

The Role of Regional Communities in Supporting and Promoting Local Investment (A study in light of Investment Law 22-18 and Local Authority Laws)

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Abstract:

In Algeria, regional communities operate as a key economic tool under the municipal and provincial laws, as well as Investment Law 22-18. They attract investment by providing industrial land and preparing the necessary infrastructure for projects. They also play a coordinating role through decentralised single windows, simplifying and digitising administrative procedures. This aims to create a model of 'productive municipalities' that generate wealth, create jobs and achieve sustainable development independently of financial dependence on the central authority. Between 2022 and 2025, the Algerian Agency for Investment Promotion recorded over 19,000 projects valued at more than 61 billion USD, which are expected to create around 470,000 direct jobs. Notably, statistics reveal a dominant presence of local capital, accounting for over 98% of projects, underscoring the success of the decentralised approach in stimulating local economic activity. Over half of these projects have commenced implementation, primarily in the manufacturing, agriculture, and tourism sectors, reflecting a clear trend towards diversifying the national economy through regional initiatives.

Keywords: regional communities, local investment, productive municipality, industrial land, economic decentralisation.

Introduction

Recently, Algeria's legal and economic framework has undergone a radical transformation towards a decentralised approach as a strategic option to achieve the desired economic breakthrough. In this context, regional communities, represented by municipalities and provinces, have emerged as pivotal tools that provide public administrative services and act as an 'economic engine' responsible for promoting local investment. This new role is underpinned by a robust legal framework, spearheaded by the new Investment Law (22-18) and the legislation governing municipalities and provinces. This framework grants these communities the necessary autonomy and mechanisms to intervene in the economic sphere.

The current challenge is not just about enacting laws, but also about local communities' ability to create an attractive business environment in practice. This is evident in their responsibilities for managing and cataloguing industrial land, preparing activity zones and



reducing bureaucratic burdens through digitisation and decentralised single windows. This policy aims to transition from a 'rental economy' to a 'productive economy' by embodying the concept of a 'productive municipality' that utilises its own resources to create wealth and absorb unemployment, ensuring its financial independence and gradually becoming less dependent on the central treasury.

Accordingly, this research aims to shed light on the growing role of local authorities in the face of current challenges by analysing the effectiveness of the mechanisms granted to them to attract investment projects. This is evident in the positive results achieved by the Algerian Agency for Investment Promotion, which has overseen the development of numerous projects involving local capital. This confirms that regional communities are now the driving force behind sustainable development in Algeria.

Based on this introduction, the research problem can be formulated as follows:

To what extent have regional communities in Algeria (municipalities and provinces) activated their role as an 'economic hub' capable of supporting and promoting local investment under the new legal framework and Investment Law (22-18)? What are the most prominent practical mechanisms they rely on to achieve the model of a 'productive municipality'?

In order to address the research problem, we will follow the following outline:

First: The conceptual and legal framework of the role of regional communities in investment

The intellectual and legal basis of any economic phenomenon is essential for understanding the relationship between public authority and investment activity. In Algeria, understanding the dynamics of local investment requires reference to the regulations governing regional communities. This chapter is the first building block of our research as we aim to trace the functional evolution of municipalities and provinces from administrative units that manage public facilities to active economic hubs that contribute to investment decision-making and localisation.

This segment of the study raises the issue of defining regional communities within the new economic framework, and how Algerian legislators have reconciled the principles of 'administrative decentralisation' and 'economic efficiency'. Firstly, we will clarify the concepts and terms associated with local investment and an attractive business environment. Secondly, we will analyse the legal framework for this role, primarily comprising the 2020 Constitution, the laws governing municipalities and provinces, and Investment Law (22-18), which has transformed the relationship between local communities and the Algerian Agency for Investment Promotion.

This legal foundation is important because it highlights how 'financial independence' has evolved from a mere legal text into a tool for financing local development, and how the 'legal personality' of regional communities has become a legal guarantee for investors when dealing with the local administration.

Through this foundational study, we therefore aim to answer a fundamental question: How has the Algerian legislator shaped the legal and financial framework that enables regional communities to support investment?

Section One: The Nature of Regional Communities and the Local Investment Environment

Defining concepts and terms is an essential first step in any serious scientific study, particularly when administrative aspects intersect with economic laws. This section clarifies the legal and functional identity of regional communities in Algeria (represented by municipalities and provinces) and assesses the extent to which their competencies have evolved from traditional service provision to a developmental role that stimulates economic activity.

