



Budgetary reform in accordance with organic law 15-18

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Abstract

The State's public financial policy in general, and the public budget in particular, are of the utmost importance, as it is through them that the State achieves its political, security, economic and social objectives, and therefore serious attention had to be paid to the reform events in the field of public financial management, in accordance with the events and the best management systems for the public budget.

This is what led Algeria, after a long period of adopting a budgetary system based on resources and introducing numerous reforms, to radically reverse it and to seek a qualitative change, represented by the issuance of the Organic Law 18 15 and the transition from a management logic based on resources to a management based on setting objectives and approving performance and achieving results of the general budget within the framework of medium-term budgets, in addition to the possibility of introducing a numerical system from the pact.

Article info

Received

13/07/2025

Accepted

15/08/2025

Keyword:

- ✓ budget cycle
- ✓ management of results
- ✓ Organic Law

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1. Introduction

The state budget has gone through many stages of changes and reforms over six decades to meet national development needs, the most important of which was the enactment of the Budget Law 17/84/, which is considered to be the first law to regulate public budget laws in an era characterized by one-party politics and a socialist approach. Many reforms and additions have been made to this law in line with political and economic changes both within and outside the country. Global developments in concepts, ideas, techniques, trends, and administrative methods, such as governance, participation, and transparency, have also led to the spread of modern methods of preparing and implementing the budget, and Algeria is not exempt from these developments as it is in constant contact with the outside world. Algeria is not exempt from these developments, as it is in constant interaction with the outside world. Therefore, it was necessary to benefit from what has reached the management techniques of public funds in general and the public budget in particular. Hence, the Organic Law regulating the financial laws No. 18/15 was enacted, the aim of which was to correct deficiencies and avoid management methods that exceeded circumstances, through the transition from the resources budget to the performance budget and programs that depend on multi-year planning, setting objectives and achieving results in a participatory framework characterized by the distribution of responsibilities at all stages of the public budget and in light of these reforms, we can ask the following question:

What are the aspects of the reforms in Organic Law 18/15 related to financial laws, especially about the public budget?

Organic law on finance laws 18/15 :

Organic Law 18/15 was issued on 2 September 2018, more than three decades after issuing the first law regulating finance laws No. 84/17. During this period, there were many reforms and additions to Law 84/17 in response to the requirements imposed by economic, political, and social conditions; it was necessary to lead to amendments and the development of methods of managing the public sector and public funds in multiple stages. However, this was not enough to achieve feasibility in global conditions that have become characterized by the nature of globalization and the strength of global financial and economic institutions and the extension of the influence of their financial and economic ties to the whole world, and in light of this, the existence of successful international experiences in the management of public finance, so it was necessary to radically revise the Basic Law 84/17, which all levels of executive management radically revise the Basic Law 84/17, which all levels of executive management..

1.1/ Definition of organic law:

It is a law issued by the legislative authority based on the constitutional text and before it is presented to the legislative authority for approval, it must be presented and monitored by the Constitutional Council to give its opinion and this is for the need to conform and not conflict with the constitutional texts and then after giving its opinion by approval, it is presented for a vote in the legislative authority with the approval of two-thirds of its members or three-fourths of the National Assembly. (saba & ben moussa , 2020, p. 267)

1.2 Objectives of the reform in the law on public finance:

- Achieving good governance in the management of public money . - Efficiency in performance and achieving results with the optimal use of resources to achieve the specified budgetary, financial and economic balance. - Development of administrative systems by strengthening the

reporting system and monitoring performance in management. - Improving the forecasting system based on financial reports and reviewing medium-term annual plans. - Achieving Financial, political, economic and social feasibility of the state budget and public finances. - The modernization of public budget systems based on governance and digitization . (ben attou & serbah, 2023, pp. 78-80)

1.3 The shortcomings of the previous fiscal regime, namely Law 84/17, which governs fiscal laws:

- The absence of an effective multi-year budget timeframe.
- Duplication of the general budget document, the management budget and the equipment budget separately.
- Means-centred management and implementation of expenditures.
- Ambiguity in reading budget documents.
- Ex ante monitoring focusing on expenditure matching only.
 - Subsequent monitoring without concern for the impact on improving internal management (hadj jaballah, 2021, pp. 115-116)

1.4 :Aspects of reforms in organic law 18/15 related to finance laws :

Many of the reforms came in the Organic Law 18/15 related to public finance laws in the form and content can be summarized in the following elements :

- Medium-term budget framework .
- Results-oriented management .
- New classifications .
- General Budget course .
- The role of the intervening actors and the distribution of responsibilities .
- Dissemination of automated information and Information System (as a built-in system for managing the general budget).

