

Rationalizing the Management of Special Allocation Accounts under Organic Law No. 18-15 on Finance Laws

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Abstract:

This article examines the rationalization of the management of special treasury accounts under the provisions of Organic Law No. 18-15 on Finance Laws, considering them an exceptional mechanism for managing certain public revenues and expenditures.

This system aims to provide greater flexibility in the implementation of financial operations while ensuring compliance with the principles of transparency, efficiency, and financial discipline. Through Organic Law No. 18-15, the Algerian legislator has sought to reorganize these accounts and establish the conditions for their creation, as well as the procedures governing their management and oversight. Regulating the rules governing their use also contributes to limiting the proliferation of accounts and improving the allocation of public resources in accordance with their intended objectives. The rationalization of the management of special treasury accounts is particularly important for strengthening oversight of public funds and linking expenditures to the results and objectives set.

The article concludes that the reforms introduced by Organic Law No. 18-15 constitute a step toward improving the management and rationalization of public finances. However, their effectiveness depends on the extent to which the rules of oversight and transparency are effectively implemented.

Keywords: Special Treasury Accounts , Oversight of Public Funds , Organic Law No. 18-15

Introduction

Public finance constitutes the vital artery that nourishes and funds the functions, objectives, programs, and comprehensive national reforms of the State, and the starting point of a State's fiscal policy is the general budget, or budgetary policy—the latter having become necessarily linked to the development plan in order to ensure that resources are directed toward the best uses, according to the needs and priorities of society. Contemporary parliaments strive, with all the constitutional and legal powers and parliamentary oversight mechanisms at their disposal, to ensure that the government and its bodies and services properly apply finance laws in general and the annual state budget law in particular.

However, compliance with the traditional budgetary principles—chief among them the principles of annuality and universality—has encountered considerable difficulties in practical application, making it necessary to introduce limited exceptions, embodied in what are known as the treasury's special accounts, among them the category of special allocation accounts. These accounts were established primarily to accommodate financial transactions of a

temporary and circumstantial nature, which do not carry a final character in their revenues and expenditures, and which cannot properly be included within the general state budget under its strict classical rules.

Yet Algerian budgetary practice over successive decades revealed a gradual deviation from this founding philosophy, as special allocation accounts shifted from a narrowly exceptional mechanism into a parallel means competing with the general state budget, whether in terms of the multiplicity of fields they cover or the enormity of the sums allocated to their operations. Recourse to this category of accounts increased markedly over the last two decades, to the point that nearly every ministerial sector came to manage one or more special allocation accounts, thereby exploiting the flexibility this tool provides in management and the relative freedom from the strict accounting constraints of the general budget.

This system remained governed for long decades by the provisions of Law No. 84-17 on finance laws, a text whose practical shortcomings in regulating this category of accounts were clearly demonstrated—whether in determining the rate of their financing from the general budget, in framing parliamentary oversight over them, or in setting time limits for their continued validity. This legislative shortcoming produced practices that were legally unsound, raised fundamental problems related to financial transparency, and opened the door to genuine risks of waste of public funds and evasion of institutional oversight.

To address these dysfunctions, the government initiative to reform the legal framework governing public finance as a whole came with the issuance of Organic Law No. 18-15 of 2 September 2018 on finance laws, which forms part of a broader trajectory of modernizing state structures and budgetary systems in line with modern international standards in public finance management. This organic law devoted new provisions to special allocation accounts that differ fundamentally from what had previously applied, consisting essentially of linking these accounts to work programs with defined objectives, capping their financing from the state budget at a specific rate, and strengthening oversight mechanisms over them.

The importance of studying this topic stems from several considerations. From a theoretical standpoint, analyzing this reform allows for a deeper understanding of the new legislative philosophy underlying Organic Law 18-15, based on the logic of results-and-objectives-based management rather than traditional formal management. From a practical standpoint, the topic is of considerable importance given that special allocation accounts constituted, under the previous system, a wide door opened to unregulated practices that could reach the level of financial corruption and waste of public funds—making the assessment of the effectiveness of the new reform in closing these gaps a matter of great topicality, particularly in the current economic context, which demands strict rationalization of public expenditure.

From this arises the following central research question: to what extent has Organic Law 18-15 on finance laws succeeded in rationalizing the management of special allocation accounts and addressing the fundamental dysfunctions this system exhibited under Law 84-17, whether in terms of regulating the conditions for their creation and financing, or in terms of strengthening parliamentary and accounting oversight over them?

Several sub-questions branch out from this central problem: What shortcomings marred the regulation of special allocation accounts under Law 84-17? What are the most significant

new legislative mechanisms introduced by Organic Law 18-15 to address these shortcomings? Are these mechanisms alone sufficient to guarantee rational and transparent management of this category of accounts, or does the matter require additional complementary measures?

To answer this problem and its sub-questions, the historical method was adopted, as required for tracing the development of the texts governing special allocation accounts in Algeria from their inception to the recent reform; alongside this, the comparative-analytical method was used, through analyzing the content of successive legal texts and comparing them with one another, as well as comparing them with certain elements of the French experience from which the Algerian legislator drew part of its regulation of this category of accounts.

