

Mechanisms for implementing modern public management in Algerian Public Health Institutions

Hocine Naziha ¹, and Kada Hanane ²

¹ Specialization: Business Administration, University of Tipaza, Algeria
Email: hocine.naziha@univ-tipaza.dz

² Specialization: Business Administration, University of Blida (Lounici Ali), Algeria
Email: ch.kada@univ-blida2.dz

Abstract---This article examines the mechanisms for implementing modern public management in Algerian public health institutions in light of the reforms introduced by the new Health Law. It focuses on the adoption of program and performance budgeting to improve the efficiency of resource utilization, the institutional project as a tool for strategic planning, as well as performance and objective-based contracts that link institutional financing to measurable results. The article concludes that these mechanisms constitute a step toward the modernization of health management; however, they require the strengthening of capacities and the development of monitoring and evaluation systems.

Keywords---Health Law, Program Budgeting, Institutional Project, Performance and Objective-Based Contract.

Introduction

The transformations experienced by Algerian society in the economic, social, and political fields, as well as those related to the external environment represented by the challenges of globalization, technological advancement, economic and environmental problems, and the emergence of new diseases and other challenges, have rendered the current content of the health policy (Health Law 05-85) inadequate for the present stage. This necessitates “adapting thought and effort to align the health policy in our country with the essential triad represented by ensuring the achievement of the State’s objectives in building a developed and balanced health system, responding to citizens’ aspirations for effective healthcare coverage, and addressing the concerns of health professionals by providing a suitable professional framework.”

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Within the context of reforming public hospitals in Algeria, it has become necessary to introduce new concepts for hospital organization, establish management structures based on the principle of accountability, and introduce modern management mechanisms relying on contractual management based on objectives. This has led hospitals to open up to technology and technical innovation while subjecting physicians to economic constraints and integrating them into the management process. Algerian hospitals have therefore undergone profound transformations through the implementation of new rationalization tools aimed at making resource allocation more closely aligned with the actual activity carried out by hospitals.

From the foregoing, the research problem can be formulated as follows:

What are the mechanisms for implementing modern public management applied in Algerian public health institutions?

This study will address the following topics:

Section One: The New Health Law

Section Two: Program and Performance Budgeting

Section Three: The Institutional Project

Section Four: Performance and Efficiency Contracts

Section One: The Issuance of Health Law 18-11 of July 29, 2018

The new Health Law was enacted to establish a legislative framework responding to the requirements of promoting and developing the healthcare system, in a way that meets the aspirations and expectations of the Algerian people and the challenges they face daily. It was hoped that the interventions would rely on “the content and substance of this draft law and contribute to enriching it and producing coherent provisions capable of satisfying citizens in general and healthcare professionals in particular.”

The law introduced legal mechanisms codified in 450 articles covering all fields related to the health sector and associated sectors such as the pharmaceutical industry. Among the fundamental principles around which the new law revolves is the establishment of a new health map constituting the guiding framework of the sector.

The chapter most relevant to this study is Chapter Six concerning the organization and financing of the national healthcare system, which contains four sections.¹

First: Section One

(Organization of the National Healthcare System)

From Article 265 to Article 268

This section focuses on the mechanisms through which the national healthcare system is reorganized, particularly the health map and the health organization plan.

It also introduced the concept of the “treatment network” in Articles 266 and 268, later explained in Article 316 as one of the forms of cooperation between public and private health institutions aimed at ensuring better patient care through telemedicine in areas where healthcare coverage is insufficient.

Furthermore, Article 267 refers to the concept of “external services” affiliated with the Ministry responsible for Health. This raises the question of the nature of this external body. The article assigns to these services responsibilities such as the distribution of resources, coordination, monitoring, and implementation of national, regional, and local health programs.

This implies that the Ministry of Health will delegate part of its powers to external services within the framework of a public service delegation approach based on decentralized management. Finally, the law refers to future executive decrees to determine the organization, functions, and operation of these external services, which have not yet been issued to this day.

