

Effect of Oil Revenues on Economic Development under Algeria's E-Economy

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Abstract:

This study examines the dynamic relationship between petroleum revenues and economic development trajectories in Algeria within the context of transitioning toward an e-economy over the period 2000–2025. Utilizing an Autoregressive Distributed Lag (ARDL) econometric framework and Bounds Testing approach, the empirical estimation captures both short-run dynamics and long-run equilibrium relationships among hydrocarbon receipts, internet penetration, inflation, and economic development indices. The empirical results demonstrate that petroleum revenues exert a positive and statistically significant impact on economic development (0.19), confirming the historical dependence of national infrastructure and public investment on resource rents. Crucially, the transition toward the e-economy—proxied by internet usage—significantly enhances economic development levels (0.10) by lowering transaction costs and boosting productivity, while price stability supports sustainable growth (0.02). Diagnostic tests and CUSUM/CUSUMSQ stability checks confirm the structural robustness of the model. Consequently, the study recommends strategically rechanneling temporary hydrocarbon surpluses into foundational digital infrastructure, tech enterprise ecosystems, and anti-inflationary monetary frameworks to insulate the Algerian economy from energy market volatility and ensure sustainable structural diversification.

Keywords: Petroleum Revenues, E-Economy, Economic Development, ARDL Model, Resource Curse,

Jel Classification Codes : Q433; O11; C22

Résumé :

Cette étude examine la relation dynamique entre les revenus pétroliers et le développement en Algérie (2000–2025) dans le contexte de la transition vers une économie électronique. Utilisant le modèle ARDL et l'approche des tests aux bornes, l'estimation empirique capture la dynamique à court terme et l'équilibre à long terme entre recettes hydrocarbures, pénétration d'Internet, inflation et développement. Les résultats montrent que les revenus pétroliers exercent un impact positif significatif (0,19), confirmant la dépendance à la rente. De plus, la transition vers l'économie électronique — via l'Internet — stimule le développement (0,10) en réduisant les coûts de transaction, tandis que la stabilité des prix soutient la croissance (0,02). Les tests

confirment la robustesse structurelle du modèle. L'étude recommande de réorienter les excédents d'hydrocarbures vers l'infrastructure numérique et les écosystèmes technologiques afin d'isoler l'économie de la volatilité énergétique et d'assurer une diversification durable.

Codes de classification JEL : Q433; O11; C22

Introduction :

Today, the global economic system is undergoing rapid structural transformations, primarily driven by the inevitable transition from a traditional resource- and exhaustible-commodity-based economy toward a knowledge- and digital-innovation-driven economy. The contemporary technological revolution—characterized by artificial intelligence, cloud computing, and big data—has reshaped the global landscape, where a nation's economic strength is increasingly measured by its capacity to generate and localize technology rather than merely consume it. Amid this global shift, developing economies—particularly rentier states—face unprecedented competitive pressures that impose a historical necessity to fundamentally re-engineer their development models. Sustainable economic growth is no longer gauged by the magnitude of natural rents or temporary financial abundance derived from raw material exports; rather, it is intrinsically tied to the ability to leverage modern technology, master digital tools, and generate genuine value added capable of withstanding external shocks and structural volatility in global markets. At the national level, Algeria serves as a dynamic case study of a developing state striving to decouple its development trajectory from hydrocarbon dependency and escape the single-source wealth trap. For decades, oil and gas revenues have constituted the primary artery funding the national economy and public budget. However, prolonged reliance on resource rents has induced deep structural imbalances in the balance of payments and domestic production, leaving development paths continuously vulnerable to sharp volatility and recurrent collapses in global energy prices. Hence, the current strategic challenge lies in efficiently utilizing these temporary financial surpluses to facilitate a safe transition toward an e-economy and digital framework, thereby establishing a resilient, diversified economy capable of absorbing oil shocks and safeguarding future generations. **How do oil revenues contribute to financing economic development trajectories to transition toward the e-economy in Algeria during the period 2000–2025?**

Sub-questions:

-What is meant by economic development?

-What is meant by oil revenues?

-What is the nature of the relationship between economic development and oil revenues in Algeria?

-Hypotheses: To address the main research problem and its formulated sub-questions, the following hypotheses are posited:

- An increase in oil revenues enhances economic development levels in Algeria.

