

The development of the local investment path at the municipal level

تطور مسار الاستثمار المحلي على مستوى البلديات

Irain houda *

Assistant Professor - B - University Center Mers El-Abdullah, Faculty of Law and Political Science

houdairain@gmail.com

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Abstract:

Due to the worsening economic conditions and the difficulty in facing some economic and social problems at the present time, it has become necessary for the Algerian state to adopt a policy of local investment at the level of local communities, within the framework of what is known as the economic reform policy adopted by it.

This comes with the aim of creating a local economic alternative by relying on local entities represented in the states and municipalities, especially as stipulated in Municipal Law 11-10, through which the Algerian legislator granted these entities many economic and social powers to strengthen investment at the local level, to promote the local economy, and enhance local development.

Keywords: local communities, municipal, market economy, investor, local investment, local development.

الملخص:

نظرا لتفاقم الأوضاع الاقتصادية و صعوبة مواجهة بعض المشاكل الاقتصادية و الاجتماعية في الوقت الحالي ، أصبح من الضروري على الدولة الجزائرية أن تتبنى سياسية الاستثمار المحلي على مستوى الجماعات المحلية ، في اطار ما يعرف بسياسية الإصلاح الاقتصادي المعتمدة من قبلها.

جاء هذا بهدف خلق بديل اقتصادي على المستوى المحلي من خلال الاعتماد على الجماعات المحلية المتمثلة في الولايات و البلديات بشكل خاص المنصوص عليها في قانون البلدية 10-11 ، و الذي من خلاله منح المشرع الجزائري لهذه الاخيرة العديد من الصلاحيات الاقتصادية و الاجتماعية من اجل تدعيم الاستثمار على مستوى المحلي ، للنهوض بالاقتصاد المحلي و تعزيز التنمية المحلية .

الكلمات المفتاحية: الجماعات المحلية، البلدية، اقتصاد السوق، المستثمر، الاستثمار المحلي، التنمية المحلية .

* Corresponding Author.

Introduction:

The world is witnessing radical economic changes and significant challenges facing various countries in terms of development issues. This requires a reevaluation of some traditional development concepts in the context of these transformations and the search for solutions, prompting all entities in all their forms to keep pace with these changes to address development issues in the face of financial crises, population growth, and geographical expansion.

Municipalities emerge as financially and administratively independent institutions, serving their local areas comprehensively and managing population affairs by providing them with basic services and developing them on social, health, economic, political, educational, and environmental plans.

Based on this foundation, municipalities must seriously reconsider changing this traditional concept of local development to enhance their performance and increase their economic capacity, leading to increased financial income and wealth development through a comprehensive investment plan. This will allow them to improve the quality of their services, become self-reliant, and achieve the prerequisites for development in the region.

Therefore, the topic of local investment has become one of the most important issues raised for discussion at the internal policy level of most global countries, considering that it is one of the fundamental factors in developing the overall economy of any country and a key pillar for achieving and sustaining the development process at various local levels, such as municipalities.

Like other countries, Algeria has adopted a policy of economic openness after the 1990s, which was an effective means to create and develop local and foreign investment policies. It also worked on implementing these policies by issuing numerous laws and regulations, mostly focusing on granting guarantees in the form of benefits and incentives to investors. In addition, the state sought to involve all active institutions and bodies in the process, including local communities represented in municipalities, as reflected in Law 11/10 related to municipalities. This law, theoretically, constitutes one of the basic guarantees for creating and attracting local investments, granting municipalities numerous powers in this field, and providing various facilities to embody a policy of encouraging and supporting local investment at the regional level, based on the economic and financial powers granted within the regulatory framework.

To what extent do municipalities contribute to strengthening local investment in Algeria, based on the economic powers granted to them by the Algerian legislator? And are these contributions considered genuine and effective in achieving local development and implementing it in reality?

