathways outside the hydrocarbons sector, highlighting key challenges despite supportive reforms .

It addresses the core question how does private investment contribute to redirecting Algeria's developmental trajectory sustainably during 2018-2024 ? employing a descriptive methodology, the study analyzes theoretical framework interrelations mechanisms challenges, and evaluates contribution's .

Keywords: Private Sector; Private Investment; Economic Diversification ; Sustainable Development ; Algeria .

Jel Classification Codes: **:** O10,O40 .

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1. INTRODUCTION :

The pursuit of comprehensive and sustainable development stands as one of the most prominent economic and social objectives that all nations strive to achieve equally. Consequently, it has become imperative to create an enabling developmental climate that aligns with and supports the practical realization of societal benefits for individuals and communities, which constitute the pillars and essence of developmental sustainability. In this regard, attention has increasingly turned toward the concept of public-private partnerships as a proven approach to ensuring equity in the interconnection of interests across generations, extending to future ones.

Within this context, the capacity of private business owners to mobilize financial resources and allocate them to investment projects aligned with long-term developmental strategies has emerged prominently, while taking into account societal necessities and future prospects, and ensuring their translation into more practical and realistic actions.

Like many other countries, Algeria has undertaken a review of its legislation and incentive measures related to the private sector to grant it greater space as one of its priorities aimed at redirecting developmental pathways, particularly amid the fluctuations experienced by the Algerian economy that have hindered its sustainable stability.

he research' problem;

The core problem of this study revolves around the contributions of the private sector to building developmental sustainability in Algeria outside the hydrocarbons sector, while highlighting the most significant challenges facing this sector despite the enactment of supportive reform laws and legislation. Accordingly, the study's problem is formulated in the following question:

How does investment in the private sector contribute to redirecting Algeria's developmental trajectory in a sustainable manner during the period 2018–2024?

To conduct a study that duly considers the aforementioned problem, the general hypothesis of the study has been formulated as follows :The private sector contributes to establishing the milestones of a developmental pathway in Algeria in a more sustainable manner outside the hydrocarbons sector in particular, as it seeks to implement programs that are more equitable and just for citizens, while providing decent employment opportunities that reflect its awareness that developmental sustainability in Algeria is not an option but a criterion for its success. This is based on the premise that a developmental pathway that does not respect or protect human rights cannot be sustainable.

The significance of this research paper is specifically manifested in the following:

-Identifying the theoretical framework of the study's variables;

-Clarifying and explaining the close interrelations between the private sector and the sustainable developmental pathway;

-Studying and analyzing the mechanisms capable of activating the role of the private sector in building developmental pathways in Algeria outside the hydrocarbons sector, particularly in recent years from 2018 to 2024;

-Highlighting the most important challenges facing Algeria in activating the role of the private sector in constructing its developmental pathways outside the hydrocarbons sector, along with the potential implications thereof;

- Attempting to evaluate the private sector's contribution to ensuring developmental sustainability in Algeria and whether the latter has been consistent in addressing these givens.

In line with the nature of the topic and to address the posed problem, the descriptive method was deemed the most appropriate approach for conducting this study. This method involves describing the subject under investigation through a rigorous scientific methodology and depicting the results obtained. The selection of this method was based on the nature of the study's topic and its capacity to process the data presented therein.

Previous Studies

These encompass studies addressing the same topic or similar problems. Below is an overview of some studies that have tackled this subject:

- Smaali, A. (2019). *Strategy of the Private Sector in Activating Sustainable Development: An Analytical Approach to Investment in Desert Regions; The Ziban Region as a Model*. The study aimed to demonstrate the importance of developing, promoting, and activating the private sector as one of the most critical options to be pursued currently in Algeria, whether by the government as the sovereign decision-maker or by active institutions as a strategic tool.

The study reached the following recommendations:

The necessity of providing support and facilitations to the private sector, particularly in the industrial field, as it serves as the regulatory framework for comprehensive national development.