- The transition toward the e-economy, proxied by internet usage, boosts economic development levels in Algeria.

- Lower inflation levels support the economic development index in Algeria.

-Significance of the Study: The significance of this study stems from its scientific and practical relevance, as it addresses the core issue of structural transformation in a rentier economy such as Algeria, amidst the challenges posed by global digital transformations. Scientifically, this study contributes to enriching the economic literature on resource economics and avenues for breaking the “resource curse” through the entry point of the e-economy and knowledge. Practically, it derives its importance from providing actionable guidance to Algerian policymakers and decision-makers on optimal mechanisms for leveraging financial surpluses and liquidity generated from oil revenues. Specifically, it highlights how to strategically channel these funds into financing digital infrastructure, supporting tech startups, and realizing actual digital transformation—thereby ensuring the establishment of a sustainable, diversified economy capable of withstanding external shocks and severe volatility in global energy markets.

-Objectives of the Study: The primary objective of this study is to evaluate and analyze the nature of the relationship between oil revenues and economic development trajectories in Algeria within the context of transitioning toward an e-economy. The study seeks to identify and deconstruct the structural imbalances imposed by the traditional rentier model, while measuring the capacity of financial oil surpluses to finance the requirements of digital transformation and technological infrastructure. Furthermore, it aims to explore the prospects of establishing an alternative, sustainable development model grounded in knowledge and innovation to replace absolute dependency on hydrocarbons, ultimately delivering practical strategic recommendations to assist decision-makers in formulating effective policies to achieve the desired economic diversification in Algeria.

I. - Conceptual Framework of Economic Development and Oil Revenues in the Context of the E-Economy

Through this section, we seek to highlight the foundational and framing concepts of the study's key variables—namely, economic development, oil revenues, and the e-economy—in order to establish a clear conceptual framework that enables a comprehensive understanding of their dimensions and interrelationships.

I-1. Conceptual Framework of Economic Development

I-1.1. Definition of Economic Development:

Economic development can be conceptualized through the following definitions:

- Resolving societal bottlenecks, eliminating structural impediments, and optimizing resource allocation to foster sustainable economic expansion and enhance population welfare (Baala, 2018, p. 296).

- A state-driven mechanism leveraging available resources to accelerate economic growth and achieve sustained increases in national income, contingent upon overcoming structural constraints and mobilizing capital, technical expertise, and technological capabilities (Saada, 2017, p. 18).

-An integrated, strategic framework designed to mobilize economic, political, social, and institutional resources to mitigate backwardness, bridge the developmental divide, and ensure a high standard of living for all citizens. 4. The optimal deployment of human and natural capital

aimed at generating continuous per capita income growth that surpasses demographic expansion rates (Mustafa, 2017, p. 18).

According to the modern paradigm of economic development, any process worthy of this designation should aim to achieve the following (Sayed, 1988, p. 64):

- Satisfying the basic needs of the majority of the population;
- Transforming economic, social, and political structures;
- Redirecting science and technology to serve human welfare;
- Achieving self-sustained and environmentally harmonious development.

I-1.2.Requirements for Economic Development:

The economic development process relies on a set of core requirements encompassing tangible, intangible, and intellectual dimensions. These requirements constitute the fundamental baseline for economic development, without which sustainable progress cannot be achieved. Below is a concise overview of the key modern requirements for the economic development process (Suhaila, 2015, p. 63):

- Strategic planning and the provision of reliable data and information;
- Quality production, deployment of appropriate technology, and development of specialized human capital;
- Formulation and implementation of appropriate economic policies;
- Ensuring necessary security and political stability;
- Fostering development awareness among citizens.

Social justice is considered the paramount requirement for economic development, as its absence leads to structural distortions in the development process. Equally vital is social participation, which involves engaging the community in development decision-making to enhance societal acceptance of systemic shifts toward economic growth and modernization.

I-1.3. Approaches to Economic Development:

There are several key approaches to driving economic development, most notably (Boudiaf, 2016, p. 188):

- Providing adequate physical and human capital necessary for development;
- Adopting educational systems tailored to prepare and qualify the workforce;
- Enhancing workforce planning mechanisms;
- Upgrading recruitment and selection mechanisms;
- Establishing effective incentive and reward systems;
- Fostering an appropriate economic and administrative environment;
- Qualifying and training human resources across various technical specialties, skill sets, and core competencies;
- Equipping the workforce with essential knowledge, expertise, and skills to attain developmental objectives across all sectors;
- Streamlining administrative procedures and mitigating bureaucratic inefficiencies; - Allocating academic symposia and workshops dedicated to scientific research, while fostering a conducive environment to tackle economic development challenges.

