

Algeria's legal and institutional framework for the business climate 1990-2020

Ameur Abderrahim

University of Mascara (Algeria), a.ameur@univ-mascara.dz

Received:19/09/2024, Accepted:25/05/2025, Publication:05/06/2025

Abstract:

Through this paper, we have tried to evaluate the business climate in Algeria by highlighting the efforts made to provide an appropriate investment environment by identifying the extent to which the legal and institutional framework has contributed.

We have concluded that despite all the efforts made, Algeria's economy still has negative characteristics affecting its attractiveness to investment. This is evident from Algeria's ranking in various qualitative and quantitative indicators of the business climate during the period 1990-2020.

Keywords: legal framework; institutional framework; Quantitative and qualitative indicators of business climate.

1-INTRODUCTION

Investment is considered one of the most important economic activities of all time as one of the most important factors of economic growth and as its positive effects on various economic variables. It should also solve many economic and social problems whose solution depends on economic growth associated with the growth of investment composition and the quality of investments.

The future vision of the Algerian economy depends on relinquishing its dependence on oil revenues. One of the ways to achieve this goal is to pursue a policy of openness to investment in both domestic and foreign types. The latter has become one of the pillars of Algeria's new economic orientation, with positive effects, perhaps the most important of which is its contribution to higher levels of economic growth.

As a development project and not merely a capital hire, investment needs a favourable climate. Perhaps the most prominent aspect of the investment climate is the legal and institutional framework, which significantly affects the investor's confidence and decision to invest in one country.

The Algerian State, like other States, seeks to provide a favourable environment for business and to activate the investment process. In line with these conditions, Algeria has provided all the conditions conducive to attracting investment both economically. political as well as legal through the development of the legal system of investment, We find that it has enshrined a legislative arsenal with incentives and exemptions on the ground. Investment Promotion Act No. 16-09 ".

Through this work, we will try to determine the extent to which the legal and institutional framework has contributed to improving Algeria's investment climate by drawing on the presentation of the presentation of the theory and the analytical approach to reading data on macroeconomic indicators as well as the qualitative indicators of the investment climate during the period 1990-2020.

In the light of the above, the main problem features of this research are as follows:

How much has the legal and institutional framework contributed to improving Algeria's investment climate?

Through our research paper, we have addressed the following elements:

- Legal framework for investment in Algeria after reforms
- Institutional framework for investment after reforms
- A diagnosis of the reality of Algeria's investment climate

To answer the questions raised, the following hypotheses have been drafted:

- The appropriate business environment is available on a range of components, perhaps the most important of which is the legal and institutional framework.

- The business climate in Algeria is not attractive to investment and this is reflected in Algeria's classification in various indicators.
- Algeria's business climate needs further reforms.

Objectives of the study:

- Knowledge of climate components investing in Algeria by identifying the most important incentives and concessions offered and their effectiveness in investor decisions

- Algeria's share of FDI inflows has evolved, with its share of economic and geographical distribution monitored.

- Evaluate the creation of a business climate in Algeria in accordance with international indicators, in order to review the strengths and weaknesses of the business environment with a view to establishing strategic horizons that allow Hala to maximize opportunities to attract investment.

The importance of the study:

The importance of the study is to highlight Algeria's experience in creating a business climate by identifying Algeria's most important advantages, which could make it a natural area of investment in general, in order to formulate the most important mechanisms and procedures for improving the investment environment and to work towards removing obstacles to it.

2-Legal framework for investment in Algeria after reforms

In the 1990s, a number of legal texts regulating investments were developed with the aim of promoting them, breaking their isolation and adapting to new trends in the national economy, which represent the transition from a planned economic system to a free economic system. In preparation for the forthcoming entry into WTO and the EU's free trade area. All these factors have led the State, within the framework of partnership agreements, to review its legal framework, which is also reflected in the procedures contained in the

Monetary and Loan Act and in Legislative Decree No. 93-12 of 05 October 1993 on investment promotion. This work discusses the main aspects of these laws with regard to guarantees, facilities and benefits to attract and encourage foreign investment and job creation.

