Remittances Review
September, 2023
Volume: 8, No: 3, pp.765-780
ISSN: 2059-6588(Print) | ISSN 2059-6596(Online)

Received : 04 July 2023, Accepted: 28 September 2023
DOI: https://doi.org/10.33282/rr.vx9i.82

Budget Reform in Algeria: A Theoretical Approach

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Abstract:

Algeria began the process of reforming its public finances in 2001 to address the shortcomings and imbalances in its budgetary system, expand the capabilities of the Ministry of Finance, especially in the field of public expenditure management, and improve financial transparency indicators, this reform culminated in the promulgation of the Organic Law on Finance Laws No. 18-15. This law focuses on results-oriented budgeting based on specific objectives, aiming to enhance the management of public finances by prioritizing effectiveness and outcomes. It also seeks to improve the presentation of finance laws for better readability, enhance the transparency of budget information and figures, and integrate elements of flexibility in financial management. The new law was gradually implemented starting in 2021, incorporating an operational and functional block each financial year, with the first program budget issued in early 2023.

Budget reform in Algeria is an essential necessity to enhance financial management methods. Such reform requires comprehensive changes that affect the entire budget system. Furthermore, budget reform in Algeria is progressing, aiming to ensure the success of the project and to capitalize on the benefits offered by the program budget.

Keywords: Budget reform, Program budgeting, Organic Law 18/15.

Introduction:

The second half of the last century witnessed profound transformations that have affected the concepts of public finance. Changes in state structures, economic and political doctrines, the impact of the international environment, and technological progress have contributed to reshaping the financial systems of countries. Over the past fifty years, numerous countries around the world have initiated significant changes in institutions, as well as in public financial management procedures, which have been implemented through reforms to the state's general budget. The traditional approach to managing public finances in Algeria is characterized by the dominance of a legal bureaucratic logic that determines public management methods in the public sector. Despite Algeria's transition towards a free economy and accompanying measures to enhance the efficiency

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Volume: 8, No: 3, pp.765-780
ISSN: 2059-6588(Print) | ISSN 2059-6596(Online)

of the public sector and improve the management of public finances, the state's activity extends to all economic and social facilities.

Algeria embarked on the process of financial reform beginning in 2001, in order to improve and reform the financial system, make profound changes in the way public finances are managed, and keep pace with global reforms in the financial field. Therefore, this study aims to clarify the reasons that led to the reform of the Algerian budget system and the efforts made to ensure its success.

The First Topic: Budget Reform in Algeria and its Various Motivations:

Algeria's budget system suffers from several imbalances, which have led to the need to adopt a deep reform of its budget system. The most important of these imbalances are reviewed below.

Section I. Law 84-17:

Law 84-17 is the regulatory framework for the financial field, as it was enacted in 1984, to enshrine all budgetary procedures in Algerian law into a single law. Dozens of amendments have been made to Law 84-17 in the form of simple and sometimes independent amendment provisions carried by the finance laws (1) in order to keep pace with developments (2). Over time, however, this organic law has shown that it suffers from some shortcomings that require reform.

Law 84-17 of 7 July 1984 on the amended and supplemented finance laws represents the legislative basis for the authority to authorize the budget, as this law finds its source and legal and technical basis in French Ordinance 59-02, since the legislator relied on the same principles and budgetary rules as provided for in this order. Algerian jurists disagree on the legal nature of Law 84-17, dividing into two directions:

Fisrt. Law 84-17 is an Ordinary Law:

Proponents of this trend believe that Law 87-17 is an ordinary law with the same legal force as annual finance laws, and cannot constitute a binding framework for other laws. Even though the 1996 Constitution, in its article 141, obliges Parliament to legislate in the field of finance laws through organic laws, which, when prepared, are subject to distinct procedures by an absolute majority vote of deputies and members of the National Assembly, and subject to the mandatory and prior control of the Constitutional Council; This did not give this law a distinct and lofty position compared to ordinary laws, but rather created a gradual relationship between them (the finance laws for the year, the supplementary finance law, the budget control act), since the latter is subject to the provisions of Law 84-17 in terms of determining its content (3).

