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RESEARCH ARTICLE

Classifications of state budget revenues and burdens, within the framework of Organic Law 18-15

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Abstract

This article includes two important elements in public finance, which are the revenues and burdens of the state budget, which are considered the basic building block of the general budget under Organic Law 18-15 through Articles 15 and 28 thereof, up to Executive Decrees 20-253 related to resources and 20-254 related to burdens, in addition to Ministerial Resolution 124 amended by Resolution 424, in light of the budgetary reform approved by the state to keep pace with global developments in the field of public finance to create a kind of convergence in economic transactions. From this standpoint, we raise the following problem: What are the revenues and burdens of the state budget under Organic Law 18-15? All of this with the aim of identifying all divisions and details of revenues and expenditures in accordance with what was stated in the legislation and regulation related to them. The researcher concluded that this division, although it achieved a shift in public finance through its inclusion of most of the resources and burdens associated with the budget, but in his editing of these texts he neglected the nature and reality. The implementation of the budget in Algeria, which resulted in difficulties in implementation.

Citation

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1. Introduction:

This article will examine the components of the classification of state budget revenues and expenditures, according to the new perspective of Organic Law 18-15. This law represents a significant leap forward for the Algerian legislature in reforming public finances and aligning them with global developments in transparency and governance. This ensures consistency between the components of Algerian budgets and those of other countries, facilitating the interpretation of financial data and transactions between Algeria and these nations. In this context, we will attempt to address these classifications in some detail, as outlined in the relevant legal texts.

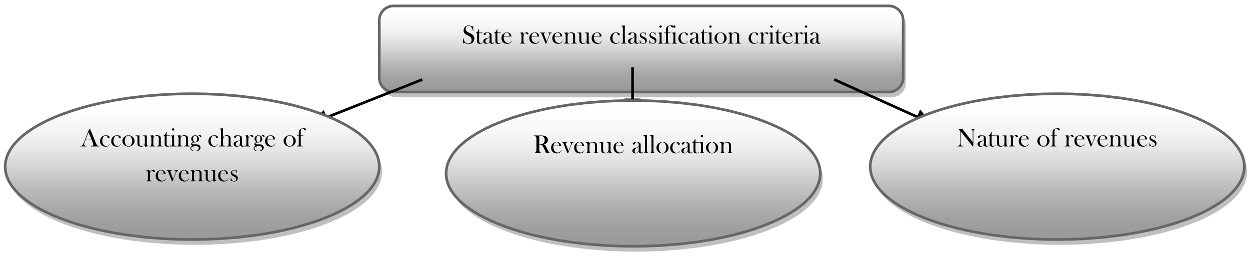
2. Components of State Budget Revenue Classification:

In accordance with the provisions of Article (15) of Organic Law No. 18-15 of September 2, 2018, concerning finance laws, Executive Decree No. 20-353 of November 30, 2020, was issued, defining the components of the classification of state revenue. We will therefore attempt to analyze and summarize this first section in points and structural diagrams:

Article 2 of Executive Decree No. 20-353 of November 30, 2020, which defines the components of the classification of state revenue, stipulates that state revenue is subject to classification according to:

- Nature of revenue,
- Allocation of revenue,
- Accounting treatment of revenue.

Figure 1: Diagram illustrating the criteria for classifying state budget revenue according to Executive Decree 20-353.



Source: Prepared by researchers based on Executive Decree 20-353.

2. Classification of State Budget Revenues

2.1. Classification by the Nature of Revenue

Article 3 of **Executive Decree No. 20-353** establishes that the classification of state budget revenues by nature is based on a **two-level coding system**, designed to ensure clarity, traceability, and consistency with the principles of modern public financial management.

a) Material Level

The **material level** represents the primary level of classification and reflects the **legal category of revenue** as defined in **Article 15 of Organic Law No. 18-15** of 22 Dhu al-Hijjah 1439 AH (corresponding to 2 September 2018). This level identifies the origin of revenues and includes the following categories:

- Revenues derived from all forms of compulsory levies, including taxes, duties, fees, and fines;
- Revenues generated from state-owned public and private property;
- Revenues resulting from the State's financial participations and other financial assets;
- Payments collected in return for services rendered by the State, as well as royalties and usage fees;
- Various budgetary proceeds not classified elsewhere;
- Miscellaneous and exceptional revenues of a non-recurring nature;
- Funds allocated in the form of contributions, donations, and bequests;
- Interest income and proceeds arising from loans, advances, and the investment of State funds.