Therefore, we have opted to divide this research paper into two sections:

First Section: Economic Development of Municipalities in the Context of Economic Openness

Second Section: Local Investment in the Context of Law 11-10 Municipalities.

1. First Section: Economic Development of Municipalities in the Context of Economic Openness

Local administration in administrative organization is considered one of the most successful and effective methods in achieving the aspirations of the people through direct state participation in the management of local affairs. It is also considered one of the most tangible methods of implementing the principle of decentralization advocated by most governments worldwide. Local administration involves the distribution of administrative functions within the state between its central apparatus in the capital and independent local bodies, thus representing a method of government administrative organization aimed at achieving administrative decentralization¹.

1.1. First Subsection: Municipalities and Local Economic Development

Through this subsection, we will attempt to address the constitutional basis for municipalities and their legal foundation since the issuance of the first municipal law in 1967 until the latest law issued in 2011.

1.1.1. First Branch: Constitutional Basis for Municipalities

Algeria is among the countries that have adopted local administration as a fundamental unit in its organizational structure. Article 1 of Order No. 67-24 issued on January 18, 1967, regarding municipalities stipulates that a municipality is a regional political, administrative, economic, social, and cultural entity... established by law, and its administrative boundaries are defined and determined by decree issued by the President of the Republic based on a report from the Minister of the Interior².

Algeria has seen several constitutions, starting from the 1963 constitution, then the 1976 constitution, followed by the 1989 constitution, and finally the 1996 constitution. These constitutions addressed municipalities as a fundamental unit in local communities, and the definitional texts varied.

- The 1963 constitution, dated September 10, 1963, stated in Article 09 that "the republic consists of administrative units whose extent and jurisdiction are defined by law, and the municipality is considered the fundamental territorial, economic, and social unit." ³
- The 1976 constitution, dated November 22, 1976, stated in Article 36 that "the regional units are the wilaya (province) and the municipality. The municipality is the fundamental political, administrative, economic, social, and cultural unit at the base." ⁴
- The 1989 constitution, dated February 32, 1989, stated in Article 15 that "the regional units of the state are the wilaya and the municipality. The municipality is the basic community." ⁵
- The 1996 constitution, dated December 7, 1996, stated in Article 15 that "the regional units of the state are the wilaya and the municipality. The municipality is the basic community." ⁶

1.1.2. Second Branch: Legal Basis for Municipalities

¹ - Hamdi Amine El Hadi, Contemporary Arab Public Administration: Its Principles and Comparative Applications, Cairo, Arab Thought House, 1977, p. 116.

² - Article 1 of the Municipal Law of 1967, dated January 18, 1967, related to municipalities, Vol. R, p. 6.

³ - The Algerian Constitution of 1963, dated September 10, 1963, Vol. R, p. 64, for the year 1963.

⁴ - The Algerian Constitution of 1976, dated November 22, 1976, Vol. R, p. 84, issued on November 24, 1976.

⁵ - The Algerian Constitution of 1989, dated February 23, 1989, Vol. R, p. 09, issued on March 01, 1989.

⁶ - The Algerian Constitution of 1996, dated December 07, 1996, Vol. R, p. 76.

The laws regulating municipalities have been diverse, and their concept has varied according to the political, economic, and social circumstances that characterized each period. For example:

- Law No. 67-24 on municipalities, dated January 18, 1967, defined the municipality as "the basic political, administrative, economic, social, and cultural regional unit," reflecting the multifaceted functions of the municipality at that time under the socialist approach¹.
- Law No. issued on April 7, 1990, defined the municipality in Article 01 as "the fundamental regional unit with legal personality and financial independence, established by law²," indicating a clear emphasis on granting the municipality an important position in Algerian administrative organization.
- Law No. 11/10 dated July 22, 2011, defined the municipality in Article 01 as "the basic regional community of the state, enjoying legal personality and financial independence, established by law."³

Considering that the municipality forms the institutional framework for local democracy, the same law also stated that "the municipality is the regional base for decentralization and the place for citizen participation, forming the framework for citizens' involvement in public affairs."⁴

1.2. Second Requirement: Manifestations of Local Economy at the Municipal Level

In this requirement, we will attempt to address how to promote the local economy before the 1990s and then local investment after the 1990s.