Second: Section Two (The Health Map and the Health Organization Plan)

From Article 269 to Article 271

¹ Summary prepared by the researcher after reviewing Health Law No. 18-11 of July 29, 2018.

The second section focuses on explaining the objectives of both the health map and the health organization plan. It indicates that efficiency criteria will be adopted in designing the healthcare system, including population density, epidemiological, health, geographical, demographic, and economic characteristics, in order to ensure equitable distribution of healthcare services.

Article 271 further clarifies the role of the health organization plan in promoting cooperation between health institutions and structures, before referring once again to executive decrees for determining the modalities of implementation of this article, which likewise have not yet been issued.

Third: Chapter Three (Health Structures and Institutions)

From Article 272 to Article 279

These articles focus on the fact that the Ministry of Health, as the central administration, is the authority responsible for authorizing the establishment, construction, opening, and operation of any health structure or institution, including its expansion, conversion, change of designation, or temporary or permanent closure.

The law also provides for structures accredited by the Minister of Health, namely treatment centers and rehabilitation centers. Article 276 further introduces another category of health structures that are not affiliated with the Ministry of Health, while reaffirming the Ministry's authority to regulate, supervise, and evaluate these services.

Chapter Three is itself divided into seven sections represented as follows:

Section One (Functions of Health Structures and Institutions)

From Article 280 to Article 288

This section aims to define the different levels of healthcare within the framework of the new organization of the health map. These levels are summarized as follows:

Primary healthcare, representing the first level in the treatment pathway within the national healthcare system;

Secondary healthcare, represented by specialized diagnostic and therapeutic services;

Highly specialized healthcare services provided by highly specialized health structures.

The articles also stipulate that health structures and institutions, as well as institutions affiliated with the sector responsible for national solidarity, may provide palliative care and home-based treatment with the aim of alleviating patients' pain and reducing their psychological suffering.

Finally, the implementation of these provisions is referred to executive decrees, which have not yet been issued to date.

Section Two (Obligations of Health Structures and Institutions)

From Article 289 to Article 296

This section imposes on every structure or institution providing a public service the obligation to prepare an institutional project and a quality management plan. This demonstrates the orientation toward adopting a contractual approach in the management of public health facilities.

It should be noted that the new approach based on contractual relations differs from traditional contracts founded solely on legal obligations without considering psychological aspects, which constitute a fundamental determinant of employee performance effectiveness.

One of the most significant observed changes is the obligation imposed on health structures and institutions to prepare and regularly update a unified electronic medical file for each patient.

Article 296 also stipulates the mandatory subscription by public and private health structures and institutions, as well as all healthcare professionals, to insurance covering their civil and professional liability toward patients.

Section Three (The Legal Status of Public Health Institutions)

From Article 297 to Article 304

Through these provisions, the legislator introduced a change in the legal status of public health institutions. Previously classified as public institutions of an administrative nature, they became, under Article 297, public institutions with “special management.”

This raises the question of the meaning of “special management” and the criteria adopted for such classification.

Article 298 reveals that public health institutions have been reclassified into the following categories:

- University hospital centers;
- Specialized hospital institutions;
- Health districts;
- Emergency medical assistance institutions.

This indicates that several public health institutions will either be reintegrated into health districts or subjected to a restructuring process within a new health map.

Furthermore, Articles 299, 301, 303, and 304 indicate that “special management” refers to changing the current management model based on means and resources into a new management model based on results and objectives.

The contractual model is considered the practical embodiment of this orientation. The adoption of contractual management will affect funding sources and expenditure methods, thereby requiring health institutions to reconsider their management style by transitioning from a directive procedural model to a negotiation-based model that strengthens the concept of participatory management among the various stakeholders involved.

This participatory management can be envisioned through several mechanisms, including:

Management by poles or departments, with their indicators serving as a basis for determining financial allocations and distributing material and human resources, as well as for reward and sanction systems;

Adopting management by objectives and results and moving toward establishing contractual relations with administration departments, services, and employees.

The orientation toward participatory management will inevitably lead to the evolution of the relationship with users or clients of the public service.

