



THE AGRICULTURAL CONCESSION CONTRACT BETWEEN THE CONCEPTUAL FRAMEWORK AND LEGAL EFFECT

DR. OMAR NEGAZ ¹, DR. NADJIA BOURAS ²

Faculty of Law and Political Science - Djillali Liabès University, Sidi Bel Abbès / Algeria

Real Estate Activity Research Laboratory¹

Faculty of Law and Political Science - Djillali Liabès University, Sidi Bel Abbès / Algeria

Real Estate Activity Research Laboratory²

Negzamir38@gmail.com ¹

bourras-nadjia@outlook.fr²

Received 20/03/2025

Revised 11/05/2025

published 25/05/2025

Abstract - *Agricultural concession is an essential mechanism for exploiting agricultural lands belonging to the state's private property. It is an administrative contract under the exclusive jurisdiction of the state. In this regard, the Algerian legislator has issued several legal texts regulating the agricultural concession contract, the most important of which are Law 10-03, which defines the conditions and modalities for exploiting agricultural lands of the state's private property, and the Agricultural Guidance Law 08-16. These legal texts collectively establish that the concession contract is the only means by which agricultural lands of the state's private property can be exploited.*

This article aims to study the agricultural concession contract in terms of its concept, as well as the rights and obligations it entails for both the state and the investor holding the concession right.

Keywords: *Agricultural concession contract, state, concession, investor holding the concession contract, rights and obligations.*

INTRODUCTION

The agricultural concession contract is one of the contracts related to agricultural land belonging to the private domain of the state. It holds great importance in this field due to its close connection with food security and agricultural development. This type of contract serves as a legal mechanism for the exploitation of agricultural lands owned by the state.

This study aims to shed light on some legal aspects of the agricultural concession contract, which may seem, to some, superficial and well-known. The Algerian legislator has given this contract a special status by considering it the sole method for exploiting agricultural lands from the private domain of the state. Many legal studies and research papers have addressed this topic by clarifying the concept of this contract and the legal and contractual effects it has on the parties involved or third parties. This article also relies on a set of legal texts governing the agricultural concession contract, including:

- Law 10-03, which defines the conditions and procedures for exploiting agricultural lands belonging to the state's private property.
- Decree 10-326, which specifies the implementation procedures of the concession right for exploiting such lands¹.

¹ Law 10-03, dated 05/07/2010, specifying the conditions and procedures for exploiting agricultural lands belonging to state private property, Official Gazette No. 46



In addition, the Agricultural Orientation Law 16-08² outlines the foundations on which agriculture relies, enabling it to compete in ensuring food security and achieving sustainable agricultural development.

As for the investor holding the concession, the general rule is that the person must be a natural Algerian citizen. An exception is introduced by Executive Decree 11-06, which details how to exploit agricultural lands from the private domain of the state assigned to or affiliated with public institutions. This decree allows legal entities, represented by public institutions, to exploit such lands³.

The agricultural concession contract for lands belonging to the private domain of the state is considered an administrative contract that includes unusual conditions in private law. Once it fulfills the legally required procedures for its conclusion—drafting, registration, and publication—and is accompanied by a specifications booklet signed by both the National Office of Agricultural Lands and the investor holding the concession, it produces legal and contractual effects between the two parties (the state and the investor).

Based on the above, this research paper seeks to answer the following main question: **What is the conceptual framework of the concession contract over agricultural lands belonging to the state’s private domain, and what are the legal effects resulting from this contract?**

The paper is divided into two main sections:

- The first section addresses the **conceptual framework and legal nature** of the concession contract.
- The second section explores the **legal effects of granting the right of concession**, including the **rights and obligations** of both parties – the state and the investor holding the concession.

Section One: The Conceptual Framework of the Concession Contract and the Legal Nature of Agricultural Lands Subject to Concession

As is well known, the private domain of the state has an investment-oriented function, whereby the state, as the owner, may dispose of it through its exploitation. Agricultural land belonging to the state’s private domain is exclusively exploited under the concession system, granted by the state to a natural person of Algerian nationality and accompanied by a specifications booklet. Accordingly, in this section, we will present a simplified explanation of the concept of the agricultural concession contract, as well as the legal definition or nature of the agricultural land subject to concession, as follows:

1. The Conceptual Framework of the Concession Contract

In this subsection, we will briefly address the doctrinal and judicial definitions of the concession contract, followed by the legal definition as provided in the various legal texts governing agricultural property.

