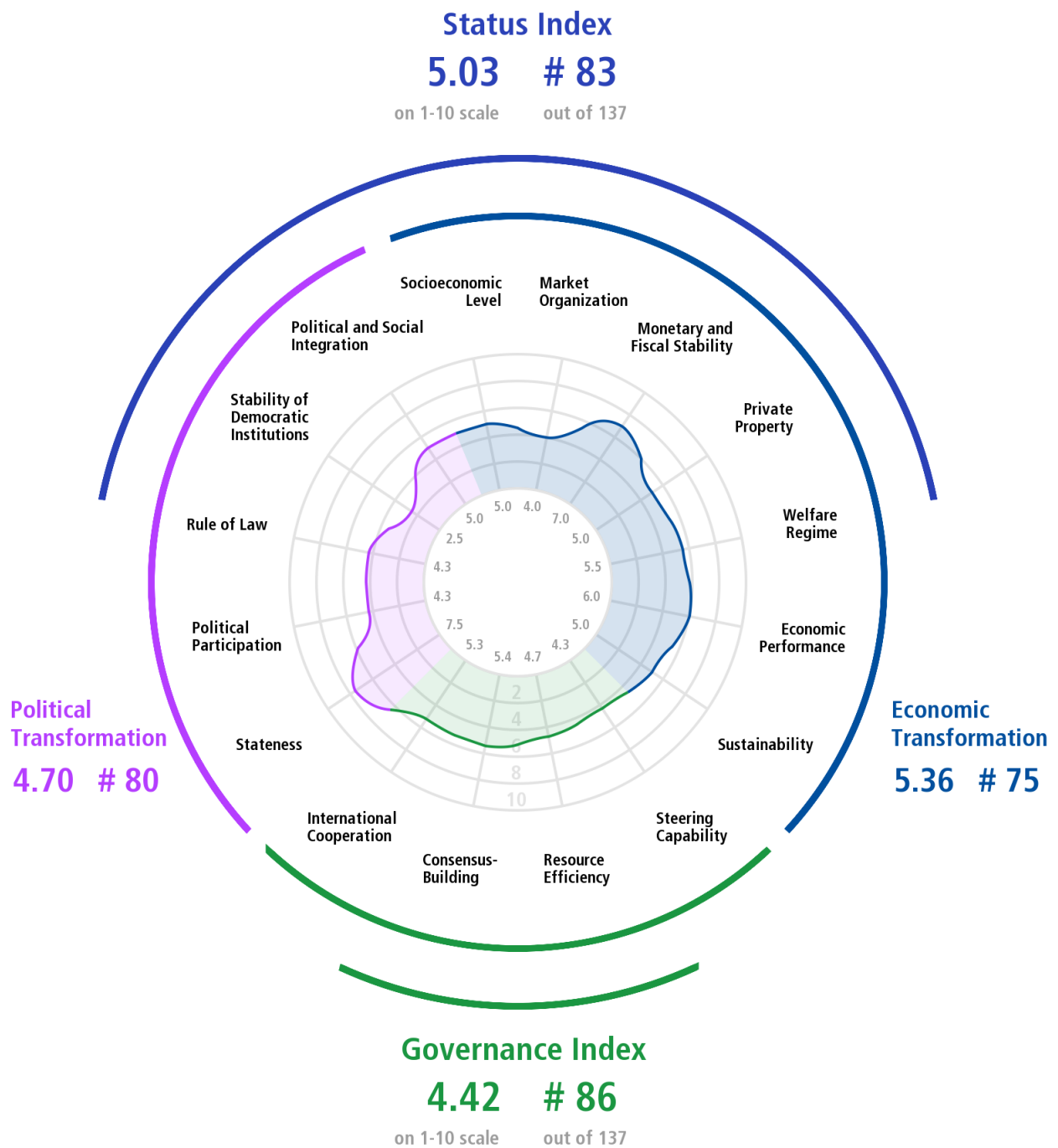


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Algeria



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Key Indicators

Population	M	42.2	HDI	0.759	GDP p.c., PPP \$	15622
Pop. growth ¹	% p.a.	2.0	HDI rank of 189	82	Gini Index	27.6
Life expectancy	years	76.5	UN Education Index	0.675	Poverty ³	% 3.9
Urban population	%	72.6	Gender inequality ²	0.443	Aid per capita \$	4.6

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Throughout the assessment period (1 February 2017 – 31 January 2019), the unresolved question of the succession of ailing President Bouteflika had a negative impact on Algeria's credibility and the implementation of necessary political, economic and social reforms. Sluggish decision-making and a failure to push forward on governance reforms, as well as the continued crisis associated with falling oil prices weakened Algeria's previously strong financial standing. In contrast to the period following the contested 2014 election, there have been fewer politically motivated demonstrations, but political dissent has been subject to greater repression. Broad public rejection of the political process was manifest in a massive boycott of the 2017 legislative elections. Dissatisfaction with the opacity of politics in Algeria has been accompanied by local riots across the country and long-standing strikes in the medical and education sectors. The poor state of public services in response to several disasters, including cholera outbreaks, have prompted angry reactions and resentment among the public.

