

## Concepts of administrative and financial reform in Algeria

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### Abstract:

It has become necessary to develop government administration to meet the needs of facing challenges of all kinds. To keep pace with development and changes, improve the management of state resources, and interact with citizens in order to provide them with high-end services to continue development. This research aims to shed some light on the importance of administrative and financial reform in strengthening the efforts of the Algerian state since independence, which included the development and reform of its governmental apparatus as a starting point for strengthening and supporting the efforts aimed at bringing the administration closer and removing injustice.

The current study relies on the descriptive analytical approach that focuses on the literature to improve management in its various fields. It is clear that administrative and financial reform constitutes the prelude and the first step to general development. This includes taking into account the social, administrative and economic aspects. It also modernized and improved the performance of the state's administrative apparatus to consolidate its capabilities in applying the constitutions and laws that work on this

**Keywords:** Development, Develop Administration, Financial Reform , Reform of its Governmental, Economic

### I- Introduction:

All nations, whether those that have made progress or those still on the path to development, strive to achieve their development goals and provide quality

services in all fields. This endeavor can only be achieved through concerted efforts to achieve economic objectives. Administration, without a doubt, plays a pivotal role in driving development, without which it is difficult to achieve any tangible economic or social progress. Furthermore, administration contributes to achieving sustainable development for society by employing modern technologies and methods, developing the foundations upon which economic development and social justice are based, and contributing to the transition to a knowledge-based economy through ongoing government reforms.

In addition, we are witnessing the impact of globalization and rapid changes in the science of planning and management, which push us to address the gaps in the economy. This is achieved by adopting the most modern and effective methods, which are essential tools for overcoming the problems facing officials and decision-makers and emerging from these diverse crises. Accordingly, administrative and financial reform has become a focus of attention, aiming to build solid foundations for new global systems and avoid the shortcomings of traditional management while preserving its advantages. These policies have positive repercussions for economies, aiming to improve economic and social conditions and achieve justice, which is one of the most prominent features of effective management. Accordingly, this research achieving an efficient administrative apparatus capable of meeting the growing challenges it faces. It also examines the nature of the intertwined relationship between financial and administrative reform. focuses

on clarifying the basic concepts of administrative and financial reform, which state institutions must adhere to, with the aim of

## **Study Methodology**

### **Research Problem:**

For administrative and financial reform to be successful, policy movements must proceed at a harmonious pace, ensuring a clear strategic direction for reform. The government must also derive reform from its strategic development priorities and programs, as these priorities precisely define the areas of required reform and desired development goals.

Since government reform represents a fundamental component of economic and development policies, it enhances the ability to improve these policies and achieve desired goals.

### **Study Objectives:**

The objectives of this study are defined as follows:

- To provide clear and comprehensive definitions of the terms administrative and financial reform, while exploring contemporary concepts and trends.
- To review and analyze the most prominent strategies that can be implemented in the field of administrative and financial reform, with the aim of achieving a positive and influential transformation in the management of state affairs.
- To highlight the most important administrative and financial reform experiences witnessed by Algeria.

### **Significance of the Study:**

- The study provides a scientific analysis that clarifies the relationship between administrative reform and sustainable development, and the degree of their impact and connection in enhancing the performance of government organizations. It addresses the concepts and development of reform in Algeria.

- To present a general study of the concept of administrative and financial reform during a period of major change in Algeria.

### **Research Methodology:**

The research relied on the descriptive-analytical approach, which is consistent with the study's approach. The topic requires a description of the concepts presented, along with a presentation and analysis of the various theories. The most important findings are then drawn.

## **1. Concepts of Administrative and Financial Reform**

The linguistic meaning of the term "administrative reform" specifically refers to a degree of dysfunction and corruption that requires treatment and correction, which implies a mild condemnation of performance and leadership systems and methods. The term "administrative reform" is paralleled by additional concepts similar to administrative reform, such as administrative development, administrative restructuring, and administrative modernization. These concepts, in essence, converge and share the same goals with administrative reform. They also share similar objectives in that they reflect a process of "transformation" and address a specific issue: reorganizing the state's administrative apparatus and resolving its problems in order to achieve greater efficiency in the implementation of the state's public policy. (KHALIL, 2017) .