This section attempts to create a clear picture of the local investment environment, which is the geographical and legal space where the efforts of the local administration converge with the ambitions of investors. First, we will define a regional community according to the latest legal and legislative approaches. Then, we will analyse the concept of ‘local investment’, which is currently the greatest challenge for breaking dependence on the central treasury and achieving developmental sustainability.

Understanding this conceptual groundwork will enable us to subsequently evaluate the effectiveness of the legal and practical mechanisms that the legislator has made available to these bodies.

Section One: Definition of Regional Communities (Municipalities and Provinces) and Their Economic Competencies

Defining the legal nature of regional communities is essential for understanding the new roles assigned to them in the Algerian economic landscape.

Subsection One: Definition of Regional Communities (Municipalities and Provinces)

In the Algerian legal system, regional communities are defined as decentralised administrative units with legal personality and financial independence. They serve as the basic unit for the regional organisation of the state.

According to Law No. 11-10, a municipality is defined as “the basic regional community for the state’s regional organisation [...] and enjoys legal personality and financial independence” (Republic of Algeria, 2011, Article 1). It is the geographical area closest to both investors and citizens.

Province: Under Law No. 12-01, it is characterised as an intermediate regional community between the state and the municipality. It shares the same legal attributes of legal personality and financial independence and coordinates developmental public policies at the regional level (Republic of Algeria, 2012).

Subsection Two: Economic Competencies of Regional Communities

The role of regional communities has expanded beyond administrative management to include extensive economic powers aimed at promoting the region and enhancing its resources (Amara, 2021). These competencies can be summarised as follows:



1. Economic initiative: legislators have granted local communities the right to take any action that would boost economic activity and develop essential infrastructure to attract investment (Hamidato, 2022).

2. Provision of real estate: Municipalities and provinces play a crucial role in inventorying industrial real estate and allocating it to promising investment projects, in coordination with national bodies (Republic of Algeria, 2022).

3. Management of the Economic Public Facility: Local communities have the authority to establish municipal or provincial public enterprises with industrial and commercial characteristics (EPICs) to provide services and generate wealth (Bali, 2021).

4. Local taxation: regional communities contribute to the collection of local fees and taxes, which are reinvested to improve the local business climate (Ben Laale, 2020).

Section Two: The Concept of Local Investment and Its Importance in Sustainable Development

Local investment is the means by which regional communities convert their geographical and human resources into added value, contributing to social and economic well-being.

Subsection One: The Concept of Local Investment

Local investment is defined as the totality of economic processes involving the use of public or private capital within the geographical area of a regional community (municipality or province) with the aim of creating productive or service projects that benefit the region (Amara, 2023).

While the Algerian Investment Law (22-18) distinguishes between national and foreign investments, the emphasis on the local dimension is evident through the provision of additional incentives for projects that contribute to the development of regions to which the state pays special attention (Republic of Algeria, 2022). Thus, local investment is an economic act aimed at enhancing regional specificities (Hamidato, 2022).

Subsection Two: The importance of local investment in regional development

The importance of local investment lies in its fundamental role in achieving 'sustainable' and comprehensive development through the following dimensions:

1. Economic Dimension (Wealth Creation): Investment helps to diversify the local economy and reduce dependency on hydrocarbons. It also increases the regional community's tax revenue through 'local taxes', thereby supporting its financial independence (Ben Laale, 2020).

2. Social dimension (job creation): local investment is the main way of creating permanent jobs for the region's residents, improving living standards and reducing social disparities between areas (Bali, 2021).

3. Developmental dimension (infrastructure development): the localisation of investment projects often involves the development of road networks, electricity and water services. This improves the region's attractiveness and provides services that benefit citizens and investors alike (Hamidato, 2022).

4. Realising the Model of 'Productive Municipality': The strategic importance lies in transforming the municipality from a 'financial consumer' that relies on state grants to a 'productive unit' that contributes to the gross domestic product (Amara, 2023).