Accordingly, this study will be divided into two main chapters: the first chapter addresses the state of special allocation accounts under Law 84-17 and the manifestations of dysfunction that practice revealed under it, while the second chapter is devoted to analyzing the rationalization mechanisms introduced by Organic Law 18-15, whether relating to the conditions of creation and financing or to oversight and transparency mechanisms.

Chapter One: Special Allocation Accounts under Law 84-17: The State of Dysfunctions and the Grounds for Reform

Before delving into the details of the reform introduced by Organic Law 18-15, sound methodology requires first examining the previous legal framework that governed special allocation accounts for more than three decades, since understanding the content of any legislative reform is not possible without grasping the situation that the reform came to address. Special allocation accounts were not born with Law 84-17, but had deeper historical roots, passing through multiple stages of codification and partial reform before settling into the form they took under this law. Moreover, the actual practice of these accounts revealed, over time, a growing gap between the legal text established by the legislator and the applied reality produced by successive governments in managing them—a gap that constituted the fundamental justification for the subsequent reform.

To address this chapter methodically, it will be divided into two sections: the first addresses the nature of special allocation accounts and their historical development within the Algerian system, while the second documents the manifestations of dysfunction that budgetary practice revealed in the management of this category of accounts.

Section One: The Nature of Special Allocation Accounts and Their Historical Development

Addressing the nature of special allocation accounts requires examining two essential and complementary points: the first concerns determining the legal concept of these accounts and the most notable characteristics that distinguish them from other categories of treasury special accounts, and the second concerns tracing the historical path these accounts followed from their initial emergence to the settling of their regulation under Law 84-17—since a precise understanding of any legal institution necessarily requires knowledge of the historical circumstances that produced it and the crises it attempted to address.

Subsection One: Definition of Special Allocation Accounts and Their Characteristics

Determining the nature of special allocation accounts requires first noting a fundamental issue facing any researcher on this subject, namely the absence of a comprehensive and exclusive legislative definition of these accounts, since the Algerian legislator, across the

various successive texts, confined itself to determining the scope of transactions included within them without providing a clear terminological definition of their concept—leaving the field open for legal scholarship to formulate definitions derived from the spirit and context of the texts.

The Algerian legislator, whether under Law 84-17 or in the texts preceding it, did not provide a clear and specific definition of special allocation accounts, but merely determined the scope of the transactions included within them ¹. Article 56 of Law 84-17 provided that: "transactions financed by means of special resources following a provision issued in a finance law are entered into special allocation accounts. The resources of a special allocation account may be supplemented by a share recorded in the general state budget within the limits set out in the finance law" ².

It is clear from this text that special allocation accounts are based on a fundamental idea, namely that certain amounts leave the general treasury without this being considered expenditure in the true sense, and other amounts enter it without being considered resources in the proper sense—there are thus amounts that enter the treasury only to leave it later, and amounts that leave the treasury only to be returned to it subsequently. Given the temporary nature of these transactions, they are not recorded in the general state budget, but rather special accounts independent of the state budget are opened for them, called the treasury's special accounts ³.

Proceeding from this legislative characterization, a number of fundamental characteristics distinguishing special allocation accounts from other financial management tools of the State may be identified, and can be summarized in the following elements:

In terms of their **exceptional character**, special allocation accounts represent an explicit departure from the general rule prohibiting the earmarking of any revenue for a specific expenditure—a principle later clearly enshrined in Article 38 of Organic Law 18-15, which states that "no revenue may be earmarked for a specific expenditure," with an explicit exception carved out for treasury special accounts from the scope of application of this general principle ⁴. This exception does not mean giving the government free rein to earmark resources however it wishes, but remains bound by the necessity of an explicit provision in a finance law authorizing such earmarking.

In terms of **flexibility**, these accounts are exempted from the constraints of the principles of annuality and universality, to which the general state budget is strictly subject, since the balance remaining in each special account is carried over from one year to the next unless the law provides otherwise—and this carry-over from year to year constitutes a clear breach of the principle of annuality on which the classical management of the general budget is based ⁵. This particular feature is precisely what made special allocation accounts a preferred tool for implementing programs of a multi-year nature, which are difficult to

¹ Amzal Fatih, *The System of Special Allocation Accounts in Algeria*, Dar Belkis, Algiers, 2010, p. 41.

² Law No. 84-17 of 7 July 1984 on finance laws, as amended and supplemented, Art. 56.

³ Ghannas Habib Errahmane and Tchentchane Manel, "The Extent to which the Operating System of Special Allocation Accounts Responds from the Perspective of Combating Financial Corruption," *Revue des Études Juridiques Comparées*, University of Biskra, Vol. 7, No. 2, 29 December 2021, pp. 136–157, at p. 140.

⁴ Organic Law No. 15-18 of 2 September 2018 on finance laws, *Official Gazette*, No. 53, Art. 38.

⁵ Law No. 84-17, *op. cit.*, Art. 51, para. 1; see also Organic Law 15-18, Art. 51.

implement within the framework of the general budget, subject as it is to the rule of lapsing unused appropriations at the end of the fiscal year.

