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The Contribution of Development Programs to Achieving Economic Diversification in Algeria During the Period (2015–2020).

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ABSTRACT

This study aims to identify and examine the development programs adopted by Algeria following the severe oil economic crisis that affected the national economy during the second half of 2014, which led to a decline in national revenues due to the collapse of oil prices in global markets. It also seeks to assess the extent of their contribution to national economic diversification. The study concluded that development programs contribute to the diversification of the national economy through the development and promotion of alternative non-oil sectors, thereby helping to build a solid economic base and protect from the risks of external crises...

1. INTRODUCTION

The issue of economic diversification has gained great importance after most countries, especially oil-producing ones, realized that relying on a single source of income makes their economies more vulnerable to external shocks, particularly those resulting from fluctuations in the prices of major export commodities. This has driven these countries to search for appropriate solutions aimed at diversifying their economies and reducing dependence on a single resource. Consequently, they sought to adopt and successfully implement economic diversification strategies related to the future development of their economies and the promotion of economic growth. This is achieved through adopting a package of diversification-oriented economic policies aimed at restructuring the economy, increasing the contribution of alternative economic sectors to GDP, and improving the efficiency and effectiveness of these sectors, particularly the manufacturing sector.

Algeria is among the countries seeking to restructure its economy through adopting an economic diversification strategy, with the aim of building an economy less vulnerable to severe shocks caused by fluctuations in oil prices in global markets, especially after the 2014 oil crisis, which posed serious risks to its economic and social situation. In this context, the Algerian government attempted to launch and implement development programs for economic diversification, considering them a practical guarantee for increasing the contribution of non-oil productive sectors, developing the national economy, and building a strong economic base that reduces excessive dependence on oil revenues.

1.1 Research Problem

In light of the above, this research seeks to address the following main question:

To what extent did development programs contribute to achieving economic diversification in Algeria during the period (2015–2020)?

1.2 Research Hypothesis

The research is based on the hypothesis that development programs contribute to achieving diversification of the Algerian economy.

1.3 Importance of the Research

The importance of this research lies in examining successful development programs and the possibility of benefiting from them within the Algerian economy, as well as their contribution to diversifying the national economy.

1.4 Research Objectives

This study seeks to achieve several objectives, including:

- Identifying some of the development programs implemented in Algeria;



- Highlighting the importance of economic diversification;
- Determining the contribution of development programs to achieving economic diversification.

1.5 Methodology

The researcher adopted the descriptive-analytical approach, as it is considered one of the most suitable methods for such studies. Information was collected from books, theses, journals, and electronic websites in order to reach the expected results based on the proposed hypothesis.

2. The Nature of Economic Diversification

Economic diversification is considered one of the topics that require a comprehensive and strategic vision. Therefore, this section addresses its concept, objectives, types, areas, indicators, and conditions for success.

2.1 Concept and Objectives of Economic Diversification

2.1.1 Concept of Economic Diversification

The task of economic diversification requires the highest degree of insight and vision, given that its essence is fundamentally economic in nature, as it influences the prevailing economic, social, and political forces within a country. This means that every path toward diversification is also a path toward economic, social, and political solutions in countries regardless of their status.

Several definitions of economic diversification have been proposed, including the following:

- Economic diversification, in its simplest meaning, refers to “not putting all eggs in one basket.” In other words, for an economy to ensure the highest possible production returns and raise national income and living standards, it must avoid concentrating exports on a single commodity or service. Therefore, diversification requires the existence of varied productive and service sectors without excessive dependence on any one of them, as is the case in rentier economies heavily dependent on natural resources such as oil, gas, or coal (Mahdi, 2008, p. 34).
- Economic diversification is also viewed as “the process that refers to relying on an increasing number of contributors to output formation.” Diversification may involve diversifying GDP sources, public budget revenues, or markets such as domestic and export markets.
- In a broader sense, economic diversification means that a country should produce and export a wide range of goods and services (Atif, 2013, p. 08).
- According to United Nations experts, economic diversification means reducing dependence on a single sector, creating new exports and different sources of revenue beyond traditional ones, abandoning the dominant role of the public sector, and strengthening the private sector across all economic sectors in order to ensure stable and sustainable revenues (UN Economic and Social Commission for Western Asia, 2011, pp. 12–13).

From the above, economic diversification can be comprehensively defined as the desire to achieve a greater number of income sources for a country through diversifying the production structure and creating new income-generating sectors, thereby reducing total dependence on the revenues of a single sector in the economy. This helps limit exposure to external fluctuations and shocks while increasing growth rates.

