



Algerian Economic Policy in Light of the Good Governance Indicators An Analytical Study for the Period 2019–2024

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Abstract:

This study aims to analyse Algerian economic policy from 2019 to 2024 in light of good governance indicators. It will examine the impact of transparency, government effectiveness, the rule of law, political stability, freedom of expression, accountability and perceptions of corruption on the effectiveness of these policies.

During this period, Algeria experienced significant political and economic transformations due to a number of factors, most notably the 2019 popular uprising, the repercussions of the COVID-19 pandemic, and the decline in fuel prices. The state also moved towards adopting new economic and legislative reforms, most notably the 2022 Investment Law. The study employed a descriptive-analytical approach based on economic data and international reports issued by global financial and economic institutions.

The study concluded that the effectiveness of Algeria's economic policy has remained largely linked to the quality of governance and the effectiveness of public institutions. Furthermore, persistent bureaucracy, weak institutional coordination, and corruption have posed major challenges that have limited the effectiveness of economic reforms and efforts toward economic diversification. Achieving economic development requires the strengthening of good governance principles, the improvement of the investment climate, the development of public administration, and the promotion of transparency and accountability.

Keywords: Algerian economic policy, good governance, economic governance, government effectiveness, political stability, rule of law, corruption, investment.

Introduction

Between 2019 and 2024, Algeria experienced significant political and economic transformations driven by a range of internal and external factors, primarily the 2019 popular movement and the resulting restructuring of the political power structure, along with the economic repercussions of fluctuating fuel prices, the impact of the COVID-19 pandemic, and mounting social pressures linked to demands for improved living conditions and reduced unemployment and inflation rates. These transformations have presented decision-makers with complex challenges regarding the need to reorient economic policy in a way that



achieves economic and social stability while simultaneously preserving political legitimacy and the requirements of sustainable development.

During this phase, Algerian authorities have sought to adopt a new economic policy politically linked to what has been termed the "New Algeria," with the aim of moving away from a rentier economy by reducing dependence on hydrocarbon resources, pursuing economic and legislative reforms, encouraging domestic and foreign investment, and supporting non-hydrocarbon exports.

This research will analyse the Algerian economic policies adopted between 2019 and 2024 by evaluating their alignment with good governance indicators. These indicators are recognised as key indicators of economic policy effectiveness, as they link government administrative efficiency to economic growth.

However, the effectiveness of economic policy is not solely linked to the nature of the measures and procedures adopted, but is also influenced by the quality of the institutional environment and the level of public governance, which is why good governance indicators represent one of the fundamental determinants for evaluating the performance of public economic policies. Good governance, with its principles of transparency, accountability, government effectiveness, the rule of law, and political stability, constitutes an institutional framework that enables the enhancement of public resource management efficiency and improves the state's capacity to implement economic policies and achieve development goals.

Based on this, this study is to analyse Algerian economic policy from 2019 to 2024 by examining the relationship between political and institutional transformations and economic policy outcomes. It focuses on the influence of governance indicators on the effectiveness of public intervention and the state's ability to achieve economic growth, financial stability and economic diversification.

Research Question:

To what extent is Algerian economic policy effective based on good governance indicators during the period from 2019 to 2024, in light of the political and economic transformations Algeria has undergone?

The following sub-questions stem from this research question:

- *What is meant by economic policy and good governance, and what are the key indicators used to measure good governance?
- *What is the nature of the transformations in Algerian economic policy and good governance indicators during the 2019–2024 period?
- *How did the evolution of good governance indicators affect the effectiveness of Algerian economic policy and its economic and social outcomes?

Research Hypotheses:

There is a reciprocal relationship between good governance indicators and the effectiveness of Algerian economic policy during the period 2019–2024.



Improvements in governance indicators, particularly government effectiveness, political stability, and the rule of law, contribute to enhancing the effectiveness of economic policy and improving aggregate economic indicators.

The persistence of certain institutional imbalances, particularly regarding bureaucracy, lack of transparency, and widespread corruption, has limited the effectiveness of economic reforms.

Macroeconomic indicators reflect a relative correlation between the development of the governance environment and the improvement of certain variables in the Algerian economy during the study period.

Research Methodology

The study adopted a descriptive-analytical approach as the most appropriate for analyzing the relationship between good governance variables and economic policy, by tracking the evolution of political and economic indicators in Algeria during the period from 2019 to 2024. An institutional approach was also employed to analyze the role of the institutional environment and public governance in guiding economic public policies and determining their level of effectiveness.

The study also relied on an analytical statistical method by utilizing numerical data and indicators issued by international institutions, such as the World Bank, the International Monetary Fund, and Transparency International, with the aim of measuring the impact of good governance indicators on the performance of Algerian economic policy and analyzing the extent to which political and institutional transformations are reflected in indicators of growth, investment, and economic stability.

Section One : Conceptual Framework

First Axis : The Nature of Economic Policy

Economic policy is the framework upon which the state relies to guide economic activity within society through a set of decisions and measures, including the regulation of production, consumption, investment, and trade, thereby contributing to higher growth rates, lower unemployment, reduced inflation, and improved living standards for individuals.

Economic policy relies on various tools, most notably fiscal policy, monetary policy, and trade and investment policies, which the government uses to influence economic performance and achieve the state's national objectives.

