Analysis and Measurement of Economic Diversification in Algeria: Between Reality and Aspirations within the Framework of the 2030 Vision

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Abstract:

This study aims to analyze and measure economic diversification in Algeria using the Herfindahl –Hirschman Index (HHI) for four key economic variables: Gross Domestic Product , public revenues, imports, and exports. It also estimates the composite (HHI) coefficient for these variables over the period 2010–2025, to assess the extent to which Algeria has reduced its dependence on hydrocarbons under Vision 2030, within the framework of the new growth support model.

The results demonstrate that the Algerian economy witnessed some improvement in economic diversification during the period 2015–2025 compared to 2010–2014. However, this improvement remains unstable.

Keywords: Economic diversification; Gross Domestic Product; Public revenues

JelClassificationCodes: O11, E01, H20.

1. INTRODUCTION

Since Algeria's independence, the hydrocarbons sector has been the cornerstone of the country's economic development, with its exports serving as a primary source of public revenue. This dependence has made the Algerian economy highly sensitive to fluctuations in international oil prices, as observed in 1986, 2008, and 2014. After each decline in oil prices, Algeria has sought to diversify its economy. The sharp collapse in oil prices at the end of 2014 exposed the vulnerability of Algeria's rentier economy, prompting the state to pursue diversification through productive sectors outside hydrocarbons. This approach is reflected in Vision 2030 and the new growth program launched in 2016.

The study aims to analyze and measure economic diversification in Algeria from 2014 to 2025, following the collapse of oil prices, compared to the preceding period from 2010 to 2013. It also seeks to examine the structural realities of the Algerian economy.

1.1. Research Problematic:

Based on the foregoing, the main research problem can be formulated as follows:

Has Algeria succeeded in improving economic diversification under Vision 2030 by reducing its dependence on hydrocarbons ?

1.2. Study Hypotheses:

- The improvement in Algeria's economic diversification indicators is attributed to the decline in international hydrocarbon prices.
- The level of economic diversification in Algeria during the post-2014 oil price decline period is higher than that observed prior to it

1.3. Research Aims:

The study aims to analyze and measure economic diversification in Algeria from 2014 to 2025, following the collapse of oil prices, compared to the preceding period from 2010 to 2013. It also seeks to examine the structural realities of the Algerian economy.

1.4. Study Structure:

Based on the main research problem and study objectives, the study is divided into the following sections:

- Theoretical Introduction to Economic Diversification

- Analysis of Economic Diversification Trends in Algeria (2010–2025)
- Measurement and Analysis of the Herfindahl–Hirschman Index for Economic Diversification in Algeria under Vision 2030

2. Theoretical Introduction to Economic Diversification:

2.1 The Concept of Economic Diversification:

The concept of economic diversification is mainly rooted in Ricardo's theory, also known as the theory of comparative advantage, which posits that relative costs are a condition for specialization and division of labor. In turn, this serves as a driver of economic growth and development (Berthélemy & Soderling, 1999, p. 33). Diversifying exports safeguards an economy from risks related to price declines or reductions in the production of a single commodity. Furthermore, it reflects the principle of comparative advantage, as export diversification promotes trade performance (Hesse, 2008, p. 22). Many studies have highlighted the positive relationship between export diversification and economic growth. Prominent proponents of economic diversification, encompassing Haussmann, Roderick, Maloney, and Lederman, assert that diversification leads to stronger long-term economic performance. This is fulfilled by reducing reliance on a single resource, fostering the industrial and agricultural economic base, and creating a broad productive foundation. In essence, diversification includes building a resilient economy capable of achieving self-sufficiency across various sectors. This can be accomplished either by diversifying export markets or by expanding domestic economic activities (Zhang, 2003, p. 6)through investment distribution across different sectors, thereby reducing the risks associated with dependence on a single resource or a limited number of sectors (Kapunda, 2003, p. 50).

2.2 . Determinants of Economic Diversification:

According to the United Nations Economic Commission for Africa, five key factors affect the process of economic diversification:

- **Material Factors:** Investment and human capital.
- **Public Policies:** Fiscal, trade, and industrial policies.