1.1. Doctrinal Definition of the Concession Contract

The concession (“la concession”) is considered an exceptional right, a license, or a grant. Some legal scholars define it as an administrative contract, an agreement, or a commitment.

The scholar **Suleiman Mohamed Al-Tamawi**⁴ defined it as:

² Executive Decree 10-326, dated 23/12/2010, specifying the procedures for applying the concession right for exploiting agricultural lands belonging to state private property, Official Gazette dated 20/12/2010, No. 79

³ Law 08-16, dated 03/08/2008, containing agricultural guidance, Official Gazette issued on 10/08/2008, No. 46

⁴ Executive Decree 11-06, dated 10/01/2011, specifying the procedures for exploiting agricultural lands belonging to state private property allocated or annexed to public institutions and organizations, Official Gazette dated 12/01/2011, No. 02



"An administrative contract whereby the concessionaire—whether an individual or a company—undertakes, on their own responsibility, to manage and exploit a public economic utility in exchange for fees collected from the beneficiaries, while remaining subject to the fundamental rules governing the operation of public services, in addition to the conditions stipulated by the administration in the concession contract."⁵

Professor Nasser Lebbad defined it as:

"A contract or agreement under which the granting authority—whether the state, a province (wilaya), or a municipality—entrusts a natural person (individual) or a legal entity under public law (a municipality) or private law (such as a company), referred to as the concessionaire, with the management of this utility... In return for providing a service or managing a public utility, the concessionaire receives a monetary amount specified in the contract."⁶

There are also those who define the concession as:

"An arrangement under which the private sector leases assets from a public authority for a period of time, during which it assumes responsibility for financing specific new fixed investments. These new assets are then transferred back to the public sector at the end of the contract period."⁷

From the above, it becomes clear that the concession is a **mechanism and method for exploiting public national property**, as its subject matter is a public utility and is a product of the liberal system.

1.2. The Legal Definition of the Concession Contract

Many legal and regulatory texts have addressed the definition of the concession contract. Here, we will highlight a few key legal definitions:

- **Article 64 bis of Law 90-30**, as amended and supplemented, related to national property, defines the concession as:

"A contract by which the public entity owning the national property, referred to as the authority holding the right of concession, grants a natural or legal person, referred to as the concessionaire, the right to exploit part of the natural public domain or to finance, build, and/or operate a public facility for the purpose of providing a public service, for a defined period. At the end of this period, the facility or equipment granted under the concession returns to the authority holding the right of concession."

From this definition, the concession is an **administrative contract** accompanied by a **specifications booklet**, concluded between the granting authority and the concessionaire, according to which details such as royalties, duration, and services to be provided are specified.⁸

- **Article 03 of Law 08-16**, dated August 3, 2008, relating to agricultural guidance, defines it as:

"A concession is a contract by which the granting authority gives a person the right to exploit agricultural lands for a specified period, in return for the payment of an annual fee."

- While Article 04 of Law No. 10-03 dated 15/08/2010, which defines the conditions and procedures for the exploitation of agricultural lands belonging to the private domain of the state,

⁵ Suleiman Mohamed Al-Tamawi: *General Foundations of Administrative Contracts*, Dar Al-Fikr Al-Arabi, Fifth Edition, 1991, p. 108

⁶ Murad Belkheibat, *The Role of the State in Granting Concessions in Algerian Investment Law*, *Journal of Policy and Law Files*, Issue 4, June 2012, p. 232

⁷ Naima Akli, *The Legal System of the Concession Contract in Algeria*, Master's Thesis, Contracts Branch, Faculty of Law and Political Science, Mouloud Mamri University, Tizi Ouzou, 2013, p. 13

⁸ Ahmed Mahyou, *Lectures on Administrative Institutions*, National University Publications, 5th Edition, 1995, p. 440



defined "concession" as the contract through which the state grants a natural person of Algerian nationality—referred to in the text as "the investor and holder of the concession"—the right to exploit agricultural lands belonging to the state's private domain, as well as the related surface properties, based on a terms of reference established by regulation, for a maximum duration of forty years.

