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The Digital Transformation of the Investment Sector in Algeria

Djemai Saib ¹, Fatma Khelifi ²

¹ Doctor of Law, Laboratory of Advanced Legal Studies, University of Jijel, (Algeria)

Email: saibdjemai194@gmail.com, Orcid: <https://orcid.org/0009-0006-0911-1956>

² Doctor of Investment Law, Laboratory of Legal and Economic Studies, Aflou University Center, (Algeria).

Email: dr.fatma.khelifi@gmail.com, Orcid: <https://orcid.org/0009-0000-6765-9430>

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Abstract:

The digital platform system represents a new approach adopted by the Algerian state in the field of investment. It relies on digital and technological development and the use of remote interaction tools, while abandoning entirely and definitively the slow and complex traditional bureaucratic management style. The objective is to bring the administrative authority responsible for supervising and monitoring investment closer to both national and foreign investors, without any discrimination between them. This ensures the provision of better services to investors with full transparency, by overcoming the shortcomings of the traditional management system that had been established and reinforced under previous investment laws.

Keywords: Digitization; Investment Law; E-Government; Digital Platform.

Introduction:

In recent years, the world has witnessed an immense technological revolution resulting from the rapid advances in information and communication technologies. This has been accompanied by a growing global trend towards digital transformation, which has become an inevitable necessity for all nations in light of global changes. Governments increasingly employ information technologies across institutions and administrative bodies in their efforts to improve services and enhance competitiveness, particularly in the financial and investment sectors.

The subject of this study holds particular significance, as it relates to the promotion and development of all matters connected to finance and business. Improving the business environment is one of the fundamental drivers for attracting both domestic and foreign investment, especially through digital transformation applications that contribute to fostering transparency and protecting investors' rights. Consequently, governments strive to develop the business climate by embracing technological digitization as a means to attract investment. In Algeria, the legislator has kept pace with this global trend in the field of investment by integrating modern technologies into investment administration. This was achieved through the most recent amendment of the Investment Law, which—for the first time—introduced the **Digital Investment Platform** aimed at attracting and encouraging investors. This initiative responds to longstanding complaints from investors about slow

administrative procedures, bureaucratic delays, procedural complexity, and the scarcity of information concerning documents, requirements, and legal formalities.

There is no doubt that investment plays a crucial role in achieving economic and social development. This has prompted the Algerian state to place strong emphasis on investment as a key tool for promoting development, especially since the adoption of privatization policies. Simplifying and modernizing investment-related administrative procedures through the use of advanced technologies, together with ensuring the availability of investment-related information, can greatly enhance efficiency, effectiveness, and accelerate the pace of launching investment projects.

This study therefore seeks to highlight the central role played by digitization in the investment sector as a means of achieving sustainable and balanced economic development. The Algerian state has confirmed this role through amendments to investment-related legislation and through efforts aimed at addressing existing gaps, with the ultimate goal of overcoming the near-total dependence on the hydrocarbons sector and strengthening digitization through the new Investment Law No. 22/18.

To examine this topic, the study attempts to answer the following research question: **How has the Algerian legislator incorporated digitization mechanisms in the investment sector under Law No. 22/18?** The study adopts a descriptive methodology suited to the subject matter, providing a comprehensive account of the practical application of digitization within the framework of Law No. 22/18 on investment. Accordingly, the study is divided into two main sections: the first addresses the concept of digitization, while the second examines its principal applications under Law No. 22/18 on investment.

First Axis: The Concept of Digitization

Within the framework of modern digital transformation pursued by the Algerian state—through reliance on scientific and technological development across all administrations by employing remote interaction technologies and moving away from traditional administrative methods characterized by procedural complexity and lengthy implementation—the Algerian legislator, for the first time in the history of the investment system, introduced digitization under Law No. 22/18. This step reflects the adoption of a digital system for communication with investors by the authorities regulating the sector, thereby underscoring the Algerian government’s commitment to applying modern technologies to facilitate and accelerate investment processes and improve the overall investment climate.

1- Defining the Term “Digitization”

The term digitization is one of the modern concepts that emerged as a result of the development of information and communication technologies and the use of modern technology across various fields and sectors.