Definition of Economic Policy: Economic policy refers to the set of actions and measures taken by the state to regulate economic activity and achieve a range of economic and social objectives, such as economic growth, monetary stability, full employment, and social justice.¹ Richard Musgrave views it as a set of public interventions aimed at ensuring the optimal allocation of resources, achieving economic stability, and redistributing income and wealth in a way that contributes to social and economic balance.¹

¹ N. Gregory Mankiw, *Macroeconomics*, 10th ed. (New York: Worth Publishers, 2019), 19



Gregory Mankiw, on the other hand, links economic policy to the state's use of its fiscal, monetary, and regulatory tools to influence the macroeconomy and control key economic variables²

2- Objectives of Economic Policy

Economic policy seeks to achieve a set of fundamental objectives, the most important of which are³ :

a. Achieving economic growth

This refers to increasing national production and improving the level of national income, thereby contributing to raising the standard of living and achieving economic development.

b. Combating unemployment

Governments work to develop policies to create job opportunities and reduce unemployment rates by encouraging investment and stimulating economic activity.

c. Achieving price stability

Controlling inflation and maintaining price stability are among the most important objectives of economic policy, given their direct impact on purchasing power and social stability.

D. Achieving external balance

This involves achieving a balance of payments equilibrium and maintaining exchange rate stability.

E. Social Justice

Through tax policies and social support, the state seeks to reduce social disparities and achieve a more equitable distribution of income and wealth.

Second Axis : The Nature of Good Governance:

The concept of good governance is central to the literature on political science, public policy and development. It has gained prominence since the 1990s in the context of transformations linked to state reform, strengthening the effectiveness of public institutions, and linking economic development to the quality of governance and political and administrative institutions.

The concept of good governance is characterized by its complex and multidimensional nature, as it relates to how political power is exercised, public resources are managed, and public policies are directed in accordance with the principles of transparency, accountability, efficiency, the rule of law, and political participation. The concept also raises methodological issues related to the multiplicity of theoretical approaches and the varying Arabic translations of the term, as it is sometimes used to refer to governance, statecraft, or the sound management of public affairs.

1-The Concept of Good Governance: The concept of good governance has two fundamental dimensions; the first is the approach adopted by the World Bank, which focuses

¹ Richard A. Musgrave and Peggy B. Musgrave, *Public Finance in Theory and Practice*, 5th ed. (New York: McGraw-Hill, 1989), 6.

² N. Gregory Mankiw, *Macroeconomics*, 10th ed. (New York: Worth Publishers, 2019), 15.

³ International Monetary Fund, *World Economic Outlook 2023* (Washington, DC: IMF, 2023), 7–10.



on administrative efficiency and sound economic management of resources, while the second dimension is the political approach that emphasizes democracy, participation, transparency, accountability, and the rule of law¹.

According to the Arab Human Development Report (2002), good governance is defined as “governance that promotes, supports, and safeguards human well-being; is based on expanding people’s capabilities, choices, opportunities, and economic, social, and political freedoms; and seeks to fully represent all segments of the population and is accountable to them to ensure the interests of all members of the public”².

Others define good governance as the process through which public and private institutions and affairs are managed to guarantee human rights, achieved in a manner free from corruption and under the rule of law.

Although definitions of good governance vary, they agree that the ultimate and primary goal of implementing good governance is to achieve the well-being, stability, and security of individuals and citizens through administrative and economic policies and systems aimed at developing members of society through their political participation and their contribution to the success of administrative systems and economic policies, with the aim of improving their quality of life and well-being, where the quality of public service is considered one of the most important means of achieving this.

2-The Goal of Good Governance

Good governance aims to improve the administration of government by establishing the sovereignty of the state, as it is governance carried out by elected political leaders and administrative cadres committed to developing society’s resources and advancing the welfare of citizens, and improving their quality of life and well-being, with their consent and through their participation. Good governance encompasses all institutions in society, including state agencies, civil society organizations, and the private sector. It involves the exercise of authority and its rights in accordance with the principle of accountability, and is not limited to addressing immediate developmental impacts but encompasses sustainable, long-term development that extends across successive generations³.

Good governance also aims to promote efficiency, transparency, accountability, and the rule of law in the management of public affairs, thereby contributing to sustainable development, improving public services, and enhancing community participation⁴.

3- Good Governance Indicators:

¹ United Nations Development Programme (UNDP), *Governance for Sustainable Human Development* (New York: UNDP, 1997), 2–3.

² United Nations Development Programme (UNDP) and Arab Fund for Economic and Social Development, *Arab Human Development Report 2002* (New York: United Nations Development Programme, 2002).

³ Abdul Rahman Lahiti Nozad, “Good Governance in the Arab World: An Analytical Reading,” *Journal of Humanities*, Vol. 29, July 2006, p. 02.

⁴ United Nations Development Programme (UNDP), *Governance for Sustainable Development* (New York: UNDP, 2022), 5.



Good governance is based on the following indicators¹ :

A. Voice and Accountability Indicator: This indicator measures aspects related to political freedoms, free and fair elections, press freedom, civil liberties, political rights, the role of the military in politics, government turnover, and the transparency of laws and policies. It also measures the extent of citizen participation in choosing their governments, as well as freedom of expression, public engagement, and the media.