As for their **connection to special resources**, in principle, as a founding matter for these accounts, they are supposed to be financed from own resources such as quasi-fiscal taxes, donations, bequests, and international aid, with recourse to general budget appropriations being only complementary and limited in exceptional cases ⁶. This particular element is precisely what constituted, as will become clear later, the greatest deviation in practical application, and the greatest focus of reform in the new organic law.

Subsection Two: The Historical Development of Special Allocation Accounts

The current legal framework of special allocation accounts cannot be understood in isolation from the historical context in which this financial institution emerged, since Algerian financial legislation, like many comparative systems, did not settle into its current form all at once, but passed through successive stages of trial and correction, at times undergoing radical setbacks such as comprehensive account-closure measures, and at other times undergoing gradual expansion that produced the need for the subsequent reform.

The origin of the treasury's special accounts goes back to the French experience, where Minister Schuman conducted a comprehensive census of these accounts in France, in response to repeated demands from French members of parliament; this process led to their regulation within the framework of the Order of 2 January 1959 on finance laws, which constitutes the founding reference from which the Algerian legislator later drew many of its rules ⁷.

In Algeria, the number of treasury special accounts underwent a substantial and unregulated proliferation in the early years following independence, due mainly to the absence of legislative provisions regulating them during that transitional phase. To curb this chaotic situation, the legislator intervened through Order No. 65-320 containing the finance law for 1966, which included radical reforms consisting of closing all existing treasury special accounts at once ⁸. This was immediately followed by Order No. 66-368 containing the finance law for 1967, which established a fundamental principle still in force today, namely that no treasury account may be opened as of 1 January 1967 except pursuant to a finance law—here it may be observed that the legislator restored parliament's exclusive competence in the field of treasury special accounts, which had previously clashed with the concept of planning enshrined in the national plans ⁹.

However, the fundamental reform that established the detailed rules for managing this category of accounts materialized with the issuance of Law No. 82-14 containing the finance law for 1983, which for the first time determined the operating rules for treasury special accounts in general, and special allocation accounts in particular ¹⁰. Law No. 84-17 of 7 July 1984 on finance laws then came to reinforce and complete these rules set out in Law No. 82-14, thereby constituting the reference text that governed these accounts for more than three consecutive decades—a period during which these accounts underwent the development and

⁶ Law No. 84-17, op. cit., Art. 56, paras. 1 and 2.

⁷ Article 25 of the Order of 2 January 1959.

⁸ Cited in Amzal Fatih, op. cit., p. 42.

⁹ Order No. 65-320 of 31 December 1965 containing the finance law for 1966, Official Gazette, No. 108.

¹⁰ Order No. 66-368 of 31 December 1966 containing the finance law for 1967, Official Gazette, No. 11.

expansion to be addressed in the following section—until Organic Law 18-15 entered into actual effect starting with the 2023 finance law, pursuant to the principle of gradual application enshrined in Article 89 of this organic law ¹¹.

Section Two: Manifestations of Dysfunction in the Management of Special Allocation Accounts under Law 84-17

Having examined the conceptual and historical framework of special allocation accounts, it is necessary to turn to diagnosing the actual dysfunctions that budgetary practice revealed under Law 84-17, since the large gap between what the legislator theoretically envisaged for these accounts and what they actually became in practice constitutes the real driving force behind the subsequent legislative intervention. The most prominent manifestations of this dysfunction can be confined to two main complementary axes: the first concerns the unregulated numerical and financial expansion of these accounts, and the second concerns the weakness of parliamentary oversight over them and the transformation of finance laws into a mere formal cover for programs of a purely administrative nature.

Subsection One: Unregulated Numerical and Financial Expansion

The accelerated quantitative expansion of special allocation accounts represents one of the most prominent statistical indicators of the scale of deviation this tool experienced from its original purpose, since this type of account was supposed to remain a narrowly scoped exception, confined to transactions of a circumstantial and temporary nature—yet the figures recorded over the years reveal an entirely different pattern.

Algerian budgetary practice demonstrated a rapid and unregulated development of special allocation accounts in both quantity and type, as hardly any annual or supplementary finance law was issued without opening a new category of them, in addition to the fact that they recorded the largest sums ¹². Whereas the number of these accounts did not exceed 20 in 1967, this number rose sharply and steadily over the successive years, reaching its peak at 75 special allocation accounts in 2011, then 68 accounts in 2014 ¹³. These accounts, especially given the absence of the annexed budget and the complete absence of other categories of treasury special accounts in finance laws, came to represent the largest share of treasury special accounts, constituting more than 80% of them on average—leading parliament to exercise virtually nonexistent powers over this category of accounts, and this growing number displaced parliament from its position as the original holder of competence to authorize and approve these accounts ¹⁴.

This increasing recourse was explained by the exceptional flexibility these accounts enjoy, which enabled ministerial sectors to bypass the classical constraints of the general budget, to the point that nearly every ministerial sector came to manage a special allocation account linked to a particular program. Examples, without limitation, include: special allocation account No. 302-050 for the National Housing Fund, whose spending authorization is exercised by the minister in charge of housing and urban planning; special allocation

¹¹ Law No. 82-14 of 30 December 1982 containing the finance law for 1983, Official Gazette, No. 57.

¹² Organic Law 15-18, op. cit., Art. 89.