2-1 Monetary and Loan Law

The Monetary and Loan Act enshrined the liberalization of foreign trade, the abolition of monopolies, the liberalization of foreign investment and the freedom to establish and establish foreign and private banks in Algeria. We can summarize its most important provisions in the following points:

- ✓ Foreign investments in Algeria can be direct or mixed, so the requirement for a majority of relative capital, which included the need to own 51% of capital in the public sector and 49% in the foreign sector, has been abolished. In addition, foreign capital participation with the public sector had only been abolished.
- ✓ Non-residents may establish banks and financial institutions individually or as resident shareholders. Articles 84 and 85 of Ordinance No. 03-11 provide that banks and foreign financial institutions may open branches in Algeria on the condition of reciprocity. "(Article 84, 85 of Ordinance No. 03-11 on Cash and Loan of 26/08/2003, Official Gazette No. 52 of 27/08/2003)
- ✓ Licensing the transfer of income, interest and capital in accordance with the conditions expressly stipulated in article 126 of Ordinance No. 03-11: "Capital, results, income, interest, income and other financing-related funds shall be permitted for remittance and shall enjoy the guarantees provided for in the international conventions signed by Algeria". (Article 126 of the same Ordinance No. 03-11)

2-2 Investment Act (93-12)

The Act's main provisions are as follows:

- ✓ This Decree establishes a regime applicable to private and national foreign investments in the context of economic activities

relating to the production of goods or services not expressly attributable to the State or its affiliates (art. 01).

✓ Investments are made freely and in accordance with applicable laws and regulations. These investments are subject to the Agency's investment licence (art. 03), and by Decree No. 93-12 the Agency was designated as the Investment Support and Promotion Agency (APSI), and the Agency was subsequently renamed the National Investment Development Agency (ANDI).

Currently, in order to cope with global economic changes, and in order to attract foreign investment, States must clearly express their intention to deregulate investments and provide foreign investors with qualitatively different advantages and guarantees than in their home countries, so the Investment Act 93-12 contained a number of incentives, exemptions and tax concessions granted to investors.

2-3 Investment Act No. 01-03

Act No. 01-03 eliminated the obstacles encountered by the investor during the period of entry into force of Act No. 93-12. As mentioned earlier, these include administrative, financial and real estate impediments, as well as overlapping and inconsistent powers of the bodies responsible for investment promotion, the Agency for Investment Promotion, Support and Control has obtained many additional and complex powers provided for in Article 04. (Article 04 of Executive Decree No. 94-319 of 17 October 1994 establishing the responsibilities and work of the Investment Promotion Agency (Official Gazette No. 67 of 19 October 1994), including:

- ✓ Receiving investor requests.
- ✓ Responsibility to evaluate investment projects with exclusive decision to grant or reject benefits requested by the investor.
- ✓ Help the investor administratively through the single window.

In view of these problems, the Algerian legislature reviewed Act No. 93-12 by issuing Decree No. 01-03 on investment development, which included the establishment of the National Investment Council (CNI), in order to alleviate the burden placed on the National Investment Development Agency (ANDI).

The National Investment Council considers the concessions granted and determines which areas may benefit from the exemption by proposing stimulus measures, with a view to reducing the time of studying investors' files to a maximum of 60 days from the date of application for the concession (in accordance with Law 93-12) to only 30 days (in accordance with Law 01-03).

In addition to Legislative Decree No. 93-12, which defines the concessions and guarantees granted to investors, Ordinance No. 01-03 of 20/08/2001 concerning investment development, article 11 provides that, After examining the commencement of the exploitation, the tax on the total income of the investment dividend and the dividend is exempted from it for 10 years from the actual activity of the corporate profits tax; From partial payments and commissions on professional activities, as well as on real estate. Investment income from 10 years' exemption from real estate fees (article 11 of Ordinance No. 01-03 of 20/08/2001 on investment development).

2-4 Investment Act No. 16-09

Following the approval of the Parliament in its two chambers, the new Investment Law was unanimously approved in implementation of the provisions of Algeria's regulation and regulation of investments in August 2001.

Repeal Ordinance No. 01-03:

Currently, the legal framework applicable to investments is Act No. 16-09, which repeals the provisions of Ordinance No. 01-03 on investment promotion and the Finance Act of 2016. Although some investment legislation is governed by the 2016 Finance Act, three main provisions can be distinguished, in particular:

- Article 66 of the Finance Act 2016: It has been deleted from the Investment Act, which regulates the "51/49" rule, as its mandatory obligation places a burden on companies in which the majority of shareholders are foreign investors.

