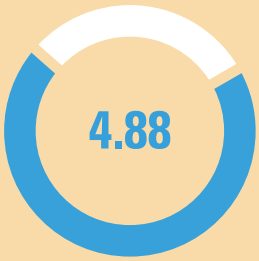
UNITED NATIONS
الاسكوا
ESCWA

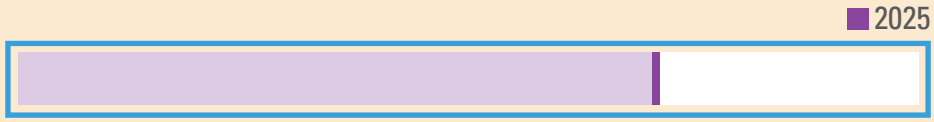
Shared Prosperity Dignified Life

Country profile
ALGERIA

ARAB BUSINESS LEGISLATIVE FRAMEWORKS



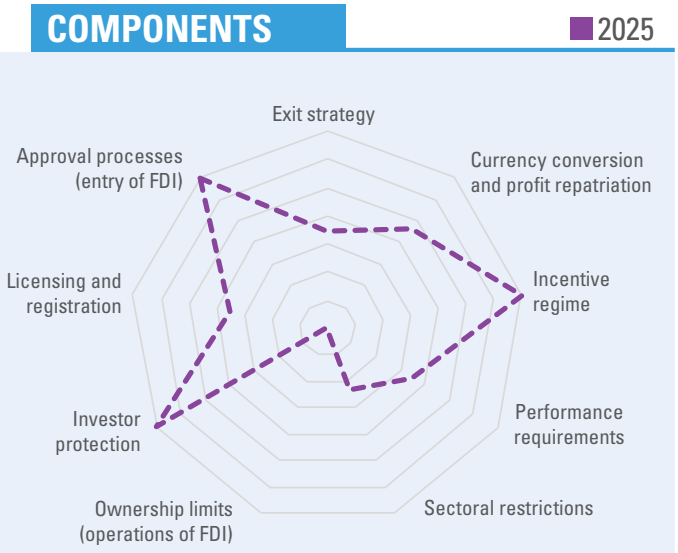
FOREIGN DIRECT INVESTMENT



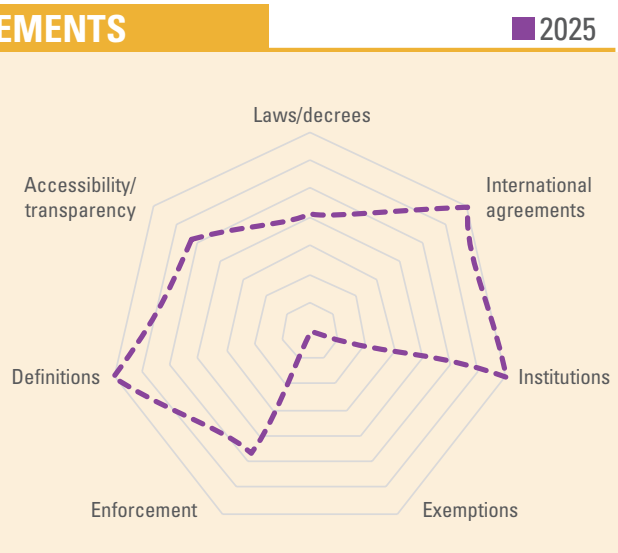
Very weak | Weak | Basic | Moderate | Developed | Strong | Very strong

COMPONENTS	2025
Approval processes (entry of FDI)	7.00
Licensing and registration	3.50
Investor protection	7.00
Ownership limits (operations of FDI)	0.00
Sectoral restrictions	2.33
Performance requirements	3.50
Incentive regime	7.00
Currency conversion and profit repatriation	4.67
Exit strategy	3.50

COMPONENTS



ELEMENTS



Note on methodology: The foreign direct investment (FDI) pillar was fully revised in 2023 following a legal and methodological review and first applied in the 2025 assessment. The 2020 edition assessed the macroeconomic enabling environment for investment. The revised methodology shifts to a business-conducting perspective, assessing the regulatory treatment of foreign investment.

