Pegem Journal of Education and Instruction, Vol. 16, No. 1, 2026 (pp. 441-453)

RESEARCH ARTICLE WWW.PEGEGOG.NET

# Models of Public–Private Partnership Applications in Algeria

**Dr. Djamel Eddine Ghoulam [1], Dr.Hacene Boussersoub [2]**

[1] Mohamed Lamine Debaghine University – Sétif 2, Algeria. Email: djamelghoulam1@gmail.com

[2] Laboratory of Religion and Society, Bouzareah, University Mohamed Lamine Debaghine Setif02, (Algeria) . Email: h.boussersoub@univ-setif2.dz

**Received : 23/07/2025 ; Accepted : 26/11/2025 ; Published : 06/01/2026**

**Abstract**

There is now growing interest in the development and advancement of Maghreb economies, which have yet to define their economic orientation amid the complex and profound technological and cognitive transformations that characterise the global economy. It has therefore become necessary to establish adequate adaptation mechanisms and the required modifications to confront economic blocs and alliances. As a state's economic strength determines its capacity to assert influence, developing countries have found themselves increasingly dependent on and economically subordinate to the developed world. Consequently, most local Maghreb economies are experiencing economic crises due to declining oil prices, rising individual demands, the onset of economic globalisation, the dissolution of geographical boundaries between states, and their inability to stimulate their domestic economies. These circumstances have created an urgent need to achieve a balance between the two poles of the economy, the public sector, which is sponsored by the state, and the private sector, which has long been perceived as competitors. With the emergence of dominant global economic powers, it has become evident that the interaction between these two poles must evolve into cooperation to confront external competition and build a resilient economy capable of achieving comprehensive development.

**Keywords:** Partnership, public sector, private sector, competition, economic growth.

## Introduction

## 1. Research Problem

In light of the escalating phenomenon of the partnership between the public and private sectors and the growing interest in it, given that economic growth and social development can be achieved only through concerted efforts and mobilisation of various resources at both the public and private levels and through their effective investment, particularly amid the scarcity of resources and the lack of strategic expertise in managing Maghreb economies, it has become imperative to operate according to the principles of collaboration and cooperation. Development in the last decade has come to require extensive efforts and diverse resources that the public sector alone cannot fulfil, thereby constraining the state's capacity to meet the evolving and increasing needs of its citizens. The same limitation applies to the private sector, which is also unable to act independently. Consequently, coordination between the two sectors has become necessary to implement joint investment projects and to attain the efficiency achieved by some developed countries, which has, in turn, encouraged Maghreb states to embark on this experiment. From this perspective, discourse emerged concerning public–private partnerships in Algeria. To conduct this study, the following research questions were proposed:

**Main Question:**

How are public–private partnerships implemented in Algeria?

**Sub-Questions:**

Q1. What strategies and mechanisms govern the partnership between the public and private sectors in Algeria?

Q2. What types of projects attract both sectors to engage in partnerships?

Q3. What are the requirements for activating partnerships between the two sectors?

**2. Significance of the Study**

The importance of this topic lies in its focus on a modern economic phenomenon that conditions development upon achieving equilibrium and stability within the Algerian economy, particularly in view of the state's retreat and the growing influence of the private sector, which has come to dominate most projects in Algeria. The study also derives special significance from its aim of analysing Algeria's experience in public–private sector partnerships.

**3. Objectives of the Study**

- To identify the strategies and mechanisms governing this partnership.
- To examine investment projects established through partnerships between the public and private sectors.
- To analyse the requirements for the success of these partnerships and to identify the main obstacles they face.

**4. Research Methodology**

In accordance with the nature of this topic, which falls within the category of descriptive and analytical studies, the researcher employs the descriptive–analytical approach to encompass the study's variables and analyse the various aspects related to them.

**5. Conceptual Definitions**

**- Concept of the Public Sector:**

The public sector is defined as the segment of the economy that represents the state's ownership of the means of material production. It includes any enterprise wholly or partially owned by the state.[1] Thus, it encompasses all economic activities undertaken by the state related to the material production of goods or the provision of essential services, usually carried out by public enterprises and institutions.