I-2. Theoretical Framework of Petroleum Revenues

I-2.1. The Conceptualization and Dynamics of Petroleum Revenues:

- Petroleum revenues—or oil receipts—are formally conceptualized as the fiscal inflows accrued by the state through international export operations, representing the aggregate national income generated from the commercialization of crude oil and its refined derivatives. This fiscal category encompasses direct production rents, corporate taxes, and statutory royalties levied upon the hydrocarbon sector. Consequently, these revenues constitute the primary fiscal backbone for petrostates, playing a pivotal role in maintaining macroeconomic stability and sustaining long-term developmental trajectories (Hamed Ali, 2020, p. 250)

Furthermore, oil proceeds embody economic rent—a surplus value that oil-producing states cannot directly quantify in strictly nominal terms, yet it comprises the vast majority of net hydrocarbon returns. Crucially, these fiscal receipts display an exceptionally high sensitivity to and reliance on foreign exchange inflows (Lajmia, 1988, p. 126)

-More broadly, petroleum revenues can be defined as the financial considerations realized by oil-producing and exporting economies in exchange for resource extraction. Economic profit in this context represents the monetary realization of a fraction of the intrinsic economic value inherent to this exhaustible natural asset (Nashour, 2012)

I-2.2. Determinants Governing the Trajectory of Petroleum Revenues:

Hydrocarbon revenues are governed by a complex matrix of structural determinants operating through direct and indirect transmission channels, which collectively dictate the directionality and elasticity of these economic relationships (whether linear, causal, or inverse). These determinants can be systematically categorized as follows ((Hamed Ali, 2020, p. 250) :

- Crude Oil Price Volatility: International benchmark prices exhibit an immediate and highly elastic transmission effect on aggregate revenue volumes.

- Productive and Export Capacity: Structural variations in extraction capacities and downstream export logistical channels exert a direct and potent influence on net fiscal receipts.

- Inflationary Pressures and Foreign Exchange Dynamics: Inflation significantly correlates with revenue volatility, altering real purchasing power, while exchange rate dynamics exert both direct and indirect transmission effects on net trade balances and foreign currency oil proceeds.

- Macroeconomic Activity: Aggregate economic output displays a robust, direct, and mutually reinforcing causal relationship with national fiscal revenue levels.

I-3. Theoretical Framework of the E-Economy

I-3.1. Conceptualizing the E-Economy:

-Academic literature offers diverse definitions of the digital economy, including:- An economic system anchored in ICT infrastructure that optimizes cross-border flows of information, goods, services, and capital seamlessly across geographic and temporal boundaries .

- A paradigm reliant on digital infrastructures—encompassing global networks (Internet), localized networks (Intranets), hardware, software, and ICT systems (Turban, 2006, p. 23)

- An economic framework leveraging rapid ICT developments to conduct transactions with enhanced speed, cost efficiency, quality, and operational security (Al-Musawi, 2017, p. 10).

- An integrated macro-framework utilizing ICT across all productive sectors, driving efficiency across five key dimensions (time, effort, quality, abundance, and cost) through the proliferation of digital products and the elimination of cross-border financial and trade barriers .

- The dynamic synergy between ICT infrastructure and macro-economic systems, providing real-time transparency and data-driven indicators to support national economic, fiscal, and commercial decision-making (Laloush, 2010, p. 48)

Synthesizing these perspectives, the digital economy can be succinctly defined as an economic framework fundamentally dependent on ICT application across enterprise operations.

I-3.2. Structural Components of the E-Economy:

The digital economy relies on interconnected structural components that synergistically drive system efficiency (Daami, 2020, p. 38):

-Digital Products: Encompassing intangible goods (software, digital literature) and digitized services (e-ticketing, e-government platforms). - Consumers: Users accessing international digital networks, forming the addressable market for digital goods and services.

- Vendors: Commercial enterprises marketing and distributing products exclusively through digital channels.