- Article 55 of the Finance Act 2016: This article regulates the obligation to resort to the domestic financial system for the purpose of financing investments.
- Article 62 of the Finance Act: This article currently regulates privatization by opening up capital to public economic enterprises.



Main measures relating to foreign investments: Act No. 16-09 was designed to clarify and/or amend certain provisions of the previous Act, namely:

- Amend the guarantee of the transfer of the capital invested and the proceeds derived therefrom: its utilization requires capital contributions in the form of cash shares, not less than the minimum established on the basis of the total cost of the project and in accordance with the conditions renewed by law. Reinvestment of interest capital and dividends of convertible shares includes foreign shares subject to the transfer guarantee and non-cash shares that may also benefit from the transfer guarantee under certain circumstances.
- Preservation of the right of payment to the State: Article 16-09 of Law 30 recalls the principle that all transfers of shares (or social shares) made by foreign investors or for foreign investors are subject to the right of payment to the State. The 16-09 Act contains all applicable procedures. Thus, former article 01-03 of Ordinance No. 04, which set the minimum procedure for the application of this right (which has been abolished), appears to have made it difficult for the State's right to preempt in its form, except to continue to refer to past practice.
- State's right to restitution: A waiver of up to 10% or more of the shares of a foreign company that owns a stake in an Algerian company that benefits from facilities and benefits at the time of incorporation gives the State the right to recover including the maximum contribution held by a foreign company to an Algerian company. If it does not comply with this procedure within one month of receipt of the notification of the State Contribution Committee.

3- Institutional framework for investment after reforms

In particular, during the period of economic reforms, Algeria issued a series of legal documents, all aimed at creating a favourable investment climate. The most important of these laws is the establishment of investment promotion agencies and other agencies to support and encourage them, including the agency (APSI), the Commission (CALPI), ANSEJ, ANDI, the National Investment Council (CNI), the Single Network (GU), the Investment Support Fund (CSI), and the Ministry of Investment.

3-1 National Investment Council (CNI)

This Council was established pursuant to article 18 of Ordinance No. 01-03, chaired by the Head of Government. One of the Council's tasks is to promote investment development in accordance with the procedures of article 19 of Ordinance No. 01-03.

The establishment of this Council is one of the most important provisions of the 2001 Ordinance. The Council is composed of 8 ministries and is headed by the Head of Government. It is working to implement the laws on investment and has been established with a view to strengthening the legislative and regulatory machinery for investment.

It identifies investment policy and priorities for granting sector-specific concessions and providing final clearance for private investment programmes, but although the Board has broad powers to award concessions to investors, there are no applicable texts that clearly state its role. (yahia, 2009)

3-2 National Investment Development Agency (ANDI)

The Agency is a public institution of an administrative nature with moral personality and financial independence. The Minister for Contributions and the Coordination of Reforms follows up on the Agency's overall activities (art. 01). Under the terms of article 06 of the Investment Ordinance, the Algerian project established a National Investment Development Agency to replace the Investment Promotion

Agency, established under the Legislative Decree on Investment Promotion.

It is a public institution that enjoys moral personality and financial independence and has been placed under the authority of the Head of Government, organized by the Algerian Project pursuant to Decree No. 01-282 of 24-09-2001 on the powers of the National Agency for Investment Development and Regulation. (Khadija, 2015)

3-3 National Youth Employment Support Agency (ANSEJ)

This body was established by Executive Decree No. 296-96 of 9 August 1996 and is under the authority of the Chief Minister. Its activities are monitored by the minister responsible for operating. It enjoys legal personality and financial independence and has regional and local branches and functions:

- Provide support and advice to young people interested in setting up the project, monitoring the financial structure and mobilizing loans for the project throughout the implementation period.
- Provide investors with all information on the conduct of activities, whether economic, technical, legislative or regulatory.
- Ensure that the new enterprise operates in a profitable and continuous field, ensuring operation, on the one hand monetizing the owner, on the other hand recovering the debt within the deadline.

To achieve the goals of reducing youth unemployment, harnessing their capacities and expertise and enhancing the position of SMEs, the Agency sought to create a series of benefits targeting young entrepreneurs in the form of financial and tax subsidies, but the results achieved were not as planned.