2.1.2 Objectives of Economic Diversification

The objectives of economic diversification vary according to levels of development in different countries. However, the necessity of diversification in mono-economies aims to achieve several goals, including:

- Reducing economic risks and improving the ability to deal with external crises, such as fluctuations in oil prices, droughts affecting agricultural products, or economic downturns in global markets, especially in partner countries;
- Improving and sustaining development momentum through developing multiple and diversified sectors as sources of income, foreign exchange, and public budget revenues, while increasing their added value in GDP and encouraging investment in them;
- Achieving self-sufficiency in goods and services, increasing exports, reducing dependence on imports of consumer goods, creating employment opportunities, and improving living standards (Nizar, 2014, p. 467);
- Ensuring the utilization of all societal capacities and resources, whether material or human;

- Enhancing the state's bargaining power in foreign trade;
- Enabling the private sector to play a greater role in economic activity while reducing the role of the state and public authorities (Naji, 2006–2007, p. 77).

On the other hand, the objectives of economic diversification can be distinguished according to the time horizon. In the short term, the objective may be to expand and strengthen the revenues of the main sector, such as oil, thereby increasing its share in GDP and export revenues. In the long term, however, the intended objective is to use the revenues generated by the main sector to achieve economic development based on diversification and investment in other sectors. In other words, the main sector, such as oil, may be relied upon as a means to achieve economic diversification (Arab Planning Institute, 2021).

The various motives driving countries toward economic diversification can be summarized as follows (Nizar, 2014, p. 469):

- Continuous fluctuations in the prices of primary commodities that constitute the backbone of mono-economies;
- Instability of these countries' incomes and its impact on public spending;
- The exhaustible nature of these primary resources and the varying pace of horizontal and vertical development associated with them;
- Continuous and increasing dependence on imports of productive and consumer goods.

The importance of economic diversification lies in the benefits provided by a diversified economy, including (Ben Abdel Fattah & Bellalama, 2018, p. 332):

- Making the economy less vulnerable to external shocks;
- Achieving higher rates of capital productivity;
- Enhancing regional integration and increasing trade gains;
- Creating diverse employment opportunities;
- Achieving stability in the public budget through activating other productive sectors;
- Achieving self-sufficiency in several sectors, thereby avoiding external pressures that may impose political or economic orientations contrary to national interests;
- Avoiding the negative effects of shocks that may affect the oil sector and other productive sectors.

Moreover, extracting oil and maximizing its value through linking it to other productive sectors is better than exporting it as crude oil. Dependence on an exhaustible commodity such as oil, which is linked to technological progress and the global market, exposes the economy to instability and fluctuations and may eventually become an economic and political burden.

In addition, economic diversification strengthens the linkage between the resource sector and other productive sectors. This is characteristic of developed countries such as Australia and Canada, which possess abundant natural resources while also maintaining strong, highly productive economies due to forward and backward linkages between productive sectors. Therefore, effective policies that achieve economic diversification in resource-rich countries must be pursued.

2.2 Types and Areas of Economic Diversification

2.2.1 Types of Economic Diversification

There are several types of economic diversification strategies, the most important of which are the following (Abdelkarim & Souad, 2020, p. 338):

- **Horizontal Diversification:** This strategy refers to expanding toward broader and new sectors in order to reduce dependence on a limited number of sectors, or distributing investment across instruments within the same category, such as the oil sector.

- **Vertical Diversification:** This involves moving along the value chain of a commodity to increase its value, or distributing investment across diverse sectors such as agriculture, industry, and services, or among different investment instruments such as stocks and bonds.
- **Concentric Diversification:** This form of diversification introduces new products with the aim of fully benefiting from the capabilities of existing technologies and marketing systems.
- **Conglomerate Diversification:** In this type of diversification, new products or services unrelated to current products or distribution channels are launched. This strategy is adopted to attract an entirely new group of customers, where the high growth and investment returns in the new market sector may serve as a strong incentive for such a decision.

2.2.2 Areas of Economic Diversification

Despite the diversity of economic activities and their variation among countries, particularly with regard to the structure of their national economies, most forms of economic diversification focus on diversifying the productive base and diversifying areas of foreign trade.

A. Diversification of the Productive Base

This represents the most important approach to building economic diversification and can be divided into the following:

- **Production Diversification at the Productive Unit Level (Economic Institution):**
Production diversification occurs within an institution when it decides to produce a new commodity without ceasing the production of its previous products, thereby diversifying its output. Institutions adopt this policy to distribute risks, compensate for seasonal fluctuations in demand for certain products, make use of surplus equipment and production capacities, utilize administrative capabilities more efficiently, achieve higher growth rates or larger profits in markets characterized by declining demand, or fully exploit technological upgrades introduced into the institution's equipment. Diversification may also occur through merging with another institution operating in the same industry but producing different products.

