
Impact of institutional and regulatory adjustment on FDI flows in Algeria

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Abstract:

The purpose of this study is to examine the evolution of the regulatory and institutional framework, as well as its impact on Algeria's attractiveness, and more specifically on FDI flows. In so doing, we highlight the contributions of the new regulations and the challenges still to be met for better integration into the global economy.

Based on an in-depth literature search on the articles of law and their impact on FDI movements, and an analytical descriptive method, the study revealed a number of findings, including that the new regulations have brought about positive changes in the economic dynamics of foreign direct investment (FDI) in several sectors. However, there are still some shortcomings that stand in the way of more effective attractiveness.

Keywords: FDI, attractiveness, economic policy, regulations, institutions.

Jel Classification Codes : D04, D02.

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1. Introduction:

In a context of international competition, it is impossible to dissociate foreign direct investment (FDI) from attractiveness policies. Each country seeks to offer the best institutional and regulatory framework in its development strategy to attract foreign capital. This is a crucial concern for both developed and developing countries. Foreign direct investment (FDI) regulations have evolved considerably since their inception. Moreover, institutional quality is directly linked to the political institutions that propose economic reforms favorable to the market economy and its mechanisms. It is against this backdrop that Algeria has embarked on progressive economic reforms, with the government introducing a range of attractive measures since the country entered the market economy in the early 2000s.

Indeed, a number of legislative and institutional reforms have been implemented to create a competitive framework on both local and international markets. This raises the following question: Have the new legal provisions and institutional measures generated greater results in terms of investment diversity and volumes, mainly in the strategic sectors put forward by the authorities concerned?

This study aims to determine the impact of economic reforms introduced since the Finance Act 2020 on FDI flows to Algeria, by analyzing changes in the legal and institutional framework. We hypothesize that the quality of institutions and the legal arsenal are determining factors in the investment decision. The efficiency of public administrations and services, political stability, corruption and the size of the informal market are considered to be the most decisive indicators in the analysis of FDI.

We are going to analyze the evolution of the regulatory and legal framework since the 2001 Finance Act, on the one hand, and the evolution of FDI flows, on the other, in order to deduce the positive and/or negative impact of the new reforms of the 2022 Act at national and sectoral level. To do this, we mainly studied legal texts, documents published by the Ministry of Industry, as well as data from organizations such as the AAPI, the IMF, the World Bank, UNCTAD, and reports published by KPMG.

2. Changes in the legislative and regulatory framework for foreign investment

When it comes to foreign direct investment, each country introduces a set of laws that combine the advantages offered to the host country and the investor, by proposing an attractive investment code. Algeria has published several codes since the opening up of its market economy, but it is the ordinance of August 21, 2001 that represents a major step forward compared with legislative decree n°93-12 of October 5, 1993 on investment promotion. That said, the 2001 ordinance remains inadequate, as it does not reflect a strong political commitment to investment and has a number of shortcomings that discourage foreign investors. Since then, the regulations have been modernized through a number of adjustments designed to remedy the obstacles.

felt by investors, and to improve the existing legal and institutional context in order to create a more favorable investment environment.

2.1. Investment in Algeria

This section is a theoretical analysis of the evolution of the status of investment in Algeria, based on the latest legislation.

2.1.1. Investment freedom

According to the legislator, activities are freely exercised, subject to the application of the laws in force and with respect for the environment. It therefore represents the following two points:

- **A regulated profession:** A set of rules to be followed when registering and declaring the specific features characterizing the investor's activity. This legal framework is crucial to maintaining order in economic activity, whether in terms of the safety of goods and services, sanitary safety or public health.
- **Respect for the environment:** This concerns the regulatory framework of environmental law.
- Equal treatment of Investments

Investments are treated equally and transparently. It should be noted that these regulations have not undergone any change since Article 3 of the 2016 Finance Act. It is thus applied in the new law 18-22 of July 24, 2022.