This classification reflects the legislator's intention to adopt a **comprehensive and standardized framework** capable of capturing the full range of State budget revenues while aligning national public finance practices with international norms.

b) Category Level

The **category level** represents the second tier of the classification system and refers to the **qualitative and economic nature** of the revenues. This level allows for a more refined analytical breakdown of resources, facilitating budgetary forecasting, monitoring, and performance evaluation.

The regulatory framework also provides flexibility by allowing the creation of **additional coding levels**, when necessary, through a decision issued by the Minister in charge of the Budget, in order to accommodate specific financial or economic requirements.

Overall, the classification by nature divides state budget revenues into **eight main categories**, corresponding exactly to the resource categories enumerated in Article 15 of Organic Law No. 18-15. Furthermore, **Article 73** of the same law stipulates that the detailed classification of revenues presented in **Table "A"** shall be determined by ministerial decision, thereby reinforcing the executive authority's role in operationalizing budgetary classifications.

2.2. Classification According to Revenue Allocation (Destination)

In addition to classification by nature, **Article 6 of Executive Decree No. 20-353** introduces a second analytical dimension known as the **classification of State revenues according to destination**. This classification reflects the institutional or functional allocation of collected revenues and includes the following beneficiaries:

- Local authorities;
- Special Treasury Accounts;
- Social Security Funds;
- Supervisory and regulatory bodies;
- Other legally designated entities.

This approach enhances transparency by clearly identifying the final destination of public revenues and contributes to improved coordination between central government finances and decentralized or specialized financial structures.

2.3. Accounting Classification of Revenues

According to **Article 7 of Executive Decree No. 20-353**, the accounting classification of State revenues is determined in accordance with the **applicable accounting laws and regulations**. This classification ensures consistency between budgetary reporting and national public accounting standards, thereby facilitating financial control, audit procedures, and fiscal transparency.

It is important to note a legislative inconsistency at this stage. While Executive Decree No. 20-353 refers broadly to **State revenues**, **Article 15 of Organic Law No. 18-15** explicitly concerns **State budget revenues only**. In contrast, State revenues in a broader sense also include **Treasury revenues**, which are governed by **Article 59 of Organic Law No. 18-15** and may be collected through distinct mechanisms. This terminological overlap may lead to ambiguities in interpretation and practical implementation.

3. Components of State Budget Expenditure Classifications

Article 3 of **Organic Law No. 18-15** provides that the annual Finance Law determines both the **nature and the amount** of State resources and expenditures. Articles 28 and 29 of the same law further define the principles and bases governing the classification of expenditures.

State budget expenditures represent all financial commitments undertaken by the State to ensure the effective functioning of public services and to support economic and social development in line with contemporary global standards. These expenditures encompass operational, investment, and strategic spending aimed at fulfilling public policy objectives.

Within this framework, **Executive Decree No. 20-354 of 30 November 2020** establishes four principal classifications of State budget expenditures. These classifications structure public spending and enhance budgetary discipline, transparency, and accountability.

3.1. Classification of State Budget Expenditures by Activity

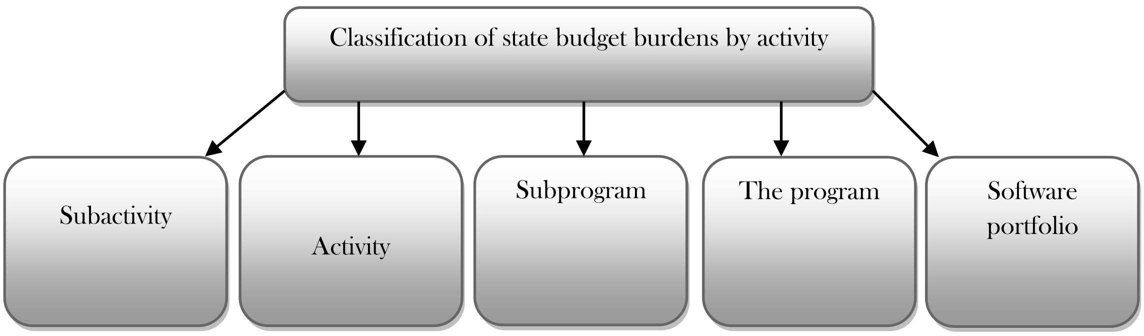
The classification of expenditures by activity is based on **programs and sub-programs**, prepared under the responsibility of the **program portfolio manager**. This classification highlights the allocation of State budget expenditures and provides measurable indicators for assessing the level of implementation and performance.