- **Macroeconomic Indicators: Exchange** rates, inflation, and external balances.
- **Institutional Variables:**Governance, investment environment, and security conditions.
- **Market Access:** Degree of openness to trade in goods, services, and capital (including the removal of non-tariff barriers) and access to funding.

2.3. Indicators Employed to Measure Diversification

Multiple indicators are used to measure diversification, differing in their suitability relying on the study's objectives and methodology. Some indicators focus on dispersion (e.g., coefficient of variation), others on concentration (e.g., Gini index), or on diversification itself (e.g., the Herfindahl–Hirschman Index, HHI). These indicators generally yield closely aligned measurements and trends when assessing diversification phenomena. Thus, this study will focus on the Herfindahl–Hirschman Index.

The Herfindahl–Hirschman Index aims to measure the composition of a variable and the extent of its diversification. It is calculated using the following formula (Lapteacru, 2012, p. 84):

$$HHI = \frac{\sqrt{\sum_1^N \left(\frac{xi}{X}\right)^2 - \frac{1}{\sqrt{N}}}}{1 - \frac{1}{\sqrt{\frac{1}{N}}}}$$

H : Herfindahl–Hirschman Index

N: Number of activities

$\mathbf{x_i}$: Value of the variable in activity ($_i$)

X : Total value of the variable across all activities

$(0 \leq H \leq 1)$

The Herfindahl–Hirschman Index ranges between 0 and 1.

- Value of **0** demonstrates perfect diversification, while a value of **1** indicates no diversification.
- Higher index values reflect a weakly diversified economy, where activities are concentrated in a few sectors, whereas lower values reveal a more balanced and

- Diversified distribution of economic activities.

3. Analysis of Economic Diversification Trends in Algeria (2010–2025)

3.1. Analysis of the Structure of Algeria's Gross Domestic Product (2010–2025)

Algeria seeks to diversify the structure of its economy by mitigating dependence on the hydrocarbon sector as the main driver of development and making economic diversification a strategic objective in all development plans. Given that oil and gas are finite resources with highly volatile prices in international markets, this has led to numerous financial and economic challenges. These challenges are reflected in some macroeconomic indicators, such as a chronic increase in the general budget deficit, which was estimated at 8,271.5 billion Algerian dinars in 2025, equivalent to 21.8% of GDP (General Secretariat of the Governement, 2024, p. 95). This period was also marked by fluctuations in the contribution of the hydrocarbon sector to GDP (as indicated in Table 1), due to changes in international oil prices.

Table .1: Sectoral Distribution of Gross Domestic Product (2010–2025)

Years	Hydrocarbon sector	Non-hydrocarbon sectors			
		Agriculture	Industry	Construction and Public Works	Services (Non-governmental + (Governmental
2010	34.7	8.4	5.1	10.4	35.2
2011	36.1	8.1	4.6	9.2	36.1
2012	34.2	8.8	4.5	9.2	37.00
2013	29.8	9.8	4.6	9.8	38.5
2014	27.0	10.3	4.9	10.4	40.2
2015	18.8	11.6	5.5	11.5	44.6
2016	17.3	12.2	5.6	11.8	45.1
2017	19.7	12.3	5.7	11.8	42.7
2018	21.5	12.3	5.6	12.00	41.3
2019	19.5	12.4	5.7	12.2	42.2
2020	09	12.8	6.4	14.6	50.5
2021	16.8	11.2	5.8	13.7	46.6
2022	25.7	10.6	5.4	12	41.3
2023	19.1	13.1	5.8	12.8	43.8
2024	16.8	13.6	06	13.3	45.4
2025	17.95	13.35	5.9	13.05	44.6

Source: Prepared by the researcher based on data from : (Bank of Algeria & Ministry of Finance).

3.1.1. Hydrocarbons Sector:

A general review of the table demonstrates that the contribution of the hydrocarbons sector to Algeria's GDP during the period 2010–2013 averaged 33.7%, approximately one-third. This was due to high oil prices in international markets during that period. However, during 2014–2025, the contribution of the hydrocarbons sector declined, reaching its lowest point at 9% in 2020. This decline was caused by the drop in international oil prices that year, which fell to around 44.28$ per barrel. This variation reflects the Algerian economy's continued reliance on fluctuations in international oil prices, despite the multiple economic programs implemented to diversify the economy. This trend can also be confirmed employing the Herfindahl–Hirschman Index.

