

Obstacles to Local Investment in the Shadow Areas of Algeria with a Focus on Jijel Province: Sources of Deficiency and Requirements for Reform

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Abstract

Local investment, particularly in the shadow areas, is one of the key concerns of the Algerian state at present. Consequently, various agencies have undertaken a comprehensive census of isolated areas and allocated substantial financial resources to revitalize these regions and make them focal points for economic takeoff. These areas are rich in natural resources, making them prime candidates for comprehensive local development and for addressing the developmental disparities observed across most of Algeria. However, creating an environment conducive to local investment in these areas requires mechanisms to eliminate bureaucracy and establish stable laws that facilitate field activities.

Keywords: *Local Investment, Local Development, Shadow Areas, Investment Barriers, Developmental Disparities.*

INTRODUCTION

The government has taken the issue of developing shadow areas seriously, placing it among its top priorities. The directive from the President, which emphasizes addressing local developmental disparities, particularly in shadow areas, marks a shift from traditional approaches to one focused on initiative and result-based management.

This directive aims to remove all investment obstacles and break away from bureaucratic practices through intensified fieldwork, monitoring citizens' conditions, and developing integrated projects with social, cultural, and economic dimensions in partnership with local communities.

This initiative represents the starting point for balancing development across all regions, beginning with the President's program to restore the shadow areas. In response to the President's instructions, the government launched an urgent development program after identifying over 15,000 shadow areas with a population exceeding 8 million.

This program targets four main goals: alleviating isolation for residents in remote mountainous areas, ensuring access to roads, electricity, gas, and potable water, improving health and education services, and diversifying the economic capacities of the shadow areas while promoting dialogue and consultation with citizens through participatory management.

Shadow areas in Algeria are among the most marginalized, suffering from a lack of infrastructure such as road networks and connections to electricity, gas, and potable water.

Investment in these areas is crucial for advancing local and national development, especially given the current global focus on investment amid declining oil prices and an exceptional health situation. Local investment is a key alternative in the economic policy and reflects the local communities' ability to support the state's policy in promoting local investment in shadow areas.

These conditions have led to a lack of regional equity and a clear imbalance in regional development. Hence, the approach to regional development through local development, particularly by revitalizing dormant sectors like agriculture and tourism, is essential for creating sustainable and comprehensive developmental justice. The province, with its various authorities, enjoys broad powers in local investment and development in shadow areas. This context leads us to the core question of this study:

Has the Algerian legislator established a legal framework capable of developing local investment in shadow areas and eliminating local developmental disparities?

Addressing this important issue requires us first to define the concepts of investment and local development in the first section. Then, we will discuss the foundations and mechanisms of local communities' involvement in local development in the second section. Finally, we will examine the current state of local development in the shadow areas of Jijel Province in the third section.

Section One: Local Investment and Local Development - Conceptual Approach

The relationship between investment and local development is strong; there is no local development without investment. Therefore, we will define both concepts to clarify their interrelationship.

First: Conceptual Basis of Investment

1. *Definition of Investment*

Investment is the main driver of development and the primary determinant of economic activity in any country. It helps to improve individuals' living standards (Chalabi Naima, 2007, p. 05). The concept of investment encompasses a wide range of activities, including investing in certificates of deposit, bonds, stocks, and investment funds (Yazid Taghrat, 2019, p. 60).

Investment can be defined as the allocation of resources now to achieve future returns, with the total future benefits exceeding the initial expenditures (Lakhder Ben Abderrazak Moulay – Shoaib Bouanou, 2009, p. 07).

The Algerian legislator defines investment in Article 02 of Order 01-03 dated August 20, 2001, concerning investment development, as follows: - Acquisition of assets to create new activities - Contributions to a company's capital in cash or kind - Participation in activities within the framework of partial or complete privatization this definition focuses on industrial investment and the economic activities of dissolved institutions.

Investment is thus an economic term referring to the allocation of capital to activate a specific economic project that benefits the project owners and positively impacts the national economy.

2. *Stages and Method of Acquiring Land for Investment*

An individual seeking investment land submits a file to the Committee for Assistance in Site Selection, Investment Promotion, and Land Regulation (CAPIREF). The file is then reviewed by the technical departments, and the provincial committee decides on the file. If approved, a decision is issued by the governor granting the right to lease the land for 33 years, renewable twice, formalized by a notarial deed (Local Development, Equipment, Investment, and Employment Committee, Provincial People's Council of Jijel, 2020).