Each activity and, where applicable, each sub-activity is assigned a responsible authority, thereby reinforcing managerial accountability. This classification is defined annually through the **appropriations allocation decree** issued by the Minister in charge of the Budget. Exceptionally, amendments may be introduced during the fiscal year, following the same regulatory procedures.

The activity-based classification reflects a transition toward **program-based budgeting**, emphasizing results, efficiency, and strategic alignment between public spending and national development priorities.

It is divided as follows:

Figure 2: Figure showing the classification of state budget expenditures by activity.



Source: Prepared by researchers based on Executive Decree 20-354.

a- Program Portfolio: This is a set of programs (contributing to the achievement of a mission) that contribute to a specific public policy.

b- Program: This is a set of financial allocations that contribute to the achievement of a mission and thus constitutes the practical framework for managing the policy adopted and followed by the state. In this context, a program for a ministerial portfolio covering several ministries or public institutions cannot be adopted without the prior approval of the Prime Minister. In this regard, we can distinguish between two cases:

 The program is divided into sub-programs and activities encompassing several categories (users, management, investment, transfer, etc;.

 The program is divided into sub-programs and activities encompassing only one category, namely investment. In this case, the budgetary program and the public works program are combined.

c) Sub-program: This represents a functional division of the program that intersects with the nature of the expenditure (according to the budget line) and has no designated supervisor. It comprises the program's sub-tasks. This division:

 Is used in constructing program budgets;

 Is one of the categories of the allocation decree;

 Is applied in all programming documents and actions taken within the program;

 Is followed in implementation manuals, if necessary, to provide data within the framework of the ministerial performance report.

d) Activity: This represents a practical division of programs* that allows for determining the level of implementation of the adopted and followed policy and the required, allocated, and implemented appropriations. It may include sub-activities that illustrate the level of implementation. In addition to what has been mentioned, the following can be clarified:

 An activity may include appropriations recorded from a budget line or under different budget lines; Appropriations are allocated within the activity, where applicable, to one or more sub-activities. In this case, the sub-activity is considered the level at which the availability of appropriations is assessed and any expenditure determined by the authorizing officer is executed. When there is no sub-activity, the activity itself becomes the intended level.

 Practical implementation is carried out through a performance-based approach, whereby program objectives and the indicators associated with each objective are implemented at the activity level. This implementation occurs in two ways:

•Implementation according to the performance-based approach: by defining the scope and coherence of activities and setting activity objectives through management dialogue. This also occurs from one activity to another, if a sub-activity is established, with the aim of achieving the program's strategic objective.

•Implementation of the financial organization: by making all necessary resources available to activity managers within the framework of program implementation.

 An activity may include a major state project, several state public works projects, or, exceptionally, a single project. • The activity must be structured in a way that ensures its stability over several years, in order to improve and sustain the implementation of public policy;

•No program can exist without at least one activity;

•An activity may receive funding from one or more sub-programs, with the sub-program categories clearly distinguished within the activity;

•An administrative unit (body) should not be assigned a significant number of activities to facilitate management dialogue and avoid difficulties in readability, management, and aggregation;

•The activity title must be legible, expressive, and easily understandable to accurately indicate the intended purpose of the financial allocations.

Finally, we refer to Circular No. 9657 dated 15/12/2022, which defines the activity-based classification code for state budget expenditures, allowing for:

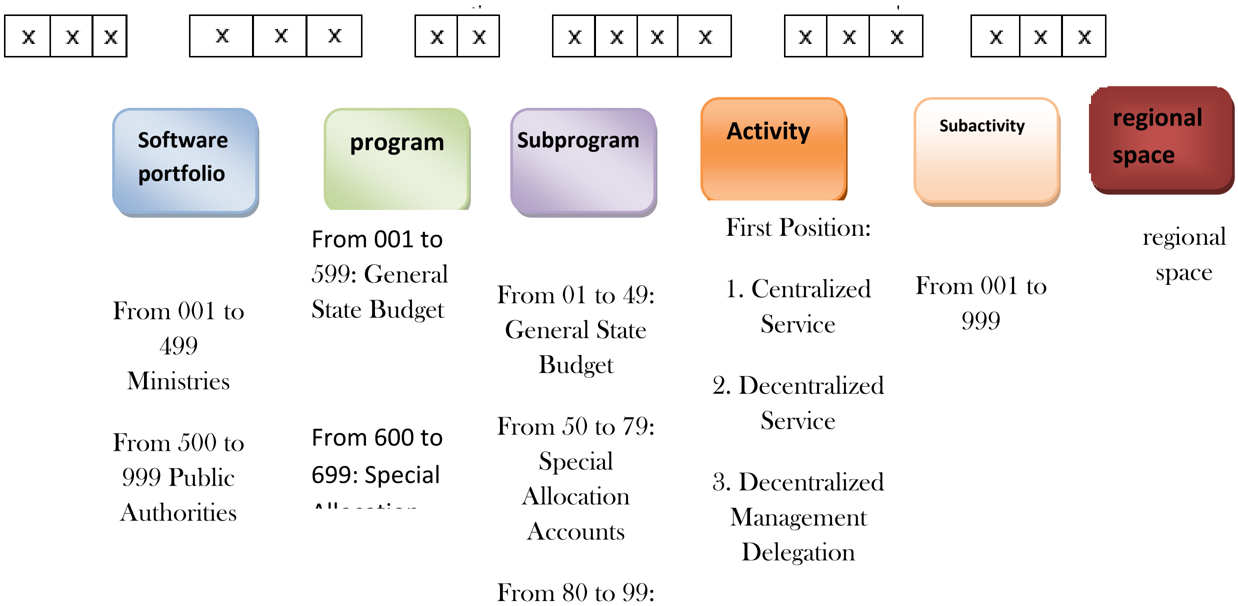
•Defining the purpose and level of implementation of expenditures by classifying budgetary allocations according to the program structure of each portfolio, within which the expenditures will be included; • Budgetary allocations are tracked in the event that programs are transferred to another ministry or public body;

•Each program is assigned to a ministry or public body, and all its programs constitute a "program portfolio;"

•The coding is numerical, with each program having its own unique code, to ensure that allocations can be transferred from one program to another.

Accordingly, the coding system comprises eighteen (18) positions, displayed from left to right as follows:

Figure 1: Figure illustrating the coding methods according to activity for state budget expenditures.



Source: Prepared by researchers based on Publication No. 9657 dated 15/12/2022 mentioned above.

3.2 Classification of State Budget Expenditures According to the Economic Nature of the State:

This classification consists of expenditure categories and sections, according to the resources allocated, regardless of their administrative purpose. It is thus divided into (7) categories and (32) items called articles:

a- Personnel Expenses:

 Salaries, allowances, compensation, and raises;

 Employer contributions, employer-borne social services, work-related accidents, and pensions;

 Salary allocations for public institutions of an administrative nature and other similar public institutions;

b- Operating Expenses:

 Travel, transportation, communications, media, documentation, and professional services;

 Rent, maintenance, repairs, and other services;

 Supplies, provisions, and other operating expenses, in addition to training and apprenticeship services; • Operating budgets for public administrative institutions and other similar public institutions.

B. Investment expenditures:

•Tangible and intangible assets;

•Investment budgets for public administrative institutions and other similar public institutions.

D. Transfer expenditures:

•Transfers to individuals and institutions;

•Transfers to public economic, industrial, and commercial institutions and other similar public institutions;

•Transfers to local authorities and associations;

•Transfers to international organizations and foreign countries, in addition to other transfers.

E. Public debt servicing:

•Interest on public debt;

•Other expenses related to public debt.

F. Financial operations expenditures:

•Financial contributions, loans, and advances;

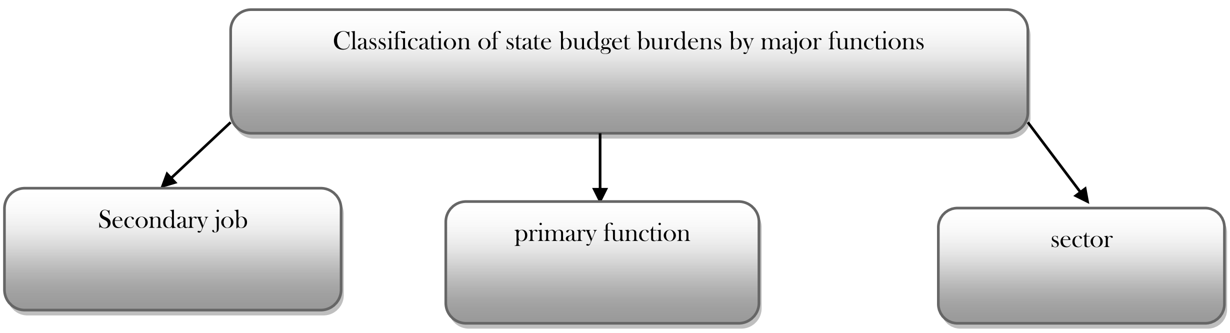
•Deposits and guarantees.