The new constitution adopted in 2016, which reinstated presidential term limits, identified Tamazight as an official language and strengthened the legislature, marked some progress in terms of the state's efforts to integrate societal demands. However, public skepticism regarding the most serious reforms needed to strengthen justice, political participation and socioeconomic equality has been reinforced by the reversal of constitutional limits on the number of terms the president may serve. Only three years after the 2016 revisions to the constitution, the ruling parties declared Bouteflika to be their candidate – despite his seemingly poor health – thereby triggering mass protests that eventually led to the military dismissing Bouteflika on 2 April 2019 (i.e., beyond the scope of this assessment period).

The political and legal reforms introduced in 2011 that address associations, political parties, elections and the media meant new media outlets and political parties could be created and associations could be set up at the communal level. Nonetheless, associations now seemingly require government “authorization” and journalists are increasingly subject to repression if they

criticize the government. The government's response to political unrest across the country has been to reach out through public consultations and to offer short-term subsidies while also taking repressive counter-measures.

Anti-corruption initiatives and judicial reform remain significant challenges. The creation of a financial office in early 2019 designed to target corruption may deliver improvements, but could also be misused to target political opponents. The economy remains dominated by the public sector and hydrocarbons. Infrastructure as well as social programs and associations supported by the state continue to suffer from cuts resulting from ongoing austerity measures.

Changes to the hydrocarbon laws in 2013 to allow fracking for shale gas were pursued by the government as a solution to the energy crisis. It appears the laws will be changed again in 2019 to facilitate this activity, despite significant protests across the country on this issue in 2015.

On climate change policy, Algeria is one of the few countries that is on track in terms of reaching its commitments under the 2015 Paris Climate Agreement. There have been advances made in environmental programs, startups and initiatives such as the Algiers smart cities program.

The expulsions of thousands of sub-Saharan African and Syrian migrants since 2017 has been condemned by human rights organizations.

Continued regional instability, the risk of terrorism spilling over from Libya and the Sahel, and the continued presence of armed groups in the Sahara mean that Algeria – Africa's largest country in terms of territory – continues to play an important international role in the region.

History and Characteristics of Transformation

Algeria's process of political and economic liberalization dates back to the social movement in Kabylia in 1980, when Amazigh (Berber) protests against cultural suppression became a catalyst for wider protests against political repression by the one-party regime and the looming economic crisis. In its determination to resist pressure for meaningful reform, the regime facilitated popular support for a more explicit social and political role for Islam, in an initiative which would eventually profoundly backfire. The catalyst for unrest in the late 1980s, however, was the sharp decline in oil revenues in 1986. The resulting reduction of imports, in addition to youth unemployment, the housing crisis and the lack of understanding for the post-Independence generation, unintentionally provoked popular discontent, which exploded in 1988. To address the deep legitimacy crisis, the regime opted for a political opening and introduced multipartyism in 1989.

The transformation of Algeria can only be understood against the backdrop of the violence of the 1990s, following the military backed coup in January 1992. This halted the legislative elections which had favored Islamists, the Front Islamique du Salut (FIS, Islamic Salvation Front), reversing the initiated pluralization of the political system. The short-lived political liberalization process

had been strategically designed to maintain the power balance of the single party system, in which power was exercised by political clans and the army.

The military coup, backed by the secular elites, demonstrated a widespread rejection of the Islamists' objectives to impose a theocratic state. The resulting conflict – leading to an estimated 150,000 casualties and an uncounted number of injured and traumatized victims – consumed almost all the energies over the next decade. The state of emergency was declared in 1992, significantly restricting the political space which had momentarily opened up. To ease the crippling debt burden, an IMF restructuring program was set up in 1994 and reforms in the state sector were launched to prepare for privatization.

By the mid-1990s, having managed to contain parts of the insurgency, the government sought to legitimize the authority of President Liamine Zéroual who had been appointed in 1994. Presidential elections were held in 1995. Zéroual had huge support among the population including Islamists. The population was already weary of the violence, 1995 and 1997 were characterized by violent massacres of civilians. A new constitution in 1996 provided for new parliamentary institutions and legislative elections were held in 1997. Despite intensified violence in 1997, a new program of institution-building and economic restructuring was launched.