- Digitization is defined as: “the application of digital transformation technologies, and the shift of services provided by government sectors to an innovative model of operation based on digital technologies.”¹
- It is also defined as: “the process of converting from analog to digital form, or the transition from traditional methods to electronic storage systems. This transformation requires understanding

¹ - Ismail bin Muhammad bin Abdullah Nuwaira and Shaima bint Humaid bin Abdullah Al-Oboubi, “The Impact of Tax System Digitalization on the Performance of Tax Auditing in Morocco: A Descriptive Study,” *Journal of SME Competitiveness*, University of Chlef, Algeria, vol. 2, no. 1 (2020): 67.

the business environment, the existing methods and practices, and selecting the most suitable approach.”²

- Another definition considers digitization as: “an advanced process that enables the conversion of any document, regardless of its type or format, into a digital chain (Chaine Numérique). This technical work is accompanied by intellectual and clerical tasks aimed at organizing post-information processes for indexing, tabulating, and representing the content of the digitized text.”³
- Furthermore, the digitization system refers to: “the adoption of e-administration by providing public services digitally, allowing the government to communicate with individuals remotely through the internet. This constitutes a new model of governance and modernization of administrative services, enabling citizens to access public services through the most efficient means in terms of saving time and effort, improving effectiveness, and reducing costs.”⁴

From the various definitions of digitization presented above, it can be concluded that in the field of investment, digitization refers to the set of steps and procedures undertaken by institutions and administrative bodies to integrate modern technologies into all aspects of investment-related activities. The primary objective of this approach is to bring about a fundamental change in the business environment by improving the quality of services offered to investors and enhancing the ability of institutions involved with investors to compete and adapt to global changes.

2-The Benefits of Digitization

As a result of the numerous advantages achieved through digitization—particularly in developed countries—other states have begun to compete in implementing it across all their institutions. The most important benefits include the following:⁵

- **Time efficiency:** digitization shortens the duration of completing administrative transactions of all types.
- **Accuracy and objectivity:** it ensures precision and impartiality in the execution of administrative processes within public administrations.
- **Simplification of procedures:** digital systems streamline administrative processes, which positively affects the quality of services provided to individuals, making them more efficient and reliable.
- **Enhanced communication:** digitization facilitates interaction and coordination among different administrative bodies, whether domestically or internationally.

² - Amal Deif Bassiouni, “Implications of Digital Transformation on the Business Environment and the Stimulation of Direct Investment in Light of International Variables,” *Journal of Commerce and Finance*, Tanta University, Egypt, vol. 34, no. 2 (2023): 218.

³- Ghada Abdel Moneim Moussa, Ibrahim Al-Ramadi, and Yehia Zakaria, *Digitization of University Library Collections: A Planning Study, with the Faculty of Arts as a Model* (Alexandria, Egypt: Dar Al-Maarefa Al-Jameia for Printing, Publishing, and Distribution, 2013), 25.

⁴ - Nabil Ouanas, “Digitization of the Investment Sector in Algeria in Light of Law No. 22/18,” *Journal of Legal and Social Sciences*, vol. 8, no. 3 (University of Ziane Achour, Djelfa, Algeria, 2023), 389.

⁵- Mostafa Youssef Kafi, *E-Administration... Paperless Management* (Damascus, Syria: Rouslan Publishing and Distribution House, 2011), 55.

- **Reduction of paperwork:** reliance on paper files is significantly reduced, which in turn improves the overall efficiency of administrative work.
- **Flexibility and transparency:** digitization enhances institutional flexibility by enabling better interconnection between entities and quicker responsiveness to market changes. It also raises transparency and promotes good governance, thereby reducing errors, rationalizing public expenditure, improving resource management, boosting productivity, and enhancing the quality of public services.⁶
- **Fostering investment:** digitization—also known as e-administration—creates a more favorable environment for investment by removing obstacles faced by investors, particularly foreign ones, such as slow and complex procedures. This attracts more investment flows and provides investors with more accurate and up-to-date information, allowing them to monitor their projects more effectively.⁷

Second Axis: The Digitization System in Investment Law No. 22/18

Digitization was introduced in the investment sector with the objective of facilitating procedures by enabling them to be carried out remotely via the internet. Instead of resorting to the traditional “one-stop shops,” the investor can now register an investment project directly through this digital platform, which guides and accompanies the investor throughout all stages of the project’s implementation.