1.2.1. First Branch: Promoting the Local Economy Before the 1990s

The practice of local economic development began in the 1970s because governments realized the rapid movement of capital between entities with legal authority, which meant that the economy of local communities, and therefore the employment base, was at risk of contraction. By actively examining their economic base and understanding the obstacles to growth and increased investment, and through strategic planning of programs and projects to overcome obstacles and facilitate investment, these local governments sought to achieve growth for their economic base. One of the most important and effective activities that municipal governments can undertake is to improve the operations and procedures that business people should carry out within the local authority itself, thereby improving the business environment and making it known as a business-friendly environment⁵.

1.2.2. Second Branch: Local Investment After the 1990s

As part of the trend aimed at encouraging local investment and attracting more foreign capital, the supervisory authorities in Algeria, since the early 1990s, have adopted a series of measures and procedures aimed at reducing structural distortions, achieving balance in

¹ - Law 67/24, dated January 18, 1967, related to municipalities, Vol. R, p. 15, issued on the same date.

² - Law 90/08, dated April 07, 1990, related to municipalities, Vol. R, p. 15, issued on the same date.

³ - Law 11/10, dated July 22, 2011, related to municipalities, Vol. R, p. 37, issued on the same date.

⁴ - Article 02 of Law 11/1 related to municipalities.

⁵ - Economic and Local Development Unit of the World Bank, "Economic Development at the Local Level," accessed on December 25, 2019, at the following link: http://www.siteres.worldbank.org/intd/led-pompklet_arbik.p3

monetary and financial variables, liberalizing economic activities, rehabilitating economic institutions, and updating the legislative framework regulating investment, along with other legislative and regulatory texts.

1.2.3.Third Branch: The Position of Local Investment in the Market Economy System

The goal of the market economy is to increase investment in a way that ensures more profits for all parties, thereby encouraging more people to enter this field, including the state and its regional communities as investors with their own funds, not as monopolists. Every individual and institution is a target of investment. Investment also relies on expansion and the careful use of all possible tools to increase consumption and inject more capital into investments. The more this happens, the stronger the economic recovery, leading to increased financial returns for individuals, local communities, and the state¹.

The role of the state and regional communities is important from an economic perspective. State intervention in market reform does not contradict the free market economy based on promoting the private sector. The state's role in market economies is determined around three axes: improving the investment climate to prepare the market for investors, improving the attractive legislative environment for investments, and supervision, which includes the state's right to intervene at any time to protect and reform the market. Freedom does not mean a market without regulation².

These factors enhance the attraction of national, local, and foreign investments alike.

1.2.4.Fourth Branch: Developments of Local Investment in Light of Law 11-10 Municipalities

Local communities are defined as basic regional communities with legal personality and administrative and financial independence, playing a fundamental role in achieving social and economic development through the application of the state's policy of economic openness adopted by the Algerian state. This enables municipalities to promote their economy. Local municipalities must create investments at the local level by utilizing productive energy, labor, human resources, and financial resources³.

As a result of the Algerian state's adoption of the policy of economic openness, the legislator in Law 11-10 concerning municipalities has defined new powers for the president of the municipal people's council. These powers aim to create investments to achieve social and economic development. The law also addresses the conditions for the president's election and prioritizes young voters in the event of a tie, in addition to defining the municipality's work, funding sources, and its governance⁴.

¹ - Ahmed Mohamed Moustafa Nasir, *The Role of the State in Investment and Its Historical Development*, Vol. 1, Cairo, Arab Renaissance House, 2010, p. 139.

² - Same reference, same page.