3.1.2. Agriculture Sector:

The contribution of the agricultural sector remains relatively low, not exceeding 13.6% throughout the period 2010–2025. However, it demonstrates a steady upward trend (see Table 1), rising from 8.4% in 2010 to 13.35% in 2025.Although Algeria has a very large area of arable land, estimated at 43,771,755 hectares, or 37.18% of the total land area, this includes cultivated land, pastures, irrigated land, and non-productive agricultural land. The utilized agricultural area is approximately 8,536,468 hectares, representing 19.5% of the total agricultural land. Permanent agricultural land, encompassing fruit orchard, vineyards, and natural meadows, covers about 2.43% of total agricultural land. According to the Bank of Algeria, the food import bill in 2010 amounted to $7.8 billion, half of which was for cereals. Compared to 2007, this represents a 100% increase in the cereal basket. Food imports rose to $11 billion in 2014 from $9.58 billion in 2013, an 18.9% increase. Due to falling oil prices, dwindling foreign currency reserves, and a persistent trade deficit, Algeria adopted new measures in 2018 to regulate imports, such as food products 'except for basic staples' (Mourad, 2021, p. 71). Despite this, food imports still account for approximately a quarter of total imports, reaching $10.978 billion in 2024, equivalent to 24.21% of total imports (Bank of Algeria, 2025, p. 133). Key challenges facing the agricultural sector include:

- Drought and irregular rainfall

- Use of traditional farming techniques
- Shortage of skilled labor in family farms and new entrepreneurial farms, due to poor rural living conditions, the difficulty of agricultural work, low wages, lack of labor regulations, and reluctance of rural youth to engage in farming. Consequently, farm owners with financial resources often depend on women workers and, in some cases, hire foreign migrants (especially from the Sahel region) to work on new farms in the south (Bessaoud & al, 2019, p. 15).

3.1.3. Industry Sector:

During the period 2010–2025, the contribution of the industrial sector to Algeria's GDP did not exceed6.4% (see Table 1), placing it last among all sectors. This low contribution is attributed to the dismantling of the large industrial fabric in the 1980s and the restructuring programs imposed by international financial institutions during the 1990s. Consequently, the state relied on the private sector, promoting small and medium enterprises in the absence of a clear industrial strategy. This led to imbalances in the Algerian economy due to the weak capacity to diversify productive capabilities and disparities in economic indicators, while the country continued to struggle with integrating the import substitution model in manufacturing industries with export-oriented extractive industries (Abed, 2003, p. 283).

3.1.4. Construction and Public Works Sector

Table (1) demonstrates that the construction and public works sector witnessed notable growth in its contribution to GDP, rising from 10.4% in 2010 to 13.05% in 2025. This growth is the result of numerous national development programs adopted by the Algerian state, supported by substantial financial allocations, including:

- The Five-Year Development Plan (2010–2014)
- The Growth Consolidation Program (2015–2019)
- The Five-Year Plan (2015–2019)
- The New Growth Program (2016–2030)

Concerning employment, this sector offers jobs for 1.89 million workers and contributes approximately 54.5% to the growth of total GDP

and 23.4% to the growth of GDP excluding the hydrocarbons sector (Algeria, 2021, p. 28).

3.1.5. Services Sector:

Table (1) indicates that the services sector ranks first in terms of GDP contribution, averaging 40%. This reflects faster growth and greater flexibility within the sector. Key factors driving this growth include the expansion of distribution and transportation services, followed by the development of public services in Algeria. This reveals the state's intervention in the economy to enhance service quality and foster economic diversification. Despite the significant contribution of the services sector to GDP, it encounters numerous challenges that prevent it from reaching its full potential. These challenges include several obstacles for investors, the absence of a legal framework regulating investment in services, insufficient financial incentives (Ghaouse & Kaoune, 2021, p. 246), and the underdevelopment of a favorable environment for foreign investment.

