

The Role of Law No. 22-18 in Improving the Investment Climate in Algeria

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Abstract:

Investment plays a crucial role in promoting economic growth, diversification, and sustainable development, particularly in resource-dependent economies. In this context, Algeria has undertaken several legislative reforms aimed at improving its investment climate and attracting both domestic and foreign investors. One of the most significant reforms is the adoption of Law No. 22-18 on Investment, which seeks to modernize the legal and institutional framework governing investment activities.

This study analyzes the contribution of Law No. 22-18 to improving the investment climate in Algeria. It examines the legal, financial, and judicial guarantees provided to investors, as well as the institutional reforms introduced to facilitate investment procedures. The research also evaluates the system of investment incentives established by the law and its role in encouraging investment in strategic sectors and regions.

The study adopts an analytical and descriptive approach based on the examination of legislative texts, institutional mechanisms, and investment policies. The findings indicate that the new investment law introduces significant improvements through stronger legal guarantees, enhanced transparency, digitalization of administrative procedures, and the establishment of the Algerian Investment Promotion Agency.

However, the study also highlights several challenges that may limit the effectiveness of the reform, including administrative bureaucracy, regulatory instability, and coordination difficulties among public institutions. The research concludes that while Law No. 22-18 represents an important step toward improving Algeria's investment environment, its success depends largely on effective implementation, institutional efficiency, and regulatory stability.

Keywords: Investment climate, Algeria, Law No. 22-18, investment incentives, investment policy, economic diversification.

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Introduction

Investment is widely recognized as one of the most fundamental drivers of economic growth, sustainable development, and structural transformation in modern economies. Through investment, countries can expand their productive capacities, create employment opportunities, enhance technological transfer, and improve overall economic competitiveness. In the context of globalization and increasing competition for international capital flows, governments are increasingly required to establish attractive, transparent, and stable investment climates capable of attracting both domestic and foreign investors. Consequently, investment policies have become a central component of national economic strategies, particularly in developing countries seeking to diversify their economies and reduce dependence on limited sources of revenue. (World Bank, 2020)

In many developing economies, the effectiveness of investment policies largely depends on the quality of the legal and institutional framework governing investment activities. A clear and stable regulatory environment, combined with efficient administrative procedures and credible investment guarantees, plays a crucial role in enhancing investor confidence. In this regard, governments often introduce legislative reforms aimed at simplifying procedures, reducing bureaucratic obstacles, strengthening legal protection for investors, and providing financial and tax incentives to stimulate investment. (UNCTAD, 2019)

Algeria, like many resource-dependent economies, has faced significant challenges in diversifying its economy and reducing reliance on hydrocarbon revenues. For several decades, the Algerian economy has been largely dependent on oil and gas exports, which has exposed it to fluctuations in international energy prices. In response to these challenges, Algerian authorities have progressively implemented a series of economic reforms aimed at encouraging private sector development and promoting investment in various productive sectors such as industry, agriculture, renewable energy, tourism, and services. (OECD, 2021)

Within this framework, the improvement of the investment climate has become a strategic priority for public authorities. The Algerian government has adopted several legal and institutional measures intended to attract both national and foreign investors by offering a more favorable business environment. These reforms include the modernization of investment legislation, the creation of specialized institutions responsible for investment promotion, and the introduction of new financial and fiscal incentives. (Official Journal of the Algerian Republic, 2022)

One of the most significant reforms in this context is the adoption of Law No. 22-18 on Investment, which represents a major step in the modernization of the Algerian investment framework. This law reflects the legislator's intention to establish a more transparent and efficient investment system by strengthening legal guarantees for investors, simplifying administrative procedures, and introducing new mechanisms designed to improve governance and institutional coordination in the field of investment promotion. The law also emphasizes the importance of digitalization in administrative procedures in order to reduce delays, increase transparency, and facilitate communication between investors and public institutions. (Benachenhou, 2018)

Furthermore, Law No. 22-18 seeks to enhance Algeria's attractiveness as an investment destination by introducing various incentive mechanisms aimed at supporting priority sectors and encouraging investments in strategic regions. These incentives include tax exemptions, customs advantages, and financial support measures designed to stimulate productive investments and promote balanced regional development. (World Bank, 2020)