³ - Farida Meziani, "The Role of Local Communities in the Field of Investment," *Judicial Ijtihad Journal*, Issue 6, (Research Paper at the Fifth International Forum on "The Role and Status of Local Communities in the Maghreb Countries," University of Biskra, May 2009), p. 54.

⁴ - Hacina L, "The New Municipal Law in Effect, 08-12-2011," then accessed on September 25, 2018, at the following link: <https://www.djazairress.com/elmassa/50638>

2.Second Section: Local Investment Under Law 11-10 Municipalities

Due to the vitality and effectiveness of investment in driving economic momentum, it has become a subject of interest for many researchers due to its positive aspects, such as increasing the productivity of economic sectors, providing employment opportunities, achieving

profits for productive projects, and more. It is also one of the most important pillars on which national and local development plans are based .

2.1.First Requirement: Conceptual and Legal Foundations of Local Investment in Algeria

Several definitions have been presented regarding investment and local investment, whether from a jurisprudential or legal perspective. Therefore, we preferred to address the definition of investment and then local investment.

2.1.1.First Subsection: Definitions of Investment

First: Definition of Investment

There have been multiple and diverse jurisprudential definitions of investment, which often share similarities and are useful to define. "Investment is a modern economic term that refers to the deployment of capital to stimulate a specific economic project, which results in material benefit for the project owners and has a positive impact on the national economy¹ .

The term also indicates an economic variable that seeks to optimize the capital owned by a specific entity, aiming to achieve material returns and substantial profits through modern and unprecedented economic methods and approaches." According to Professor Guiton,² investment involves multiplying existing energy resources, and it is a sacrifice to ensure the future, striking a balance between the present and the future. Investment also involves using capital in production, either directly by purchasing machinery,³ equipment, and raw materials, or indirectly through the purchase of stocks and bonds, which represents a financial commitment aimed at achieving gains expected over the long term in the future ⁴. Algerian legislator defined investment as :

- Acquisition of assets within the framework of creating new activities, or allocation of production capacities, or rehabilitation, or restructuring;
- Contribution to the capital of an institution in the form of cash or in-kind contributions ;
- Revival of activities within a partial or total privatization framework⁵ .

Secondly: Definition of Local Investment

Before providing definitions of local investment, it is important to note that this term is not new in its meaning, as it is used to indicate the connection of investment with the relevant administration. It varies depending on the location where the investment is intended to be

¹ - Wasaf Saadi, Kaidar Mohammed, "The Reality of Investment Climate in Algeria, Between Incentives and Obstacles," Journal of Economic Sciences and Management, Issue 8, 200, p. 40.

² - DZ Research and Information Encyclopedia, "The Concept of Investment," accessed on 16-10-2020, at the following link: <http://bit.ly/3Lkqiqo>

³ - Abu Bakr Miloudi, "Investment Selection and Project Evaluation," Algeria, Afak Publishing House, p. 12.

⁴ - Qasim Mayf Alwan, "Investment Management between Theory and Practice," Jordan, Culture Publishing and Distribution House, 2006, p. 14.

⁵ - Article 02 of Order No. 01/03 related to Investment Development, dated August 20, 2001.

present, based on the nature of the location, whether that administration is national when discussing the legal dimension, or local when discussing the national dimension¹.

Here, local investment refers to investment in which regional communities play a prominent role, regardless of any aspect. It is investment that is linked to its geographic region or is subject to its authority, and reflects material or moral benefits for the investor, the state in general, irrespective of the ownership or nationality of the investor, the nature or duration of the activity, unless there is a legal provision to the contrary². The scope of local investments includes all opportunities available for investment in the local market, regardless of the type of investment instrument used. All funds invested within the country by an individual or an institution residing in the country, regardless of the investment instrument used, are considered local investments³.

