

**EFFECTIVENESS OF THE INVESTMENT LEGAL FRAMEWORK IN ALGERIA:  
EVALUATING ATTRACTION MECHANISMS AND PROSPECTING  
DEVELOPMENT OPPORTUNITIES IN LIGHT  
OF RECENT LEGISLATION**

**Walid Terki\* <sup>1</sup>**

Faculty of Law and Political Science, Badji Mokhtar-Annaba University, Algeria.  
*E-mail:* [walid.terki@univ-annaba.dz](mailto:walid.terki@univ-annaba.dz)

**Abdesselam Hellal <sup>2</sup>**

Faculty of Economics, Commerce and Management Sciences, *University of Batna1, Algeria.*  
*E-mail:* [abdesselam.hellal@univ-batna.dz](mailto:abdesselam.hellal@univ-batna.dz), *Orcid:* <https://orcid.org/my-orcid?orcid=0009-0007-6527-6285>

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**Abstract**

This study addresses the assessment of the effectiveness of the Algerian Investment Law No. 22-18 of 2022 in improving the business climate and attracting domestic and foreign investments ; The law provides qualitative enhancements, including targeted investment incentives, a “single window” mechanism to simplify administrative procedures, and the possibility of concluding investment agreements for strategic projects. Despite these legislative gains, the implementation of the law faces practical challenges, such as ongoing administrative complexities, ownership restrictions in strategic sectors, delays in issuing implementing decrees, and structural economic issues. The study adopts a mixed methodology combining descriptive legal analysis, quantitative assessment of investment indicators, and comparative review with international best practices, to identify the gap between legal texts and practical application. The results highlight the significant potential of the law to enhance investment attractiveness, while emphasizing the need to develop institutional capacities, digitize procedures, and carry out structural reforms to strengthen a competitive investment environment.

**Keywords:** Investment Law 22-18, Business Climate, Investment Incentives, Single Window, Algeria, Institutional Reform, Investment Facilitation.

**Introduction**

The investment environment constitutes one of the fundamental pillars for achieving sustainable economic development, particularly in emerging economies such as Algeria, which seeks to attract domestic and foreign capital and diversify its sources of growth away from excessive reliance on hydrocarbons. In this context, Investment Law No. 22-18, dated July 24, 2022, represents a qualitative step in legislative reform by simplifying procedures, strengthening legal guarantees, and supporting investment incentives, with the introduction of mechanisms such as the “single window” and dedicated investment agreements (UNCTAD, 2022; AAPI, n.d.).

Despite the significant legislative ambition, critical questions arise regarding the law's ability to achieve a tangible practical impact on the business climate, especially in light of institutional and administrative challenges such as bureaucratic complexities, structural ownership restrictions in strategic sectors, and delays in issuing implementing regulations, all of which directly affect the speed of project execution and investors' capacity to engage with the market (World Bank, 2022; OECD, 2021).

From this context emerges the central research question: To what extent has Law 22-18 succeeded in attracting investment and enhancing a competitive business environment? What are the actual mechanisms provided by the law to achieve its objectives, and how do they align with international standards? What obstacles hinder the practical implementation of these legislations, and how can their future development be anticipated?

To answer these questions, the study assumes three main axes:

1. Modern legislation, particularly Law 22-18, contains tangible improvements in incentive systems and legal guarantees, theoretically enhancing investment attractiveness (UNCTAD, 2022).

2. The gap between legislative text and implementation, along with administrative complexities and structural constraints, limits the full impact of the law on investment indicators.

3. Available local and international data and statistics indicate some initial successes but highlight the need for clear implementing texts and continuous monitoring mechanisms for legislative performance (World Bank, 2022; Trading Economics, 2023).

The study adopts a comprehensive analytical methodology combining:

- **Descriptive legal analysis** to examine the provisions of Law 22-18 and its preceding decrees, analyzing the content of investment incentives, legal guarantees, and ownership restrictions.

- **Quantitative analysis** using indicators such as Algeria's ranking in ease of doing business, global competitiveness indices, business startup indicators, and foreign direct investment (FDI) metrics, relying on official sources (World Bank, 2022; Trading Economics, 2023).