Production diversification in this sense contrasts with the principle of specialization and concentration in production, which generally achieves economies of specialization and large-scale production. However, diversification may result in many positive benefits and advantages, such as the optimal use of available resources, reduction of expenses, and mitigation of risks and fluctuations caused by declining demand (Tebaybia & Larbaa, 2008, pp. 03–04).

In general, efficient institutions can contribute to economic diversification through several methods, including the following (Shakouri, 2011–2012, p. 65):

- Providing local markets with information about new export opportunities, for example through embassies abroad, chambers of commerce, and other state institutions;
- Improving the flow of modern technology and scientific knowledge and enhancing their utilization through better education and support for research and development activities;
- Encouraging inflows of foreign direct investment and facilitating the entry of foreign firms into the domestic market;
- Contributing to the development of the domestic financial sector through the establishment of sound laws and regulations that encourage the development of financial markets and banks.
- **Production Diversification at the Macroeconomic Level:**
Production diversification at the level of the overall economy occurs when a proportional and necessary contribution of economic sectors to the generation of national output is achieved. These sectors include agriculture, industry (extractive and manufacturing), and services. In this context, production diversification generally implies increasing the relative importance of industry within total economic activity, given its role as the *محور* of structural transformation in the economy. This is due to its function as a leading sector that ensures expansion and increasing interdependence among all economic activities. The contribution of the industrial sector to the national economy can be enhanced by adopting import-substitution industrialization strategies and export-oriented industrialization strategies (Sadiq, 2013–2014, p. 07).

B. Diversification of Foreign Trade Areas

Discussion of foreign trade diversification is largely associated with analyzing its commodity structure, particularly in its two main aspects: the commodity structure of imports and the commodity structure of exports. Through studying the diversification of exports and imports, it becomes possible to determine the extent of dependence on exporting a single commodity by measuring its share of total exports. It also allows understanding the nature of this commodity, whether primary or manufactured. Excessive dependence on a single export commodity affects the sustainability of economic development. Therefore, diversifying the export structure becomes the optimal solution for ensuring continued development.

Export diversification refers to expanding the range of exported products, not only by supplying foreign markets with raw materials but also with processed, transformed, and manufactured products, as well as semi-finished and fully manufactured goods derived from domestic production.

Likewise, the degree of diversification in the commodity composition of imports, and avoiding concentration on a limited group of goods, affects the path of economic development and the preservation of economic independence. Thus, import diversification may imply reducing certain categories of imports, unlike exports. This can be achieved by gradually removing imported food products, textiles, luxury goods, and raw materials from the import list as domestic production becomes capable of supplying them, while focusing instead on importing advanced and complex industrial products with high technological content (Tebaybia & Larbaa, 2008, p. 05).

2.3 Indicators of Economic Diversification and Conditions for Its Success

2.3.1 Indicators of Economic Diversification

In order to evaluate the extent of success of economic diversification policies in any country, it is necessary to examine certain quantitative indicators and standards through which the degree of diversification in economic sectors can be measured. Indicators used to measure economic diversification can be divided into two groups according to economic performance and the degree of economic concentration (Haloub Maalama & Mohamed Ahmed, 2015, p. 49).

Indicators of Diversification Related to Macroeconomic Performance

In this case, the following indicators and measures can be used to evaluate the success and progress of diversification policies:

- **Increasing the Effectiveness of the Private Sector in GDP Formation:**
The increase in the contribution of the private sector is directly related to the requirements of economic diversification, economic growth, employment generation, and compatibility with a diversified economic strategy. The private sector contributes to increasing GDP and is therefore considered an important indicator of achieving economic diversification and expanding state revenue sources. The higher the contribution of the private sector to GDP, the greater the level of economic diversification growth (Nizar, 2014, p. 468).
- **Rate and Degree of Structural Change:**
This indicator reflects the extent of changes in the structure of production and sources of national income. It is inferred through the percentage contributions of various economic sectors to GDP. The size of output generated in an economy, its annual growth rate, and sectoral contributions to its formation indicate the efficiency and nature of the economy's performance, provided that GDP of the main sector does not decline while other productive sectors expand. Any development in productive sectors such as manufacturing industries leads to an increase in their contribution to GDP (Haloub Maalama & Mohamed Ahmed, 2015, p. 50).
- **Development of Export Diversification Ratio:**
The greater the revenues generated from diversified exports, the more successful economic diversification is considered to be. Conversely, if oil exports constitute a very high proportion of total exports, this indicates a low degree of economic diversification, referred to as commodity concentration, which reflects the failure of diversification policies (Sadiq, 2013–2014, p. 09).
- **Distribution of the Total Labor Force Across Sectors:**
This indicator is a natural result of the previous one, as export diversification results from activating multiple sectors rather than concentrating on a single sector. Consequently, the labor force becomes distributed among those sectors. The more balanced the distribution of labor across sectors, the greater the level of economic diversification (Mekdad, 2008, p. 344).