B. Political Stability Indicator: This indicator focuses on a range of concepts, some security-related and others political. From a security perspective, it examines instability, ethnic and armed conflicts, social tensions, terrorist threats, and internal conflicts. Politically, it examines factors related to the stability of the political system in the face of internal and external threats, as well as the degree of fragmentation within the political class, constitutional changes, and military coups within countries.

C. Government Effectiveness Indicator : This indicator also focuses on a range of administrative concepts and those related to public services, the most important of which are : the quality of the bureaucracy, transaction costs, the quality of public healthcare, the quality of public services provided, and the quality of civil services and their degree of independence from political pressures. It also measures the effectiveness of policy formulation and implementation in these areas, as well as the credibility of the government's commitment to these policies.

Accordingly, this indicator focuses on governments' public policies, specifically regarding their commitment to their communities in the provision and development of public services.

D. Regulatory Quality and Regulatory Burden: This indicator measures concepts directly related to the economy and finance, focusing on the extent of policy interventions in market freedom, such as price controls, unrealistic banking regulations, and excessive regulation in the areas of foreign trade and business establishment. It also measures the government's ability to formulate and implement successful policies that facilitate and encourage the development of the private sector.

E. Rule of Law Indicator: This indicator focuses on the legal aspect through two components: the impartiality of laws, and the extent to which citizens adhere to and are bound by them—meaning that everyone, rulers, officials, and citizens, are subject to the law, and nothing is above the law. Under the Rule of Law indicator, the law must be applied fairly and without discrimination among members of society, and these laws must also comply with human rights standards.

F. Corruption Perceptions Indicator (CPI): The indicator defines corruption as the abuse of public office or authority for private gain which is considered a form of corruption and includes bribery, kickbacks, and embezzlement of public funds.

¹- Omar Yassin Khudairat and Imad Mustafa Al-Shaduh, "The Impact of Good Governance Indicators on Foreign Direct Investment in Arab Countries," *Al-Manara Journal*, Vol. 3, No. 21, Jordan: Al-Bayt University, Deanship of Scientific Research, September 2015, pp. 280–281.



Also, it measures the extent to which state officials perceive the existence of corruption, the extent to which influence and public funds can be exploited for personal gain at all levels, and the ability of political and economic elites to appropriate them.

Section Two: Analysis of Algerian Economic Policies from 2019 to 2024 Based on Good Governance Indicators

First Axis: The State of Algerian Economic Policies (2019 – 2024) : Algerian economic policy relies on the hydrocarbons sector, which represents the main source of public revenue and foreign exchange. The Algerian economy faced several challenges during this period, most notably:

- The decline in oil prices in 2020.
- The repercussions of the COVID-19 pandemic.
- Rising inflation rates.
- A decline in foreign investment.
- Weak contribution from the private sector.
- Increasing pressure resulting from the 2019 popular uprising.
- The closure of economic enterprises following legal proceedings against their owners in what was then known as anti-corruption campaign targeting the gang*

Despite this, Algeria saw a relative improvement after 2021 as a result of rising natural gas prices and increased energy revenues².

1-Actions and measures taken to address the economic situation: Economic challenges faced by Algeria after 2019 included a decline in fuel prices, low foreign exchange reserves, and the repercussions of the pandemic, in addition to rising inflation and unemployment rates. In response to these conditions, the Algerian authorities implemented a series of economic and financial measures with the aim of maintaining economic stability and stimulating growth. The most significant of these measures are as follows :

A. Reform of the Hydrocarbons Law (2019)

Algeria enacted the new Hydrocarbons Law in 2019 to reform the energy sector and attract foreign investment following a decline in oil and gas production and a drop in investment in the sector. The law was introduced as part of the government's efforts to improve the business climate and increase the efficient use of energy resources. The law included:

- Reducing the tax burden.
- Incentives for investors.
- Simplifying contractual procedures.³

¹ * The term “gang” was applied to wealthy figures from the former regime (the 20-year rule of Bouteflika), and they were charged with financial and political corruption and embezzlement of public funds.

²- International Monetary Fund, *IMF Executive Board Concludes 2023 Article IV Consultation with Algeria* (Washington, DC: IMF, 2024), 4–6.

³ United Nations Conference on Trade and Development (UNCTAD), “Adoption of Hydrocarbon Law,” *Investment Policy Monitor*, 2019.



B. The Investment Law of 2022

Algeria enacted Law No. 22-18 on Investment in July 2022 with the aim of improving the business climate and encouraging domestic and foreign investment, as part of economic reforms aimed at diversifying the economy and reducing dependence on the hydrocarbons sector.

Through this law, the government sought to:

- Facilitate the establishment of businesses.
- Establish the Algerian Investment Promotion Agency.
- Reduce bureaucracy
- Provide tax and customs exemptions.¹

C. Banking and Monetary Reforms

In 2023, Algeria enacted reforms to the banking system through the new Monetary and Credit Law, which aimed to:

- Modernize the financial system.
- Encouraging banking digitization.
- Expanding financial inclusion.
- Strengthening banking supervision.²

D. Economic Diversification Policy

During this phase, Algeria sought to reduce its dependence on hydrocarbons by:

- Supporting startups.
- Encouraging non-hydrocarbon exports.
- Developing the agricultural sector and manufacturing industries.
- Supporting the digital economy.³

Despite these efforts, the contribution of non-oil sectors remained limited compared to the energy sector.