1.5-Medium-term budget Framework : The medium-term budget framework according to law 18/15 is a mobile Financial programming tool from year to year over three years continuously for the current year and two consecutive years, which includes the major complexes of estimates of revenues and expenditures and the balance of the state budget and its indebtedness, and this is among the major directions of the state's economic and budgetary policy .

The draft medium-term budget framework is prepared and designed by the Ministry of Finance based on :- The development of the collection of ordinary levies .- The development of collection of fuel collection through the average price of a barrel of oil and its average tax price.

- The exchange rate of the Algerian dinar - Strategy of the main value-added producing sectors .
- The general development of prices .- Evolution of overheads .- The development of the financial situation of the Treasury (BENSAOULA & Bezzar, 2023).

1.6- Objectives of the medium-term budgetary framework:

- Strengthening budgetary discipline and macroeconomic balance .

- Improve the allocation of expected resources according to the priority of public expenditures on the basis of the strategic options of the government .
- Strengthening the budgetary estimate.
- Rationalization of overhead expenses.
- Permanent financial coverage and assessment of budget prospects. (guerinai, 2024, p. 102)

2.New classifications of the public budget of the State:

The implementation of the public finance reform requires that the public budget codes related to budgetary burdens and revenues follow a vision of moving from means-based management to results-based management according to Law 18/15, so it is necessary to adopt new classifications related to both revenues and burdens.

2.1Classifications of state general budget revenues : The resources and burdens of the state budget are estimated and shown in the form of revenues and expenditures and are credited to a single account that forms the general budget of the state and the constituent elements of state revenues are subject to classification according to : A-the nature of revenue . B-allocation of revenues .

C-accounting collection of income

2.1.1 Classification of revenues by their nature

The constituent elements of revenue classification by their nature are based on coding two levels, namely:

The first level: by revenue categories

The second level shows the qualitative and economic nature of revenues .These two levels can be shown in the following table:

Category number	First level by Category	second level by qualitative and economic nature
The first	Revenues obtained from Statistics of whatever nature and also from the sum of fines	1 / ordinary tax revenues and includes six types of taxes . 2 Petroleum collection includes eleven types of fees, taxes, royalties and outputs
The second	Income from state property	It includes five types of rights, royalties, incomes and outputs
The third	Entries of financial contributions to the state and its other assets	It includes three types of outputs, deductions and returns .
The fourth	Amounts paid for services provided by the state, as well as royalties	It includes three types of products and royalties
The fifth	Various budget quotients	It includes four types of taxes, fees, receipts and various revenues
The sixth	Exceptional Miscellaneous quotients	It includes four types: debt cancellations, refunds to the Treasury and other exceptional benefits.
The seventh	Funds allocated for contributions, donations and bequests	It includes three types: funds for contributions, donations and Wills
The eighth	The rules and the proceeds obtained from loans, ratifications and the employment of state funds	There are four types of interest on bonds ,The products of loans, advances and placements ,Values, discounts and securities of all kinds , Other benefits and benefits .

Prepared by the student based on the data of articles 03 and 04 of Executive Decree No. 20/353 No. 73 of the Official journal .

2.1.2 classification by allocation the allocation of state revenues by destination includes the following: - Local communities . - Special accounts of the Treasury. - Social Security funds . - Bodies under guardianship . - And other destinations

2.1.3 / classification by accounting collection The classification by accounting load is determined in accordance with the national accounting system as well as the applicable legislation.

2.2 classifications of state budget burdens: In order to modernize and reform the general budget systems it was necessary to move to the program and performance budget, and this required the unification of the management and processing budgets into one account, and then classify the appropriations into four categories:

1-classification by activity: this classification consists of the program and its divisions

. 2-classification according to the economic nature of expenses: this classification consists of the sections of expenses and their sections

. 3-classification according to the major functions of the state: this classification consists of identifying the sectors responsible for achieving the goals by function .