For these indicators to be accurate, they require updated and precise data, which is often difficult in many developing countries, especially oil-producing countries that heavily depend on oil. Therefore, there are additional indicators specific to oil economies, including the following (Hvidt, 2013, pp. 04–05):



- **The Contribution Ratio of Oil Sectors Compared to Non-Oil Sectors in GDP:**
This is considered an important indicator. The greater the contribution of non-oil sectors to GDP, the more effective the economic diversification policy, and vice versa.
- **Contribution of Non-Oil Exports to Total Export Revenues:**
This indicator is important in measuring the degree of economic diversification. The higher the share of non-oil exports in total exports, the higher the degree of economic diversification, and vice versa.
- **Contribution of Oil Revenues as a Percentage of Total Government Revenues:**
If oil revenues constitute a large proportion of total government revenues, this indicates weakness in economic diversification policy, and vice versa.
- **The Degree of Volatility or Instability in GDP and Its Relationship to Oil Prices:**
Economic diversification plays a major role in stabilizing GDP because an economy that relies heavily on a single resource such as oil becomes highly vulnerable to global oil price fluctuations, which directly affect domestic economic stability and GDP performance.

Indicators of Diversification Related to Foreign Trade

- **Economic Diversity Index:**
This indicator is measured according to a composite index known as the Economic Diversity Index. It is based on the share of manufacturing industries in GDP, the share of labor employed in the industrial sector, and per capita annual commercial energy consumption (United Nations source, 2021).

- **Export Diversification and Concentration Index:**
This includes two types of indicators (Sadiq, 2013–2014, p. 11):

1. UNCTAD Diversification Index:

The United Nations adopted this index to measure the degree of diversification in export economies. Its mathematical formula is as follows:

$$S_j = \frac{\sum_i^n |h_{ij} - h_i|}{2}$$

Where:

- h_{ij} represents commodity i as a proportion of the exports or imports of country j ;
- h_i represents the share of commodity i in total world exports or imports.

This index measures the share of commodity i in total exports.

2. Herfindahl–Hirschman Index (HHI):

This index expresses the degree to which a country's exports depend on a limited number of commodities. Its mathematical formula is as follows:

$$H = \frac{\sqrt{\sum_{i=1}^n \left(\frac{x_i}{x}\right)^2} - \sqrt{1/n}}{1 - \sqrt{1/n}}$$

Where:

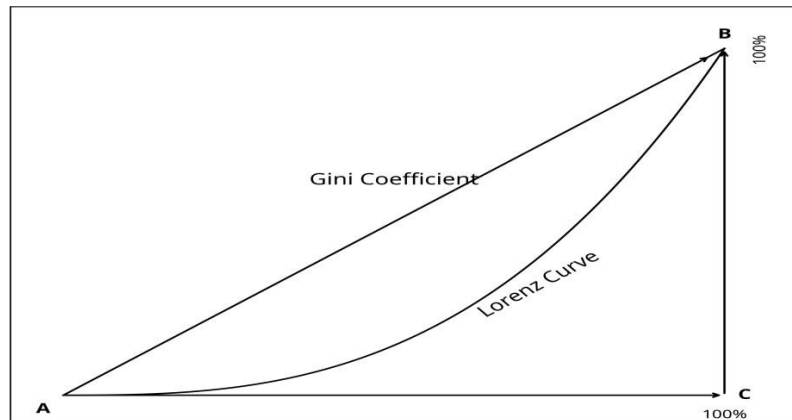
- x_i represents exports of commodity i ;
- x represents total exports;
- n represents the total number of exportable commodities.

The value of the Herfindahl–Hirschman Index ranges between zero and one:

- $0 \leq H \leq 1$ When the value of the index approaches zero, this indicates a high degree of diversification in a country's exports and economic activities.
- When the value approaches one, this indicates that exports are concentrated in a limited number of commodities or even a single commodity, reflecting a lack of diversification in economic activities, where production is concentrated in one dominant sector.