Second: Algerian Economic Policies (2019–2024) According to Good Governance Indicators

To illustrate the impact of good governance on Algerian economic policy during the period from 2019 to 2024, this study will apply good governance indicators to the reality of Algerian economic policy during this phase.

1. The Impact of the Voice and Accountability Indicator on Economic Policy :

Accountability is based on the principle that individuals or groups bear responsibility for their actions, particularly when these have direct implications for the public interest. Consequently, the presence of this indicator fosters constructive criticism of economic policies, thereby contributing to their effectiveness and success, whereas its absence or its

¹ World Bank, *Algeria Economic Update 2024* (Washington, DC: World Bank, 2024), 18.

² International Monetary Fund, *IMF Executive Board Concludes 2023 Article IV Consultation with Algeria*, 8.

³ World Bank, **Continuing the Diversification Effort: Strengthening Algeria's Economic Resilience** (Washington, DC: World Bank, 2023), 10–13.



being merely symbolic leads to a decline in the outcomes of these policies and a weakening of their effectiveness.

Between 2019 and 2024, Algeria witnessed a clear interaction between the Voice and Accountability Indicator and economic policy, particularly following the 2019 protests, which exerted political and social pressures that prompted the state to reorient certain economic policies toward alleviating social tensions and enhancing political legitimacy. This indicator is measured as part of the World Bank's Global Governance Indicators and reflects the level of freedom of expression, media freedom, and citizen participation in the selection of the government.

Evolution of the Voice and Accountability Index in Algeria (2019–2024)¹

| Year | Indicator Value |
|------|-----------------|
| 2019 | -1.12 |
| 2020 | -1.09 |
| 2021 | -1.07 |
| 2022 | -1.06 |
| 2023 | -1.05 |
| 2024 | -1.05 |

The indicator remained negative throughout the period, indicating continued weakness in political participation and freedom of expression compared to the global average. However, it saw a slight improvement following the 2019 protests as a result of some cosmetic reforms and the release of a number of activists and journalists.

Impact of the Indicator on Algerian Economic Policy

Expansion of Social Spending Following the 2019 Protests

The 2019 popular movement increased pressure on the political authorities, prompting the government to adopt an expansionary fiscal policy aimed at maintaining social stability. This policy consisted of :

- Increasing wages and social transfers.
- Increased public spending on housing and infrastructure.
- Expanding government subsidies for basic goods.

The World Bank noted that public spending rose by more than 60% between 2021 and 2023 to support economic and social stability.²

Accelerating Economic Reforms to Improve Legitimacy

Weak accountability has prompted the government to attempt to compensate for the lack of political legitimacy by improving economic performance. Consequently, Algeria has launched several reforms, the most significant of which are:

¹ The Global Economy, "Algeria: Voice and Accountability Index," accessed December 20, 2025, https://www.theglobaleconomy.com/Algeria/wb_voice_accountability/.

² - The World Bank, "Algeria Overview," World Bank Group, accessed December 20, 2025, <https://www.worldbank.org/ext/en/country/algeria>.



- The Investment Law of 2022.
- The Monetary and Credit Law of 2023.
- Anti-corruption reforms and improvements to the business climate.

According to the International Monetary Fund, these reforms helped achieve economic growth of 4.2% in 2023, with a forecast of 3.8% for 2024.¹

Continued Reliance on Oil Revenues

Despite the reforms, the Algerian economy remained tied to hydrocarbon revenues due to weak democratic institutions and political accountability, with the hydrocarbon sector accounting for:

- 14% of gross domestic product (GDP).
- 83% of exports.
- 47% of budget revenues during 2019–2023.

This demonstrates that limited voice and accountability have constrained the ability of civil society and the private sector to influence economic policymaking and diversify the economy.

The Relationship Between Economic and Political Freedoms

International reports have noted that ongoing restrictions on the media and political activity have affected foreign investor confidence, despite new legal reforms. Press freedom reports have also criticized the crackdown on journalists and activists, which has negatively impacted the business and investment climate.²

Analytical Summary: It can be argued that the voice and Accountability Indicator has influenced Algerian economic policy in two key ways:

1. It pushed the state to increase social spending and pursue expansionary policies to maintain stability following the 2019 protests.
2. It compelled the government to adopt economic and structural reforms to improve political legitimacy and compensate for weak democratic participation.

However, the continued weakness of the index (-1.05 in 2024) reflects the limited nature of political reform, which explains the continued fragility of economic diversification and the heavy reliance on the hydrocarbons sector.

2-The Impact of the Political Stability Indicator on Algerian Economic Policy (2019–2024):

The Political Stability and Absence of Violence Indicator is one of the most important governance indicators published by the World Bank; it measures the state's ability to maintain institutional stability and avoid political unrest and violence.

The evolution of this indicator in Algeria during the 2019–2024 period directly influenced economic policy directions, as well as levels of growth, investment, and public spending.

¹ - International Monetary Fund, "IMF Executive Board Concludes 2023 Article IV Consultation with Algeria," March 29, 2024, <https://www.imf.org/en/News/Articles/2024/03/29/pr24100-imf-concludes-2023-article-iv-consultation-with-algeria>.

² - Associated Press, "Algeria Pardons and Releases Journalist Who Became a Key Voice During 2019 Pro-Democracy Protests," November 1, 2024, <https://apnews.com/article/cdbc754b51e40f09777cd944bf4bc1ab>.