- **Comparative review** of countries with similar economic and geographic characteristics, to identify best practices and assess the potential for guiding improvements in Algerian legislation.

The study is structured into four main chapters: the theoretical framework and previous legislation; mechanisms for attracting investment; evaluation of performance indicators and the gap between legislation and implementation; and prospects for legislative and regulatory development. This research aims to provide an evidence-based, neutral assessment and to build an applicable analytical model, alongside practical recommendations to enhance the effectiveness of Law 22-18 and achieve sustainable development in Algeria.

**Scientific Contribution:** This study provides a significant contribution by integrating legal, comparative, and quantitative analyses based on recent data, enabling a deep

understanding of investment attraction mechanisms in Algeria and offering a clear roadmap for improving legislation and institutional procedures in line with international best practices.

## **I. Legal and Institutional Framework for Investment in Algeria: Evolution and Modern Foundations**

### **1.1 Historical Evolution of Investment Legislation in Algeria**

The legal framework for investment in Algeria has evolved gradually in response to internal and external economic and political changes. In the 1970s, a state-directed economy and public sector dominance prevailed, with widespread nationalization policies that limited the participation of both domestic and foreign private investors (Oxford Business Group, 2016). In the 1990s, Investment Law No. 93-12 was enacted, establishing the principle of investment freedom and introducing tax and customs incentives to attract capital, along with the implementation of a notification system instead of licensing in most sectors (The Stages of Establishing Investment Freedom in Algerian Legislation, n.d.; Alijtihad, 2025). Subsequently, Law 16-09 of 2016 was introduced to strengthen previous legislation, simplify procedures, and reaffirm the government's commitment to improving the business climate (Oxford Business Group, 2016). Law 22-18, issued on July 24, 2022, represents a significant turning point, aiming to diversify the Algerian economy and reduce the state's dependence on the hydrocarbon sector, particularly in the context of fluctuating oil prices and the requirements of structural reform programs linked to international policies (UNCTAD, 2022; Investment Policy Monitor, 2024).

### **1.2 Core Principles of Law 22-18: An Analytical Approach**

The new law is based on several key principles, including:

#### **a. Investment Freedom, National Treatment, and Equality:**

Law 22-18 explicitly reaffirms the principle of investment freedom. Article 3 stipulates that any natural or legal person, whether domestic or foreign, resident or non-resident, may freely engage in investment activities, provided that they comply with the applicable national laws. The law also establishes equality of treatment between local and foreign investors, reflecting a clear orientation towards openness and the attraction of foreign direct investment. This formulation aligns Algeria with international investment protection standards, as applied in most bilateral and multilateral investment agreements (UNCTAD, 2022).

#### **b. Transparency and Legal Stability:**

Among the most important guarantees provided by the new law is the principle of legislative stability, ensuring that the legal and tax regimes applied to investors' projects remain unchanged throughout the duration of the investment, unless such changes are in the investor's favor. This element is critical in building investor confidence, as it mitigates risks associated with regulatory uncertainty, long considered a major barrier to investment in Algeria (UNCTAD, 2022). The law also aims to reduce discretionary powers of the administration by standardizing procedures and making them mandatory to publish, in line with the principles of transparency and good governance, which are essential for enhancing the competitiveness of the national economy (Benguerna & Hadjila, 2023).

#### **c. Targeted Incentives:**

The new law marks a shift from general incentives to targeted incentives, granted based on specific criteria, including the project's added value, the number of jobs created, the economic sector involved, and the investment's geographic location. For example, tax and customs exemptions ranging from three to ten years are granted to priority projects, particularly in strategic sectors such as manufacturing and renewable energy, or in regions requiring special development, such as the southern provinces and high plateaus (AAPI, 2023); This approach reflects an attempt to direct investments toward areas that genuinely contribute to diversifying the national economy and reducing dependence on hydrocarbons (Benachenhou, 2022).