Second. Law 84 - 17 is an Organic Law:

Proponents of this trend believe that Law 84-17 is an organic law that acquired the status of membership retroactively in order to fill the legal vacuum, and this is on the occasion of the entry into force of the Civil Code issued by Ordinance No. 75-58 of September 26, 1975, where its article 103 stipulates the following: "This order shall take effect from the date of July 5, 1975", i.e. the Civil Code shall apply retroactively, and this is because the date of July 5, 1975 is the date of the cessation of the French colonial laws that Article IV of Ordinance No. 73-29 of July 5, 1973. Whereas, in all circumstances, most late-created texts benefit from retroactive entry into force.

The proponents of this trend believe that Law 84-17 of July 7, 1984 is included in the list of legal texts that benefit from retroactive effect, the provisions of Article 123 of the Constitution, which confers membership status on the Finance Laws Law(4), stressing that there is no provision of an article in the Constitution that confers membership status on Law 84-17(5).

Based on the above, it can be said that Law 84-17 carries a specificity translated by the specificity of the topics dealt with in regulation, which amounts to being an organic regulatory law in terms of content, but it needs formalities that raise it from ordinary legislation to organic legislation since it is subject to amendments through the finance legislation for the year (which is ordinary legislation), which cannot happen with organic laws(6). However, this law has proven unable to keep pace with the transformations in the management of public finances that have prevented the optimal use of public resources and has made the reform of the framework governing public finance laws and the revision of Law 84/17 an urgent necessity.

Section II: Shortcomings Associated with Budgeting Techniques:

Budget techniques mean those techniques, principles and rules based on which the budget is prepared. In this regard, the Algerian budgetary system is characterized by some shortcomings, most notably:

First. Annual Budget:

The principle of annual budgeting is often seen as rigid due to its 'non-multi-year' outlook, which presents significant shortcomings in the budget system. The limitation of focusing only on a one-year timeframe fails to adequately account for factors that influence medium- or long-term revenue and expenditure estimates

Also, setting the time frame at one-year distances the budget from paying attention to long investments. The extent and analysis of future indicators in the field of spending or revenue except in a simplified manner, in addition to the weak consistency with the development of the role of the state as a result of the lack of clarity of the relationship between this method of tabulating the budget and future plans, which makes it impossible to link the budget to the government's objectives (7). The strict application of this principle has resulted in serious imbalances that have encouraged waste and unjustified spending under the pretext of consuming open credits at the end of the year, even if they are unnecessary, and therefore the legislator authorized the application of the deferral of credits under Law 87/17.

Second. **Criteria for estimating expenses and revenues:**

Estimates of public expenditures and revenues in the budget are prepared based on historical information, i.e. based on the appropriations available for previous years, and there are no objective factors or criteria involved in the estimate (such as the nature of the activity of the public administration, the state of the economy, national goals to be achieved). This method of estimation also makes the budget concerned with inputs only, such as the number of employees, resources and facilities available to a body or ministry, without referring to the relationship between spending and results, i.e. concerned with the amount of money to be spent and not concerned with performance results. In addition, the absence of a legal and regulatory framework that allows planning the state's financial policy in the medium term has made the general budget only an annual accounting document that does not contain any planning or future forecasts.

Third. General Budget Code:

The adoption of the existing budgetary system in the classification of the budget for management expenses by ministries, and the budget of processing expenses in the form of sectors "nine sectors", may cause overlap between the two budgets, and this classification does not keep pace with changes in financial management methods (8).

There are also obvious shortcomings related to the budget code and the structure of public expenditures, which do not respond to the new needs of the economy and greatly affect the performance of public expenditure in its role: whether in terms of the method of presentation, which seems heterogeneous in its classification so that one section refers to several expenditures of the same nature, or the incompatibility of the code of management expenses with processing expenses because the classification of management expenses is done by ministries, while processing expenses are carried out by economic sector at the department level. In addition, the documents submitted do not show the classification according to the nature of the expenditure in the processing budget, which makes it difficult for the national accounting to address the economic nature of expenditures at the level of the processing budget due to the lack of data at this level, which made it a poorly adapted code for information systems (9).