¹³ Ghannas Habib Errahmane and Tchentchane Manel, op. cit., p. 145.

¹⁴ Ibid., p. 147; based on Law No. 03-10 containing the finance law for 2011, and Law No. 08-13 containing the finance law for 2014.

account No. 302-087 for the Fund to Support Youth Employment, whose spending authorization is exercised by the minister of employment; special allocation account No. 302-090 for the Fund for the Promotion of Continuing Vocational Training; and special allocation account No. 302-069 for the Special Fund for National Solidarity ¹⁵. It is noteworthy that nearly every ministerial sector carries an administrative program managed by means of special allocation accounts, and accordingly finance laws always come merely as a mechanism conferring a legal framework on these plans—which runs contrary to the budgetary practice framed by Law 84-17 itself.

Legal scholarship in this regard has pointed to the increase in these transactions relating to these accounts and their financing from the general budget, considering that expenditures financed by earmarked revenues—which are on an increasing trajectory—enable the financing of public services through both budgetary and non-budgetary revenues, and accordingly special allocation accounts have become, alongside the general state budget, the preferred means for carrying out financial transactions ¹⁶. This scholarly characterization clearly reveals the scale of deviation this tool reached, having shifted from a limited exception into a parallel rule competing with the original itself.

Subsection Two: The Absence of Effective Parliamentary Oversight and the Transformation of Finance Laws into a Cover for Administrative Programs

Whereas the numerical and financial expansion of special allocation accounts represents the quantitative aspect of the dysfunction, the weakness of parliamentary oversight over them represents the more serious qualitative aspect, since the absence of effective and detailed oversight opens the door to every form of overreach, and prevents the people's representatives from knowing the true destination of the enormous public funds passing through this channel.

Among the most notable manifestations of dysfunction that the special allocation account system exhibited under Law 84-17 is that parliamentary authorization concerning them remained superficial and truncated, as parliament voted only on the overall maximum expenditure authorized, according to the conditions set by law, for each category of treasury special accounts, without this covering resources at all, whether in terms of their types or their scale ¹⁷. Unlike the French legislator, who maintained the principle of balance within transactions relating to treasury special accounts and set the share of support from budget appropriations to finance these accounts at a rate not exceeding 20% of the account's estimated expenditures under Article 25 of the Order of 2 January 1959, the Algerian legislator did not set any clear ceiling for the rate of financing from the general budget, being satisfied with the term "share" without precisely specifying its percentage ¹⁸.

¹⁵ Abderrahmane Sassi, "Summary of Elements for Evaluating the Results of the Court of Auditors' Oversight of Treasury Special Allocation Accounts," proceedings of the parliamentary day on treasury special allocation accounts, Finance and Budget Committee, National People's Assembly, 4 March 2015, p. 147.

¹⁶ Ghannas Habib Errahmane and Tchentchane Manel, op. cit., pp. 143–144.

¹⁷ Ben Issa (S.), "L'autonomie des EPE et les finances publiques," RASJEP, No. 01, March 1989, cited by Bouara (M.T.), *Finances Publiques: les lois des finances en Algérie*, Page Bleue, Algiers, 2007, p. 71.

¹⁸ Yals Chaouch Bachir, "The Powers of Parliament in the Field of Treasury Special Accounts: Special Allocation Accounts," *Revue de la Pensée Parlementaire*, Council of the Nation, special issue, December 2003, p. 113.

Practice demonstrated that this legislative vacuum led to the existence of special allocation accounts financed entirely from the general budget, and others in which budget appropriations were recorded as the primary source of revenue for these accounts—whereas Article 56 of Law 84-17 indicated that this share was merely a supplementary resource, contrary to what the nature of these accounts as complementary special resources requires¹⁹. This phenomenon reached a point that scholarship described as an expression of the general state budget's inability to execute the major expenditures associated with comprehensive policies, it having been observed that ministerial sectors could benefit from program authorizations recorded within capital expenditure, in addition to managing parallel special allocation accounts—meaning the existence of budgetary duplication at the level of these sectors, opening the door to possibilities of financial misappropriation and inflated expenditures²⁰.

It was also observed that the administrative plans prepared by ministerial sectors, which lacked any regulated legal framework comparable to annual plans and medium-term plans, were in reality nothing more than tools in the government's hands to justify opening special allocation accounts during the preparatory work for finance laws—which resulted in the emergence of a category of these accounts linked to specific sectoral programs, such that finance laws became merely a mechanism conferring legal status on plans of a purely administrative character that receive no adequate legal treatment under the finance law itself²¹.

The Court of Auditors and members of parliament alike noted, in this regard, a number of fundamental and recurring observations concerning the management of special allocation accounts, most notably: the large number of these accounts; the absence of a defined time limit for them; shortcomings in budget estimates relating to them; large mobilization of funds against frozen resources; non-compliance with the principles of annuality and universality that characterize the budget; a lack of transparency and rigor in the use of these accounts' resources; harm to budgetary stability and to the treasury's overall balance; and finally, the dominance of budget appropriations in financing them instead of the presumed own resources²². These observations together led to the beginning of a partial legislative move even before the issuance of Organic Law 18-15, consisting of reducing the number of these accounts following the decline in oil prices starting in 2014, and including certain protective provisions in the 2015 finance law—though these measures remained partial and circumstantial and did not rise to the level of comprehensive structural reform, which called for the radical legislative intervention later embodied in Organic Law 18-15²³.