2.1.2. The partnership

The 2017 Finance Act considerably altered the ownership relationship between partners, with the abolition of the 49/51 rule introduced by the 2009 and 2010 Acts. In addition, since the Finance Act 2020, this partnership rule only applies to activities involving the purchase and resale of products, or to activities considered strategic, including the following areas:

- Extraction (mining) and exploitation of quarries and sand pits;
- Upstream activities in the energy sector, such as the distribution and routing of energy by air and underground;
- Land and air transport, such as railroads, ports and airports;
- The innovative pharmaceutical industry, with a view to local and exportable production.
- State-initiated industries, as well as activities involving the import of raw materials, products and goods for resale in their unaltered state, are subject to a 51% state shareholding, according to the 2021 Finance Act as supplemented by exclusive Decret n° 21-14.

In addition, partnerships between resident national shareholders and economic public companies are governed by Article 62 of the 2016 Finance Act, according to which these companies retain 34% of the shares or equity interests. This rule is still in force.

2.1.3. The State's right of pre-emption

Prior to the Supplementary Law of 2020, the State and public economic enterprises had a right of first refusal on all sales of shares or equity interests held by foreign partners. This enabled them to have priority over the acquisition of equity stakes or the purchase of assets of a foreign partner company, for a price set on the basis of an expert appraisal. The aim of this regulation was to protect the interests of the State by controlling the indirect transfer of shareholdings in foreign-owned Algerian companies, whether initiated domestically or abroad. In addition, since the Supplementary Finance Act of 2020, the State no longer exercises a right of pre-emption, but requires prior authorization from the authorized departments concerning shares and transfers held by foreign partners in a strategic sector company incorporated under Algerian law for the benefit of the foreign company. These clarifications have been adjusted by Article 138 of the 2021 Finance Act (KPMG, 2024.).

2.1.4. Warranties and agreements

2.1.4.1. The stability of applicable law

According to article 13 of law 13, investments made before the revision of this law will not be included in its application, unless the investor so wishes. Consequently, the investor benefits from:

- Incentives granted under previous legislation;
- Benefits granted in the context of investment promotion and development are maintained under the previous law;
- In the event of coexistence of benefits, the most favorable incentive.

2.1.4.2. Administrative requisition

According to law 10, requisition is not a matter for the administration. However, should requisitioning occur, the investor will be compensated equitably in accordance with current regulations.

2.1.4.3. Rights and obligations

- **The right of appeal:** Under the 2022 Supplementary Finance Act, investors now have the right to appeal in the event of disputes arising between them and the Algerian state. Sanctions will be applied if a stakeholder hinders the smooth running of the investment process.
- **Obligations:** Under the terms of the law, the investor is required to apply restrictive measures relating, on the one hand, to compliance with standards and legislation in various fields such as environmental protection, public health, fiscal and financial regulations, labor law (Article 6, 2022), etc., and, on the other, to

transparency with regard to the information provided for monitoring and evaluating the implementation and legal procedures of the law.

2.1.5. Capital transfers

2.1.5.1. The principle

Investments made with a capital contribution in foreign currency are freely convertible, as the latter is regularly quoted and controlled by the Bank of Algeria. The investor thus benefits from the guarantee that the capital invested and the income generated will be transferred. These guarantees also apply to net proceeds from the sale or liquidation of foreign investments, even if the amount exceeds the capital invested (Loi n° 22-24, 2022.). The transfer terms and conditions are defined by Bank of Algeria regulation n° 5-03 of June 6, 2005, within the framework of ordinance n° 03-01, and concern the transfer of dividends, profits and actual net proceeds from the sale or liquidation of foreign investments.