4-classification according to the administrative bodies in charge of preparing and implementing the budget: this classification depends on the distribution of financial allocations to the ministry

2.2.1 Classification by activity:

The classification by activity determines the destination of the burdens of the state budget and the level of its implementation. this classification is determined by the decree on the distribution of appropriations by the minister in charge of the budget, and in case of amendment, it is according to the same forms. This classification is within the portfolio of programs, which includes a set of programs that form the framework for the practical management of public policies pursued by the state. (BENSAOULA & BEZZAR , 2024, p. 431)

The sub programme also represents a functional division of the program and the activity represents a practical division of the program and the activity can include sub-activities, all of which allow determining the level of implementation of the policies produced and followed and the required appropriations ,According to the program, the classification of state budget burdens is divided into :

Software portfolio software sub-program activity sub-activity

2.2.2- classification by the economic nature of expenses: The classification according to the economic nature of budget expenditures includes seven sections or headings divided into 32 categories called articles. We can show it as follows: The first section / user expenses includes seven categories . Part Two :management expenses, which includes ten items ; The third part : expenses includes three items , Part IV:investment expenses, which includes seven items; The fifth part : the burden of public debt includes two categories, Part VI :expenses of financial operations and includes three items ; Title VII : unforeseen expenses .

2.3- Classification by major functions of the state:

According to this classification, the classification of state budget burdens is based on a functional classification based on the level of total activities that contribute to achieving the same goal. the

classification levels are determined by the major functions of the state for its budget burdens as follows:¹⁴

2.3.1 sector: this level allows to determine the basic public needs and public utility that must be met . The main sectors are as follows :

- Public interests of public administrations - Defense - Public order and security - Economic Affairs.
- Environmental Protection - Housing and collective equipment - Health - Entertainment, culture and worship - Education - Social protection .

Here we can define two types of basic functions, and they are meant those functions that contribute to achieving the same ultimate goal, while secondary functions allow achieving the intermediate goal .

Classification by Administrative Bodies:

Administrative bodies refer to ministries, public institutions, and budget management centers of responsibility that receive allocations in accordance with the organizational structure and local regulations of the concerned administrative body. Accordingly, this classification allows for the state budget expenditures to distribute allocations to these administrative bodies based on the level of the organizational structure and activity. It is characterized by four levels:

Level 1: Defines the type of administrative body.

Level 2: Specifies, for each type of administrative body, the category of the administrative unit that receives the allocations.

Level 3: Identifies the department, beneficiary, or recipient of the allocations.

Level 4: Determines the location or geographical impact of the expenditure. (MEZITI, 2024, p. 79)

3- Results-Based Management:

Results-based management is a management approach built on integrating human, financial, and material resources within a strategy based on the state's public policy. This is achieved by directing efforts towards setting objectives during the planning phase and achieving results during implementation.

3.1- Definition of Results-Based Management:

According to the United Nations Development Programme (UNDP), results-based management is a management strategy or approach applied by an organization to ensure that its actions, products, and services contribute to achieving clearly defined results. Results-based management provides a coherent framework for strategic planning and management by promoting learning and accountability. It is also a comprehensive management strategy aimed at bringing about significant changes in the way organizations operate, focusing on improving performance and achieving results. This includes identifying realistic results, monitoring enhanced progress towards achieving expected results, integrating lessons learned into management decisions, and reporting on performance. (mechid & zorgani, 2022, p. 234)

From this definition, we can conclude that results-based management is based on the following points:

- ✓ Short-term administrative plan within strategic planning
- ✓ Providing a coherent management framework for strategic planning.
- ✓ Working on the efficiency of performance and the effectiveness of resources.
- ✓ Clearly and realistically defining desired results.
- ✓ Promoting learning, training, and giving importance to accountability.
- ✓ Integrating lessons and experiences learned into reprogramming and planning.
- ✓ Using human, financial, and material resources to achieve the desired results.

Advantages of Results-Based Management:

- Improving Managers' Capabilities for Clear Decision-Making:
- Enabling Better Management of Financial and Human Resources:
- Increasing the Accountability of Public Administrations and Managers:

Objectives of Results-Based Management:

- Focusing More on Achieving Results:
- Increasing Transparency of Information on Government Performance:
- Providing More and Better Quality Data on Program Results:
- Potential to Increase Program Efficiency and Effectiveness:

4/ The Public Budget Cycle:

The public budget is considered a legal, technical, financial, and accounting tool that includes the government's action plan and its annual development program to meet public needs and achieve various political, security, economic, and social objectives. This is done by determining how to obtain financial resources and their sources, and how to distribute them among various public expenditures. The public budget cycle goes through several stages, which we will outline below:

4.1/ Preparation and Drafting Stage:

Each ministry and public body prepares and drafts its budget proposals and then sends them to the Ministry of Finance for technical, legal, and accounting review. The Ministry of Finance then compiles the proposals into a unified document, which is the public budget, and which must be consistent with the state's public policy, presidential directives, and the government's development ambitions. This document is then attached to all necessary documents for the initial draft of the public budget law to be presented to the Council of Ministers for study. (henniche, 2017, p. 462)

This stage involves multiple levels of bodies, institutions, and ministries, and requires a number of documents subject to technical, accounting, and other reviews. Therefore, its preparation extends for a considerable period. These operations and documents can be outlined as follows:

4.1.1/ Financial Allocations Programming Operations:

The financial allocations programming is prepared according to a specific reference framework for each ministry and public institution. This programming is done through a "Financial Allocations Programming" document, structured by program portfolios, while adhering to the rules set by the Minister in charge of the budget. The initial financial allocations programming document shows the following:

- Distribution of financial allocations among sub-programs and budget chapters
- Estimated amounts of financial allocations to be opened during the year
- Distribution of available financial allocations among sub-programs and chapters

This initial programming document stipulates the allocation of financial allocations to programs according to activities.

The financial law project for the year is accompanied by the following reports and documents:

Report on the Medium-Term Economic, Social, and Financial Situation and Prospects

Explanatory Annexes: Detailing the development by tax category, particularly concerning new measures, as well as estimates of revenues from other resources.

Consolidated Documents in Three Volumes, Relating Respectively to:

- a) The State's General Budget.
- b) A report on priorities and planning, prepared by each minister or official responsible for managing the program portfolio.
- c) The regional distribution of the state budget. These documents are prepared in accordance with the budget by programs.

4.2/ Budget Approval and Adoption Stage:

No later than the seventh of October of year N-1, the government submits the draft financial law to the National People's Assembly for discussion and approval within a period of 75 days from the date of submission.

While the preparation and drafting stage is the sole responsibility of the executive authority, the approval falls under the purview of the two chambers of parliament: the lower chamber, represented by the National People's Assembly, and the upper chamber, represented by the Council of the Nation. After the financial law project is approved, it is adopted by the Presidency, thereby becoming effective at the beginning of the following year. (hamdi , 2023, p. 531)

4.3/ Implementation Stage:

The implementation of the public budget takes place over a full year at both central and decentralized levels, and can extend to January 31st of the following year. The execution of the budget requires a number of functions and processes, which are summarized as follows:

4.3.1/ Public Budget Implementation Steps:

- a) Distribution Decrees: Upon the issuance of the financial law and at the beginning of the relevant year, distribution decrees are issued. This involves the detailed distribution of financial allocations across ministries or public institutions, according to programs and sub-programs. These financial allocations are made available to program managers who are responsible for:

Central and decentralized departments.

Supervised public institutions and bodies.

Regional bodies when they are assigned to implement all or part of the program.

b) Budget Programming:

This programming is prepared through a financial allocations programming document for each ministry or public institution, and at all operational levels, in compliance with the allocation by sub-programs and chapters. This programming covers all financial allocations earmarked for expenditure coverage, and must initially include the coverage of mandatory and essential expenditures.

4.3.2- Documents of the Preliminary Programming of Allocations Recorded in the Program:

Distribution of Allocations Stipulated in the Distribution Decree of Allocations:

This refers to the allocation of funds as specified in the official decree that distributes the budget.

Estimated Amount of Other Financial Allocations Scheduled to be Opened During the Year, Detailed as Transferred Financial Allocations, Funds Allocated for Contributions, Similar Revenues, and Other Financial Allocation Movements:

This includes the estimated amount of additional financial allocations that are planned to be made available during the fiscal year, with a breakdown of transferred funds, contributions, similar revenue, and other financial movements.

Distribution of Financial Allocations, Including Allocations Scheduled to be Opened During the Year, Among Sub-Programs and Chapters:

This details the allocation of financial resources, including those planned to be made available during the year, across various sub-programs and budget chapters.

Allocation of Program Credits to Activities: This specifies how the program's funds are allocated to specific activities. (TOUITOU & BENSAID, 2022, p. 73)

4.3.3- Transfers and Movements of Allocations:

Financial allocations are transferred from one program to another within the same ministry or public institution through a decree issued based on a joint report from the Minister of Finance and the concerned Minister or public institution official.