Previously, this relationship was based on the principle that legislative texts defined the rights of users, while public administrations were responsible for providing the services prescribed by law.

At present, however, a new type of relationship with users has emerged, according to which:

“The service provided to users is no longer governed by an obligation of means (obligation des moyens) but rather by an obligation of results (obligation de résultats).”

For example, regarding the public health service, it is no longer sufficient merely to provide a treatment facility for a specific population with standardized equipment and human resources. Rather, the institution is required to improve health conditions according to predefined performance indicators.

This type of relationship is not governed by traditional contracts constrained by regulatory provisions, but rather by a moral contract with users or through a “service commitment” undertaken by the public administration.

On this basis, a health institution possessing legal personality may contract, according to this concept, with another similar institution or with other natural persons.

However, relations between its internal departments, heads of departments, and their work teams remain governed by the principle of hierarchical authority and functional arbitration within the institution. This form of contractual relationship is referred to as “internal contracting,” since it is defined within the internal environment of the institution.

One example of this type of internal contract is the institutional project referred to earlier in Article 290. It should also be noted that Article 304 of this chapter officially introduces auditing into force by stipulating that the auditing and certification of the accounts of public health institutions shall be carried out by a statutory auditor appointed jointly by the Minister of Finance and the Minister of Health.

The legislator devoted the seventh section to explaining how health structures and institutions are evaluated and audited.

Section Four (Private Health Structures and Institutions)

From Article 305 to Article 315

Article 306 stipulates that:

“The establishment of private health structures and institutions must comply with the standards defined in the health map and the priorities specified in the health organization plan.”

Article 310 further provides that private health structures and institutions shall be subject to the supervision and evaluation of the competent services and bodies affiliated with the Ministry of Health.

According to Article 311, these structures are also required to ensure the provision of a public health service and comply with the specifications outlined in the terms of reference established by the Minister of Health, particularly regarding:

The healthcare services provided;

The duration of the agreement;

The conditions and procedures for delivering the public service.

These structures are likewise required to prepare an institutional project aligned with the objectives of the health organization plan.

The same article adds that the purpose of entrusting public health services to private structures and institutions is to guarantee equality in access to healthcare by ensuring permanent health coverage in areas where healthcare services are insufficient, through the implementation of national and regional health programs.

The modalities for implementing this article are referred to future regulations, which have not yet been issued to date.

Section Five (Cooperation and Partnership in the Health Sector)

From Article 316 to Article 318

This section provides for the establishment of treatment networks or telemedicine systems aimed at ensuring healthcare for citizens.

Article 317 specifies that cooperation may be national or international.

It is noteworthy that the legislator considered cooperation as a form of external contractual relationship that may take multiple forms, including the network-based approach.

This approach ensures, on the one hand, the integration of private actors into public service missions while preserving their specific characteristics, and on the other hand, contractual arrangements within the network framework enable patients to receive coherent and unified healthcare services.

Indeed, patients do not primarily seek out an individual healthcare practitioner, but rather the healthcare network itself, which also guarantees continuity in meeting their various healthcare needs regardless of the place through which they access the healthcare system, such as the workplace, a traffic accident site, or a health center.

Section Six (The National Health Information System)

From Article 319 to Article 323

This section establishes the National Health Information System, which includes all health-related data and ensures interoperability with the information systems of other sectors of activity.

The management of the National Health Information System within health structures and institutions falls under the responsibility of the heads of these institutions, who are held accountable for its administration.

Section Seven (Evaluation and Auditing of Health Structures and Institutions)

From Article 324 to Article 328

The evaluation and auditing of health structures and institutions will enable the regular analysis and assessment of the management of professional practices with the aim of improving:

The quality of healthcare;
 Regulation and control;
 Cost efficiency;
 The effectiveness of healthcare services;
 Health security.

Health structures and institutions are required to conduct internal evaluations of their management, activities, and professional practices and to prepare an internal evaluation report according to the standards and methodologies defined by the competent services of the Ministry of Health.