3.2. Analysis of the Structure of Exports and Imports in Algeria (2010–2025)

3.2.1. Analysis of the Export Structure

Within the framework of the New Economic Growth Model (2016–2030), Algeria aims to diversify its economy, which is dependent on rent-based revenues (oil and gas). During the period 2016–2025, the country achieved some degree of improvement in the diversification of its export basket compared with the period 2010–2015, with an increase of 4.66 percentage points, as shown in the table below:

Table.2. Comparison of Algerian Export Diversification Between the Period (2010–2015) and the Period (2016–2025)

Indicator	Period (2010–2015)	Period (2016–2025)	Change
Hydrocarbons Average	96.73%	92.08%	- 4.65%
Non-Hydrocarbons Average	3.27%	7.93%	+ 4.66%

Source: Prepared by the researcher based on data from: (Bank of Algeria & Ministry of Finance).

The table shows that the period 2016–2025 witnessed a significant increase in non-hydrocarbon exports. Their average share more than doubled, rising from 3.27% to 7.93%. From a statistical perspective, this reflects a relative success in advancing economic diversification.

Nevertheless, non-hydrocarbon exports remain limited in comparison with hydrocarbon exports .Despite this limitation, the upward trend indicates the early stage of a shift away from rentier dependence toward a more productive economic model. However, this progress still needs to be sustained over time to enable the economy to adequately meet its import needs, particularly in the event of a decline in global oil prices.

3.2.2. Analysis of the Imports Structure

The Imports in Algeria represent one of the most critical pivots of macroeconomic policy. For several years, the government has adopted a strategy of **'strict rationalization'** to regulate the balance of payments and safeguard foreign exchange reserves, aligned with the **2030 Vision** under the **New Growth Model**. Nevertheless, the food import bill remains a profound challenge for Algeria in light of its continuous escalation; it surged from **3.572 billion $ in 2010** to approximately **10.978 billion $ in 2024** (Table 03). This upward trend persists despite the structural reforms and the extensive state subsidies provided to the agricultural sector.

Table .3. Composition of Imports in Algeria for the years 2010, 2020, 2024

	2010		2020		2024	
	Value (Million USD)	Percentage (%)	Value (Million USD)	Percentage (%)	Value (Million USD)	Percentage (%)
Food products	3572	17.27	7723	21.80	10978	24.21
Energy	230	1.11	890	2.51	611	1.34
Raw materials	792	3.82	2199	6.20	3692	8.14
Semi-processed materials	4637	22.42	7614	21.49	10553	23.27
Agricultural equipment	90	1.12	198	0.55	357	0.78
Industrial equipment	8015	38.75	8697	24.55	11116	24.52
Non-food consumer goods	2830	13.68	5577	15.74	7051	15.55
Others	515	2.49	2517	7.10	975	2.15
Total	20681	100%	35415	100 %	45334	100 %

Source: Prepared by the researcher based on data from: the (Bank of Algeria & Ministry of Finance).

Table (03) reveals that industrial equipment holds the top position in Algeria's import structure, with a share ranging from 38.75% (equivalent to $8.01 billion) to 24.52% (equivalent to $11.11 billion), despite a continuous decline due to measures encouraging domestic production, rationalizing imports, and tightening banking localization regulations. In contrast, food imports indicated a continuous increase, rising from 17.27% in 2010 (equivalent to $3.57 billion) to 24.21% in 2024 (equivalent to $9.78 billion). This reflects the challenges encountered by the agricultural sector in ensuring food security. Table (03) also demonstrates that agricultural equipment ranks last in the structure of state imports, not exceeding 1% in 2020 and 2024, even though the domestic industry averages 5% (as shown in Table 01), emphasizing the weakness of local agricultural equipment manufacturing.

3.3. Analysis of the Structure of Public Revenues in Algeria (2010–2025)

Algeria is a country whose public revenues are heavily affected by international oil prices, as oil constitutes the primary source of general budget revenues. Following the decline in oil prices at the end of 2014, the share of oil revenues in total general budget revenues fell below50%, except in 2022, when international oil prices rose. This trend is shown in Table (04):

Table .4. Evolution of the Structure of Algeria's General Budget Revenues (2010–2025)

	2010	2012	2014	2016	2018	2020	2022	2024	2025
Total Revenues Unit: (Billion (Dinars	4392.9	6339.3	5738.4	5110.1	6826.9	5640.9	9524.1	8302.4	7610.8
Oil Revenue	%56.6	%68.7	%59	%34.9	%42.3	%34.1	%57.82	%46.26	%45.38
Non-Oil Revenue	%34.4	%31.3	%41	%65.1	%57.7	%65.9	%42.17	53.73%	%54.61

Source: Prepared by the researcher based on data from: (Bank of Algeria & Ministry of Finance).