Moreover, under Law No. 22/18, the Algerian legislator has mandated that key administrations directly connected with investment adopt the digitization system. This includes administrations responsible for providing information on real estate to investors, as well as the banking, taxation, and customs sectors. The purpose is to reduce the administrative burdens placed on investors and to limit bureaucratic practices, thereby supporting the facilitation of investment operations in the long term.

1-The Digital Platform Introduced under Law No. 22/18

Law No. 22/18⁸ on investment introduced a new model within the electronic system for interacting with investors, known as the **digitization framework**, reflecting the approach adopted by the Algerian state. This section explains the concept of the digital platform established under Law No. 22/18 and then reviews its main characteristics and its significance in attracting foreign investment.

- **Definition and Purpose of the Digital Platform:** The **digital platform system** represents a new approach adopted by the Algerian state, relying on digital and technological progress and the use of remote interaction techniques, while completely and definitively abandoning the slow and complex traditional bureaucratic management model. The primary objective of this reform is to bring the administrative authority responsible for supervising and monitoring investment closer to both national and foreign investors without discrimination, thereby ensuring the provision of better services to investors with full transparency, and overcoming

⁶ - Amal Deif Basiony, *ibid.*, 219.

⁷ - Ashraf Gamal Mahmoud Abdel-Aty, *E-Government of Public Utilities* (Cairo: Dar Al-Nahda Al-Arabia, 2016), 86.

⁸ - Law No. 22/18 of July 24, 2022, on Investment, Official Gazette of the People’s Democratic Republic of Algeria, no. 50 (July 28, 2022).

the shortcomings of the traditional administrative system established and entrenched under previous investment laws⁹.

This mechanism was introduced with the aim of facilitating investment procedures by allowing them to be carried out remotely via the Internet. Instead of resorting to physical one-stop shops, investors can now register their investment projects through the **digital platform**, which is designed to guide and assist them throughout all stages of their project's implementation.

Pursuant to **Law No. 22/18**, the digital platform is defined as an electronic tool that directs, supports, and monitors investments from the stage of registration to the operational phase. It guarantees the elimination of the physical nature of procedures and the completion of all investment-related formalities online. Moreover, it allows the adaptation of procedures according to the type of investment and the nature of the application, and it is interconnected with the information systems of the institutions and administrative bodies related to investment activity.¹⁰

Furthermore, under **Article 06, paragraph 03** of Law No. 22/18, the Algerian legislator also required key administrations directly connected with investment to adopt the digitization system, including in particular those authorities responsible for making real estate-related information available to investors.

- **Characteristics of Digitization**

The main features of the digitalization process, as introduced by Law No. 22/18, can be summarized as follows:

- The **digital platform**, managed by the Algerian Investment Promotion Agency, provides investors with all necessary information, particularly regarding investment opportunities in Algeria, available real estate offers, incentives, benefits associated with investment, as well as all related procedures.
- It enables digital connectivity with the information systems of the institutions and administrations responsible for the investment process, thereby eliminating the physical nature of all procedures and allowing for the completion of all investment-related formalities online. Consequently, the digital platform established under Investment Law No. 22/18 constitutes a tool for directing, supporting, and monitoring investments from the moment of registration through the operational phase.¹¹
- The platform was created under **Article 23 of Law No. 22/18**. It functions as an electronic tool for guiding, supporting, and monitoring investments since their registration and throughout their exploitation phase. It removes all material barriers related to investment via the Internet. Moreover, digitalization acts as an information system that enables all investors—whether national or foreign—as well as all stakeholders interested in the

9 - Kahina Erzile, "An Overview of the New Investment Law of 2022," Critical Journal of Law and Political Science, University of Tizi Ouzou, Algeria, vol. 17, no. 2 (2022), 63.

¹⁰ - Abderrahmane Zirek and Bachir Jaairane, "The Reality of Achieving Digitalization under Investment Law 22/18," Journal of Legal and Economic Research, University Center of Aflou, Algeria, vol. 6, special issue (2023), 93.