From the above, we can conclude that regional communities in Algeria have evolved from mere administrative units that execute central decisions, to local economic actors that enjoy legal personality and financial independence, which is legally guaranteed for the purpose of conducting development tasks. This functional development has paved the way for the concept of local investment to emerge as a strategic tool aimed at enhancing regional capacities and transforming them into sustainable wealth. The success of these communities in performing their role as ‘productive municipalities’ hinges on the effectiveness of coordination between their granted powers and the surrounding investment environment. This inevitably leads us to investigate the legislative framework and legal mechanisms established by the Algerian legislature to support this approach, particularly through Investment Law (22-18), which will be the subject of our study in the next section.

Section Two: The Legal Framework for Investment in Algeria (Law 22-18)

While the first section focused on establishing the concepts related to regional communities and local investment, the realisation of these concepts in practice necessarily depends on the existence of a comprehensive legislative environment that guarantees rights and defines obligations. In this context, Law No. 22-18 concerning investment marks a historic turning point in the Algerian legislative system. Not only does it reorganise financial and tax rules, it also redraws the functional relationship between the central authority and local entities (municipalities and provinces).

This section explores the new legal framework established by the Algerian legislator, focusing on how it responds to investors’ demands for stability and transparency. We will analyse the core principles and guarantees provided, emphasising the new ‘institutional engineering’ that has transformed the Algerian Agency for Investment Promotion (AAPI) and its decentralised offices into the driving force behind the promotion of local regions. This legal analysis will enable us to understand the new ‘rules of the economic game’ that municipalities and provinces must adhere to when trying to attract investment.

Section One: A Reading of Municipal Law (11-10) and Provincial Law (12-01) as a Cornerstone for Financial Independence

The financial independence of regional communities is the cornerstone of exercising their developmental powers. It is impossible to discuss an active role for municipalities or provinces in supporting investment without having adequate financial resources and flexible management rules that enable them to respond to local economic demands (Bali, 2021). Although legal texts have established this principle for some time, its application faces challenges (Khanoussa, 2025).

Subsection One: Financial Independence in Municipal Law 11-10

Law 11-10 establishes the principle of financial independence for municipalities as the fundamental decentralised unit (Republic of Algeria, 2011). This independence is reflected in the municipality’s possession of a specific budget, as well as revenues derived from municipal properties and local taxes (Republic of Algeria, 2011, Article 170). These powers enable the municipal council to allocate financial resources to the development of small activity areas, establishing the municipality as an independent economic actor within its regional competencies (Hamidato, 2022). However, many municipalities still have limited

self-generated resources, meaning they rely heavily on financial subsidies from the central budget. This restricts their financial sovereignty (Bouchet, 2025).

Subsection Two: The Coordinating and Financial Role of the Province in Law 12-01

Under Law 12-01, provinces have legal personality and financial independence, enabling them to act as ‘economic coordinators’ between municipalities and the state (Republic of Algeria, 2012). The provincial budget contributes to financing large investment projects that exceed the capabilities of individual municipalities, particularly in terms of infrastructure and energy network connectivity. This financial independence enables the provincial governor to initiate provincial development programmes aimed at improving the region’s attractiveness to investors, although the central state continues to play a strong role in guiding development (Benothmane, 2023).

Subsection Three: Local Taxation as a Tool for Financing Investment: Reality and Challenges

Local taxes and fees form the basis of financial independence (Ben Laale, 2020). However, the effectiveness of revenue collection is still being debated. Several studies suggest that administrative corruption and a shortage of skilled personnel hinder the efficient collection of local taxes, which has a negative impact on local communities’ ability to finance necessary investment projects (Mokrani & Maatoug, 2025). The success of the ‘productive municipality’ model hinges on reforming the local taxation system and improving the transparency of public funds management (Bouchet, 2025).

Section Two: Developments in the New Investment Law and Its Role in Activating Decentralisation

The issuance of Law No. 22-18 on 24 July 2022 concerning investment marks a significant change in Algeria’s economic strategy. Through this law, the legislator aimed to dismantle administrative centralisation and provide regional communities with executive tools unavailable in previous legislation (Republic of Algeria, 2022).

Subsection One: Restructuring the Institutional Framework (Algerian Agency for Investment Promotion)

One of the most significant developments in the new law is the transformation of the National Agency for Investment Development (ANDI) into the Algerian Agency for Investment Promotion (AAPI). This agency has evolved from merely granting benefits to becoming a driver for local economic promotion (AAPI, 2024). Its direct dependency on the Prime Minister grants the agency’s local-level decisions (through its provincial representatives) executive power, accelerating the localisation of projects (Benothmane, 2023).