4- diagnosis of FDI realities

4-1 FDI flows in Algeria and sectoral distribution during the period 2000-2020

4-1-1 Outcomes of Algeria's foreign direct investment (2000-2020):

According to World Bank reports on economic indicators, the volume of foreign direct investment (FDI) that represents Algeria's total FDI has risen significantly during the period (2000-2020), moving from \$280 million at the end of 2000 to \$2,300 million at the end of 2010, To 1637 million dollar in 2016, the United Nations Symposium on Trade and Investment stated in its report that after recording negative flows during 2015, Algeria was able to raise \$1637 million in 2016 from foreign direct investment and partly due to improved investment policies and the recent improvement in oil production, The same authority also noted that Algeria had drafted a new law on investment that provided the necessary fiscal stimulus and facilities for investment projects.

Net inflows of FDI reached the highest in 2001, reaching 2.03% of GDP, improving in 2009 by 2% of GDP and returning in 2016 to 1.02%. This is due to certain actions and facilities, as well as privileges made by Algeria to stimulate this type of investment.

Table 1: Volume of net FDI inflows into Algeria during (2003-2020)

	FDI, net inflows Balance of payments, in current USD) (prices
2003	637881239
2004	881851385
2005	1156000000
2006	1841000000
2007	1686736540
2008	2638607034
2009	2746930734
2010	2300369124
2011	2571237025
2012	1500402453
2013	1691886708
2014	1503453102
2015	-403397081,1
2016	1637370975
2017	1200965325
2018	1506317589
2019	1325465852
2020	1125482655

source: (www.banquemonddiale.org)

From the following table, we will note that the number of foreign investments made in Algeria is relatively weak, but nevertheless the value of foreign investments represents one third of the value of gross investment made, highlighting the importance of the size of Algeria's foreign capital invested in relation to domestic capital.

Table 2: Statistics of Foreign Investment Projects Authorized (2005-2020)

project	Number of projects	%	Value in million dinars	%	Number of employment positions	%
Foreign Investment	822	1	2216699	17	119525	10

source: (www.andi.dz, الوكالة الوطنية لتطوير الاستثمار)

4-1-2 Sectoral distribution of FDI in Algeria during the period 2000-2020:

With regard to sectoral distribution, we will present the following table:

Table 3: Distribution of investment projects according to the activity of each sector

	Number of projects	%	Value in million dinars	%	employment positions	%
agriculture	1316	2.06	222790	1.74	53445	4.69
building	11389	17.85	1310896	10.24	246138	21.62
industry	11256	17.64	7411469	57.90	466382	40.97
health	935	1.47	171948	1.34	22478	1.97
transport	31097	48.74	1095948	8.56	162976	14.32
tourism	1018	1.60	974396	7.61	62069	5.45
services	6786	10.6	1169895	9.14	116476	10.23
trade	2	0.00	10914	0.09	4100	0.36
communications network	5	0.01	432578	3.38	4348	0.38
total	63804	100	12800834	100	1138412	100

source: (www.andi.dz)

Through the data of the table, we note that the industry sector plays a leading role in terms of the amounts of authorized projects and the number of positions provided by them. in which these results are explained by foreign investors' preference for the industry sector, Owing to its short-term return, unlike other sectors, amounting to 74,11,469 million Algerian dinars, The construction and services sector is second and third with 1310896 and 1169895 million Algerian dinars, respectively And then the transport sector comes in fourth place with 1095948 million Algerian dinars, Then the tourism sector, telecommunications and agriculture with 974,396, 432,578 and 222,790 million Algerian dinars respectively.

In terms of the number of projects, we note that 63804 foreign investment projects have been completed with an estimated 12800834 million Algerian dinars. The transport sector ranks first with 31,097 authorized projects The construction sector is ranked second with 11,389 projects, followed by the industry and services sector with

11,256 projects and 6,786 projects respectively tourism, health, telecommunications and trade with 1316,1018, 935,5 project 2 respectively.

4-2 Macroeconomic indicators of Algeria's investment climate

4-2-1 Economic growth:

After the black decade, and the implementation of the requirements of international bodies, there were significant imbalances in all fields, perhaps the most important of which was the dramatic rise in external indebtedness, but at the beginning of the third millennium, the national economy experienced a new transition through a series of programmes aimed at achieving growth.