2.1.5.2. Transfert procedures

According to regulation n° 01-09 of February 15, 2009, the investor must submit a file containing several supporting documents to the Bank of Algeria. Also, transfers advances and deposits on profits or dividends for all shareholders are prohibited by this instruction. In addition, under the 2009 Supplementary Finance Act, direct foreign investments or investments made in partnership are required to show a foreign exchange surplus in favour of Algeria throughout the life of the project. Also, in accordance with Article 8 of the Act, which followed Decree n° 22-300 of 8 September 2022, the bank must guarantee a minimum of 25% of the amount of the investment as a transfer guarantee; this amount was previously calculated on the basis of the amount invested in tranches of 10% to 30%.

2.1.6. Financing investments

Investment financing Investment financing can only be provided through internal borrowing or local financing, with the exception of initial capital. Since the 2020 Finance Act, foreign investors have been able to finance their projects through international development institutions. However, this only applies to loans to finance the following strategic projects, subject to the control and authorization of the competent authorities, and in accordance with the terms and conditions laid down by the regulations, pursuant to Article 108.

2.1.7. Benefits for investors

Foreign investors must register on a digital platform or through an administrative procedure at the one-stop shop, before they can benefit from the advantages provided for by law. However, when a business is relocated from abroad to the country, the file is subject to control and inspection in accordance with the regulations. The benefits granted are more diversified since Article 57 of Law 20-07 of 4 June 2020 (KPMG, 2020), which specifies the customs clearance procedures and import conditions, the latter now being subject to

the requirement to provide 30% of the costs of the import operation. However, the activities in question must have an economic impact and contribute to development. These include exporting, reducing imports through substitution and contributing to the value chain through integration. the advantages granted are categorized as follows:

2.1.7.1. Priority sector schemes: These benefits are available to investors throughout the process of creating, implementing and operating an investment project in priority sectors, as follows:

- Information technology and telecommunications;
- New and renewable energies;
- The primary sector (agriculture, aquaculture, fishing);
- The services sector, particularly tourism as a priority;
- The industrial sector in a number of strategic areas: agri-food products, pharmaceuticals, petrochemicals, etc.

2.1.7.2. The geographical zones scheme: The State takes a particular interest in the development of certain geographical areas considered strategic and with high potential due to their location, such as the high plateau, the south and the deep south, as well as areas in need of support, for which regulations have been drawn up, and localities with natural resources that have not been exploited or developed, but which have considerable potential. This list of regions is set out in Executive Decree n° 22-301 of 8 September 2022.

The specific sectors and geographical areas benefit from the same incentives, which are divided into two parts:

❖ The advantages granted to development

- Exemption from customs duties on imports of products intended for production;
- Exemption from a number of taxes relating to the acquisition and operation of real estate: property tax for a period of ten years; state remuneration in connection with the concession of built and unbuilt property; land registration in connection with the investment concerned.
- VAT exemption on the purchase of imported or local products.

❖ The benefits granted to the operation

are the same, plus exemption from corporation tax.

2.1.7.3. The structuring regime: Law 22-18 grants incentives to investors for projects with high wealth creation potential. These benefits make it possible to increase the volume of national employment (equal to or greater than 500 jobs), to increase the attractiveness of the region by creating a knock-on effect, and to ensure sustainable economic development. To this end, the State gives priority to investments that limit imports, increase exports, promote technical transfer (know-how) and technology, and enable integration into the global and regional value

chain. It should be noted that the amount of the investment required to benefit from these advantages must be equal to or greater than 10 billion Algerian dinars.

The government attaches particular importance to these investments, as it provides partial or total support to the investor during the project's implementation, in particular for the development and/or infrastructure work required for its completion. Depending on how far the project has progressed, the investor benefits from a number of advantages.

❖ **Benefits granted during the implementation phase**

Structural investments benefit from the same advantages as those granted to schemes in priority sectors and specific geographical areas during the implementation phase.

❖ **Benefits granted during the operating phase**

These mainly concern exemption from income tax.

2.1.7.4. Sale or transfer of investments: The sale or transfer of an investment means that an investor is authorised to transfer its entire business, including the share capital, to another investor. However, according to Executive Decree n° 22-299 of 8 September 2022, the transferee must undertake to honour the commitments made by the initial investor.