In addition, there are other concentration-based indicators such as the **Gini Coefficient**, which is considered one of the best and simplest measures of concentration. The Gini Index is defined as the ratio between the area enclosed by the Lorenz Curve and the diagonal of triangle (AB), and the total area of the right triangle (ABC), as illustrated in the following figure:

Figure No. (01): Gini Index



Source: Mamdouh Awad Al-Khatib, “The Impact of Economic Diversification on Growth in the Saudi Non-Oil Sector,” *Arab Journal of Administrative Sciences*, Vol. 18, No. 02, Kuwait University, Kuwait, May 2011, p. 211.

The Gini Index is calculated using the following relationship:

$$G = 1 - \sum_{k=1}^n (x_k - x_{k-1}) (y_k - y_{k-1})$$

Where:

- x_k represents the cumulative relative ascending frequency of the aggregate variable, namely the sectoral share of GDP represented on the horizontal axis;
- y_k represents the cumulative relative ascending frequency represented on the vertical axis (number of sectors);
- n denotes the number of sectors.

2.3.2 Conditions for the Success of the Economic Diversification Strategy

The framework of economic diversification is based on a set of principles and foundations that are considered essential prerequisites for the success of economic development programs in countries. The most important of these are as follows (Mestifa & Sania, 2014, pp. 124–125):

- Providing a suitable environment for economic advancement, such as political stability and public participation;
- Giving priority to human capital as a long-term investment and the foundation for economic renewal;
- The necessity of state intervention in economic and social development to provide infrastructure, regulate and guide the economy, and compensate for the inability of the private sector or individual savings to finance all development programs;
- The principle of cooperation and integration between the public and private sectors;



- Providing institutions and mechanisms to guide the economy and ensure the achievement of economic and social development goals while maximizing the use of available national resources and capabilities;
- The principle of self-reliance first, followed by external assistance second;
- The principle of protecting the national economy from the negative effects of international trade due to the inequality of international economic relations and the risks faced by developing countries as a result of the GATT agreement and international trade.

3. Development Programs and Their Contribution to Economic Diversification in Algeria During the Period (2015–2020)

Algeria launched several development programs aimed at developing and improving its economy through diversifying the national economy in order to confront the crises caused by fluctuations in oil prices in global markets. This study focuses specifically on the development programs adopted by the Algerian government after the 2014 oil crisis. Therefore, it is first necessary to address the 2014 oil crisis, which represented one of the major motivations for adopting an economic diversification strategy through development programs.

Oil prices declined for the first time since the second half of 2009, falling below the threshold of 45 US dollars per barrel in January 2015. This triggered alarm in many oil-exporting countries due to the impact on their economies and annual budgets. Specialists explained that the causes of this crisis, prior to the 2019 coronavirus crisis, were mainly due to an oversupply of oil, the return of Iran to its previous export levels following the easing of economic sanctions imposed upon it, the declining influence of OPEC on price levels, and the emergence of a new generation of producers outside the organization alongside increased shale gas production in the United States (Ben Aouda & Abdelkader, 2015, p. 51). The following table illustrates the monthly average developments in oil prices according to the OPEC basket during the period (2014–2015).

Table No. (01): Monthly Average Developments in Oil Prices According to the OPEC Basket for the Period (2014–2015)

Unit: US Dollar

Month s	Sept 2014	Oct.	Nov.	Dec.	Jan. 2015	Feb.	Mar	Apr	May	June	July	Aug.	Sept	Oct.
Prices	95.9 8	85.0 6	75.5 7	59.4 9	44.3 8	54.0 6	52.4 6	57.3	62.1 6	60.2 1	54.1 9	45.4 6	44.4 6	44.6 6

Source: [OPEC Official Website](#), consulted on 05/10/2021.

From Table No. (01), we observe a complete collapse in oil prices, as they declined from 95.98 dollars per barrel in September 2014 to less than 45 dollars in September 2015. This collapse was sudden, with crude oil prices in international markets losing more than half of their value within thirteen months. This was mainly due to declining global demand and oversupply in global markets.

The 2014 oil crisis significantly affected oil-exporting countries, especially Algeria, posing serious risks to its economic and social situation. This is because the oil sector represents the fundamental pillar of Algeria's rentier economy and the main source of income, accounting for approximately 95% of total government revenues. Any oil shock therefore threatens the development of its economic indicators. This situation highlighted the urgent need to move toward economic diversification. Consequently, the Algerian government intensified the launch of development programs aimed at economic diversification in order to reduce oil dependency. These programs will be discussed in detail in the following sections.