**- Concept of the private sector:**

Some define the private sector as "that part of the national economy owned and managed by individuals, companies, or joint-stock corporations. "[2] According to the Dictionary of Social Science Terms, "once the public sector emerges, the economic activities carried out by individuals constitute the private sector."[3]

The private sector may therefore be referred to by several synonymous terms, such as private ownership, private activity, or the proprietors' sector. It is defined as the segment of the national economy on the basis of private ownership of the means of production, in which productive resources are allocated primarily through market forces rather than through public authorities.

**- Concept of partnership:**

Partnership, also referred to as "participation," derives from the term "company," meaning the mixing of ownership or the association of two partners in a shared entity. It denotes the joint possession of a single asset by two or more parties, whether related to labour, capital, or other shared elements. Partnership thus signifies the joint exercise of ownership rights over a particular asset in common (coownership). [4]

**- Concept of partnership between the public and private sectors:**

This refers to an agreement under which two or more parties, whether natural or legal (including the public and private sectors), commit to participating in a joint project by contributing labor or capital to share the resulting profits or achieve a mutually beneficial economic goal, such as a market monopoly or increased sales.[5]

**- Definition by the World Bank:**

It is a long-term contract between a private institution and a government agency for the purpose of providing public tasks and services.[6]

**1. Concept of the partnership contract:**

A partnership contract comprises the set of rules agreed upon by the partners when they conclude a partnership agreement (Accord de partenariat). It includes the contractual obligations of the two parties, specifying each party's commitments regarding capital shares, workforce size, types and quantities of products, methods for transferring administrative tasks and managerial responsibilities, and procedures for dividing profits and losses.[7]

On the basis of the presented definitions, the researcher seeks to summarise each concept in an operational definition relevant to the research context.

**Figure (1):**

*Diagram illustrating the operational definitions of the study's key concepts.*


**Source:** Prepared by the researchers.

**Section Two: Theoretical Foundations of Public–Private Partnerships**

**1. Motivations for Public–Private Partnerships**

In recent years, the public–private partnership has become one of the most prevalent concepts across the economies of the Maghreb region. These countries have increasingly adopted this strategy as a means of addressing the obstacles and structural weaknesses confronting their economies, particularly the public sector's inability to meet rising demands. Hence, it has become imperative to establish complementarity between the two pillars of the economy, the public and private sectors, to achieve comprehensive and practical development. This raises the question of the circumstances and factors that paved the way for the emergence of a partnership between the two sectors in the economic literature and in developmental practices worldwide, particularly in Maghreb countries.

To address this issue, a set of factors common to most Maghreb economies can be identified, including the following:

- The increasing burdens on the level of the general budget.
- Inefficient management of the public economic sector.
- The ineffectiveness of financial control systems over public institutions, enterprises, and their affiliated subsidiaries.
- The monopolisation of economic initiatives.
- The negative social repercussions of structural adjustment programmes.
- The reinforcement of the liberal doctrine under the pressure of regional blocs and the effects of globalisation and universalisation.

Both Morocco and Algeria, which serve as representative models, have resorted to public–private partnerships as a remedial mechanism prompted by the crisis of public management and the weakness of public financing systems, thereby seeking to correct economic imbalances and advance societal development.

**a. Public Management crisis**

Public management has become the subject of widespread criticism, with public institutions being accused of squandering public funds, engaging in nepotism, and abusing power. Moreover, the concentration of authority and responsibility within state apparatuses has hindered efficiency and effectiveness, resulting in several adverse manifestations, including the following:

- Entrenchment of bureaucracy.
- Lack of transparency.
- Centralisation of financial authority.
- Absence of concern for, and awareness of, productivity.
- Lack of accountability, evaluation, and financial oversight culture.
- Erosion of the concept of public interest.

**b. Weakness of Public Financing**

Several factors necessitate the involvement of the foreign private sector in managing numerous national and local industrial and commercial public facilities, including the following:

- The outdated management methods have revealed significant financial deficits.
- The weak rate of financial autonomy of local authorities compared with their assigned economic responsibilities.
- The fragility of social infrastructures.
- The inability of public facilities to meet citizens' needs due to limited local resources.[8]
- The decline in public savings has significantly curtailed spending on public investment projects.
- Fiscal imbalance at the governmental level, accompanied by reduced public savings as a result of increased public expenditure and the rigidity of spending related to public sector wages and retirement pensions, among other factors.
- A high level of public revenue. [9]

**c. Success of the private sector**

The success achieved by the private sector through its institutions in most countries has encouraged governments in developing states to allow its involvement in various developmental domains. This has motivated many scholars, writers, and policymakers to advocate for a role for both the public and private sectors, promoting complementarity between them to achieve comprehensive development and social equity.[10]

**2. Benefits of Public–Private Partnerships**

The benefits of the partnership between the public and private sectors can be summarised as follows:

**a. Risk distribution:**

One of the fundamental principles of partnership lies in allocating risks to the party most capable of managing them at the lowest cost. This aims to achieve optimal value for money through an efficient distribution of risks rather than by transferring the most significant possible number of risks.