- Infrastructure Providers: Entities supplying foundational hardware, software architectures, telecom networks, and specialized consulting. - Regulatory Frameworks: Codified legal and institutional statutes governing digital transactions, security, and market compliance.

I-4. Literature Review

Macroeconomic and development economics literature reflects a growing focus on the interactive role that the transition toward a digital and electronic economy plays in steering the impact of oil revenues toward achieving economic development. On one hand, classical and empirical studies—such as Auty (Sachs & Warner, 2001), emphasize a potential adverse impact of petroleum revenues on growth and development in rentier states, a phenomenon widely known as the 'Resource Curse Hypothesis' and the 'Dutch Disease.' In this context, international oil price volatility and the heavy reliance of state budgets on oil rents exacerbate structural imbalances and diminish the efficiency of non-oil productive sectors. On the other hand, recent scholarship offers a modified approach, asserting that vulnerability to the 'resource curse' is not an economic inevitability, but rather contingent upon institutional quality and the level of investment in technological infrastructure. Empirical findings by (Asonuma, Debrun, & Fircer, 2020) and (Badeeb, Lean, & Clark, 2017) demonstrate that channeling oil windfalls into technological capital accumulation and digitalization mitigates external oil shocks and fosters macroeconomic diversification. Regarding the moderating and catalytic role of the digital/e-economy, advanced literature—including (Myovella, Xiarchos, & Kalu, 2020) and (Nchofoung & Asongu, 2022))—reveals that investing in Information and Communication Technologies (ICT) and electronic infrastructure stimulates inclusive economic growth and development in developing and oil-exporting nations. The e-economy actively contributes to reducing transaction costs, upgrading the operational efficiency of public and private institutions, and facilitating the integration of non-oil sectors into international trade.

II- Estimation of the Relationship Between Petroleum Revenues and Sustainable Development Under the Adoption of the Electronic Economy

To estimate this econometric relationship, a series of steps must be followed as follows:

Tableau (1) : Identification of Study Variables

y	Economic Development
X1	Petroleum Revenues
X2	The trend toward the electronic economy, expressed through the use of the Internet
X3	Inflation

Source: Prepared by the researchers

II-1. Estimation of Statistical Tests

- Estimation of Stationarity Test

Tableau (2) : Unit root test

UNIT ROOT TEST TABLE (PP)					
At Level		Y	X1	X2	X3
With Cons...	t-Statistic	0.1952	-2.9651	-3.3335	-1.9385
	Prob.	0.9680	0.0491	0.0215	0.3113
	n0		**		n0
With Cons...	t-Statistic	-2.9632	-2.9983	-1.6994	-2.0404
	Prob.	0.1577	0.1482	0.7281	0.5579
	n0		n0	n0	n0
Without C...	t-Statistic	2.7030	-1.8821	-2.1890	-0.3658
	Prob.	0.9976	0.0579	0.0296	0.5448
	n0		*	**	n0
At First Difference					
		d(Y)	d(X1)	d(X2)	d(X3)
With Cons...	t-Statistic	-6.6480	-7.3400	-4.4942	-5.5697
	Prob.	0.0000	0.0000	0.0012	0.0001
	***		***	***	***
With Cons...	t-Statistic	-6.5254	-7.6262	-6.0655	-5.6330
	Prob.	0.0000	0.0000	0.0001	0.0004
	***		***	***	***
Without C...	t-Statistic	-5.3808	-7.3287	-4.2923	-5.6820
	Prob.	0.0000	0.0000	0.0001	0.0000
	***		***	***	***
UNIT ROOT TEST TABLE (ADF)					
At Level		Y	X1	X2	X3
With Cons...	t-Statistic	-0.0706	-3.1076	-3.3380	-1.9385
	Prob.	0.9444	0.0360	0.0213	0.3113
	n0		**	**	n0
With Cons...	t-Statistic	-2.9909	-3.0837	-1.6660	-2.0091
	Prob.	0.1502	0.1271	0.7429	0.5744
	n0		n0	n0	n0
Without C...	t-Statistic	2.0404	-1.9416	-2.3304	-0.4544
	Prob.	0.9883	0.0511	0.0213	0.5102
	n0		*	**	n0
At First Difference					
		d(Y)	d(X1)	d(X2)	d(X3)
With Cons...	t-Statistic	-5.9087	-3.8199	-4.3607	-5.4855
	Prob.	0.0000	0.0073	0.0017	0.0001
	***		***	***	***
With Cons...	t-Statistic	-5.8411	-3.6308	-6.0794	-5.4836
	Prob.	0.0002	0.0451	0.0001	0.0005
	***		**	***	***
Without C...	t-Statistic	-1.6354	-3.8276	-4.1832	-5.5780
	Prob.	0.0953	0.0004	0.0001	0.0000
	*		***	***	***

Notes: (*)Significant at the 10%; (**)Significant at the 5%; (***) Significant at the 1%. and...
*MacKinnon (1996) one-sided p-values.