These dysfunctions taken together, both quantitative and qualitative, constituted the essential driving force and objective justification behind the Algerian legislator's move toward a radical and comprehensive reform of the special allocation account system, culminating in

¹⁹ Article 25 of the Order of 2 January 1959.

²⁰ Comparison cited by Mohamed El Arbi Ghanem, "Diagnosis of Treasury Special Allocation Accounts," proceedings of the parliamentary day on treasury special allocation accounts, Finance and Budget Committee, National People's Assembly, 4 March 2015, p. 59.

²¹ Ghannas Habib Errahmane and Tchentchane Manel, *op. cit.*, pp. 148–149.

²² *Ibid.*, p. 143.

²³ Mohamed El Arbi Ghanem, *op. cit.*, p. 59.

the issuance of Organic Law 18-15 on finance laws—which will be analyzed in detail in the following chapter.

Chapter Two: Mechanisms for Rationalizing the Management of Special Allocation Accounts under Organic Law 18-15

Having examined, in the previous chapter, the scale of dysfunctions that special allocation accounts exhibited under Law 84-17, this chapter turns to analyzing the legislative response the Algerian legislator provided to address these dysfunctions. After a wait of more than twenty years, and in order to remedy the shortcomings rooted in Law 84-17, the government initiative to reform the legal framework governing public finance came, embodied in Organic Law No. 18-15 of 22 Dhu al-Hijjah 1439 corresponding to 2 September 2018 on finance laws, scheduled to be applied starting from 2023 ²⁴.

This organic law constitutes a foundational milestone in the history of Algerian public finance, as it did not confine itself to addressing the issue of special allocation accounts alone, but came to establish the modernization of budgetary systems as a whole, through laying down a new legislative philosophy based on the principle of results-oriented management proceeding from clear and specific objectives in line with public-interest purposes that are subject to evaluation ²⁵. In this law, the legislator devoted to special allocation accounts a set of new provisions aimed at regulating their management and curbing the excesses they experienced under the previous law.

This chapter will be addressed through two complementary sections: the first addresses the new provisions framing the creation and financing of special allocation accounts, given that this stage was the source of most previous excesses, while the second addresses the mechanisms for strengthening oversight and transparency in the management of these accounts after their creation, given that regulating the text alone is not sufficient without effective mechanisms for monitoring its application.

Section One: New Provisions Framing the Creation and Financing of Special Allocation Accounts

This section represents the essential entry point for understanding the reform philosophy adopted by the legislator in Organic Law 18-15, since most of the dysfunctions documented in Chapter One stemmed essentially from the absence of precise controls at the stages of creating the account and determining its sources of financing. The legislator accordingly introduced a set of provisions that intervene directly at these two sensitive stages, which can be divided into two subsections: the first concerns the conditions of creation and the requirement to link each account to a single work program and ministry, and the second concerns capping the rate of financing from the general budget, the most fundamental provision in this reform.

Subsection One: Conditions of Creation and the Requirement to Link Each Account to a Single Work Program and Ministry

Regulating the conditions for creating special allocation accounts constitutes the logical starting point for any serious reform of this system, since laxity at the creation stage is what

²⁴ Organic Law No. 15-18 of 22 Dhu al-Hijjah 1439 corresponding to 2 September 2018 on finance laws, Official Gazette of the People's Democratic Republic of Algeria, No. 53, dated 2 September 2018.

²⁵ Organic Law 15-18, Art. 2.

led, as previously shown, to the unregulated numerical expansion these accounts experienced under Law 84-17. To address this particular aspect, the legislator did not merely retain parliament's exclusive competence over creation, but added new substantive conditions relating to linking each account to a defined institutional and programmatic framework.

Organic Law 18-15 retained special allocation accounts as one of the six categories of treasury special accounts set out in Article 42, which, alongside them, include commercial accounts, loan and advance accounts, settlement accounts with foreign governments, participation and commitment accounts, and monetary transaction accounts²⁶. Article 42 of the organic law confirmed that the opening or closing of treasury special accounts may only take place pursuant to a finance law, thereby explicitly enshrining parliament's exclusive competence in this field, and seeking to close the gap that previously allowed certain accounts to be opened pursuant to other texts outside the finance law²⁷.

The genuinely new element introduced by the organic law, constituting a qualitative shift compared with Law 84-17, is what Article 50 provides: that "each special allocation account shall be linked to a ministry," and that "special allocation accounts shall be the subject of a work program prepared by the concerned spending authorities, specifying for each account the objectives sought as well as the time limits for their achievement"²⁸. Thus every special allocation account became, according to the concept of "program" defined by Article 23 of the organic law as "the total financial appropriations that contribute to the accomplishment of a specific mission relating to one or more services belonging to the same ministry or public body, and which is defined by a coherent set of objectives"²⁹, bound by the necessity of setting clear, measurable, and evaluable objectives—contrary to what had prevailed under Law 84-17, where there was an absence of any defined time frame or objective framework for these accounts.