The necessity of private sector investment in infrastructure due to its importance in achieving sustainable development for the country

2. Conceptual Approach to the Study's Terms

2.1. The Private Sector

- Private projects : "Enterprises owned by individuals in society, collectively forming the private sector in any country. Consequently, profits and losses accrue to the owners of these enterprises. These enterprises constitute the vast majority of projects in most countries of the world, especially following the collapse of socialist states and the allowance of property rights freedom, enabling any project to operate in any country worldwide at present. These enterprises generally aim to achieve profit for their owners or shareholders and to increase their wealth" (Abdelaziz, 2015, p. 05)

- The private sector: "A group of organizations or associations established by businessmen, employing diverse methods to protect their private interests. Institutions in this sector often vary according to the activity they practice" (Al-Sharawi, 2001, p. 65)

- OR it is defined as: "An essential and organized element in economic activity characterized by private ownership, where the production process is based on the market system and competition. Private initiative determines decisions and activities while bearing their risks" (Al-Kawaz, 2008, p. 07).

- The private sector in Algerian legislation: "That sector owned by private individuals, directed and organized by market mechanisms, seeking to maximize possible profit. It is divided into two sub-sectors: the organized private sector, which operates within a regulated framework holding systematic accounts; and the unorganized private sector, comprising numerous establishments, including artisanal units characterized by hereditary professions within family or local limits with limited scope. Ownership is often intertwined with management, especially as enterprise ownership is typically held by a single individual or family at best, and this sector does not maintain systematic accounts in its operations and transactions" (Meiassi, 2011, p. 105).

Based on the above, the private sector refers to the business sector associated with organizations and enterprises owned personally by individuals, independent of the state government or any institution. It contributes to improving individuals' living standards through private establishments not owned by the state, in addition to its multiple contributions, which can be summarized in the following points: (Meiassi, 2011, p. 111)

- Private sector investment is inherently productive; it necessarily entails optimal utilization of material resources on an individual basis. A private investor undertakes investment only after conducting in-depth feasibility studies that guarantee good returns at the lowest cost and risk, as higher risk levels correspond to higher expected returns.

- Private investment contributes to processes of economic growth and development through the economic savings and social benefits it generates.

- The private sector serves as a means of creating job opportunities and financing small investment projects that assist young people and families in establishing their own ventures.

- Private sector investment is characterized by diversity across economic, developmental, and service activities. Society always expects businesspeople to operate in a manner that serves their commerce while simultaneously serving society, ensuring safety and rights through the creation of an appropriate functional environment free from monopoly and achieving consumer satisfaction.

- The private sector mobilizes both local and foreign savings and directs them toward the most profitable projects, thereby contributing to raising developmental rates and, consequently, increasing per capita income.

Undoubtedly, transforming public enterprises to the private sector eliminates the financial burdens previously borne by the state budget due to losses incurred by public companies.

2.2. Sustainable Development:

From a terminological perspective, development refers to the increase in resources and productive capacities. Despite the relative novelty of the term, it is employed to denote various patterns of human activities, ranging from economic and social development to human development. Terminologically . (Yahiaoui, 2012, pp. 121-122)

Economic development implies: "The optimal utilization of natural and human resources to achieve continuous income growth that exceeds population growth rates."

Social development entails: "Meeting human needs, enhancing their quality, and ensuring their sustained fulfillment, thereby achieving individual well-being and improving quality of life through the provision of adequate housing, sufficient nutrition, and quality services in energy, health, education, and other sectors."

Human development involves: "Empowering individuals to make their own choices regarding livelihood resources, personal security, or political status."

From the foregoing, it is evident that development with its economic and social dimensions—expresses an increase in national production volume. It is inherently an endogenous process, with its components existing within the entity itself. It is not uniform in method or direction but comprehensive, encompassing the entire entity.

These terms are interrelated under the overarching concept of integrated development, which emphasizes current individual needs without necessarily guaranteeing the rights of future generations. This gap prompted the Brundtland Report, titled *Our Common Future* (published in 1987, often referenced in 1989 contexts), to introduce the concept of sustainable development, aiming to ensure greater sustainability in this regard.