1.3. Judicial Definition:

Judicial definitions in this area are rare. One such definition is found in the decision of the Algerian Council of State in case No. 11950, index 11952, issued on 09/03/2004, which stated that:

"The concession contract relating to state-owned property is an administrative contract by which the authority grants the concession to the operator for the temporary exploitation of property belonging to the national domain, in an exceptional and specific manner, for a determined and continuous purpose, in exchange for the payment of a fee. However, it remains temporary and revocable."

From this definition, the judiciary considered the concession contract as an administrative contract that is renewable, in exchange for an annual fee, the methods of determining, collecting, and allocating which are set by the Finance Law.

As a summary of these doctrinal, judicial, and legal definitions, Article 04 of Law No. 10-03 provides a precise definition of the concession: it is temporary in duration, based on a prior terms of reference, has a duration of 40 years renewable, in exchange for an annual fee. The parties to the contract are: the State on one hand, and the investor—who must be a natural person of Algerian nationality—on the other. The scope of the concession contract is clearly defined.

2. The Legal Nature of Agricultural Lands Subject to Concession

The agricultural concession contract applies to agricultural lands that are part of the private domain of the state, as well as the surface properties associated with them, which were previously subject to Law No. 87-19. Additionally, agricultural lands belonging to the state's private domain and attached to public institutions⁹ are also subject to the concession system, as stipulated by Executive Decree No. 11-06 dated 10/01/2011.

2.1. Concerning Agricultural Lands Subject to Law No. 87-19 (Agricultural Holdings):

Article 05 of Law No. 10-03 stipulates that the concession defined in this law is granted to members of collective and individual agricultural holdings who benefited from the provisions of Law No. 87-19 dated 08/12/1987 and who hold:

- A notarized and registered official deed in the land registry, or
- A decision from the Wali (Governor).

Based on this:

1. **Holders of registered official deeds:** These are members of collective and individual agricultural holdings who have benefited from the right of permanent usufruct. This is established through administrative or official contracts (transfer of real property rights from the original beneficiary, with the transfer process carried out through notarized and registered deeds)¹⁰.
2. **Holders of a decision from the Wali:** These are known as allocation decisions issued by the competent Wali, based on a proposal from the Director of Agricultural Services. These decisions include:

⁹ Mohamed Hirsh, *Agricultural Investments: From the Right of Beneficiation to the Right of Concession*: Doctoral Thesis, Faculty of Law, University of Algiers 01, 2016-2017, p. 131

¹⁰ Nasser Lbad, *A Brief Guide to Administrative Law*, 1st Edition, Lbad Publications, 2006, p. 212



- The name of the agricultural holding and its legal representative.
- The name of the socialist farm from which the holding was derived.
- The surface area of the land allocated to the holding.
- The nominal list of the members of the agricultural holding

Note: Those who have failed to fulfill their contractual and legal obligations under Law No. 87-19 are exempted from benefiting from the concession contract and the provisions of Law No. 10-03, including:

- Individuals whose rights of usufruct were revoked by judicial rulings.
- Those whose benefits were revoked by decisions from the Walis (Governors).

2.2. Concerning Agricultural Lands Covered by Executive Decree No. 11-06 (Agricultural Lands Attached to Public Institutions):

For scientific research and training, and within the framework of developing plant and animal resources, the state has made agricultural lands belonging to the private domain (public-private domain) available to public institutions of an administrative, scientific, and technological nature. Although Law No. 08-16 considered the concession the only method for exploiting these lands, some lands remain under the control of public institutions through allocation decisions, made by a decree from the Minister of Finance, after obtaining the opinion of the Minister of Agriculture.

Procedure:

A request for granting a concession is submitted by these institutions to the National Office of Agricultural Lands, specifying:

- The details of the benefiting institution.
- The nature and identification of the land subject to the request.
- The purpose of using these lands.

After reviewing the request, if accepted, the file is forwarded to the competent Directorate of State Property for preparing the administrative contract that includes granting the concession. The administrative contract is accompanied by a terms of reference approved by a decision from the Minister of Agriculture¹¹.

In case of rejection, the file is referred to the competent provincial committee.

Timeframe for Submitting Applications:

The request for granting the concession by these institutions must be submitted within a period not exceeding 6 months from the date of publication of Executive Decree No. 11-06, dated 10/01/2011.