2020 EDITION

Developed

Foreign direct investment framework assessment

Macroeconomic enabling environment lens

The 2020 assessment examined whether the country's **macroeconomic policies** provided a stable foundation for investment, whether the **investment regulatory framework** set clear rules of engagement, how far **incentivization schemes** attracted foreign capital, the extent to which **bilateral treaties** offered investors legal certainty, and whether **banking regulations** enabled the financial operations required for investment.



Macroeconomic policies



Investment regulatory framework



Incentivization schemes



Bilateral treaties



Banking regulations

This country profile is prepared based on the legal and regulatory framework in force as at April 2025.

This country profile assesses the foreign direct investment (FDI) framework of Algeria based on the nine FDI assessment components adopted under the Arab Business Legislative Frameworks methodology. The analysis is structured to ensure that each component is examined against its specific definition and indicators, supported by relevant legal and regulatory evidence.

Foreign direct investment in Algeria is primarily regulated by Law No. 22–18 and its implementing regulations.



Approval processes

This assessment component examines the mechanisms and institutional arrangements governing the authorization of FDI, the applicable regulatory requirements, and the legal basis for international investment commitments and access to bank financing.

In Algeria, FDI is governed primarily by Law No. 22–18 relating to investment, which establishes the legal framework for the authorization and monitoring of investment activities. The law provides a statutory basis for registration and authorization of investment projects through legally designated institutions.

Article 16 of Law No. 22–18 establishes two main institutions for the governance of investment, namely the National Investment Council and the Algerian Investment Promotion Agency. Under article 17, the National Investment Council is mandated to propose the State's investment strategy and evaluate its implementation, thereby exercising strategic oversight rather than direct project-level approval. Article 18 assigns responsibility to the Algerian Investment Promotion Agency for registering investment projects, assisting investors, administering incentives, and monitoring project implementation. Investment approval and registration are carried out through one-stop shops operated by the Algerian Investment Promotion Agency, with procedures differentiated according to the nature and scale of the project. This institutional structure confirms the existence of a centralized and legally defined approval mechanism for foreign investment.

Law No. 23–17 of 15 November 2023, concerning the allocation of State-owned land for investment projects, expressly authorizes, pursuant to article 14, the concession holder to establish a mortgage over the real right resulting from the concession. This authorization applies to any natural or legal person, whether national or foreign, benefiting from the concession regime. The provision enables investors to use these concession rights as collateral in secured financing arrangements prior to their conversion into ownership.

Algeria has signed bilateral investment treaties with 46 countries, of which 29 are currently in force. These agreements aim to promote and protect foreign investment and typically provide guarantees related to fair and equitable treatment, protection against expropriation, and access to investor–State dispute settlement mechanisms. For example, Algeria has concluded a bilateral investment treaty with Serbia, reflecting its engagement with both regional and non-regional partners in strengthening investment cooperation.



Licensing and registration

This assessment component reviews the legal and regulatory framework for the licensing and registration of foreign investment projects in Algeria, with particular attention to transparency and predictability in administrative procedures, land use and ownership conditions, and streamlining of registration processes.

Minimum capital thresholds for certain categories of investment are determined through regulations, rather than applied uniformly across all foreign investment projects. For instance, Algerian regulations establish specific investment thresholds for structured investment projects. Executive Decree No. 22–302 defines "structured investments" as projects with a high capacity to generate wealth, create employment, and enhance territorial attractiveness, and requires such projects to meet a minimum investment amount.

Algeria established institutional arrangements to streamline licensing and registration procedures. Article 19 of Law No. 22–18 relating to investment provides for the establishment of a one-stop shop for major projects and foreign investments, with national jurisdiction, which serves as the single point of contact responsible for providing support in completing all procedures related to the implementation of these investments. This is aimed at simplifying entry procedures and reducing administrative fragmentation.