The Sustainable development is defined as: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs".(Al-Labadi, 2015, p. 50)

- Others consider it as: "Alleviating the burden of poverty on the world's poor, providing a safe and sustainable life, curbing the depletion of natural resources and environmental degradation, addressing cultural disruptions, and promoting social stability" . (Tayeb, 2006, p. 40)

Accordingly, development is linked to achieving economic, social, and environmental progress in a manner that protects resources for future generations. This is reflected in its multifaceted advantages, which can be summarized as follows : (Tayeb, 2006, p. 40)

- Rational utilization of renewable resources in a way that prevents their depletion, degradation, or reduction in benefits for future generations.

- Wise use of non-renewable resources to avoid depriving future generations of heir benefits.

- Mitigating poverty intensity and halting resource depletion, as poverty leads to excessive resource exploitation and accelerates depletion rates.

- Adoption of clean technologies, which may influence research and development programs, technology transfer, and evaluation of new projects.

- Slowing population growth rates to reduce pressure on natural resources.

3. Elucidating the Role of the Private Sector in Achieving Comprehensive Development

The private sector occupies a prominent position in the developmental process, as it is entrusted with leading developmental efforts by directly engaging with society, pursuing developmental objectives, and bearing their financial burdens to ensure comprehensive economic and social developmental continuity. To achieve this, the private sector must be involved in development, as it contributes to:

3.1. Supporting Economic Growth

The private sector contributes to bolstering economic growth, as evidenced by studies demonstrating a strong positive relationship between private sector activities and economic growth. Productivity growth is closely linked to private investments. With economic policies in the last two decades of the twentieth century shifting toward market economies, reliance on the private sector and privatization programs have increased the share of private investments in total investments and the ratio of private investments to gross domestic product. This orientation has also enhanced foreign investments in various countries. Moreover, the efficiency and productivity of private sector investments surpass those of the public sector. Numerous studies conclude that private investments exert a broad positive impact on growth compared to public investments. Not only that, but the positive effect of private investments on growth exceeds that of public investments by more than one and a half times. These findings underscore the linkage between the level of private sector investments and the sustainability of development and economic growth in societies that create an enabling environment for the private sector to contribute to comprehensive development (Moulai Lakhdar, 2009, p. 138)

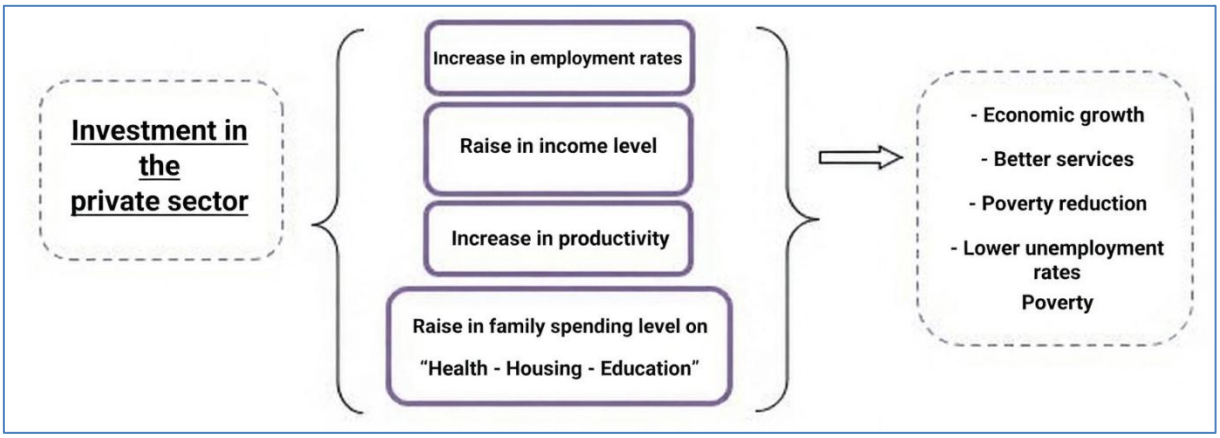
In this context, a study by an economic policy researcher confirms that the emergence of economic globalization has prompted several Arab countries, particularly Gulf states, to adopt neoliberalism, relinquishing their traditional roles within the welfare state framework.