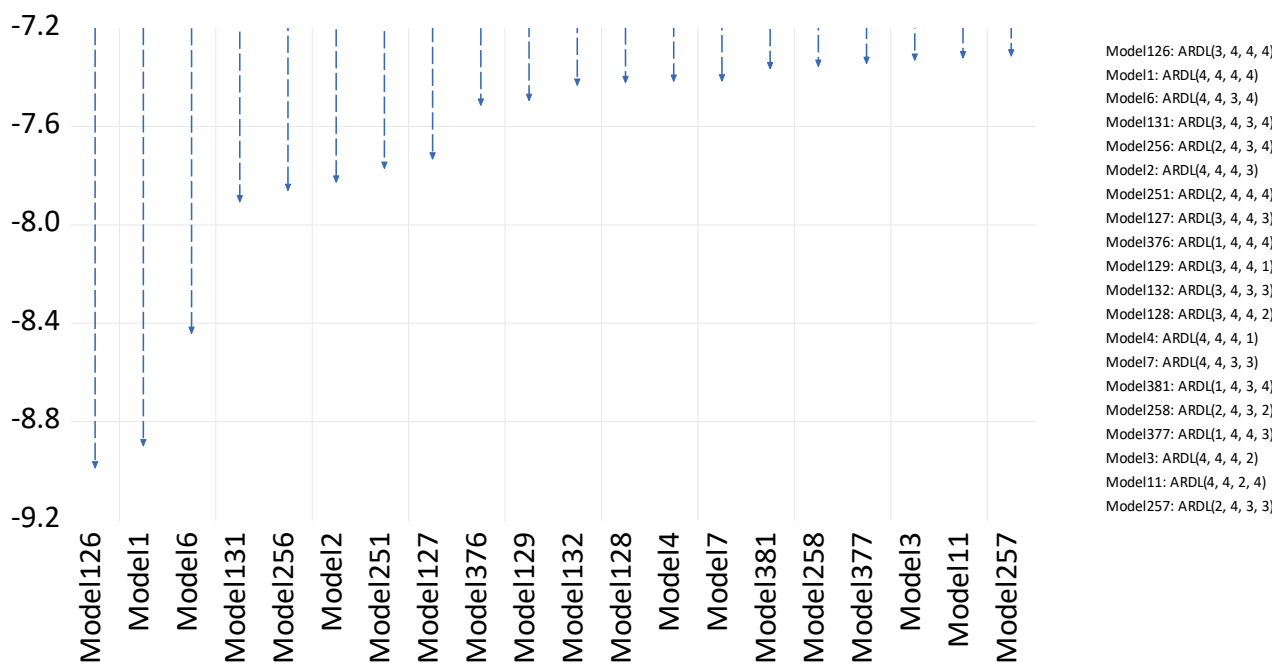
This Result is The Out-Put of Program Has Developed By:
Dr. Imadeddin AlMosabbeh
College of Business and Economics
Qassim University-KSA

Source: Eviews 12

The stationarity results show that all variables are stationary at first difference $I(1)$, except for the second series representing the electronic economy, which is stationary at level $I(0)$.