Financial allocations are also transferred between programs of different ministries or public institutions through a presidential decree issued based on a joint report from the Minister of Finance and the relevant sectoral ministries or public institution officials, and Parliament is informed of these transfers, The amounts of these transfers or movements cannot exceed 20% of the original allocations.

4.4- Stage of Submitting Accounts and Settling the Public Budget:

The law containing the settlement of the budget examines and determines the final amount of revenues collected and expenditures incurred during the year. The financial year's account, which includes the following, is submitted:

The surplus or deficit resulting from the net difference between the state's public budget revenues and expenditures

The profits or losses that may arise from the management of treasury operations

The law may include provisions relating to informing and monitoring Parliament regarding the management of state finances, in addition to two audit reports from the Court of Accounts, and is accompanied by the following:

- a) Explanatory annexes relating to the results of budgetary operations, treasury special accounts, and treasury operations.
- b) A general state account, an income statement, annexes, and an assessment of external obligations.
- c) A ministerial performance report explaining the conditions and achievement of objectives by measuring them with related performance indicators, achieved results, and explanations of identified variances.

The law on the settlement of the 2023 budget is to be applied to the two preceding years, 2021 and 2022.

5/ Involved Actors and Authorizing Officers:

Involved actors and authorizing officers can be classified into five levels according to Organic Law 18/15:

a) Principal Authorizing Officers: The minister or the head of the public institution is considered a principal authorizing officer with respect to the financial allocations placed under their authority.

b) Financial Function Officer: Found in each ministry or public institution, this officer coordinates the preparation, submission, and implementation of the budget. Their main tasks include collecting and summarizing budgetary and accounting information and data.

And the Approval of Financial Allocations Programming and Ensuring the Implementation of Budget Management Rules and Supervising Information Systems and Proposes Regarding the Project Portfolio the Ministerial Performance Report.

It also performs the following at the central level:

Prepares and signs expenditure commitments based on the needs identified by the activity and sub-activity manager.

Approves the service rendered.

Orders the disbursement of expenditures.

c) Program Manager: Appointed by the Minister or the head of the public institution, responsible for the program portfolio, and ensures the alignment of the set objectives with the department's activity within the allocated and expected credits. Their main responsibilities include planning program priorities, activities, and objectives, determining the financial allocations allocated for their implementation and modifying them if necessary, and preparing performance reports regarding the programs.

d) Activity Manager: Appointed for each activity by the program manager, responsible for almost all the tasks of a program manager at a partial level.

