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## **The course of decentralized investment operations under Organic Law 18/15 A Case study of the directorate of programming and budget monitoring in the Wilaya of Béchar**

**Dr. Belghanami Nabila**

Tahri Mohamed University of Bechar, Algeria

**Abstract**---Organic Law 18/15 plays an important role in improving the performance of the public sector in Algeria, as it is a mechanism for establishing governance principles in the management of public funds, starting with the renewal of its fundamental legal framework. This is done by reviewing the basic law 84/17, which no longer aligns with the current economic and political realities, as well as the developments in public management, and replacing it with the Organic Law on Finance Laws (LOLF), which incorporates principles of managing the public budget based on results rather than methods, as is currently practiced. It also establishes the principle of holding managers accountable by granting them greater freedom in management, in exchange for taking on greater responsibility before the parliament and the people. To clarify how the public budget is managed according to these principles, our research paper examines a specific project within the Directorate of Vocational Training and Apprenticeship, and how it is monitored and followed by the Directorate of Programming and Budget Monitoring throughout all stages of the project, from the financial coverage order to the closure order.

**Keywords**---Organic Law 18/15, Decentralized Investment, Directorate of Programming and Budget Monitoring, Public Budget Management, Wilaya of Béchar.

**JEL:** G00, H70

## **Introduction**

The public budget of the state is a document issued by the competent authority in the country, which frames the financial activities of the state, including the collection of revenues and the disbursement of public expenditures. It includes, as an estimate, the amounts of those expected revenues and expenditures during the concerned fiscal year, through which the government also aims to achieve economic and social objectives. In light of the changes and developments that occur in the economic and financial life, both domestically and internationally, it is required that the competent authority (Ministry of Finance) in preparing the state's public budget stay aligned with these developments in a way that matches the available financial resources and the financial burdens the state faces in the field of public expenditure. This is now referred to in Algeria as the new budgetary reform project, embodied in the issuance of Organic Law No. 18-15 related to finance laws.

Organic Law 18-15 related to finance laws is the new legal framework that enshrines the budgetary and accounting reforms adopted by the public authorities in Algeria after proving the limitations of Law 84-17 in keeping up with developments at both the national and international levels. The new law incorporates the principle of management by objectives, as well as multi-year budgetary planning to rationalize public expenditures, along with the principle of accountability which provides a comprehensive view of all the state's assets, resources, and obligations. As part of the implementation of the budgetary reform plan, according to the outlined program, a set of measures has been taken to support the transition to the new methodology for managing public finances, based on performance and efficiency logic.

Thus, there is no doubt that studying the methods and approaches of implementing the decentralized investment budget of the state within the framework of budgetary reform is of great importance, both theoretically and practically. Theoretically, this study is significant in clarifying the various legal rules that govern the system for implementing the state's decentralized investment budget, as laid out in the related legal and regulatory texts, especially regarding the authorities responsible for the execution process in its administrative and accounting phases, along with their powers and responsibilities in each stage of revenue collection and expenditure disbursement. Practically, the importance of this study lies in revealing one of the key applications of the principle of separation between the authorizers of expenditures and the public accountants at the decentralized level of the state, the responsibilities assigned to activity managers, and the role of the Directorate of Programming and Budget Monitoring in managing and executing public investments.

### **1. Research Problem:**

The central issue of this topic is as follows:

How are the decentralized investment operations of the state managed under the provisions of Organic Law 18/15?

**2. Study Hypothesis:**

The procedures introduced for managing decentralized investment operations under the provisions of Organic Law 18/15 are the state's action plan and future program for the coming period, as well as a key tool to achieve the state's goals and accelerate development.

**3. Importance of the Research:**

The importance of the study stems from the significance of Organic Law 18/15 related to finance laws and the methods of preparing its new budgets in managing decentralized investment operations. It is considered the state's action plan and future program for the upcoming period and a fundamental tool to achieve the state's general goals in promoting development.

**4. Research Objectives:**

- Understanding how the framework for annual finance laws is organized through the Organic Law related to finance laws.
- Covering all aspects related to the management of investment projects under Organic Law No. 18/15.
- Addressing the reasons for budgetary reform in managing investment operations according to Organic Law No. 18/15 in Algeria.
- Understanding how a project progresses from registration and evaluation to cost changes and the final closure of the operation.
- Assessing the state's ability to formulate its economic policy and modern economic direction through the Organic Law related to finance laws, which is the most important law regulating the financial aspects and resources of the state by organizing annual finance laws.

**Research Methodology:**

To address this issue, we followed an analytical approach by analyzing the provisions of Organic Law No. 18/15 related to finance laws and a descriptive method to outline its elements and dimensions. We also adopted an applied approach to manage a decentralized project within the Directorate of Vocational Training and Apprenticeship in the Wilaya of Béchar, a new project in 2023.