### **1.1. The Concept of Administrative Reform:**

The concept of administrative reform is constantly shaped by the rapid shifts in human behavior, evolving expectations, shifting attitudes, and other influential factors. These changes not only affect society as a whole, but also specifically the administrative sector. Government agencies must make every effort, with dedication and commitment, to meet the emerging requirements imposed by shifts in perspectives and behaviors. From this perspective, it is impossible for the public administrative system to remain static. In other words, the administrative system must

undergo constant reform to ensure its ability to meet the changing needs of society. Hence, the urgent need for administrative reform.

Let us turn to the definition of reform. This concept refers to introducing changes, particularly to a structure or procedure, with the aim of improving it. This is the general meaning of reform, but administrative reform carries its own specific meaning. A state's administrative system cannot be static or valid for all circumstances.

Gerald Cayden defines administrative reform as "the artificial incentive for administrative transformation against resistance." Cayden further clarified the term reform—reform is different from reorganization or change. But reorganization is not excluded from reform. (Caiden, 1969 p1)

The Conference on Reform in Developing Countries, held under the auspices of the United Nations at Sasuke University in 1971, addressed the subject of administrative reform in developing countries, highlighting the following points: (The result of efforts, with special preparation, aimed at bringing about fundamental changes in the general administrative organization, through reforms at the level of the system as a whole. (Shibli, 2013.p13)

Despite differing opinions regarding the definition of the concept of administrative reform, depending on the inclinations and divergent visions of writers and researchers, and the various approaches through which they explored this phenomenon, there is a general consensus on its general framework. For some, administrative reform means "the influence and optimal and deliberate use of power and influence to implement new procedures within the administrative system in order to change its objectives and environment with the goal of development and achieving development goals." (Al-Qahtani, 1999)

The United Nations defines administrative reform as "the deliberate influence and use of power to implement new standards of governance, with the aim of changing and improving objectives, structures and

processes in the service of development." (United nation, 2001.p831)

It has been defined as "an intentional and comprehensive change at the level of the government or organization within the framework of a future vision for administrative leadership that determines what administrative reforms must be achieved to ensure the satisfaction of the beneficiary public, through the adoption of modern administrative concepts and theories on the basis of which human resources are developed materially and morally, structures are developed, procedures are simplified, and technical and technological tools and means are updated on the basis of an uninterrupted and interactive progression with the overall environment of the organization." (Al-Mikhlaifi, 2006)

## **1.2. Reasons for Reforms:**

It is not difficult to identify the reasons. In other words, there are specific factors in every society that call for a change in the administrative structure.

One of the main reasons or conditions for reform is a noticeable gap between the current structure and what the public or beneficiaries want. In other words, the prevailing administrative structure is unable to respond naturally to societal demands. Public administration must be modified—it must adapt to the new and complex situation.

Globalization and liberalization have necessitated reforms in public administration. This aspect or point has already been noted. The impact of globalization or liberalization is so profound that a country's administrative system cannot remain indifferent. Public administration in developing countries is particularly severely affected. The old public administration is rendered irrelevant by the new conditions created by globalization.

From the descriptions and reasons, it becomes clear that administrative reform has various characteristics, such as:

.1A radical and fundamental change in people and concepts.

.2A purposeful, planned, and deliberate process.

.3A continuous, renewed process with an ever-moving goal.

4. A comprehensive, integrated process that encompasses all administrative constraints and all its steps. (Darwish, 1986.p520)

### **1.3. Objectives of Administrative Reform:**

The government must be serious and sincere about reforms. That is, it insists that public administration must be reformed to improve society. Through its mechanisms, the government must attempt to gauge the public's attitudes or mentality regarding reform proposals. In a democracy, nothing can be imposed on the people through coercive measures. The government must attempt to anticipate what the people actually want and what reforms they are willing to offer. Various studies in the field of administrative reform show that it aims to:

1 .Align public administration with the state's mission and meet citizens' needs.

2 .Improve performance levels in the administrative apparatus and increase productivity.

3 .Rationalize government spending and focus on operational economics by reducing the size of programs, equipment, and excess staff.

4 .Keep public administration abreast of developments in modernization to achieve the goals of administrative efficiency, address deviations, combat corruption, and eliminate complexities and pathological defects.

5 .Simplify administrative procedures and reform financial and tax systems with the aim of conserving resources and achieving fairness in burden distribution.

The government must be able to prove or demonstrate that the current form of public administration is incapable of meeting public demands. The public will also agree with the government. When this happens, administrative reform will be able to achieve success. There is also the problem of implementation. For the successful implementation of reform, an efficient government mechanism is essential.