Fourth: Traditional Management of Public Finances:

The concept of public administration in general and the management of public finances in Algeria in particular have relied on a traditional legal and bureaucratic approach that characterized public administration throughout the period from 1962 to 1989, where important transformations occurred due to the economic, political and social crisis that the country experienced at the end of the eighties of the last century in the context of global transformations due to the decline of the role of the state and its inability to meet the increasing social demands that cause the crisis of the welfare state under the pressures of globalization. Among the most important aspects of this traditional management of public finances in Algeria:

1. The Dominance of the Logic of Means (10):

Following the traditional public management pattern in Algeria has shown a rational bureaucratic dominance based mainly on legal authority, as public administration in Algeria relies mainly on legislation to determine what it wants to reach, and bureaucratic rationality is embodied through methods of managing public finances, which are dominated by legal rationality and bureaucratic logic that focuses on the legal aspect more than the economic aspect.

The absence of strategic financial management reflects the transformation of the Finance Law from a development tool to a goal in itself that reduces itself to instantaneous financial management, as each ministry seeks to demand the greatest amount of appropriations and means without questioning the concept of these tasks or the content of these objectives and the expected results. Since the old budgetary system does not rely on the technique of financial options in estimating expenditures, so that the needs of each ministry of appropriations are estimated, expenditures have been constantly increasing and there is no rationality in their use.

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2. Prioritizing Financial Stability (11):

The concept of budget balance is one of the principles defined by the traditional approach to the management of public finances, and it means that the amount of expenditures does not exceed the amount of revenues and revenues do not exceed expenditures. I consider it evidence of good financial management of the budget. Therefore, the laws regulating public finances have worked to set restrictions on all amendments that may affect the financial field, by limiting the powers of Parliament with regard to amendments to the Finance project, so that it restricts the right to amend in order to protect the financial balance that could be compromised if the proposed amendments are allowed by parliamentarians.

3. Executive Authority's Monopoly over Financial Affairs:

Among the factors that negatively affected the role of the legislative authority are the government's practices about the financial aspect, which prevent giving a real picture of the economic situation of the state, as it is supposed to strengthen the legal arsenal to strengthen the mutual relationship between the government and parliament in the financial field, but the opposite is what happened. Among the most prominent of these practices:

A. Executive Supremacy over Legislative in Financial Matters (12):

The financial competence is one of the oldest competencies of Parliament, and it is also a key factor in the emergence of the parliamentary system in application of the principle of "no tax without the consent of the representatives of the people", and the case in Algeria is that the government represented by the Ministry of Finance is unique in preparing the draft finance law and putting its fingerprints in all steps of discussing the law, so it singles out the draft finance law at the level of its ministerial interests without the contribution of Parliament in that, through its dominance of the finance committees in both chambers, in addition to the limited discussion carried out by Parliament and poor subsequent oversight. Accordingly, the process of preparing the finance law for the year shows the dominance of the executive authority represented by the Minister of Finance at the level of his preparation for considerations related to technical and discretionary ability, and this dominance continues in the stage of discussion and adoption given its control over the financial affairs committees of the two houses and the role of the parliamentary majority forming the government, in addition to the clear impact of the role of the President of the Republic, who issues the finance law by order in the event of a dispute within the legislative authority about Not ratifying the Finance Law. The following explains the most important manifestations of the predominance of executive authority over legislative authority in the financial field.

B. Excessive recourse to supplementary finance laws:

Complementary finance laws are used to frame sudden or unforeseen events when preparing the Finance project for the year by allocating the necessary appropriations as well as the appropriate legal provisions. However, it is customary in Algeria to resort to this law to make changes in the general budget items without these emergency reasons, which made it lose its importance.

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C. Absence of the Budget Control Act:

The Budget Control Act is considered one of the important means of control over the government's actions in the financial field, but it was practiced not to submit this document on a regular basis, as the prevailing belief was initially attributed to the silence of the legislation in force about setting legal deadlines in which the government is obliged to prepare these projects, but after removing confusion by amending Article No. 68 of Law No. 84-17, which stipulates that the Finance Law for the year (n) shall be attached to the draft law. Including budget control (n-3) The government lacks any legal basis to justify its negative attitude towards this type of finance law.