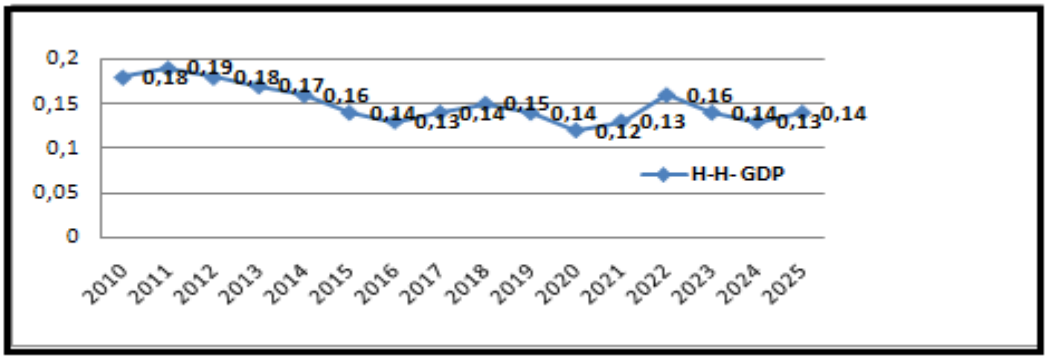
Table (4) indicated that the period from 2010 to 2014 was marked by oil tax revenues contributing more than half of the total revenues of the Algerian state budget. Conversely, during the period from 2016 to 2025, the contribution of oil revenues was lower. This explains why other macroeconomic variables prior to 2016 were closely related to fluctuations in international oil markets. Economist Abderahmane Mebtoul highlighted the instability of state revenues due to their reliance on Sonatrach, stating: **"**…It is always the price of oil that determines the evolution of the main economic and social indicators and Algeria's image in international relations. "**Sonatrach is Algeria, and Algeria is Sonatrach**.**"** (Mebtoul, 2019)

4.Measuring Economic Diversification in Algeria (Herfindahl–Hirschman Index) and its Alignment with 2030Vision

4.1. Measuring and Analyzing the Herfindahl–Hirschman Index of GDP Diversification (2010–2025)

Based on the evolution of the Herfindahl–Hirschman Index values over the period from 2010 to 2025, the index ranged between 0.13 and 0.18, as shown in Figure (1). The general trend of the index demonstrates a slight enhancement in economic diversification, despite the fluctuations observed during the period under review.

Fig .1. Evolution of the Herfindahl–Hirschman Index for GDP Diversification in Algeria (2010–2025)



Source: Prepared by the researcher based on data from: (Bank of Algeria & Ministry of Finance).

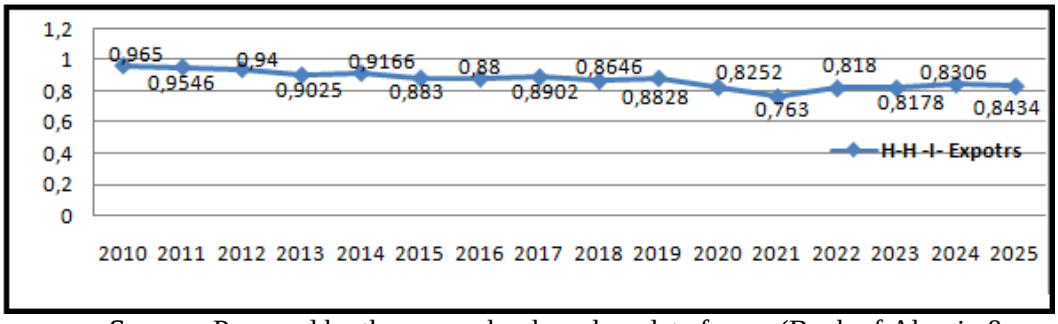
Figure (1) shows that the Herfindahl–Hirschman Index reflectsa moderate level of concentration, indicating limited economic diversification and the relative dominance of certain sectors over economic activity in Algeria. These sectors are mainly the services sector, which involves both