### **1.4. Factors that necessitate the reform process:**

There are a number of traditional factors that compel the reform process, including:

✚ Political factors: When the state faces major external or internal events that it is unable to cope with. When a wave of questions spreads about the causes of this inability, how to address it, and the need to advance public administrative bodies to enable them to eliminate this inability and fulfill their obligations to citizens. (Al-Adeeb, 2012.p278)

✚ Economic factors: When a country faces severe economic crises such as inflation, a clear inability to compete globally, a trade deficit, a low level of productivity, or a low level of per capita income, consideration of administrative reform begins as a result of the administrative apparatus' inability to cope with the new burdens placed upon it. (Hussein, 2016)

✚ Social factors: Social factors include the spread of crime, the loss of security, the prevalence of bribery, the increase in corruption, the worsening illiteracy rate, and the shift in the class structure. All of these factors contribute to the widespread sense of the need to advance the social system and eliminate corruption within it.

✚ Demographic factors: These relate to the crises facing countries, such as population explosions and internal and external migration of workers. Their burdens increase to the point where they are unable to provide many basic services to all citizens. This leads to a widespread wave of demands for change, reform, and the elimination of these crises.

✚ Comprehensive change: At this stage, there is a sense of the need to address all pathological phenomena and gaps within the government administrative apparatus.

✚ (Al-Qahtani F .2006.p46).

There are a number of modern, renewable factors driving the reform process, including:

- ✓ Rapid scientific and technological development: Old administrative methods are no longer capable or appropriate for dealing with new developments, especially with the astonishing development in information and communications technology. It has become necessary to develop work methods and adapt them to take advantage of scientific innovations. (Al-Qaryouti, 2001.p27)
- ✓ The apparent failure of public administration to achieve its set goals: There is an almost universal sense of dissatisfaction with the work of government agencies, and frequent talk of errors and improper practices committed by these agencies is frequent.
- ✓ The emergence of various forms of administrative corruption in government agencies at various levels: We often hear about corruption practices in all its forms, from bribery and embezzlement to influence peddling and various forms of job negligence by government employees at various levels, from the top of the pyramid to ordinary employees.

### **1.5. Administrative Reform Strategies:**

Administrative reform strategies vary in their comprehensiveness, the issues they focus on, and the level at which they are implemented. This is due to the connection between administrative reform and various economic, social, political, and cultural factors. Countries also differ in the institutions that manage the reform process and the resources they provide for this process. (Al-Shami, 1995.p240)

The most important strategies in the field of administrative reform can be summarized as follows:

- ❖ Partial reform strategy: This represents administrative development efforts that focus on a small number of components of the overall administrative system, with a limited number of organizations selected for

development. (Al-Hajj Aref, 2003.p23)

- ❖ This classification includes three groups based on their position within the administrative levels (structural level, human element, work methods and techniques, texts, regulations, and legislation).
- ❖ Horizontal Reform Strategy: This strategy represents administrative reform efforts that focus on a few components of the overall administrative system but are applied to all organizations or sectors of the government apparatus. (Abu Qahf, 2001.p53)
- ❖ Feudal Reform Strategy: This represents reform efforts that select a specific number of government organizations and focus on development requirements to enhance their performance. This develops various critical elements of these organizations' systems and practices. (Abu Qahf, 2001.p55)
- ❖ It is based on piloting reform before its dissemination and generalization (this is done by forming a committee to pilot sectoral or geographical reforms before generalization). This is a temporary administrative method for reform that is compatible with the customs and work practices of employees, and the legal and humanitarian means at its disposal.

Comprehensive Reform Strategy: This includes bringing together the parties to change and the dynamics of interests represented by:

- Government organizations and their employees.
- Political leadership.
- Legislative institutions.
- Interest and pressure groups.
- Administrative reform agencies and experts.

Other types of administrative reform strategies are:

- ❖ The strategy of focusing on structural and organizational aspects: This

strategy is based on the assumption of trust in management and achieving efficiency in the work of government agencies. To achieve the required administrative efficiency, it is necessary to reduce the number of agencies with similar work and specializations, and to bring similar agencies together under one umbrella, which reduces expenses and helps improve the coordination process. Therefore, the focus according to this reform strategy is on increasing efficiency and is based on the assumption of trust in the government and its employees. The administrative apparatus is capable of reforming itself, and what is required is to improve the performance image, increase the capacity of administrative agencies, and emphasize the importance of accountability.