**I/ Organic Law No. 18/15: Reasons for its Emergence and the Objectives it Introduces**

Organic laws, as a type of legislation, hold special importance within constitutional provisions, especially due to the scrutiny they undergo before being issued. Organic laws deal with matters of a constitutional nature, and their protection ensures the supremacy of the constitution. The Constitutional Council is responsible for monitoring the process of these laws through all stages of their enactment. We will discuss the financial law 15/18 in this context.

**I-1/ Definition of Organic Law 18/15:<sup>1</sup>**

Organic Law 18/15, issued on September 2, 2018, defines the new legal framework for the budget, considered the financial constitution, which aims to deeply reform public management by specifying the goals that must be adhered to

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Didane Maouloud, Research on Financial Reform, Dar Al-Bayda, Algiers, Balqis Publishing House, 2010, p. 57<sup>1</sup>

and achieved, and activating oversight of the performance of managers. Experts have regarded this law as the result of significant efforts by both the executive and legislative authorities, after it was accepted by political decision-makers. <sup>2</sup>

Organic Law 18/15, related to finance laws, represents a crucial challenge to improving public management. This law allows for:<sup>3</sup>

- Providing a better view of the budget.
- Setting priorities regarding public sector challenges and structuring goals.
- Focusing efforts on performance by establishing and monitoring reliable indicators.
- Assigning responsibility to operational levels within a well-structured and guided exchange.

## **I-2/ Reasons for Updating the Regular Law on Finance Laws No. 48/17:**

The regular law on finance laws, which leaned towards being an organic law on finance laws, did not undergo prior scrutiny by the Constitutional Council and thus retained the characteristics of a regular law until the 1996 constitution, which explicitly stated that state finances should be managed by an organic law. However, with growing international attention to the economic and social role of countries in the context of good governance to rationalize public spending and improve the efficiency and effectiveness of public interventions, particularly in countries that faced challenges in providing and properly directing resources, Algeria, as part of these countries, was driven to reform its public finances and correct the imbalances in its financial system<sup>4</sup>.

The Law 84/17 related to finance laws did not grant the parliament real authority or extensive powers in the discussion and approval of the budget, especially concerning access to financial and accounting data of the state budget. As is known and according to current practices, "parliament's role is limited to a quantitative view of the budget, focusing on the size of appropriations and their growth rates and consumption," while the pre-expenditure audit was largely formal, focusing on the legality of expenses without assessing their effectiveness and the goals to be achieved.

There was also a lack of alignment between the operational budget and the investment budget, where the operational budget allocated financial appropriations based on ministerial sectors, while the investment budget divided them by sectors, making it difficult for those analyzing the budget and finance law to understand and comprehend it.

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<sup>2</sup>The Algerian Journal of Social and Human Sciences, Amine Saba / Kamal Ben Moussa, "An Analytical Study of Organic Law 18/15 and Its Importance in Improving the Performance of the Public Sector in Algeria," Vol. 08, No. 01 (2020). Directorate General of Budget, "Implementation of the State Budget under the Organic Law on Finance Laws," p. 04, <sup>3</sup>

January 2023.

<sup>4</sup>Amine Saba / Kamal Ben Moussa, same reference as above.

The current budgetary system focused on providing means for managing public funds without concern for the results and objectives to be achieved, making it impossible to assess the performance of government agencies.

The difficulty in accessing and reviewing financial and budgetary documents for stakeholders and interested parties (researchers, civil society, etc.) was another issue. A lack of transparency in financial and accounting documents, particularly concerning the amounts in joint costs, was evident.

There was also a lack of responsibility among managers, as the current financial system did not hold spending officers accountable, nor did it specify the predetermined objectives they were expected to achieve during the fiscal year. The lack of transparency in presenting special allocation accounts, despite Article 68 of Law 84/17<sup>5</sup> stating that "the finance law for the year shall be accompanied by a list of the Treasury's special accounts, showing the amount of revenues, expenditures, and outstanding balances allocated to these accounts," remained a significant issue in practice.

The constitutional flaw: Article 141 of the 2016<sup>6</sup> constitution stipulated that parliamentary legislation should be made through organic laws concerning finance laws. However, this law was suspended despite its significant legal importance. The inadequacy of the information system, a result of the shortcomings of the previous financial system, led to public opinion pushing for the need to develop the basic law on the budget. This was achieved by replacing it with Organic Law No. 18/15 on Finance Laws, dated September 2, 2018, which aligns with modern administrative and financial management practices.