2.1.2.Second Subsection: Legal Framework for Foreign Investment in Algeria under Economic Reforms

After the collapse of fuel prices since 1986 and the increase in external debt, the Algerian state initiated reforms in all aspects, especially in the economic field, starting in 1990. These reforms led to the issuance of a series of laws, including the following ⁴ .

First: Law No. 90/10 on Currency and Credit

This law was introduced to solidify the principle of openness to direct foreign investment by regulating the foreign exchange market and capital movements⁵. It also introduced a clear distinction between residents and non-residents, ensuring a set of principles, including the elimination of differences between the public and private sectors. It also shifted the licensing of investments from the authority of the National Investment Committee to the Central Bank, simplifying the investment acceptance process and creating a balance in the foreign exchange market⁶ .

Second: Decree No. 01/03 dated August 20, 2001

This decree is related to the development of investments, including the establishment of new projects by the national or foreign private sector and participation in existing or anticipated investment projects through financial and in-kind contributions. To implement this, two bodies were established: the National Investment Council and the National Agency for Investment Development (ANDI) ⁷.

¹ - Mansouri Al-Zain, "Mechanisms for Encouraging and Promoting Investment as an Economic Development Tool," Ph.D. thesis, University of Algiers, 2005, p. 24.

² - Same reference, p. 25.

³ - Mohammed Matar, "Investment Tool: The Theoretical Framework and Scientific Applications," Wael Publishing House, Jordan, 2006, p. 75.

⁴ - Naji Hussein, "An Analytical Study of the Investment Climate in Algeria," Ph.D. thesis, University of Constantine, 2007, p. 115.

⁵ - Law No. 90-10, dated April 14, 1990, related to credit and loans, Official Gazette No. 14, issued on April 18, 1990, repealed by Order No. 03-11, dated August 26, 2003, related to credit and loans, Vol. R, p. 52, issued on August 27, 2003.

⁶ - Fella Hamdi, Mariam Hamdi, "Foreign Direct Investment in Algeria Between Legal Incentives and Obstacles Obstacles in Reality," Al-Mufakir Journal, Issue 10, Biskra, 2014, p. 337.

⁷ - Zahia Shahrazad, "Foreign Direct Investment in Algeria: Reality and Prospects," Journal of Humanities Sciences, Issue 8, University of Mohamed Khider, Biskra, February 2005, p. 17.

Third: Decree No. 16/09 dated August 3, 2016 on Investment Promotion

This law aims to define the system applied to national and foreign investments in economic activities¹, production of goods and services. It arranges privileges according to the importance of the activity sector and emphasizes the need to reconstruct the national investment encouragement system to modify privileges according to the country's economic policy, simplifying and expediting procedures. It also establishes mechanisms for various existing incentive agencies with the establishment of a rule that allows investors to benefit from more privileged incentives in the case of similar privileges, and it supports the industrial sector with privileges that are only applied if the activity has an economic base or is concentrated in the south or the highlands. The law also removes obstacles to investment, such as preventing investors from importing used equipment while allowing foreigners to import the same equipment under a temporary admission system. This equipment must be renewed when imported as part of international leasing, and so on².

2.2.Second Requirement: Guarantees of Local Investment under Law 11-10

Law 11/10 grants local municipalities in Algeria a set of powers based on a group of principles represented by the mechanisms expressed in the legal texts, demonstrating the extent to which this law is implemented at the practical level.

2.2.1.First Branch: Mechanisms to Strengthen Local Investment under Law 11-10

There are several mechanisms and privileges granted by the Algerian legislator to municipalities to promote the local economy and create local investments capable of developing it socially, economically, and environmentally. These include the following:

First: Principles of Municipal Intervention in Strengthening Local Investment

1- Legal Basis: The Algerian legislator has granted municipalities, as a fundamental entity, a set of economic, social, and other powers to be exercised according to their discretionary authority while respecting the condition of suitability and minimal burden. The legislator has also granted additional powers to this administrative body, considering it as an intermediary between the people and the political authority, enabling it to contribute, particularly with the state, in the management and development of the region, economic, social, and cultural development, as well as the preservation and improvement of the citizens' living environment³.