This entails operating according to market mechanisms and creating a conducive environment for large private companies to access global markets. Economic orientation has become the defining feature of developmental programs and visions in these countries, with dominant liberal concepts such as open markets, competitiveness, and extensive privatization prevailing. There is also emphasis on reducing social welfare spending. Strategies have included greater privatization of services and government sectors, which necessarily alleviates the government's economic burden, attracts foreign investments, and raises developmental rates in a more sustainable manner . (Boukhris, 2020, pp. 564-565)

3.2. Improving Living Standards and Alleviating Poverty

Poverty remains one of the most pressing issues confronting economic policymakers and decision-makers, due to its profound social repercussions that necessitate efforts to curb its spread and mitigate societal suffering from its effects. Reducing this phenomenon manifests in providing employment opportunities. In this regard, studies indicate that an effective private sector forms the foundation of sustainable economic growth, job creation, and income generation. This aligns with the United Nations Millennium Project report (2005), which incorporated strategies to reduce poverty within the Millennium Development Goals framework. It emphasized engaging the private sector in stimulating comprehensive development in developing countries, given its capacity to achieve economic and social objectives. The following figure illustrates this:

Figure 01: Statement of the private sector's ability to reduce poverty



Source: Prepared by the researcher based on desk references.

From the above Figure, it can be concluded that investment in the private sector is capable of reducing poverty and targeting the most vulnerable groups, while enhancing access to basic resources and services. This is achieved through its contribution to establishing and implementing financial and in-kind systems and measures designed to realize these outcomes.

3.3. Ensuring the Achievement of Corporate Social Responsibility

Corporate social responsibility (CSR) has become one of the core objectives of the private sector. It is no longer regarded as a luxury but as an essential mechanism for the sustainability of business operations. It has evolved beyond mere charitable activities funded from realized profits or disconnected from core business processes. Instead, it has become an integral economic blend in which social responsibility is harmonized with profit generation and does not conflict with it.

In the same context, the social role of capital has emerged as one of the dimensions of corporate social responsibility. Its foundation lies in activating the role of businesspeople in alleviating governments' financial burdens and implementing developmental policies that are sensitive to the needs of low-income groups . (Youssef, 2025, p. 534)

Moreover, it contributes to:

- Achieving profitability returns, as the private sector focuses on profit generation, in contrast to the public sector where the concept of profit is often absent due to the predominance of social and politically driven objectives over purely economic ones in its activities.

- Supporting local development strategies in a manner that enhances investor confidence, business actors, and companies, while ensuring the necessary legitimacy for the local development process and purifying it from political considerations to guarantee its long-term sustainability.

- Renewing and upgrading the quality of fixed assets in the local economy**.**

4. Drivers of the Shift Toward the Private Sector for Building Sustainable Developmental Milestones

The private sector plays a significant role in supporting and developing the economy, as it embodies practices and principles of corporate social responsibility toward society. Therefore, it is imperative to reconsider outdated ideas prevalent among some decision-makers regarding the preparation and formulation of public-private partnership contracts. This involves elevating this form of partnership and preparing the necessary technical and realistic studies drawing on international experiences in the same field to achieve optimal outcomes. This cannot be accomplished without strengthening the culture of integrating the private sector into investments across various levels of economic and social institutions. Accordingly, the most important justifications for this integration are outlined in the following points:

4.1. The Imperative of Commitment to Sustainable Urban Development

Based on the outcomes of the United Nations Conference on Housing and Sustainable Urban Development (UN-Habitat III), held in Quito, Ecuador, from 17 to 20 October 2016, the conference resulted in the adoption of the New Urban Agenda. This document provides new global strategic guidelines for sustainable urban development and sustainable housing over the next two decades, aimed at strengthening efforts to implement the New Urban Agenda. The same conference also included a report on harnessing public-private cooperation to achieve the New Urban Agenda, emphasizing that the private sector contributes to providing infrastructure and urban services across all stages of the urban development chain—including policy formulation, planning, design, implementation, operation, maintenance, monitoring, and financing—to deliver urban services. (Adii, 2017, p. 02)

