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The practical reality of agricultural investment, its challenges and its impact on agricultural production in Algeria

الواقع العملي للاستثمار الفلاحي وتحدياته وأثره على الإنتاج الفلاحي في الجزائر

*** BENRAHAL Manel**
Farhat Abbas University Setif -1- Algeria
manel.benrahal@univ-setif.dz

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Abstract :

This study aims to shed light on the current state of agricultural investment in Algeria, its contribution to stimulating and increasing agricultural production, and the numerous challenges it faces. An inductive and approach was adopted by assessing the effectiveness of agricultural investment, and the benefits of promoting it in developing agricultural production rates. which were considered the driving force behind the positive results recorded in the agricultural sector. The study concluded that agricultural investment serves to boost the sector's productivity. This is evident in the fulfilment of national needs, thanks to the country's natural and human resources which facilitate this. However these resources remain underutilised. This is a result of the problems and challenges that have confined it to a corner. However, studies predict a bright future for agricultural investment in Algeria. which will have a positive impact on agricultural production. The study also recommended the need to monitor the effective implementation of the decisions and reforms put in place by the Algerian state, to ensure better results are achieved.

Keywords: Agricultural investment in Algeria, Agricultural production in Algeria.

JEL classification codes:Q14 , Q11, E22

**Corresponding author*

1. Introduction.

The agricultural sector in developed countries is accorded the highest priority and attention. this has made them economic powers with significant export capacity, competitiveness. compared to underdeveloped and developing countries. which are trying to catch up and reassess their priorities. Algeria, like other countries, has accorded the agricultural sector the highest level of attention, as one of the most important economic sectors. It has worked to revitalise it by devising and implementing comprehensive reforms and policies. with a view to promoting agricultural investment, which is considered the key to achieving self-sufficiency and growth. It is a promising field that opens the door to leadership, and increases levels of agricultural production. the improvement of which depends on revitalising investment and implementing mechanisms and methods to encourage and promote it. However, it continues to suffer from gaps and shortcomings.that have prevented it from achieving its intended goal. namely, real development and growth in the agricultural sector, consequently the advancement of the national economy.

1.1.Research Problem:

The agricultural sector has become one of the sectors Algeria has focused on, and it has therefore worked to channel agricultural investment, as a new approach. that requires promotion and development to boost the pace of agricultural production, achieve positive results. The central research problem is there:

How can investment in the agricultural sector help increase agricultural production in Algeria, given the challenges it faces?

1.2.Research Hypothesis:

Every study begins with a hypothesis that seeks to provide a possible answer to the research question. The following hypotheses have been identified:

- The development of agricultural investment is due to improvements in the efficiency and utilisation of its resources.

- Agricultural investment stimulates and develops agricultural production.

1.3.Research Methodology:

This study employs an inductive approach to provide a rigorous, scientific description of the phenomenon under investigation, combined with an analytical approach based on the analysis of official statistics, data, and information, to arrive at a logical explanation supported by evidence and proof.

1.4.Significance of the study:

The significance of this study lies in its focus on identifying the trajectory and current state of agricultural investment in Algeria during 2015–2024 and on promoting it, which has been the driving force behind the increase in agricultural production, thereby contributing to the growth of the national economy.

1.5.Objectives of the study:

The main objectives of this study are:

- examine the practical reality of agricultural investment in Algeria during the period 2015–2024 and its impact on agricultural production.
- identifying the main challenges facing the development of agricultural investment in Algeria.
- To derive policy implications design in favor of agricultural investment.

1.6.The previous studies

A large number of previous studies were reviewed .We will mention the most important ones and discuss their main goals and results as follows:

- A study of GUEMMAZ Souhil (2021) This study examinedAgricultural and industrial investment in Algeria: Banking FrameworkThis article aimed to compare the financing of agricultural and industrial investment files in Algeria, with shedding light on the method adopted by the banker during the study of files related to these twosectors.