Algeria has also introduced a digital mechanism to dematerialize investment-related procedures. Articles 27 and 28 of Executive Decree No. 22–298 regulating the organization and functioning of the Algerian Investment Promotion Agency establish a digital investor platform designed to guide, support and monitor investment projects from the time of their registration and throughout their operational phase. The platform enables the dematerialization of procedures, facilitates the online completion of investment-related formalities, ensures interoperability with the information systems of relevant public authorities, and improves transparency and efficiency in processing investment files.



Investor protection

This assessment component reviews the legal protections available to foreign investors in Algeria, including statutory guarantees, access to dispute resolution mechanisms, and the role of domestic courts and arbitration frameworks in ensuring the enforcement of investor rights and investment-related obligations.

The legal framework governing foreign direct investment in Algeria provides a combination of administrative, judicial and international mechanisms aimed at promoting investment, protecting investor rights, and ensuring effective dispute resolution.

Algerian investment legislation provides explicit statutory guarantees aimed at protecting foreign investors. Law No. 22–18 relating to investment establishes a general framework for the protection of investments and investor rights, including guarantees related to investment security,

access to land under legally defined conditions, and the transfer of capital and proceeds. These guarantees are codified in the law and applied to foreign investors on a non-discriminatory basis.

Article 11 of Law No. 22–18 establishes a High National Commission for Investment Appeals under the Presidency of the Republic. The commission is mandated to examine appeals submitted by investors in relation to decisions made by public authorities on investment projects. It provides an administrative review mechanism allowing investors to challenge adverse decisions without immediately resorting to judicial proceedings.

In addition to administrative remedies, foreign investors have access to competent Algerian courts to resolve investment-related disputes. This right is grounded in general principles of administrative and judicial review applicable under Algerian law. Judicial recourse applies to disputes arising from administrative decisions, contractual relations, and the application of investment-related legislation, thereby ensuring access to an independent adjudicatory forum.

Article 12 of Law No. 22–18 provides that disputes between foreign investors and the Algerian State fall, as a general rule, within the jurisdiction of domestic courts. However, the same provision explicitly allows recourse to conciliation, mediation or arbitration where such mechanisms are provided for under ratified bilateral or multilateral agreements, or where an agreement authorizing arbitration is concluded between the investor and the State.

At the international level, Algeria ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention). Algeria also acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (New York Convention) in 1988. The New York Convention entered into force for Algeria on 8 May 1989.

These commitments establish a legal basis for the recognition and enforcement of foreign arbitral awards and align the country's investment framework with internationally accepted dispute resolution standards.

The combination of statutory protections, access to administrative and judicial remedies, and adherence to international dispute settlement conventions strengthens the legal enforceability of investor rights. These mechanisms are grounded in law rather than in discretionary administrative practices.



Ownership limits

This assessment component examines the extent to which Algerian legislation imposes ownership limits, foreign equity restrictions, or screening and prior approval mechanisms on foreign investment operations, including restrictions related to acquisition of real estate or participation in certain economic activities.

Article 3 of Law No. 23–17, which establishes the legal framework governing economic real estate, defines specific categories of land that are excluded from its scope of application, including agricultural land or land intended for agricultural use within the State's private domain, and land located within designated mining areas. These exclusions are based on the legal classification and permitted use of land and do not constitute sectoral restrictions on foreign direct investment. They reflect the existence of a real estate regulatory regime that limits the range of State-owned land available for investment projects, including for foreign investors.

The law establishes that economic real estate may be granted exclusively through a concession mechanism convertible into ownership, subject to clearly defined conditions and safeguards that preserve the land's economic purpose and ensure alignment with national development objectives. During the concession phase, investors are subject to a set of obligations laid down in the specifications, including compliance with the approved project, completion within prescribed timeframes, and the prohibition of any change in land use without prior authorization from the competent authority. The administration retains the right to unilaterally terminate the concession in the event of non-compliance.

Accordingly, the applicable legal framework does not provide for the free and immediate acquisition of State-

owned economic real estate. Instead, it adopts a regulated approach based on conditional use rights, with the possibility of conversion into ownership only upon fulfilment of the relevant legal and regulatory requirements. While this regime applies in a non-discriminatory manner to both domestic and foreign investors, it effectively results in limitations on the full acquisition of real estate by foreign investors at the entry stage of investment.