4.2. Lack of Capacities and Resources to Ensure Sustainable Development

According to a study conducted by Alice Charles, Leader of the Infrastructure and Urban Development Group at the World Economic Forum, cities are developing at a faster

pace than ever before and face unprecedented demographic, environmental, economic, and social challenges. Sustainable urban development is currently considered a global priority. Given that most cities lack the capacities and resources necessary to ensure their sustainable development, cooperation among multiple stakeholders (public and private sectors) is of paramount importance to bridge gaps, develop transformation strategies, achieve urban development outcomes, and lead cities toward growth, well-being, and prosperity that benefit all. (Adii, 2017, p. 03)

4.3. The Necessity of Consolidating Efficiency and Sustainability of Public Services

Public-private partnerships (PPPs) can serve as an effective tool for meeting infrastructure service needs. When these partnerships are well-designed and implemented in a balanced regulatory environment, they can ensure the efficiency and sustainability of public services (such as water and sanitation, energy, transport, telecommunications, healthcare, and education). Such partnerships also enable a better allocation of risks between public and private entities.

Nevertheless, substantial efforts are still required to create "investment-ready" projects and to develop innovative frameworks that increase private investment. According to the Private Participation in Infrastructure database of the World Bank Group, total investment in infrastructure projects fell to USD 71 billion in 2016, compared to an average of USD 121 billion during the period 2011–2015. The World Bank Group remains committed to assisting governments in making informed decisions to improve access to and quality of infrastructure services, including—where appropriate—the use of public-private partnerships as one option for service delivery. This approach is further reinforced through efforts to enhance data, build capacity, develop and test tools, strengthen disclosure mechanisms, and encourage engagement with all relevant stakeholders.

Regarding the most important requirements for developing the private sector, they can be summarized as follows): (Cherit Belabed, 2016, p. 241)

- **Acceptable economic growth rates**: An increase in the real gross domestic product growth rate provides investors with a positive signal regarding future aggregate demand and economic performance, thereby encouraging them to undertake new investment projects.

- **Investment loans**: In many countries, economic enterprises rely heavily on bank loans to finance the bulk of their investments. Therefore, the availability of such loans supports the private sector, particularly in developing countries.

- **Government spending**: Government expenditure has a positive impact on private sector projects. An increase in public spending boosts aggregate demand, stimulating the private sector to expand investments. Conversely, any reduction in government spending negatively affects aggregate demand and, consequently, private sector expectations regarding the profitability of new projects.

- **Tax policy**: High tax rates affect private sector investments by reducing disposable income for households, thereby limiting savings and constraining investment. Corporate profit taxes directly reduce private investments by impacting the expected rate of return.

- **Political and security stability**: This is a key element of the investment climate. Instability delays developmental steps by creating uncertainty and lack of guarantees about

the future, prompting private business actors to withdraw or suspend their developmental projects.

- **Legislative stability**: Countries that successfully enact legislation appropriate to their domestic economic conditions and responsive to global economic realities are better positioned to attract more private investments. Lack of transparency or ambiguity in legislation discourages investors from making decisions. Uncertainty about policy continuity and potential reversals of applicable laws represent a fundamental obstacle to private investment expansion.

- **Physical and social infrastructure**: This encompasses roads, energy, ports, telecommunications, education, and health. The availability and strengthening of these essential services are of great importance for the activities of enterprises in general and private sector institutions in particular. High-quality physical infrastructure enhances the effectiveness of economic institutions' operations and activities. Likewise, investment in human capital—particularly in education and health—lays the foundations for private sector development . (Moulai Lakhdar, 2009, p. 138)

5. Study of the Reality of the Private Sector's Contribution to Advancing the Sustainable Developmental Trajectory in Algeria: Between Correction and Failure

The evolution of the private sector's role is closely linked to Algeria's development strategy within the framework of economic openness, which has granted the private sector relatively greater freedom. Its momentum has accelerated in parallel with structural adjustment agreements and economic reforms, the commitments of which began to be implemented from the first half of the 1990s.