### **I-3/ Objectives of the New Budgetary Reform**

Good governance of the public budget requires efficient management based on the rationalization of public expenditure. This involves comparing financial data and field information and assessing their compliance with applicable laws, regulations, accounting standards, and the government's planned objectives. This objective is achieved through independent, objective audits, evaluating the adequacy of data and information throughout the financial processes within the regulated entity. These audits are then transformed into reports or penalties for violators, enforcing administrative and legal responsibility to counter all forms of administrative and financial corruption. According to Article 26 of Executive Decree 92/414, "The competent services under the minister responsible for the budget shall prepare a summary report to be distributed to all concerned administrations and state institutions."<sup>7</sup>

#### **A. Oversight as a Mechanism to Combat Corruption**

The state budget has become a key factor influencing the national economy. It is considered as a forecast or estimate of the executive authorities' financial activities regarding future expenditures and revenues. The budget is not a

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Article 68 of Basic Law 84-17 dated July 7, 1984, concerning finance laws.<sup>5</sup>

Article 141 of the Constitution, 2016.<sup>6</sup>

Executive Decree 92/414 dated November 14, 1992, concerning the prior control of committed expenditures<sup>7</sup>

reflection of actual events but a projection of future activities regarding spending and taxation. If these activities are implemented as planned and approved under financial laws, each expense will fulfill its purpose, and each revenue will be collected. As such, various forms of oversight are necessary to ensure the proper execution and performance of the budget and to safeguard public funds. This is why tackling financial corruption in all its forms is essential.

## **B. Role of Oversight Bodies in Combating Financial Corruption**

The purpose of issuing Law 06/01 is to protect public funds, enhance transparency, and hold accountable those responsible for mismanaging these funds. Article 1 of this law states:

- To support measures aimed at preventing and combating corruption.
- To promote integrity, responsibility, and transparency in managing both public and private sectors.
- To facilitate and support international cooperation and technical assistance for preventing and combating corruption, including the recovery of assets.

## **C. Mechanisms of Financial Oversight**

Several agencies are tasked with overseeing the financial and accounting management of state services, following the prescribed procedures. One of these agencies is the General Finance Inspectorate, whose powers are defined by Executive Decree No. 08/272. According to Article 02 of this decree, "The General Finance Inspectorate exercises oversight over the financial and accounting management of state services, local authorities, and entities and institutions subject to public accounting rules."

The process of executing or spending committed public expenditures requires following legal procedures, including prior financial oversight by the budgetary controller. This oversight occurs specifically before committing to or spending the funds, referred to as "committing the expenditure" or "contracting" it. Referring to Executive Decree No. 09/374, the Algerian legislator assigned the budgetary <sup>8</sup> controller with the task of post-auditing (subsequent oversight) certain expenditures related to operations funded by the state budget. This ensures compliance with the legal procedures defined by the relevant laws and regulations.

## **II-1/ Definition of an Investment Project**

An investment project can be defined as an organized human activity aimed at achieving a specific goal within a set period, using various materials, workers, technical resources, energy, raw materials, and financial resources, or any data or information necessary for its completion. The project aims to gain material, economic, and social benefits in the near or distant future. Key characteristics of

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Executive Decree No. 09/374 dated November 16, 2009, which amends and supplements Executive Decree No. 92/414 <sup>8</sup>  
dated November 14, 1992, concerning the prior control of committed expenditures

an investment project include its purpose, lifecycle, uniqueness, conflicts or disputes, and interventions.

## **II-2/ Phases of an Investment Project Under Organic Law 18/15**

Public investment expenditures consist of all projects to be executed under the financial responsibility of the state, framed within the national and local sectoral development strategy, based on the objectives set by the government's program. Public investment expenditures, covered under Title 3 of the classification based on the economic nature of the expenses, are divided into commitment authorizations and payment appropriations, as well as by program portfolio and sub-program. These are defined within decrees for budget appropriations distribution.

Investment operations that have been approved after budgetary discussions for the preparation of the finance law project must be included in reports on priorities and planning. They are categorized under a specific program, either newly created or existing.

## **II-3/ Phases of Evaluating Decentralized Investment Projects**

The evaluation of a decentralized investment project goes through several stages, starting with an idea sourced from various origins, depending on the environment and the economic context in which the project operates. In developed countries, where there is constant freedom, there is greater ease in generating ideas for creating new projects within the existing economic framework. In developing countries, however, this is more challenging due to the gaps in the economic environment and the lack of sufficient industries and services. This difficulty is attributed to weaknesses in the existing production system, limited financial resources, equipment, raw materials, semi-manufactured goods, and skilled labor, as well as insufficient demand for the project's products, whether productive or consumable. Thus, the stages of an investment project can be summarized as follows:

### **A. Project Identification Stage:**

In this stage, an initial study of the project idea is conducted, which forms the basis for market research. This stage signals the green light for proceeding with other phases and securing project financing. The project profile is determined at this stage, outlining the different potential alternatives and their general contents.

### **B. Technical Study Stage:**

At this stage, the technical details of all the possible alternatives for the project's construction are defined. The project's feasibility is assessed from both a technical and economic perspective, often referred to as the technical-economic study. If the project is deemed unfeasible, it may be advised to abandon the idea and consider other more viable options, or completely discard the project if it proves unworthy.

### **C. Preliminary Study Stage:**

It may happen that an investment project is rejected after a detailed study, due to various reasons such as financial, technical, economic, or legal issues. Since

detailed studies require significant effort, time, and cost, it is more efficient to first conduct a preliminary study to avoid losses in case the project is later rejected after the detailed study. The goal of the preliminary study is to provide clear insights for investors regarding the proposed projects, and based on the results, they will decide whether to abandon the idea or continue with a more detailed study, especially if there is a possibility of success for the proposed project.