2.1.7.5. Activities and assets excluded from benefits: This is a list of activities that do not qualify for benefits. It includes distribution or trading activities, as well as activities that do not comply with pre-established rules, such as activities that are not entered in the trade register, activities that follow their own benefits regime and activities that have a specific regulatory regime. Goods are also eligible for benefits, with the exception of construction goods, raw materials and building materials.

3. The institutional framework for foreign direct investment (FDI)

The term 'institution' encompasses several parameters: administrative procedures, standards and the legal context in which they are applied, as well as the regulations under which the institution is governed. Studies have shown that the higher the quality of institutions, the higher the national income.

Moreover, institutional instability has the opposite effect: the less favorable the quality of institutions is to investment, the more growth falls, and this phenomenon can persist even after it has been neutralized (BOUALEM, 2010), institutions are also a crucial indicator for foreign investors. In Algeria, there are a number of institutions, as follows:

3.1. The National Investment Council (CNI)

The CNI plays an essential role in promoting and implementing national investment. Its role is to:

- Propose objectives, development strategies, priority areas, a national promotion program, incentive measures, investment decisions and investment incentives for the government;

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- Studying institutional proposals for benefits and new benefits; approving criteria for strategic projects; approving, reviewing and updating activities and assets not eligible for benefits.
- Determining: the areas eligible for the derogation scheme; a nomenclature for the expenditure of funds earmarked for support and promotion.
- Encourage the development of appropriate financial institutions and instruments for financing investment.

3.2. The Algerian Investment Promotion Agency (AAPI)

The AAPI is an investment promotion agency that replaced the former ANDI (*Agencenationale de développement de l'investissement*). Under law no. 22-18 of 24 July 2022, it is an investment promotion and support unit. The AAPI enjoys autonomy in the financial management of projects and receives financial compensation for processing investment applications, in accordance with the procedures laid down by law. It also plays a coordinating role between the other bodies and manages the project portfolio, tasks that previously fell within the remit of the CNI. More specifically, the AAPI is responsible for (AAPI, 2024):

- Promotion: promoting investment in Algeria and abroad, by highlighting the attractiveness of Algeria to the foreign community via Algerian consulates abroad.
- Information: raising awareness of the business environment by presenting the procedures, methods and techniques used;
- Case management: managing the investor's online platform, processing, registering and monitoring the progress of investment projects;
- Support: Investors receive support and assistance with the tasks and formalities involved in completing their investment project;
- Management of incentives: AAPI's role is to ensure the proper distribution and management of incentives, including those relating to the period prior to Act No. 22-18.

3.3. The one-stop shop

The one-stop shop is a decentralized institution created at wilaya level. It has authority over all decisions and authorizations relating to projects. Its role is also to manage the formalities and to implement foreign investors' investment projects. The following table provides more details on how it works (KPMG, 2023).

Table N°1: Characteristics of the one-stop shop

MISSIONS	COMPONENTS
<ul style="list-style-type: none">• A point of contact: The one-stop shop manager is the foreign investor's sole mediator;• A companion: The one-stop shop manager is responsible for studying the investor's file in detail, which involves drawing up, issuing, certifying and	<ul style="list-style-type: none">• Taxdepartment.• Customs department.• CNRC (National Centre for the Trade Register).• Town Planning Department.• Department of the Environment.

<ul style="list-style-type: none"> deciding on the granting of benefits; A manager: manages the file after it has been examined by the members of the one-stop shop to finalise the procedures. 	<ul style="list-style-type: none"> Labour and employment bodies. Social Insurance Department.
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Source: drawn up by ourselves on the basis of the ANDI document

4. Evolution of FDI flows

The following chart shows the historical trend in FDI inflows to Algeria from 1970-2022 in nette entries.