Despite the ambitious objectives of these reforms, several challenges continue to affect the effectiveness of investment policies in Algeria. Administrative bureaucracy, regulatory complexity, and the slow pace of institutional adaptation are often cited as obstacles that may limit the practical impact of legislative reforms. In addition, investors frequently emphasize the importance of regulatory stability, transparency, and efficient

public administration as key factors influencing investment decisions. (UNCTAD, 2019)

In light of these considerations, it becomes necessary to analyze the actual contribution of Law No. 22-18 to the improvement of the investment climate in Algeria. Understanding the strengths and limitations of this new legal framework is essential for evaluating its effectiveness and identifying potential areas for improvement. This study therefore seeks to examine the main provisions of the law, assess its role in enhancing investment attractiveness, and identify the institutional and administrative challenges that may influence its implementation. (OECD, 2021)

Research Problem:

- To what extent has Law No. 22-18 on Investment succeeded in improving the investment climate in Algeria and enhancing the country's attractiveness for both domestic and foreign investors?

Sub-Questions:

This main question can be divided into several sub-questions:

- What are the main legal guarantees provided by Law No. 22-18 to protect investors and their investments?
- How effective are the financial and fiscal incentives introduced by the law in encouraging investment?
- What role do institutional reforms and newly established investment promotion mechanisms play in improving the investment climate?
- What administrative, regulatory, or institutional challenges may limit the effective implementation of this law?

Hypotheses:

To address the research problem, the study is based on the following hypotheses:

- Law No. 22-18 contributes positively to improving investment attractiveness in Algeria by strengthening legal guarantees and simplifying procedures. Institutional and administrative constraints may reduce the effectiveness of the law's provisions in practice.
- The digitalization of administrative procedures contributes to improving transparency and efficiency in investment processes.

Objectives of the Study:

This research aims to achieve the following objectives:

- To analyze the legal framework governing investment in Algeria, with particular focus on Law No. 22-18.
- To evaluate the effectiveness of the guarantees and incentive mechanisms provided by the law.
- To examine the role of institutional reforms in facilitating investment procedures.
- To identify the main challenges and limitations affecting the implementation of investment policies in Algeria.

Significance of the Study:

The importance of this study lies in its contribution to both academic research and policy analysis related to investment reforms in Algeria. From an academic perspective, the research enriches the literature on investment law and economic policy by providing an analytical evaluation of recent legislative reforms in Algeria. From a practical perspective, the findings of this study may provide useful insights for policymakers and public institutions seeking to improve the effectiveness of investment policies and enhance the country's investment attractiveness.)

Moreover, the study contributes to a better understanding of how legal and institutional reforms can influence investment decisions and economic development in emerging economies. By examining the experience of

Algeria, the research may also provide relevant lessons for other developing countries facing similar challenges in improving their investment climates.

1. Investment Guarantees under Law No. 22-18:

1.1 Legal Guarantees:

Law No. 22-18 on investment establishes a comprehensive set of legal guarantees intended to improve the investment climate in Algeria and enhance investor confidence. One of the most important principles enshrined in the law is the freedom of investment, which allows both national and foreign investors to undertake investment projects in various economic sectors without unnecessary restrictions, except in activities expressly regulated by legislation. This principle reflects the Algerian government's commitment to encouraging private initiative and diversifying the national economy by facilitating access to investment opportunities. (OECD, 2021)

Another essential guarantee introduced by the law is the principle of equality between investors. According to the provisions of Law No. 22-18, foreign investors benefit from treatment equivalent to that granted to national investors, except in cases specifically regulated by law. This principle aims to eliminate discriminatory practices and create a level playing field for all economic actors operating within the Algerian market. By ensuring equal treatment, the law seeks to strengthen Algeria's credibility as an attractive destination for foreign direct investment. (Official Journal of the Algerian Republic, 2022)

The law also emphasizes the importance of transparency in investment procedures. In this regard, the Algerian legislator introduced mechanisms intended to simplify administrative procedures and reduce bureaucratic complexity. One of the major reforms associated with this objective is the creation of the Algerian Investment Promotion Agency (AAPI), which is responsible for facilitating investment procedures, providing information to investors, and coordinating with various administrative authorities involved in investment projects. Furthermore, the law promotes the digitalization of

administrative procedures, allowing investors to submit and track their investment files electronically through dedicated digital platforms. (Benachenhou, 2018)