### **III/ Applied Study on the Progress of a Decentralized Investment Project in the Directorate of Programming and Budget Monitoring:**

Investment projects are among the key elements that contribute to the development of a nation. Therefore, it is crucial to select investment opportunities effectively to achieve planned objectives while applying the Organic Law No. 18/15 concerning financial laws. The execution of decentralized investment operations has garnered significant attention from economists.

#### **III-1/ Case Study of the Directorate of Programming and Budget Monitoring in Implementing Decentralized Investment Operations**

Final equipment expenditures are considered non-repayable or non-compensable costs borne by the state within the framework of implementing the annual programs for the country's economic and social development. These expenditures are recorded in the state's general budget in the form of execution program licenses through payment loans, with variations depending on the program's nature (centralized and decentralized sectoral programs and municipal development plans).

#### **III-1-1/ Preparation of the Financial Coverage Decree for a Decentralized Project by the Activity Manager under Organic Law No. 18/15:**

Béchar Province has benefited from four public investment operations under the investment expenditure for 2023, related to the training and vocational education portfolio under the responsibility of the decentralized activity manager, the Director of Vocational Training and Education for Béchar. We will focus on the selected investment project, which involves the "Study, Follow-up, Works for Site Preparation, Rehabilitation, Expansion, and Equipment for the Directorate of Vocational Training and Education of Béchar."

According to the extract from the public investment operations register for 2023:

- **Decree No.:** 0013/DN/2023/MF, dated 04/01/2023
- **Fixed Number:** 2301301
- **Extract Number:** 760 / W.T.T.M / 2023 / M.M.T.A, dated 12 November 2023.

#### **A. Financial Coverage Decree:**

This decree serves as the financial authorization to cover the works to be executed under public investment operations for the state in 2023. The decree is drafted by the activity manager, and it serves as a draft to be sent to the Directorate of Programming and Budget Monitoring for a conformity opinion.

#### **B. Conformity Opinion:**

The Directorate of Programming and Budget Monitoring provides the activity manager, represented by the Director of Vocational Training and Education for Béchar, with a document verifying whether the project's content complies with the

administrative procedures stipulated in the financial legislation (organic laws, executive decrees, ministerial decisions, circulars, instructions, etc.). The conformity check includes the following procedures:

- **Program Portfolio:** Vocational Education and Training **Code:** 013
  - **Program:** General Administration **Code:** 055
  - **Sub-program:** Administrative Support **Code:** 02
  - **Activity:** / **Code:** 2008
  - **Sub-activity:** / **Code:** 000
  - **Fixed Number:** 2301301
  - **Analytical Number:** 0013/DN/2023/MF, dated 04/01/2023
  - **Type of Decree:** Financial Coverage Decree
  - **Project Description:** "Study, Follow-up, Site Preparation, Rehabilitation, Expansion, and Equipment for the Directorate of Vocational Training and Education in Béchar."
  - **Commitment License Amount:** 35,000,000.00 DZD
  - **Payment Appropriations:** 26,000,000.00 DZD<sup>9</sup>

All these procedures are adhered to by the monitoring services at the Directorate of Programming and Budget Monitoring to avoid any errors and to correct them if any arise, ensuring smooth project implementation. The conformity opinion is then presented to the Directorate of Vocational Training and Education to verify the accuracy of the financial coverage decree on the prescribed model approved by the Ministry of Finance's General Directorate of Budget.

### **C. Conformity Opinion Issued by the Directorate of Programming and Budget Monitoring of Béchar:**

Once the Directorate of Vocational Training and Education receives the conformity opinion regarding the financial coverage of the project from the Directorate of Programming and Budget Monitoring, the activity manager proceeds with signing the financial coverage decree and sends it to the budgetary control services in Béchar for approval to continue the implementation of the project.

### **II-1-2/ Preparation of Procedures for Implementing the Investment Operation under Organic Law No. 18/15**

We will address the stages of concluding various public contracts as follows

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Resolution No. 0013/DN/2023/MF dated January 4, 2023, extracted from Annex "2" of the registration decisions for<sup>9</sup> public investment operations of the state under investment expenditures for the year 2023.