The purpose of auditing is to obtain an independent report concerning the management, quality, and cost of the services provided by the institution through indicators, standards, and references related to procedures, best clinical practices, and the results of the various departments and activities composing the institution.

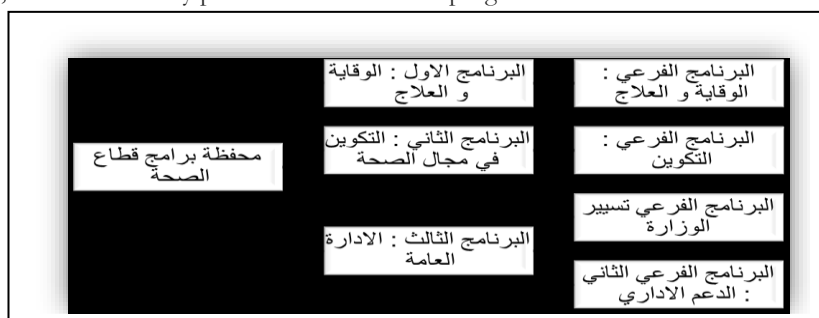
Section Two: The Implementation of Program Budgeting in the Public Health Sector

The primary objective of health institutions is to provide high-quality healthcare services at the lowest possible cost. For this reason, specific programs have been established for the health sector in order to facilitate expenditure control and management based on results.

Accordingly, this section will address the following:

First: The Structure of the Health Sector Program Portfolio

Paragraph 3 of Article 04 of Executive Decree No. 20-354 of November 30, 2020, which defines the components of the classification of State budget expenditures, stipulates that every program portfolio manager, for the purpose of preparing expenditure classification according to activity, must clearly, evaluatively, and hierarchically present the structure of programs and their subdivisions.



Source: Students of the National School of Management and Health Administration, Tenth Promotion, Modernization of the Budgetary System in Algeria in Light of New Reforms: The Health Sector as a Model, Promotion 2022–2024.

Executive Decree No. 23-32 of January 2, 2023, concerning the distribution of commitment authorizations and payment appropriations opened under the State budget pursuant to the Finance Law of 2023 and placed at the disposal of the Minister of Health, allocated an amount of 702 billion for commitment authorizations and 711 billion for payment appropriations. These allocations were distributed in detail according to activity and the nature of expenditure ².

As for classification according to economic nature, it was established by Ministerial Decision No. 124 of August 15, 2020, which defines the subcategories of expenditures as well as the coding classification according to the economic nature of State budget expenditures.

²Executive Decree No. 23-32 of January 2, 2023, concerning commitment authorizations and payment appropriations opened under the State budget pursuant to the Finance Law of 2023 and placed at the disposal of the Minister of Health.

With regard to health institutions, the coding number stops at 1700 because health institutions operate under the Financial Accounting System (SCF).³

Second: The Objectives of the Ministry of Health Programs and Their Indicators

Program One: Prevention and Treatment

The official responsible for this program is the Director General for Prevention and Health Promotion.

The program includes four objectives:

Figure No. (01): Structure of the Health Sector Program Portfolio

Objective One: Strengthening the General Prevention Policy

Indicator 1: Vaccination coverage rate;

Indicator 2: Vaccine availability rate;

Indicator 3: Statistics on the evolution of diseases.

Objective Two: Promoting the Population's Health Status

Indicator 1: Evolution of life expectancy rate;

Indicator 2: Relationship between treatment costs and prevention costs.

Objective Three: Increasing Reception Capacity and Medical Interventions in Hospital Institutions

Indicator 1: Evolution of reception capacity in hospital institutions;

Indicator 2: Number of medical interventions per year.

Objective Four: Reducing Treatment Costs

Indicator 1: Evolution of the average treatment cost per patient;

Indicator 2: Evolution of the average treatment cost by disease.

Program Two: Training

The official responsible for this program is the Director of Training at the Ministry level.

Program Three: General Administration

The official responsible for this program is the Director of Finance and Resources. Its objectives are as follows:

Objective One: Ensuring the Management of the Service's Financial and Material Resources

Indicator 1: Annual budget execution rate;

Indicator 2: Procurement rate of equipment needs.