¹¹ - <https://invest.gov.dz/presentation>

investment sector, to access comprehensive, up-to-date, diverse, and accurate economic data, thereby providing strong encouragement to establish their investments.¹²

- The platform can be used by project initiators or by investors in order to obtain all aspects related to their investment project or to create a new project. It also facilitates access to the advantages granted under the incentive system for investment, as provided for by the applicable legal framework.¹³

- **Objectives of the Digital Platform**

According to **Article 28 of Executive Decree No. 22/298**¹⁴ **concerning the Investment Promotion Agency**, the main objectives behind the creation of this platform can be summarized as follows:¹⁵

- Facilitating and simplifying the process of establishing companies and investments;
- Improving communication between investors and the economic administration;
- Ensuring transparency of the procedures to be carried out, as well as the methods for examining and processing investors' files;
- Accelerating the processing and examination of investors' files by the competent administrations;
- Allowing investors to monitor the progress of their files remotely;
- Improving public service in terms of deadlines, staff efficiency, and the quality of services provided;
- Enhancing the performance of public facilities, making them more accessible and user-friendly for investors;
- Organizing effective cooperation among the administrations involved in investment activities;
- Allowing for direct and immediate exchange between the officials of the relevant administrations and institutions.

2- Applications of Digitalization in Investment-Related Sectors

Through Law No. 22/18, the Algerian legislator required the main administrations directly linked to investment to adopt a digitalization system. This includes administrations responsible for providing information related to real estate for investors, as well as the banking, taxation, and customs sectors. The purpose is to alleviate the administrative burdens on investors and reduce bureaucracy, thereby facilitating investment operations. This is highlighted in the following points:

- **Digitalization in the Field of State-Owned Properties:**

The Algerian legislator linked the investor's access to economic property under a mutually agreed concession contract (transferable and assignable) to the obligation for every investor—whether a natural or legal person, national or foreign, resident or non-resident—wishing to benefit from state-

12 - Rima Ben Amiraouche, *Algeria's Experience in the Field of Investment between Restriction and Incentive* (PhD diss., Faculty of Law, University of Tizi Ouzou, 2023), 119.

13 - <https://invest.gov.dz/OutilsDeUtilisateur/qui-peut-utiliser-la-plateforme>

14 - Executive Decree No. 22/298 of September 8, 2022, *Defining the Organization and Functioning of the Algerian Investment Promotion Agency*, Official Gazette, no. 60 (September 18, 2022).

15 - The official website of the Ministry of Industry and Pharmaceutical Products: <https://invest.gov.dz/presentation>

owned private real estate, to submit their request through the digital investment platform managed by the Algerian Investment Promotion Agency.¹⁶

The investor must first complete an **initial electronic registration**, which consists of filling in the information related to the investment project to be undertaken. The system then performs an **automatic preliminary processing** of the entered data, confirming the choice and recording the application in exchange for an initial registration certificate issued by the digital platform.

A **second stage of processing** is carried out through a project evaluation grid, which is cross-referenced with the chosen real estate. Based on the results of this evaluation, the investment project with the best score is selected. Subsequently, a **provisional decision** is issued in favor of the selected investor. However, this provisional decision cannot be invoked to demand the concession contract. It also serves to inform non-selected candidates. The issuance of the **final decision** only occurs after the expiry of the appeal period set out under Presidential Decree No. 22/296.¹⁷

- **Digitalization in the Customs Sector**

Algerian customs use an information system called “**SIGAD**” (**Customs Information and Automated Management System**), which has been internally developed for over two decades. Its first version was introduced in 1995. SIGAD is considered the primary source of trade-related information in Algeria, particularly concerning foreign trade.

This system allows for the computerized management of customs operations and provides statistics on foreign trade, which are regularly transmitted to authorities for economic decision-making. The introduction of this system has brought several benefits, including increased levels of digitalization and greater transparency in customs transactions.¹⁸

- **Digitalization in the Tax System**

Digitalization within tax administrations plays a significant role in improving and increasing the efficiency of tax performance, as well as simplifying procedures for taxpayers. Moreover, digitalization of the tax system plays an essential role in ensuring sound decision-making by authorities, particularly regarding mechanisms and methods for attracting and encouraging foreign direct investment (FDI).

Given that tax incentives are closely linked to investment, they play a pivotal role in the economic sphere, as they provide states with essential financial resources. Today, tax incentives are considered one of the most favored tools in government economic policies, serving as key drivers of investment decisions. Despite the presence of multiple factors, tax incentives remain the most decisive element

16 - Article 12 of Law No. 23/17 dated November 15, 2023, specifying the conditions and procedures for granting economic property belonging to the State's private assets for the purpose of implementing investment projects, Official Gazette, No. 73, issued on November 16, 2023.