In 2019, Algeria experienced a clear decline in political stability as a result of the popular movement that led to the resignation of former President Abdelaziz Bouteflika. According to World Bank data, the Political Stability Indicator recorded a value of approximately **-0.88**, reflecting a state of political and institutional uncertainty¹.

This situation affected the national economy, as the economic growth rate fell to about **0.8%** compared to 1.4% in 2018, and foreign direct investment inflows declined to less than **\$1.3 billion**.²

With the election of Abdelmadjid Tebboune in December 2019, the authorities began to gradually restore institutional stability; however, in 2020, the Algerian economy faced a double shock in the form of the COVID-19 pandemic and falling oil prices. The economy contracted by approximately **-5.1%**, while the budget deficit rose to over **13% of GDP**³.

Nevertheless, the government maintained an expansionary fiscal policy to support social stability, fund the health sector and public assistance programs.

Starting in 2021, the political stability indicator showed a relative improvement as protests subsided and institutional activity resumed, with the indicator rising to approximately **-0.74**.⁴

This coincided with an improvement in global oil prices, which helped the Algerian government increase public spending and improve fiscal revenues. Economic growth stood at around **3.5%** in 2021, driven by a recovery in the hydrocarbons sector and exports⁵.

To boost economic confidence, Algeria enacted a new investment law in 2022 aimed at attracting investors and streamlining administrative procedures.

The country also benefited from rising natural gas prices following the Russia-Ukraine crisis, as energy exports increased significantly. Economic growth reached approximately **4.1%** in 2022, while foreign exchange reserves rose to over **\$60 billion**.⁶

During 2023 and 2024, the political stability indicator continued to improve relatively, coinciding with the government's adoption of economic programs aimed at diversifying the economy and reducing dependence on hydrocarbons. International Monetary Fund (IMF) estimates indicate that Algeria's economic growth rate reached approximately **4.2%** in 2023, with inflation gradually declining and the trade balance improving⁷.

Algeria also recorded an increase in non-hydrocarbon exports to over **\$5 billion**, reflecting an attempt to achieve a gradual economic transition⁸.

Table showing the evolution of selected Algerian economic policy indicators from 2019 to 2024

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¹ World Bank Governance Indicators, "Political Stability and Absence of Violence: Algeria," accessed December 20, 2025.

² World Bank Data, "GDP Growth (Annual %) – Algeria," accessed December 20, 2025.

³ International Monetary Fund, "Algeria: Staff Report," 2021.

⁴ Worldwide Governance Indicators, "Algeria Governance Data," accessed December 20, 2025.

⁵ African Development Bank, "Algeria Economic Outlook 2022."

⁶ World Bank Algeria Overview, accessed December 20, 2025.

⁷ International Monetary Fund Algeria Page, accessed December 20, 2025.

⁸ OPEC Annual Statistical Bulletin, "Algeria Energy and Export Statistics," 2024.



| Year | Foreign exchange reserves | Economic Growth Rate | Political Stability Index | Notes |
|------|---------------------------|----------------------|---------------------------|----------------------------------|
| 2019 | \$62 billion | 0.8% | -0.88 | Popular Movement |
| 2020 | \$48 billion | -5.1% | -0.90 | COVID-19 pandemic |
| 2021 | \$44 billion | 3.5% | -0.74 | Gradual economic recovery |
| 2022 | \$60 billion | 4.1% | -0.67 | Rising energy prices |
| 2023 | \$67 billion | 4.2% | Approx. -0.60 | Improvement in exports |
| 2024 | Over \$70 billion | 3.8–4% | Relative improvement | Continued reforms |

These figures show that improved political stability after 2021 has helped strengthen the state's ability to implement economic policies, particularly in the areas of investment, public spending and energy. However, the Algerian economy remains heavily dependent on fluctuations in the hydrocarbon market, which makes the effectiveness of economic policy contingent on achieving sustainable political stability and deep structural reforms

-The Impact of the Government Effectiveness Indicator on Algerian Economic Policy (2019–2024): The Government Effectiveness Indicator is one of the World Bank's global governance indicators, measuring the quality of public services, the efficiency of government administration, and the state's ability to implement economic policies and programs. This indicator had a direct impact on Algerian economic policy during the period from 2019 to 2024, particularly in light of the political and economic transformations the country underwent.

In 2019, Algeria recorded a score of approximately **-0.55** on the Government Effectiveness Index, reflecting limited public administration efficiency and weak implementation of economic reforms¹ .[1]

This coincided with popular protests and a political crisis that affected the performance of government institutions, leading to a slowdown in the implementation of public projects and a decline in investor confidence. Economic growth also fell to about **0.8%**, while unemployment reached approximately **11.4%**.[2]²

In 2020, the Algerian government faced significant challenges due to the COVID-19 pandemic and falling oil prices. The relatively low effectiveness of government institutions made it difficult to manage the repercussions of the economic crisis, as GDP contracted by approximately **-5.1%**, and the budget deficit rose to over **13% of GDP**³

¹ Worldwide Governance Indicators, "Government Effectiveness: Algeria," accessed December 20, 2025.

² World Bank Data, "Algeria Economic Indicators," accessed December 20, 2025.

³ International Monetary Fund, "Algeria Staff Report 2021."