Objective Two: Ensuring the Management and Development of Human Resources

Indicator 1: Recruitment program implementation rate;

Indicator 2: Training plan implementation rate.

Third: Program Budgeting and the Health Law

The legislator did not explicitly mention the term "program budgeting" in Health Law No. 18-11, since the latter was issued before the Organic Law on Finance Laws No. 18-15, which represented the first step in the budgetary reform process.

However, reference was made to it in Chapter Six entitled "Organization and Financing of the National Healthcare System," through mentioning the main tools associated with the implementation of program budgeting, particularly in:

Articles 290 and 302, which addressed the institutional project;

Articles 300 and 301, where the legislator explained the financial resources of the institution and the financing method of activities based on performance and objective contracts;

Article 302, which clarified the types of accounting systems in force.

Section Three: The Institutional Project

First: The Legal Foundation of the Health Institutional Project

The promulgation of Law No. 18-11 of 2 July 2018 concerning health came to confirm the various ministerial circulars and instructions issued according to their respective areas of specialization and functions, all of which collectively aimed at achieving the expected goal of restructuring institutions by

³Ministerial Decision No. 124 of August 15, 2020, defining the subcategories of expenditures and the coding classification according to the economic nature of State budget expenditures.

adopting a method based on defining and separating powers and responsibilities in order to avoid overlap and ensure complementarity.

Among these measures are:

Ministerial Circular No. 05 dated July 30, 2013, concerning the rehabilitation of public health facilities, which included 24 provisions covering six main areas;

The correspondence issued by the General Secretariat of the Ministry of Health, Population, and Hospital Reform to the various provincial Directorates of Health and Population under No. 1043 dated December 3, 2013, containing the draft executive decree relating to the establishment, organization, and functioning of health districts;

Instruction No. 05 dated July 30, 2013, concerning the restructuring of public health services. This instruction focused on the implementation of health organization as well as effectiveness and efficiency in carrying out activities.

This instruction was supplemented by Instruction No. 06 dated January 8, 2014, concerning performance contracts and the implementation of activities, through which the groundwork for the institutional project was established by introducing an initial phase evaluated every six months to assess the extent to which health institutions complied with the implementation of the set objectives using their available resources.

Subsequently, Memorandum No. 01 dated April 16, 2014, concerning the implementation of the institutional project, dashboards, and management indicators, emphasized the urgent commencement of their application and set May of the same year as the maximum deadline for implementation.

According to this memorandum, an initial duration of two years was established for the institutional project, targeting three main areas referred to as “Les 3P”:

An action plan for resolving the professional status of healthcare professionals;

A financial settlement plan concerning debts related to the Central Pharmacy of Hospitals and the Pasteur Institute of Algeria;

An action plan to facilitate access to outpatient medical examinations and treatment within hospital structures.

As for the new Health Law, it provided the following:

Article 290

“Every structure and institution providing a public health service must prepare an institutional project and a quality management plan, both of which must fall within the framework of national, regional, or local objectives in the field of health development.”

This is further reinforced in Articles 301 and 311, which emphasize the necessity of preparing an institutional project that includes performance contracts for activities and adopting it as a mechanism for planning and evaluation in order to model hospital management.

Second: The Concept of the Health Institutional Project

The institutional project is considered both an approach and a mechanism that takes into account the specificities and local needs of the institution. It consists of a set of interconnected, coordinated, and integrated operations centered around one or several objectives, designed in the form of projects and led by teams according to a practical and time-based plan that remains adaptable and coordinated in accordance with the institution’s general orientation and capabilities.⁴

The hospital institutional project is a means or tool for embodying the institution’s future strategic vision and enabling its translation into annual operational plans.