In addition, Law No. 22-18 incorporates the principle of legislative stability, which represents a crucial element for investor confidence. According to this principle, investors who benefit from incentives and advantages provided by the investment law are protected against potential changes in legislation that could negatively affect their projects. This stability clause ensures that investors can rely on the legal and fiscal conditions applicable at the time of their investment for a defined period, thereby reducing uncertainty and encouraging long-term investment decisions. (World Bank, 2020)

Moreover, the law reinforces the protection of property rights and guarantees that investment projects carried out within the framework of the legislation will be protected under Algerian law. These legal guarantees collectively contribute to establishing a more predictable and secure investment environment, which is considered a key factor in improving the country's economic attractiveness. (UNCTAD, 2019)

1.2 Financial Guarantees:

In addition to legal guarantees, Law No. 22-18 provides several financial guarantees designed to encourage investment and reassure both domestic and foreign investors. One of the most significant guarantees concerns the free transfer of capital and profits abroad, which is particularly important for foreign investors. The law ensures that investors may repatriate their invested capital, dividends, and other profits resulting from their investment activities, subject to compliance with applicable foreign exchange regulations. (OECD, 2021)

This guarantee addresses one of the major concerns often raised by international investors regarding the ability to transfer financial returns outside the host country. By ensuring the possibility of capital repatriation, the Algerian legislator aims to strengthen the confidence of foreign

investors and align national investment regulations with international investment standards. (Official Journal of the Algerian Republic, 2022)

Another key financial guarantee provided by the law relates to protection against expropriation. Law No. 22-18 stipulates that investments cannot be subject to expropriation or nationalization except in cases of public interest and in accordance with legal procedures. In such cases, investors are entitled to fair and equitable compensation corresponding to the real value of the investment. This provision ensures that investors are protected from arbitrary administrative decisions and reinforces the principle of legal security in investment activities. (Benachenhou, 2018)

Furthermore, the law introduces a system of investment incentives, including fiscal and parafiscal advantages aimed at supporting investment projects, particularly in priority sectors and less developed regions. These incentives may include exemptions from customs duties on imported equipment, reductions or exemptions from certain taxes during the project's implementation phase, and other financial advantages designed to reduce the initial costs of investment projects. (World Bank, 2020)

By combining guarantees related to capital transfer, protection against expropriation, and financial incentives, Law No. 22-18 seeks to create a more attractive financial framework capable of stimulating both domestic and foreign investment and promoting sustainable economic development. (UNCTAD, 2019)

1.3 Judicial Guarantees:

Judicial protection constitutes another essential pillar of the investment framework established by Law No. 22-18. The law ensures that investors have access to effective dispute resolution mechanisms, thereby strengthening legal certainty and protecting their rights in the event of conflicts with administrative authorities or other economic actors. (OECD, 2021)

First, investors benefit from the right to bring disputes before national courts, which remain competent to examine investment-related cases in accordance with Algerian legislation. The Algerian judicial system provides legal protection to investors through civil, commercial, and administrative courts that are responsible for resolving disputes arising from contractual relationships or administrative decisions affecting investment projects. (Official Journal of the Algerian Republic, 2022)

In addition to national judicial mechanisms, Law No. 22-18 recognizes the possibility of resorting to arbitration as an alternative method for resolving investment disputes. Arbitration has become an increasingly important instrument in international investment relations, as it allows disputes to be resolved more rapidly and in a neutral environment. Investors may rely on arbitration mechanisms when such procedures are provided for in investment agreements, contracts, or bilateral investment treaties concluded by Algeria with other countries. (Benachenhou, 2018)

The availability of arbitration procedures is particularly significant for foreign investors who may prefer international dispute resolution mechanisms due to their perceived neutrality and efficiency. By recognizing arbitration as a legitimate dispute resolution method, the Algerian legislator aims to align national investment legislation with international legal practices. (World Bank, 2020)

Furthermore, the law encourages the use of conciliation and mediation mechanisms to resolve disputes amicably before resorting to judicial or arbitral proceedings. These mechanisms help reduce the duration and cost of disputes while maintaining cooperative relationships between investors and public authorities. (UNCTAD, 2019)

Overall, the judicial guarantees provided by Law No. 22-18 play a crucial role in strengthening investor confidence by ensuring that legal disputes can be resolved in a fair, transparent, and efficient manner. Such guarantees are essential for creating a stable investment environment capable of attracting long-term investment and supporting economic development in Algeria. (OECD, 2021)