-Cointegration Analysis: Since the variables under study are not integrated of the same order, applying cointegration techniques becomes essential to verify the existence of a long-run equilibrium relationship among them. Although the Johansen approach is widely used in this context, this study adopts the Bounds Testing methodology due to its suitability for the dynamics captured within the Autoregressive Distributed Lag (ARDL) framework. Accordingly, the econometric analysis initiates with the estimation of the ARDL model, which serves as the foundational basis for applying the Bounds Test. The preliminary estimation is conducted to determine the appropriate lag structure and identify the optimal lag lengths required for the NARDL model. The selection of optimal lag lengths is guided by the Akaike Information Criterion (AIC), with the empirical results presented as follows:

Figure (1) :ARDL model
Akaike Information Criteria (top 20 models)



Source: Eviews 12

After determining the appropriate model specification, the long-run cointegration relationship is examined using the Wald test, as presented below:

Tableau (2) : Wald test

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
Asymptotic: n=1000				
F-statistic	17.98321	10%	2.37	3.2
k	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

Source: Eviews 12

- **A- Long-run Estimation:** The estimated long-run coefficients and their corresponding results are reported in the following table:

Tableau (3) : estimating long-term parameters

Levels Equation Case 2: Restricted Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.195867	0.033363	5.870839	0.0099
X2	0.106654	0.017612	6.055671	0.0490
X3	-0.029719	0.003011	-9.869973	0.0022
C	30.53549	0.194268	157.1826	0.0000

$$EC = Y - (0.1959 \cdot X1 + 0.1067 \cdot X2 - 0.0297 \cdot X3 + 30.5355)$$

Source: Eviews 12

B- Short-term estimation: The error correction factor expresses the value that translates the recovery period after the deviations, and it follows:

Tableau (4) : estimating short-term parameters

ARDL Error Correction Regression
Dependent Variable: D(Y)
Selected Model: ARDL(3, 4, 4, 4)
Case 2: Restricted Constant and No Trend
Date: 08/28/26 Time: 19:56
Sample: 2000 2025
Included observations: 22

ECM Regression Case 2: Restricted Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(Y(-1))	-0.621855	0.110525	-5.626396	0.0111
D(Y(-2))	-0.441627	0.071166	-6.205619	0.0084
D(X1)	0.015545	0.001686	9.218928	0.0027
D(X1(-1))	-0.030723	0.001999	-15.36535	0.0006
D(X1(-2))	-0.019725	0.001634	-12.06964	0.0012
D(X1(-3))	-0.015388	0.001273	-12.08542	0.0012
D(X2)	0.004186	0.000760	5.507332	0.0118
D(X2(-1))	0.046766	0.001960	23.85763	0.0002
D(X2(-2))	0.034890	0.003932	8.873221	0.0030
D(X2(-3))	0.013925	0.002383	5.844543	0.0100
D(X3)	-0.001346	0.000205	-6.579633	0.0071
D(X3(-1))	0.000811	0.000286	2.837744	0.0658
D(X3(-2))	0.001127	0.000178	6.324323	0.0080
D(X3(-3))	0.001188	0.000175	6.781233	0.0066
CointEq(-1)*	-0.157220	0.010854	-14.48462	0.0007