Article 714-11 of the French Public Health Code defines the institutional project as follows:

“The institutional project determines, in particular on the basis of the medical project, the general objectives of the institution in the medical field, nursing services, social policy, training programs, management, and information systems, provided that this project is consistent with the established objectives in order to determine the appropriate hospitalization means, human resources, and necessary

⁴ Khalil Sabrina, Zedira Charaf Eddine, and Haddad Ammar, The Health Institutional Project as a Modern Tool for Hospital Management in Algeria, *Journal of Economic and Entrepreneurial Development*, Vol. 4, No. 01, 2012, p. 63.

equipment required to achieve these objectives. It is established for a maximum duration of five years and may be revised and amended.”⁵

Mechanisms for Implementing Modern Public Management in Algerian Public Health Institutions

This article examines the mechanisms for implementing modern public management in Algerian public health institutions in light of the reforms introduced by the new Health Law. It focuses on the adoption of program- and objective-based budgeting to improve the efficiency of resource utilization, as well as the institutional project as a strategic planning tool, in addition to performance and objective contracts that link institutional funding to measurable results. The article concludes that these mechanisms constitute an important step toward modernizing health management, but they require strengthening institutional capacities and developing monitoring and evaluation systems.

Keywords: Health Law, Program Budgeting, Institutional Project, Performance and Objective Contract.

Introduction

The transformations experienced by Algerian society in the economic, social, and political fields, as well as the changes associated with the external environment represented by globalization challenges, technological advances, economic and environmental problems, and the emergence of new diseases and other challenges, have made the current content of the health policy (Health Law 05-85) inadequate for the present stage. This requires “adapting thought and effort to align the health policy in our country with the fundamental triad represented by ensuring the achievement of the State’s objectives in building a developed and balanced health system, responding to citizens’ aspirations for effective health coverage, and addressing the concerns of health professionals by providing an appropriate professional framework.”

In the context of reforming public hospitals in Algeria, it has become necessary to introduce new concepts for hospital organization, establish management structures based on the principle of accountability, and adopt modern management mechanisms founded on contractual management based on objectives. This leads hospitals to become more open to technology and technical innovation, while subjecting physicians to economic constraints and integrating them into management processes. Consequently, Algerian hospitals have undergone profound transformations through the implementation of new rationalization tools aimed at making resource allocation more consistent with the actual activity carried out by hospitals.

From the above, the problem statement of the study can be formulated as follows: What are the mechanisms for implementing modern public management applied in Algerian public health institutions?

This study addresses the following:

Section One: The New Health Law

Section Two: Program and Objective Budgeting

Section Three: The Institutional Project

Section Four: Performance and Efficiency Contracts

Section One: Promulgation of Health Law 18-11 of 29 July 2018

The new Health Law was introduced to establish a legislative framework that responds to the requirements of promoting and developing the health system, enabling it to meet the aspirations and hopes of the Algerian people and the challenges they face daily. The interventions were expected to rely on “the content and substance of this law project, contribute to enriching it, and ensure the issuance of coherent provisions that satisfy citizens in general and health professionals in particular.”

The law introduced legal mechanisms codified in 450 articles covering all fields related to the health sector and associated sectors such as the pharmaceutical industry. One of the fundamental principles around which the new law revolves is the establishment of a new health map serving as the sector’s

⁵ Akgoun Souad and Mekdoud Wahiba, previous reference, p. 525.

guiding framework. The chapter most relevant to this study is Chapter Six concerning the organization and financing of the national health system, which contains four sections⁶.

First: Chapter One (Organization of the National Health System) – Articles 265 to 268

This chapter focused on the mechanisms for reorganizing the national health system, particularly the health map and the health organization plan. It also introduced the term “healthcare network” in Articles 266 and 268, later explained in Article 316 as one of the forms of cooperation between public and private health institutions aimed at ensuring better patient care through telemedicine in areas with insufficient health coverage.

Article 267 also referred to external services affiliated with the Ministry of Health, though without clarifying the precise meaning of these external bodies. The article assigned these bodies responsibilities such as resource distribution, coordination, monitoring, and implementation of national, regional, and local health programs. This implies that the Ministry of Health will delegate part of its powers to external services within the framework of a decentralized public service management approach. The law ultimately refers to executive decrees to determine the organization, missions, and functioning of these external services, though such decrees have not yet been issued.