The practical importance of this provision lies in putting an end to the previously prevailing practice of more than one ministerial sector managing transactions within a single account, or conversely, the fragmentation of a single ministerial sector's programs among several accounts without a clear link—which made the task of oversight more difficult and prevented precise determination of responsibility. Linking the account to a single ministry makes the spending authority clearly identified, and facilitates the accounting process during subsequent evaluation.

Article 50 also added another oversight mechanism at the level of organizational management, providing that special allocation accounts lead to the establishment of an organizational apparatus by joint decision of the minister in charge of finance and the concerned spending authorities, allowing for the creation of a nomenclature of revenues and expenditures, and determining the methods for monitoring and evaluating these accounts through defining the parties involved and the possible practical method³⁰. This reflects a clear orientation toward linking financial management to a performance-and-results-based logic,

²⁶ Organic Law 15-18, Art. 42, para. 2.

²⁷ *Ibid.*, Art. 42, para. 1.

²⁸ *Ibid.*, Art. 50, paras. 3 and 4.

²⁹ *Ibid.*, Art. 23.

³⁰ *Ibid.*, Art. 50, paras. 5 and 6.

rather than being satisfied with formal management based merely on opening and spending an appropriation without substantive oversight of the extent to which it achieves its stated objectives.

Subsection Two: Capping Financing from the State Budget at 10%

Whereas the previous subsection addressed the regulation of the institutional and programmatic dimension of special allocation accounts, this subsection addresses the most fundamental and decisive provision in the reform process, concerning the regulation of the sources of financing for these accounts, since the absence of a clear ceiling on the rate of financing from the general budget was, as previously shown, the source of the most serious deviations that practice exhibited under Law 84-17.

This provision is among the most important additions introduced by Organic Law 18-15 to address the most serious dysfunction of the Law 84-17 system, namely the absence of any clear ceiling on the rate of financing special allocation accounts from the general budget. The second paragraph of Article 50 provided that: "the special resources of a special allocation account may be supplemented by an allocation recorded in the general state budget within the limit of ten percent (10%) of the amount of resources collected during the previous fiscal year" ³¹.

With this explicit and numerical determination, the Algerian legislator has come closer to the logic established by the French legislator since 1959, which set the rate of support from budget appropriations at 20% of the account's estimated expenditures ³²—albeit with a fundamental difference worth pausing over carefully, consisting in the Algerian legislator's adoption of a calculation basis entirely different from its French counterpart. Whereas the French system links the percentage to the account's future estimated expenditures, the Algerian legislator linked the percentage to the amount of special resources actually collected during the previous fiscal year—that is, to the account's actual performance in mobilizing its own resources, rather than to the scale of its spending ambitions.

This technical choice carries a deep significance worth analyzing, as it makes the scale of complementary financing from the general budget organically linked to the extent of the account's success in achieving its relative financial independence: the greater the account's own resources, the wider the margin of permitted complementary financing, and vice versa. This cap thus becomes an implicit incentive driving spending authorities to activate the mobilization of the own resources allocated to their accounts, rather than relying entirely on general budget appropriations—which indirectly limits the possibility of turning these accounts into a tool for financing expenditures without a genuine balance of special resources.

This cap comes to restore to special allocation accounts their original founding character as accounts financed essentially by special resources, complemented by general budget appropriations on an exceptional and limited basis—contrary to what had become common practice under Law 84-17, where accounts existed that were financed entirely from the general budget despite Article 56 of that law explicitly stating that these appropriations were merely a complementary "share" ³³. Statistical studies conducted on the actual state of these

³¹ Ibid., Art. 50, para. 2.

³² Chouvel François, *Finances Publiques*, 10th ed., Gualino éditeur, 2007, p. 45.

³³ Law No. 84-17, op. cit., Art. 56.

accounts demonstrated the scale of deviation practice had reached, as a significant proportion of special allocation accounts—estimated at 20 accounts out of 68 as of 2016—were financed at a rate of 100% from budget appropriations, that is, entirely, without any meaningful contribution from own resources, which clearly reflects the scale of deviation from the original philosophy of these accounts, which the new cap came to address radically ³⁴.

It should be noted, however, that the effectiveness of this provision in practical application remains hostage to the rigor of the accounting and financial oversight that will be exercised to verify that this rate is not exceeded, since merely stipulating the legal ceiling, without effective oversight mechanisms and precise monitoring by treasury services and the Court of Auditors, may not alone be sufficient to guarantee genuine compliance with this limit—which brings us to the following section, devoted to oversight and transparency mechanisms.

Section Two: Strengthening Oversight and Transparency in the Management of Special Allocation Accounts

Setting strict substantive rules for creating special allocation accounts and determining ceilings for their financing is not sufficient unless these rules are accompanied by effective oversight mechanisms that ensure their proper application in practice and rapidly reveal any potential deviation from them. Organic Law 18-15 therefore adopted an integrated approach, adding to the substantive provisions relating to creation and financing a set of procedural mechanisms aimed at strengthening parliamentary and accounting oversight over these accounts, whether at the approval stage or at the subsequent execution and settlement stage. These mechanisms can be addressed through two subsections: the first concerns strengthening parliamentary oversight at the levels of approval and execution, and the second concerns restricting the type of transactions permitted to be carried out through these accounts.

