Investing in Algeria's Solar Future: Your Guide to Government Incentives for Solar Panel Manufacturing

Investment Opportunity in MENA's Fastest-Growing Renewables Market

Content Partner: J. v. G. technology GmbH

Turnkey solar module production lines — since 1997

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Technical Overview: Algeria's Government Incentives for Solar Manufacturing

Created as part of the PVKnowHow Knowledge Network

Prepared by J.v.G. Technology GmbH

European specialists in turnkey solar module production lines

Key Project Data

15 GW

National Demand Target

Algeria's renewable capacity goal by 2035 — primary manufacturing opportunity

12–24 ...

Ramp-Up Period

Typical project-dependent timeline from factory setup to full production

MENA

Target Region

Algeria as primary market; broader MENA and European export potential

Turnkey

Line Type

Automated solar module production — proven turnkey manufacturing concept

Scale: up to 15 GW national demand (focus: manufacturing opportunity) · Investment: varies by plant size (context-driven) · Ramp-up: project-dependent (typically 12–24 months) · Region: Algeria / MENA · Source: PVKnowHow / J.v.G. Technology GmbH

Market Demand: Tenders & Local Content

Active Tender Pipeline

- 3 GW Sonelgaz tender program launched 2023; bidders announced March 2024
- 19 awarded EPC projects — total investment: €1.8 billion
- "Solar 1,000 MW" initiative: 2,000 MW across 15 stations planned by 2025
- Broader program targeting 3.2 GW in the near term before 2035 goal

Local Content Requirement

- Government tenders require locally produced solar panels and structures
- Up to 25% financial bonus for PV projects using over 35% local materials
- Local content compliance is a prerequisite to tender participation
- Creates a direct, policy-backed demand signal for domestic manufacturers

Investment Framework & Law

Foundational Legislation

- Law No. 04-09 (2004): Promotion of Renewable Energies — foundational framework
- Algeria's Renewable Energy Program (AREP): comprehensive national roadmap
- Executive Decree No. 17-98 (2017): legal basis for renewable energy tenders

Foreign Ownership Reform

- Old "51/49" rule abolished for renewable energy projects in 2022
- Foreign investors may now hold majority stakes in energy ventures
- SHAEMS (state JV) capped at max. 25% stake in project companies

Power Purchase Agreements

- 20–25 year PPAs with state utility Sonelgaz as counterparty
- Feed-in tariffs for solar PV: \$0.0945–\$0.1179 USD/kWh (AREP)
- Revenue from a 1% levy on state oil revenues funds the national RE fund

Government Incentives: Tax, VAT & Customs

Corporate Income Tax (CIT)

- Temporary exemptions or reductions available during initial operating years
- Applies to new investments in priority sectors, including renewable energy manufacturing
- Provides early-phase cash flow relief for capital-intensive factory projects

Customs Duty Waivers

- Exemptions or reduced rates on imported capital goods and machinery
- Applies to raw materials required for production in qualifying projects
- Can significantly reduce plant setup costs

VAT & Additional Benefits

- Potential VAT exemptions on qualifying renewable energy investments
- Land allocation support through designated industrial zones
- AAPI (Algerian Investment Promotion Agency) as primary support interface

Solar Resource & Industrial Potential

Solar Irradiation

- Average: 3,000+ hours of sunshine per year nationally
- GHI: ~1,700 kWh/m²/yr in the north; ~2,263 kWh/m²/yr in the south
- Highest technical solar potential in the MENA region (est. ~170 TWh/yr)