Among the results obtained that the banking study in terms of from is carried out in the same way, whether for an agricultural or industrial investment case, but the differences are implicit, come from external legal factors linked to the texts in force in Algeria

- A study of REDDA Khadidja, BOUREZAK Assia (2025) This study examined From agricultural investment to agricultural productivity – the case of Algeria – This article aimed to assess the impact of agricultural investment plans in Algeria on productivity and food security, with a particular focus on structural reforms, strategic projects, and financing mechanisms such as R'FIG and ETTAHADI. The methodology used The results indicate a remarkable increase in the value of agricultural products (+31% from 2021 to 2022), an increase in cereal yields, and an increase in usable agricultural land (+3.6% over ten years from 2013 to 2023)
- A study of Fatah BENNOUNA (2025) this study aimed to clarify the effect the impact of agricultural investment on sectoral growth in Algeria from 1990 to 2022. Using an Autoregressive Distributed Lag (ARDL) model, The findings Confirmed the existence of a long-run relationship among the variables, indicating that investment significantly enhances agricultural production growth. In the short run, investment has an immediate positive effect, while agricultural labour and irrigated land exhibit mixed impacts. However, in the longrun, all three variables positively contribute to agricultural growth, with investment playing the most dominant rol

1.7.Sections of the study:

To provide a comprehensive overview of the subject, it has been divided into:

- Agricultural investment and its requirements.
- The contribution of agricultural investment to boosting and enhancing agricultural production in Algeria.
- Prospects and challenges for agricultural investment.

2. Conceptual Frame work

2.1. Agricultural investment and its requirements

a. Definition of agricultural investment:

Agricultural investment is one of the major challenges facing the global economy, and we would like to highlight developing countries in particular, as it helps to reduce dependency and ensure food security and self-sufficiency, thereby promoting social welfare. For this reason, it is considered one of the truly vital forms of investment in the agricultural sector, encompassing all the practices and activities undertaken by farmers to support crop and livestock production. It is the means of obtaining sustenance for human life, thereby enhancing the value and standing of this sector. (Nash'at, 2019,p154)

Agricultural investment is defined as the implementation of a range of measures and activities aimed at increasing production capacity in the agricultural sector, or adding new production capacity to that already existing in the agricultural sector; this increase is reflected in the efficiency and effectiveness of production achieved through agricultural investment. (Sousha, 2024,p164–190)

It is also defined as an approach that substitutes monetary capital for productive assets and commodities, aimed at contributing to agricultural production and ensuring the best possible return. (Siraj and Nawais, 2022, p99–118) It also involves developing and improving the physical means of production to increase production efficiency. (Ibrahim, 2015,p178)

Accordingly, agricultural investment can be regarded as the process of attracting and channelling capital into the agricultural sector to create and increase the sector's productive value, ensuring investor profitability, and revival the economy.

b. Requirements for agricultural investment

Agricultural investment requires the coordination of a range of factors, which must be harnessed to boost agricultural production and achieve growth and stability. These are outlined in the table below:

Table 1. Investment Requirements

Requirement%	Forms		
Natural resources 45%	**Agricultural land**	This refers to land suitable for farming and is one of the most important basic elements of agricultural production.	
	Water resources	**Surface water**	This refers to water found on Earth's surface, such as rivers, streams, and lakes.
		Groundwater	This refers to water found underground.
		Water fromother sources	Refers to the volume of water from recycled sources
Humanresources 10%	**Investors**	Businesspeople or contractors interested in the agricultural sector	
	Technicians and technical assistants	Staffing based on production and service capacity, depending on the project	
	Workers	Recruitment of sufficient labour to carry out agricultural operations	
Capital and financing 30%	**Self financing**	The state grants loans and subsidies according to the type of agricultural investment project	
	Loans and grants	The agricultural investor takes care of it, by contributing to financing his investment project	
Technology 15%	**New technologies**	Based on ghaitantechonology, sensors	
	Machinery and equipment	Centre pivot irrigation equipment, Fertilization, seeding, harvesting, tillage machinery	

Source: Prepared by the researcher based on (Chati and Meziane, 2020,p104–125)