3.1 Economic Growth Consolidation Program for the Period (2015–2019)

The Economic Growth Consolidation Program is considered a continuation of the development programs represented by the economic recovery programs. This program covered public investment operations registered during the period (2015–2019). A special fund for managing public investment operations was established under the title *Economic Growth Consolidation Program (2015–2019)* within the Special Allocation Account No. 143-302. An amount estimated at 4,079.6 billion Algerian dinars was allocated in 2015, compared to 1,894.2 billion Algerian dinars in 2016, with the largest share directed toward economic and administrative infrastructure projects.

This program aimed to achieve the following objectives:

- Creating strong growth in Gross Domestic Product (GDP);



- Promoting partnership between the public and private sectors;
- Supporting and promoting economic activities based on knowledge and technology, as well as supporting micro-enterprises;
- Giving greater attention to economic diversification and increasing exports outside the hydrocarbons sector, while focusing on agricultural and rural development because of their contribution to food security and diversification (Ben Mohamed, 2020);
- Preserving social gains by prioritizing the improvement of living conditions in the sectors of housing, education, training, and public health, as well as connecting homes to water, electricity, and gas networks, while rationalizing social transfers and supporting disadvantaged working groups;
- Creating employment opportunities, continuing efforts to combat unemployment, and encouraging productive investment that generates wealth and jobs;
- Paying special attention to training and the quality of human resources by encouraging and promoting the training of qualified executives and labor forces;
- Through the five-year growth program (2015–2019), the government targeted achieving an annual growth rate of 7% in order to reduce unemployment and improve citizens' living conditions (Achour & Ouail, 2017, p. 338).

3.2 The New Economic Growth Model (2016–2030)

Algeria approved the New Economic Growth Model for the development of the agricultural sector in July 2016, in light of the continuous decline in oil prices, which constituted the main source of financing for development programs. This initiative formed part of the national economic diversification policy with horizons extending to 2030.

On the other hand, this model also seeks to achieve objectives related to food security and the diversification of agricultural exports. The model was designed around three main phases, as follows (*The New Growth Model*, 2016, p. 02):

- **Take-off Phase (2016–2019):**
During this phase, Algeria aimed to improve domestic tax revenues to cover operating expenditures, reduce the budget deficit, and mobilize additional necessary resources within the domestic financial market.
- **Transition Phase (2020–2025):**
This phase aimed at revitalizing and recovering the local economy.
- **Stabilization Phase (2026–2030):**
This phase seeks to achieve an annual growth rate outside the hydrocarbons sector reaching 6.5%.

The mechanisms of this New Growth Model include maintaining the country's external financial flexibility through reducing imports, developing non-hydrocarbon exports, encouraging enterprise creation, completing banking reforms, and developing the capital market.

The objectives of the New Economic Growth Model that contribute to economic diversification are as follows (Ben Mohamed, 2020, p. 56):

- Continuous improvement of growth to reach 6.5% during the period (2020–2030), along with doubling the share of manufacturing industries;
- Modernizing the agricultural sector;
- Achieving energy transition;
- Diversifying exports outside the hydrocarbons sector, particularly in agriculture, industry, and tourism;
- Achieving a significant reduction in the budget deficit during the period (2016–2019) and developing budgetary resources to cover operating expenditures.

The developmental objectives of the strategic agricultural sectors by the end of 2019, within the framework of the New Growth Model, include the following:

- Private investment as a new driving force for agricultural growth;
- Integration to improve the value chain from inputs to manufacturing and marketing, reaching the final consumer;
- Innovation as a key factor for modernizing agricultural and fisheries development;
- Adoption of irrigation systems to increase sustainability in productivity;
- Inclusiveness as a guarantee for effective participation and balanced development.

This program also aimed to develop cereal crops, with the objective of ending imports of soft wheat by the end of 2019. In addition, it sought to strengthen the integration of local raw milk production in order to expand the dairy products market and reduce imports, thereby achieving savings estimated at 750 million US dollars. The program also encouraged investment in and the establishment of integrated cattle farms to reduce and eventually eliminate meat imports.

The objectives of this model or development program contributing to diversification and economic development are distributed along the following lines (Ben Mohamed, 2020, p. 58):

- Industrial diversification based on supporting productive investment, especially in sectors where the country already possesses a base or comparative advantages, particularly electronic industries, digital industries, food industries, automobiles, cement, pharmaceutical industries, tourism, downstream hydrocarbon activities, and downstream mining activities;
- Securing and diversifying energy resources, particularly through promoting energy efficiency, renewable energy, and unconventional fossil energy resources;
- Regional expansion of industrial development through preparing a regional investment map, improving the management of industrial land, and gradually delivering the planned 50 new industrial zones;
- Providing the conditions necessary for developing non-hydrocarbon exports, establishing a National Consultative Council for Export Promotion, encouraging the establishment of exporting enterprises, and supporting emerging exports.