In recent years, the executive authority has tried to remedy the issue by submitting budget control acts, given the importance of the latter in order to be in a constitutional position vis-à-vis financial legislation, which is a positive step to reactivate this mechanism, which contributes to transparency in how public funds are managed within the authorized framework.

Section III: International factors and their impact on the management of public finances in Algeria (13):

Within the framework of the International Standard-Setting Movement for Good Practices in Public Financial Matters, a number of tools have been designed by international financial institutions, especially the Bank and the International Monetary Fund, including standards compliance reports and codes of conduct, and the Public Expenditure and Financial Accountability Framework. They constitute the most widely used tools, and the most controversial in terms of methods adopted in the assessment process and implications for the countries subject to this assessment.

First. Algerian Budgetary System According to Standards Compliance Reports and Codes of Conduct

The IMF has published four models of standards compliance reports and codes of conduct about Algeria: two models of banking supervision published on June 23, 2000, and May 17, 2004, respectively; one on monetary and financial policy technology on May 17, 2004; and one on financial policy transparency in 2005. These standards compliance reports and codes of conduct focused on four dimensions of the Code of Good Practice for financial transparency in the Algerian budget system: a clear definition of roles and responsibilities, the publicity of budget processes, the availability of information for public access, and the integrity of budgetary data. Among the most important aspects of these reports:

- The dissemination of budget implementation data and the state of public finances is very limited and sporadic, in addition, the available data cover only part of public administrations, and the relationships between the various components of the public sector are not clear.
- The budget and financial statements available are mainly limited to the central government budget, although local states, public institutions and social security agencies account for a large share of public expenditure
- Data quality is affected by deficiencies in the accounting system and methods of control and auditing.

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Second. The Algerian Budgetary System According to the Public Expenditure Program and Financial Accountability:

In 2010, Algeria requested an assessment of its public financial management. This assessment resulted in the following findings:

- The budget study based on national policies showed that these policies were not framed and articulated within multi-year programs according to the set objectives.

- The evaluation noted the excessive secrecy of the reports from the General Inspectorate of Finance and the Court of Auditors. In the absence of these reports, it was not possible to assess the degree of internal control they provide.

- The assessment of public expenditure and financial accountability highlighted delays in the preparation of year-end accounts, making it impossible to finalize the budget reconciliation within the required deadlines.

The second topic: The project of Modernizing the Budget System in Algeria:

The budget reform project in Algeria aims to remedy the shortcomings and imbalances in its budget system, and to expand the capacity of the Ministry of Finance, especially in the field of public expenditure management, especially after the traditional budget system proved its limitations in keeping pace with financial, economic and social developments.

Section I: Major Themes Included in the Project:

Algeria's public budget modernization project seeks to bring about changes and modifications in the current system on major axes, which in turn contribute to improving the management of the financial sector and public spending. These themes are as follows:

First. Updates on budgeting techniques (14):

1. Medium-term framing: adoption of a multi-year budget:

The multi-year framework as a new and effective mechanism in the management of public resources that clearly and clearly reflects the major axes of the state's general policy with regard to assessment processes, it takes into account three full years in the assessment process, i.e. the current financial year in addition to two subsequent years. This does not mean that the principle of budget annuality has been abandoned because the annual authorization granted by Parliament to implement the budget will be maintained (15). The multi-year framework represents a sliding programming tool from year to year over 03 years for the revenues, expenditures and balance of the State budget as well as the State budget when necessary, in accordance with the framework of the overall requirement and the state of the public treasury and must be consistent with the report containing the evolution of the national economy and the direction of public finances. On this basis, managers at the ministerial sector level can improve the programming and budget preparation process and thus set multi-year targets for the spending process, which helps them adjust programs in line with available appropriations.

The introduction of a multi-year budget framework is not an obstacle to the principle of annual budget, and most European countries apply the principle of multi-year budgets by voting budgets on a multi-year basis to be reviewed annually.