### **1.3. Institutional Support Structure: The Algerian Investment Promotion Agency (AAPI)**

The establishment of the Algerian Investment Promotion Agency (AAPI), which replaced the National Agency for Investment Development (ANDI), represents the most tangible practical embodiment of the institutional reform introduced by Law 22-18. It was adopted as a « Single Window » (Guichet Unique) aimed at reducing administrative fragmentation and facilitating investor interactions with various governmental structures. The agency undertakes several core functions, which can be summarized as follows:

**a. Investor Reception and Support:** The agency serves as a central contact point, receiving both domestic and foreign investors, providing them with necessary information regarding the legal and regulatory frameworks, and guiding them through all stages of the project (AAPI, 2023).

**b. Procedure Simplification:** The agency acts as an effective intermediary between investors and public administrations (such as customs, taxation authorities, and local governments), ensuring accelerated administrative processes and reducing previous complexities that were among the main obstacles to investment (World Bank, 2020).

**c. Promotion and Assistance:** The agency is responsible for promoting available investment opportunities across various sectors and regions, as well as providing logistical and legal support aimed at strengthening investor confidence and improving Algeria's image as an investment destination in global markets (UNCTAD, 2022).

This shift towards a **Single Window system** represents a strategic move to enhance governance and reduce bureaucracy; however, its actual success remains contingent upon the agency's capacity to coordinate effectively with other administrations and to provide the human and technical resources necessary to achieve its objectives.

### **4.1 Preliminary Assessment of the New Framework: Between Ambition and Challenges**

Despite the legislative and institutional reforms embedded in Law 22-18, aimed at improving Algeria's investment climate, its practical effectiveness remains conditional on several factors that reveal a gap between legal provisions and field implementation. On the positive side, the law has contributed to unifying the investment legislative framework and establishing a new philosophy based on notification and reporting instead of the prior authorization system in most sectors, representing a shift toward greater flexibility in handling investment initiatives (UNCTAD, 2022).

However, several challenges remain, notably:

**a. Ownership Restrictions:** The continuation of the 49/51% rule in strategic sectors (such as energy, mining, and pharmaceuticals) limits the entry of large foreign investments and constrains opportunities for technology and knowledge transfer associated with these sectors (World Bank, 2020).

**b. Institutional Implementation Gap:** The effectiveness of the “Single Window” system remains dependent on the readiness of AAPI in terms of human resources and technical capacity, as well as the degree of coordination with other administrations, some of which continue to adhere to traditional practices. This may result in a reproduction of administrative complexities, even within a new institutional framework (AAPI, n.d.).

Accordingly, Law 22-18 represents a foundational step toward reforming the investment environment in Algeria, but it still requires strong institutional support and more practical guarantees in the implementation of its provisions in order to transition from an ambitious legislative text to an effective tool for attracting investment and achieving sustainable economic development.

## **II. Investment Promotion Mechanisms and Evaluation of Incentive Effectiveness in Law 22-18**

This chapter marks a transition from the general theoretical and legislative framework to practical application, through an analysis of the incentive structure established by Law 22-18, with a focus on its effectiveness in stimulating domestic and foreign investment. The analysis adopts a dual approach, combining a presentation of the legal provisions with a discussion of their practical challenges and alignment with international standards.

### **2.1 Investment Incentive Architecture: From General to Targeted**

Law 22-18 introduced a qualitative shift in the philosophy of granting incentives, moving from a system based on broad incentives applicable to almost all investments to a more specific and targeted system, linking benefits to objective performance criteria such as job creation, regional balance, or investment in priority sectors (UNCTAD, 2022).

#### **a. General Incentives**

According to Article 21, investors benefit from an initial package of incentives, including exemptions from Corporate Income Tax (CIT) and Professional Activity Tax (TAP) for three years, in addition to exemptions from registration duties and stamping on incorporation contracts. These incentives are directed toward investments that do not fall within priority sectors but meet the general conditions stipulated by the law (AAPI, n.d.).

#### **b. Special Incentives**

Articles 22–25 establish a graduated system of special incentives, extending up to ten years, linked to the achievement of specific developmental objectives:

✓ **Job Creation:** The investor is granted an additional one-year exemption for every 30 permanent jobs created.

✓ **Regional Development:** Additional benefits are granted to projects implemented in the High Plateaus and southern regions to promote balanced development.

✓ **Priority Sectors:** These include mechanical and pharmaceutical industries, renewable energy, the digital economy, and the agro-industrial sector, due to their role in diversifying the national economy and reducing dependence on hydrocarbons.