Applied statistics indicate several indicators for analyzing the private sector's role in economic development, both in terms of the sector's expansion and its contribution to economic activity, as well as improvements in economic efficiency.

5.1. The Private Sector's Contribution to Increasing National Developmental Production

- **The Monetary and Financial Sector in Algeria**: The private sector serves as the pulsating heart of the national economy, playing a pivotal role in strengthening developmental pathways through financing and oversight mechanisms that reinforce its commitment to sustainable financing principles and the construction of a diversified, sustainable economy that meets the needs of current and future generations. Key contributing elements include:

- **Evolution of Loans Granted to the Public and Private Sectors**: Loans extended to the public and private sectors represent a strong indicator for measuring the evolution of economic activity and the achievement of high-level developmental rates, as illustrated in the following table:

Table 1: Evolution of Loans Granted to the Public and Private Sectors (2018–2024)

(Unit: Billion DZD)

Year	Public Sector Loans	Percentage (%)	Private Sector Loans	Percentage (%)	Total
2018	4944.2	49.57	5029.9	50.42	9974.1

2019	5636.6	51.92	5219.1	48.07	10855.7
2020	5792.6	51.81	5386.6	48.17	11179.2
2021	4144.2	42.32	5647.9	57.67	9792.1
2022	4350.6	43.02	5761.6	56.97	10112.2
2023	4458.6	41.68	6236.3	58.31	10964.9
2024	4567.6	40.57	6688.9	59.42	11256.5

Source: (Banque of Algeria, 2025, p. 56)

From the above table, it is observed that loans to the economy by sector during the period 2018–2024 exhibited variability. Loans to the public sector experienced fluctuations, rising from 4944.2 billion DZD in 2018 to 5792.6 billion DZD in 2020, followed by a noticeable decline in subsequent years (2021–2024), with the percentage continuing to decrease. In parallel, loans to the private sector showed remarkable growth, increasing from 5219.1 billion DZD in 2019 to 5647.9 billion DZD in 2021, reflecting the growing role of the private sector in economic activity and its increasing reliance on bank financing. This value then decreased slightly to 5761.6 billion DZD in 2022, while the share allocated to the public sector fell to 4567.6 billion DZD in 2024.

This trend evidences economic policies' orientation toward encouraging private investment and diversifying sources of economic growth.

5.2. The Private Sector's Contribution to Gross Domestic Product Formation in Algeria:

Gross Domestic Product (GDP) is an economic measure reflecting the total value added generated by economic agents within a given country during a specific year. The following tables 2 illustrate this sequentially:

- Private Sector Contribution to Gross Domestic Product Formation, Including Hydrocarbons Sector: GDP remains the primary measure of economic growth. The private sector's contribution to gross domestic product serves as an indicator of the importance it has acquired in achieving economic growth, as shown in the following table:

Table 2: Private Sector Contribution to the Evolution of Gross Domestic Product, Including Hydrocarbons Sector (%) (2018–2024)

Sector Nature	2018	2019	2020	2021	2022	2023	2024
Public Sector Contribution to GDP	36.9	34.8	30.9	30.9	44.8	45.95	46.25
Private Sector Contribution to GDP	63.1	65.2	69.1	69.1	55.02	54.05	53.75
Total %	100	100	100	100	100	100	100

Source: (National Office of Statistics. (2021). Economic accounts (pp. 13–14, 2022)

From the previous table, it is noted that the public sector attempted to dominate the hydrocarbons sector during the study period 2018–2025. However, the private sector asserted its dominance starting in 2019, with rising revenues and contributions to elevating total output, while the public sector declined due to falling hydrocarbon prices. This justifies the private sector's ability to boost developmental rates and reveals the significant potential of private enterprises in Algerian economic growth. Therefore, providing ongoing support and incentives to this sector is essential for achieving economic development.