[3] Foreign exchange reserves also fell from approximately **\$62 billion** in 2019 to less than **\$48 billion** in 2020.¹ [4]

At the start of 2021, the Algerian government began implementing a series of administrative and economic reforms aimed at improving the effectiveness of government performance. This included digitizing certain administrative services, streamlining investment procedures, and restructuring certain economic sectors. As a result, the government effectiveness index gradually improved, reaching approximately **-0.48** in 2021². [5]

This relative improvement was reflected in economic policy through a return to economic growth of approximately **3.5%** in 2021, driven by rising oil prices and improved energy exports³. [6] The government also managed to increase public spending on investment and infrastructure, particularly in the transportation, energy, and housing sectors.

In 2022, Algeria enacted a new investment law aimed at reducing bureaucracy and improving the business climate, a move seen as a significant step toward enhancing the government’s effectiveness in the economic sphere. These reforms helped attract new investments, particularly in the energy and industrial sectors. Economic growth also rose to about **4.1%**, while hydrocarbon export revenues exceeded **\$50 billion**.⁴ [8]

During 2023 and 2024, the Algerian government continued to adopt economic policies based on economic diversification and improved public administration. International Monetary Fund estimates indicate that the Algerian economy achieved growth of approximately **4.2%** in 2023, with foreign exchange reserves rising to about **\$67 billion**⁵. Non-hydrocarbon exports also rose by more than **\$5 billion**, indicating a relative improvement in the effectiveness of the government’s economic policies⁶.

Table : Evolution of the Government Effectiveness Indicator and Selected Economic Indicators in Algeria (2019–2024)

| Year | Foreign Exchange Reserves | Economic Growth Rate | Government Effectiveness Indicator | Key Developments |
|------|---------------------------|----------------------|------------------------------------|--------------------|
| 2019 | \$62 billion | 0.8% | -0.55 | Popular Movement |
| 2020 | \$48 billion | -5.1% | -0.58 | COVID-19 pandemic |
| 2021 | \$44 billion | 3.5% | -0.48 | Start of reforms |
| 2022 | \$60 billion | 4.1% | -0.42 | New Investment Law |
| 2023 | \$67 billion | 4.2% | -0.39 | Export growth |
| 2024 | Over \$70 billion | 3.8–4% | Relative improvement | Continued reforms |

¹ Bank of Algeria Reports, “Foreign Exchange Reserves Statistics,” accessed December 20, 2025.

² World Governance Indicators Database, accessed December 20, 2025.

³ African Development Bank, “Algeria Economic Outlook 2022.”

⁴ OPEC Annual Statistical Bulletin, “Algeria Oil Export Revenues,” 2023.

⁵ IMF Algeria Country Page, accessed December 20, 2025.

⁶ World Bank Algeria Overview, accessed December 20, 2025.



Algeria's government effectiveness indicator remained below the global average due to persistent structural issues such as bureaucracy, weak local governance, and heavy reliance on the hydrocarbon sector. Therefore, achieving a more effective economic policy requires continuing administrative reforms, improving transparency, and promoting digitalization and good governance

4. The Impact of the Rule of Law Indicator on Algerian Economic Policy (2019–2024) :

The Rule of Law Indicator is one of the most important global governance indicators published by the World Bank, as it measures respect for the law, judicial independence, protection of property rights, and the level of trust that individuals and institutions have in the state's legal system. This indicator had a clear impact on Algerian economic policy during the period from 2019 to 2024, particularly regarding the investment climate, the implementation of economic reforms, and the attraction of foreign capital.

In 2019, Algeria recorded a score of approximately **-0.74** on the Rule of Law Index, reflecting challenges related to the effectiveness of judicial institutions and the legal environment for investment¹.

This coincided with popular protests and political tensions that affected the confidence of local and foreign investors, as foreign direct investment inflows fell to only about **\$1.3 billion**².

Economic growth also slowed to about **0.8%** as a result of political and economic uncertainty.³

During 2020, the COVID-19 pandemic placed additional strain on government and judicial institutions, amid falling oil prices and an economic contraction of **approximately -5.1%**⁴

The budget deficit rose to over **13%** of gross domestic product (GDP), while foreign exchange reserves fell to less than **\$48 billion**⁵ This period demonstrated that the inefficiency of the legal and administrative systems negatively impacted the speed of implementing economic and investment measures.

Starting in 2021, Algerian authorities began implementing legislative and institutional reforms to improve the business environment and strengthen the rule of law, particularly through anti-corruption efforts and the reform of certain economic laws⁶.

This contributed to a relative improvement in the rule of law indicator, bringing it close to **-0.67** in 2021, coinciding with a return of economic growth to approximately **3.5%**.⁷

In 2022, Algeria enacted a new investment law that provided greater legal safeguards for investors, reduced certain bureaucratic restrictions, and reinforced the principles of investment freedom and equality between domestic and foreign investors¹.

¹ Worldwide Governance Indicators, "Rule of Law: Algeria," accessed December 20, 2025.

² UNCTAD Statistics, "Foreign Direct Investment Inflows: Algeria," accessed December 20, 2025.

³ World Bank Data, "GDP Growth (Annual %) – Algeria," accessed December 20, 2025.

⁴ International Monetary Fund, "Algeria Staff Report 2021."

⁵ Bank of Algeria, "Foreign Exchange Reserves Statistics," accessed December 20, 2025.

⁶ Transparency International, "Governance and Anti-Corruption Reforms in Algeria," accessed December 20, 2025.