3.3 DIVECO2 Program for Supporting Economic Diversification

The DIVECO2 Program for Supporting Economic Diversification was launched as part of the economic and trade support programs of the European Union in Algeria. The program targeted the fisheries sector and served as a complement to the previous DIVECO1 program, which had been signed by the European Commission in 2009. It was implemented for the benefit of the Ministry of Agriculture and Rural Development, the Ministry of Industry and Mines, and the Ministry of Tourism and Traditional Industries. The program aimed to support the diversification of the Algerian economy by encouraging exports outside the hydrocarbons sector and improving economic performance through enhancing competitiveness in the sectors covered by the program.

Among the most important achievements of the program was the strengthening of food security through providing equipment and supplies for agricultural laboratories, improving legislation, regulations, and practices related to plant technologies, and harmonizing them with European legislation. In addition, the program contributed to the training of human resources in the fields of tourism, marketing, and the quality of food industry products (Ben Jedou, 2019–2020, pp. 117–118).

The DIVECO2 program in the fisheries sector was launched in October 2015. It aimed to strengthen the role of the fisheries and aquaculture sector in promoting and advancing economic diversification in Algeria through sustainable development and improving the economic performance of the fisheries sector. The program revolved around a series of activities benefiting stakeholders in fisheries and aquaculture, including strengthening professional organizations and associations, health monitoring, port management, shellfish farming, and evaluating the national legal framework. Within the framework of the program, numerous support missions were organized in specific areas, including fishing net sewing. In this regard, the Minister of Agriculture stated that the program, financed by the European Union with an amount of 15 million euros, was intended to implement the economic diversification program through the fisheries and aquaculture sector. The program included several service contracts, namely (Qachrou, 2015):

- Training in the fisheries and aquaculture sector;



- Training in health monitoring of fisheries and aquaculture products;
- Technical assistance in statistics;
- Technical assistance in modern communication technologies.

The DIVECO2 program also sought to increase the country's economic diversification rate through sustainable development and improved economic performance of the fisheries and aquaculture sector. This initiative was integrated within the national AQUAPECHE 2020 plan. The General Directorate of Fisheries and Aquaculture under the Ministry of Agriculture, Rural Development, and Fisheries was appointed as the supervising body responsible for implementing the DIVECO2 program, while fourteen other ministries participated interactively in the program.

To ensure the sustainability of DIVECO2 achievements, experts identified several strategic axes, mainly related to promoting and developing aquaculture, establishing a monitoring and alert system, and supporting the formulation and implementation of a public health safety policy for fisheries and aquaculture products.

For his part, the Ambassador and Head of the European Union Delegation to Algeria, John O'Rourke, stated that the program had successfully contributed to the development of the fisheries and aquaculture sector. In his speech on this occasion, he explained that this contribution mainly consisted of the following (Algeria–EU Cooperation, 2021):

- Strengthening management and supervisory capacities that contribute to enhancing an effective and efficient strategy for the sector, thereby improving planning, efficiency, organizational and legislative support, as well as developing monitoring, evaluation, guidance, support, and control mechanisms for activities;
- Promoting and enhancing fisheries and aquaculture value chains from production to marketing while considering all stages in order to satisfy and protect consumers;
- Strengthening professional organizational capacities through supporting the Algerian Chamber of Fisheries and Aquaculture, provincial chambers, inter-provincial chambers, and sector-related associations.

3.4 Master Plan for Tourism Development (SDAT 2030)

The Master Plan for Tourism Development (SDAT 2030) constitutes the reference framework for a new policy adopted by Algeria. It reflects the state's determination to enhance the country's natural, cultural, and historical potential and place it at the service of tourism in Algeria. This plan forms part of the National Spatial Planning Scheme for the horizon 2030, which highlights the manner in which the state intends to ensure a triple balance consisting of social justice, economic efficiency, and ecological support.

The plan is considered a reflection of the state's aspirations regarding sustainable development, through which the government presents its tourism project to all actors and sectors in an attempt to attract 11 million tourists by 2030. It also establishes a program for developing and promoting Algerian tourism in order to integrate it into international tourism networks (*Ministère de l'Aménagement du Territoire de l'Environnement*, January 2008, p. 26).