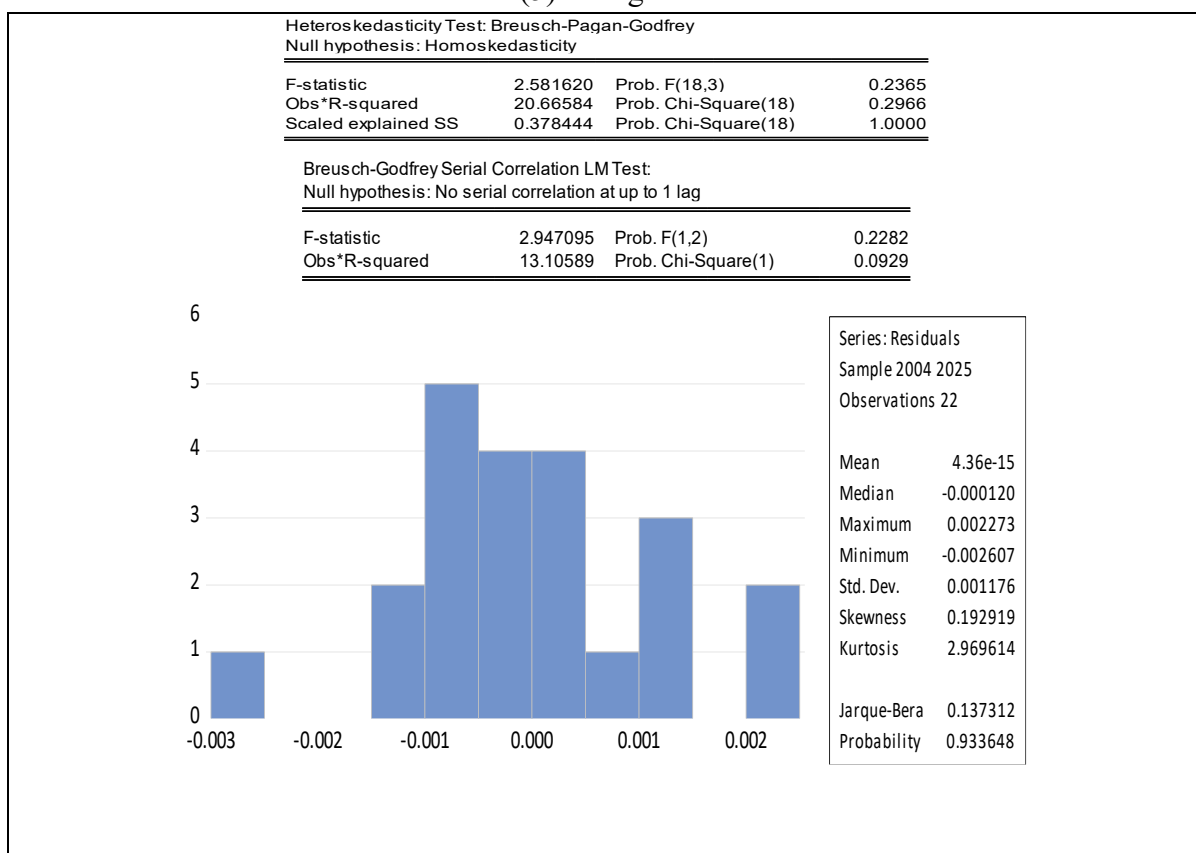
Source: Eviews 12

As presented in the table, the estimated error correction coefficient (-0.15722) satisfies both economic and statistical requirements. Its negative sign confirms an active adjustment mechanism driving short-run deviations back toward the long-run equilibrium path. Furthermore, the coefficient is statistically significant at the 5% level ($p < 0.05$), demonstrating that short-run disequilibria are automatically corrected over time.

- Estimation of Diagnostic Tests

The following table displays the results of the diagnostic tests, evaluated to ensure that the model is free from econometric problems.

Tableau (5) : Diagnostic Tests

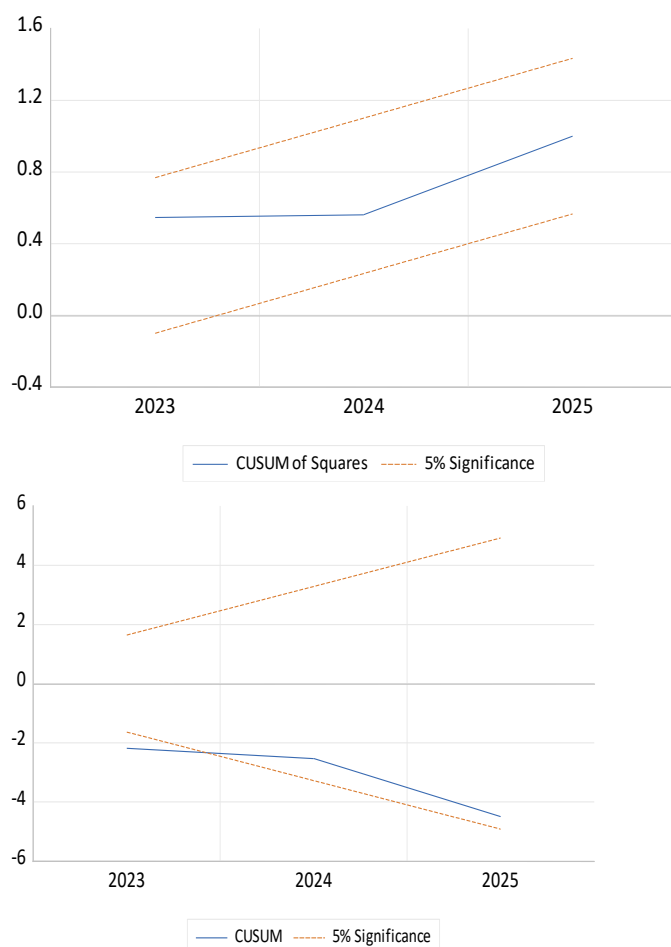


Source: Eviews 12

The diagnostic test results indicate that the econometric model is free from econometric issues.