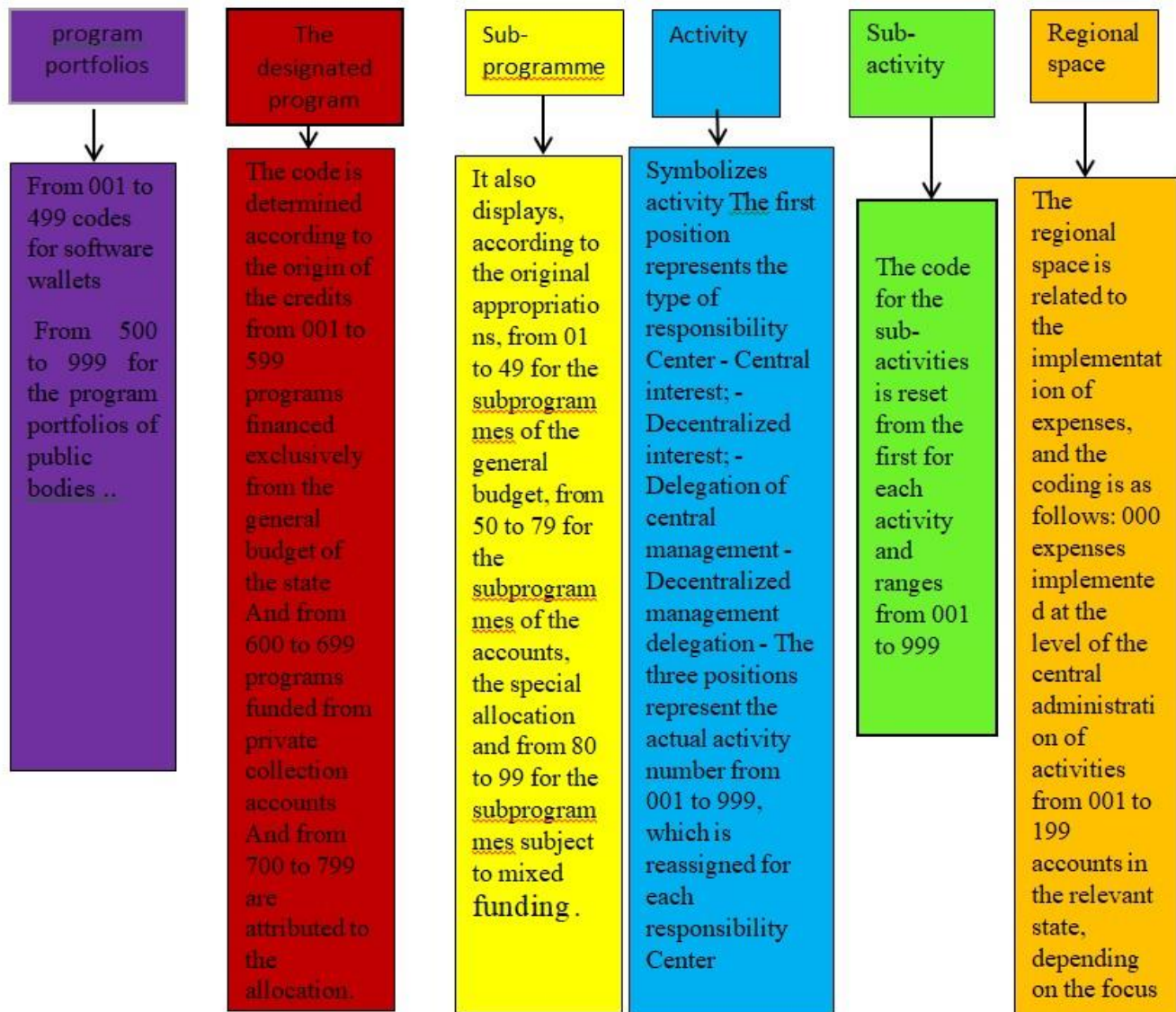
e) Sub-Activity Manager: Their main tasks include preparing the financial allocations programming for the sub-activity, predetermining the needs for operating, investment, or transfer expenditures, and preparing service rendered certificates.

6. Information System (Integrated Budget Management System) and Coding of Classifications:

As previously mentioned, both revenues and expenditures have been classified as needed into a set of classifications, and according to Articles 6 and 9 of Executive Decree No. 20/354, both the classification by activity and the classification by the economic nature of expenditures are coded. This is considered a preliminary step towards the digitalization of the public budget.

As stated in the ministerial circular, the coding used for the activity code of the public budget expenditures, regardless of the destination of these expenditures or the level of their implementation, allows for the classification of allocations according to the program structure of each ministry or public body. It is numerical in nature, and each program has a unique code to allow for the transfer of allocations from one program to another, which allows for the tracking of budgetary allocations in case a program is transferred to another ministry or body.

Also, the political will directed towards the comprehensive digitalization of all sectors, especially those related to the financial and economic sector, such as public transactions, which would enhance credibility and transparency (TOUITOU & BENSAID, 2022, p. 68)



Preparation of the student based on data from Ministerial Decree No. 9657

dated :15/02/2022 Ministry of Finance

Conclusion :

In order for the state to perform its function in national development through the public budget effectively and achieve the desired goals, it was necessary to The transition from a budget model based on means to a budget model based on performance and results through Promulgation of law 18/15 on public finance laws . And which enshrines in all that this approach is stated by the unification of Management and processing budgets in one account and subject to new classifications of both expenses and revenues allow to see Clear, understand and analyze the content of the general budget and know the strengths and weaknesses, whether in the planning process or the stage Implementation, which is accompanied by a follow-up and internal control process using performance reports and then through the recovery process after The stage of budget settlement and submission of explained reports from the Guardian ministry and the Accounting Council and discussion of the sharia authority To be used later in order to correct errors and correct bugs in a dynamic way in the sliding mid-range planning of Year to year .

The mechanisms provided by law 18/15 would enhance financial stability, improve the management of public funds and achieve Objectives through the rationalization of public expenditures planning and implementation and the promotion of transparency, accountability and control of all kinds and

All levels and stages, in addition to initiating the process of financial digitization in all areas related to finance and All this will allow to improve financial management and rely on internal resources to achieve sustainability In addition to ensuring that resources are directed according to priorities to meet public needs and social satisfaction, which Contributes to internal security and national socio-economic development.

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