**b. Ensuring Timely Project Implementation:**

By transferring responsibility for design and construction to the private sector and linking payments to service delivery, public–private partnerships incentivise the private sector to complete infrastructure projects within shorter timeframes.

**c. Improvement in Service Quality:**

Global experience demonstrates that the quality of service in partnership projects generally surpasses that of traditional contracting. This results from the integration of performance-related incentives and penalties, asset support mechanisms, innovation in service provision, and economies of scale, all of which are encompassed within the partnership contract.

**d. Allocation of Capital and Operational Expenditures in Advance within the Budget:**

Delegating design responsibility to the private sector through a partnership contract, which specifies all costs over the duration of the agreement, helps the public sector devise a more accurate annual budget.

**e. Access to Off-Budget Financing in Certain Cases:**

The structure of joint projects may, at times, allow payments and debts associated with them to remain outside the state's general budget, thereby preserving its borrowing capacity.

**f. Promotion of Transparency:**

Transparency entails the exchange of information with all stakeholders. It is ensured through the adoption of competitive bidding processes and the selection of the final partner in accordance with international best practices. Making project information available to concerned entities further reduces corrupt practices.

**g. Avoidance of Delays Due to Funding Shortages:**

Partnerships enable the implementation of projects even in the absence of capital allocations in the public treasury's budget, thereby preventing delays in urgently needed investments.

**h. Strengthening Decentralisation:**

Public–private partnerships foster economic decentralisation by allowing local state authorities to benefit from the expertise of a central unit specialised in partnership contracts, enabling them to develop projects that may exceed their administrative or technical capacities. Thus, partnerships serve as tools for reducing dependence on central administration.[11]

i. Public–private partnerships allow governments to avoid risks or postpone infrastructure spending without renouncing the benefits of such expenditures.

j. Partnerships can alleviate fiscal constraints on public financial resources allocated to infrastructure investments.[12]

**3. Objectives of Public–Private Partnerships**

Public–private partnerships seek to achieve a range of objectives, including but not limited to the following:

- Shifting the government's role from the direct operation of infrastructure and public services to oversight and facilitation.
- Introducing the management capabilities and expertise of the private sector into the public services domain and involving it in risk sharing.
- Achieving better value for money in public expenditure.
- Implementing investment projects within the planned timeframes and allocated budgets.
- Preventing the deterioration of essential public service assets and facilities resulting from inefficient maintenance or operation.
- Incorporating innovation into project design, asset management, operation, and maintenance.
- Transferring risks that can be more effectively managed by the private sector away from the government's limited resources.[13]
- Generating economic benefits.
- Expanding business opportunities.

- Reducing public spending and easing pressure on the state's general budget.

- Promotion of innovation in project design.

- Creating employment opportunities in a short period.

- Implementing projects efficiently while improving the quality of public services.

- Achieving cost savings.[14]