2. Review the budget code:

The results-based budget is divided into a set of programs and sub-programs, which are supported by initiatives prepared by ministerial departments in accordance with their predetermined needs and objectives, rather than the sections and sectors adopted in the current system. The new classification allows the components of the general budget to collect financial information clearly and present it in a uniform manner, and allows for a clear reading in a way that allows administrative officials to accurately define the tasks assigned to them and facilitates the evaluation of expected results. The new classification also compares budget expenditures according to multiple horizons that ensure that the accounts, compared to actual costs, are presented with the objectives and expected results.

3. Results-based program budget:

The new budget takes into account efficiency indicators and allows each ministerial department to plan and program all initiatives under its responsibility, as the program includes all initiatives that are compatible with the general objectives and directives of the government, and allows appropriate financial coverage of the activities of the ministries.

The results-based budget system aims to guide the management of public expenditures according to the results to be obtained, i.e. the transition from the logic of means to the logic of results, which will make the budget clearer and embody the reform policy that the state seeks to achieve and ensure its success.

4. The Concept of the Responsible Manager:

The responsible manager can be defined as the person who is granted the authority to manage public resources, study financial needs and control costs compared to practical results, and is also given the authority to order spending and is therefore responsible for preparing the budget of his body and is forced to follow it up and submit accounts periodically, as the administrator can be at the level of central or decentralized administration, as well as at the level of public administrative institutions.

Second. Organic Law 18-15 and New Concepts for the Management of Public Finance:

The fundamental legal measures related to the reform of financial management in Algeria are embodied in the revision of the most important laws governing the management of finances and budgets, through the reform of Organic Law 84-17 on finance laws, which has been overtaken by the economic, financial and social reality of the country, as well as international transformations in the field of public financial management. For this purpose, the preliminary draft of the organic law on finance laws was finalized and approved on March 12, 2008, by the Council of Government, and amended again in 2012, to be reviewed again and approved by the Council of Ministers on March

14, 2018, and submitted to Parliament for discussion to be finally promulgated in September of the same year, about seventeen years after the beginning of the reform.

1. The Organic Law on Finance Laws 18-15 and its objectives:

The Organic Law on Finance Laws No. 18-15 of September 2, 2018 represents a set of legal rules complementary to the Constitution that govern the financial sphere, as it has been subject to complex procedures that differ from the procedures for preparing ordinary laws, including: Presenting them to the Constitutional Council to examine its conformity with the constitution.

Organic Law 18-15 is defined as the new legal framework for public finance in Algerian law, as it was distinguished by its inclusion of many new provisions and procedures, whether those related to the concept of the state budget and its structure or related to the finance law. This law aims to bring about an in-depth reform of public administration, through the objectives to be committed to and to be achieved, and to activate control over the performance of managers.

This law is the fruit of a great effort for the executive as well as the legislature, having been accepted by both authorities.

2. Reforms Introduced by Organic Law 18-15 :

A. Transition from means-based to results-based management:

Results-based management is a term used to describe a citizen-centered management culture that emphasizes the need for accountability in achieving results. This type of management mainly concerns the public sector and is used in the planning, monitoring, and evaluation of programs, activities, and projects. The concept derives its name from the logical connections determined by those planning a program, activity, or project to link the available means with its objectives.

This results-based approach aims to improve management effectiveness and accountability by defining realistic expected results, monitoring progress towards these results, and integrating lessons learned into management decisions and performance reporting. It can be said that results-based management is a methodology that directs efforts, strategies, people, resources, paths, and tools to achieve desired results over time, with the possibility of measuring them, rather than merely reaching the goal.

B. New Principles for Program Budgeting:

The question of determining the general principles or rules that must be invoked when drawing up and preparing the general budget has been of interest to financial thinkers over time, since the existence of general budgetary principles enables the control, control and direction of the State's financial resources in the public interest and public policy directions. Therefore, financial thought has benefited and as a result of developments in various administrative, behavioral, technical and technological sciences, a set of modern principles have emerged to reinforce the classical principles of the state budget, in line with modern methods of public financial management. The Algerian legislature has taken advantage of this development and has introduced a number of modern principles into the program budget.

