

Decentralization and local development in Algeria: Challenges, achievements, and future directions

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Abstract---Decentralization is a key institutional mechanism for fostering local development, as it promotes local democracy and establishes an enabling framework for grassroots initiatives, allowing local actors to address their challenges and enhance their living conditions. In Algeria, the decentralized system was implemented to overcome the limitations of top-down development policies and to facilitate local development projects through the active participation of various stakeholders. Nevertheless, numerous shortcomings persist within Algerian local authorities. This study aims to identify the origins of these shortcomings by analyzing the practices of local authorities and their engagement in the local development process.

Keywords---Decentralization, Local Development, Local Authorities, Algerian Economy.

1. INTRODUCTION

Decentralization has emerged as a key component of the local development process. It represents both a mechanism for deepening democracy and a framework for redefining the role of the State. Within this perspective, the objectives of local development can be summarized as follows: promoting the democratization of social processes through the expansion of rights and freedoms and the strengthening of citizenship; increasing public participation and social oversight of public management; meeting the essential needs of the population; reducing inequalities through a fairer distribution of wealth; and fostering productive economic growth within local communities. [1]

In Algeria, the shortcomings of centralized development policies [2] led public authorities to reconsider their strategies. As a result, certain prerogatives were transferred to local governments, recognized as entities endowed with legal personality. At the same time, the legal framework was strengthened with

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provisions encouraging the development of civil society organizations. Moreover, a series of sectoral programs were introduced with the aim of involving local actors — including territorial collectivities and associations — thereby creating an environment conducive to sustainable local development.

Local development is driven by the active participation of multiple stakeholders who, through autonomous initiatives, implement projects designed to improve the well-being of the population. Territorial collectivities fit into this logic, provided that they enjoy sufficient decision-making autonomy and prerogatives enabling them not only to design and implement development projects but also to coordinate the economic and social actions of other actors within the territory.

This raises a central question: **has the decentralization experiment in Algeria genuinely fostered an environment conducive to local development?** To address this issue, we will first examine to what extent local governments can be regarded as key actors in territorial development, drawing on the literature in public economics on decentralization. Secondly, we will analyze the role and involvement of local collectivities in Algeria through a review of regulatory texts and theoretical references.

2. DECENTRALIZATION AND LOCAL DEVELOPMENT: OPPORTUNITIES AND CHALLENGES

The perspective of local development stems from the willingness of social, political, and economic actors to actively engage in development processes within an organized territory [3] (COURLET, C., 2014). This willingness becomes evident when stakeholders intervene locally with the aim of improving the living conditions of the population.

Within this framework, local governments and elected officials represent key institutional actors in local development. Alongside them, enterprises, associations, entrepreneurs, and artisans also play an essential role. However, the initiation of a genuine local development process requires coordination among these actors, based on negotiation and the establishment of agreements. Consequently, the design of local development strategies necessarily involves the identification of all relevant stakeholders who will participate in the process [4] (ANGEON, V., CARON, P. & LARDON, S., 2006).

These actors can generally be divided into two main categories:

Institutional actors: represented by local institutions and the institutional networks to which they are connected. They play a crucial role in the implementation of economic and social development projects. As representatives of the State at the local level, they are responsible for executing complex public policies related to spatial planning, environmental protection, and the fight against unemployment, poverty, exclusion, and inequality. In addition, they are entrusted with missions of public service and the promotion of the general interest for the benefit of citizens.

Non-institutional (or social) actors: including civil society, which represents the labor force mobilized in the development process, as well as the population as the direct beneficiary of local development initiatives. This category also includes local enterprises, as well as those that may establish themselves in the territory through investment promotion policies, thereby contributing to local economic dynamism.

2.1 Local governments in a decentralized context: roles and responsibilities

Local development can be defined as a process of structural transformation within a specific territory, aiming at the sustainable improvement of the quality of life of all inhabitants and community members [5] (Angeon & Callois, 2004). Within this framework, local authorities play a central role as key actors in articulating integrated territorial development. Over the past decades, many states—particularly in developing countries—have undergone a transition from a centrally planned economy to a market economy, as in the case of Algeria. This evolution has been accompanied by the gradual transfer of

certain functions from central government to local authorities, although the modalities of this transfer vary according to national contexts [6] (Bouedja, 2013). In such a decentralized system, a portion of state authority is shifted to the local level, involving the transfer of responsibilities, as well as financial and human resources, from the national to the local level [7] (Bossard & Lauzon, 2005).