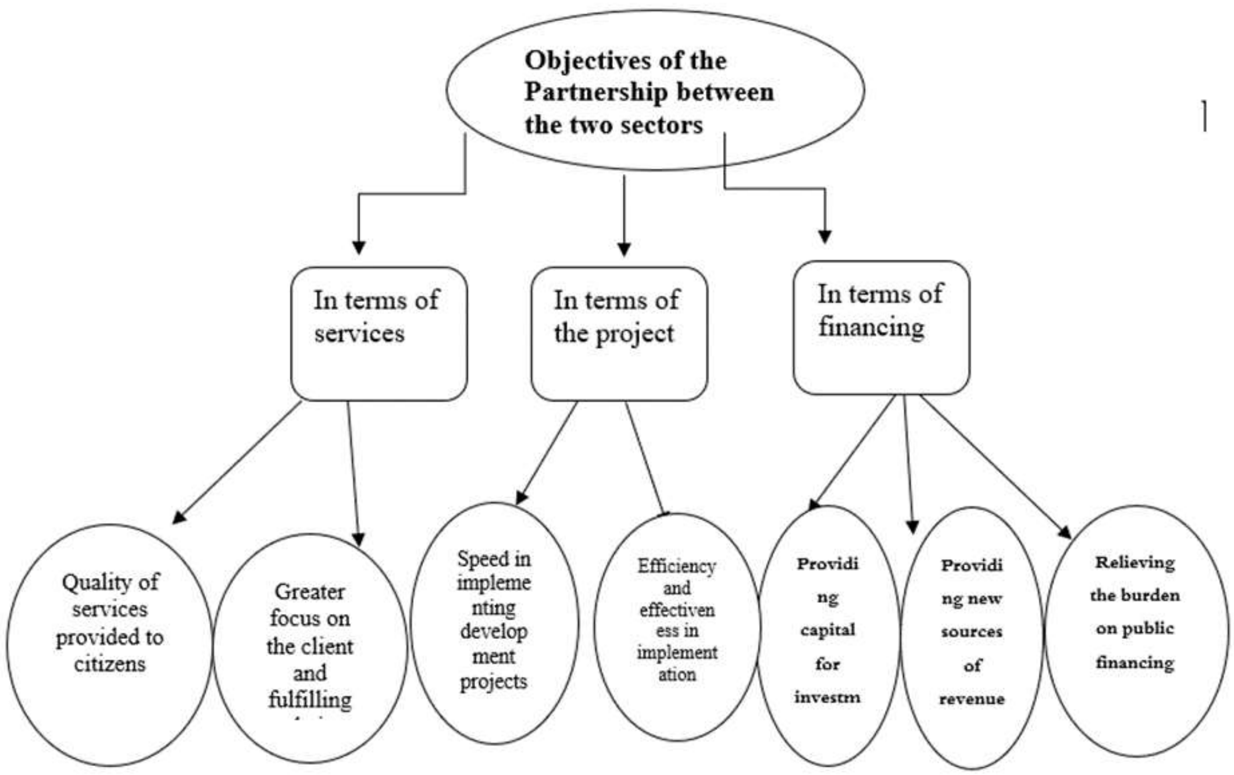
Given the multiplicity of objectives that states aim to achieve through developing and institutionalising public–private partnerships, these goals may be categorised into three dimensions:

- Financing, execution, and implementation of developmental projects.

- Improving service quality and standards for citizens.

- Enhancement of customer service, timely delivery, and responsiveness to public needs.

**Figure (2): Diagram illustrating the objectives of the public–private partnership.**




Source: Prepared by the researchers.

**4. Types of public–private partnerships**

Partnerships assume various forms depending on the existing economic sector: commercial, industrial, service-based, financial, and technological. These forms can be outlined as follows:

**a. Contractual partnership:**

This type of partnership has distinctive characteristics. A contractual partnership is a creation limited in scope to a specific purpose; however, it may evolve into a financial or commercial entity, thereby granting the enterprise greater operational flexibility. Contractual partnerships are widely used in the joint exploitation of mineral resources and in collaborative energy projects. They fall within the category of contractual arrangements for supplying or providing public services, and the agreements between parties may take several contractual forms, such as leasing, management, service provision, partial or total sale, or strategic partnerships, among others.[15]

**b. Cooperative Companies:**

This model represents a form of partnership contractually established between the public and private sectors within a capitalist economic environment dominated by the private sector. In such arrangements, relationships are structured horizontally to ensure the participation of all parties in decision-making through a consensus-based approach. All the partners share responsibilities and obligations equally, and no single party exercises unilateral supervision under the terms of the contract.[16]

**c. Industrial partnership:**

This type of partnership pertains to the industrial sector, where the parties agree to implement a specific project by integrating and sharing equipment, resources, and all production factors available to them.[17]

**d. Financial partnership:**

This form of partnership is manifested through the contribution of one institution to the capital of another, thereby taking on a financial character within the sphere of investment.[18] Such partnerships are typically pursued when an institution experiences financial difficulties that threaten its stability and continuity, undermining its ability to achieve its economic objectives.[19] This form pertains specifically to the financial dimension and differs from other types of partnerships in terms of the following:

- The relative weight of each partner.
- The duration or lifespan of the partnership.
- The evolution of each partner's interests.

