

Algeria's Controlled Opening to External Financing:

Why the February 2026 Arrêté Matters for Bankable National Interest Projects

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Overview

For several years, Algeria's position on external financing has been defined by caution. External borrowing was not simply a financial tool; it was treated as a matter of sovereignty, macroeconomic discipline and public policy control.

That approach has not disappeared. But it has changed.

The Finance Law for 2025 expressly opened the possibility for projects of national interest to be financed through international, bilateral or multilateral financial institutions, as well as through other financial partners, subject to prior authorization by the Conseil des ministres. It also confirmed the central role of the Ministry of Finance in identifying potential financial partners and submitting financing requests.

The arrêté of 17 February 2026 now gives operational form to that legislative opening. It does not merely restate the principle. It defines the institutional process through which external financing may be mobilised for national interest projects.

The result is significant: Algeria has moved from a restrictive policy environment to a controlled, state-led opening of its strategic project pipeline to international financing.

From Legal Permission to Executable Process

The real importance of the February 2026 arrêté lies in the fact that it converts a legislative authorization into an executable framework.

Before this framework, many major projects were structurally dependent on domestic banking capacity, public budget allocations or state-backed financing channels. That created obvious constraints. Large infrastructure, energy, industrial and mining projects require long-tenor financing, complex risk allocation and, in many cases, access to international liquidity.

The new framework does not create an unrestricted market. It creates something more Algerian, and therefore more realistic: a centralized, sovereign-controlled process through which external financing can be considered, negotiated and approved.

This distinction matters. Algeria is not opening a floodgate. It is opening a door — and keeping the key in the hands of the State.

The Ministry of Finance Becomes the Central Gateway

The arrêté places the Ministry of Finance at the centre of the process.

The Ministry of Finance is responsible for preparing and monitoring the procedures relating to external financing. This includes prospecting financial partners, submitting financing requests and conducting negotiations for the mobilisation of loans, in coordination with the relevant sectoral ministries and public institutions.

For international lenders, sponsors and financial advisors, the practical consequence is clear: the Ministry of Finance is not simply one stakeholder among others. It is the institutional gateway.

Approaching a sectoral ministry may be necessary to understand the project. It may be useful to assess technical, industrial or regulatory priorities. But it is not enough to originate or structure an external financing transaction. Any serious financing strategy must be built around the Ministry of Finance from the outset.

This is one of the most important commercial consequences of the new framework. Market access will not depend only on project quality. It will also depend on institutional navigation.

Project Maturity Becomes a Financing Condition

The arrêté also places a strong burden on the ministries and public institutions carrying the relevant projects.

The ministries and public institutions concerned by national interest projects proposed for external financing assume full responsibility for the maturity of those projects and the quality of the studies produced. They are also responsible for proper execution, including compliance with costs, timelines and objectives.

This is more than an administrative statement. It is a project finance issue.

International lenders will not only assess the project's economics, revenue profile or sovereign relevance. They will also need to assess whether the sponsoring institution has produced bankable studies, credible financial assumptions, realistic implementation timelines and a sufficiently mature project package.

In practice, weak preparation at sectoral level becomes a financing risk. It may delay the Ministry of Finance process, weaken the lender's internal approval, or create uncertainty at the stage of sovereign authorization.

For project sponsors and advisors, this means that early-stage work must focus not only on legal eligibility, but also on bankability: technical studies, financial modelling, environmental and social due diligence, procurement architecture, contractual risk allocation and implementation discipline.

The Conseil des ministres: The Sovereign Chokepoint

The most sensitive part of the process is the authorization by the Conseil des ministres.

The arrêté provides that prior authorization from the Conseil des ministres is required for recourse to external financing. Crucially, that authorization is requested after approval of the project by the competent bodies of the lender.

This creates a very specific transaction sequence.

First, the project must be sufficiently mature to be submitted to potential lenders. Then, the lender must complete its own internal assessment and approval process. Only after that stage is the authorization of the Conseil des ministres sought.

This is not a minor procedural detail. It affects deal timing, lender expectations and conditions precedent.

From a transaction design perspective, financing documents should therefore anticipate a two-level approval process: lender-side approval first, sovereign authorization afterwards. No lender should assume that internal credit approval alone is sufficient to close or disburse. Equally, no sponsor should treat Conseil des ministres authorization as a formality.

The political priority of the project, its national interest qualification and the degree of alignment between the sectoral ministry, the Ministry of Finance and the State's broader strategic agenda will all matter.

What This Means for Bankability

The arrêté does not, by itself, make projects bankable. It creates the institutional pathway through which bankable projects may access external financing.

That difference is important.

Bankability will still depend on the usual fundamentals: revenue visibility, risk allocation, offtake arrangements, sovereign support where required, currency exposure, dispute resolution, security package, procurement structure, environmental and social standards, and lender step-in protections.

However, the new framework changes the starting point. For national interest projects, international financing is no longer merely a theoretical exception. It is now part of an identifiable process.

This is particularly relevant for sectors where Algeria has major strategic ambitions, including renewable energy, energy infrastructure, transport, water, mining and industrial development. These are sectors in which project scale, long investment horizons and capital intensity may exceed the capacity of purely domestic financing channels.

The framework may also encourage more sophisticated contractual structures. Algeria has traditionally relied heavily on public expenditure-driven EPC models. The new financing architecture can support a gradual move toward structures based on revenue streams and private capital participation, including IPP models, power purchase arrangements, concessions, BOT structures and hybrid public-private financing.

That said, the arrêté is not a PPP law. It does not replace the need for a broader legislative framework governing public-private partnerships, concessions and private investment in public infrastructure. What it does is create a bridge: an operational mechanism capable of supporting externally financed national interest projects while Algeria continues to refine its broader PPP and infrastructure investment architecture.

Transaction Documents Must Reflect the Sovereign Process

The legal documentation for transactions under this framework will need to be carefully adapted.

At a minimum, lenders and sponsors should consider specific conditions precedent and documentary requirements covering:

- the formal qualification of the project as a project of national interest;

- evidence that the Ministry of Finance has conducted or validated the relevant financing process;
- confirmation of the maturity and quality of the project studies produced by the relevant ministry or public institution;
- approval of the project by the competent bodies of the lender;
- prior authorization by the Conseil des ministres;
- and alignment between disbursement conditions, sovereign approvals and project execution obligations.

The sequencing matters. A transaction that ignores the institutional architecture of the arrêté may be legally elegant but practically unworkable.

The Strategic Message

The February 2026 arrêté is not simply a technical implementing text. It is a signal.

It confirms that Algeria is prepared to mobilise external financing for national interest projects, but only through a controlled, centralized and sovereignly supervised process. It gives international lenders a legal pathway, but not an automatic right of access. It gives project sponsors an opportunity, but not a shortcut.

For Algeria, this may become an important tool of macroeconomic resilience. External financing can reduce exclusive dependence on budgetary allocations and hydrocarbon revenue cycles, while allowing strategic projects to be structured around long-term capital and international standards.

For investors and lenders, the message is equally clear: the opportunity is real, but the process is institutional. Success will depend on understanding the Ministry of Finance's central role, preparing genuinely bankable projects, managing the Conseil des ministres approval sequence, and aligning

legal documentation with Algeria' s sovereign decision-making architecture.

The legislative opening has already happened.

The operational framework is now in place.

The next phase will be transactional.

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