### Stages of Concluding Public Procurement Contracts

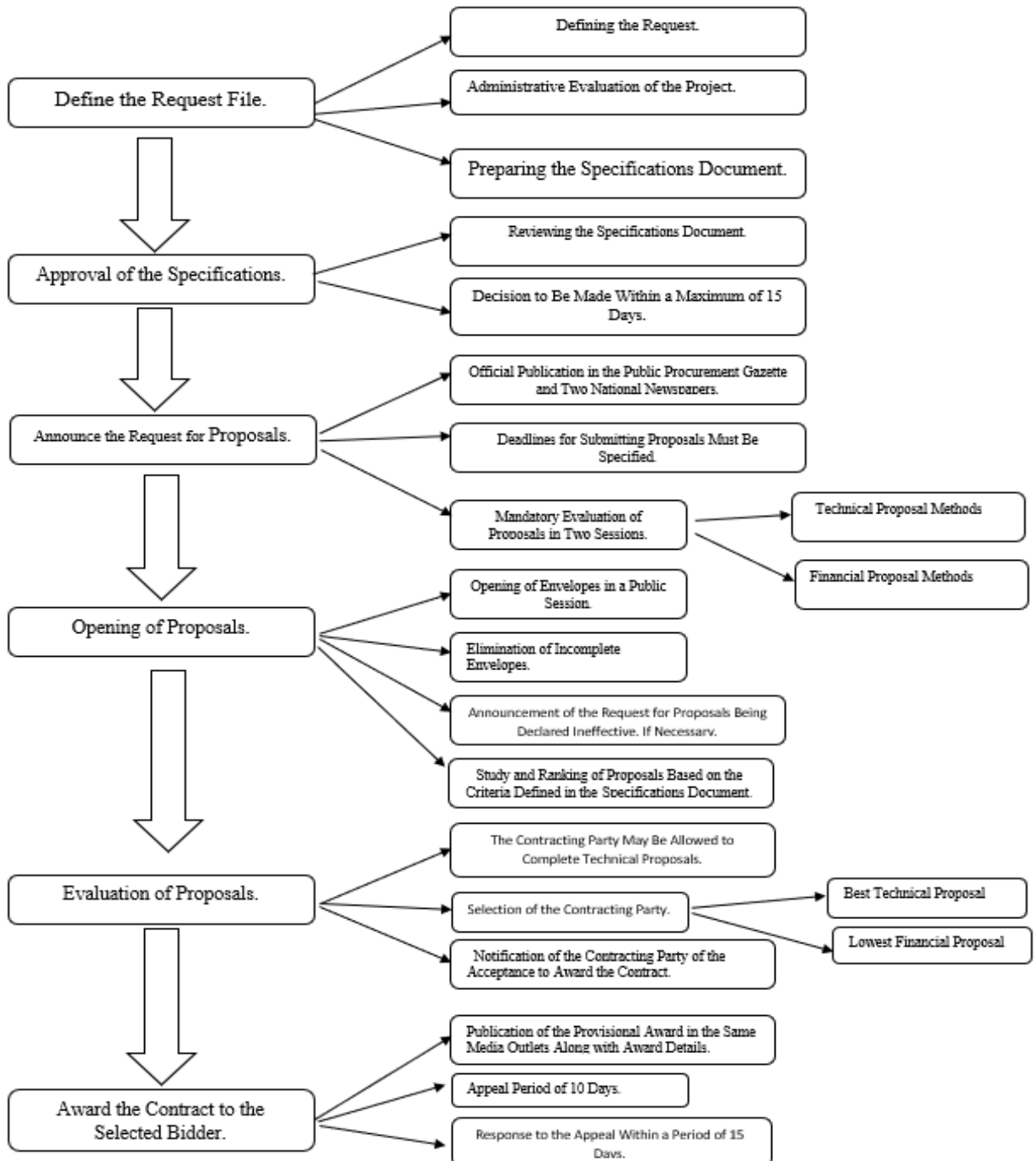


Figure 2.3: Stages of Concluding the Public Contract  
Source: A website dedicated to the employees of budgetary control

As a result of the procedures taken in the conclusion of the public procurement contract for the project through all its stages according to Presidential Decree 15/247 dated 02 Dhu al-Hijjah 1436 (16 September 2015), which includes the organization of public procurement and public service delegations, the stage of provisional award has been reached.

### **III -1-3/ Procedures for Investment Operation Segmentation under Organic Law No. 18/15**

According to Circular No. 1564 dated 06 March 2023 regarding the preparation of budget management documents for investment expenditures, which outlines the stages of investment operations.

#### **Study of the situation of the Programming and Budget Follow-up Directorate for the Wilaya of Bechar**

The Directorate follows procedures for the decentralized project, which goes through several stages summarized in the following points, which the activity manager of the Directorate of Vocational Training and Apprenticeship in the Wilaya of Bechar must adhere to at each stage, after receiving the compliance opinion from the Director of Programming and Budget Follow-up for the Wilaya of Bechar:

- **Registration:** This is the first direct step in studying the investment project. It clarifies the portfolio name, program, sub-program, activity, and its sub-activity, as well as the cost, implementation period, and is signed by the governor.
- **Reevaluation:** The activity manager resorts to this procedure if the commitment allowance (i.e., the allocated amount for the investment project) is insufficient.
- **Change of Specifications:** This occurs after the investment project registration, whenever the activity manager needs to add a share to the project (e.g., timeline, additional works, etc.).
- **Change and Restructuring of Costs:** This arises when amounts are transferred from one item to another without affecting the overall commitment allowance.
- **Closure:** This happens once the investment project is completed and involves three types of closure: regular closure, disputed closure, and abandonment.
- **Cancellation:** This occurs when the operation is canceled due to reasons such as failure to register the operation due to specific circumstances or non-compliance with applicable regulations.