F. Unforeseen expenditures. It should be noted that headings 5, 6, and 7 appear only in the Ministry of Finance's records. Furthermore, the categories (other operating expenses, other transfers, and other public debt expenditures) are defined, as needed, by a decision of the Minister in charge of the Budget.

In this regard, reference should be made to Ministerial Decision 424 of December 28, 2023, which amends and supplements Ministerial Decision 124 of August 15, 2022, defining the subcategories of expenditures and the coding system for classifying expenditures according to their economic nature.

3.3Classification of State Budget Burdens According to Major State Functions:

This classification involves assigning specific sectors to achieve objectives based on their function. At each level, it includes a set of activities that contribute to achieving the same objective, defined as follows:



Source: Prepared by researchers based on Executive Decree 20-354.

a. Sector: This level allows for the identification of general needs and essential public benefits that must be met.
b. Primary Function: This includes activities and functions that contribute to achieving the same ultimate goal and aim to meet the basic needs and benefits in the relevant sector. It is defined by a decision of the Minister in charge of the Budget.
c. Secondary Function: This includes state activities and functions that contribute to achieving the same intermediate goal. It is defined by a decision of the Minister in charge of the Budget.
Finally, we note that this classification is determined by the sectors responsible for achieving the objectives according to their functions (such as defense, economic affairs, health, education, etc.). Furthermore, this classification is specifically intended for comparison between countries through the preparation of statistics for this purpose.

3.4Classification of State Budget Expenditures by Administrative Body:

This classification is based on the allocation of funds to ministries and public institutions, or on the budget management responsibility center that receives the allocation according to the organizational structure or local organization of the body. It is organized according to four levels based on the organizational structure of the activity:
Type of administrative body;
 For each type of administrative body, the category of administrative unit that receives the allocations;
 Department, beneficiary, or recipient of the allocations;
 Location or geographical impact of the expenditure.
It should be noted that the code for this last classification is determined by a decision of the Minister in charge of the budget.

Analysis of Results:

The study revealed that the legislator achieved a qualitative shift in terms of transparency in financial information and in establishing an approach to public financial transactions in line with international standards. However, the problem of implementation remains, as the Algerian legislator has been somewhat slow in issuing practical implementing regulations concurrently with the entry into force of Organic Law 18-15. This slowdown hinders flexibility in applying this reform. Furthermore, structural reforms have not been undertaken to align the program budget with the composition of the administrative bodies involved in this matter, thus preventing them from fulfilling their responsibilities in this transformation. This leaves a gap between the legacy of the old administration and the demands of the new one.

Conclusion

Through this work, we conclude that the legislator, by this new classification of state budget revenues and expenditures, has brought transparency to the budget and aligned it with practices in other countries worldwide. This has brought perspectives on public financial transactions closer to these countries, facilitating information exchange and enabling more flexible communication with international bodies. However, the state must maintain strict control over the implementation and allocation of these expenditures across different levels of responsibility to achieve the desired objectives, thereby avoiding budget deficits and driving development.

Ethical Considerations

This study was conducted in accordance with recognized ethical standards for legal and public finance research. The research is based exclusively on the analysis of legal texts, official regulations, and publicly accessible government documents, including Organic Law No. 18-15, executive decrees, and ministerial resolutions. No human participants, personal data, surveys, or interviews were involved in the study. Consequently, ethical approval from an institutional review board was not required. The authors adhered to principles of academic integrity, objectivity, and proper citation throughout the research process.

Author Contributions

- **Dr. Ghemima Mostefa**: Conceptualization of the study, formulation of the research problem, legal analysis of Organic Law 18-15 and related executive texts, and drafting of the original manuscript.
- **Dr. Boutayeb Nasser**: Contribution to the theoretical framework, critical analysis of budgetary classifications, interpretation of results, and substantive revision of the manuscript.

- **Mr. Lachheb Abdelkrim**: Practical analysis of budget implementation, validation of applied aspects from a professional financial inspection perspective, and contribution to the discussion and conclusions.

All authors have read and approved the final version of the manuscript and accept full responsibility for its content.

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Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this article. The research was conducted independently, and the interpretations and conclusions expressed herein reflect solely the authors' academic and professional perspectives.

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