public administration services and non-public administration services, followed by the hydrocarbons sector, whose performance is highly dependent on fluctuations in international oil prices. This explains the decline of the Herfindahl–Hirschman Index to 0.13 in 2016, as the global economy witnessed one of the most severe oil price collapses in modern history. During that period, oil prices fell by approximately 70%, representing one of the three largest declines since World War II and the longest downturn since the 1986 oil price collapse, largely due to excess global supply (Group, 2018, p. 51).

4.2.Measurement and Analysis of the Herfindahl–Hirschman Index of Export Diversification (2010–2025)

The Herfindahl–Hirschman Index (HHI) is employed to assess the degree of diversification: values closer to zero demonstrate a higher level of diversification, while values approaching one signify low diversification and a high concentration in a single product. The HHI for export diversification in Algeria remained close to one throughout the period 2010–2025, as illustrated in Figure (2), revealing a persistent dependence on hydrocarbons exports.

Fig.2. Evolution of the Herfindahl–Hirschman Index for Algerian Exports (2010–2025)



Source: Prepared by the researcher based on data from: (Bank of Algeria & Ministry of Finance).

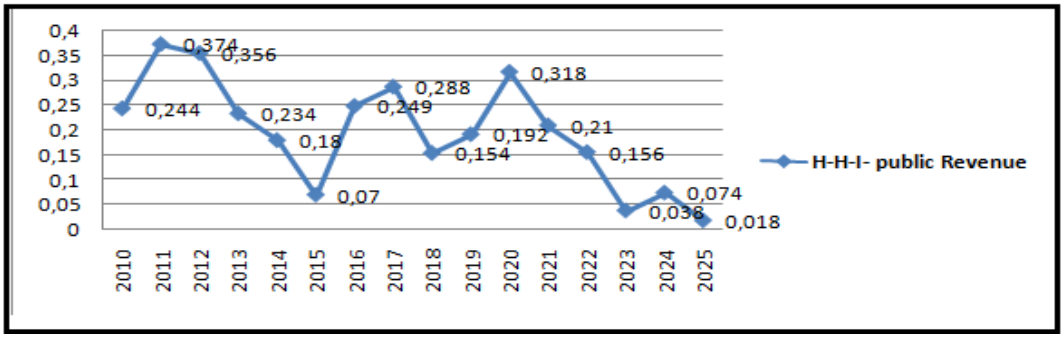
Figure (1) indicates that the overall trend of the Herfindahl–Hirschman Index recorded a slight decline, reflecting Algeria's efforts to diversify its export basket through multiple incentives granted to exporters, such as tax exemptions and easier access to bank credit. However, despite these measures, export diversification remains limited. This modest

improvement in export diversification is primarily attributable to the decline in international oil prices, which encouraged the Algerian government to seek alternative sources of revenue so as to fund the increasing public budget expenditures.

4.3.Measurement and Analysis of the Herfindahl–Hirschman Index of Public Revenue Diversification in Algeria (2010–2025)

Since independence, Algeria has sought, after each decline in oil prices, to diversify its economy in order to broaden its financial resources and ensure the funding of public budget expenditures. In recent years, especially since 2020, Algeria has recorded an enhancement in the Herfindahl–Hirschman Index of public revenue diversification, as demonstrated in Figure (3).