Second: Local Development

Local development has various definitions. Mohieddin Saber defines it as a modern concept of social and economic work in specific areas based on scientific principles, aiming to create a cultural change in thinking and living through local community participation at all levels (Al-Tabaei Kamal, 1993, p. 23).

Rashid Ahmed Abdel Latif describes it as a movement aiming to improve the overall living conditions of society through positive community participation, either spontaneously or through methodological means to ensure enthusiastic and effective community response (Rashid Ahmed Abdel Latif, 2002, p. 19).

Local development is implemented through two types of programs: equipment programs and support programs for economic reforms.

A. *Equipment Programs:*

According to Article 05 of Decree 81/380, local communities undertake two types of development plans: a municipal plan (PCD) and a sectoral plan (PSD). The municipal plan focuses on local development, providing necessary services and supporting the economic base. It must align with the sectoral and national development plans.

B. *Sectoral Development Plan:*

This national plan includes all provincial and public institution investments, managed by the governor and approved by the Provincial People's Council.

C. *Support Programs for Economic Reforms:*

These programs address specific situations to overcome challenges, including:

1. *Economic Recovery Support Program:*

Initiated by the President, this four-year program (2001-2004) supports institutions, agricultural activities, public facilities, water management, transport, and infrastructure.

2. *Southern Fund Program:*

Aims to address deficiencies in basic equipment in southern Algeria compared to the northern regions.

3. *Joint Local Communities Fund:*

An administrative public institution that provides grants and support to municipalities with budget deficits (Ghazeer Mohamed Taher, 2011, p. 99).

Section Two: Foundations and Mechanisms of Local Communities' Intervention - The Province - in Local Investment in Shadow Areas

Supporting investment requires various measures beyond capital, including genuine political will. As an important local community, the province acts as a link between municipalities and central state institutions. Thus, the state must provide the province with legal and practical mechanisms to perform its duties effectively.

1. *Powers of the Provincial People's Council in Local Investment:*

The council, under Law 12-07, has various powers, including: - Forming committees, such as the Local Development, Equipment, Investment, and Employment Committee - Discussing infrastructure, economic development, trade, transportation, land planning, agriculture, and irrigation - Creating a database for economic studies and statistics, identifying industrial areas for investment - Facilitating access to industrial land for economic operators - Coordinating with local actors and promoting consultation to create a favorable investment environment The council's powers include making recommendations and initiatives, though they are not binding on executive bodies, which can hinder local development in shadow areas.

2. *Powers of the Governor in Local Investment:*

Under Article 110 of Law 12/07, the governor represents the state at the provincial level and implements council resolutions. The governor plays a crucial role in maintaining public order, a key factor in attracting local investments, especially in remote shadow areas.

However, the 2020 Finance Law transferred the power to allocate land from governors to the Committee for Assistance in Site Selection, Investment Promotion, and Land Regulation (CALPIREF) due to mismanagement and corruption.

3. *Role of State Properties in Local Investment:*

State properties provide the land needed for various investment projects. Managed by the Directorate General of National Properties, these lands are allocated through "concession contracts" under Order 08-04 of September 1, 2008.

The process includes several administrative steps, culminating in a notarial contract prepared by the State Property Directorate (Ayadi Hadouri, 2017, p. 141). The directorate also acts as an expert in evaluating public assets for investment purposes.

Section Three: The State of Local Investment in Shadow Areas in Jijel Province* *First: Introduction to Jijel Province

Jijel is located in northeastern Algeria, covering 2,396.63 km². It borders the Mediterranean Sea to the north, Skikda to the east, Béjaïa to the west, and Mila and Sétif to the south. The province has 28 municipalities within 11 districts, with a population of 684,933 and a density of 285 inhabitants/km².

Jijel's terrain is 82% mountainous, with a coastal plain and rugged mountains rich in vegetation. Despite its challenging terrain, Jijel's natural resources make it a fertile ground for local investment.