The following table shows the evolution of the size and rate of GDP growth during this economic period:

Table 4: Evolution of the size and growth rate of PIB (2008-2020)

years	PIB(billion dollars)	PIB %
2008	171	2.0
2009	137.21	1.6
2010	161.20	3.6
2011	200.01	2.8
2012	209.04	3.3
2013	209.70	2.8
2014	213.8	3.8
2015	166	3.7
2016	160	3.2
2017	170.1	1.3
2018	175.4	1.2
2019	171.2	0.8
2020	145.2	-5.5

source: (www.banquemonddiale.org, إحصائيات البنك الدولي)

Through these statistics, we note that GDP has experienced remarkable growth, moving from D4020 billion in 2000 to D9940 billion in 2008. (Doubled), throughout this period, positive growth rates were known, and we can distinguish between the two periods of economic recovery. (2000-2004) and supported economic growth (2005-2009), as in the first period the growth rate was about 5% per

year, while in the second period the growth rate was more than 10%. (Belkhabat, 2015)

This steady rise in GDP is due first to higher prices of burns, in addition to the growth rates in the value added of the agricultural sector, the housing sector and the public works sector.

However, starting in 2008 (the period of the development programme), despite the continued rise in GDP, the rate of growth had fallen markedly compared to previous years, owing to the global crisis, which had led to a decrease in the demand for burns, which had led to a decline in prices.

The difference in growth rates for the three periods is due to the fact that the first period came after years of economic suffering. In addition to the lack of professional expertise in major projects, the second period, which saw higher growth rates than the previous one, was thanks to significant investments in housing and public works. (As a result of the utilization of the previous period's projects), in addition to the fictional prices identified by the burners, the recent period has been marked by a decline in the prices of the burns caused by the global financial crisis. (Rauf, 2002)

Through these programmes Algeria's considerable achievements and considerable disbursement, it can be said that the importance (growth) has been achieved pending the most important (development). Given the table below, the crude internal results have stabilized so that they have not increased significantly and remain below the level compared to other countries, but the growth rate has increased to 2.2% in 2000 to reach 2002, 4.1% with a value of 55.89 billion dollar.

Table 5: Percentage of direct investment from domestic output

years	1990	1991	1992	1993	1994	1995	1996	1997	1998
PIB(billion dollars)	62.04	45.71	48	49.94	42.54	41.76	46.94	48.17	48.18
IDE PIB(%)	0.05	0.025	0.06	0	0	0	0.057	0.54	1.25
years	1999	2000	2001	2002	2003	2004	2005	2006	2007
PIB(billion dollars)	48.64	54.79	54.74	56.76	67.86	85.32	103.19	117.02	134.97
IDE PIB(%)	0.6	0.51	2.02	1.87	0.93	1.03	1.12	1.53	1.25
years	2008	2009	2010	2011	2012	2013	2014	2015	2016
PIB(billion dollars)	171	137.21	161.2	200.01	209.04	209.7	213.51	172.3	160
IDE PIB(%)	1.51	2.12	1.42	1.29	0.73	0.80	0.73	0.92	1.1
years	2017	2018	2019	2020					
PIB(billion dollars)	170.1	175.4	171.2	145.2					
IDE PIB(%)	1.03	0.95	0.84	0.86					

source: (www.banquemondiale.org)

It is noted from the table that FDI's contribution to rough domestic output is low and still below par, indicating that FDI's contribution to the economic development of the country has weak implications, despite the improvement in 2001 and 2002 than in previous years. FDI remains substantial in the area of combustion, while other areas remain low, and industry's contribution to PIB is therefore high compared to other sectors.

4-2-2 Inflation levels in Algeria:

despite relative stability and slight fluctuations in inflation rates In 2012, however, it began to take an upward curve, reaching an 8.89% rate, an indicator of increased investment spending through applied public investment programmes and consumer expenditure driven by rising wages at an average annual rate of 6.5% during the period 2000-2008, while the average annual growth of productivity did not exceed 0.4% during the same period, an indicator of declining productivity versus increasing demand that increases inflationary pressures and increases annual inflation rates. Algeria must therefore implement a strict monetary and fiscal policy aimed at controlling inflation rates. (Belkhabat, 2015)