2- Economic Basis: Considering that investment aims to develop economic activity, municipalities, through the municipal council, have sought to appreciate any initiative that contributes to economic development through their development plan, which aims to encourage economic operators and expand their capabilities in various environmental, tourism, and other fields. Municipalities have allocated capital in the form of privileges granted to the contribution funds belonging to local municipalities.

¹ - Article 1 of Order 16-09 related to Investment Promotion.

² - Chamber of Commerce and Industry of Tassili, "The Issuance of the New Investment Law," accessed on 13-09-2018, at the following link: <https://bit.ly/3iBWct3>

³ - Article 03 of Law 11/10 related to municipalities.

They also have the authority to establish public economic institutions (industrial or commercial, whether in traditional or modern industries) with legal personality and financial independence to manage their interests and contribute to local development ¹.

3 -Social Basis

According to some national measures and projects, municipalities undertake numerous projects aimed at improving the living environment of citizens. For example, they are involved in the construction of dams, the establishment of primary and secondary education institutions, providing school transportation, and taking measures to encourage education. They also engage in maintaining healthcare facilities and upgrading the municipal council to serve citizens. They take initiatives to support underprivileged social groups in the areas of health, employment, and housing. Municipalities also establish healthcare centers and treatment rooms and maintain them, as well as maintaining facilities for youth, culture, sports, and entertainment. They also work on maintaining cultural centers within the municipal territory.

In addition to the above, municipalities play a very important role in the housing sector by creating conditions for public and private real estate development, participating in the establishment of real estate institutions through investors ².

Second: Forms of Municipal Support for Local Investments

Through careful reading of the municipal law, three forms of municipal support for local investments can be distinguished:

1- Support for Investments under Municipal Ownership: This aims to increase and diversify the municipality's financial resources through direct exploitation, participation, or the establishment of public industrial or commercial institutions. The municipality itself engages in these investments as stipulated by the law³.

2- Support for Private Investments: Municipalities are legally responsible for supporting private investments by facilitating the establishment of private investments and creating a favorable environment for their implementation, without providing financial contributions. These private investments also bring economic and social benefits to the municipality⁴.

Partnership between the Public and Private Sectors to Support Local Investment: According to Article 111 of Law 11-10 concerning municipalities, the municipal council takes all necessary actions to stimulate and promote economic activities that align with the municipality's potential and its development plan. The municipal council also contributes, particularly with the state, in managing and developing the region, economic, social, and cultural development⁵, as well as preserving and improving the living environment of citizens⁶.

¹ - Farida Meziani, same reference, p. 50.

² - Same reference, same page.

³ - Articles 19-117 of Law 11/10 related to municipalities.

⁴ - Ahmed Mohamed Moustafa Nasir, same reference, p. 264.

⁵ - Article 111 of Law 11/10 related to municipalities.

⁶ - Article 03 of Law 11/10 related to municipalities.

According to the Algerian Regional Development Law, the implementation of plans and development contracts, especially in areas requiring development, may involve development contracts involving the state, regional communities, and economic partners¹.

Third : Ways to Support Local Investments: Municipalities have worked to encourage local investment as the main actor in local development and activation at the regional level in partnership with the state through:

1- Creating an Investment-Friendly Environment: This refers to the overall conditions and circumstances that influence the flow and utilization of capital, including political and economic dimensions, as well as the efficiency and effectiveness of administrative organizations that should be suitable for attracting and encouraging local and foreign investments².

2- Creating an Economic Environment: Municipalities focus on preserving their real estate assets and prioritizing them for public infrastructure programs and economic investment. They can also contribute to preparing areas designated for economic, commercial, or service activities³.

"And works on improving the educational infrastructure and taking the necessary measures within the framework of legislation and regulation, including measures aimed at promoting preparatory, cultural, and technical education⁴ .