Fig.3. Evolution of the Herfindahl–Hirschman Index of Public Revenues, 2010–2025



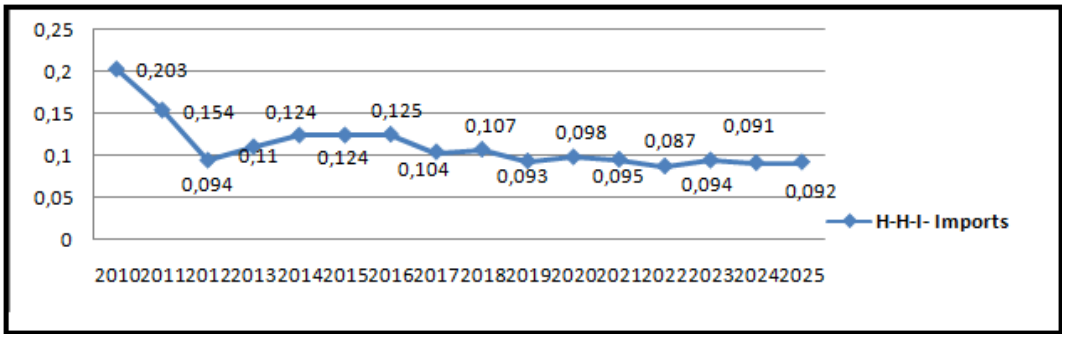
Source: Prepared by the researcher based on data from: (Bank of Algeria & Ministry of Finance).

Figure (3) indicated that since the beginning of 2020, the Herfindahl–Hirschman Index has experienced a collapse, reaching 0.018 in 2025. This decline is primarily attributable to the drop in oil prices at the end of 2014, which prompted Algeria to adopt an austerity policy marked by increased tax rates, along with efforts to broaden the tax base in order to offset the decline in petroleum tax revenues. This trend is reflected in Table (4), which demonstrates that the contribution of ordinary taxation to total revenues increased from 41% in 2014 to 53.73% in 2025.

4.4.Measurement and Analysis of the Herfindahl–Hirschman Index of Import Diversification (2010–2025)

The HHI of import diversification during the period from 2010 to 2015 went through different stages characterized by both increases and decreases, as illustrated in Figure (4).

Fig.4. Evolution of the Herfindahl–Hirschman Index of Algerian Imports, 2010–2025



Source: Prepared by the researcher based on data from: (Bank of Algeria & Ministry of Finance).

Table (4), indicated that the H.H. index of import diversification witnessed three main stages. The first stage coincided with the period from 2010 to 2012 and was marked by a decline in the Herfindahl–Hirschman Index for imports from 0.203 to 0.094. The second stage extended from 2013 to 2016, during which the index increased from 0.094 to 0.125. The third stage spanned from 2016 to 2025, when the index decreased from 0.125 to 0.092. This demonstrates a transition from a moderate level of import concentration to a high level of diversification, reflecting Algeria's attempt to transform its import basket from trade concentration toward greater trade diversification.

4.5. Measurement and Analysis of the Composite (Adjusted) Herfindahl–Hirschman Index

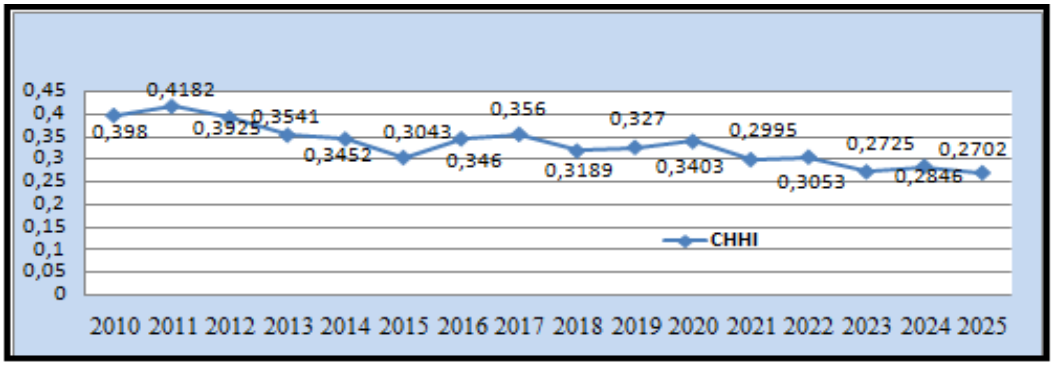
Construction of a Composite Herfindahl-Hirschman Index for Economic Diversification in Algeria Based on Four Dimensions (2010–2025)

- HHI GDP $_{2010- 2025}$
- HHI Exports $_{2010-2025}$
- HHI Public Revenues $_{2010-2025}$
- HHI Imports$_{2010-2025}$

$$CHHI = \frac{NHHI_{\ GDP} + NHHI_{Exports} + NHHI_{public\ Revenues} + NHHI_{Imports}}{4}$$

To facilitate the measurement of economic diversification in Algeria, a composite index was calculated by integrating all previously analyzed variables.