✓ **Tourism and Hospitality Sector:** Projects for developing tourist and hotel facilities are granted additional tax and customs incentives (AAPI, n.d.).

### c. Investment Agreements

Article 26 represents the most flexible mechanism in the law, allowing the state to enter into special agreements with major investors, providing “customized incentives” tailored to the nature of the project and its added value, provided that the project has strategic effects on the national economy and exceeds a specified financial threshold (UNCTAD, 2022). This mechanism makes the Algerian legal framework more attractive for high-quality investments compared to previous rigid systems.

### c. Indicators for Evaluating Investment Incentives

The legal evolution in the field of investment incentives should be interpreted in light of quantitative data on foreign direct investment (FDI) in Algeria, as recent figures reflect a relative improvement despite ongoing fluctuations.

**Table 1: Foreign Direct Investment and Business Environment Indicators in Algeria (2021–2023)**

Indicator	2021	2022	2023
FDI Inflows (million USD)	870	255	1,210
Net FDI as a percentage of GDP (%)	0.50%	0.10%	0.50%

*Source: Prepared by the author based on UNCTAD (2023) and World Bank (2023) data.*

The table illustrates trends in foreign direct investment and its relation to the business environment in Algeria during the period 2021–2023, highlighting fluctuations in investment flows. In 2021, Algeria recorded FDI inflows of 870 million USD, which declined to 255 million USD in 2022, before rising again to 1,216 million USD in 2023, representing a 376% increase compared to the previous year. This reflects some relative attractiveness of the new Investment Law No. 22-18.

In contrast, net FDI as a percentage of GDP remained relatively low, at around 0.5% in 2021, decreasing to approximately 0.1% in 2022, and returning to 0.5% in 2023. This indicates that the improvement in absolute investment values has not significantly translated into a higher relative weight of foreign investment in the overall economy.

## 2.2 Non-Financial Support Mechanisms and Procedure Simplification: The Single Window System

In addition to financial incentives, Law 22-18 places significant emphasis on simplifying administrative procedures through the establishment of non-financial support

mechanisms. In this context, the creation of the Algerian Investment Promotion Agency (AAPI) as a « Single Window » represents a pivotal tool for improving the business climate and attracting investors.

#### **a. Role of the Algerian Investment Promotion Agency (AAPI)**

✓ **Information and Guidance:** AAPI is responsible for receiving investors and providing them with information and studies related to economic sectors, industrial land, and administrative procedures, thereby reducing uncertainty (AAPI, n.d.).

✓ **Administrative Simplification:** The agency acts as a direct intermediary with public administrations (such as customs, taxation authorities, and local governments) to accelerate the issuance of permits and reduce the administrative time required to implement projects (OECD, 2023).

✓ **Dispute Mediation:** AAPI provides a practical mechanism for resolving administrative disputes that may arise between investors and government agencies, thereby enhancing confidence in the institutional environment (UNCTAD, 2022).

#### **b. Limits of the "Single Window" System**

Despite the progressive nature of this mechanism, its effectiveness remains dependent on the cooperation of public administrations and their willingness to change traditional practices. Some studies indicate that post-establishment procedures, such as connecting projects to infrastructure or obtaining construction permits, are still subject to multiple and slow processes, which may perpetuate certain administrative complexities despite the existence of the “Single Window” system (Benabdallah, 2023).

### **3.2 Effectiveness Assessment: Advanced Achievements and Practical Challenges**

#### **a. Advanced Achievements**

✓ **Clarity of Legal Texts and Precise Targeting:** Law No. 22-18 clearly defines the conditions for incentives and privileges within its legal texts, which helps reduce ambiguity for investors and enhances a more transparent legal environment (UNCTAD, 2022).

✓ **Flexibility through Investment Agreements:** The law allows for negotiating special investment agreements for strategically significant projects, enabling a balance between the state’s interests and the investor’s requirements. This represents a flexible mechanism that overcomes the rigidity of traditional legislation (Baker & McKenzie, 2022).

#### **b. Practical Challenges**

✓ **Ongoing Administrative Complexities:** Despite the existence of the Single Window system, some post-establishment procedures, such as approvals for infrastructure connections or construction permits, remain slow and subject to multiple requirements, weakening implementation speed (OECD, 2021).