Second: Key Investment Projects in Jijel Province**A. Industrial Areas and Approved Investment Projects (Report by the Local Development**

Industrial zones and approved investment projects (Report of the Chairman of the Local Développement, Equipment and Investment Committee of the State People's Assembly in the state of Jijel during the fourth regular session of the State People's Assembly on 12/31/2020)

| category | The site | Municipal | Total area (h) | Number of pieces created | Number of pieces awarded | The space granted (h) | Number of vacant lots | Available space (h) |
|--------------------|------------------------------------|--------------------------------------|----------------|--------------------------|--------------------------|-----------------------|-----------------------|----------------------|
| Industrial farm | The new industrial barn in Balara | Millia | 309.89 | 523 | 232 | 110 | 122 | 97.40 |
| Industrial area | Ould Saleh Industrial Zone | El amirabdelkader | / | 84 | 62 | 62 | 00 | 00 |
| Old activity areas | El haddadaactivities area | jijel | 26 | 26 | 62 | 62 | 00 | 00 |
| | Millia activities area | millia | 06.5 | 06.5 | 05 | 50 | 00 | 00 |
| | El amir abdelkader activities area | El amir abdelkader | 04.7 | 04.7 | 09 | 09 | 00 | 00 |
| New activity areas | Beni Ahmed activities area | Municipality of kaouas | 16.8 | 16.8 | 32 | 25 | 07 | 00 |
| | oudjana activities area | Municipality of oudjana | / | 10.39 | 23 | 08 | 05 | / |
| | shuf el ithnayn activities area | Municipality of ouledYahyaKha drouch | / | 73 | 38 | 23 | 01 | 95239 m ² |
| | sattara activities area | sattara | / | 5.9 | 16 | 11 | 01 | 1119 m ² |

Industrial zones and proposed investment projects

| category | The site | Municipal | Total area (h) | Number of shares | Number of pieces awarded | The space granted (h) | comments |
|---|-----------------------------|-------------|----------------|------------------|--------------------------|-----------------------|---|
| Proposed mini commercial activity areas | edmina | taher | 3.8 | 19 | | | It aims to bring Investment projects to develop the regions |
| | Ain krineh | taher | 02 | 10 | | | |
| | karya | chakfa | 3.5 | 17 | | | |
| | aachoucha | chakfa | 05 | 25 | | | |
| | amarouche | chakfa | 02 | 10 | | | |
| | Tabbala-(boukrama) | Ben yadjis | 6.7 | 34 | | | |
| | Azzaroud (bazoul) | taher | 4.6 | 30 | | | |
| Proposed industrial area | El kafchi | sattara | 29.35 | 45 | | | |
| Proposed commercial activity area | Laachache (Commercial area) | Ben yadjis | 18.23 | 40 | | | |
| Proposed mini commercial area | Ouledaskeur | Ouledaskeur | 6.17 | 31 | | | |

Other real estate vehicles intended for investment

| category | Region | Municipal | Total area (h) | Number of shares | comments |
|---|---|-----------|----------------|--|--|
| Real estate vessels intended for investment | The area adjacent to the port of djendjen | taher | 33.9 | -Food industry -Storage and distribution of petroleum products -Mechanical and iron industry | The space granted 32.6 |
| | Dry port | kaouas | 33 | Services | Saturated space |
| | The eastern entrance to the municipality of Jijel | jijel | 3.5 | | Medical clinics - real estate upgrade (saturated area) |
| Djendjen port | Djendjen port | taher | / | / | Container final |

CONCLUSION

After reviewing the basic concepts of investment, its environment, and the surrounding factors such as political, economic, legal, administrative, and cultural conditions—which constitute the requirements for this environment—it becomes clear that investment, as one of the major developmental variables, is of paramount importance in the economies of nations.

Local investment in marginalized areas represents a significant opportunity to drive local development and eliminate developmental disparities between urban and rural areas. Local investment reflects the capacity of a nation to advance its investments. Since the state is responsible for setting investment policies, it must create an environment that encourages investment and attracts investors, particularly through a legal framework that is one of the fundamental factors in investment overall.

Although Algeria has surrounded investment with legal provisions capable of attracting investors and developing their investments, local investment in general and investment in remote areas in particular still suffer.

This is especially due to the lack of clear landmarks for local investment, the prevalence of bureaucracy, field obstacles, weak infrastructure, and significant developmental disparities between different regions. All of this has contributed to hindering the state's plans and strategies to achieve comprehensive and balanced local development.

There is a necessity to exploit the significant local natural resources in most isolated areas and transform them into tourist hubs, given Algeria's considerable diversity in resources, which could make these areas focal points for economic take-off based on the potential of rural areas.

However, to achieve this, it is first necessary to undertake extensive development operations in marginalized areas to eliminate the substantial developmental disparities between different regions, establish basic infrastructure that serves as a starting point for investment, and empower local communities with the authority to manage their resources freely, without the oversight and guardianship currently imposed on them.

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