**e. Technical partnership:**

A technical partnership involves the exchange of knowledge through technology transfer and the sharing of expertise. It introduces new knowledge and advanced technologies across various production fields, aiming to develop and improve products while reducing costs and facilitating entry into new markets. This form of partnership grants participating enterprises a competitive advantage, for example, through collaboration in research and development initiatives.[20]

**f. Commercial Partnership:**

This form is limited to conducting joint commercial operations, wherein one party prepares to purchase and sell the products of the other. It focuses on strengthening and consolidating a company's position in the commercial market by exploiting trademarks or ensuring product marketing. This partnership model primarily addresses market imbalances and is heavily oriented toward marketing activities.[21]

## Section Two: Public–Private Partnership in Algeria

### 1. Evolution of Public–Private Partnerships in Algeria

Partnerships represent one of the most significant topics arising from recent global economic developments. It has gained particular prominence and urgency in many developing and Arab countries. Notably, numerous international institutions have recently begun to impose privatisation or partnerships as prerequisites or concurrent conditions for obtaining technical and economic assistance.

The origins of privatisation and partnership date back to the mid-1970s, when industrialised nations began to suffer from financial inflation coupled with economic stagnation, prompted by the explosion in crude oil prices for the first time in the history of modern industrial economies. Notably, partnership, both as a theoretical framework and as an economic policy, is undoubtedly a product of the circumstances that characterised developed industrial economies during the 1970s and 1980s. Thus, partnerships have emerged as the functional link between the public and private sectors.

These early developments, which began in the 1970s, were introduced to Algeria in the late 1980s and early 1990s, when the state lifted restrictions on the private sector and opened the door for its participation in the economy, following the failure of the public sector and the decline in the performance of its institutions. These institutions, confronted by administrative laxity and financial bankruptcy, compelled the Algerian government to seek strategies capable of revitalising the national economy and achieving sustainable development.

After adopting the principle of privatisation, the state found itself unable to relinquish control over strategic infrastructure and foundational economic structures. This reality led to the adoption of a middle-of-the-road partnership with private actors whose institutions had demonstrated increasing growth and widespread presence, maintaining standards of quality and efficiency in their execution. This success motivated and encouraged the state to cooperate with this emerging model, which had proven more viable than the now-outdated and financially exhausted public sector burdened by heavy spending on developmental projects and diminishing financial and managerial capacity.

At this juncture, the Algerian state began to assume a primary role in creating a favourable environment conducive to growth and performance improvement through a set of policies, whether economic or legislative, that regulate and reflect the conditions surrounding private sector activity in economic life. Recognising its limitations in achieving the required level of efficiency, the state sought to establish a clear and sound vision for constructing and sustaining an environment that encourages performance through active private sector participation.

Consultation between the governmental bodies responsible for shaping favourable business climates through established policies and procedures and the private sector actors involved in economic life has been regarded as essential for building a supportive and stimulating business environment. Such engagement enhances private sector initiative and positively influences its role and position in the national economy.

Thus, the Algerian experience began to adopt an orientation toward partnerships between the public and private sectors as a means to open new avenues for private sector expansion, particularly in the field of infrastructure and related service areas traditionally reserved for state-run institutions.

In addition to the new markets created by public–private partnerships, which stimulate the growth of private sector activities and generate positive effects on economic growth rates and poverty reduction, such partnerships also enable the avoidance of delays or cancellations in the construction of infrastructure when the state responsible for its development is unable to secure the required financial allocations. This prevents the adverse economic and social consequences that may result, given the critical importance of infrastructure in advancing economic activity.[22]

**2. Areas of Public–Private Partnership in Algeria**

Decree No. 95-22, dated August 26, 1995, concerning privatisation and its domains, marked the beginning of practical implementation, providing a strong and distinctive boost to the national economy in pursuit of national development. This was to be achieved through the participation of the private sector alongside the public sector, which alone had proven incapable of realising the objectives of national development. Accordingly, the contributions of both sectors may encompass the following areas:

**a. Contribution to the Agricultural Sector:**

This historically significant field distinguishes itself as a primarily traditional sector, predating colonial times, and thus inherently inclined toward private rather than public ownership. State-led reform and financial assistance policies have supported the participation of both the public and private sectors in agricultural activity. Moreover, the state's concessions of certain agricultural lands have yielded favourable outcomes for private beneficiaries, reinforcing the sector's predominantly private character since its inception.