Table 6: Evolution of inflation level during the period 1990-2020

years	1990	1991	1992	1993	1994	1995	1996	1997	1998
inflation rate	16.7	25.9	31.7	20.5	29	29.8	18.7	5.7	5.0
years	1999	2000	2001	2002	2003	2004	2005	2006	2007
inflation rate	2.6	0.3	4.2	1.4	4.3	4.0	1.4	2.3	3.7
years	2008	2009	2010	2011	2012	2013	2014	2015	2016
inflation rate	4.9	5.7	3.9	4.5	8.9	3.3	2.9	4.8	6.4
years	2017	2018	2019	2020					
inflation rate	5.6	5.7	4.9	4.2					

source: (www.banquemonddiale.org)

4-2-3 Evolution of the level of government expenditure:

Government expenditure is one of the main catalysts of the economic growth process and also a key instrument in enabling the injection of resources into the economic cycle, resulting in higher growth rates. However, according to Algeria's economic reality, such substantial government expenditures do not serve to improve and raise demand, as well as to create employment opportunities, as they lead to higher imports, as Algeria's economy is linked to a single sector (combustion) of export.

Table 7: The evolution of the level of government spending in billion dollars during the period 1990-2020

years	1990	1991	1992	1993	1994	1995	1996	1997	1998
government spending	9.97	6.73	7.67	8.65	7.60	7.00	7.40	7.97	8.57
years	1999	2000	2001	2002	2003	2004	2005	2006	2007
government spending	8.16	7.44	8.09	8.8	10.04	11.75	11.81	13.14	15.71
years	2008	2009	2010	2011	2012	2013	2014	2015	2016
government spending	22.58	22.15	27.77	41.34	42.47	40.13	41.76	35.78	33.43
years	2017	2018	2019	2020					
government spending	32.23	30.09	29.00	29.16					

source: (www.banquemonddiale.org)

4-3 Algeria's place in qualitative indicators of the investment climate

There are many international indicators that reflect the perception of a country's economic analysts and international investment people as a location for investment from the point of view of the foreign investor and the tracker notes that there is a growing number of such indicators, which, in the authors' admission, have not yet reached the stage of full accuracy and consistency and are not without errors, but are inevitably one of the means and tools that will corroborate and weigh the resolution. Several studies have shown that there is a strong statistical link between the ranking of the country or its degree in some of these indicators and the amount of foreign investment it attracts. A country where risk is low according to one of the indicators is well placed in the Economic Freedom Index. A country with a valuable value in human development is high in the wealth index of nations and so...

In order to ascertain Algeria's position and assess the investment climate in Algeria, we include the most important qualitative indicators adopted by the most important international institutions concerned with foreign investment. It should be noted earlier that Algeria has not yet been classified in some qualitative indicators because of the recent use of such indicators or the lack of adequate data.

4-3-1 The status of Algeria's economy in the indicator of ease of doing business:

The Ease of Doing Business Index is a composite indicator consisting of 10 sub-indicators that measure the impact of government laws and procedures on the country's economic situation. In view of Algeria's position in this indicator during the period 2015-2019, there is a significant and continuing decline in its ranking, from 134th in 2009 to 166th in 2018. This is reflected in the following table:

Table 8: Algeria's Position in Sub-Indicators of Ease of Business Performance Index (2015-2019)

sub-indicators	2015		2016		2017		2018		2019	
	value 100	ranking 189	Value 100	ranking 189	value 100	ranking 190	value100	ranking 190	Value 100	ranking 190
project started	74.07	141	76.08	145	77.54	142	77.54	145	77.51	144
obtaining construction permits	65.72	127	64.05	122	71.02	77	58.89	146	71.08	145
getting electricity	59.98	147	57.56	130	60.58	118	60.56	120	60.66	118
property registration	50.67	157	43.83	163	43.83	162	43.83	163	43.87	155
access to credit	10	171	10	174	10	175	10	177	10	171
investor protection	45	132	33.33	174	33.33	173	33.33	170	33.33	169
pay taxes	41.63	176	45.03	169	53.99	155	54.11	157	53.88	155
cross-border trade	64.21	131	24.15	176	24.15	178	24.15	181	24.25	176
execution of contracts	52.89	120	55.49	106	55.49	102	55.49	103	55.25	101
Resolution of insolvency cases	42.74	97	47.67	73	47.67	74	49.24	71	47.64	70
General indicator	50.69	154	45.72	163	47.76	156	46.71	166	47.45	162

Source: (<http://www.doingbusiness.org/data/exploreeconomies/algeria>)

Through previous data and analysis of the most important components of the ease of doing business index in Algeria The investment climate in Algeria has created many obstacles for foreign investors both when establishing the legal entity of the investment project, Building permits, property registration or upon entry into exploitation and activity; Difficulty in obtaining finance, higher tax pressure and costs of foreign trade operations, This means a decline in Algeria's attractiveness as an incubator of foreign direct investment.