Second: Chapter Two (Health Map and Health Organization Plan) – Articles 269 to 271

This chapter focused on explaining the objectives of both the health map and the health organization plan, indicating that efficiency criteria would be adopted in designing the health system, including population density and epidemiological, health, geographical, demographic, and economic characteristics to ensure equitable distribution of healthcare services.

Article 271 clarified the role of the health organization plan in strengthening cooperation between health institutions and structures. However, implementation modalities were again referred to executive decrees that have not yet been issued.

Second: Contracting Parties

The 1995 Finance Law stipulated that this financing system shall be implemented on the basis of contractual relationships linking the Social Security system with the Ministry of Health and Population, according to modalities determined by regulation. From the text of the article, it appears that the contracting parties within this new framework for financing public healthcare are:

The Financier

This includes the entities responsible for financing part of healthcare expenditures based on the data and information provided by the healthcare institution delivering the service. These entities are:

The State

Its role in this regard consists mainly of covering the expenses related to prevention, training, medical research, and healthcare services provided to disadvantaged individuals not covered by social security.

Social Security

Social security bodies contribute to financing the budgets of public health institutions based on actual rather than estimated costs. These bodies are also responsible for updating the national card of insured persons and their beneficiaries. Funds allocated for financing specific treatment programs for their benefit are subject to periodic evaluation by the competent services of the ministries responsible for health and social security.

In this context, reference should be made to Article 4 of the Draft Finance Law for 2023:⁷

“The contribution of social security bodies to the budget of health sectors and specialized hospital institutions (including university hospital centers) shall be directed toward covering the financial costs related to medical care for insured persons and their beneficiaries.

This financing shall be implemented on the basis of information relating to insured persons receiving care in public health institutions, within the framework of contractual relations linking social security

⁶Summarized by the researcher after reviewing the New Health Law 18-11 of 29 July 2018.

⁷ Draft Finance Law for 2023, Article 04.

and the Ministry of Health. The modalities for implementing this provision shall be determined by regulation.

By way of estimation, for the year 2023, this contribution is fixed at one hundred and twenty-two billion, eighteen million, eight hundred and eighty-nine thousand Algerian dinars (122,018,889,000 DZD).

The State budget shall cover prevention expenditures, training, medical research, and the financing of treatment provided to disadvantaged individuals not covered by social security.”

The Service Provider

This refers to public health institutions responsible for providing healthcare services.

The Service Consumer

These are the patients receiving treatment in public health institutions. They are required to pay healthcare fees according to the category to which they belong. Three categories may be identified:

Disadvantaged persons: fully covered by the State.

Insured persons: responsible for paying 20% of hospitalization expenses, while the remaining costs are covered by social security services.

A third category consisting of neither disadvantaged nor insured persons: these individuals bear the full cost of their hospitalization.

Third: Objectives of Contracting

Contracting represents a new model in hospital management aimed at achieving a number of objectives likely to improve the effectiveness of the health sector, including:

Cost Control

This concerns efficiency and effectiveness. Hospital institutions are therefore required to achieve their planned objectives using the least possible means. This approach is reinforced, on the one hand, by establishing a financing model based on contracting and, on the other hand, by encouraging free initiative and competition, from which hospital institutions have traditionally remained outside.

Health institutions are now expected to shift from a logic of searching for resources to a logic of searching for results. The contractual system between the health system and its financiers serves as a means to achieve this transformation. The contractual approach also contributes to controlling expenditures through:

Use of Health Indicators

Such as hospitalization rates. The role of hospital stays in increasing treatment costs cannot be ignored. In this context, hospitalization must be rationalized through organized use of hospital beds within medical departments. Controlling bed turnover rates contributes to reducing annual bed costs in relation to operating budgets while improving hospital efficiency.

Rational Management of Human Resources

This is achieved through the preparation of a precise job description (fiche de poste) for each position. Such classification enables the evaluation of each employee’s performance and also serves as a motivational tool encouraging better productivity. Consequently, it becomes necessary to develop employees’ knowledge and qualifications through continuous training so that they may keep pace with modern knowledge and changing requirements. In addition, reducing excessive staffing levels may help limit unnecessary financial burdens.

