

The Importance of Budgetary Reform in Accordance with Organic Law 18-15 Relating to Finance Laws in Achieving Financial Sustainability in Algeria.

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Abstract:

Law 84-17 of July 7, 1984, as amended and supplemented, relating to finance laws, is an ordinary law, which is not compatible with the current situation, given the political and economic reforms taking place, which limits the organization of public finances due to the limits it faces in dealing with several important changes through the current budgetary reform, which aims to update and modernize budgetary systems, which puts us before the inevitability of abandoning this law, in order to keep pace with the new basic legal principles in the field of public finances.

Through this study we will try to analyse; first mechanisms of governance of the state's general budget within the new budgetary reform; second the strategy of establishing the general budget according to Law 18-15

Keywords: the state's general budget, revenues, expenditures, budgetary reform, organic law 18-15, finances laws.

1. Introduction

Given the challenges and changes taking place in the field of public finance on the one hand, and on the other hand the inevitability of adapting to the developments in public finance management, the legislator finds himself faced with the need to keep pace with this trend for several reasons and shortcomings that we will mention in points, for example, but not limited to:

According to the provisions of Article 141 of the Constitution, the organic law imposes itself at the legal level, as the Constitution includes among its organic laws, the organic law specific to financial laws, which makes it derive a greater value than that enjoyed by the ordinary financial laws themselves, let us note in this section the difference between the ordinary law and the organic law to clarify this legal force in this framework:

The ordinary law is issued by the legislative authority on its own initiative, while the organic law is not issued by the legislative authority except by the text of the Constitution, i.e. by assignment from the constitutional legislator;

In terms of the percentage of voting on the ordinary law in the National People's Assembly by a relative (simple) majority, which is 50% + 1, unlike the organic law, the percentage of voting by an absolute majority is 2/3, i.e. 75%;

Organic laws are presented to the Constitutional Council before the laws are issued, so they are prior oversight, meaning that the Constitutional Council gives opinions on them, while in ordinary laws they may be presented to the Constitutional Council before they are issued, and this is prior oversight, and the Constitutional Council gives opinions, and it may be subsequent oversight, meaning that after the ordinary laws are issued, and the Constitutional Council gives decisions.

In this context, they are similar in two points:

Both laws are issued by the legislative authority;

The voting percentage in the National Assembly is equal, which is ¾ of its lights.

Organic law is based on the principle of budgeting ☐ and not on the nature of expenditures as it is currently, as it is directed towards achieving results based on specific objectives, and it also leads to achieving two basic objectives:

Reforming the public management framework and directing it towards results in addition to effectiveness;

Enhancing the transparency of budgetary information.

☐ No clear parliamentary oversight;

- ☐ Unclear budget oversight and transparency;
- ☐ Lack of results, objectives and evaluation;
- ☐ Lack of responsibility, and lack of responsible management idea;
- ☐ Lack of multi-year framework in budget planning, considering that the annual budget system is not compatible with long-term projects;
- ☐ Providing a framework for monitoring performance;
- ☐ Documents related to the financial laws and the general budget of the state do not give a true and clear picture of the financial situation, which has been criticized in every session;
- ☐ Strengthening the relationship between budget results and public policy objectives, in order to strengthen the citizen's confidence in the state, considering that the citizen believes in tangible results;
- ☐ Strengthening the forecasting and estimation system by setting and defining objectives in advance, and then working on programming budgets to reach them.

Second: Major axes of budgetary reform.

2. Objectives of budgetary reform.

The approach adopted by Organic Law 18/15 of 02 September 2018 on Finance Laws is different from the previous Law on Finance Laws 84/17, as it came to revolutionize reforms at the level of budget reform and public management of public finances, as its provisions did not carry an amending character, but rather an abolitionist character for most of the provisions of the previous law, and the renewal affected the public management of public finances, as it became results-based and based on means and not as it was based on mobilizing means. And the caretaker, and the renewal extended to how to prepare and prepare the draft finance law, and although the monopoly of the Ministry of Finance remained, the preparation under the supervision of the Prime Minister, but control was tightened so that the budget and its belongings pass the approval of Parliament

The budgetary reform according to Organic Law 18/15 related to financial laws has several objectives, the most important of which can be summarized in the sum of the elements below.