Post-Approval Monitoring:

The Directorate of State Property and the Ministry of Agriculture's departments are authorized to conduct monitoring regarding the use of the property and its intended purpose for which the concession was granted. In case of non-compliance with contractual obligations and the terms of the terms of reference, this may lead to the withdrawal and cancellation of the concession.

2.3. Concerning Available Agricultural Lands (Granting Concession through Tendering):

Granting the concession through tendering means that the Directorate of State Property grants available agricultural lands, as well as surface properties, after obtaining authorization from the

¹¹ Joint Ministerial Instruction No. 07, dated 15/07/2002, concerning the transfer of real rights granted to agricultural producers under Law 87/19, dated 08/12/1987, Regulatory Texts Collection, General Directorate of National Properties, 2002



Wali (Governor), and through a tendering announcement initiated by the National Office of Agricultural Lands. This is in accordance with Article 17 of Law No. 10-03 and Article 25/01 of Executive Decree No. 10-326, dated 23/12/2010, which defines the procedures for applying the right of concession to exploit lands belonging to the private domain of the state¹², as well as Ministerial Decision No. 1344, dated 11/11/2012, which specifies the procedures for announcing tenders and the criteria for selecting candidates for agricultural land and surface property concessions from the state's private domain¹³.

Section Two: The Consequences of Granting the Right of Concession (Rights and Obligations):

Granting the right of concession entails various consequences, similar to other contracts. In this regard, Law No. 16-08, which includes agricultural orientation, and Law No. 10-03, which includes the granting of agricultural concessions and the attached conditions book, clarify the consequences resulting from agricultural concessions through the rights and obligations of both parties to the contract: "The state, as the concession grantor, and the investor, as the concession holder." We will address them as follows.

1. The Effects of the Concession Contract for the State as the Grantor:

The state is the primary party in the concession contract, as it owns the agricultural lands belonging to the national private property. Despite this, the state incurs obligations in return for its rights, as we will outline below:

1.1. The Rights of the State as the Grantor of the Concession:

As we mentioned, the state enjoys several rights because it owns the land's title and has oversight over these properties. We will discuss these rights as follows:

1. Ownership of the Title (Right of Ownership):
Under the concession contract, the state holds the right of title as a branch of property rights. The right to exploit the land remains with the investor (the concession holder) for a specific period (40 years, renewable), as stated in Article 10 of Law No. 10-03.

2. Right of Supervision:
The state is responsible for protecting and maintaining agricultural lands through the exercise of its authority over the actions of the investor (the concession holder). The state exercises this right of supervision through the National Office of Agricultural Lands, which is tasked with implementing agricultural real estate policies. This office is also entrusted with ensuring the compliance with the conditions for exploiting agricultural lands granted for concession, as well as monitoring the sustainable and optimal use of these lands by concession holders, as outlined in Article 5 of Executive Decree No. 87-96, dated 24/02/1996, which established the National Office of Agricultural Lands and the attached terms of service, supplemented by Article 2 of Executive Decree No. 09-339, dated 22/10/2009.¹⁴

3. Right to Terminate the Concession Contract:

In addition to the right of supervision, the state has the right to impose penalties on the investor (the concession holder) if they fail to meet the contractual and legal obligations specified in Articles 22, 23, 28, and 29 of Law No. 10-03. As a result, the state has the right to terminate the concession contract, as stated in Article 29 of the same law, under the following conditions:

- Changing the agricultural purpose of the lands or surface properties.
- Failing to exploit the lands and surface properties for a period of one year.

¹² Ministerial Decision dated 29/03/2011, approving the terms of reference for granting concessions to public institutions on agricultural lands belonging to state private property, Official Gazette No. 34, 2011

¹³ Official Gazette, No. 79, dated 29/12/2010

¹⁴ Official Gazette, No. 44, dated 15/09/2013



- Subleasing the lands and surface properties.
- Failing to pay the lease fee for two consecutive years.

This termination occurs under the following conditions specified in Article 28 of Law No. 10-03:

- Verifying the violation by the National Office of Agricultural Lands.
- Warning the investor.
- The investor's failure to comply with the warning within the specified period.
- Notifying the National Office of Agricultural Lands for State Property.
- Issuing a decision by the State Property Directorate to terminate the concession contract. To protect the investor's rights, the law grants them the right to appeal the termination decision before the judicial authorities within two months of being notified.