2. Institutional Framework and Investment Promotion:

The effectiveness of investment policies largely depends not only on the existence of an appropriate legal framework but also on the presence of efficient institutional mechanisms responsible for implementing and promoting these policies. In Algeria, the institutional framework governing investment has undergone significant reforms in recent years with the aim of improving governance, simplifying administrative procedures, and strengthening coordination among public institutions involved in investment activities. Within this context, Law No. 22-18 on Investment introduced important institutional changes intended to modernize the system of investment promotion and enhance the country's attractiveness for both domestic and foreign investors. (Official Journal of the Algerian Republic, 2022)

One of the most important institutional innovations introduced by this law is the establishment of the Algerian Investment Promotion Agency (AAPI). This agency constitutes the central institutional body responsible for the promotion, facilitation, and monitoring of investment projects in Algeria. The creation of this agency reflects the Algerian authorities' intention to centralize investment-related services and provide investors with a more efficient administrative interface capable of supporting them throughout the different stages of their investment projects. (Benachenhou, 2018)

The Algerian Investment Promotion Agency performs several strategic functions within the national investment system. First, it plays a crucial role in facilitating administrative procedures for investors. In the past, investors often faced complex administrative procedures involving multiple institutions and lengthy processing times. To address these difficulties, the agency acts as a coordination mechanism between investors and the various public administrations involved in the authorization and implementation of investment projects. By streamlining these procedures,

the agency contributes to reducing administrative barriers and accelerating the realization of investment projects. (World Bank, 2020)

Another key function of the agency is providing information and guidance to investors. Potential investors often require reliable information regarding legal requirements, available incentives, investment opportunities, and sectoral regulations. In this regard, the agency serves as a central platform that provides investors with essential information concerning the Algerian investment environment. It also offers advisory services that help investors better understand the regulatory framework and the administrative steps required for establishing and operating investment projects. (UNCTAD, 2019)

Furthermore, the agency is responsible for managing and granting investment incentives provided under Law No. 22-18. These incentives include various fiscal and parafiscal advantages designed to encourage investment in priority sectors and regions. The agency evaluates investment project proposals, determines their eligibility for incentives, and oversees the implementation of the advantages granted to investors. This function ensures that investment incentives are allocated in accordance with national economic priorities and development strategies. (OECD, 2021)

In addition to the creation of the Algerian Investment Promotion Agency, Law No. 22-18 introduced a broader institutional framework aimed at strengthening coordination between different governmental bodies involved in investment policy. The law provides for the establishment of institutional mechanisms responsible for defining national investment strategies, identifying priority sectors, and ensuring the effective implementation of investment policies. This institutional coordination is essential to avoid overlapping responsibilities and to ensure the coherence of public policies related to investment promotion. (Official Journal of the Algerian Republic, 2022)

Another important aspect of the institutional reform introduced by Law No. 22-18 is the emphasis on digital transformation in investment administration. The law encourages the use of digital platforms to manage

investment procedures and facilitate communication between investors and public institutions. Through digitalization, investors can submit applications, track the progress of their projects, and access relevant information through online platforms. This technological approach aims to increase transparency, reduce bureaucratic delays, and minimize the risks associated with administrative complexity. (Benachenhou, 2018)

The introduction of digital platforms represents a significant step toward modernizing the Algerian investment administration. Digital tools allow for faster processing of investment files, improved traceability of administrative decisions, and better access to information for investors. Moreover, digitalization contributes to strengthening transparency by reducing direct administrative interactions that may sometimes lead to inefficiencies or lack of clarity in procedures. (World Bank, 2020)

In addition to procedural simplification, digitalization also enhances institutional accountability and governance. By recording administrative procedures electronically, public authorities are able to monitor the progress of investment projects more effectively and identify potential bottlenecks within the administrative system. This contributes to improving the overall efficiency of public institutions responsible for investment management. (UNCTAD, 2019)

Despite these institutional improvements, several challenges remain in ensuring the full effectiveness of the investment promotion system in Algeria. Issues such as coordination between institutions, administrative capacity, and the effective implementation of digital systems may still influence the overall efficiency of investment governance. Nevertheless, the reforms introduced by Law No. 22-18 represent a significant step toward strengthening the institutional framework for investment promotion and improving the business environment in Algeria. (OECD, 2021)