- ❖ The reform strategy through the establishment of inspection and oversight bodies: This strategy focuses on:
  - Reducing the expenditures of administrative agencies and limiting waste and extravagance.
  - Preventing the exploitation of public office for private purposes.
  - Among the mechanisms of this reform strategy are the activation of government debt collection procedures and the auditing of expenditure procedures through specialized oversight bodies. This strategy is based on a position of less trust in the administrative apparatus than the previous strategy, which viewed the problem as lying in administrative procedures and structures, rather than in employee behavior. Kelman (1985) believes that adopting this strategy may result in a decline in employee morale due to oversight procedures, which negatively impacts the speed of completion and increases the role of advisory units that work to ensure the integrity of spending procedures.

Some also suspect that the costs of implementing such procedures exceed the waste saved.

- The strategy of adopting transparency and clarity: This strategy emphasizes the importance of ensuring The practices of employees in administrative bodies are consistent with professional norms and standards and ethics of public conduct. By providing space and opportunities for the public, the media, and interest groups, this will enhance confidence in the administrative apparatus.
- The strategy of freeing public administration from some responsibilities: Proponents of this strategy believe that a fundamental problem in the administrative apparatus is complicated bureaucracy, slow procedures, a lack of concern for citizens, and weak performance compared to the private sector. Based on this, they believe that more powers should be granted to employees and that centralization in management should be pursued. This strategy leads to raising employee morale, strengthening the powers of executive administrative bodies, and increasing administrative efficiency and effectiveness. (Al-Qaryouti, Administrative Reform between Theory and Practice, 2001)

## **2.The Concept of Financial Reforms:**

Financial reforms are beneficial when carefully implemented. Many countries have repeatedly implemented financial reform measures. Some pursued them consistently over a long period, while others pursued them intermittently, often hastily, over a relatively short period. These reform efforts have one thing in common: they seek to enhance efficiency and strengthen the stability of the financial system.

### **2.1. Financial Reform in Algeria in the 1970s :**

In the early 1970s, the Algerian authorities initiated a package of financial reforms, known as the 1971 Financial Reform. This

reform was based on a set of principles, most notably: (Khawaled)

Abolishing self-financing so that the state can implement a central planning policy.

-Requiring each institution to open a financial account with a specific bank (bank domiciliation). This is achieved by opening two accounts: an operating account, which specializes in financing short-term operations, and an investment account, which specializes in financing medium- and long-term operations.

-Prohibiting dealings with institutions in granting loans, with the exception of foreign loans, thus requiring direct dealings with banks.

-Forcing banks to finance socialist institutions and forcing institutions to participate in the state budget.

This reform also specified the methods for financing planned public investments, namely:

- ❖ Medium-term bank loans, made possible by the issuance of rediscountable bonds with the Central Bank.
- ❖ Long-term loans granted by specialized financial institutions such as the Algerian Development Bank (BAD).
- ❖ Financing through foreign loans subscribed by the Treasury, primary banks, and institutions.

However, starting in 1978, the aforementioned principles upon which the 1971 financial reform was based were reversed. Financing institutions through medium-term bank loans was abolished, and the public treasury replaced the banking system in financing planned public investments through long-term loans. In light of this reform, the Algerian banking sector became characterized by:

-Centralization, intended to tighten state control.

-The dominance of the public treasury.

-The marginalization of the Central Bank and its loss of its core functions.

-The demise of commercial banks' specialization through practice.

Consequently, further banking and financial reforms were required in Algeria.

## **2.2. Banking Reform in Algeria in the 1980s:**

Since the financial reform of 1971, the banking system has had little or no role in financing or determining monetary and fiscal policy. The central bank's role was limited to issuing money, while the treasury primarily financed economic activities. Commercial banks were completely marginalized. Under this financial reform, specialized public commercial banks were restructured, resulting in the creation of the Bank of Agriculture and Rural Development (BADR). BADR was established on March 13, 1982, pursuant to Decree No. 82-206, following the restructuring of the National Bank of Algeria (BNA). It was created with the aim of developing and advancing the Algerian agricultural sector by providing loans to finance agricultural activities, food products, livestock and aquaculture, and the marine fishing sector. In 1983, 102 public institutions were restructured, bringing their number to 400, with the decision-making system being changed from centralized to decentralized. This resulted in the birth of the Local Development Bank (BDL), which was established on April 30, 1985, by Decree No. 85-85, following the restructuring of the Algerian Popular Credit (CPA). The aim was to promote and finance small and medium-sized enterprises (SMEs), as well as to grant loans to local communities and bodies, in addition to carrying out some other activities such as granting mortgage loans and financing the private sector. (Benhalima, 1999.p49)