**b. Contribution to the productive investment sector:**

Following the reforms, the private sector initiated its participation in numerous large-scale and dynamic investment fields beginning in 1995, coinciding with the implementation of the ordinance on privatisation. Private sector contributions have been concentrated primarily within SMEs, particularly those employing ten workers or fewer. This has resulted in a modest level of capital investment yet notable professionalism in the management of private institutions. Such expertise provides opportunities for the exchange and transfer of knowledge and operational experience between the public and private sectors within a cooperative framework.

**c. Contribution in the Service Sector:**

The service sector is regarded as one of the most significant domains jointly operated by the public and private sectors. Some essential services, such as education and health, remain national domains that the private sector alone cannot provide fully. Conversely, specific services, such as transportation, hospitality, and catering, are predominantly managed by private entities, regardless of the state's ideological orientation.

**d. In the hospitality sector:**

The private sector has made significant contributions in this area owing to the lucrative financial returns it offers, coupled with the provision of distinguished services to clients (customers).

**e. In the health sector:**

Historical developments in human life have demonstrated that health is one of the fundamental pillars that nations must provide to their people at an affordable cost. This is due to its crucial role in ensuring societal stability and actively contributing to sustainable development, particularly social development. Accordingly, the participation of the private sector is indispensable, as the public and private sectors together form a cohesive unit that serves the public health needs of communities. Prior to privatisation, Algeria had already begun offering incentives to the private sector within this domain.

**f. In the Transport Sector:**

The transport sector has made significant contributions from both the public and private sectors, with the private sector playing a dominant role in this field. The private sector's ability to provide superior-quality services fosters customer acquisition and retention.[23]

**3. Types of public–private partnerships in Algeria**

This subject is highly important for understanding partnerships and how they are realised with foreign investors, particularly nonresident investors. Investment generally takes three forms for nonresidents:

- The first is a wholly foreign-owned investment, in which the nonresident investor owns 100%, conducted as an individual enterprise.

- The other two forms involve partnerships:

- The first partnership type is between the nonresident investor and private Algerian individuals or entities, where the nonresident investor has the freedom to choose the private person or institution with which to partner.

- The second partnership type involves the nonresident investor partnering with public persons or institutions, which is characterised by specific features.

The first two options, individual investment and partnership with private parties, are subject to commercial law. In contrast, the latter, the partnership with public institutions, is governed by legislation related to mixed-economy companies.

Several ambiguous issues and unanswered questions remain in this regard. Despite the tax advantages associated with investment, priority has not been given to foreign investment. A relevant question is whether the adoption of new legislation is sufficient to attract foreign capital to Algeria within the framework of partnerships with public institutions.

Partnerships have various branches and types. With respect to the nature of the partner, partnerships are divided into two types:

**- The first type is the Algerian–Algerian partnership, which itself is subdivided into two categories:**

a. A partnership between two public institutions: This can be described as a public partnership. An example is the partnership between the National Electronic Industries Company ([ENIE]) and the National Company for the Distribution of Electronic Devices ([EDIMEL]).

**b. Partnership between one public institution and one private institution:** This partnership serves a mutual benefit, both public and private. The state benefits, on the one hand, and the private investor benefits, on the other. An example is the partnership agreement concluded between [SAIDAL] and [FARMEGHREB] on May 30, 1999, which provides for the joint production of three semimedical products in an initial phase by [FARMEGHREB] located in the Wilaya of Tiaret.[24]

**a. - The Second Type: Algerian–Foreign Partnership:**

This refers to a partnership between Algeria and a foreign state in a specific sector (construction, industry, agriculture, transportation, etc.). For example, several partnership agreements concerning hydrocarbon exports were signed in 1998 in Madrid. Additionally, a mixed partnership was established for marble exploitation in Arzew between the National Company [Gnamarbre] and the Spanish company Intercontinental Maste. Another partnership agreement was concluded in 1999 between [Sonatrach] and the Spanish company [Fertibinia].

Furthermore, the two countries are preparing to cooperate in various fields, including mining, petrochemicals, tourism, fishing, and textile manufacturing. In this context, a partnership contract is planned between [Enaditex] and the Spanish company Jackets for the production of shirts in Algeria.[25]

**b. Algerian–Foreign (Private) Partnership:**

This involves a partnership between a public institution or company and a foreign private company or institution. Such partnerships remain rare due to the limited involvement of private investors in Algeria.