The institutional configuration of the state, and more specifically the effectiveness of administrative and political decentralization, has a decisive impact on the emergence and consolidation of local development initiatives. Indeed, when the state is structured in a decentralized manner, the design and implementation of local economic strategies are strongly influenced, due to the transformation of governance mechanisms and power relations [8] (Deberre, 2007). This highlights the importance of institutions, insofar as constitutional recognition of territorial objectives provides local development with a complementary dimension to national policies [5] (Angeon & Callois, 2004).

The transfer of planning, financing, and management responsibilities for a wide range of public services to local governments is supported by several arguments. It enables decision-making to be brought closer to citizens, increases the accountability of local authorities, enhances the relevance of public policies to local needs, and broadens citizen participation in decisions that directly affect their daily lives [9] (Bherer, 2011). In this way, decentralization contributes to strengthening democracy and political stability.

Moreover, local authorities appear as privileged actors in the implementation of territorial development policies. The Constitution grants them essential competencies in economic, territorial, and social matters, thereby conferring on them a decisive role in designing and guiding local strategies [10] (Teisserenc, 1994). Thus, decentralization places local governments at the heart of local economic leadership, assigning them the responsibility of creating and maintaining an environment conducive to cooperation among socio-economic actors and to the mobilization of public action [11] Chevalier, 2010).

Furthermore, their proximity to the population and their capacity to identify local dynamics enhance their ability to initiate endogenous projects and develop strategies adapted to territorial specificities. Consequently, they become essential actors in driving local development. Finally, the transfer of competences to regions strengthens the politico-administrative dimension of local development processes. It not only enhances the autonomy of local communities but also helps to preserve and promote the cultural and social dimensions inherent to each territory [12] (Moulaert & Nussbaumer, 2008).

2.2. Local Governments and the Dynamics of Local Development

Local economic development provides communities with the opportunity to capitalize on their strengths, whether these lie in endogenous resources (natural assets, cultural heritage, geographical position, or the skills of the population). At the same time, it contributes to the preservation and enhancement of both cultural and environmental heritage [13] (LANDEL, P-A. & SENIL, N., 2009).

From this perspective, the concept of local development relies on proactive interaction among local and regional social actors, as well as on the interconnections between economic, political, institutional, and cultural dimensions [2] (COURLET, C., 2014). Public administration management thus becomes a decisive factor in fostering territorial development. Local governments play a central role in this process, particularly through their integration into cooperation networks and their involvement in designing strategies based on the mobilization of endogenous resources, while also incorporating external contributions within a strategic local vision.

The circumstances faced by each local authority differ considerably from one territory to another and require tailored responses. Since these conditions are constantly evolving, local governments must continuously monitor their environment at multiple scales.

As key actors of local development, local governments hold an essential position. Their importance stems, first and foremost, from their traditional responsibility to provide public goods and services that meet citizens' basic needs (health, education, housing, mobility, waste management, access to water, public lighting, cultural facilities, etc.), as well as from their role in promoting measures that contribute to sustainable development (green spaces, resource management, environmental protection).

Finally, local governments also act as coordinators. Owing to their institutional legitimacy, they are able to strengthen the mechanisms of interaction among the different territorial actors, negotiate and formalize agreements between them, and establish monitoring strategies to ensure coherence and continuity of the actions undertaken at the local level [14] (KNAUF, A., 2007).

3. DECENTRALIZATION AND LOCAL AUTHORITIES IN ALGERIA: CHALLENGES FOR LOCAL DEVELOPMENT

The centralized economic policies implemented by the Algerian authorities have shown their limits. Indeed, Algeria experienced a sharp increase in unemployment and inflation, as a result of the collapse of state-owned enterprises created under the strategy of "industrializing industries." This socio-economic crisis led the authorities to establish a system of decentralization, materialized through the adoption of a legal framework relating to local governments and the missions of elected officials, on the one hand, and through the implementation of local development programs such as the PCD, PSD, PPDRI, and PNDA, on the other hand.

This chapter aims, first, to analyze the legal framework of decentralization and its concrete application in practice. Second, it examines the practices of local authorities in order to identify the underlying causes of the weak local development observed.