Subsection Two: Activating Decentralisation Through ‘Decentralised Single Windows’

Law 22-18 enshrines the principle of decentralisation through Article 24, which establishes decentralised single windows at the level of regional communities (Republic of Algeria, 2022). The significance of these windows lies in:

Simplifying procedures by bringing administration closer to local investors and reducing the processing time of files through comprehensive digitisation of procedures (Mokrani & Maatoug, 2025).

- Regional coordination: the single window includes representatives from various sectors (taxes, customs and urban planning), reducing the intervention of central administrations and enhancing the authority of local bodies in supporting investors (Khanoussa, 2025).

Subsection Three: The System of Incentives Directed Towards Regional Development

The new law established a system of “Territorial Incentives,” whereby additional tax and customs advantages are granted to projects implemented in areas that the state gives special attention to (such as the southern regions and the high plains) (Republic of Algeria, 2022). This approach aims to reduce developmental disparities between provinces and encourage “less fortunate” regional communities to market their natural and human resources (Bouchet, 2025).

Subsection Four: Access to Economic Real Estate and the Intervention of Local Communities

Recent legislative developments link the Investment Law to the new Economic Real Estate Law (23-17). Under this law, local communities play a crucial role in creating an inventory of available industrial real estate in their regions. They then make this inventory available to the Algerian Agency for Investment Promotion (AAPI), which distributes it in a transparent manner (Amara, 2023). This coordination marks the end of the “administrative monopoly” era over real estate, positioning municipalities and provinces as partners in selecting projects that add value to the region (Khanoussa, 2025).

Regional communities in Algeria are central economic actors as their role has evolved from mere administrative management to becoming a key driver of local development. Analysing the legal framework, particularly Municipal Law (11-10) and Provincial Law (12-01), revealed that the legislator had enshrined the principle of financial independence and legal personality for these entities. This provides them with the legal basis to exercise their economic powers.

This chapter highlights how the new Investment Law (22-18) strengthens this decentralised approach by introducing effective mechanisms, such as decentralised single windows, and restructuring the Algerian Agency for Investment Promotion (AAPI). These reforms aim to provide a transparent and attractive investment environment that ensures local investors have the necessary legal framework and guarantees to establish their projects.

Therefore, the success of regional communities in supporting local investment hinges on the effective implementation of this legal framework and the translation of legislative texts into practical mechanisms for providing industrial real estate and streamlining procedures. This will be the focus of our study in the second chapter.

In the first chapter, we conclude that the Algerian legislator has laid the foundations for economic decentralisation by granting regional communities (municipalities and provinces) financial independence and legal personality. This enables them to transition from being merely service-oriented administrative units to becoming key economic actors.

Legal analysis has shown that the new Investment Law (22-18) marks a departure from previous bureaucratic practices by introducing decentralised single windows and restructuring the Algerian Agency for Investment Promotion (AAPI). This provides local investors with a secure legal environment and solid institutional guarantees. This legal and



conceptual foundation is essential for local communities to fulfil their practical roles in providing land and enabling development. In subsequent chapters, we will study the operational mechanisms and results of this new developmental model.

Chapter Two: Practical Mechanisms and Future Prospects for Promoting Local Investment

While the first chapter focused on defining the conceptual frameworks and legislative arsenal that regulate the role of regional communities in the field of investment, the true test of the effectiveness of these laws lies in their ability to be translated into practical, concrete mechanisms that achieve the desired ‘economic breakthrough’. Regardless of their precision, legal texts remain confined to paper unless accompanied by an executive environment capable of overcoming bureaucratic obstacles and providing the essential components for productive activity at the local level.

This chapter addresses this practical aspect by highlighting the tools available to investors, from managing economic real estate and preparing small activity zones to providing administrative support through single windows aimed at ‘digitising’ investment actions and ensuring rapid execution. The chapter also aims to assess the current situation using recent figures and statistics reflecting how well local regions are responding to the state’s new initiatives, while also considering the future prospects of the ‘productive municipality’ model in light of current challenges.

This chapter aims to transition from ‘legal theorising’ to ‘realistic analysis’, evaluating the extent to which regional communities have succeeded in transforming their areas into attractive hubs for wealth and job creation. This will be achieved by following the plan below:

Section One discusses the practical mechanisms for attracting investors and localising projects (real estate, development and digital support).