⁷ African Development Bank, "Algeria Economic Outlook 2022."



This new legal framework contributed to improving the business climate and increasing the volume of investments, particularly in the energy and manufacturing sectors. Economic growth also rose to approximately **4.1%**, and hydrocarbon export revenues exceeded **\$50 billion²**.

During 2023 and 2024, the Algerian government continued its efforts to strengthen the legal and regulatory framework, with a focus on digitalization and improving administrative transparency. Data from the International Monetary Fund indicates that the Algerian economy grew by approximately **4.2%** in 2023, with foreign exchange reserves rising to about **\$67 billion³**.

Non-oil exports also rose to over **\$5 billion**, reflecting a relative improvement in economic confidence and the legal environment⁴

Table showing the evolution of the Rule of Law Indicator and selected economic indicators in Algeria (2019–2024)

| Foreign Exchange Reserves | Foreign Direct Investment | Economic Growth Rate | Rule of Law Indicator | Year |
|---------------------------|---------------------------|----------------------|-----------------------|------|
| \$62 billion | \$1.3 billion | 0.8% | -0.74 | 2019 |
| \$48 billion | \$1.1 billion | -5.1% | -0.77 | 2020 |
| \$44 billion | \$1.5 billion | 3.5% | -0.67 | 2021 |
| \$60 billion | \$1.7 billion | 4.1% | -0.61 | 2022 |
| \$67 billion | \$1.9 billion | 4.2% | -0.57 | 2023 |
| Over \$70 billion | Over \$2 billion | 3.8–4% | Relative improvement | 2024 |

Algeria’s Rule of Law Indicator remained below the global average due to persistent issues such as slow judicial proceedings, bureaucracy, and weak contract enforcement in certain sectors. Consequently, the effectiveness of Algeria’s economic policy remains largely dependent on improving judicial independence, enhancing transparency, and ensuring the stability of economic and investment laws.

5-The Impact of the Corruption Perceptions Index on the Relationship Between Economic Public Policy and Public Service :

The Corruption Perceptions Indicator (CPI) published by Transparency International is one of the most important indicators used to measure the level of corruption in the public sector, assigning countries scores ranging from 0 to 100; the higher the score, the lower the level of corruption.

¹ PwC Algeria Investment Law, “Algeria’s New Investment Law,” 2022.

² OPEC Annual Statistical Bulletin, “Algeria Hydrocarbon Revenues,” 2023.

³ IMF Algeria Country Page, accessed December 20, 2025.

⁴ World Bank Algeria Overview, accessed December 20, 2025.



This indicator had a direct impact on Algerian economic policy during the period from 2019 to 2024, particularly regarding investment attraction, the effectiveness of public spending, and the implementation of economic reforms.

In 2019, Algeria scored **35 points** on the Corruption Perceptions Indicator and ranked **106th globally**, reflecting ongoing issues with governance and transparency within public institutions¹.

This coincided with a popular movement that raised slogans calling for the fight against corruption and holding officials involved in financial corruption cases accountable. This situation led to a decline in investor confidence, as foreign direct investment inflows fell to approximately **\$1.3 billion**, and the economy recorded weak growth of only about **0.8%**².

Throughout 2020, Algeria continued to score approximately **36 points** on the Corruption Perceptions Index, amid the repercussions of the COVID-19 pandemic and the oil crisis³.

Lack of transparency and bureaucracy complicated the implementation of economic and investment programs, while the economy contracted by approximately **-5.1%**, and the budget deficit rose to over **13% of GDP**⁴.

To address these challenges, Algerian authorities have launched anti-corruption campaigns since 2021, including the prosecution of a number of businessmen and former officials, as well as strengthening oversight of public contracts⁵.

This was reflected to some extent in the index, as Algeria maintained a score of around **36 points** with a slight improvement in its global ranking⁶.

The economy also returned to growth at a rate of approximately **3.5%** in 2021 as a result of rising oil prices and improved public revenues.⁷

In 2022, the Algerian government adopted a new investment law aimed at improving the business climate and reducing bureaucracy, while providing greater legal safeguards for investors⁸.

These reforms helped boost economic confidence to some extent, particularly as hydrocarbon revenues rose to over **\$50 billion** due to the global energy crisis, and the economic growth rate increased to about **4.1%**.⁹

During 2023 and 2024, Algeria recorded a limited improvement in the Corruption Perceptions Index, reaching approximately **37 points**, as efforts toward digitalization and the promotion of administrative transparency continued [10]. This was accompanied by an

¹ Transparency International CPI 2019, “Corruption Perceptions Index 2019.”

² World Bank Data, “GDP Growth and FDI Data – Algeria,” accessed December 20, 2025.

³ Transparency International CPI 2020, “Corruption Perceptions Index 2020.”

⁴ International Monetary Fund, “Algeria Staff Report 2021.”

⁵ BBC News, “Algeria Anti-Corruption Trials,” accessed December 20, 2025.

⁶ Transparency International CPI 2021, “Corruption Perceptions Index 2021.”

⁷ PwC Algeria Investment Law, “Algeria’s New Investment Law,” 2022.

⁸ OPEC Annual Statistical Bulletin, “Algeria Hydrocarbon Revenues,” 2023.