In 2025, the Algerian government allocated 120,000 hectares to agricultural investors and is working to reclaim 500,000 hectares, bringing the total to 620,000 hectares. The National Office for Agricultural Land has confirmed that it is identifying areas suitable for cultivation from the country's total land area and making them available to agricultural investors via the digital platform. (https://onta.dz/perimetres-onta-couloir-vert-ar, 2026) As for water

resources, Algeria possesses 11 billion cubic metres of surface and renewable water, distributed across the northern and southern regions. Groundwater resources were distributed across the northern and southern regions as follows: 2.5 billion cubic metres and 6.1 billion cubic metres, respectively, for the year 2024 Natural resources were estimated to account for 45 %. In addition to human resources(at 10 %), Algeria has considered this a fundamental requirement, given the difficulty in acquiring agricultural machinery and its limited availability; the Ministry of Agriculture recorded 2.6 million workers in this sector, which is a low level of employment in the agricultural sector compared to other sectors, with the proportion of agricultural workers out of the total workforce in the country estimated at 9% for the year 2025, and this is due to several causes which the state is working hard to resolve. (ILOEST, 2026). As for capital and financing requirements (estimated at 30 %), the state has allocated more than 1,300 billion Algerian dinars, to finance the agricultural sector under the Finance Act, which applies to all public banks, and has also relied on self-financing

The proportion allocated to technology adoption was estimated (at 15 %) reflecting the Algerian state's efforts to integrate the agricultural sector with modern technologies and techniques, such as automated fertilisation systems and oasis technology to preserve plant life in desert regions and supply them with water.

3. The reality of agricultural investment in Algeria:

Economic growth leads to the creation of a favourable business environment. As a result, the Algerian economy has undergone significant diversification in recent times. thanks to the country's pursuit of economic diversification. It has diversified across various sectors, including industry, pharmaceuticals, information and communication technology, and agriculture. This has opened the door for businesspeople and entrepreneurs to seize investment opportunities across these sectors. To ensure positive outcomes Algeria has worked to implement structural reforms that improve the investment climate through:

- streamlining administrative procedures.
- operating with a focus on transparency.
- ensuring a sound legal and regulatory framework.
- providing a vast pool of skilled labour.

The agricultural sector has been considered one of the most prominent sectors to which the state has accorded importance and continuous attention, to achieve food security and self-sufficiency, and work to ensure independence from dependence on the hydrocarbon sector. Consequently, agricultural investment has been developed as a key driver for boosting the national economy, through reforms to investment legislation (2001–2016–2022) and the provision of necessary support and funding for agricultural projects to improve the economic and social situation. In this regard, numerous decisions and laws have been enacted, including Joint Ministerial Circular No. 1839 dated 17 December 2017.

which aims to adapt and amend the system and procedures for acquiring agricultural land and allocating it for investment, with the existing agricultural land area extending to approximately 44 million hectares within the framework of land reclamation through concessions, whilst taking into account the economic requirements of developing and diversifying national production, and providing employment opportunities in the targeted regions, including the high plateaus and desert areas. Agricultural investment projects were identified through two categories:

- **Small-scale agricultural investment projects:** these were dedicated to the production of vegetables and fruit and were implemented on land not exceeding 20 hectares.
- **Other agricultural investment projects:** these consisted of innovative projects that allocated larger agricultural areas to increase productivity.

According to statements by the Minister of Agriculture, who emphasised the need to revitalise the agricultural sector, which is the main driver of the national economy at present.

This was clearly demonstrated by the Algerian state's activation of more than 1.3 million agricultural investors. He also stated that the number of registered agricultural projects from 2022 to 2025 was estimated at 1,311, which in turn created 21,730 jobs and employment opportunities, thereby contributing to the eradication of the scourge of unemployment. (https://madr.gov.dz , 2026)

3.1. the contribution of agricultural investment to boosting agricultural production in Algeria

a. Agricultural production in Algeria:

Agricultural production has seen remarkable growth, not only because of the encouraging figures it has achieved, but also because Algeria's potential and its material and natural resources have enabled it to ensure national food security. This has been achieved through the implementation of a series of comprehensive plans and strategies to reorganise and reform the sector, shifting it from a social and administrative model to an economic one. This has been achieved by opening the way for investment in national capacities through upgrading the production base, facilitating access to agricultural land, optimizing and rationalizing the use of water resources, and providing farmers with modern techniques and machinery. The government has authorised the import of all types of agricultural equipment and spare parts. as well as the provision of fertilisers. Greater attention has been paid to desert regions, with efforts directed towards them and investment structured accordingly. Thanks to these efforts, agricultural production covered 74 per cent of national demand in 2021. According to the United Nations Food and Agriculture Organisation (FAO), Algeria ranked second in the Arab world in vegetable production, with output estimated at 23 billion US dollars in 2023. It has also ranked highly in the production of several crops despite not being an exporter of these. (https://www.elitihadcom.dz, 2026) The reality of the development of agricultural production in Algeria can be illustrated by the following table:

Table 2. Development of agricultural production

Year	Agricultural production	Percentage
2020	23 billion$	14.78%
2021	25.6 billion$	16.45%
2022	35 billion$	17.49%
2023	35 billion$	18.49%
2024	37 billion$	23.77%

Source: Compiled by the researcher based on(https://www.elbilad.net/national/, 2025)

The value of agricultural production in Algeria reached approximately 25,6$ billion in 2021, up from 23 billion$ in 2020. It is expected to remain stable at an estimated 35 billion$ in 2022 and 2023, before rising to 37 billion$ in 2024 – a positive indicator that Algeria is continuing to grow in the non-hydrocarbon agricultural sector. This is what creates a strong economy. The contribution of agriculture to GDP in 2025 is projected to rise by 4.4%, demonstrating that reforms and ongoing efforts to boost agricultural investment are the right path towards achieving positive results and a developmental leap.

b. Structural measures toboost agricultural production:

Among the most important structural measures to increase agricultural production are the following:

- Training and development of human resources.
- Modernisation of agricultural crop storage (new and innovative techniques in warehouse construction).
- Encouraging and increasing agricultural investment, both domestic and foreign.
- Provision of agricultural land (support for land reclamation, introduction of tax exemptions, provision of subsidies).
- Greater focus on simplifying financing laws and procedures.

The automatic integration of investors in the agricultural sector into state policy has paved the way for the country to achieve a high degree of food security and self-sufficiency, with Algeria ranked first in Africa and 54th globally according to the Global Food Security Index. (Kamal, 2022) This is clearly evident in the development of crop and livestock production in Algeria, as illustrated in the following table:

Table 3. Development of selected agricultural products during the period (2015–2024)

Years / Development of agricultural production	2015–2016	2017–2018	2019-2020	2021-2022	2023–2024
Development of vegetable production (Thousand tons)	12,150–12,800	13,400–14,200	14,900–15,900	16,300–17,100	17,800–18,400
Cereal production trends (million tons)	4.8–3.4	3.5–6.1	5.0–3.6	2.1–4.1	7.0
Development of date production (Thousand tons)	990.37–1029.59	1058.55–1071.53	1094.78–1130	1180–1152	1320
Trends in white and red meat production (Thousand tons)	1034.19–1052.68	1086.88–118.93	1118.93–1150	1170–1190	1210–1230

Source: Compiled by the researcher based on(https://madr.gov.dz. 2021)

The table above shows that agricultural products are experiencing significant growth, driven by an increase in vegetable production, which rose from 12,150 milliontonnes in 2015 to 14,900 million tonnes in 2019 and reached 18,400 million tonnes in 2024. This increase is attributable to the reforms implemented by the Algerian government and the incentives provided to agricultural investors to boost the agricultural sector and achieve better yields.

The figures in the table also show that Algeria has achieved growth in cereal production, with growth reaching 4.8 milliontonnesin 2015, rising to 5.0million tonnes by 2019, and continuing to 7.0million tonnes by 2023. However, it experienced a sharp decline in certain periods (2020–2021–2022).

This is attributed to the low water levels recorded during that period, in addition to the global crises caused by the COVID-19 pandemic, which affected all countries, including Algeria, where its impact was evident in the decline in grain production and cultivation, which had a negative effect on the development of agricultural inputs. On the other hand, date production has been growing at a steady pace, increasing from 990.37 thousandtonnes in 2015 to 1094.78 thousandtonnes in 2019, and continuing its growth trajectory in 2023 to reach 1320 thousandtonnes, the highest figure

achieved during this period. We can attribute this rise and development to the attention the Algerian state has given to the Saharan regions, as part of its policy to provide all necessary support and funding and to increase investment there. The table also shows that livestock production has recorded modest year-on-year increases, with white and red meat production in 2015 standing at approximately 1,034.19 thousand tonnes. Production has shown a steady increase from 1,118.93 thousand tonnes in 2019 to 1,230thousand tonnes in 2024, confirming the stability of supply and demand for these products.

The logical explanation for this growth and development in agricultural production is a reflection of the Algerian state's efforts to improve the agricultural sector, through development policies with structured and effective plans and strategies, which have stimulated agricultural investment as the key to the effectiveness of the development programmes put in place, resulting in abundant agricultural production.