4-3-2 Algeria's economic position in the competitiveness index:

The World Competitiveness Report 2020-2019 showed a significant decline in the competitiveness of the Algerian economy, ranking 89th out of 141 countries worldwide after ranking 79th out of 144 countries in 2014-2015. The report referred it to a set of obstacles facing entrepreneurs during their investment activities in Algeria as a bureaucracy. (20.5%) and difficulty in obtaining finance (15.7%) and

prevalence of bribery (11%) in addition to poor infrastructure and skilled labour (8.1% each).

Table 9: Algeria's position in the World Competitiveness Index

	Global Competitiveness Reports 2008-2020												
years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ranking	81	99	83	86	87	110	100	79	87	87	86	92	89
number of countries	131	134	133	139	142	144	148	144	140	138	137	140	141

Source: Prepared by the researcher on the basis of Global Competitiveness Reports 2007-2020

By reviewing Algeria's ranking in the various constituent indicators of the World Competitiveness Index, it is clear that Algeria's achievement of an acceptable ranking in some indicators, such as the macroeconomic index and market size, has not been accompanied to achieve advanced rankings in the overall rankings of the index. This arrangement shows that the investment climate is a package of factors that must be provided for a country to be a destination. Algeria must therefore improve its position in some important indicators, such as the development of financial markets, the labour market efficiency index and the innovation and technological readiness indicators, which allowed it to enhance the competitiveness of its economy.

4-3-3 Algeria's position in the transparency index:

Transparency International has annually published the Transparency or Perception of Corruption Index since 1995 to reflect the degree of improvement in government administration practices and global companies for the purpose of enhancing transparency and anti-corruption efforts. Across a range of surveys and certified sources of information, the index attempts to determine the extent of corruption in the State and its impact on the investment climate as a constraint within it, and the view of global foreign companies to invest in the country in question. The value of the index ranges from zero, which means a high degree of corruption to 10, which means a high

degree of transparency. According to many international reports and NGOs, according to Transparency International, Algeria is among the group of countries that are lagging behind in ensuring transparency and reducing corruption. The World Bank's 2018 report ranked Algeria 105th out of 180 countries.

Table 10: Algeria's position in the transparency index (2008-2020)

years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Value (From 10)	3.2	2.8	2.9	2.9	3.4	3.6	3.6	3.6	3.4	3.3	3.5	3.4	3.6
change%	6.67	12.5	3.57	0.15	17.07	5.88	00.0	00.0	5.56	2.94	6.06	3.02	2.01
ranking	92	111	105	112	105	94	100	88	108	112	105	107	106
Number of countries	180	180	178	183	176	183	175	168	176	180	180	180	180

Sources: (www.transparency.org/cpi2020)

4-3-4 Algeria's position in the Economic Freedom Index:

This indicator has been adopted since 1995 to measure the degree of intervention of government authority in the economy and its impact on the economic freedom of members of society. This indicator is based on 10 factors, including: Trade policy (tariff rate and the existence of non-tariff barriers). Fiscal management of the State's budget (tax structure for individuals and companies). Public sector contribution to the economy. Monetary policy (inflation index). Private investment flow and FDI. Banking and finance sector situation. Level of wages and prices. Individual property rights. Legislation and administrative and bureaucratic procedures. Black market activities. According to the Economic Freedom Index, Algeria's performance shows its position in the area of economic freedom during the period 2013-2019, as shown in the following table:

Table 11: Algeria's Position in the Freedom Index (2013-2019)

years	2013	2014	2015	2016	2017	2018	2019
Ranking/number of countries included in the indicator	179/145	186/146	178/157	178/154	182/172	184/171	186/171
Ranking among Arab countries	14	14	13	12	10	09	09
number of points	49.6	50.8	48.9	50.1	46.5	44.7	46.2

Sources: (www.heritage.org/index)

4-3-5 Country Risk Index:

The International Country Risk Manual has been published monthly by PRS Group since 1980 and aims to measure the risk of investing in or dealing commercially with the country and its ability to meet and pay its financial obligations. The composite index is based on three sub-indicators, including the Political Risk Assessment Index, which makes up 50% of the composite index, the Economic Risk Assessment Index 25% and the Financial Risk Assessment Index 25%.