4. Right to Reclaim Agricultural Lands and Associated Surface Properties:

The state has the right to reclaim these lands through legal means in the event that the investors or their heirs fail to submit a request to convert the permanent usufruct right into a concession right:

- At the expiration of the concession period if it is not renewed, or upon the request of the concession holder before the expiration of the concession.
- In case the governor (wali) revokes the investor's rights due to the rejection of their request by the local committee.
- The right to demand compensation from the state if the investor fails to fulfill their obligations during the term of the concession contract¹⁵.

5. Right of Preemption (Right of First Refusal):

Article 15 of Law No. 10-03 specifies the exercise of the right of preemption in the event that the investor (the concession holder) transfers the concession rights to a third party. As the state is the owner of the land's ownership rights (the "naked title"), it exercises this right through the National Office of Agricultural Lands.

1.2. Obligations of the State as the Grantor of the Concession:

In addition to the rights enjoyed by the state, which were previously mentioned, the state also has certain obligations, including the following:

1) Obligation to Prepare the Concession Contract and Deliver It to the Concession Holder:

The concession contract is prepared by the relevant regional Directorate of State Property according to Article 06 of Law No. 10-03.

Public authorities have worked to simplify the procedures for issuing concession contracts to investors¹⁶, as outlined in Instruction No. 3085 dated 08/04/2011¹⁷. Moreover, Ministerial Instruction No. 1556, dated 24/04/2011¹⁸, urged the regional land survey directors to complete the conversion process and grant the right of concession by defining the investments, delivering the

¹⁵ Executive Decree 87-96, dated 24/02/1996, establishing the D.O.A.F and its terms of reference, Official Gazette No. 15, dated 28/02/1996

¹⁶ Bouafia Rida, Mechanisms for Managing Agricultural Land under Algerian Legislation, PhD Thesis in Law, specializing in Real Estate Law, Larbi Ben M'hidi University, Batna 1, Faculty of Law and Political Science, Department of Law, 2017/2018, p. 245

¹⁷ Kahil Hakima, Conversion of Permanent Beneficiary Rights to Concession Rights under Law 10-03, Dar Houma for Printing and Publishing, Algeria, 2013, p. 98

¹⁸ Ministerial Instruction 3085, dated 11/04/2011, issued by the General Directorate of National Properties, concerning the granting of concessions on agricultural lands belonging to the public sector



survey maps, and providing all the necessary information so that the Directorate of State Property can prepare the concession contracts within the legal timeframes.

2) Obligation to Compensate the Concession Holder at the End of the Concession Contract:

As is known, the duration of the concession contract is 40 years, renewable. This period ends either if the contract is not renewed, upon the investor's request before the expiration of the period, or in the case of the investor's failure to meet their contractual obligations.

In such cases, the investor is entitled to compensation, determined by the Directorate of State Property, in exchange for the state reclaiming the agricultural land subject to the concession and the associated surface properties. A 10% deduction for damages, if applicable, will be made from the compensation. It is worth noting that the compensation amount is subject to judicial appeal, and any encumbrances or mortgages on the investment will be taken into consideration, with the loan amount being deducted from the total compensation¹⁹.

2. The Effects of the Franchise Contract on the Franchisee Investor:

Once the franchise contract is registered by the real estate registration services and the investor receives the franchise contract, the agricultural investment entity is formed. It acquires a legal personality as a management and operational unit, working throughout the year by a natural person or several natural persons to serve agricultural production using existing resources that increase the value of the production and encourage producers to invest their money and profits to promote this vital sector in the national economy²⁰.

The agricultural investment entity enjoys rights and bears obligations, which are addressed as follows:

2.1.: Rights of the Investor, the Franchise Holder:

Among the rights granted to the investor by law are:

1) Right of Exploitation: The right of exploitation is the authority to invest in the property, obtain its fruits and products, and receive the income and profits generated by the property²¹.

The franchise holder has the right to exploit agricultural lands and related surface properties directly by cultivating, plowing, irrigating, and using all means available for this purpose, as long as it does not contradict the legal provisions regulating the franchise right, particularly Law 10-03. It is important to note that the right of exploitation is transferable, can be mortgaged, and can be inherited.

- **Right of Exploitation is Transferable:** The investor has the right to transfer the franchise to another person, but this applies only to natural persons and in accordance with the terms stated in Law 10-03. This transfer must be reported to the National Office of Agricultural Lands.