- Private Sector Contribution to Gross Domestic Product Formation Excluding Hydrocarbons Sector: The private sector occupies a distinctive position in the national economic and social development process, owing to its advantages and capabilities that

qualify it for a leading role across various economic and social fields (industrial sector, agriculture and fisheries, construction and public works, transport and communications, etc.), as illustrated in the following table 3 :

Table 3: Public and Private Sector Contribution to the Evolution of Gross Domestic Product Excluding Hydrocarbons Sector (%) (2018–2024)

Sector Nature	2018	2019	2020	2021	2022	2023	2024
Public Sector Contribution to GDP	12.51	12.53	12.66	12.23	12.3	10.99	10.9
Private Sector Contribution to GDP	87.48	87.34	87.73	87.89	89.01	89.10	89.15
Growth Rate	7.71	5.18	-7.19	3.5	4.3	4.3	4.8

Source: (Ministry of Industry, 2025, pp. 34-36)

From the above table, it is evident that the private sector contributes substantially to the evolution of gross output compared to the public sector. This is attributable to the noticeable increase in the number of private enterprises relative to public ones during the study period, in addition to the state's heightened attention to the private sector and activation of its contribution to development as an alternative to the hydrocarbons sector through supportive institutions in Algeria. Therefore, it is clear from the above information that GDP excluding hydrocarbons has exhibited stronger and more stable growth, rising from 4.3% in 2023 to 4.8% in 2024, reflecting the resilience of the private sector and its capacity to support comprehensive and sustainable growth in Algeria.

5.3. Private and Public Sector Contribution to the Development of Value-Added Structure by Economic Activities :

The agricultural, farming, and public works sectors constitute the foundation of the national economy for any country, and Algeria is no exception. The following table illustrates this:

Table 4: Public and Private Sector Contribution to the Development of Economic Activities (%) (2018–2024)

Year / Sector	2018	2019	2020	2021	2022	2023	2024
Agriculture	Private: 99.23 Public: 0.73	Private: 99.27 Public: 0.73	Private: 99.49 Public: 0.51	Private: 99.16 Public: 0.84	Private: 98.26 Public: 1.74	Private: 95.29 Public: 4.74	Private: 90.16 Public: 9.84
Industry	Private: 87.20 Public: 12.80	Private: 87.48 Public: 12.52	Private: 87.48 Public: 12.17	Private: 87.21 Public: 12.79	Private: 87.43 Public: 12.57	Private: 86.21 Public: 13.79	Private: 87.33 Public: 12.67
Construction and Public Works	Private: 83.4 Public: 16.6	Private: 82.35 Public: 17.65	Private: 82.26 Public: 17.7	Private: 81.92 Public: 18.08	Private: 80.12 Public: 19.88	Private: 78.2 Public: 21.8	Private: 77.33 Public: 22.68
Transport and Communications	Private: 84.61 Public: 15.39	Private: 84.87 Public: 15.13	Private: 85.31 Public: 14.69	Private: 85.38 Public: 14.62	Private: 84.8 Public: 15.2	Private: 83.1 Public: 16.9	Private: 81.4 Public: 18.6
Trade	Private: 94.1 Public: 5.93	Private: 94.1 Public: 5.89	Private: 94.71 Public: 5.29	Private: 94.23 Public: 5.77	Private: 94.13 Public: 5.87	Private: 91.44 Public: 5.89	Private: 93.93 Public: 6.07
Services	Private: 65.50 Public: 34.50	Private: 65.12 Public: 34.88	Private: 94.71 Public: 5.29	Private: 94.23 Public: 5.77	Private: 93.83 Public: 6.17	Private: 93.53 Public: 6.47	Private: 93.03 Public: 6.97

Source: (Banque of Algeria, 2025, p. 25) (Ministry of Industry, 2025, p. 23) (World Bank Group, 2024, p. 10)

From the above table, it is evident that the private sector is the predominant contributor to national production development, with shares exceeding 90% in several sectors—particularly agriculture, followed by trade—compared to the declining contribution of the public sector in these activities. This represents the strongest evidence of the private sector's capacity to shape Algeria's developmental trajectory.

Data for 2024 indicate that the services sector remains the largest contributor to wealth creation, accounting for 47.2% of value added, followed by trade (17.9%), agriculture (14.7%), and construction (14%), while the manufacturing industry's contribution did not exceed 4.9%. These official figures reflect the beginning of a transformation in the Algerian economic model, where growth outside hydrocarbons has become more stable and robust than overall growth. However, it remains vulnerable to energy sector fluctuations and declines in non-oil exports.