3.1. Institutional Mechanisms and Policy Tools for Promoting Local Development in Algeria

Decentralization and local development policies have revealed strong synergies in the processes of reorganizing both the economy and the state. The transfer of responsibilities to local communities is driven primarily by organizational and economic efficiency considerations rather than purely political motives. Managing productive adjustment indeed requires more flexible forms of public governance, capable of effectively influencing dynamics of capital accumulation, innovation diffusion, and job creation. In this sense, local development emerges as a relevant approach, providing concrete substance to more flexible modes of economic regulation.

In Algeria, a decentralized system was established in the late 1980s, in a context marked by socio-economic crises resulting from the collapse of the centralized productive system built by public authorities after independence. The territorial collectivities consist of the commune and the wilaya [15] (MAHERZI, 2013). Within this study, particular emphasis will be placed on the role of the commune in local development, as it is considered by Algerian law to be the basic territorial collectivity and the administrative level closest to the citizen.

3.2. Establishing a Legal Framework for Citizen Participation and Local Governance in Algeria

The Algerian legislator has devoted a specific section to citizen participation in the management of communal affairs (Articles 11 to 14 of Law 11-10 on the commune). According to these provisions, the commune constitutes the institutional framework for the exercise of local democracy and the organization of citizen initiatives, thereby enabling inhabitants to actively contribute to the development and management of their territory.

Other articles of the same law (notably Articles 109, 111, 122, 123, and 124) define the role of the Popular Communal Assembly (APC), the body responsible for managing the commune, in promoting local development and improving citizens' living conditions. Furthermore, the law grants the commune legal personality and financial autonomy (Article 1), with the objective of strengthening territorial management within the framework of more effective local governance [16] (BOULIFA, 2018).

Thus, the commune is expected to play a leading role by initiating any action likely to foster local economic development, protect the territory, and contribute to the sustainable improvement of citizens' living conditions.

- **The Allocation of Financial Resources for Local Development**

The financial power of local authorities is not limited to the resources they possess; it also depends on the degree of financial autonomy granted to them by public authorities. This autonomy plays a central role, as it enables municipalities to provide infrastructure and services tailored to the needs of the population. It thus represents a key factor in creating an environment conducive to local economic development.

In Algeria, the financial resources of municipalities are generally divided into three main categories: own resources, external resources, and temporary resources:

- **Own resources:** stem mainly from local taxation and self-financing. Local taxation constitutes the primary source of funding, while self-financing refers to the share of operating revenues allocated to equipment and investment expenditures, allowing municipalities to undertake certain projects without systematically relying on state subsidies.
- **External resources:** include state subsidies and allocations, which can either finance specific projects or cover regular operating and investment needs. These grants and subsidies mainly come from:
- **The Local Authorities Solidarity and Guarantee Fund:** This institution is responsible for managing both the solidarity fund and the guarantee fund dedicated to local authorities. It establishes a mechanism of inter-municipal and inter-wilaya solidarity by mobilizing and redistributing available financial resources. Its role is to reduce disparities between local entities, support those with limited means, and strengthen the capacity of territories to finance their development projects.

The following table presents the evolution of the distribution of the equalization grant between wilayas and communes in Algeria over the period 2014–2020.

Table 1. Distribution of Equalization Allocations, 2014–2024

| | | | | | |
|------------|-------------|-------------|-------------|-------------|-------------|
| year | 2014 | 2015 | 2016 | 2017 | 2018 |
| Allocation | 78.76 | 82 | 83 | 83.66 | 103 |
| Year | 2019 | 2020 | 2022 | 2023 | 2024 |
| allocation | 105 | 110 | 110 | 110 | 119.29 |

Source: Algerian Ministry of Interior, Local Government and Territorial Planning.

- **Support for the Socio-Economic Development of Local Authorities(Ex**

The State General Budget and the Communal Development Plans: The State's general budget finances, among other instruments, Support for the Socio-Economic Development of Local Authorities, which are regarded as a key tool for planning and implementing local development. In accordance with Law 10-10 of June 22, 2011, relating to the commune (Article 107), the Support for the Socio-Economic Development of Local Authorities serves as a programming framework in which all investment operations initiated by the Communal People's Assembly are identified and assessed. These projects are organized and monitored through annual and multi-annual programs, thereby ensuring greater coherence and visibility in the management of local development initiatives.