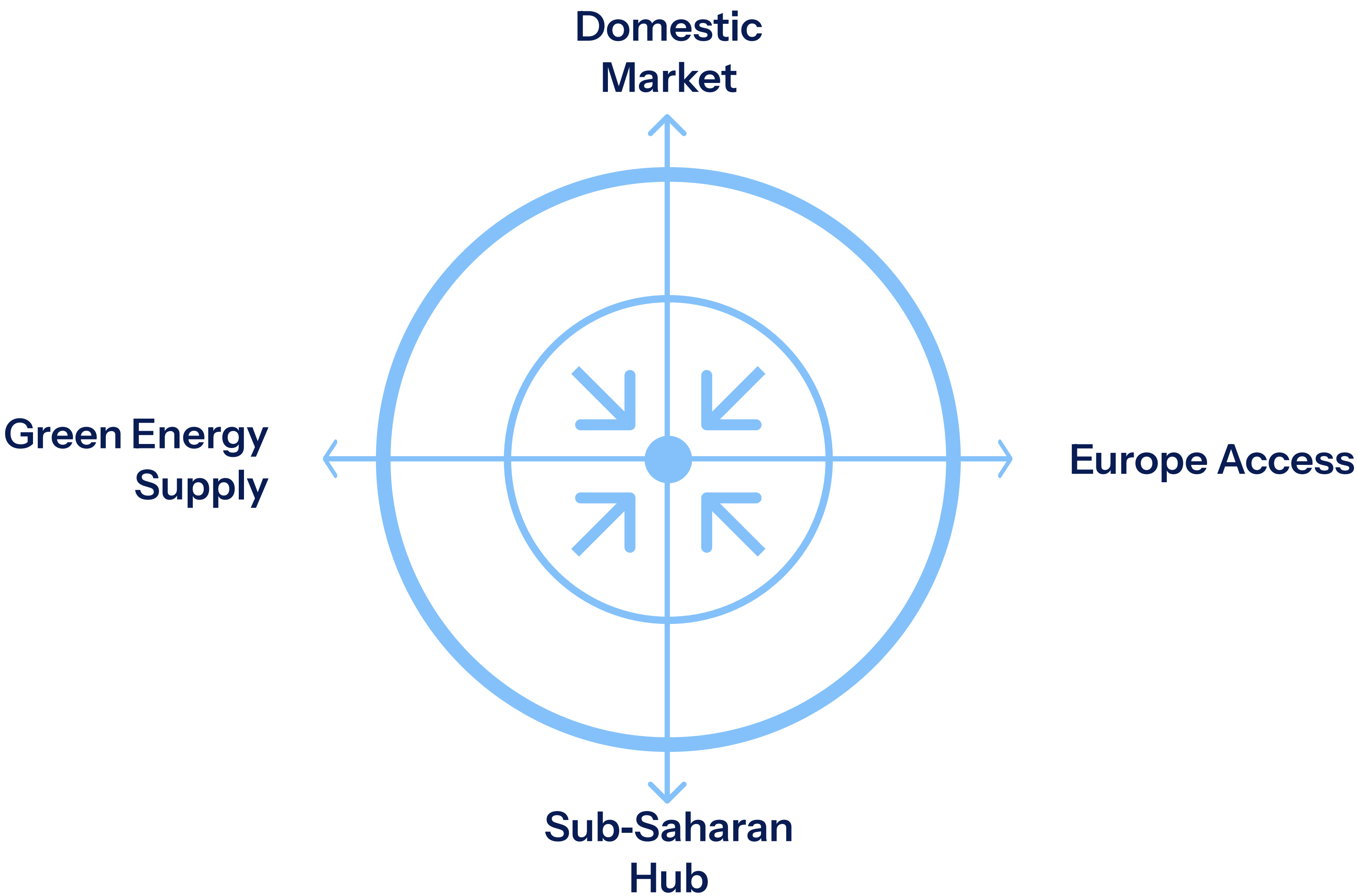
Electricity Cost Advantage

- Industrial electricity price: ~DZD 4.68/kWh (~$0.03/kWh)
- Low energy cost supports competitive module manufacturing economics
- Government envisions Algeria as a solar glass production hub for domestic + export markets

Existing Industrial Ecosystem

- Domestic solar cable producers: 2 manufacturers, ~1,250 km annual capacity
- Structural steel: ArcelorMittal, Tosyalı, Qatari Steel — ~800 MW/yr mount capacity
- Local module assembly: ~500 MW est. capacity as of late 2024

Strategic Positioning: Africa + Europe Access



Algeria sits at the geographic crossroads of southern Europe, the MENA region, and sub-Saharan Africa — a positioning that supports both domestic supply mandates and longer-term export orientation for module manufacturers.

Turnkey Manufacturing Concept: Entry Options

Criterion	Semi-Automatic Line	Fully Automated Line
Annual Capacity (typical)	25–100 MW/yr	200 MW+/yr
Capital Requirement	Moderate — lower initial capex	Higher upfront; lower unit cost at scale
Best Suited For	First-entry, proof-of-concept plants	National-scale supply mandates
Ramp-Up Timeline	Typically 12–18 months	Typically 18–24 months
Operator Dependency	Moderate; training required	Low; integrated process control
Local Content Compliance	Immediately qualifies for tender preference	Maximizes local content ratio

Production Ramp-Up: Indicative Pathway

1

Phase 1 — Site & Regulatory Setup

Identify industrial zone; engage AAPI; secure permits and incentive approvals

Typical duration: 3–6 months

2

Phase 2 — Factory Build & Equipment Installation

Civil works, line delivery, and commissioning by a proven turnkey provider

Typical duration: 6–12 months

3

Phase 3 — Operator Training & Qualification

On-site team training; no prior manufacturing experience required with turnkey concept

TÜV-certifiable module designs available; IEC compliance preparation

4

Phase 4 — Production Start & Tender Supply

Module output qualifies for local content requirements in Sonelgaz / SHAEMS tenders

Cumulative ramp-up: typically 12–24 months from contract to volume production

Risks & Considerations

Structural Risks

- Historical record: several tenders undersubscribed or cancelled (2017, 2019, 2022)
- Bureaucratic complexity — permitting and approval timelines can be unpredictable
- Local financing requirements may restrict access to international capital markets
- Policy stability is critical; ongoing monitoring of regulatory changes required

Operational & Market Considerations

- Harsh desert climate — high temps, sandstorms, large diurnal temperature swings
- Local supply chain still developing; some components require import sourcing
- Technology transfer and workforce skills development must be planned from day one
- Cost competitiveness versus imported Asian modules remains a critical factor

Strategic Importance: Why Manufacturing, Not Just Generation

1

Policy-Backed Demand

Local content mandates in government tenders create a structural, recurring demand signal for domestic module producers

2

Industrial Leverage

Manufacturing multiplies value beyond generation — jobs, technology transfer, and component supply chain development

3

Export Platform Potential

Algeria's geographic position and low energy costs position it as a viable long-term module export hub for Europe and Africa

A proven turnkey manufacturing concept — delivered by an experienced European provider — reduces the learning curve for new market entrants and shortens time-to-production. Source: PVKnowHow / J.v.G. Technology GmbH

About the Content Partner

J. v. G. technology GmbH — The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.
On-site team training included — no prior manufacturing experience required.

Key areas:

Turnkey PV manufacturing lines | DESERT Technology® | TÜV-certified module designs | Factory planning to production

www.jvg-thoma.com

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