A. Transfer for Compensation: The franchise holder may transfer the franchise to another party for compensation. In this regard, Article 15 of Law 10-03 stipulates that other members of the same agricultural investment entity have the right of first refusal. If they do not exercise this right, the state, as the owner of the "right of the neck," can intervene and exercise the right of first refusal within 30 days from the date of notification, according to Article 18 of Executive Decree 10-326.

¹⁹ Ministerial Instruction 1556, dated 24/04/2011, issued by the National Land Survey Agency, concerning the preparation of reports on documents related to granting concessions on agricultural lands belonging to the public sector

²⁰ Bouchrit Hasna, *The Legal System of Agricultural Land in Algeria*, Doctoral Thesis, Faculty of Law, Mohamed Khider University, Biskra, 2017-2016, p. 407

²¹ Ben Rokia Youssef, *Explanation of the Law on Agricultural Investments*, Algeria, National Publishing Office, 1st Edition, 2001, p. 163



If the right of first refusal is not exercised as mentioned above, the National Office of Agricultural Lands can authorize the investor to complete the transfer procedure with the approval of the governor.

B. Transfer without Compensation: The transfer can be made free of charge to a family member of the beneficiary for the remaining period of the franchise, in cases of disability or reaching retirement age. This is done based on a request sent by the beneficiary to the regional manager of the National Office of Agricultural Lands, accompanied by a family certificate proving the relationship between the transferor and the transferee, a copy of the national identity cards of both parties, the original franchise contract, a medical certificate proving disability, or a certificate from social security proving the receipt of a retirement pension.

In this case, there is no right of first refusal for the National Office of Agricultural Lands or other members of the agricultural investment entity, as it is a gratuitous transfer²².

- **Right of Inheritance of the Right of Exploitation:** In the event of the death of the investor holding the franchise, the franchise right is transferred to the heirs, according to the provisions of Article 25 of Law 10-03, subject to the expiration of this right under the following conditions²³:

- The right must be transferred within one year from the date of death.
- The heirs must choose a representative from among them.
- The heirs may transfer the right, either for compensation or gratuitously, to one of them.

- **Mortgaging the Franchise Right:** According to Article 12 of Law 10-03 and Article 02 of the terms of the decree annexed to Executive Decree 10-326, the franchise right creates a real estate right in favor of the investor. Therefore, the owner of this right is allowed to establish a mortgage on the real estate right to secure loans from financial institutions, including banks and financial entities.

The franchise right serves as collateral for loans and can be seized in case of non-repayment. In this area, the Agricultural and Rural Development Bank, which specializes in the agricultural sector, provides capital and agricultural loans to investors.

2) Right of the Investor to Form an Agricultural Cooperative and Enter into a Partnership Agreement: The law allows the franchise holder to establish an agricultural cooperative through an official contract, according to Article 28 of Executive Decree 10-326 and Article 14 of Decree 96-459²⁴.

Furthermore, the legislator allows the investor to enter into a partnership agreement with natural persons of Algerian nationality or legal entities subject to Algerian law, through an official contract according to Article 21 of Law 10-03, with notification to the relevant National Office of Agricultural Lands.

3) Right to Exit from Joint Ownership:

The investor has the right to exit from joint ownership in the case of a collective investment by establishing an individual investment. This can be done by submitting a request to the National Office of Agricultural Lands, in accordance with the provisions of Executive Decree 97-490 dated 20/12/1997, which sets the conditions for the subdivision of agricultural land within an investment.

²² Kahil Hakima, Conversion of Permanent Beneficiary Rights to Concession Rights under Law 10-03, Previous Reference, p. 140

²³ Kahil Hakima, Conversion of Permanent Beneficiary Rights to Concession Rights under Law 10-03, Previous Reference, p. 141

²⁴ Kahal Mustafa, The Concession Contract on Agricultural Lands Belonging to State Private Property, Master's Thesis, University of Algiers, Faculty of Law, 2012-2013, p. 68



4) Other Rights:

The franchise holder has the right to request a renewal of the franchise once the term expires, provided that the request is submitted to the National Office of Agricultural Lands at least one year before the expiration date.

The investor also has the right to acquire more than one franchise, provided that the acquisition of multiple franchise rights by one person does not lead to the creation of an agricultural investment that exceeds 10 times the reference area specified in Executive Decree 97-490.