The Support for the Socio-Economic Development of Local Authorities represent the primary instrument for achieving local development objectives. They enable the State to provide municipalities with financial resources from the national budget, aimed at supporting economic and social activities

and responding effectively to the needs of the population. Within this framework, the annual Finance Law consistently allocates a specific budget line dedicated to PCDs, ensuring their regular funding. The following table presents the evolution of funding allocations for the Support for the Socio-Economic Development of Local Authorities within years, reflecting the State's commitment to supporting local development in a structured and planned manner.

Table 2: Support for the Socio-Economic Development of Local Authorities (in thousands of DZD), 2000–2024

| Years | Fund Allocation (thousands of DZD) |
|-----------|------------------------------------|
| 2000-2004 | 187838978 |
| 2005-2009 | 374420153 |
| 2010-2014 | 431804612 |
| 2015-2019 | 406000000 |
| 2024 | 114000000 |

Source: Algerian Ministry of Interior, Local Government and Territorial Planning

- **Temporary Resources:** consist of loans that local authorities can use to finance productive investments beyond their self-financing capacity. It is important to note that both the expenditures and revenues of municipalities are regulated and determined by law.

3.3. Local Authorities as Key Actors in Local Development: Evolving Practices and Persistent Insufficiencies

Within the broader dynamics of local development, local governments play a pivotal role as institutional catalysts fostering the engagement of diverse stakeholders. They possess the capacity to establish enabling conditions for project success by leveraging and valorizing endogenous resources and initiatives. In Algeria, the Constitution entrusts municipalities and their elected representatives with a strategic mandate aimed at strengthening the proximity between institutions and citizens while advancing the development of communal territories. Nevertheless, despite these constitutional prerogatives and the gradual evolution of certain governance practices, significant limitations persist at the local level. In 2024, for instance, more than 950 municipalities (62%) remained classified among the poorest, 480 municipalities (31%) were situated within an intermediate category, and only 103 municipalities (7%) were ranked among the wealthiest a distribution that has remained unchanged since 2015. This persistence highlights the structural challenges local governments face in mobilizing resources effectively and in promoting equitable, inclusive, and territorially balanced development.

In what follows, we will analyze the shortcomings within Algerian local authorities in order to better understand the underlying causes of the failures observed in the execution of the tasks and responsibilities assigned to them. These structural and organizational deficiencies have significantly contributed to the unfavorable situation in which many Algerian municipalities currently find themselves.

3.3.1. Restricted Decision-Making Autonomy

The decision-making authority of municipalities remains poorly aligned with the prerogatives formally granted to local elected officials and communal institutions. In practice, decisions are governed by administrative procedures characterized by slowness and bureaucratic rigidity, which neglect the urgency and priority of local needs. Moreover, strategic choices are largely determined at higher administrative levels—most notably the Ministry of Finance and the wilaya—while the role of municipal authorities is confined to preparing technical project files and launching calls for tenders. These files must then be submitted to the daïra and subsequently to the wilaya for final approval.

As a result, municipalities retain virtually no capacity to design development programs that reflect the specific characteristics of their territories. Similarly, municipal autonomy—ideally expressed through the

independent drafting and execution of budgets—remains strictly curtailed by the requirement of prior approval from state services or their representatives. Under such conditions, it is therefore difficult to speak of genuine decentralization [17] (Boumoula, 2022).

3.3.2. Structural Financial Constraint

Algerian municipalities face a persistent financial constraint, characterized by the weakness of their internal resources. These revenues remain largely insufficient to cover the full range of local public expenditures and, in most cases, are limited to financing recurrent operating costs. By contrast, capital expenditures—linked to new investments and the enhancement of communal assets—rely almost entirely on transfers and allocations from the central state. [18]

This strong dependence on external funding undermines the fiscal autonomy of municipalities and severely restricts their ability to plan, initiate, and implement investment projects tailored to the specific needs of their territories. As a result, their contribution to local development remains limited, reinforcing centralized decision-making processes and exacerbating territorial disparities.

The following figure illustrates the evolution of municipal budget deficits over the period 2000–2024.