✓ **Continuation of the 49/51% Ownership Rule:** In many strategic sectors, the Algerian ownership rule (49% foreign, 51% Algerian) continues to pose a barrier to attracting large foreign investments and to the transfer of technology (Baker & McKenzie, 2022).

✓ **Absence of Certain Executive Texts:** Delays or lack of clarity in issuing implementing decrees in some areas create uncertainty in applying the law and leave room for divergent interpretations.

✓ **Currency and Financial Restrictions:** Some foreign projects face challenges in repatriating profits and capital due to foreign exchange controls, which reduces the effectiveness of financial incentives provided under the law (Investment Policy Monitor, 2022).

### c. Benchmark Comparison (with Jordan)

When compared with Jordan, the latter has implemented significant reforms in incentive management and improved transparency in investment procedures, as reflected in reviews of investment features and public policy quality (OECD, 2022). These experiences help mitigate challenges faced by Algeria, particularly regarding the speed of institutional reform and linking investment to economic performance.

## III. Obstacles to the Interaction between the Law and the Business Environment

This chapter addresses the core issue of the study by analyzing the gap between the theoretical ambitions of Law 22-18 and the practical realities of its implementation. While the law represents an advanced legislative reform, its activation faces institutional, organizational, and structural obstacles that hinder its transformation into an effective tool for attracting investment and enhancing the confidence of economic actors.

### 3.1 Implementation Gap: Institutional and Organizational Challenges

Despite the establishment of the Algerian Investment Promotion Agency (AAPI) as a « Single Window », practical implementation still encounters several challenges:

- **Duplication and administrative delays:** In practice, the implementation of the “one-stop shop” continues to suffer from procedural duplication and noticeable administrative delays. In reality, the one-stop shop has not yet been fully empowered, forcing investors to wait for overlapping approvals from multiple ministries and agencies to carry out their projects, which prolongs project completion times due to Administrative complexities (World Bank, 2022).

- **Weak coordination among entities:** Weak coordination has been observed between the Agency and some relevant government departments, as these bodies often do not provide sufficient cooperation to support the Agency’s tasks (OECD, 2021). The Director General of AAPI emphasized the necessity of “enhancing coordination between departments and the central administration” in order to provide better support to investors (AAPI, 2023).

- **Institutional competency gaps:** The Agency requires high-level expertise in negotiation and the analysis of large-scale projects, which constitutes an obstacle to the effective management of investment agreements (UNCTAD, 2022).

### 3.2. The Fluctuating Legislative Framework and the Issue of Legal Stability

Despite its stated ambitions, the Algerian legal framework continues to suffer from fluctuations:

✓ **Persistence of the 51/49% Rule in Strategic Sectors:** This rule limits the freedom of foreign investors and reduces the country's attractiveness (Baker & McKenzie, 2022).

✓ **Multiplicity and Overlap of Legislations:** The coexistence of the Investment Law, taxation laws, and the Monetary and Credit Law creates legal ambiguities, increasing the risk for investors (OECD, 2021).

✓ **Volatility in Macroeconomic Policies:** Changes in exchange rate policies and import restrictions undermine the principle of legal stability that the law is supposed to guarantee (World Bank, 2023).

### 3.3. Structural and Macroeconomic Obstacles

There are major economic constraints that the law alone cannot address:

❖ **Complex Banking System and Financial Transfers:** The complexity of the banking system and restrictions on financial transfers represent one of the main structural challenges undermining Algeria's investment attractiveness. Despite the theoretical guarantees provided by Law 22-18 regarding profit and investment return repatriation, foreign companies face restrictive practices in reality, particularly due to directives from the Bank of Algeria, which impose ceilings and complex procedural requirements for foreign currency transfers abroad (IMF, 2022).

❖ **Weak Integration into Global Value Chains:** Poor integration into global value chains is a structural obstacle limiting the conversion of investments into real drivers of economic growth in Algeria. The country suffers from a severely underdeveloped logistical infrastructure, as reflected by its ranking of 114 out of 160 countries in the 2023 Global Logistics Performance Index, with particular weaknesses in logistics service efficiency and infrastructure quality (World Bank, 2023). This weakness leads to several interconnected challenges: reliance on congested ports and inefficient transport routes increases delivery times and operational costs, reducing the competitiveness of Algerian products. Moreover, complex customs procedures and fluctuating import policies hinder the smooth flow of intermediate goods and raw materials, disrupting domestic production lines and limiting export capacity (OECD, 2022).