Subsection One: Strengthening Parliamentary Oversight at the Levels of Approval and Execution

The weakness of parliamentary oversight, as shown in Chapter One, constituted one of the most serious manifestations of dysfunction in the previous system, as parliament voted on an aggregate basis without any genuine detail enabling it to track the actual destination of each account individually. To address this shortcoming, the legislator introduced a set of detailed provisions restoring to parliament its genuine oversight role, from the stage of preparing the draft finance law through to the subsequent settlement stage.

Organic Law 18-15 strengthened parliamentary oversight of special allocation accounts starting from the stage of preparing the draft finance law, as Article 75 provided that the annual draft finance law must be accompanied by a complete list of treasury special accounts, showing in particular the amount of projected revenues and expenditures for special allocation accounts ³⁵. This mandatory attachment requirement places in parliament's hands, from the initial stage of studying the draft law, a comprehensive and detailed picture of the state of these accounts—contrary to what previously prevailed, namely being satisfied with an undetailed aggregate presentation.

³⁴ Mohamed El Arbi Ghanem, *op. cit.*, p. 59; see also Ghannas Habib Errahmane and Tchentchane Manel, *op. cit.*, p. 149.

³⁵ Organic Law 15-18, Art. 75, para. 5.

Moreover, the second part of the finance law includes, according to Article 73, the amount of payment appropriations and, where applicable, commitment authorizations, for each special allocation account individually, rather than the undetailed aggregate voting that prevailed under Law 84-17 and which prevented members of parliament from knowing the true figures specific to each account individually³⁶. This level of detail, while still subject to an aggregate vote on total expenditure under Article 77 of the organic law, at least provides a more transparent informational base enabling the relevant parliamentary committees to exercise deeper oversight while studying the draft law.

Article 42 explicitly provided that the opening or closing of treasury special accounts may only take place pursuant to a finance law, closing the gap that practice had previously exploited under the earlier law to open certain special allocation accounts pursuant to texts other than the finance law—such as the special account "for the enforcement of judicial decisions issued in favor of private parties," which was opened pursuant to a law specific to judicial procedures in 1991, outside the legal framework set for this purpose, representing a clear encroachment on parliament's exclusive competences in this field³⁷.

Oversight did not stop at the approval and execution stage, but extended to cover the subsequent settlement stage as well, as Chapter Five of the organic law, relating to the budget settlement law, included an important post-hoc oversight mechanism: Article 86 provides that the law containing budget settlement liquidates the profits and losses occurring in each special account individually, and settles the balances of special accounts not carried over to the following fiscal year³⁸. The draft of this law is accompanied by two reports from the Court of Auditors: one relating to the results of the execution of the finance law and the management of financial appropriations in light of the programs actually implemented, and the other relating to the certification of state accounts in accordance with the principles of regularity, sincerity, and faithful representation, supported by a report showing the investigations conducted for this purpose, pursuant to Article 88³⁹. This duality of reports—one relating to performance and the other to accounting reliability—constitutes a qualitative improvement in post-hoc oversight mechanisms compared with the relative vacuum that had characterized this aspect under Law 84-17.

Subsection Two: Restricting the Transactions Permitted in Special Allocation Accounts

Alongside strengthening procedural oversight at the levels of approval and settlement, the legislator was also keen to narrow the margin of maneuver available to the government in using special allocation accounts to carry out financial transactions inconsistent with their original nature, through substantive provisions precisely determining the type of transactions prohibited from being carried out through this category of accounts.

Among the further manifestations of rationalization is what Article 47 of Organic Law 18-15 provides: that, unless the provisions of a finance law explicitly state otherwise, it is prohibited to carry out, under special allocation accounts and commercial accounts, loan and

³⁶ Ibid., Art. 73, para. 2/2.

³⁷ Law No. 91-02 of 8 January 1991 on special procedures for certain judicial decisions; cited in Amzal Fatih, *op. cit.*, p. 41.

³⁸ Organic Law 15-18, Art. 86.

³⁹ Ibid., Art. 88.

advance transactions, borrowing transactions, participation and commitment transactions, and monetary transactions⁴⁰. This provision reaffirms the exclusive character of these accounts and prohibits their exploitation to carry out transactions that fall outside their original nature—contrary to what the wording of Article 53 of Law 84-17 had permitted, which opened the field to these transactions merely upon an explicit provision in a finance law, without any additional restriction or tightening⁴¹.

Likewise, Article 48 of the organic law provided that special allocation accounts, along with loan and advance accounts alone, are provided with appropriations allocated according to sub-programs, and are considered, in principle, exclusive appropriations that may not be exceeded except within the limit of what is authorized—unlike participation and commitment accounts and monetary transaction accounts, which remain purely indicative in nature⁴². This distinction between exclusive appropriations and indicative appropriations constitutes an additional guarantee, since the exclusive character imposes on the spending authority strict compliance with the authorized ceiling, with no possibility of exceeding it under any pretext, unlike indicative appropriations which allow a greater margin of flexibility that could open the door to excesses.