Section Two focuses on achieved strategic goals and the challenges facing local investment, anticipating development prospects in light of upcoming reforms.

This will provide a comprehensive evaluation of the effectiveness of regional communities in Algeria in supporting and promoting local investment.

Section One: Practical Mechanisms for Attracting Investors and Localising Projects

Translating the legislative objectives set out in the Algerian Investment Law (22-18) and local community laws into reality requires effective executive mechanisms at regional level. Having reviewed the legal basis enjoyed by municipalities and provinces as economic actors in the previous chapter, this section aims to delve into the practical and organisational aspects of their role in stimulating investment.

It is impossible to discuss an attractive investment environment without considering the essential components sought by investors, the most important of which are prepared industrial real estate and the speed and transparency with which administrative files are processed. This section therefore focuses on analysing the role of regional communities in managing and overseeing economic real estate, and revealing their contribution to developing the necessary infrastructure (roads, energy and communications). A significant part will also

be dedicated to studying the effectiveness of modern administrative tools, such as the ‘decentralised single window’ and digital transformation, as a means of reducing bureaucracy and bringing administration closer to investors.

Subsection One: The Role of Local Communities in Managing Industrial Real Estate and Small Activity Zones

Real estate hosts investment activities, and recent reforms have granted regional communities a pivotal role in preparing and directing it to serve local development.

Subsection One: Purifying Industrial Real Estate and Inventorying Available Lots

Regional communities play an active role in the process of inventorying unused real estate, a practice known as ‘purifying industrial real estate’. Municipal and provincial authorities inspect parcels of land that were previously allocated but have remained idle (Nouiwa, 2022). This supervisory role aims to reclaim land from non-serious investors and reintroduce it into the investment market via the National Agency for Economic Real Estate, thereby ensuring an effective rotation of local real estate assets (Qaddaria, 2024). Recent studies suggest that the digitisation of local inventory processes has reduced real estate manipulation and increased transparency (Mokrani & Maatoug, 2025).

Subsection Two: Establishing and Equipping Mini-Activity Zones

‘Mini-activity zones’ are a new strategy adopted by municipalities to provide young entrepreneurs and start-ups with access to workspaces at competitive prices (Fitis and Bouabdallah, 2022). Local communities are responsible for selecting sites near urban areas to reduce logistical costs, as well as overseeing the provision of essential infrastructure such as fibre optic connections and shared service facilities (Khouatra, 2025). This approach transforms the municipality from being merely a ‘land provider’ into a ‘real estate developer’ with the aim of enhancing the competitiveness of its region (Bouchet, 2025).

Subsection Three: Commitment to Preparing the External Environment for Projects

Local communities are responsible for preparing industrial areas outside city limits by creating access roads and providing sanitation and public lighting networks (Zqan, n.d.). Comparative international studies confirm that local investment success is closely linked to the quality of logistical services provided by the local administration. A lack of preparation is one of the greatest barriers to investment (World Bank, 2025). Consequently, Algerian municipalities are allocating a significant portion of their equipment budgets to connect investment areas to vital infrastructure, ensuring a swift transition into the production phase.

Section Two: Decentralised Single Window and Digitisation as Tools to Break Bureaucracy

Reforming local administration through digital tools and single windows is revolutionary for the relationship between investors and regional communities. It shifts the role of administration from oversight to providing technical support and ensuring speed of execution.

Subsection One: Activating Decentralised Single Windows at the Provincial Level

The decentralised single window affiliated with the Algerian Agency for Investment Promotion (AAPI) is the executive mechanism that ensures investors obtain all necessary licences from a single point of contact (Qaddaria, 2024). This window includes representatives from local communities and sectors such as urban planning, the environment,



and industry, eliminating the need for administrative signatures from various bodies. Studies confirm that this ‘administrative centralisation in a decentralised region’ has significantly reduced the time required to issue building and operating permits, thereby encouraging local investors to engage in the formal economy (Khouatra, 2025).

Subsection Two: Digitization of Procedures and the Digital Platform for Investors

Paper-based processes have become a thing of the past thanks to the digital platform for investors, which allows for the remote submission and tracking of applications (Mokrani & Maatoug, 2025). Local communities contribute to this system by connecting their regional databases (real estate and urban planning) to the central platform, ensuring absolute transparency in the distribution of benefits and economic real estate (AAPI, 2024). The “governance of digital investment” has helped reduce human intervention and bureaucracy, which is a fundamental criterion for assessing the attractiveness of regions for cross-border investments (Bouchet, 2025).