In 1986, the agricultural sector was reformed by privatizing state farms and organizing them into private cooperatives. These reforms became necessary, especially after the deterioration of external payment methods, following the decline in oil prices starting in 1986. This situation also highlighted the shortcomings of the economic management model. (Judy Karim . 2003.p303)

He also highlighted the need to reconsider the state's economic role, which prompted the



monetary authorities in Algeria to move forward with new banking reforms, culminating in the issuance of the 1986 banking reform law, known as Law 86-12, relating to the banking and credit system, on August 9, 1986. (Hamidat, 2005.pp137-138)

The 1986 banking reform aimed to identify ways to improve the banking system's performance, based on the National Loan Plan (PNL), which serves as a dashboard for macroeconomic financial settlements. It is part of the National Development Plan. The PNL goes through three stages:

- ✚ Information is collected based on data available to economic institutions. Lending institutions then estimate the resources and expenditures provided to the bank for review and submission to the relevant ministry.
- ✚ Preparing the loan plan based on information obtained by the National Loan Council.
- ✚ Implementing the NLP with ongoing monitoring of its implementation by the National Loan Council.

In general, the most important principles contained in the 1986 banking reform can be summarized as follows:

-Reducing the role of the public treasury in investment financing by involving the banking system in the development financing process.

-Restoring the Central Bank to its traditional functions and role as a bank for banks.

-Banks and financial institutions regain their role in mobilizing savings and granting loans within the framework of the National Credit Plan.

-Establishing oversight bodies for the banking system and other advisory bodies.

To play a significant role in regulating and directing the Algerian banking system, this reform established two supervisory and oversight bodies:

A- The National Credit Council (CNC): This council is consulted on determining general credit policy, taking into account the needs of the national economy, particularly with regard to financing economic development plans and

programs and the country's monetary situation. This council prepares studies related to credit and monetary policy, and all matters related to the nature, size, and cost of loans within the framework of national economic development plans and programs.

B- The Technical Committee of the Bank (CTB): This committee is chaired by the Governor of the Central Bank. The committee is responsible for monitoring all standards related to the organization of the banking function. The committee also ensures the implementation of legal and banking regulations and legislation, in accordance with its oversight powers, with the aim of encouraging savings and monitoring the distribution of loans.

Despite the various banking reforms included in the banking reform of 1986, the continuation of the economic crisis (the global oil crisis of 1986) and the amendment of the previous law by a supplementary law on January 12, 1988, the banking system gained a great and clear position and importance with the issuance of Law 88/06, supplementing and amending Law 86/12, concerning the "system of credit institutions," making them independent public economic institutions (run according to the principles of commerce and profitability). (Judy Karim, 2003.p302)

This prompted the Algerian authorities to issue Law No. 88-01 of January 12, 1988, which redefined the structure of credit institutions and the Central Bank of Algeria to align with the guiding law for public institutions. According to the provisions of this law, banking institutions are included within the legal category of public economic institutions that aim to achieve profit and profitability and are independent in managing their financial resources.

The law on the independence of institutions is based on the following principles:

- Confirming the role of the Central Bank in supervising and directing monetary policy.
- Determining ceilings for bank loans directed towards financing the national economy.



- Not requiring institutions to adhere to the principle of mandatory bank domicile.
- Abolishing the system of import licenses and replacing it with a foreign currency budget system.
- Opening the way for non-banking financial institutions to engage in financial investment operations, such as acquiring shares and bonds issued by institutions operating inside and outside the country, and resorting to the public for long-term borrowing and requesting external debt.

As for public economic institutions, the state is no longer responsible for their obligations, and its role is limited to covering the resulting expenses imposed on economic institutions. Conversely, these institutions are no longer responsible for the state's obligations; in other words, they are only liable for their obligations based on their own assets.