Improving the presentation of the budget:

This is done by overcoming the problem of budget duplication (management, equipment), which does not guarantee a clear and transparent reading of the state's financial situation, and disregards the principle of budget unity, as the budget was previously managed according to available means only, which reflects a lack of interest in efficiency in public spending, and this framework includes interest in automation and the information system (integrated management system)

☐ , which facilitates reading the budget, ensures quick access to information and its use in making the appropriate decision, and thus ensures immediate control of the progress of public expenditures and thus improves the process of controlling them.

It is also worth noting that the new allocation of appropriations allows for the so-called interlocking presentation if necessary to make it possible to know each program or one of its divisions (sub-program, activity), in addition to the fact that the new classification of expenditures is of great importance, especially in the field of analysis, statistics and comparison bases.

Strengthening information and parliamentary oversight:

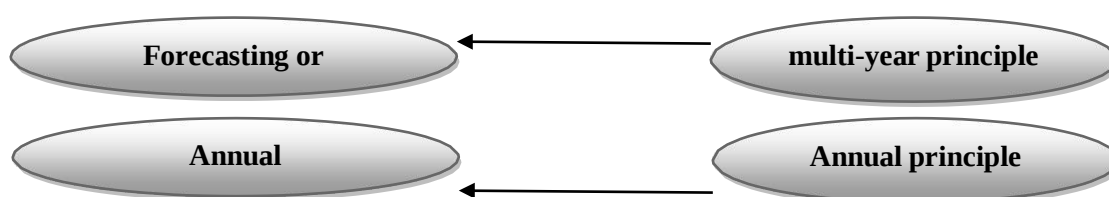
This law re-positions the budget debate at the heart of the parliamentary debate, making it the moment to discuss the content as well as public policies, while organizing information and monitoring mechanisms. In this context, Chapter Three of Organic Law 18/15 stipulates that the Finance Law and its content be presented explicitly and evaluated through the available information and estimates. Articles 72 and 75 include a set of detailed reports that allow for a good reading of the Finance Law, from an economic, social and financial perspective, as well as all the new measures that the State intends to take in the medium (multiple) and short term, which makes it possible to clarify information during the debate,

which enshrines governance in public management by moving to the approach from state accounting to corporate accounting.

Freedom and responsibility of managers:

The new organic law has placed this principle at the heart of the functioning of public institutions and administrations, by giving flexibility and flexibility to managers and moving towards monitoring performance according to results (performance and profitability monitoring report).

It is linked to the budgeting technique according to programs, as the multi-year dimension (3 years) is necessary in the medium-term perspective and also in terms of decision-making based on a projection that exceeds one year in order to control public policy and government programs, as well as the medium-term budgetary framework is stopped every year by the government, and here it is necessary to distinguish between two things and not confuse them:



Similar to some of the arrangements that we referred to previously, such as the medium-term budget framework, the freedom of officials (flexibility and flexibility), ease of reading and clarity through a good presentation of the budget, there are some arrangements that are no less important, which we will summarize in the following points:

- Including a supplementary period extending until January 31 of the year (N+1), the latter aims to settle the last payment orders (expense payment) and enable the final closing of the fiscal year in the field of accounting
- Payment credits available in the investment expenditure section of a program can be transferred to the same program with a maximum of (5%) of the initial credit, and the transfer process is carried out before the end of the supplementary period and its implementation extends over the entire budget year, but the extension of the implementation of these credits and the possibility of transferring them in any way should not lead to a deterioration in the budget and financial balances.
- This text of the law enshrines the possibility of adapting at the budget level in the event of a ministerial amendment during the year, which leads to a change in the organization of ministerial departments, and takes into account urgent cases, through the mechanism of advance decrees
- to avoid lengthy procedures and approval of the supplementary or amended finance law.
- Revenues and expenditures are subject to a vote of the total, and a decree determines the details of the appropriations voted on according to programs and sub-programs and according to chapters, and according to the allocation for unspecified appropriations.