⁹ Transparency International CPI 2023, “Corruption Perceptions Index 2023.”



improvement in economic indicators, with economic growth reaching approximately **4.2%** in 2023 and foreign exchange reserves rising to about **\$67 billion**.¹

Non-oil exports also rose to over **\$5 billion**, reflecting efforts to diversify the economy and improve the efficiency of economic management²

Table showing the evolution of the Corruption Perceptions Index and selected economic indicators in Algeria (2019–2024)

| Foreign Direct Investment | Economic Growth Rate | Global Ranking | Corruption Perceptions Index /100 | Year |
|---------------------------|----------------------|---------------------|-----------------------------------|------|
| \$1.3 billion | 0.8% | 106 | 35 | 2019 |
| \$1.1 billion | -5.1% | 104 | 36 | 2020 |
| \$1.5 billion | 3.5% | Approx. 117 | 36 | 2021 |
| \$1.7 billion | 4.1% | 116 | 36 | 2022 |
| \$1.9 billion | 4.2% | Approximately 115 | 37 | 2023 |
| Over \$2 billion | 3.8–4% | Limited improvement | Relative improvement | 2024 |

Despite relative improvement, persistent levels of corruption and bureaucracy remain a major challenge for Algeria’s economic policy, particularly regarding attracting foreign investment and enhancing the competitiveness of the national economy. Therefore, the success of future economic reforms remains contingent on the extent to which transparency is strengthened, financial oversight is developed, and governance within public institutions is improved.

Conclusion

The study demonstrated that Algeria's economic policy from 2019 to 2024 was significantly influenced by the country's ongoing political and institutional transformations, particularly in the context of the popular movement, the impact of the COVID-19 pandemic, and global market fluctuations in fuel prices. These transformations have compelled the state to reorient its economic policy priorities in order to maintain social stability and ensure the continuity of institutional performance in the face of mounting economic and financial pressures.

By applying good governance indicators to the reality of Algerian economic policy, it became evident that the effectiveness of public intervention was not solely linked to traditional economic tools but was significantly influenced by the quality of public governance and the level of effectiveness of political, administrative, and legal institutions.

¹ [IMF Algeria Country Page](#), accessed December 20, 2025.

² [World Bank Algeria Overview](#), accessed December 20, 2025.



This study revealed that there is a direct impact on economic policy orientations, particularly through the state's resort to expanding social spending and adopting expansionary fiscal policies. Expansionary fiscal policies are aimed at maintaining internal stability and strengthening political legitimacy following the 2019 protests. However, limited political participation and weak mechanisms of societal accountability remained among the factors that limited the effectiveness of economic reforms and the ability of non-state actors to contribute to shaping public economic policies.

It is evident from the study that political stability is a prerequisite for effective economic policy. The enhancement of institutional stability post-2021 has bolstered the state's capacity to execute economic reforms and enhance key macroeconomic indicators, notably economic growth, foreign exchange reserves and public investment. However, the vulnerability of the rentier economy meant that these results were largely linked to rising global energy prices rather than to deep structural shifts within the national economy.

With regard to the government effectiveness indicator, the study highlighted that the quality of government performance and the efficiency of public administration played a significant role in determining the level of economic policy effectiveness, particularly during the management of the health and economic crisis associated with the pandemic. Certain administrative and regulatory reforms, particularly in the areas of digitalisation and improving the business climate, contributed to a relative increase in the effectiveness of public intervention. However, the implementation of these reforms was hindered by persistent bureaucracy, weak institutional coordination, and the centralized nature of the administration.

Regarding the rule of law indicator, the study showed that improvements in the legal and regulatory environment for investment have relatively contributed to strengthening economic confidence and enhancing the attractiveness of the national economy, particularly following the enactment of the 2022 Investment Law. However, the limited effectiveness of legal institutions and the persistence of certain administrative and judicial obstacles have negatively impacted the effectiveness of economic policy and the state's ability to achieve a more stable and competitive economic climate.

The study also concluded that corruption remains one of the most significant structural challenges facing Algerian economic policy, given its direct impact on the efficiency of public spending, the quality of public services, and the investment climate. Despite the efforts made by public authorities to combat corruption and strengthen oversight and transparency, the persistence of certain bureaucratic practices and institutional imbalances has limited the actual impact of these reforms.

Based on the findings, it can be said that Algeria's economic policy during the 2019–2024 period achieved some positive indicators related to fiscal stability and improved energy revenues; however, its effectiveness remained limited due to continued dependence on hydrocarbons and the weak structural transformation of the national economy.

Consequently, achieving a more effective and sustainable economic policy in Algeria requires strengthening the principles of good governance through:



- Expanding political participation and strengthening accountability and transparency mechanisms.
- Improving the effectiveness of public administration and modernizing government management practices.
- Ensuring the independence of the judiciary and strengthening the rule of law.
- Combat corruption and ensure that the management of public resources is guided by standards of efficiency and accountability.
- Accelerating economic diversification and strengthening the role of the productive private sector.
- Promoting digitalization and e-governance to improve the quality of public services.
- Build economic institutions that are better equipped to withstand external shocks and achieve sustainable development.

In light of this, it is clear that the future of Algeria's economic policy remains tied to the state's ability to shift from a reactive approach to crisis management to a strategic approach based on good governance, institutional reform, and sustainable economic development, thereby enabling the creation of a more diversified, effective, and responsive economic model capable of adapting to domestic and international changes.

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