After the Director of Vocational Training and Education obtains the compliance opinion regarding the financial coverage of the project and completes all the procedures organizing the contract as per the public procurement law, the Directorate of Vocational Training and Education proceeds with the segmentation procedure or the registration of the operation by the activity manager, who prepares a request for segmentation and sends it to the Programming and Budget Follow-up Directorate in the form of a project to request a compliance opinion on the registration decree.

Once the Programming and Budget Follow-up Directorate receives the request for registration along with the relevant attachments, the Directorate must begin the

registration or segmentation process according to the segmentation decree issued by the activity manager at the Directorate of Vocational Training and Education upon request.

Once the Programming and Budget Follow-up Directorate receives the segmentation decree from the activity manager at the Directorate of Vocational Training and Education and reviews all supporting documents, the Directorate starts preparing the compliance opinion to move forward with the segmentation of the project.

After the compliance opinion is issued by the Programming and Budget Follow-up Directorate and sent to the Directorate of Vocational Training and Education, the responsible activity manager signs the segmentation decree and sends it to the Budgetary Control Services.

After the segmentation decree is finalized and the operation is registered, the contractor or operator receives the service order (ordre de service), abbreviated ODS, and proceeds with the execution as planned. Following this, various decrees are issued during the project's life, including the cost change decree prepared by the activity manager at the Directorate of Vocational Training and Education, the compliance opinion from the Programming and Budget Follow-up Directorate, the revaluation decree, the specification change decree, and the closure decree prepared by the activity manager at the Directorate of Vocational Training and Education, with the compliance opinion from the Programming and Budget Follow-up Directorate.

Thus, the life cycle of the project goes through a series of stakeholders until its closure. The stakeholders involved are:

- The Governor
- The Activity Manager: the project manager
- The Programming and Budget Follow-up Directorate
- Budgetary Control
- The Treasury Officer

There are also central-level monitoring bodies that carry out inspection visits through the ministerial delegations attached to them.

## **VI/ Management of Previous Investment Projects and Their Integration into New Projects under Organic Law 18/15**

The General Directorate of Budget has initiated the preparation of an extract for the annex to the decision for integrating public investment operations of the ongoing program until 31/12/2022, using the new classification by activity (program and sub-program) for the benefit of the sole activity manager for investment expenditures in the Wilaya of Bechar.<sup>10</sup>

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Extract No. 272/W.M dated September 10, 2023, concerning an excerpt from the annex to the resolution on the integration of public investment operations for the program in progress until December 31, 2022, classified under the new activity-based classification (program and subprogram) for the benefit of the sole activity manager under investment expenditures for the Wilaya of Béchar

### **1: Integration of Public Investment Projects for the Ongoing Program**

The General Directorate of Budget works through executive orders that define the elements comprising the classification of state budget expenses, as well as the maturity and registration of programs, the management and delegation of financial allocations, and decisions that define the sub-categories of expenses. It also covers coding the classification according to the economic nature of state budget expenses and the circulars related to transitional management of the program's allocations that were halted on 31/12/2022 under both centralized and decentralized sector programs, as well as the municipal development plans.

Regarding municipal development plans, the ongoing program suspended as of 31/12/2022 continued to be managed by the Programming and Budget Follow-up Directorate under the authority of the Wilaya governor until the completion of the remaining projects. However, for the municipal development projects initiated at the start of 2023 under Organic Law 18/15, their management transitioned from the Programming and Budget Follow-up Directorate to the Directorate of Local Administration, under the governor's authority for implementation, with the application of the new procedures for this program.

These projects were integrated from the sectors into portfolios, which were then divided into programs, sub-programs, activities, and sub-activities for each public investment project under ongoing programs suspended as of 31/12/2023. This was done according to the model issued by the General Directorate of Budget, which organizes the portfolio division, coding, and classification based on the new classification of Organic Law 18/15 concerning state financial laws.

### **2: How to Prepare Budgetary Documents for Investment Operations under the Ongoing Program for 2024<sup>11</sup>**

Budget programming documents for centralized and decentralized activities are prepared in the following two cases:

**First Case:** When financial allocations are carried over in the initial programming document for program allocations.

The available commitment authorizations for the ongoing central program as of 31/12/2023 are carried over to 2024. These are included in the initial programming document for each relevant program under the expected allocations available during the year, listed under Chapter 03 designated for them.

The activity manager (both centralized and decentralized within the framework of the delegation of credit management) must send to the program managers and relevant financial function managers the status of commitment authorizations and payment allocations that have been carried over, according to Annex 04, to enable them to include the carryover operations in the initial programming document for allocations.