Subsection Three: Administrative Support and Overcoming Bureaucratic Obstacles

The role of local communities extends beyond granting licences to providing ‘project support’ throughout the operational phase. Provincial monitoring committees play a crucial role in resolving problems that investors encounter with local technical services (Nouiwa, 2022). One of the most significant practical outcomes is the coordination between the governor and municipal authorities to lift bureaucratic restrictions on stalled projects, which has allowed the revival of thousands of investments that were idle due to administrative reasons (World Bank, 2025).

As we have seen in the first section, regional communities have transitioned from traditional administrative roles to becoming ‘real estate developers and technical facilitators’. Managing economic real estate and preparing mini-activity zones have become the primary tools for localising investments. Furthermore, digitisation and decentralised single windows have proven effective in breaking bureaucratic stagnation, bringing economic decision-making centres closer to investors and ensuring greater transparency in the granting of benefits. These practical mechanisms are no longer merely an organisational option; they have become an imperative necessity for transforming regions into attractive hubs for wealth and job creation. In the next section, we will analyse the practical results and numbers achieved in light of these transformations.

Section Two: Objectives of the New Economic Model (Productive Municipality) and Its Challenges

In Algeria, the focus of reforms has shifted from enacting legal texts to achieving economic effectiveness through the adoption of the ‘productive municipality’ model. This section aims to decipher the strategic goals that the legislator seeks to achieve by transforming regional communities into self-financing economic units that contribute to the gross domestic product (GDP), moving away from a culture of reliance on central state subsidies.

To achieve this, it is necessary to analyse the practical results generated by investment support mechanisms in terms of wealth creation, local tax development and the social impact of job creation and employment opportunities within the region. However, this developmental path is not without obstacles, as the ambitions of the ‘productive municipality’ confront

structural, bureaucratic and financial challenges that could impede the pace of local economic progress.

Section One: Economic Impact (Wealth Creation, Local Taxation, and Unemployment Absorption)

The success of local investment is the true measure of the effectiveness of regional communities, as this success is gauged by the ability of localized projects to generate added value and transform the social reality of the region.

Subsection One: Wealth Creation and Local Tax Development

Recent reforms have transformed municipalities from budget-consuming units into entities that contribute to wealth creation. This is evident from the increase in local tax revenues (property taxes, fees on economic activities) resulting from the growing number of investment projects (Ben Laale, 2020). According to reports from the Algerian Agency for Investment Promotion (AAPI), the projects registered between late 2022 and 2025 have a total value exceeding \$61 billion, which directly reflects on the local treasury of regional communities and reduces their dependence on the central authority (AAPI, 2024; Bouchet, 2025).

Subsection Two: Unemployment Absorption and Job Creation

Local investment is the main channel for absorbing local labour. Official statistics indicate that projects registered under the new Investment Law are expected to create approximately 470,000 direct jobs (AAPI, 2024). This social impact goes beyond merely providing income, as it also helps to achieve ‘population stability’ by reducing rural migration and youth emigration to major urban areas. Thanks to locally anchored industrial and agricultural projects, citizens find employment opportunities in their regional surroundings (Mokrani & Maatoug, 2025).

Subsection Three: Stimulating Local Economic Mobility

Major investments in provinces lead to the emergence of an ‘ecosystem’ of small and medium-sized enterprises and subcontractors that flourish around them, thereby stimulating local trade and services (Khouatra, 2025). This expansion of economic activity contributes to achieving ‘balanced development’ among various municipalities, particularly those in the highlands and the south, which have benefited from the ‘Territorial Incentives’ system to attract capital (Khanoussa, 2025).

Section Two: Barriers to Local Investment and Ways to Strengthen the Role of the ‘Productive Municipality’

Despite the favourable legal framework, implementing the ‘productive municipality’ model still presents a variety of structural and practical challenges that demand radical solutions to guarantee regional communities’ effectiveness in attracting investment.

Subsection One: Barriers to Local Investment

The barriers to achieving the desired economic breakthrough at the local level are numerous and can be summarised as follows:

1. Bureaucratic and administrative barriers: despite digitisation, some local administrations still resist change, resulting in overlapping authorities and delays in issuing certain technical permits (Mokrani & Maatoug, 2025).