Assessment of Algeria's status: The table shows Algeria's level of risk ranging from moderate to low. Except for 2002 and 2003, which was characterized by a moderate risk, the rest of the years were known as low risk.

Table 12: Algeria's position in the composite country risk index (2003-2020)

years	2003	2004	2005	2006	2007	2008	2009	2010	2012	2013	2014
degree of risk	65.8	75.5	77.3	77.8	78.5	76.8	70.8	72.0	72	68	67
years	2017	2018	2019	2020							
degree of risk	69	70	69	69.5							

Source: Prepared by the researcher on the basis of the Arab countries' investment climate reports from 2001 to 2020

4-3-6 Human Development Index:

This indicator has been issued periodically by UNDP since 1990 and is calculated on the basis of an average of three components:

- Longevity is measured by the average life expectancy
- knowledge and measured by the literacy rate among adults and enrolment rates at different educational levels
- the standard of living and measured by the per capita income rate of real GDP.

Algeria's status: Algeria is one of the countries with medium human development, despite the improvement in the value of the index, which stood at 71% in 1992 to 75% in 2017, which ranked it 83rd out of 189 countries.

Table 13: Algeria's Position in the Human Development Index

years	human development index	2005	0.69
1992	0.71	2006	0.69
1993	0.713	2007	0.70
1994	0.711	2008	0.71
1995	0.716	2009	0.72
1996	0.713	2010	0.73
1997	0.725	2011	0.74
1998	0.733	2012	0.74
1999	0.738	2013	0.74
2000	0.746	2014	0.75
2001	0.742	2015	0.75
2002	0.771	2016	0.75
2003	0.66	2018	0.75
2004	0.68	2019	0.67

Source: Prepared by the researcher on the basis of a set of statistics from the United Nations reports(2022)

5-Conclusion:

Algeria's efforts to improve the investment climate in order to attract foreign investors and encourage domestic investors. One of the most important aspects of Algeria's reform in the last decade is the legal and institutional framework governing investment.

However, despite all the efforts made, Algeria's economy still has negative characteristics affecting its attractiveness to investment, as:

- Algeria's economy continues to depend mainly on the oil sector.
- In addition to the corruption mechanisms that have spread, the most important of which is the parallel sector and bureaucracy.
- The correlation of macroeconomic and dependent indicators of petroleum revenues has had a negative impact on the investment climate.

In order to achieve the desired goals, we must:

- More streamlining of the legal system.
- Rehabilitation of economic institutions while giving initiative to the private sector.
- Achieving the previous objective is achieved only by activating the conditions of effectiveness of investment work, which are based on the principle of economic freedom and freedom of transfer. Capital and solving the property problem and eliminating bureaucracy.

Bibliography List :

1. Belkhabat, J. (2015). The feasibility of foreign investment in economic growth - Comparative study between Algeria and Morocco. doctoral thesis, University of batna.
2. Khadija, K. (2015). The Role of Fiscal Policy in Rationalizing FDI in Algeria - Comparative Study between Algeria, Tunisia and Morocco. Doctoral thesis, University of Tlemcen.
3. Rauf, A. Z. (2002, april). Investment in Algeria Opportunities without Borders, Economy and Investment, Lebanon, ,. (P. a. Arab Press, Éd.)

4. yahia, s. (2009). Assessment of Algeria's FDI climate. *Journal of Humanities and Economics* , 85 (104).
5. Arab countries' investment climate reports from 2001 to 2020
6. Global Competitiveness Reports 2007-2020
7. United Nations reports(2022)
8. <http://www.doingbusiness.org/data/exploreeconomies/algeria>
9. www.andi.dz الوكالة الوطنية لتطوير الاستثمار (2023).
10. www.banquemonddiale.org. احصائيات البنك الدولي (2023).
11. www.heritage.org/index.(2023). Index of Economic Freedom.
12. www.transparency.org/cpi2020.(2023). corruption perceptions index 2020Ar