The financial function manager then communicates the "Extract of the Initial Programming Document for Allocations" following the usual procedures to the concerned activity manager, who prepares the budget programming document for their specific activity, highlighting all public investment operations, including

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Circular No. 1810 dated March 26, 2024, specifying the preparation of budgetary documents for investment operations for <sup>11</sup> the year 2024 related to the ongoing program.

those under the ongoing PEC program suspended on 31/12/2022, and those registered in 2023. As for the commitment authorizations and payment allocations, the programming document for activity allocations and the directions should follow the attached tables:

- **Table 01:** Amount of commitment authorizations carried over to 2024 and the total expenses amount until 31/12/2023.
- **Table 02:** Amount of unused payment allocations as of 31/12/2023 (based on the distribution done by the minister and financial function manager).  
Payment allocations for 2024 Total payment allocations consumed until 31/12/2023 (i.e., the total amount of expenses executed until 31/12/2023).

**Second Case:** When commitment authorizations and payment allocations are not carried over in the initial programming document for program allocations and in the extract of the initial programming document for communicated program allocations.

The financial function manager supervises the implementation of procedures by the central and decentralized activity managers within the framework of credit management delegation. The activity manager prepares the programming document for their activity's allocations, incorporating the carried-over, communicated, and committed commitment authorizations, as well as the carried-over, communicated, and consumed payment allocations, according to the tables outlined in Tables No. 01 and 02.

To manage the payment allocations for the ongoing program, the procedures outlined in either point (A) or point (B) should be followed, depending on the situation.

**Case (A):** When the treasury situation on 31/12/2023 is available. In coordination with the central and decentralized activity managers, the financial function manager proceeds with distributing the payment allocations to the operations based on the treasury situation through the decision using the model in Annex 01.

The payment allocations are distributed according to priorities, programs, sub-programs, and activities, in consultation with program managers. A copy of the aforementioned decision is sent by the financial function manager to the budgetary controller and the authorized public accountant. The financial function manager also sends an extract of this decision to the activity manager responsible for the investment operation, who then prepares the programming document for their activity's allocation based on the decision extract for the distribution of allocations and the extract of the initial programming document for allocations.

**Case (B):** When the treasury situation on 31/12/2023 is not yet available. In coordination with the relevant central and decentralized activity managers, the financial function manager prepares the decision to distribute payment allocations using the model in Annex 01, based on a reasonable and cautious evaluation of the payment allocations for the special allocation account (302-145) under their responsibility, in consultation with program managers and planning

officers. A copy of this decision is sent by the financial function manager to the budgetary controller and the authorized public accountant.

An extract of this decision is sent using the model in Annex 05, and if necessary, accompanied by the extract from Annex 02 of the decision prepared by the relevant services of the Ministry of Finance for re-evaluation. A copy of this extract is sent by the activity manager to the financial controller and authorized public accountant. The activity manager then prepares or modifies the programming document for their activity's allocations based on these extracts.

### **Reconciliations:**

For point 02 (B), the financial function manager must ensure the gathering of necessary data and information sent by the activity managers, which will enable the preparation, in coordination with program managers, of the modified initial programming document for allocations, as outlined in point 01, taking into account the previously prepared distribution decision.

This reconciliation must be completed by **1 October 2024** at the latest.

After preparing the modified initial programming document for allocations, extracts of the document, where necessary, along with Annex 02 extracts of the decisions prepared by the relevant Ministry of Finance services for re-evaluation, should be sent to the activity managers so that they can prepare the modified programming document for their activity's allocations if required.

### **3. Methods for Preparing Budgetary Management Documents for Investment Expenditures of Public Equipment Operations, Related to the Ongoing Program Suspended as of 31/12/2022, Under Previously Centralized and Decentralized Sectoral Programs, Integrated into Budgetary Programming Documents.<sup>12</sup>**

By this, we refer to public equipment operations previously singled out and related to the ongoing program suspended as of 31/12/2022, under both previously centralized and decentralized sectoral programs, integrated into budgetary programming documents.

**01** = The models stipulated in Circular No. 1564 dated 6 March 2023, mentioned earlier, must be adhered to, starting with the preparation of the reclassification decision.

This reclassification decision aims to transition from the old structure of the public investment operation (sector, sub-sector, chapter, and item) to the budgetary structure established under the Organic Law on Finance Laws, classified by activity (portfolio of programs, program, sub-program, activity) and classified according to the economic nature of the expense (chapter, class, etc.).

It is recommended that the reclassification decisions for public equipment operations related to the ongoing programs that have been singled out and

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Circular No. 2119 dated April 8, 2024, outlining the procedures for preparing budget management documents for <sup>12</sup> investment expenditures for public equipment operations, concerning the ongoing program as of December 31, 2022, under previously centralized and decentralized sectoral programs integrated into budget programming documents.

integrated into the activity allocation programming document be done gradually, in order to ensure the consistent application of the current legal framework and to facilitate the later preparation of budgetary management documents for these operations. This gradual process can be carried out throughout the 2024 fiscal year, which will allow for the inclusion of these previously mentioned public equipment operations into the activity allocation programming documents for the fiscal year 2025, according to the new structure and coding provided by the budgetary reform framework.