2. Limited specialised human resources: many municipalities lack qualified personnel in regional marketing and economic project management, preventing them from capitalising on their local resources (Bali, 2021).

3. Weak infrastructure in remote areas: Municipalities in the highlands and south of the country have difficulty connecting to vital networks (energy and communications), which increases initial costs for investors (Bouchet, 2025).

4. Financial dependence on the central authority: the current tax system requires municipalities to wait for their share of the central budget, limiting their ability to self-finance mini activity zones (Ben Laale, 2020).

Subsection Two: Ways to Enhance the Role of the ‘Productive Municipality’

To overcome these obstacles, legislators and stakeholders are moving towards adopting enhancement mechanisms that include:

1. Legislative reform (new municipal law): the draft of the new municipal law (2024/2025) is expected to grant mayors broader economic powers, including the right to establish ‘municipal public economic enterprises’ and contribute to company capital (Khanoussa, 2025).

2. Strengthening local management by training elected officials and local staff to attract investment and manage economic real estate with a profitability mindset (Khouatra, 2025).

3. Developing Local Support Funds: Activating the role of guarantee funds and cooperation between municipalities to finance shared industrial areas and achieve ‘economies of scale’ (Bouchet, 2025).

4. Public–private partnerships (PPPs): encouraging municipalities to enter into partnerships with private investors to manage public economic facilities, thereby reducing the financial burden on local administrations (Mokrani & Maatoug, 2025).

From the second section, we can see that the transformation of regional communities towards the ‘productive municipality’ model is beginning to yield practical results. This is reflected in wealth creation indicators, rising local tax figures and the pivotal role of localised investments in absorbing unemployment and reducing developmental disparities between regions. However, this trajectory is contingent on overcoming structural barriers, such as administrative bureaucracy and a lack of specialised competencies in local economic management. Enhancing this role inevitably requires legislative reforms, particularly the anticipated municipal law, as well as the establishment of partnership and comprehensive digitisation mechanisms, to ensure the sustainability of local development and financial independence.

Conclusion:

In conclusion of the research on the topic of ‘The Role of Regional Communities in Supporting and Promoting Local Investment’, we have reached the scientific conclusion that Algeria’s developmental approach has made significant strides towards establishing decentralisation as an irreversible economic choice. The study revealed that relying on municipalities and provinces is not just an organisational luxury, but a necessity dictated by global and national economic transformations. These transformations require a transition

from a ‘nurturing state’ to a ‘supportive state’, and from a ‘consumptive municipality’ to a ‘productive municipality’.

This research has enabled us to draw several essential conclusions, the most important of which are:

1. Legislative maturity: the Algerian legislator has succeeded in creating functional harmony between central bodies (AAPI) and decentralised entities through the new Investment Law (22-18), eliminating overlapping authorities and providing a solid legal foundation that protects investors’ rights and defines the obligations of the local administration.
2. Field effectiveness of digitisation: the digital transformation and decentralised single windows have not merely been technical measures, but have also served as tools to break historical bureaucratic constraints. This has contributed to the attraction of over 19,000 investment projects, valued at nearly \$61 billion, reflecting the confidence of economic operators in the new local system.
3. Real estate as a driver of development: It has become evident that regional communities’ success in supporting investment is closely linked to their ability to purify industrial real estate and provide prepared activity zones. Real estate is the physical container that transforms investment ideas into tangible realities that create wealth and absorb unemployment.

Based on these findings, we present the following strategic recommendations for economic and local decision-makers:

1. Modernising local administration: there is a need to transition from ‘administrative management’ to ‘regional management’ by providing local elected officials with training in techniques for attracting capital and marketing local resources.
2. True financial independence: a review of the local tax system is essential to ensure that the majority of tax revenues from large projects remain within the municipality’s budget where they are located, thereby continuously incentivising improvements to the business environment.
3. Activating Partnerships (PPP): Encouraging municipalities to enter into investment partnerships with the private sector to manage public economic facilities alleviates the burden on the state while ensuring quality services.
4. Legal foresight: accelerating the issuance of the new Municipal and Provincial Laws to consolidate current economic gains and grant local council leaders the legal protection and flexibility necessary for economic initiatives.

Sustainable development in Algeria requires a ‘local economic revolution’ led by strong, informed and financially independent regional communities, capable of transforming every municipality into a productive hub that contributes to a diverse and robust national economy.

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