Providing financial resources and security incentives: The municipality must ensure the availability of the financial resources allocated to cover the burdens and tasks legally assigned to it in every field accompanying each new task entrusted to the municipality or transferred to it by the state. Providing the necessary financial resources to cover these tasks permanently must compensate for any reduction in municipal revenue resulting from measures taken by the state, including tax exemptions, reductions, or cancellations, resulting in a fiscal loss equal to at least the amount of the difference in collection⁵ .

The president of the municipal people's council, within the framework of the applicable laws and regulations, takes all necessary measures and precautions to ensure the safety and protection of individuals and property in public places where any disaster or accident may occur.

Within the framework of respecting the rights and freedoms of citizens, the president of the municipal people's council is specifically responsible for ensuring the maintenance of public order and the security of individuals and property⁶.

Article 13 of Municipal Law 11/10 stipulates the participation of individuals, stating, "The president of the municipal people's council, whenever municipal affairs require it, may consult with any local personality, expert, or representative of a legally recognized local

¹ - Article 59 of Law No. 01-20, dated December 12, related to the development and sustainable development of the region.

² - Bounoua Shaib and Fatima Zahra Arab, "The Implications of the Government's Role in Creating an Investment Climate on the Reality of Investment (Local and Foreign) in Algeria," Journal of Studies and Development Research, Issue 3, December 2015, p. 59.

³ - Article 117 of Law 11/10 related to municipalities.

⁴ - Article 122 of Law 11/10 related to municipalities.

⁵ - Articles 4-5 of Law 11/10 related to municipalities.

⁶ - Articles 89-94 of Law 11/10 related to municipalities.

association who can provide any useful contribution to the work of the council or its committees by virtue of their qualifications or the nature of their activities." ¹

3-The utilization of international cooperation and twinning agreements, and the use of expertise: The legislator in Municipal Law 11-10 indicated that municipalities may resort to the services of experts or consultants through contracting to accomplish urgent tasks according to the specified conditions in the applicable legislation and regulations².

Algerian municipalities must be qualified to enter into cooperation agreements with municipalities in foreign countries to benefit from the experiences, expertise, and assistance of foreign municipalities. Joining international organizations can enable them to benefit from their services in the field of international law³.

4-Solidarity and local cooperation among municipalities: This occurs within the framework of the relationship between the municipal people's councils of two or more municipalities, deciding to participate in a joint public institution between the municipalities to provide services, facilities, or common interests, seeking to develop the local administration system and create cooperation between the local councils to implement and manage joint service projects⁴

The work carried out within the framework of mutual cooperation between municipalities is completed under an agreement or contracts approved through negotiations⁵.

5-Involvement of civil society in enhancing local investments: Relying on civil society in decision-making and monitoring their implementation is the correct approach to generate the moral energy and spiritual charge without which development cannot be achieved. This is achieved by providing opportunities for citizen participation in public facilities, schools, hospitals, and other public bodies⁶.

The Algerian legislator has given importance to this point in Municipal Law 11/10, where the municipal people's council takes all measures to inform citizens about their affairs and consult them on options and priorities for development, economic and cultural development, according to the specified conditions in this law⁷.

2.2.2.The second section: The reality of local investment under Law 11-10

It's true that the Algerian legislator has done well by amending Law 11-10 related to municipalities in several areas, including local investment and expanding the pace of economic activity and driving local investment. However, the limits of this contribution remain narrow, in terms of the possibility of granting municipalities full and effective powers in creating and enhancing investments and making the municipality a real economic partner, due to the clear disparity between reality and legislation, as evidenced by :

¹ - Article 60 of Law 11/10 related to municipalities.

² - Article 132 of Law 11/10 related to municipalities.

³ - Farida Meziani, same reference, p. 64.

⁴ - Farida Meziani, same reference, p. 64.