5.4. Private and Public Sector Contribution to Employment Development:

The private sector is a major creator of jobs. As it becomes increasingly structured and evolves within a market economy framework, it is poised to become the primary sector for job provision in the future. The number of employees in the private sector increased from 1,594,610 in 2018 to 2,054,035 in 2024. This growth results from the Algerian state's concerted efforts to promote this sector through incentives, laws, and tax regulations. The following table details this:

Table 5: Public and Private Sector Contribution to Job Provision (Unit: Job Positions)

Institutions / Years	2018	2019	2020	2021	2022	2023	2024
Private Sector Employees	1,594,610	1,671,473	1,737,774	1,828,720	1,928,633	1,986,495	2,054,035
Wage Earners in Private Institutions	1,107,453	1,193,093	1,230,844	1,286,140	1,359,580	1,400,367	1,400,370
Private Enterprise Owners	22,197	21,085	20,898	21,108	19,608	20,196	20,882
Artisanal and Traditional Sector	2.59% growth rate	5.92%	3.59%	4.86%	5.51%	3.1%	3.4%

Source (Ministry of Industry, 2025, p. 31)

From the above table, the private sector dominates job provision compared to the public sector. Moreover, the private sector often underreports actual employment numbers due to tax concerns and audits, unlike the more transparent public sector. This underscores the private sector's significant role in redirecting Algeria's developmental trajectory.

5.5. Failures of the Private Sector in Advancing the Algerian Developmental Trajectory

The private sector's contribution is indispensable, as the public and private sectors form an integral whole in societies. However, considering the negative aspects of the Algerian economy that adversely affect private sector performance, it is evident that the latter encounters failures—referred to by economists as "market mechanism failures"—summarized in the following points : (Masoud, 2012, p. 10)

- **Profitability**: A primary criticism of private sector activities is its pursuit of profit above all else, leading to disregard for resource allocation balances in economic activity.

This can negatively impact economic and social aspects unless necessary measures are taken. Additionally, private sector operations generate adverse effects on economic life.

- **Environmental Pollution**: The private sector contributes to environmental damage through its micro-enterprises, thereby hindering sustainable development processes and supporting policies.

- **Financial Crises Inherent to the Private Sector**: Factors exacerbating private sector growth constraints and increasing reliance on the public sector include acute crises triggered by the private sector that disrupt economic and social equilibrium. The dominance of private sector activities under the primary goal of private interest disrupts overall economic and social balance. The focus on profit maximization and private gain prompts many private agents to violate laws and overlook broader economic and societal interests, leading to imbalances and severe crises.

6. CONCLUSION

In the quest for mechanisms and pathways to successful economic and developmental processes, the private sector emerges as a central axis of this developmental progression. Therefore, public interest leaders and decision-makers must prioritize its development by expanding cooperation and aligning perspectives between the public and private sectors to address economic shortcomings and reinforce strengths. In this context, national sustainable and inclusive development must be built on the foundation of private sector involvement as a priority in the long-term national developmental strategy, recognizing that mutual trust between the sectors fosters economic and social contracting.

The following are the most important proposals and recommendations:

- Enhance governmental approaches to be more effective and supportive in creating an enabling environment for the private sector through a series of measures reflecting optimal economic, legal, and political conditions.

- Activate institutions and relational networks that support private and public economic activities at the wilaya level by contributing to the establishment of business associations and various economic clusters.

- Provide the private sector with reverse feedback to leverage strengths and address weaknesses at the national economic level.

- Continue encouraging the private sector by providing necessary infrastructure across the country, particularly land for private investments, while eliminating bureaucratic obstacles.

- In the case of Algeria, despite regaining overall macroeconomic balances—a fundamental condition for private sector development—these alone are insufficient to create a conducive climate for private sector growth. Issues related to land, financing, bureaucracy, and unfair competition persistently rank among the obstacles hindering business sector expansion in Algeria.

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