- Principle of performance:

Performance audits are an objective, independent and systematic examination of the activities of financial institutions and their management systems, in order to assess their efficiency, effectiveness and economy in the use of their resources. Audits may be conducted internally or externally, may cover all activities of financial institutions, or may focus on a specific mission or program. Performance audits identify the strengths and weaknesses of the activities of financial institutions and recommend appropriate corrective actions. Therefore, the performance audit process is an important mechanism To improve the management of these institutions, to establish good practices as well as to improve public accountability and enhance institutional integrity (16)

- The principle of Transparency:

Financial transparency expresses the process of providing citizens with direct access to financial information and the commitment of the executive authority to involve citizens in the management of public affairs that it exercises, for the benefit and benefit of citizens, with a commitment to take all measures and measures to ensure that citizens are provided with data and information that are truthful on all its plans and activities. Financial transparency aims to provide accurate and reliable financial information related to activities. The actions and financial policy decisions taken by the State in a timely manner and ensuring access to them in a manner that allows easily, automatically and in a simplified manner, and enables them to participate through proposals through the citizen's budget.

The principle of financial transparency depends on whether information on financial policies, positions, and performance for the government is easily accessible to the general public. The principle of financial transparency also requires clarifying the role of the various state agencies, providing information about the state budget according to the methods and methods circulated, providing reports on the implementation of the state budget and performance, and disseminating various financial information to the public on time. Without the need to register, and free of charge, unless otherwise justified in respect of exceptional circumstances that may relate to a specific State.

- The principle of stability:

The new budget model has a positive impact on the general budget of the state and on the national economy as a whole, as it depends on medium-term management (multi-year management), which ensures a kind of stability in public policies.

- The principle of responsibility:

One of the consequences of adopting the concept of results-based management is the emergence of a category of general managers, namely program managers and officials, who will have a decisive role in embodying the transition from the budget of means to the budget of the programs and from the search for regularity and respect for procedures to the search for effectiveness and results.

The responsible manager is the person who is given the authority to manage public resources, to study financial needs and control costs against practical results, to whom he is also given the authority to order expenditures and is therefore responsible for preparing the budget of his body and is obliged to follow it up and submit accounts periodically, as the administrator can be at the level

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ISSN: 2059-6588(Print) | ISSN 2059-6596(Online)

of central or decentralized administration, as well as at the level of public administrative institutions. The responsible manager is therefore the key element in results-based management and leadership.

We conclude from the above that the formulation of the general budget depends on respect for a number of general principles and rules, which together constitute the legal nucleus of the budget. These principles have been evolving, on the one hand, as a result of the expansion and burden of the State, and as a result of the evolution of financial management methods, on the other**.** Organic Law 18.15 introduced a set of modern principles aimed at modernizing the budgetary system and rationalizing public expenditures.

3. Budget Programming Documents: A New Code

A. The new classification Code:

The results-based budget is divided into a set of programs and sub-programs, which are supported by initiatives prepared by ministerial departments in accordance with their predetermined needs and objectives, rather than the sections and sectors adopted in the old system.

The new classification of the components of the general budget allows financial information to be collected clearly and presented in a uniform manner, as well as to give a clear reading in a way that allows administrative officials to accurately define the tasks assigned to them and facilitates the process of evaluating expected results. The new classification also compares budget expenditures according to multiple horizons that ensure that the accounts, compared to actual costs, are presented with objectives and expected results.

B. Results-based program budget:

Algeria's budget reform seeks to strengthen the budget system by transforming it into a results-based budget that adopts the logic of performance and seeks effectiveness, efficiency and economy in the management of public funds.

The new budget takes into account efficiency indicators and allows each ministerial department to plan and program all initiatives under its responsibility, as the program includes all initiatives that are compatible with the general objectives and directives of the government, and allows for appropriate financial coverage of the ministries activities(17).

On this basis, the competent managers are obliged to outline all the programs, sub-programs and initiatives of the ministerial department to which they follow, as well as the objectives and expected results, the cost necessary to achieve the objectives and the approved efficiency criteria, and they are also obliged to submit periodic reports on the status of implementation of these programs for evaluation by (parliamentarians, oversight bodies...) , in order to assess the effectiveness of the objectives and ensure the achievement of the results set for them. The effectiveness of these programs is measured by measuring the difference between actual and expected results and evaluating the results obtained against expected results and resources allotted, allowing for adjustments to the proposed initiatives.