Improving the Quality of Healthcare Services

Within this financing model, public health institutions become subject to competition from both public and private sector institutions. This compels them to improve the quality of their hospital services in order to attract service users, which necessarily contributes to enhancing both quantitative and qualitative health indicators.

Moreover, State contributions—excluding expenditures related to disadvantaged hospitalized persons—will be entirely directed toward preventive programs and public health utility missions, thereby improving these areas and giving them greater attention.

Establishing Participatory Management in Health Institutions

The impact of the contractual model on funding sources and spending methods inevitably requires health institutions to reconsider their management style by moving from a directive procedural model toward a negotiated model that strengthens participatory management among all stakeholders.

This participatory management may be implemented through several mechanisms:

Management by divisions or “poles,” with their indicators serving as tools for determining financial envelopes and distributing material and human resources, as well as reward and sanction systems.

Adoption of management by objectives and results, together with the establishment of contractual relations with administration, departments, and employees.

Contracting as a New Model for Consolidating Participation and the Objectives-and-Results Approach

Considering the benefits associated with the principle of participation in modern management, the implementation of this principle is no longer left solely to the leadership style of the administrative head—although this remains relatively important. Rather, efforts have been made to establish organizational mechanisms that create a more binding framework for the parties concerned in order to achieve this objective. Among the contractual forms that consolidate participation and the objectives-and-results approach are:⁸

Contracting with Users (contractualisation avec les usagers)

The development toward decentralization and the participatory approach of local communities contributed to transforming the relationship with users or clients of public services in general, including healthcare services, into a contractual and relational relationship.

Previously, this relationship was based on legislative texts defining the rights of users, while public administrations were responsible for providing the services prescribed by law.

Today, a new type of relationship with users has emerged, according to which “the service provided to users is no longer governed by an obligation of means (obligation de moyens) but rather by an obligation of results (obligation de résultats).”

For example, when discussing public healthcare facilities, it is no longer sufficient merely to provide a treatment room for a particular population with standardized equipment and human resources. Rather, the institution is also obliged to improve health conditions according to previously established measurement indicators.

This type of relationship is not governed by traditional contracts restricted by specific regulatory texts, but rather by a moral contract with users or through a “service commitment” undertaken by the public administration.

This shift toward a contractual relationship—even if partly moral in nature—with users is closely linked to the internal management of public services. Traditional management was mainly based on defining the functions of departments and administrations, determining hierarchical authority, and allocating means according to administrative hierarchy.

Modern management, by contrast, increasingly relies on defining expected results through measurable objectives, while granting managers broader responsibility in choosing activities and resources in order to achieve agreed-upon results with the greatest economy and efficiency.

In our view, both approaches illustrate the general principle of modern management through the transition from bureaucratic organizational management centered on administrative law and means toward competency-based management focused on contracts and results.

Conclusion

Public health institutions in Algeria must recognize the necessity of changing their current trajectory. The best way to create a new mindset for developing and expanding capacities requires moving toward what specialists refer to as the “learning organization,” where the idea of change becomes both a necessity and a shared concern for everyone. Gradually, this concept becomes embedded in thought, behavior, and professional practice, leading to a continuous review of the policies adopted in

⁸Ben Farhat Abdelmounem, previously cited reference, pp. 90–91.

institutional management. In most cases, several forms of change converge to create a comprehensive reform program aimed at resolving crises, accompanied by simultaneous reform policies.

In conclusion, it should be noted that public health institutions in Algeria have, in recent years, undergone profound transformations through the reform program initiated by the supervisory ministry, which seeks to adopt a new governance model characterized by greater managerial autonomy, the emergence of a new business-oriented administration, and a modern governance approach. The first signs of these transformations have appeared through several mechanisms discussed in detail throughout this chapter, namely: the new Health Law, program- and objective-based budgeting, and the patient action plan.

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