Overall, the institutional reforms introduced under the new investment law aim to create a more efficient, transparent, and investor-friendly administrative system. By establishing specialized institutions, simplifying

procedures, and promoting digitalization, Algeria seeks to enhance its attractiveness as an investment destination and support the development of a diversified and sustainable economy. (Official Journal of the Algerian Republic, 2022)

3. Investment Incentives:

Investment incentives represent one of the main instruments used by governments to stimulate economic activity, encourage private investment, and promote balanced regional development. In Algeria, the reform of the investment framework through Law No. 22-18 on Investment introduced a new and more structured system of incentives aimed at improving the attractiveness of the national economy and encouraging investments in priority sectors. The legislator designed these incentives to support productive investments, facilitate the creation of new economic activities, and contribute to the diversification of the Algerian economy beyond the hydrocarbon sector. (Benachenhou, 2018)

Law No. 22-18 establishes a comprehensive incentive framework based on three main systems: sectoral incentives, regional incentives, and structural incentives. These mechanisms are intended to guide investment toward strategic sectors and geographical areas that are considered essential for achieving sustainable economic development. Through this approach, public authorities seek to ensure that investment incentives contribute not only to economic growth but also to territorial balance and long-term development objectives. (World Bank, 2020)

The first category concerns sectoral incentives, which are designed to promote investment in strategic sectors that play a crucial role in economic diversification and national development. These sectors include industry, agriculture, renewable energy, tourism, digital technologies, and other productive activities that contribute to strengthening the country's productive base. By encouraging investment in these sectors, the Algerian government aims to reduce dependence on hydrocarbons and develop alternative sources of economic growth. (UNCTAD, 2019)

Sectoral incentives may include various fiscal advantages intended to reduce the financial burden associated with the creation and development of investment projects. These advantages can include exemptions from certain taxes during the initial phase of investment, reductions in fiscal obligations, and preferential conditions related to the importation of equipment necessary for the realization of investment projects. In addition, the law provides customs exemptions for imported equipment and materials that are directly related to the implementation of investment projects in targeted sectors. These measures aim to reduce production costs and enhance the competitiveness of newly established enterprises. (OECD, 2021)

The second category introduced by Law No. 22-18 concerns regional incentives, which are specifically designed to encourage investment in underdeveloped or less economically active regions of the country. Algeria is characterized by significant regional disparities in terms of economic activity, infrastructure development, and employment opportunities. To address these disparities, the investment law provides additional advantages for projects established in regions that require stronger economic support. (Official Journal of the Algerian Republic, 2022)

Regional incentives aim to stimulate economic development in remote or less industrialized areas by encouraging investors to establish projects outside the major economic centers. These incentives may include extended periods of tax exemptions, reductions in land acquisition costs, and additional financial advantages granted to projects located in priority development zones. By promoting investment in these regions, the government seeks to create employment opportunities, improve local economic conditions, and reduce regional inequalities. (Benachenhou, 2018)

The third category consists of structural incentives, which are reserved for large-scale investment projects that have a significant impact on the national economy. These projects are typically characterized by their strategic importance, high investment value, and their capacity to create

substantial employment opportunities or contribute to technological development. Structural projects may include major industrial complexes, large infrastructure investments, or projects that significantly contribute to technological innovation and export capacity. (World Bank, 2020)

For such strategic investments, Law No. 22-18 provides a special incentive regime that may include customized fiscal advantages, financial support measures, and specific facilitation mechanisms designed to accelerate project implementation. These projects may also benefit from enhanced administrative support and closer coordination with public authorities to ensure their successful realization. (UNCTAD, 2019)

In addition to these three main incentive systems, the law also distinguishes between different phases of investment, granting specific advantages during each stage of the project. During the implementation phase, investors may benefit from customs exemptions on imported equipment and materials necessary for the realization of the investment project. They may also receive exemptions from certain taxes and duties in order to reduce initial investment costs. (OECD, 2021)

During the operational phase, the investment project may benefit from additional fiscal incentives, such as temporary exemptions from corporate taxes or reductions in certain fiscal obligations. These advantages aim to support the financial sustainability of new enterprises during their early years of activity and encourage long-term investment. (Official Journal of the Algerian Republic, 2022)

The management and allocation of these incentives are carried out by the national investment authorities, which evaluate investment projects and determine their eligibility according to criteria established by the law and related regulations. This system aims to ensure that incentives are granted in a transparent and efficient manner, while aligning investment support measures with the country's economic development priorities. (Benachenhou, 2018)