Section III: Program Budget cycle:

The general budget goes through many stages and steps, which together constitute the budget cycle. The program budget cycle has been formally retained as it was, and the phases previously followed by the traditional budget have been maintained. However, fundamental changes have been made in the content and time frame of these phases, which we aim to summarize in the following elements:

- The planning process has become of great importance in the preparation of the budget, with an average range of more than three years, in order to relate it to macroeconomic data and link it directly to macroeconomic policy objectives.

The preparation and drafting of the budget are now conducted according to programs and tasks, requiring each ministry during implementation to clearly define its programs, tasks, and objectives, and to link these objectives to performance indicators.

The parliament's vote on the general budget, whether for management or equipment expenses, is now conducted according to portfolios and programs, not chapters and articles as was previously the case. Budgetary control is no longer limited to accounting control but also includes the control of performance and the effectiveness of expenditures.

The budget reconciliation law plays an effective role by obliging the government to submit it periodically before the parliament.

The new budget cycle can be illustrated as follows:

First. Phase 1: Planning and budgeting (years N+2, N+1):

The Minister of Finance under the authority of the Prime Minister shall prepare the Finance law project. At this stage, the following documents are prepared:

1. Draft Budget Framework:

The first paragraph of Organic Law 18-15, written as follows: " The medium-term budgets shall be framed every year by the Government, on the proposal of the Minister in charge of Finance, in the beginning of the procedure for preparing finance laws. It shall determine, for the next year and the following two years, the estimates of revenues, expenditures and the balance of the State budget and, where appropriate, the indebtedness of the State".

The Minister of Finance prepares and designs the draft medium-term budget framework based on the development of a set of factors, most notably: (collection entitled regular collection, collection entitled petroleum collection, public prices, gross domestic product, public expenditures, status). Treasury finance, dinar exchange rate, strategies of value-added sectors).

The budget framework is determined at the cabinet meeting based on the report of the Minister of Finance, and this framework is an indicator of the budget ceiling set by the government for the preparation of the budget.

2. Report on priorities and planning:

It is a report prepared by each minister and each official of a public institution in charge of managing a portfolio of programs, according to the central administration, decentralized administrations, public bodies under the wills and regional public bodies when entrusted with the implementation of all or part of the program. This report is submitted in the documents annexed to the Finance project.

3. Finance Law of the Year:

Article 06 of Organic Law 18-15 on Finance Laws stipulates that the Finance Law for the year is the law that: recognizes and authorizes, for each civil year, the total resources and expenditures of the State directed to the implementation of State programs in accordance with the specific objectives that are the subject of evaluation and the expected results."

Finance laws explicitly provide resources and expenditures through available information and resulting estimates, and articles containing new or amended laws. The Finance project is approved by the legislature, thus issuing the parliamentary authorization of the Finance Law for the year no later than December 31 of year N-1.

Second. Phase II: Budget Implementation (during Year N):

This phase continues throughout the year (N), and at this stage, the general budget is activated starting from January 1 of year N, where the payment of obligations is authorized—collection of payments within the framework of the criteria established by the Finance Act. The financial year can also carry adjustments in the form of transfers or in the form of a corrective finance law.

At this stage, the following documents are prepared:

1. Distribution decrees for the approved appropriations:

Since the budget includes the totals of expenditures distributed according to program portfolios, decrees must be issued to distribute the voted appropriations according to programs and sub-programs.

2. Transfers, Transfers and Movements of Credits:

Law 18-15 made it possible to revoke any appropriation that becomes irrelevant during the year by decree, based on a joint report between the Minister or the official of the public institution concerned and the Minister in charge of Finance. This appropriation can be reused under the conditions established by regulation, thereby giving flexibility to the budget.

3. Corrective Finance Law:

Article 7 of Organic Law 18-15 on Finance Laws stipulates that the Corrective Finance Act aims to correct or supplement the provisions of the Finance Law for the year during the current year.