❖ **Transparency and Governance:** Issues of transparency and sound governance are fundamental challenges affecting investment climate improvement in Algeria. Despite ambitious economic and legislative reforms, including the new Investment Law (22-18) emphasizing transparency and equality, the country continues to perform poorly in international benchmarks. In the 2023 Corruption Perceptions Index (CPI), Algeria scored 34 out of 100, ranking 123rd out of 180 countries, indicating persistent systemic corruption (Transparency International, 2023). This performance negatively impacts investor confidence, creating a business environment characterized by uncertainty and high informal transaction costs. Furthermore, the World Bank's 2022 Worldwide Governance Indicators reveal weaknesses in "government effectiveness" and "rule of law," undermining the theoretical investor protection guarantees provided by the legislation (World Bank, 2022).

Accordingly, building investor confidence requires more than legal texts; it necessitates a radical transformation of administrative practices, the implementation of effective oversight

systems, and transparency throughout all stages of the investment process—from licensing, to execution, and dispute resolution.

### **4.3. A Brief Comparative Analysis with an International Experience (Turkey as an Example)**

To illustrate the magnitude of the gap, the Turkish experience can be used, as it has successfully enhanced its investment attractiveness (Esiyok, B., 2011):

✓**Relative Legislative Stability:** Supported by successive reforms aimed at simplifying the business environment.

✓**Major Infrastructure Investments:** Including ports, airports, and free zones, which have transformed Turkey into a hub for manufacturing and export.

✓**Broader Economic Openness:** Through advanced trade agreements with the European Union and other countries, allowing greater integration into international supply chains (OECD, 2022).

## **IV. Development Scenarios and Future Prospects**

This section takes a forward-looking perspective, linking the diagnosis of previous obstacles with potential future avenues for developing Investment Law 22-18, in order to reduce the gap between legal texts and practical implementation. Three main scenarios can be envisaged:

### **1.4. Analysis of Possible Scenarios**

#### **❖Continuity Scenario (Gradual Improvement of the Current System):**

This scenario relies on introducing gradual improvements in the mechanisms for implementing the law, including enhancing the effectiveness of the “One-Stop Shop” and simplifying some administrative procedures, without altering major structural constraints such as ownership rules or foreign exchange restrictions. Its main strength lies in providing legal stability that preserves investor confidence, as transparency and clarity are among the most important elements of a stable business environment (World Bank, 2022). However, its limitation is the weak capacity to achieve a rapid qualitative leap in investment attractiveness, which may keep Algeria ranked behind other countries that have implemented deeper reforms in a shorter period.

#### **❖Radical Reform Scenario (Comprehensive Review of Structural Constraints):**

This scenario focuses on implementing deep reforms to address the structural constraints that have long hindered the investment climate in Algeria. In this context, it is proposed to abolish the 49/51% ownership rule in most economic sectors, allowing greater freedom for foreign investors and enhancing competitiveness. The reform also includes developing the banking system through partial liberalization of financial transfers and simplifying financing mechanisms, alongside strengthening institutional governance through transparency and accountability.

This approach aligns with international experiences showing that radical reforms can mark a turning point in attracting foreign direct investment. Developing countries such as Egypt and Ethiopia have achieved a significant leap in investment flows after revising their investment

policies and implementing structural reforms related to governance and the financial sector (OECD, 2021).

**❖ Regional Integration Scenario (Leveraging African and Arab Agreements):**

This scenario is based on strengthening regional economic cooperation by activating existing agreements, such as the Greater Arab Free Trade Area (GAFTA) and certain bilateral partnership agreements with African countries. This approach aims to position Algeria as a regional platform attractive to cross-border investments, particularly in export-oriented sectors such as food industries, energy, and logistics services.