4. Prospects and challenges for agricultural investment

4.1.Problems with agricultural investment in Algeria

To achieve greater production in the agricultural sector, it has been necessary to develop and support agricultural investment and to streamline its procedures. Despite this, agricultural investment continues to suffer from numerous problems that hinder its progress, including:

- Weak economic efficiency in the implementation of economic policies, as the state has worked to introduce a series of agricultural measures, and reforms to boost and upgrade agricultural investment, thereby ensuring economic growth. It has become apparent that economic indicators have not met the desired targets; this is due to production increasing at a very slow rate relative to demand, despite all the efforts made. attributed this to very poor infrastructure and the low competitiveness of agricultural products. (Mansouri and Rziq, 2013,p69–86)
- The administrative and financial difficulties of the agricultural investment process were characterised by rising

prices of agricultural inputs and a lack of coordination between the sectors involved in the investment project. The absence of an agricultural insurance culture to protect agricultural products from various natural disasters was also highlighted, along with the numerous administrative complexities and procedures involved in securing sufficient and appropriate funding for the investment project, despite all the reforms implemented. (Al-Lihyani and Krioj, 2022,p191–209)

- Problems related to natural resources (arable farmland in the country is scarce compared to the total land area; the spread of desertification, with 82.7% of Algeria's land area affected by this phenomenon; the expansion of urban construction at the expense of agricultural land; the lack of adoption of modern irrigation methods, limited and irregular rainfall, as well as water pollution rendering it unfit for use).
- Problems related to human resources (lack of sufficient support and incentives for university graduates to take the initiative in agricultural work; young people's reluctance to work in or invest in the agricultural sector due to its difficulties and the unavailability of the necessary resources, or, where available, their high cost; a significant shortage of managers and technicians in this field (Ayadi, 2020,p354–368)

4.2.Prospects for agricultural investment

The Algerian state is working hard to realise the path of agricultural development and promote agricultural investment through the implementation of renewal policies that have opened up new horizons: (Al-Lihyani and Krioj, Agricultural Investment in Algeria: Between the Stakes of Economic Development and the Challenges of Reality, 2022,p191–209)

- Granting concession contracts to young people specialising in agriculture.
- Introducing interest-free loans (the 'Comrade Loan') for female agricultural investors.
- Introducing new mechanisms for granting land to genuine investors.

- Establishing programmes aimed at drilling wells and constructing water filtration and treatment plants.
- Proposing that the government establish a special committee to study agricultural investment within one month.
- Establishing a one-stop shop for domestic and foreign investment to ensure swift and effective processing.
- Working to create a suitable and stable business and investment climate.
- Work to promote a culture of agricultural insurance.

5. Conclusion:

Algeria has shifted its focus towards investment in agriculture, making significant efforts to establish sound foundations and prerequisites that serve as a solid basis for agricultural investment projects, which in turn lead to increased production. However, it still needs to introduce flexibility in dealing with existing laws and to change implementation methods to increase investment volume and accelerate agricultural production.

5.1.Findings and recommendations:

a. Results:

- The Algerian state has made highly efficient use of its available resources by reclaiming agricultural land and constructing large-capacity dams, with the number of dams increasing from 81 to 86. Following the recorded rainfall (eight dams were recorded as 100% full and 58% full), it is working hard to prevent silting of the dams by adopting new methods, with a focus on how to implement them to make better use of the dams and increase their storage capacity.
- Providing a workforce of approximately 2.6 million people as qualified workers to support and advance investment projects.

- The study shows that agricultural investment is growing at an increasing pace, albeit at a somewhat modest rate, reflecting the modest increases in agricultural production rates, despite attempts to modernise and reform the sector.

b. Recommendations:

- Work to regulate laws governing the acquisition of agricultural land, as well as support and financing, to ensure its use for more productive purposes.
- Work to eliminate the silting up of dams, to increase their capacity, whilst ensuring awareness is raised regarding the rationalisation and optimisation of water consumption and irrigation, as well as combating desertification.
- Work to promote an entrepreneurial mindset, harness the potential of the youth population, and encourage them to invest in the agricultural sector.
- Work to create the right conditions for agricultural investment to boost agricultural production;

Work to implement reforms and laws designed to promote investment flexibly.

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