As opposed to public investment operations registered from 01/01/2023, public equipment operations for the ongoing program that have not yet been singled out and integrated into the activity allocation programming documents are subject to the provisions of Circular No. 1564 dated 6 March 2023 mentioned above. The coding process for the ongoing program operations (both the previously centralized and decentralized sectoral programs) that have been singled out and integrated into the activity allocation programming documents is carried out as part of the reclassification decisions related to these operations.

For the fixed number: the previously assigned fixed number is maintained without change.

Indeed, re-coding these operations ensures compliance and alignment with the conditions for granting the analytical number for the public investment operation, as defined under Circular No. 1564 dated 6 March 2023. This system is based on a numeric code consisting of 25 positions, including a lettered position and 24 numeric positions. The re-coding is based on the analytical number (singling out number) of the public investment operation and the related activity coding, ensuring adherence to decisions that include the integration of operations into the activity-based classification.

### **Summary:**

In light of the new directives, it has become essential to focus on economic rigor in directing and allocating resources, as well as rationalizing investment decisions for public projects within the framework of the equipment budget. This budget is a valuable and effective tool that enables economic management and control over the provision of the necessary financial resources to meet the project's needs.

The public investment project modernization is a crucial step towards achieving efficiency and sound management of public funds. It aims to accelerate development in the country across various economic, social, and political sectors. Additionally, the Organic Law 18/15 aims to regulate the management of public funds in the equipment budget to improve the state's budgetary organization and maintain its economic strategies.

### **General Conclusion:**

Through our review of Organic Law No. 18/15 related to finance laws, which aims to modernize the financial sector in all its aspects ("budget, treasury, budgetary control, state assets, etc."), it is clear that this modernization is a necessity due to the shortcomings of the old legislation (Law 84/17), which no longer aligns with

developments in public finance. The new law introduces the concept of performance culture within the government sector by incorporating program objectives and performance indicators. These help measure the efficiency and effectiveness of expenses and pave the way for the results-oriented budgeting approach. However, achieving efficiency and effectiveness in public funds management cannot be attained unless government bodies define their overall and sectoral goals.

Public investment remains the primary driver of local development with its economic, social, and environmental dimensions through municipal development plans (PCD) and decentralized sectoral programs (PSD). These programs have funded many development projects. Socially, the aim was to improve living conditions by enhancing services such as health, education, housing, transportation, drinking water, electricity, and gas, as well as developing infrastructure, particularly roads. Economically, the focus was on supporting agriculture, construction, public works, and small and medium enterprises. Environmentally, the goal was to protect natural environments from desertification and erosion and to safeguard forests.

This study aimed to shed light on the dynamics of public investment operations and their impact on balanced local development in the southern regions of the Béchar Wilaya. While positive results have been achieved in some areas and sectors, the effectiveness remains insufficient compared to the large sums spent on local development projects.

Regarding the proposed hypotheses, it became clear that the reforms introduced by Organic Law No. 18/15 are a necessary step due to the outdated nature of Law 84/17. These reforms call for the development and modernization of budgeting across all its aspects, from principles governing the management of public funds to the various circulars, instructions, and memos issued by the Ministry of Finance. This integrated approach aims to achieve transparency, stability, and financial performance, transitioning from input-based budgeting to result- and goal-oriented budgeting.

In our field study on the financial oversight of an investment project related to the Ministry of Vocational Training and Education under Organic Law 18/15, we covered the financial coverage decision and compliance opinion to ensure the allocated budget for the project, as well as the project classification and registration processes. Each stage, from the financial coverage decision to the final project closure, is critical for the efficient management of public investment expenditures and the rationalization of public spending. Based on our findings, we summarize the following conclusions:

- Efficiency is crucial in selecting public projects that have a measurable impact.
- Applying good governance principles in the allocation of payment credits and ensuring essential projects contribute to development that benefits both citizens and the state.
- The importance of detailed studies at various stages of the investment project, from the financial coverage decision to final project closure.

- Helping decision-makers use available resources efficiently to avoid wasting public funds.
- Coordination among executive bodies in managing public projects, reducing bureaucracy, and ensuring effective monitoring.
- Strong enforcement of laws and anti-corruption measures by the General Finance Inspectorate and the Audit Court to ensure proper implementation of public projects.

### **Recommendations:**

- Provide regulatory and procedural texts to accompany the new organic law.
- Ensure practical guidelines are available to administrators to facilitate the application of organic law provisions.
- Promote performance culture among administrators to embrace the budgetary reforms in managing investment projects.
- Intensify training programs for program managers and staff.
- Foster a balance between traditional and modern management practices.
- Train a new generation of capable financial experts to lead reforms.
- Enhance transparency in financial and accounting information.
- Strengthen accountability by holding officials responsible for outcomes.

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