Fig N° 1: Net foreign direct investment (FDI) in Algeria from 1970 to 2022



Source: www.statista.com

We can differentiate between the effects of institutional and regulatory elements thanks to this figure. To ascertain the effect of economic changes on regulation and institutional functioning, we have defined many FDI development periods based on the flow of FDI.

4.1. From 1971 to 1994

Following the nationalization of hydrocarbons from 1962 to 1971, and in the context of a planned economy, FDI was virtually non-existent from 1970 to 1980, apart from joint venture projects in the hydrocarbons sector aimed at developing the sector (VALYD plan) at all stages of the production process (exploration, refining, production, distribution). The two oil crises (1973 and 1979) did, however, boost the attractiveness of the sector. That said, the 1980s were marked by an economic crisis triggered by the oil counter-shock of 1985. The fall in oil prices revealed the fragility of an economy based mainly on oil and gas rents. As a result, the country went into debt. Political instability ensued from 1991 onwards, and the new reform of 1994 marked the transition to a market economy against a backdrop of high inflation (BOUDJIMA, 2011).

4.2. From 1995 to 2015

The introduction of the Investment Code in 1993, amended and supplemented by the Ordinance of 2001, marked a transition based on freedom of investment. Faced with the pressure of the devaluation of the price of oil and the inability to bear the burden of debt alone, as well as the inefficiency of the economic system, the State had to change its strategy. In 1998, for the first time, Algeria began to record much larger FDI inflows, stabilizing at around one billion dollars. This was followed by a series of measures to encourage the gradual

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emergence of the private sector, which gradually came to occupy an important place, notably through the creation of the APS (Investment Promotion Agency), later replaced by the ANDI (National Investment Development Agency) and a National Investment Council (CNI). A more proactive institutional and regulatory policy was put in place to encourage foreign investment, notably through the tax policy and facilities granted to foreign investors, as well as the ratification of numerous multilateral and bilateral investment agreements. The reforms continued with the 2001 ordinance, through the economic recovery support program (PSRE) launched in 2001, which offers more guarantees, and the growth support program (PCSC) for foreign investors. These initiatives are reflected in the above diagram by a gradual increase in FDI flows in all sectors of activity, with the exception of strategic sectors undertaken exclusively by the state (CNUCED, 2004).

From 2002 to 2014, the increase in flows was remarkable, with a peak in 2009 (2.77 billion dollars). The 2001 Finance Act was successively replaced by the Supplementary Finance Acts of 2009 and 2010, as well as by the Finance Acts of: 2011; 2012; 2013; 2014.

They were based on the reforms contained in the 2009 Finance Act, which introduced in Article 4 Bis a 51/49 shareholding partnership rule, whereby at least 51% of the capital must be held by a resident national shareholder. In addition, the right of pre-emption exercised by the State and public companies on the sale of shareholdings by foreign shareholders or for the benefit of foreign shareholders has caused incomprehension among foreign investors. During this period of far-reaching economic reforms, we have seen a fluctuation in FDI flows and a sharp slowdown, due in particular to the absence of a long-term growth strategy to develop non-hydrocarbon sectors.

Furthermore, 2015 was marked by a very considerable deficit of (-537792921million \$) which represents almost (-136%) compared to the current year, a deficit of more than 2 billion \$, a disinvestment caused partly by the oil shock of 2014, and on the other hand, the law 51/49 of the finance law worsens the situation since the investments except hydrocarbons, in particular the FDI remain insignificant, they cannot thus fill the financial imbalances.