There is also an Algerian–Arab (National) Partnership:

This type of partnership occurs between an Algerian public company or institution and an Arab counterpart and is aimed at strengthening bilateral relations through governmental intervention. These partnerships encompass various sectors, including hydrocarbons, air and maritime transport, communications, artisanal industries, and electronics.

Additionally, there is an Algerian–Arab (private) partnership:

This takes place between an Algerian public company or institution and a private Arab company.

**4-Examples of public–private partnerships in Algeria:**

**1. Partnership between the Water and Sanitation Company (**SEOR**) and [Agbar] in Oran's Water Sector:**

The Wilaya of Oran in western Algeria has benefited from the integration of water supply and distribution services, as well as sanitation services, under the purview of a company supported by Law No. 4 of 2005. On the basis of this framework, both the Algerian Water Company and the National Sanitation Office contributed 1,000,000,000 Algerian dinars in joint capital to establish a single company, subsequently named the Water and Sanitation Company of Oran ([SEOR]), which was founded in April 2008 through the joint contributions of both entities. Since its inception, the company has overseen the management of water services within the Wilaya in collaboration and consultation with experts from [Agbar].

Accordingly, [SEOR] and [Agbar] entered into a partnership contract, which is classified as a management contract between the public sector company [SEOR] and the private partner [Agbar]. The contract value amounted to 30 million euros.

**- Objectives and Responsibilities of the Partnership Contract:**

The partnership between [SEOR] and [Agbar] aims to create and develop a high-performance public service institution capable of responding efficiently to the needs of Oran's residents.

The partnership represents an appropriate contractual arrangement that defines the obligations of the partners ([SEOR] and [Agbar]) on the basis of the following principles:

- Ensuring greater discipline in the management of public services for drinking water and sanitation to improve the quality of life of citizens.
- Managing the drinking water and sanitation services in the Wilaya of Oran efficiently.

The management contract between [SEOR] and [Agbar] stipulates the necessity of achieving the following objectives:

- Provide potable water services 24 hours a day.

- Treating and purifying wastewater.

- Enhancing staff capabilities through training.

- Developing economic and financial management.

- Implementing security and communication plans.[26]

The results achieved through this partnership include the following:

- Expansion of service coverage, with [SEOR] undertaking projects to renovate pumping stations and increase water resources.

- An approximately 18.75% increase in the number of customers.

- Establishment of numerous technical facilities, such as water analysis laboratories, for detecting bacteria and chemical pollutants.

- Adoption of an effective communication policy with customers.

- Reduction in water leakage and rehabilitation of the distribution network.

- Rehabilitation of 570 km of the wastewater network, representing 31% of the total network.

- The partnership positively impacted performance by improving operational efficiency, service quality, and accessibility to water and sanitation services.

**2. Public–Private Partnership in Construction:**

A partnership between the public and private sectors in the construction of the new city of [Ali Mendjeli] in Constantine:

The liberalisation of the real estate market under Law No. 90/25 has made the housing sector investible, leading to the proliferation of agencies and institutions producing housing, with various housing programmes adopting new trajectories. This development focused on incorporating private actors into the housing production process.

Consequently, plans for building new housing cities were launched to alleviate pressure on major urban centres, such as the Wilaya of Constantine, which benefited from the project to build the new city of [Ali Mendjeli]. This city was established in line with Algeria's policy on the development of new cities as part of the National Urban Planning Strategy ([SNAT]), enacted under Law No. 87/03 dated January 27, 1987, related to urban planning.

Contributors to the New City Project ([Ali Mendjeli]) in Constantine:

**1. Directorate of Urban Planning, Construction, and Housing:** Responsible for:

- Monitoring the housing project.

- Preparing the investment application file.

- Coordinating with the company and the sole contractor executing the project.

- Studying commercial contracts and competitions.

**2. Office for the Promotion and Management of Real Estate ([OPGI]):** Its tasks include the following:

- Executing housing projects throughout the Wilaya.

- Managing real estate properties and collecting rent.

- Leasing and selling housing units and commercial spaces.

- Regulating the system for occupants of housing units and commercial spaces.

In addition, the National Housing Fund and state-affiliated agencies specialising in construction and operation contribute, alongside private partners, to three groups: major real estate developers, senior contractors who completed 1,213 housing units, medium contractors responsible for 100 units, small contractors for 50 units, and housing cooperatives.