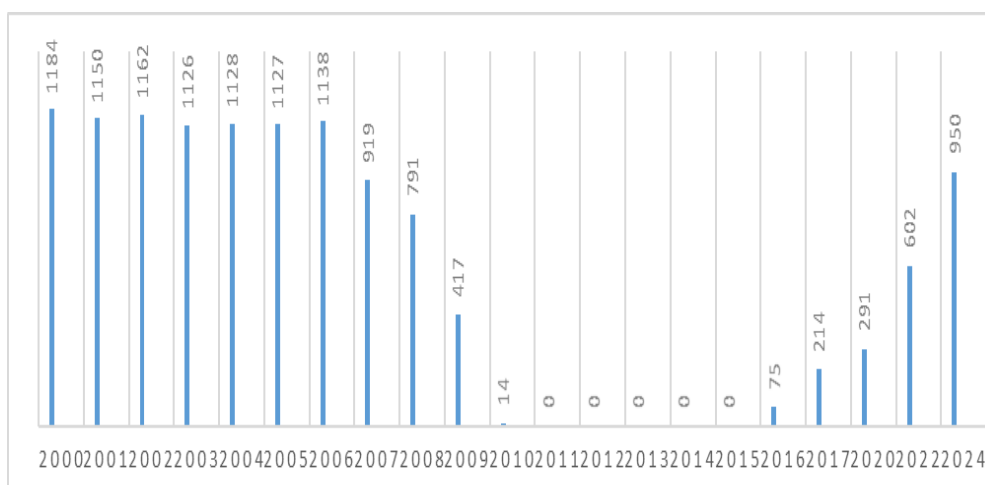


Figure 1: Evolution of Municipal Budget Deficits (2000–2024)

Source: Algerian Ministry of Interior, Local Government and Territorial Planning.

3.3.3. Political Limits to Local Effectiveness

The political constraints that limit the effectiveness of local authorities in Algeria can be summarized as follows:

A deficit in political participation: Local councils suffer from low citizen participation, both in their internal functioning and during local elections. This democratic shortcoming weakens the legitimacy of elected representatives and reduces the representativeness of local governing bodies.

Internal dysfunctions within the APCs: The Communal People's Assemblies (APCs) face numerous internal problems, leading to the suspension of development projects and the paralysis of meetings and deliberations. Votes of no confidence and the non-approval of deliberations are among the factors that contribute to this stagnation, thereby undermining the decision-making and operational capacity of local bodies. [18]

The weakening of political parties at the local level: The declining performance of political parties has diminished their essential role in political training, recruitment, and the formulation of programs focused on local development. This failure significantly reduces their capacity to act as driving forces for territorial progress.

The absence of objective criteria for selection and candidacy: The inability to establish transparent and fair rules for the composition of local councils favors the influence of loyalist networks at the

expense of the public interest. Factors such as tribalism and regionalism tend to prevail, thereby compromising the democratic process and undermining the quality of local governance. [18]

CONCLUSION

This work aimed to analyze the causes of the deficiencies observed in Algerian municipalities. Indeed, despite the existence of a legal framework that identifies local development as one of the main missions of the municipality (local elected officials), significant shortcomings are noted in Algerian municipalities in terms of local development and the provision of quality public services.

Thus, municipalities in Algeria remain dependent on the central government. In fact, local action continues to be characterized by the intervention of the central state through its local branches. Although local authorities are granted decision-making autonomy, they suffer from financial dependence. This indicates that decentralization in Algeria is incomplete and that the legal framework established for it is not effectively implemented by the Algerian public authorities.

Another major shortcoming concerns human resources, both in terms of supervision and qualification, which makes it difficult, if not impossible, to carry out and monitor local development projects initiated by local actors. This situation further increases dependence on the central government.

Moreover, the local community and its representatives (associations) are marginalized and cannot participate in the management and decision-making processes concerning their territory, due to the absence of coordination between actors within Algerian local authorities.

To address these shortcomings, several measures can be proposed to promote effective local governance and sustainable development:

- Expanding the areas of civil society involvement to foster participatory democracy and support local governance by engaging civil society in the management of local affairs within the framework of a national charter that strengthens the legal basis for citizen participation.
- Training municipal staff, developing human resource capacities, and integrating new technologies to improve the quality of public services and facilitate citizens' access to these services.
- Requiring a certain level of competence or education for candidates in municipal elections, which would help guide and better support local development project initiatives.

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