4.3. From 2016 to 2022.

The 2016 code marks a turning point in regulation, providing more facilities and inclusion for foreign investors. It abolishes the 51/49 rule and the right of pre-emption imposed by the 2009 Finance Act, and gives foreign investors the right to 'ad hoc' arbitration in the event of a dispute with the Algerian government. To ensure a fairer and more equitable policy, it also simplifies administrative procedures: investors will have to complete a single document instead of seven forms. The 2016 law also offers better guarantees and more attractive tax benefits, and above all the same benefits for ineligible investments. These reforms have led to a fairly consistent trend in flows, with the amount of FDI carried out varying little between the period from 2016 to 2018, with an

average of more than \$1.44 billion. However, since 2019, FDI has fallen gradually by several million dollars. From \$1.38 billion in 2019 to more than \$75 million in 2022, i.e. a negative trend of -94.5%, we can see that despite adjustments to the 2016 law on foreign investment, in particular the abolition of the 51/49 rule, which has been extended to all sectors except strategic sectors, Algeria is still failing to attract the investment it had hoped for. What's more, the COVID-19 pandemic has exacerbated the decline, since when investment projects have fallen considerably, from 28 projects in 2019 to just five in 2020, according to AAPI data.

4.4. Since 2022,

Algeria went through a very difficult economic period between 2021 and 2022, marked by the oil shocks of 2014 and 2020 and the COVID-19 pandemic. This period had several structural consequences: accelerating inflation +7.2%, a budget deficit of -24% of GDP excluding hydrocarbons (ABDERRAHMANI, 2024.), and an increase in public debt to 62.5% of GDP from 51.3% in 2020 (ministère des finances).

the new 2022 reforms are a matter of course and an obligation for Algeria. it is crucial to build an economy that generates stable revenues, so the challenge is to improve the business climate and reduce economic dependence on oil revenues. economic reforms will therefore continue in 2022, with even more advantageous measures, guaranteeing: greater transparency, freedom to invest by creating a company, encouraging the creation of start-up companies, expansion and rehabilitation in the desired field. investors can benefit from incentive schemes for: priority sectors; specific geographical zones (the zone regime); structuring investments. They also benefit from more guarantees for their investments. Since these measures were introduced, and with economic conditions stabilizing, FDI has resumed its upward trend since 2023, reaching 1.21 billion. It is therefore interesting to consider the evolution of flows by number of projects invested, as shown in the following table below (ONS, 2024):

Table N°2: Evolution of investment projects since 2019

Year	Number of projects	FDI inflows (USDmillion)	Greenfield investments
2019	28	1,38	28
2020	5	1,140	6
2021	10	869 millions	10
2022	12	240millions	4
2023	64	1,200	5

Source: Synthesis of UNCTAD and ONS documents.

The impact of the COVID-19 pandemic was still being felt at the end of 2022, when FDI had been struggling to pick up since projects peaked at 28% in 2019.

In 2020, only five FDI projects were recorded, but in the same year, 25% of FDI projects were in the renewable and alternative energy sector, compared with just 16% for chemicals, 8% for coal and 8% for oil. These measures have started to produce positive results since the 2022 reforms, with an inflow of 1.21 billion\$

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in 2023, ranking Algeria 14th in the top 20 most attractive countries in Africa in 2023 and second in the Maghreb (unctad, 2023). With 63 FDI projects registered between November 2022 and December 2024 and 113 cooperation projects with different foreign operators, Algeria is reportedly attracting more and more foreign investors, according to the AAPI. The majority of the investments are made in the fields of agriculture, transportation, construction, and industry (particularly hydrocarbons). The United States accounts for 29% of the major investors. 10% goes to Italy. Spain: 7%, France: 10%, and the UK: 6%. Some indicators of the most invested sectors are as follows:

Table n°3: The sectors invested in Algeria

The sectors investid	The investment rate (%)by sector 2023
Industry	51
Construction	15
Agriculture	15
Services	6
Tourism	6
Health sector	3

Source: made from AAPI data.

5. Results and discussion

5.1. The contributions of the new regulatory and institutional framework and its effects on FDI

We observe through the 2022 economic reform that the state offers a particularly more attractive business climate to foreigners, with significant changes. On the one hand, by reducing bureaucratic procedures, which translates into: facilitation in document management and project submission procedures, processing information on a digital platform, which combines efficiency with time savings by reducing the documents to be provided, processing investor data through a single window instead of going through the CNI as the old law stipulated.