The legislator has stipulated a specific formative structure for the preparation of the draft finance law, provided that it consists of parts, the first part specifies the general provisions related to the annual license for the collection and allocation of public resources, the second part is allocated to the amounts of commitment licenses and payment appropriations for the general budget of the state, while the third part determines the licenses for granting guarantees and sponsorship and each provision related to public accounting and the implementation of revenue control and public expenditures,

3. The most important differences between Finance Law 84/17 and Organic Law 18/15.

New Organic Law 18-15	Law No. 84-17 as amended and supplemented
In terms of legal force	
Organic law: It is mainly related to one of the important	Ordinary laws: These are the laws that we all know

areas mentioned in Article 141 thereof and referred to above. Organic law in Algeria is considered the offspring of the 1996 Constitution, which was stated in Article 123 of the Constitution. The constitutional institution is limited to six areas, centered on: -The organization of public authorities and their work -The electoral system -The law related to political parties -The law related to the media -The basic law of the judiciary and judicial organization -The law related to financial laws The organic law is ratified by an absolute majority of the deputies and by a majority of $\frac{3}{4}$ of the members of the Council of the Nation, in addition to being subject to monitoring the conformity of the text with the Constitution by the Constitutional Council before issuance	from the various laws and they are less legally powerful than the organic law, and they relate to one of the areas mentioned in Article 140 of the 2016 Constitution (29 areas). Whereas Law 84-17 related to the amended and supplemented financial laws came in implementation of the provisions of Article 151 of the 1976 Constitution, which stipulated that Parliament legislates by law in the field of voting on the budget
Budget Documents	
Article 73: The Finance Law contains 4 different parts: Part One: It contains the provisions related to the annual authorization to collect and allocate public resources, as well as the amount of resources expected by the state that would allow covering the state's budgetary and financial operations. Part Two: It determines: -For the general budget, according to each ministry and public institution, the amount of the commitment and payment credits -The amount of the payment credit and, if necessary, the commitment licenses for all special allocation accounts -The overdraft ceiling applied to commercial accounts Part Three: It includes: -Licenses to grant state guarantees and determine their system -License to take over the debts of others and determine their system -Provisions related to the base, percentage and methods of collecting the assignments, whatever their nature, and these provisions must not affect the budgetary balance defined in Article 3 of this law -Any provision related to public accounting and the	Article 67: The Finance Law contains two parts: Part One: contains the provisions relating to the collection of public resources. Part Two: contains the following: -The total amount of appropriations applied to the general budget of the state and distributed according to the nature of the expenses allocated for management, and to each sector for public facilities. -The total amount of expenditures with capital -The total authorizations for revenues and expenditures after each supplementary budget -The procedures of a legislative nature applied to the special accounts of the budget -The various provisions applied to the financial operations of the state Article 68: The Finance Law is accompanied by: -An explanatory report on the economic and financial balance, the results obtained and future prospects -Explanatory appendices showing: •Assessments according to each category of taxes •Distribution of operating expenses for state interests according to each chapter

implementation and control of public revenues and expenditures Part Four: It includes the following tables: -Table "A" relates to the open credits for the year and distributed according to each ministry or public institution and according to the programs and according to the allocation, and shows the commitment licenses and open payment credits -Table "B" relates to the open credits for the year and distributed according to each ministry or public institution and according to the programs and according to the allocation, and shows the commitment licenses and payment credits -Table "C" shows the list of special accounts of the treasury and their contents, according to each category -Table "D" shows the budgetary, financial and economic balances -Table "E" shows the list of taxes and other charges and their proceeds, allocated to the state and regional groups as well as those allocated indirectly to the latter through the bodies referred to in Article 13 of this law -Table "F" relates to quasi-fiscal fees -Table "Z" relates to non-fiscal compulsory deductions directed to financing social security bodies -Table "H" shows the estimates of tax expenditures Articles 75 and 76: The draft finance law for the year shall be accompanied by: -A report on the economic, social and financial situation and prospects in the medium term. -Explanatory appendices related to taxes and resources. -Documents collected in three volumes related to the following: •Draft state budget •Report on priorities and planning •Regional distribution of the state budget	•Distribution of expenses of a final nature for the annual plan according to each sector •List of special accounts of the treasury •Complete list of tax duties -Draft law including the budget adjustment for the fiscal year
Budget Adjustment Act	
Article 89: The Budget Settlement Law shall be revised (Q-2) for the years 2023, 2024, 2025, and (Q-1) starting from 2026.	Article 68: The reference year for preparing the budget control law is the year that precedes the presentation of the finance law by three years (Q-3