Overall, the incentive framework established by Law No. 22-18 reflects Algeria's commitment to creating a more attractive investment

environment and promoting sustainable economic development. By combining sectoral, regional, and structural incentives, the Algerian government seeks to encourage productive investments, stimulate economic diversification, and strengthen the competitiveness of the national economy in an increasingly globalized economic environment. (World Bank, 2020)

4. Challenges and Limitations:

Despite the significant reforms introduced through Law No. 22-18 on Investment, several challenges continue to affect the effectiveness of investment policies in Algeria. While the new legal framework aims to improve the investment climate by strengthening guarantees, simplifying procedures, and introducing various incentives, the practical implementation of these measures still faces structural and administrative difficulties. These challenges may limit the overall impact of the law on investment attractiveness and reduce its capacity to generate the expected economic outcomes. (UNCTAD, 2019)

One of the most frequently cited challenges in the Algerian investment environment is administrative bureaucracy. Although the new investment law seeks to simplify procedures and establish more efficient administrative mechanisms, investors often continue to encounter complex administrative processes when establishing or implementing investment projects. In many cases, investment procedures involve multiple public institutions, each requiring specific documentation and administrative approvals. This multiplicity of administrative actors may lead to delays in project approval and increase the overall cost and uncertainty associated with investment activities. (OECD, 2021)

Administrative bureaucracy may also manifest through lengthy processing times, lack of procedural clarity, and inconsistent administrative practices across different institutions. Such challenges can discourage potential investors, particularly foreign investors who may compare investment conditions across several countries before making investment

decisions. Consequently, the reduction of administrative complexity remains a critical factor in improving Algeria's investment attractiveness. (Official Journal of the Algerian Republic, 2022)

Another important limitation relates to regulatory instability. Investors generally seek stable and predictable legal environments that allow them to plan long-term investment strategies with confidence. Although Law No. 22-18 includes provisions aimed at ensuring legislative stability for investment projects benefiting from specific incentives, concerns regarding frequent regulatory changes in the broader economic and legal framework may still affect investor confidence. Changes in fiscal regulations, administrative procedures, or sectoral policies may create uncertainty and influence investment decisions. (Benachenhou, 2018)

Regulatory instability can also arise from the interpretation and application of legal provisions by different administrative authorities. In some cases, differences in interpretation may create inconsistencies in the implementation of investment regulations. Such inconsistencies may generate uncertainty among investors regarding the precise conditions governing their investment projects. Therefore, improving legal clarity and ensuring consistent application of regulations remain essential for strengthening the credibility of the investment framework. (World Bank, 2020)

A further challenge concerns limited institutional coordination among the various public bodies involved in investment governance. Although Law No. 22-18 introduced institutional reforms aimed at improving coordination between different administrative entities, effective collaboration between institutions remains a crucial issue. Investment projects often require the involvement of several ministries, local authorities, regulatory agencies, and financial institutions. When coordination between these actors is insufficient, administrative procedures may become fragmented, leading to inefficiencies and delays. (UNCTAD, 2019)

Institutional coordination is particularly important in areas such as land allocation, infrastructure development, environmental approvals, and access to financial resources. Without effective communication and cooperation among the relevant institutions, investors may face difficulties in completing the necessary administrative steps required for project implementation. Strengthening coordination mechanisms and clarifying institutional responsibilities are therefore essential elements for improving the effectiveness of investment governance. (OECD, 2021)

Another important limitation concerns the partial effectiveness of investment reforms in achieving their intended objectives. While the adoption of Law No. 22-18 represents a significant step toward improving the investment climate, the success of such reforms ultimately depends on their practical implementation. Legislative reforms alone may not be sufficient if administrative capacities, institutional efficiency, and governance practices are not adequately strengthened. (Official Journal of the Algerian Republic, 2022)

For example, although the law promotes the digitalization of administrative procedures to improve transparency and efficiency, the full implementation of digital platforms may require significant technical infrastructure, institutional training, and administrative adaptation. Similarly, the effectiveness of investment incentives depends on transparent evaluation procedures and efficient monitoring systems to ensure that incentives are granted in accordance with national development priorities. (Benachenhou, 2018)