On the other hand, the law enacted in July 2022 changes the relationship between investors regarding property rights, by offering the same rights to foreign investors as to local investors. Notably, the repeal of law 49/51 has allowed for the establishment of a more attractive climate where foreign investors benefit from a prime position.

In addition, at local level, a number of reforms in the private sector have been undertaken, with the State encouraging the creation of innovative businesses through the start-up project, and the strengthening of the SME industrial fabric making it possible to offer a more attractive business climate to foreign investors.

5.2. Discussion

Several elements can be considered to bring more efficiency to this law; indeed, several problems persist and hinder the evolution of FDI, such as:

- The complex customs procedures;

- The daily bureaucratic procedures of the projects;
- Frequent changes in laws create a sense of instability and hostility towards the business climate;
- The banking and financial system does not meet international standards;
- Import restrictions can create a disruption in international supply chains, although the new 2022 law allows foreign companies to import necessary products within the scope of their activities, on the ground, the procedures and quotas remain insufficient, and this implies obvious commercial risks.
- Low regional integration limits economic and trade relations and thus the entire economic activity. In addition to its structural factors, other parameters have a strong influence on the decision to invest such as:

❖ **Corruption**

Corruption remains a major obstacle to economic development because of its negative effects, such as the loss of confidence in markets and institutions. Burdening the private sector and considerably slowing competitiveness, corruption ultimately discourages foreign investment. The new economic reforms introduced in July 2022 led to the promulgation in July 2023 of a national strategy aimed at creating greater transparency and combating corruption more effectively, which the authorities have classified as a national priority. However, the program, which runs from 2023 to 2027 (aps.dz, 2024), has yet to produce any tangible results. Moreover, the corruption index is 64 points in 2023 on a scale of 100 (Banque mondiale, 2024), slightly lower than in 2022. This puts Algeria in 104th place worldwide, which is slightly below average and weakens its international competitiveness in attracting FDI.

❖ **The extent of the informal economy**

The informal economy is one of the main obstacles to investment and is the subject of several reforms and government actions. This phenomenon burdens the national economy: it would represent 30% of the Algerian economy between 2010 and 2020. In numbers, it is estimated at 43.6 billion dollars for 145.2 billion dollars of GDP in 2020, making it the highest ratio of all countries in Africa and the Middle East, none of which exceed 20% (GRIM, 2021).

6. Conclusion

Since the transition to a market economy in the early 90s, Algeria has undertaken progressive reforms, initially through structural reforms, as the first attempt at economic liberalization. This period is complex due to the national tragedy marked by a civil war, and it is therefore difficult to provide a critical and objective perspective. However, since the 2001 ordinance, Algeria has experienced several periods of economic prosperity thanks to oil and gas revenues, which could have been used to develop the industrial sector on one hand. The regulatory and institutional framework also presented several problems: Law 49/51, introduced in 2009 and the source of numerous issues, only came to an end on the eve of the election of the new president, Abd

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elMadjidTebboune on September 11, 2019. this law was supplemented by several other obstacles, which mainly concern difficulties in accessing land, slow and complex administrative procedures, as well as the inadequacy of legal texts regarding the protection of foreign investments. These obstacles have not only slowed down but even blocked Algeria's economic transition, which has lost nearly a decade.

However, over the past five years, there has been a genuine willingness for change and integration into the global economy, with the adoption of modern institutional reforms that comply with international standards, offering a regulatory framework that combines the advantages of the host country with those of foreign investors. The 2020 investment law is also considered a positive signal for foreign investors as it brings about a radical change regarding property rights between foreign and local partners, putting them on an equal footing.

Thus, several positive results have been recorded in recent years, but despite the new voluntary economic reforms, this remains insufficient to achieve a true transition. Indeed, Algeria has not yet recorded a sufficient flow of investment to reduce its heavy dependence on hydrocarbons; the overall business environment needs to be improved.

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