17 - This information consists of: the planned activity, the location and area of the selected economic property, the financing plan including the estimated project cost, the amount of private contribution, and the amount of financial loans. Additionally, a form must be completed containing the project's descriptive profile. Article 6 of Executive Decree No. 23/487 dated December 28, 2023, specifying the conditions and procedures for granting the transferable concession for economic property belonging to the State's private assets intended for investment projects, Official Gazette No. 85, issued on December 30, 2023.

18 - Abdelkader Hallis, Digital Customs: A Case Study of Algerian Customs, Journal of Business Administration and Economic Studies, University of Djelfa, Algeria, Vol. 7, No. 2, 2021, p. 601.

in developing various investments through the facilities they offer, which encourage investors to initiate projects.¹⁹

Therefore, **digitalization of taxation** contributes to providing necessary data and information on economic activities and production sectors through digital tools, enabling authorities to determine which investment sectors should be promoted. Furthermore, digital information systems assist in ensuring swift and accurate decision-making, as well as in analyzing and identifying the tax exemptions or facilities required to attract targeted investments.

- **Digitalization in the Banking Sector**

The digital transformation and the rapid spread of technological innovations have created a revolution in the banking industry. Banks are striving to harness and adapt these technologies to develop innovative services, deliver them efficiently, and ensure wide accessibility for all stakeholders, including investors.

In this context, **banking digitalization (also known as electronic banking)** enables investors to manage their accounts and carry out banking transactions remotely at any time. It refers to the system that allows investors to access their accounts and relevant information, in addition to obtaining various banking products and services, through electronic means such as mobile phones, computers, ATMs, and the internet.²⁰

Conclusion:

Digitalization represents the ability and skill to use modern information and communication technologies to perform administrative activities electronically via the internet and computer networks. This contributes to improved performance, faster execution, and better access to necessary data and information.

This is precisely what the Algerian state has pursued through Law No. 22/18, most notably by establishing the **digital investment platform**, which serves as a tool to guide, support, and monitor investments from their registration stage to their operational phase.

Furthermore, Law No. 22/18 obliges the main administrations directly related to investment—including those responsible for real estate information, banking, taxation, and customs—to adopt digitalization. Such measures genuinely improve Algeria's business climate and significantly contribute to attracting foreign investment.

Findings:

- The term digitalization is a relatively modern concept that emerged as a result of advances in information and communication technologies and the application of modern technologies across various sectors and fields.

19 - Heba Abdelmonem and Sabry El-Faran, Digitization of Tax Collection in Arab Countries, Arab Monetary Fund, Abu Dhabi, 2021, p. 21.

20 - Waseela Saud and Mohamed bin Ahmed Asma, The Reality of the Orientation of a Sample of Algerian Banks toward Electronic Banking Services, Journal of Administrative and Financial Sciences, Vol. 4, No. 2, 2020, p. 68.

- In the context of investment, digitalization refers to the set of measures and procedures undertaken by different institutions to integrate modern technologies into all aspects of investment-related activities. This approach aims to bring about a fundamental transformation in the business environment by improving the services provided to investors.
- The digital platform may be used by project holders or investors in order to obtain all the information related to their investment projects or to establish their investment projects. It also enables them to benefit from the incentives granted under the investment promotion system, in accordance with the applicable regulations.
- The digital platform, which is managed by the **Algerian Investment Promotion Agency**, provides investors with all the necessary information, particularly regarding investment opportunities in Algeria, available real estate, incentives and advantages associated with investment, as well as related procedures.

Recommendations:

- Work towards eradicating digital illiteracy by developing competencies capable of leading digital transformation programs, while enhancing the skills of public administration employees and training them to keep pace with developments in modern information technologies.
- Ensure the protection of information systems against all risks associated with cyberattacks and electronic piracy.
- Establish an integrated electronic network linking the digital investment platform with other government entities to facilitate and accelerate the exchange of information.
- Guarantee universal access to high-quality, affordable internet, and ensure stable connectivity—particularly in many rural areas identified by the legislator as priority development zones (“zones d’ombre”) that are actively encouraged for investment.

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