Furthermore, investors may still face challenges related to access to financing, infrastructure limitations, and the availability of skilled labor in certain regions. These structural factors may influence investment decisions and affect the overall attractiveness of the Algerian investment environment. Addressing these broader economic and institutional challenges requires coordinated efforts that extend beyond the scope of investment legislation alone. (World Bank, 2020)

Despite these limitations, it is important to recognize that the reforms introduced by Law No. 22-18 represent a significant effort by the Algerian government to modernize the investment framework and promote economic diversification. However, achieving the full potential of these reforms requires continuous institutional improvement, stronger governance mechanisms, and sustained efforts to enhance administrative efficiency and regulatory stability. (UNCTAD, 2019)

In conclusion, while the new investment law provides a more comprehensive and modern legal framework for investment promotion, the persistence of administrative, regulatory, and institutional challenges may influence its overall effectiveness. Addressing these challenges is essential for strengthening investor confidence and ensuring that the objectives of investment policy—namely economic diversification, job creation, and sustainable development—are successfully achieved. (OECD, 2021)

Conclusion:

Law No. 22-18 on investment represents a major legislative reform aimed at modernizing the investment framework in Algeria and improving the country's attractiveness for both domestic and foreign investors. This law reflects the Algerian authorities' commitment to strengthening the legal and institutional foundations of investment policy while promoting economic diversification and sustainable development. By introducing a comprehensive system of legal guarantees, financial incentives, and institutional mechanisms, the law seeks to create a more favorable business environment capable of stimulating productive investments and supporting long-term economic growth. (Official Journal of the Algerian Republic, 2022)

One of the main contributions of Law No. 22-18 lies in its emphasis on strengthening legal guarantees for investors. The law clearly establishes principles such as freedom of investment, equality between national and foreign investors, protection against expropriation, and the right to transfer capital and profits. These guarantees are essential elements in building investor confidence and ensuring a secure legal environment for investment activities. In addition, the inclusion of provisions related to legislative stability helps reduce uncertainty and encourages investors to engage in long-term projects. (Benachenhou, 2018)

Another important aspect of the law is the introduction of a structured system of investment incentives, designed to encourage investment in priority sectors and regions. Through sectoral, regional, and structural incentive systems, the law aims to direct investment toward strategic economic activities such as industry, agriculture, renewable energy, and technological development. At the same time, regional incentives are intended to reduce territorial disparities by encouraging investment in underdeveloped areas and promoting balanced regional development. These incentives include various fiscal and parafiscal advantages, customs exemptions, and financial support measures that help reduce investment

costs and enhance the profitability of investment projects. (World Bank, 2020)

Furthermore, the law introduces important institutional reforms aimed at improving the governance of investment policies. The establishment of the Algerian Investment Promotion Agency represents a key step toward centralizing investment promotion activities and simplifying administrative procedures for investors. The agency plays a crucial role in facilitating investment processes, providing information and guidance to investors, and managing the allocation of investment incentives. By creating a specialized institutional body responsible for investment promotion, the Algerian legislator seeks to improve administrative efficiency and strengthen coordination among the various public institutions involved in investment governance. (UNCTAD, 2019)

Another notable feature of the new investment framework is the strong emphasis placed on digitalization and transparency. The introduction of digital platforms for managing investment procedures reflects a modern administrative approach aligned with international best practices. Digitalization aims to simplify administrative processes, reduce bureaucratic delays, and enhance transparency in interactions between investors and public authorities. By allowing investors to submit applications and track their investment projects electronically, digital systems can significantly improve the efficiency and accessibility of investment services. (OECD, 2021)

Despite these positive developments, the effectiveness of Law No. 22-18 largely depends on its practical implementation. Legislative reforms alone cannot guarantee improvements in the investment climate if administrative practices and institutional capacities are not adequately strengthened. Several challenges continue to affect the investment environment in Algeria, including administrative bureaucracy, regulatory instability, and insufficient coordination between public institutions. (Official Journal of the Algerian Republic, 2022)

Administrative complexity remains one of the main obstacles faced by investors. Although the law aims to simplify procedures, the involvement of multiple administrative bodies in investment approval processes may still create delays and inefficiencies. In addition, regulatory changes introduced through other legislative instruments, particularly finance laws, may create uncertainty regarding the stability of the investment framework. (Benachenhou, 2018)