The strength of this scenario lies in its ability to expand markets available to investors and increase access to existing Arab and African economic spaces, giving Algeria a better competitive position. However, its success remains conditional on improving logistical infrastructure (ports, roads, railways) and enhancing the efficiency of customs procedures, which still pose obstacles to the smooth flow of trade (World Bank, 2022).

## **2.4. Proposed Development Axes**

Building on the identified challenges and opportunities, practical axes for development can be proposed:

**• Developing the Digital System of the "One-Stop Shop":**

Digital transformation represents a key pillar for activating the principles of transparency and efficiency in investment management. Although the “One-Stop Shop” was established as a regulatory framework to reduce administrative complexities, its reliance on traditional methods limits its ability to fully achieve its objectives. In this context, developing a comprehensive digital platform for the One-Stop Shop is a crucial step, as it allows different administrations and agencies to be interconnected through a unified platform for data and document exchange, reducing bureaucratic friction, shortening processing times, and enhancing the confidence of both domestic and foreign investors. International studies indicate that digitizing administrative procedures is a decisive factor in improving the business climate and supporting investment attractiveness (OECD, 2022). Furthermore, recent approaches suggest that investing in digital technology can serve as a strategic tool to enhance institutional innovation and increase supply chain flexibility, thereby contributing to the development of high-quality enterprises, which underscores the relevance of integrating digital solutions into investment management (Pan & Guo, 2025).

**• Establishing Specialized Investment Courts:**

Having specialized and independent courts for investment disputes is among the fundamental guarantees that enhance investor confidence, whether local or foreign. Investment disputes are often technically complex and involve the interplay of national regulations and international agreements, necessitating judges with advanced legal and economic expertise. Establishing specialized courts helps expedite dispute resolution, reduce litigation costs, and sends a clear message to investors regarding the state’s commitment to providing a secure and stable business environment. Reports from the International Centre for Settlement of Investment Disputes indicate that providing specialized judicial mechanisms is a key factor in improving the investment climate and strengthening trust in the national legal system (ICSID, 2021).

## • Developing Islamic Finance Systems as an Attractive Alternative:

Islamic finance can serve as a flexible tool to enhance investment attractiveness and project financing, particularly in countries with economic and cultural ties to the Islamic world. This type of financing is based on risk- and profit-sharing principles, making it more compatible with productive investment requirements and reducing the vulnerabilities associated with interest-based financing. Moreover, the growing global demand for Islamic bonds (Sukuk) and Sharia-compliant investment funds increases Algeria's potential to attract new capital, especially from Gulf and Asian countries. IMF reports indicate that developing legal and regulatory frameworks for Islamic finance helps broaden the investor base and diversify financing instruments (IMF, 2022). Researchers also emphasize that integrating Islamic finance into national investment policies contributes to enhancing financial system inclusivity and providing alternative channels for sustainable financing (Abdullahi, 2021).

## Conclusion

This study sheds light on the legal framework for investment in Algeria by analyzing Law No. 22-18, with an assessment of the effectiveness of investment incentives and the institutional support mechanisms embodied in the "One-Stop Shop." The study revealed that the law represents a significant step forward in simplifying procedures and enhancing investment attractiveness through clear financial incentives, flexibility via investment agreements, and strengthening the role of the Algerian Investment Promotion Agency (AAPI) as a centralized service hub for investors.

Conversely, the study identified a set of obstacles that limit the practical application of the law, most notably ownership restrictions in strategic sectors, persistent administrative complexities, the absence of certain implementing regulations, and challenges related to financing and banking transfers. It also became evident that legal stability alone is insufficient to stimulate investment without addressing major structural and economic issues, including weak infrastructure, limited integration into global value chains, and deficiencies in governance and transparency indicators.

This study makes a scholarly contribution by providing a comprehensive assessment that combines legal, institutional, and economic aspects, highlighting the need to integrate legal reforms with the development of a digital platform, the establishment of specialized courts, and the expansion of financing mechanisms, including Islamic finance.

Finally, the findings indicate that the law's effectiveness could be further enhanced through multiple scenarios: gradual improvement of procedures, radical reform of structural constraints, and promotion of regional economic integration through bilateral and regional agreements. Adopting these approaches can contribute to enhancing investment attractiveness, achieving sustainable development, and diversifying the national economy.

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