-Parameter Stability Diagnostics: To test for structural breaks, the Cumulative Sum (CUSUM) and Cumulative Sum of Squares (CUSUMSQ) tests were applied using recursive residuals. As shown in Figure 04, both test statistics remain strictly within the 5% critical boundaries throughout the sample period. This confirms the structural constancy of the ARDL parameters, ensuring alignment between short-run dynamics and long-run equilibrium trajectories while establishing model reliability.

Figure (2): CUSUM and CUSUMSQ Plots for Parameter Stability Assessment



Source: Eviews 12

III-Résultats et Discussion

The results of the regression equation allow us to accept the first hypothesis, which states that an increase in petroleum revenues contributes to enhancing economic development in Algeria—meaning that an increase in petroleum revenues contributes to an increase in economic development by 0.19. This is attributed to the central and decisive role played by hydrocarbon revenues in financing the state's general budget, supporting large-scale public investments, funding vital infrastructure projects, and actively stimulating domestic demand. This structural dynamic stems directly from the rentier nature of the Algerian economy, which remains heavily dependent on the oil and gas sector as the primary engine of overall economic activity and the essential supplier of liquidity required to sustain national development initiatives.

-The estimation results allow us to accept the second hypothesis, which states that the shift toward the electronic economy through the adoption of the internet contributes to enhancing economic development in Algeria—meaning that a one-unit increase in internet usage leads to an increase in economic development by 0.10 units. This positive impact is attributed to the pivotal role of information and communication technologies in boosting enterprise productivity, lowering transaction costs, and accelerating the completion of administrative and banking transactions. Furthermore, the widespread expansion of the internet contributes to driving e-commerce, developing the digital services sector, creating new job opportunities for youth, and

elevating the levels of transparency and resource allocation efficiency within the national economic structure.

-The estimation results allow us to accept the third hypothesis, which states that a decrease in the inflation index contributes to enhancing the levels of economic development—meaning that a one-unit decrease in the inflation index contributes to enhancing economic development by 0.02. This impact is attributed to the positive role of price stability in protecting citizens' purchasing power, preserving the real value of incomes and savings, which boosts confidence in the national economy and encourages both domestic and foreign investment. Furthermore, lower inflation helps reduce financial uncertainty, assists businesses in planning investments more effectively, and maintains the competitiveness of national products in domestic and external markets, thereby supporting the path of sustainable growth and comprehensive development.

IV-Conclusion:

The study of the determinants of economic development in Algeria represents an urgent necessity to foresee the country's economic future, especially in light of the sensitive intersection between traditional reliance on rentier resources and rapid global transformations toward digitization and the knowledge economy. Consequently, understanding the nature of the interaction between petroleum revenues, the shift toward the electronic economy, and price stability levels provides us with a precise diagnosis of the strengths and structural imbalances within the national economic framework, charting clear pathways for sustainable growth policies.

Through the applied results of the econometric model, we found that petroleum revenues in Algeria effectively contribute to enhancing economic development with a coefficient of 0.19, reflecting the pivotal and leading role of the hydrocarbon sector in financing the general budget, supporting public investments, and funding essential infrastructure. In the same context, the electronic economy and digital transformation through internet adoption contribute to enhancing economic development with a coefficient of 0.10, highlighting the growing importance of information and communication technologies in boosting enterprise productivity, lowering transaction costs, and driving digital commerce. Meanwhile, lower inflation contributes to supporting economic development levels with a value of 0.02, emphasizing the vital role of price stability in protecting citizens' purchasing power, preserving the real value of incomes and savings, and reducing the financial uncertainty faced by investors. Based on these results, we can offer the following recommendations:

-Directing Petroleum Revenues: Strategically exploiting hydrocarbon financial surpluses to fund digital infrastructure projects and diversify the economic structure to reduce excessive dependency on the rentier sector.

-Supporting the Electronic Economy: Accelerating the pace of digital transformation and expanding the use of the internet and electronic banking services to boost enterprise productivity and create new job opportunities for youth.

-Maintaining Price Stability: Controlling inflationary pressures to protect purchasing power and improve the domestic and foreign investment environment to ensure sustainable growth.

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