Institutional coordination also represents an important challenge. Effective investment governance requires strong cooperation between ministries, local authorities, regulatory agencies, and financial institutions. Without efficient coordination mechanisms, investment procedures may remain fragmented and difficult for investors to navigate. Strengthening institutional collaboration and clarifying administrative responsibilities are therefore essential steps in improving the effectiveness of investment policies. (World Bank, 2020)

Moreover, the success of the new investment framework also depends on broader economic and structural factors such as infrastructure development, access to financing, and the availability of qualified human resources. These elements play a crucial role in shaping investors' perceptions of the investment climate and influencing their decisions regarding the location of investment projects. (UNCTAD, 2019)

In conclusion, Law No. 22-18 provides a solid legal foundation for improving the investment climate in Algeria and represents an important step toward modernizing the country's economic governance. However, achieving the full potential of this reform requires continuous efforts to strengthen administrative efficiency, enhance regulatory stability, and improve institutional coordination. By addressing these challenges and ensuring the effective implementation of the law, Algeria can significantly enhance its attractiveness as an investment destination and promote sustainable economic development. (OECD, 2021)

7. Recommendations

Based on the analysis conducted in this study, several recommendations can be proposed to improve the effectiveness of investment policies in Algeria and enhance the practical impact of Law No. 22-18. These recommendations focus on strengthening the legal, institutional, and administrative aspects of the investment framework. (Official Journal of the Algerian Republic, 2022)

First, it is essential to enhance legal stability within the investment framework. Investors generally require a predictable legal environment in order to make long-term investment decisions. Frequent modifications of investment-related regulations, particularly through finance laws, may create uncertainty and weaken investor confidence. Therefore, policymakers should ensure greater consistency and stability in investment legislation, while limiting frequent regulatory changes that may affect the attractiveness of the investment climate. (Benachenhou, 2018)

Second, further efforts are needed to reduce administrative bureaucracy and simplify investment procedures. Although the new investment law introduced important reforms aimed at facilitating investment processes, administrative complexity remains a major concern for investors. Public authorities should continue to streamline administrative procedures, reduce the number of required approvals, and improve the efficiency of public services involved in investment governance. Expanding the use of digital platforms and electronic administrative systems can significantly contribute to reducing delays and improving transparency. (World Bank, 2020)

Third, it is important to strengthen institutional coordination among the various public bodies responsible for investment policy. Effective investment governance requires strong collaboration between ministries, regulatory agencies, local authorities, and financial institutions. Establishing clear communication channels and coordination mechanisms between these institutions can help ensure more efficient management of investment projects and reduce administrative fragmentation. (UNCTAD, 2019)

Another important recommendation concerns improving transparency and access to information for investors. Investors need clear and reliable information regarding legal procedures, investment opportunities, and available incentives. Public institutions responsible for investment promotion should enhance communication strategies and ensure that relevant information is easily accessible through digital platforms and official websites. Providing comprehensive guidance and support services for investors can significantly improve the overall investment experience. (OECD, 2021)

Furthermore, policymakers should focus on encouraging investments in strategic sectors that have strong potential for economic diversification and value creation. Sectors such as renewable energy, advanced manufacturing, digital technologies, and sustainable agriculture offer important opportunities for economic development in Algeria. By directing investment incentives toward these sectors, the government can promote innovation, increase productivity, and strengthen the competitiveness of the national economy. (Official Journal of the Algerian Republic, 2022)

In addition, greater attention should be given to supporting regional development through targeted investment policies. Regional disparities remain a significant challenge in Algeria, with economic activity concentrated in certain regions while others remain underdeveloped. Providing additional incentives for investment in less developed regions can contribute to reducing territorial inequalities, creating employment opportunities, and promoting balanced economic growth across the country. (Benachenhou, 2018)

Finally, it is important to establish effective monitoring and evaluation mechanisms to assess the impact of investment policies and ensure the proper implementation of Law No. 22-18. Regular evaluation of investment programs can help identify potential weaknesses and allow policymakers to introduce corrective measures when necessary. Monitoring systems should also ensure transparency in the allocation of incentives and measure the

economic outcomes generated by supported investment projects. (World Bank, 2020)

By implementing these recommendations, Algeria can strengthen the effectiveness of its investment policies and enhance the overall performance of its investment framework. Continuous improvement in legal stability, administrative efficiency, institutional coordination, and strategic investment planning will play a crucial role in positioning Algeria as a competitive and attractive destination for investment in the regional and global economy. (UNCTAD, 2019)

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