2.2. Obligations of the Investor Holding the Franchise Right:

The legislator has addressed these obligations in Articles 22 to 25 of Law 10-03, as detailed in Article 03, and they are summarized as follows:

1. **Obligation for Direct and Personal Management of the Agricultural Investment:** The franchise holder is obligated to manage their agricultural investment directly and personally. This is explained by the condition that the franchise right is granted to a natural person²⁵, which does not prevent the investor from employing permanent or seasonal workers.

In the case of a collective investment, the investors may determine their internal relationships, such as the method for appointing a representative of the investment entity.

2. **Obligation to Exploit the Agricultural Land and Preserve Its Agricultural Nature:** The investor is obliged to actively exploit the agricultural land granted to them by protecting it and ensuring it is not converted to other non-agricultural uses.

Failure to exploit the land is considered an abuse of the right, given the economic and social significance of the agricultural franchise. It also constitutes a breach of the contractual obligations and legal duties imposed on the investor.

3) Obligation of the Investor to Pay the Annual Royalty:

The franchise is not granted for free; it requires the payment of an annual royalty, as stated in Article 04/03 of Law 10-03: "The franchise is... in exchange for the payment of an annual royalty, the methods of determining and collecting which are regulated by the Finance Law."

Article 41 of Ordinance 10-01, dated 26/08/2010, which includes the Supplementary Finance Law for 2010, specifies the annual royalty due to the state, based on the agricultural potential of the areas and the types of land, calculated per hectare on an annual basis.

The State Property Administration, represented by the regionally competent inspectorate, is responsible for collecting these royalties starting from the date the franchise contract is signed.

4) Obligation to Subscribe to Insurance Contracts:

This obligation is outlined in Article 69 of Law 16-08, which includes agricultural guidance and mandates that agricultural investors, for all agricultural activities benefiting from state support measures in any form, must subscribe to insurance contracts.

This subscription is specific to natural persons, not legal entities. Therefore, the investor is obligated to insure their agricultural activity, such as crop insurance against risks, with specialized insurance companies, in exchange for receiving compensation in case of damage. Additionally, the investor must ensure themselves against risks such as illness, death, and disability²⁶.

²⁵ Executive Decree No. 96-459, dated 18/12/1996, specifying the rules applied to agricultural cooperatives, Official Gazette No. 81, 1996

²⁶ Wajida Kadouma, *The Concession Contract as a Distinct Mode for Exploiting Agricultural Lands Belonging to State Private Property*, Conference on the Legal System of Real Estate and its Role in Developing and Promoting Investment, Khemis Miliana, p. 10



CONCLUSION:

The legislator has paid attention to the legal framework for agricultural lands that belong to the state's private property since independence, due to their sovereign and security importance. A new mechanism was created for the exploitation and investment of these lands, called the *concession contract*, which represents a vital legal tool for the development of the agricultural sector in Algeria, ensuring food security and sustainable development. This work briefly discussed the conceptual and legal framework of this type of contract, as well as the legal and contractual effects on the two parties involved: the state and the investor holding the concession, with a focus on the legal texts regulating this, particularly Law 10-03, which specifies the conditions and procedures for exploiting agricultural lands belonging to state private property, as well as Law 08-16, which includes agricultural guidance.

Although the project aimed to create a contractual balance between the state and the investor through granting the right of concession on agricultural lands owned by the state's private property, several challenges and issues persist in reality, including:

- The complexity of administrative procedures in concession contracts, especially after the death of the investor.
- The lack of effective monitoring to achieve the principle of "land belongs to those who work it."
- Issues of financing and facilitation of agricultural loans.
- The phenomenon of drought, which impacts agricultural production.

To find solutions to these obstacles, it is necessary to:

- Simplify the procedures for granting the concession right and allow for the transfer of this right to farmers who have the necessary financial and human resources, in accordance with an appropriate set of conditions.
- Provide financing options and ease the procedures for agricultural loans.
- Encourage investment in the agricultural sector.

Achieving the desired goal of granting the agricultural concession right requires collective efforts from all parties: the state, investors, and farmers in general, to overcome the difficulties preventing the optimal exploitation of agricultural lands and understanding the consequences of rights and obligations. This is particularly important due to the economic significance of agricultural activities, which opens the door for investment in this sector through the concession mechanism.