Article 51: The difference between revenues and expenditures at the end of the fiscal year shall be in a special allocation account, subject to transfer under the title of the same account for the following fiscal year. If it becomes clear, during the current year, that revenues exceed the assessments, the amount of the appropriations may be increased within the limits of this surplus of revenues by a decision of the Minister in charge of Finance. Special allocation accounts shall be closed in accordance with the Finance Law, and their balance shall be recorded in the general budget of the State, unless the provisions of the Finance Law provide otherwise.	Article 57: The differences noted at the end of the fiscal year between the resources and expenditures in the special allocation account shall be the subject of a new transfer to the same account for the following fiscal year. If during the year the revenues exceed the estimates, the appropriations may be increased within the limits of this surplus in revenues in accordance with the legislation and regulations in force. However, if the revenues are lower than the estimates, an overdraft may be authorized within the limits stipulated in the Finance Law and according to the methods specified by the regulations.
Article 45: Direct entry into a special treasury account is prohibited for expenses resulting from the payment of salaries, wages or compensation to state employees, public institutions or regional groups. Article 50: Special allocation accounts show the operations financed by a provision in the Finance Law, by special resources that are by nature directly related to the expenses in question, according to a work program prepared by the spending officer in accordance with the objectives sought therefrom, and each special allocation account is linked to a ministry. Special resources of a special allocation account may be supplemented by an allocation registered in the general state budget within the limits of ten percent (10%) of the amount of resources collected during the previous fiscal year.	Article 52: It is prohibited to deduct expenses arising from the payment of salaries or compensations to state employees, local groups, institutions or public bodies directly from a special treasury account unless the Finance Law provides otherwise. Article 56: Operations financed by special resources following the issuance of a ruling in the Finance Law shall be included in the special allocation accounts, and the resources of the special allocation account may be a share recorded in the general budget of the state within the limits set forth in the Finance Law.
Article 33: Absence of the standard of the nature of the expense in the transfer and transportation As the above article states, “A transfer or conversion may be made in the financial appropriations during the current fiscal year to modify the initial distribution of program appropriations”.	Article 26: Transfers modify the nature of the expense, but transfers do not modify it.
Article 90: The provisions of Law No. 84-17 shall remain in effect with regard to the four-year statute of limitations..	Article 16: All debts owed to third parties by the state, the province, the municipality or a public institution benefiting from operating budget subsidies shall lapse by limitation and be finally paid to the benefit of the public institutions concerned, when these debts have not been legally paid within a period of four years starting from the first day of the fiscal year in which they became due, unless the provisions of the Finance Law expressly provide otherwise.

Article 12: Distinguish between state resources and burdens, budget resources and burdens, and treasury resources and burdens. Article 28: State budget burdens are collected according to the following classifications according to: -Activity: Consists of programs and their divisions -Economic nature of expenditures -Major functions of the state -Administrative bodies responsible for preparing and implementing the budget Article 29: State budget burdens include, according to economic nature, the following sections: -User expenses -Service management expenses -Investment expenses -Transfer expenses -Public debt burdens -Financial operations expenses -Unforeseen expenses Article 59: State treasury resources and burdens result from the following operations: -Employment of the state's financial resources -Issuance, transfer and repayment of loans -Management of funds deposited by subscribers with the treasury -Discounting and collection of bonds, regardless of their nature, issued for the benefit of the state	Article 16: The permanent burdens of the state include the following: -Operating expenses -Investment expenses -Loans and advances
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4. Conclusion:

Through this paper, we conclude that the medium-term budget framework in its current form stipulated in Organic Law 18-15 and the related implementing decrees, is a tight framework that has added transparency to controlling budget estimates and smoothness in its stages, as well as controlling the risks resulting from them and giving them importance by the legislator establishing the Supreme Committee, and also setting foundations and indicators on which this framework is built, which would clarify the picture in decision-making by the higher authorities when implementing the state's general policies, but especially in Algeria, the problem remains in the implementation and the questions that result from it (will the practical aspect be identical to the theoretical legislation, and will all those charged with their responsibilities entrusted to them and assigned to them under this law in the correct and clear manner, and will they be qualified to bear this transformation in the management of public finances, and will we find smoothness in the exchange of information and its distribution between the different levels of the state...etc.) Here lies the most important and important, which is what the coming days will reveal when this law enters into force and the resulting outcomes.

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