Here, the pioneering role of cooperation and contribution between the public and private sectors in construction and urban development, where the state specialises in supervision and coordination and where private institutions undertake execution, emerges.

**3. Algerian–Arab partnership:**

This refers to a partnership between an Algerian public institution and a Saudi company, exemplified by a partnership contract between [ENCG] and the Saudi company [Savolafoods], which led to the establishment of a new company named [SEFA].

An example of some contract provisions signed on June 6, 2000, between [ENCG] and the international Saudi company [Savolafoods], specialising in the packaging and distribution of edible oil products, includes the following:

- Article 1 stipulates that this new partnership in Algeria is named "SAVOLAENCG fonds" or "SEFA."

- Article 2 stipulates that “SEFA” should commence operations within three production units of [ENCG]: unit [UP3] in Sidi Aïch, [UP5] in the capital, and [UP7] in Béjaïa. These units employ 1,200 workers out of a total of 4,200 across all nine units in Algeria.

Article 3 stipulates that the [SAVOLA] company shall hold a majority share representing 75% of [SEFA]'s stock.

Article 4 stipulates that [ENCG] has the right to sell six units after a period of 12 months from the date of acquisition.

Article 8 prohibits the newly created [SEFA] from entering into partnerships with recognised competitors in the market regarding edible oil production.

In conclusion, partnerships in Algeria have diversified into local, foreign, and Arab partnerships. There has also been participation between the public and private sectors across various fields, including services, industry, construction, and operation.

**5. Evaluation of the Algerian Experience in Public–Private Partnerships**

On the basis of the presentation and examples provided, it can be stated that public–private partnerships in Algeria are a relatively nascent phenomenon, predominantly characterised by foreign partnerships in strategic sectors that attract foreign interest, such as the hydrocarbon sector. Furthermore, the services sector is the principal field attracting investment between the two sectors, exemplified by the Algerian Telecommunications Company ([Mobilis]), which is state owned but managed by private entities that hold significant control over the telecommunications market in Algeria. Additionally, the construction and operation sectors represent one of the first fields of joint public–private participation, alongside the industrial sector, which attracted interest from both local and foreign partners.

In summary, the partnership in Algeria remains distant from the achievements witnessed in other countries, without diminishing the successes attained thus far.

It follows that public–private partnerships in Algeria are governed by a legal contract that defines the roles and responsibilities of each partner, conferring legitimacy on their joint activity. Among the strategies and mechanisms adopted in this domain are as follows:

- Facilitating procedures for public–private participation.
- Opening opportunities for the private sector to contribute to large-scale development projects.
- Providing attractive incentives and encouragement for private investors to invest in socially significant infrastructure.
- Specifying participation ratios in designated institutions, whereby the state retains a 51% share and the partner holds 49%.
- Pursuing foreign and Arab partnerships to benefit from advanced and modern technologies.
- Promoting an investment spirit and enabling the engagement of private actors and youth.

Sectors attracting private sector interest and motivating their participation include the following:

- The service sector, as the private sector, possesses sufficient expertise to manage these projects.
- The construction and urban development sector.
- Transport and hospitality.
- Energy and hydrocarbons in terms of foreign investment participation.
- The agricultural sector, such as projects supported by the state but managed by private operators.

Although these partnerships have achieved a measure of success relative to the short period since their inception, specific requirements remain to be fulfilled:

- Providing a conducive and stimulating business climate, recognised as a crucial mechanism and a necessary condition in developing a strategy for public–private partnership advancement.
- Establishing a supportive environment that encourages activity and interaction between the two sectors.

- Enhancing the skills, capacities, and knowledge of the workforce through training and development to maximise its contribution to production, particularly in foreign partnerships, enabling the local partner to match the skills of the foreign partner and achieve integration.

- Working on the advancement of the public sector and improving the quality of its services.

**Conclusion:**

Ultimately, it can be concluded that public–private partnerships allow governments to avoid or postpone expenditures on infrastructure without relinquishing it entirely. It also contributes to easing the constraints on public spending for development projects. Like other Maghreb examples, the Algerian experience is still in its early stages, particularly in terms of local partnerships, which remain limited compared with foreign partnerships. The latter impose constraints on Maghreb countries and compel them to accept certain principles, particularly in the absence of local competencies capable of managing large-scale developmental projects at a global standard.

In summary, the partnership remains an economic experiment that the Algerian government must develop and nurture to meet societal needs and developmental requirements.

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