Article 51 provided that the difference observed at the end of the fiscal year between revenues and expenditures in a special allocation account is carried forward under the same account to the following fiscal year, and that if it appears during the current year that revenues exceed estimates, the amount of appropriations may be increased within the limit of this revenue surplus by decision of the minister in charge of finance alone, without the need for new parliamentary authorization each time—which preserves the flexibility characteristic of these accounts, while at the same time regulating it within the limits of the actual surplus achieved, rather than within the limits of prior estimates that may not materialize⁴³.

It should be noted, in concluding this analysis, that these new provisions, despite their considerable importance in codifying practice and putting an end to many previous excesses, still need to be completed at several levels, particularly with regard to setting explicit maximum time limits for an account to remain open, and linking its continuation to a mandatory periodic evaluation of the extent to which it achieves the objectives set out in its work program—so as not to repeat the scenario experienced under Law 84-17, of certain accounts continuing for long decades without any genuine review of their economic and social viability⁴⁴. Moreover, the effectiveness of these provisions in practical application will, ultimately, remain hostage to the seriousness of the political will to apply them strictly, and to the extent to which the competent oversight bodies—parliament and the Court of Auditors—activate their new expanded powers in this field.

Conclusion

From the foregoing presentation and analysis, it is clear that Organic Law 18-15 on finance laws came as an objective and well-considered response to the profound dysfunctions

⁴⁰ Ibid., Art. 47.

⁴¹ Law No. 84-17, op. cit., Art. 53.

⁴² Organic Law 15-18, Art. 48.

⁴³ Ibid., Art. 51, paras. 2 and 3.

⁴⁴ Ghannas Habib Errahmane, *Parliamentary Oversight of the Actions of the Executive Authority — A Comparative Study*, Doctoral Thesis, Faculty of Law, University of Yahia Fares, Médéa, 20 June 2018, p. 124.

that the special allocation account system exhibited under Law 84-17, consisting essentially of the unregulated numerical and financial expansion of these accounts, the absence of a clear ceiling on their financing from the general budget, the weakness of parliamentary oversight over them, and the transformation of finance laws into a mere legal cover for plans of a purely administrative character not subject to any genuine accountability.

The rationalization mechanisms enshrined by the new organic law were reflected at several complementary and graduated levels: the first is linking each special allocation account to a work program with defined objectives and time limits and to a single ministry, ensuring clarity of responsibility and the possibility of subsequent evaluation; the second is capping complementary financing from the general budget at a rate not exceeding 10% of the special resources collected during the previous year, the most fundamental provision in restoring these accounts to their original character as a tool complementary to, rather than a substitute for, the general budget; the third is strengthening ex-ante and ex-post parliamentary oversight through detailing appropriations for each account individually, mandating the attachment of comprehensive lists to the draft finance law, and reinforcing the role of the Court of Auditors through two specialized reports; and the fourth is restricting the type of transactions that may be carried out through these accounts, preventing their transformation into a tool for carrying out transactions inconsistent with their original nature, such as loan, borrowing, and participation transactions.

Nevertheless, as the analysis has shown, the success of this ambitious legislative reform remains, ultimately, hostage to the extent of its actual application in practice, particularly since the Algerian experience has demonstrated, on more than one historical occasion, the existence of a recurring gap between an advanced legal text and a practice lagging behind it—exactly what happened with Law 84-17 itself, whose provisions were largely reasonable in theory, but whose practical application gradually deviated from them due to the absence of strict oversight and sufficient political will to enforce them.

In this context, and building on the findings of this study, a number of practical recommendations may be proposed that would enhance the chances of success of this reform:

First, the need to expedite the issuance of the regulatory texts complementing Organic Law 18-15 within their set deadlines, particularly those relating to the methods of preparing work programs for special allocation accounts and their periodic evaluation mechanisms, since the absence of these implementing texts may empty the new legislative provisions of their practical content.

Second, proactively activating the role of the Court of Auditors in monitoring compliance with the 10% rate set for financing these accounts from the general budget, and providing parliament with regular periodic reports in this regard, rather than waiting only for the deadline of the subsequent budget settlement law.

Third, subjecting the continuation of each special allocation account to a mandatory periodic evaluation at least every three years, similar to what is applied in certain comparative systems, allowing for the closure of accounts that no longer achieve their intended objectives or that have exhausted their original purpose.

Fourth, strengthening specialized training for the personnel and staff responsible for managing these accounts, given that qualified human resources are an essential and

indispensable condition for the success of any financial reform, however sound its theoretical legislative quality.

Fifth, linking the general budget, including special allocation accounts, directly and closely to the ordinary citizen, so as to establish genuine transparency and democracy in the management of public funds—requiring parliament, as holder of the authorization power, to play its effective role at the various stages the finance law passes through, from the stage of formulating public policies to the stage of execution and achieving the set objectives.

In conclusion, this legislative reform, despite its considerable importance, does not represent an end point in the process of rationalizing Algerian public finance, but constitutes the beginning of a long path requiring continuous follow-up and periodic evaluation of the extent to which it achieves its stated objectives, particularly in light of the current economic context, which requires the Algerian State to strictly rationalize its limited financial resources and protect public funds from all forms of waste and corruption.

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