Sectoral restrictions

This assessment component reviews sector-specific regulations that affect foreign direct investment in Algeria, focusing on market access limitations, competition-related considerations, and exceptions justified on grounds.

The investment framework of Algeria incorporates competition-related principles intended to support foreign direct investment. Article 2 of Investment Law No. 22–18 of 2022 states that the law aims to strengthen the competitiveness of the national economy and improve its export capacity. Article 3 of the same law establishes the principle of freedom of investment for all natural and legal persons, whether national or foreign, resident or non-resident, subject to compliance with applicable legislation and regulations.

Article 49 of Supplementary Finance Law No. 20–07 of 2020 introduced reforms to the foreign ownership regime, relaxing the general 49/51 partnership requirement. This provision established that, with the exception of activities involving the purchase and sale of products and activities of a strategic nature, foreign investment is permitted in all other goods and services production activities without the need for a local partner. This reform contributed to easing market entry conditions for foreign investors.

Nevertheless, sector-specific restrictions remain in place for activities of a strategic nature or activities linked to national sovereignty and security. Pursuant to article 50 of Supplementary Finance Law No. 20–07 of 2020, foreign investment in designated strategic sectors remains subject to a minimum 51 per cent ownership by resident national shareholders. These sectors include the exploitation of national mineral resources and extractive activities (with the exception of non-metallic quarrying), upstream energy activities and activities governed by hydrocarbons legislation, electricity transmission and distribution networks, transport of hydrocarbons by pipeline, defence-related industries, railways, ports and airports, and pharmaceutical industries subject to specific regulatory exceptions.

Executive Decree No. 21–145 of 17 April 2021 implements article 50 by establishing the list of strategic activities in the energy, mining, pharmaceutical and transport sectors that remain subject to the 51 per cent resident national ownership requirement.

These provisions indicate that while Algeria has broadly liberalized foreign investment entry conditions, market access remains conditioned by sector-specific ownership limitations reflecting strategic policy and national security considerations.



Performance requirements

This assessment component examines whether Algerian investment legislation or policies impose performance-related obligations on foreign investors, such as requirements related to employment, skills development, export promotion, or compliance with social and labour standards.

Article 15 of Law No. 22–18 of 2022 relating to investment imposes general compliance obligations on investors, requiring adherence to the legislation and standards in force, including those related to competition, labour law, and the transparency of accounting, tax and financial information. These obligations apply equally to foreign and domestic investors and constitute general social and labour-related requirements applicable to foreign direct investment.

However, Algerian investment legislation does not include specific education or workforce development policies

as performance requirements for foreign investors, nor does it establish clear legislative criteria to assess the opportunity costs, effectiveness or efficiency of the State's FDI strategies.

Incentive regime

This assessment component reviews the legal framework governing investment incentives in Algeria, which includes defining incentive schemes in legislation, specifying the adopted incentive regime, and identifying the competent authorities responsible for administering and implementing these incentives.

Investment incentives in Algeria are explicitly regulated under chapter 4 of Law No. 22–18 relating to investment (articles 24–37). The law establishes three distinct incentive regimes: an incentive regime for priority sectors, an incentive regime for areas of particular interest to the State, and a structuring investments regime. The existence of these regimes confirms that investment incentives are grounded in statutory provisions.

The incentive regime for priority sectors, provided for under article 26, applies to investment projects implemented in priority economic activities identified by law. Article 27 specifies the incentives available under this regime, including exemptions from customs duties, land registration tax, corporate income tax, and income tax for defined periods.

The incentive regime for areas of particular interest to the State, provided for under article 28, applies to investment projects carried out in designated geographical areas. Article 29 defines the applicable incentives, which include customs and tax exemptions, with extended durations depending on the location of the investment. These provisions indicate that the incentive regimes for priority sectors and for areas of particular interest to the State are legally defined and apply on the basis of objective criteria set out in legislation.