⁵ - Article 216 of Law 11/10 related to municipalities.

⁶ - Abdullah Ghalem Walid, "Achieving Independent Local Development Based on Self-Reliance as an Alternative Model in Algeria to Establish the Foundations of Local Governance," Journal of Research and Development Studies, Issue 3, December 2015, p. 59.

⁷ - Article 11 of Law 11/10 related to municipalities.

1- The lack of financial independence for municipalities is unfortunate, as long as they do not derive their financial resources from their local economy¹. Therefore, how can they create local investments at the regional level while being granted limited powers?

2- Changing the management mindset and methods and reviewing the laws. In this regard, the head of the Committee for Urban Planning and Housing in the Provincial People's Council called on public authorities to unleash individual initiatives, thereby empowering responsibility at the local level and reconsidering a set of laws that have limited the powers of mayors. This includes changing the mindset of citizens and integrating them into local economic activities, involving the private sector and assigning it responsibility to play its role, even for small businesses, for which the facilitation of utilization procedures is necessary to generate income, employ youth, and create dynamism at the local level².

3- Obstruction by the authorities in approving projects received by municipalities related to building factories or profitable ventures, often resulting in a negative outcome with the rejection or prolonged response to the projects, causing the project owner to lose hope and determination³.

4- The problem of municipalities' inability to collect their dues: Municipalities value their properties and demand their dues (such as rent for municipal premises and buildings), but they have not been paid for years. The bills have reached seventy million for a single shop or residence, and others have exceeded this. The issue becomes more serious due to the collision between the mayor and the harsh reality. When the mayor requests his dues from his properties and does not receive a response, he resorts to the police to expel the negligent individuals. However, the police often refrain from intervening to maintain security and stability and out of fear of popular protests. Mayor Reimani Jilali of Douira considered in a statement to "Al-Massa" that requiring municipalities to seek self-financing sources is a sound idea, which initially requires searching for properties to host investment projects. He questioned how municipalities can attract investors when they do not have the freedom to act in real estate⁴.

Conclusion:

In conclusion, the recent developments have shown us that the Algerian state has worked on encouraging local investment and engaging local communities in the development process by issuing a series of laws regulating the economic openness policy, whether related to promoting or developing investment.

The legislator has also redefined a new legal framework for Municipal Law 11-10 by making local investment an effective economic tool contributing to social and economic development at the local level. They attempted to address the legal gaps that plagued previous laws. However, in comparison to the realities on the ground, it becomes evident that this law, like its predecessors, did not meet expectations. The legislator worked to entrench the old idea

¹ - Nabilah Ben Youssef, "The Municipality Between State Support and the Demands for Revolutionary Change," African Journal of Political Science, accessed on 25-03-2019, at the following link: <https://www.maspolitiques.com/ar/index.p1>

² - Zahia Sh, same reference, p. 32.

³ - Nabilah Ben Youssef, same reference, p. 52.

⁴ - Zahia, same reference, p. 33.

of maintaining the central authority's control in a decentralized system. Additionally, this law no longer aligns with the current economic reality of the country, which requires moving away from dependence on oil-based economy and focusing more on the municipality as a fundamental unit in creating, attracting, and enhancing local investment policies.

Based on this analysis, we present a set of recommendations:

- The necessity of revising the legal system and regulatory framework specific to municipalities and making it more in line with granting actual powers to municipalities to strengthen local investment.
- Reforming local taxation and enacting legal texts that work on creating wealth and opening the door for banks to create investments, support municipalities, and provide them with expertise and financial support.
- Bringing administration closer to citizens and facilitating administrative procedures for investors at the local level.
- Encouraging entrepreneurship, valuing municipal resources, and establishing a genuine partnership between municipalities and the private sector.
- Enhancing solidarity between municipalities within the framework of mutual benefit from available resources and benefiting from international expertise through twinning agreements between municipalities.

If you need further assistance with anything else, feel free to ask!

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