Despite all the banking reforms mentioned above, it can be said that the Algerian banking system has not benefited sufficiently from them. Public banks have not lived up to their new role due to restrictive procedures and laws that have prevented them from fully fulfilling their role in financial intermediation. This has necessitated the issuance of further banking reforms.

### **2.3. Banking Reform in Algeria in the 1990s:**

After the 1986 reform related to the banking and credit system (which introduced a radical change in banking functions), and the 1988 reform, which granted independence to banks within the framework of the new economic and institutional organization, the Monetary and Credit Law placed the banking system on a new path of development, characterized by the revitalization of the financial intermediation function and the emphasis on the role of money and monetary policy. This resulted in the establishment of a two-tier banking system. The Central Bank was given full authority to manage money and credit, with broad independence, while commercial banks retained their traditional functions as

independent economic agents. One of the most important points included in the Monetary and Credit Law is the creation of a new relationship between the components of the banking system, on the one hand, and between them and public economic institutions, on the other. Under the law, banks now play a significant role in financial intermediation, whether through collecting and mobilizing deposits or in granting and financing loans for various investments. Banking reforms within the framework of Law 90-10, which included the necessary principles in the Monetary and Credit Law, the most important of which are listed below:

- Repayment of public treasury debts to the Central Bank accumulated up to April 14, 1990, according to a schedule extending over 15 years. (Constitution 1990. Article 213)
- Limiting the amount of advances provided by the Central Bank to the public treasury to 10% of the regular revenues of the previous fiscal year, with a period not exceeding 240 days, with these advances to be paid before the end of each fiscal year (Constitution 1990. Article 78).

Abolishing compulsory subscription to treasury bonds by commercial banks.

### **2.4. Banking reform in Algeria in 2000:**

According to Order 01-01 amending and supplementing the Money and Credit Law 90-10 of February 27, 2001, this amendment separated the Bank's Board of Directors from the Monetary and Credit Council. This amendment also empowered the President of the Republic to appoint the Governor and his Deputy for an unlimited term. According to Article 6 of Order 01/01, the Board of Directors of the Bank of Algeria consists of the Governor as Chairman, the Deputy Governors as members, and three senior officials appointed by the President of the Republic. The Monetary and Credit Council consists of members of the Board of Directors of the Bank of Algeria and three individuals with expertise in monetary and economic matters. Thus, the number of members increased to 10, instead of the seven members previously appointed. As for what was stated in Order No. 03-11 dated August 26, 2003,

these amendments affected a number of articles and were primarily aimed at achieving three objectives:

- 1 Allowing the Bank of Algeria to better exercise its powers by:

- A - Separating the powers of the Monetary and Credit Council from those of the Board of Directors of the Bank of Algeria.

- B - Expanding the powers of the Monetary and Credit Council by adding two individuals appointed by presidential decree, in addition to the governor, his three deputies, and three senior officials with experience and knowledge in financial matters (Article 58 of Order No. 03-11).

- C - Strengthening the independence of the Banking Committee and activating its role in monitoring the activities of banks by adding a general secretariat and providing it with the means and powers sufficient to perform its duties effectively.

Order No. 17/10 of October 11, 2017 amending and supplementing Order 03/11 on Money and Credit. Based on this amendment, the Bank of Algeria, for an exceptional period of five years, has become a contributor to meeting the treasury's financing needs within the framework of:

- Financing domestic public debt.

- Financing the National Investment Fund.

This measure aims to contribute to achieving treasury and balance of payments balances during the exceptional five-year period of its application.

It is noted that this amendment violates the most important principles of Law 90/10, as it places the Bank of Algeria at the disposal of the treasury for issuance without restrictions. Although this measure is an exceptional alternative to external borrowing, its negative effects are evident in the impact of inflation, and the public authorities have recently decided not to resort to issuing currency.

### 3. Conclusion

The administrative and financial reforms imposed since the 1970s have proven to be limited in their effectiveness, despite the changes introduced. Based on this, the Algerian authorities were forced to make

another reform, represented by the Monetary and Credit Law, which radically changed the banking system, introducing numerous amendments. It clearly addressed areas that had been neglected previously, such as foreign investment, targeting market rules and principles, and placing great emphasis on inflation and combating it. The most important aspect of this law was the independence of the Central Bank of Algeria, granting it full powers. It also defined new foundations for the relationship between the Central Bank and the government, and between the Central Bank and the Treasury, reducing it to a relationship of consultation and coordination only.

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