The structuring investments regime, provided for under article 30 of Law No. 22–18 and further detailed in Executive Decree No. 22–302, applies to large-scale investment projects meeting specific quantitative and qualitative thresholds. These include minimum investment amounts, job creation capacity, and contributions to territorial attractiveness, export diversification, import substitution, or technology transfer. Article 31 specifies the incentives applicable under this regime, which may also be extended to co-contractors participating in the implementation of the project. This regime introduces differentiated treatment based on project scale and impact, thereby linking incentive eligibility to predefined performance-related criteria without imposing ongoing performance obligations after approval.

While incentive schemes are clearly defined in law, access to incentives does not constitute an automatic legal entitlement upon investment registration. Eligibility is conditional upon compliance with statutory criteria and implementing regulations, as well as verification by the competent authority. Incentives therefore operate as conditional benefits granted within a legally circumscribed framework, rather than as unconditional investor rights.

The administration, allocation and monitoring of investment incentives fall under the mandate of the Algerian Investment Promotion Agency, in coordination with relevant public authorities. The agency's role is exercised within the limits of the legal and regulatory framework established by law and executive decrees.

Currency conversion and profit repatriation

This assessment component examines the legal provisions governing currency conversion and the repatriation of profits by foreign investors in Algeria, including guarantees for capital transfers, the role of financial and banking authorities, and applicable capital control measures.

Algerian investment legislation provides an explicit statutory guarantee for currency conversion and profit repatriation for foreign investors. Article 8 of Law No. 22–18 relating to investment guarantees the right to transfer invested capital and the proceeds generated

therefrom, including profits, dividends and net income resulting from the disposal or liquidation of investments, even where such amounts exceed the initial capital invested. The scope of this guarantee covers foreign monetary contributions, reinvested legally transferable profits, and foreign-source in-kind contributions, thereby establishing profit repatriation as a legally recognized investor right rather than a discretionary administrative privilege. This right is not unconditional, as article 8 expressly ties the transfer guarantee to compliance with applicable foreign exchange legislation and limits its applicability to investments where the foreign investor's capital contribution represents at least 25 per cent of the total investment cost. In practice, profit repatriation is subject to prior authorization by the Bank of Algeria and compliance with advance tax declaration and clearance procedures for transfers in favour of non-residents, with banking authorities and the tax administration exercising regulatory oversight through documentary verification and procedural timelines. Additionally, the framework maintains capital controls and fiscal constraints, including mandatory documentation requirements and a 15 per cent withholding tax on distributed profits, which do not remove the legal guarantee of profit transfer but affect the timing and net value of repatriated profits.



Exit strategy

This assessment component assesses the legal framework governing the exit of foreign investors from the Algerian market, focusing on provisions related to divestment, liquidation, mergers and acquisitions.

Algerian investment legislation provides an explicit legal basis for the exit of foreign investors through the statutory guarantee of capital and proceeds transfer. Article 8 of Law No. 22–18 guarantees the right to transfer invested capital and the proceeds generated therefrom, including net real income resulting from the disposal or liquidation of foreign-source investments. This provision establishes exit as a legally protected right rather than a discretionary administrative privilege. The legal guarantee covers multiple exit scenarios, including full liquidation, partial divestment, and the transfer of proceeds exceeding the initial invested capital.

Algerian investment legislation does not provide a dedicated investment-specific framework that governs mergers and acquisitions involving foreign investors.

RECOMMENDATIONS

- Publish clear procedural rules and indicative timelines to govern the operation of the High National Commission for Investment Appeals without modifying its legal mandate.
- Clarify how workforce development and skills transfer objectives may be linked with foreign investment projects without imposing mandatory performance requirements.
- Consolidate procedural rules governing the transfer of capital and profits into an investment-specific regulatory framework.
- Introduce interpretative guidance or regulatory clarification specifying the applicability of investment law provisions to merger and acquisition transactions involving foreign investors, in order to enhance predictability for equity-based exit strategies.
- Specify indicative timelines, where applicable, for processing exit-related authorizations under foreign exchange regulations to reduce uncertainty regarding the execution of investor exit.

www.unescwa.org

E/ESCWA/CL6.GCP/2025/ABLF/1/Series.4/CP.1/Algeria

260150E