The plan sets out the details of a comprehensive tourism project involving the largest possible number of stakeholders, especially local communities concerned with tourism activities. It also clarifies the way in which the state seeks to ensure the triple balance of social justice, economic performance, and ecological sustainability within the framework of sustainable development.

The plan includes several new measures, including those stipulated in the Supplementary Finance Law of 2015 regarding the determination of sites for investment projects. Article 48 of this law defines the conditions and procedures for granting concessions on state-owned private lands allocated for investment projects. Through this plan, the Algerian state seeks to achieve the following general objectives (Amari & Bouanaka, 2018):

- Making tourism a sector contributing to economic development and serving as an alternative to the hydrocarbons sector;
- Enhancing and improving the image of Algeria and making it a distinguished tourist destination;
- Ensuring the involvement of other sectors such as public works, agriculture, and culture;
- Stimulating major economic balances and generating positive spillovers on other sectors;
- Promoting historical and cultural heritage while respecting the specificity of each region of the national heritage;
- Achieving continuous harmony between tourism promotion and environmental preservation.



The orientation toward revitalizing the tourism industry in Algeria represents the official charter upon which the plan is based. Accordingly, the state and local authorities are required to present Algeria's tourism image by the horizon of 2030. This program restores the importance of tourism activity in its material, moral, and cultural dimensions, placing it at the service of tourism operators. Algerian authorities recognized that the tourism sector is among the sectors most attractive to foreign direct investment and capable of contributing to the development of other sectors. In many countries, tourism occupies a prestigious position because of the foreign currency revenues it generates and its contribution to economic diversification.

The implementation of the plan requires passing through the following stages (Qachrou, 2015, p. 240):

- Diagnosing global trends, patterns, and challenges;
- Defining strategic orientations;
- Determining the guiding frameworks (the five dynamics);
- Establishing priority action programs (launch phase 2015–2018 under the tourism development plan);
- Defining implementation and monitoring strategies.

The Master Plan for Tourism Development is based on five main dynamics:

- Enhancing Algeria as a destination in order to increase its attractiveness and competitiveness;
- Developing distinguished tourism poles and villages through rationalized investment and development;
- Disseminating the Tourism Quality Plan (PQT) to develop excellence in national tourism offerings by integrating training through professional advancement, education, and openness to information and communication technologies;
- Establishing partnership plans between the public and private sectors;
- Developing a tourism financing plan.

Finally, it can be concluded that the Algerian government adopted the previously mentioned programs with the objective of developing sectors such as agriculture, industry, tourism, and fisheries. Most of these are productive sectors that contribute to diversifying the national economy in order to confront crises resulting from fluctuations in oil prices, considering that oil is an exhaustible resource that cannot be relied upon indefinitely.

4. Conclusion

Following the crisis that affected the Algerian national economy due to the collapse of oil prices in international markets in 2014, the government adopted a package of diversification-oriented economic policies aimed at restructuring and diversifying the sources of the national economy. This was achieved through launching development programs that contributed to the growth and development of non-oil sectors, including the agricultural sector, industrial sector, tourism sector, fisheries sector, as well as renewable energy. The objective was to overcome the decline in sources of income and reduce dependence on oil revenues.

This became evident through our study of the contribution of development programs to achieving economic diversification, as Algeria has made progress in attempting to diversify and develop its economic path. However, this progress remains modest and limited in scope considering the vast resources, capabilities, and potential that the country possesses across several sectors.

4.1 Suggestions and Recommendations

In light of this study, several suggestions and recommendations can be proposed:

- Undertaking structural reforms at the level of developmental administration, reorganizing and restructuring it, and transforming its role from an administration for distributing rent revenues into an administration for implementing development, before initiating the formulation and implementation of any economic policy, since the success of such policies depends on the existence of a modern and efficient economic and developmental administration;
- The government should benefit from the lessons of oil crises and work on preparing clearly defined development plans regarding their role in the process of economic diversification;



- Intensifying and developing development program plans related to economic diversification and implementing them on the ground on the widest possible scale;
- Adopting strategic policies aimed at creating and developing new dynamic commercial sectors in order to accelerate economic diversification;
- The state should benefit from the experiences of successful international models in diversifying the national economy, such as Malaysia;
- Encouraging foreign investment in non-hydrocarbon industries by working to improve the investment climate;

Adopting an optimal approach to managing oil resources, rationally exploiting the financial resources generated by oil exports, and utilizing financial surpluses to confront external shocks through the adoption of sovereign wealth fund strategies..

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