Fig.5. Evolution of the Adjusted Herfindahl–Hirschman Index during the period 2010–2025.



Source: Prepared by the researcher based on data from : (Bank of Algeria & Ministry of Finance).

Table (5) shows that the composite Herfindahl–Hirschman Index declined continuously from 2011 to 2015, decreasing from 0.4182 to 0.3052. The period from 2016 to 2025 also saw a further reduction compared to the previous stage, with the index reaching 0.272 in 2025. This reveals that Algeria has made substantial efforts to diversify its economy within the framework of the New Growth Model, adopted on July 26, 2016.

This model is grounded in a renewed fiscal policy approach on the one hand, and on economic diversification and transformation by 2030 on the other. Within the framework of 2030Vision (Habib & Zeghrir, 2018, p. 120), the program aims to achieve the following objectives (Services Prime Minister's, 2017, p. 2):

1. Sustained economic growth and doubling the share of the manufacturing sector.
2. Modernization of the agricultural sector.
3. Energy transition.
4. Diversification of exports.

To achieve these objectives, the program focuses on the following pillars:

- Industrial diversification grounded in supporting productive investment, especially in areas where Algeria has a competitive advantage, such as the food and pharmaceutical industries, the tourism sector, and downstream activities associated with hydrocarbons and mineral resources.
- Securing and diversifying energy resources, particularly through the promotion of energy efficiency and renewable energy sources.
- Regional distribution of industrial development, encompassing a regional investment map and the gradual implementation of 50 planned new industrial zones.

Developing conditions for non-hydrocarbon exports, fostering the establishment of exporting enterprises, and supporting emerging exports

5.Conclusion

The analysis of economic diversification in Algeria highlights that it is a key objectiveof2030Vision, as the state aims to mitigate the national economy's dependence on the hydrocarbons sector, whose revenues are subject to fluctuations in international oil prices. This reliance has created considerable challenges for Algeria in formulating economic policy, alongside the manifestation of Dutch disease and the prevalence of rent-seeking behavior in most national public institutions, whether industrial or service-oriented.

5.1. Hypothesis Testing:

- The improvement in Algeria's economic diversification indicators stems from the decline in international hydrocarbon prices rather than actual growth or enhancement in non-hydrocarbon economic sectors.
- The level of economic diversification in Algeria during the period 2016–2025 is higher than during 2010–2014, as evidenced by the decline in the composite Herfindahl–Hirschman Index (HHI).

5.2. Results:

Based on this study, a set of results and recommendations can be drawn:

- Economic diversification in Algeria has indicated modest improvement after 2014, as it remains in its foundational phase and encounters numerous immediate challenges and historical accumulations within the economic sector.
- The successful implementation of Vision 2030under the New Growth Model depends on the ability to coordinate macroeconomic policies effectively.
- Economic diversification is a long-term process that necessitates a balanced development strategy grounded in the careful integration of human and material resources.
- Between 2014 and 2025, Algeria fulfilled some improvement in the Herfindahl–Hirschman indicators for economic diversification compared to the period 2010–2013. This enhancement is attributed to the activation of certain sectors, such as manufacturing and mining, exemplified by projects like **Gara Djebilet**, the strengthening of agriculture, especially desert agriculture, and support for the knowledge economy and emerging enterprises through the creation of a legislative environment that encourages innovation and digitization**.**

5.3.Recommendations:

- Economic diversification should be adopted as a long-term strategy, rather than being tied to short-term fluctuations in oil prices. In the past, periods of high oil revenue have often led to neglecting diversification strategies, as noted after 1986 and 2008.
- Taking advantage of periods of high oil prices to enhance economic diversification and leverage the hydrocarbons sector to stimulate growth in other sectors.
- Investing in alternative and renewable energy as a strategic option for economic diversification.
- Investing in education and the knowledge economy, particularly by linking educational institutions with economic activities.
- Reevaluating economic policies to generate wealth and increase government revenues by developing investment sectors and connecting them strategically to create opportunities for economic diversification and regulate its conditions.

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