Third. Control Phase: (Years N+2, N+1):

This stage ends the budget cycle, where the control process takes place through the discussion and approval of the law containing the budget reconciliation and a number of accompanying financial documents.

The role of Parliament does not stop at granting the license to the government, but extends its role in monitoring the implementation process to ensure the conformity of implementation with the law it voted on, and the oversight here reveals the extent to which the government respects the license granted to it by Parliament, as the Constitution in Article 160 explicitly obliges the government to submit a presentation to the two houses of Parliament on the conditions and modalities of using the financial appropriations that have been approved for each financial year (18).

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ISSN: 2059-6588(Print) | ISSN 2059-6596(Online)

1. Law Containing Budget Adjustment:
Article 8 of Organic Law 18-15 on Finance Laws stipulates that the law containing the budget adjustment is the document by which the implementation of the Finance Act and the corrective financial acts relating to the same year are established. It also adjusts the final amount of income received and expenditures made during the year.
Explanatory appendices to the results of budget, special accounts and treasury operations
2. Documents attached to the draft budget reconciliation:

- **Explanatory appendices**:
appendices that interpret the results of budgetary, special accounts and treasury operations.

-**The general account of the state**:
It includes a set of financial information to give a comprehensive view of the state's properties and obligations, and includes the general balance of accounts, the calculation of the results, the outcome, the appendix or appendices, the evaluation of the state's obligations outside the proceeds, and a report clarifying in particular the change in the accounting methods and rules applied during the financial year.

-**Ministerial Profitability Report**:
A document that explains the circumstances in which expenditures were implemented, the extent to which expected objectives were achieved, which are measured by performance indicators, results achieved and interpretations relating to specific differences.

- **Two reports issued by the Accounting Board**:
- Report on the results of implementing the Finance Act for the year concerned and on the management of the financial appropriations examined.
- Report on the certification of State accounts in accordance with statutory principles, showing the investigations carried out for this purpose.
As a result of the oversight role of the Budget Reconciliation Law, the State has revised the reference year for its promulgation, moving from the year three years before the introduction of the law (N-3) to two years (N-2) forthe years 2023, 2024 and 2025, and to reach one year in the future (N -1)(19).

Conclusion:

Budgetary reform and the shift towards a program budget are necessary in Algeria as they aim to improve the management of public finances. These reforms will focus on achieving effectiveness and results, improving the presentation of finance laws for better readability, enhancing the transparency of budget information and figures, strengthening parliamentary oversight, and integrating flexibilities in financial management. To ensure the success of the budgetary reform process in Algeria, the State has undertaken a series of reforms that address the legal, organizational, and human aspects related to the success of the reform process."

- Budgetary reforms in Algeria are based on results-oriented budgeting with specific objectives, rather than the nature of expenditures as was previously the case. This is achieved through the establishment of "program portfolios" for ministries and public institutions, which are further divided into programs, subprograms, and activities, by merging the management and investment budgets into a single account.
- The Organic Law on Finance Laws 18-15 aims to reform the management of public finances. It focuses on the search for efficiency and results, improving the presentation of finance laws for better readability, enhancing the transparency of information and budget figures, strengthening parliamentary oversight, and incorporating flexibilities into financial management.
- Organic Law 18-15 entered into force in 2021 gradually, including in each financial year an operational and functional cluster, so that the absorption of the program budget and results-based management mechanisms reaches its full level in 2023.
- Public policies based on the principle of results-oriented management are implemented with clear and specific objectives in accordance with public interest goals and are subject to continuous evaluation.

Therefore, in order for the reform project to succeed, several key elements must be available, the most important of which are:

- **Competent human element and the dissemination of a culture of reform**: Strengthening the capacities of staff and financial managers, and raising their awareness of the need for budget reform through the development of training programs that allow them to fully understand the new culture of performance and accountability.
- **Legal framework commensurate with the program budget**: The legal framework has been strengthened by the promulgation of the Organic Law on Finance Laws 18-15 and various supporting decrees.
- **Political will**: The political will to change the public finance system is demonstrated through the continuous push for the reform process and the quality of the legal texts supporting it.

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