In 1999, new presidential elections were held that brought former foreign minister Abdelaziz Bouteflika to power, despite a contested electoral process characterized by the withdrawal of opposition candidates. President Bouteflika immediately launched a process of reconciliation through the provision of amnesty, eventually establishing the Reconciliation Charter in 2006 after a referendum in 2005. He began rebuilding Algeria's international image and relaunched the economic restructuring. New laws encouraging private foreign direct investment, especially in hydrocarbons, were introduced, but were later limited after an outcry from nationalist actors. Major infrastructure projects were pushed forward, together with job creation and housing programs.

After lower levels of violence in the new millennium, sporadic suicide attacks still continued. These were often directed against the state structures or expatriates. The 2007 attacks on the Constitutional Court and the U.N. headquarters targeted both. In recent years, kidnappings have taken place, particularly in the Saharan regions and Kabylia, organized by criminal gangs affiliated to the remnant groups of the conflict of the 1990s.

The Amazigh protests in 2001 against police violence, and socioeconomic and cultural marginalization led to the inclusion of Tamazight as a national language in the constitution. Along with the creation of the High Commission for Amazighté and the inclusion of Tamazight in the education system, such reforms have appeased some of the claims of the Berber population. It was made an official language in the new 2016 constitution. Nonetheless, the repression of the large protest movement led to a strong political alienation and disaffection.

Bouteflika was re-elected in 2004 and (after a change to the constitution) for a third term in 2009 and a fourth term in 2014, during a highly contested election. Following the army's agreement to end its interference in politics in 2003 and the constitutional amendment in 2008, there was an

increase in presidential powers. The constitution of 2016 reversed this by reinstating presidential term limits and strengthening the legislature. Despite the ailing health of the president, the constitutional amendment appeared to have been entirely discredited in 2019 with Bouteflika running for a fifth term. The question of who would succeed Bouteflika stood at the heart of the political crisis, along with the problem of communication and overall opacity in the governance of the country.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

There have been no major incidents in the last two years comparable to the significant terrorist attack in In Amenas in 2013; however, small-scale attacks against state institutions continue and Algeria remains on high alert on many European and U.S. sources for travel advisories.

On February 26, 2017, two police officers were injured in an attempted terrorist attack that targeted a police station in Constantine. On August 31, 2017, a suicide bomber killed two police officers at a police station in Tiaret. On July 30, 2018, armed Islamist fighters killed seven soldiers in Skikda. The Algerian army reported that 161 armed fighters had been “neutralized” in 2017 (i.e., either killed, arrested or surrendered). In 2018, the number increased to 189, 132 of whom surrendered.

Splintered armed groups still exist, and security alerts remain in place, particularly for the south and eastern borders, for the southern and Berber regions of the country. There have, however, been no kidnappings since 2014.

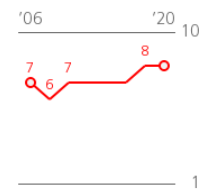
In 2017, the International Crisis Group reported that Algeria’s three-part strategy, consisting in the massive deployment of forces against militants, pervasive security and the civil concord, albeit contested, has been largely effective; terrorist groups like the Islamic State group (IS) have reportedly been dismantled.

Most groups accept and support the Algerian nation-state based on its legitimacy rooted in the War of Independence. The Front de Libération Nationale (FLN, National Liberation Front) which won the anti-colonial war in 1962 is still the ruling party. Despite dissatisfaction with the political regime, the sense of national identity in Algeria remains strong. The Afrobarometer 2016 points out that 94% of the population felt that their national identity was more important or equally important to any other ethnic identity and 87% of the population felt proud to be Algerian. There

Question Score

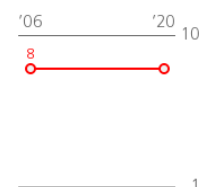
Monopoly on the
use of force

8



State identity

8



are no limitations regarding formal citizenship rights; but Article 22 of the citizenship code does specify the conditions for the forfeiture of citizenship.

Berber movements for autonomy represent a small minority. Riots in Béjaïa and across the Kabyle region in early 2017 have been linked to calls for an autonomous Kabylia. However, there is a general consensus that these riots were more about increasingly high prices of consumer goods. The new constitution in 2016 made Tamazight an official national language. The Berber New Year was made an official holiday in 2018 as Algeria increasingly embraces its Berber heritage and identity.

While Amazigh claims are now recognized, social movement activists in the south of the country express grievances that their contribution to national history and identity is only partially addressed in official narratives.

Intercommunal conflict in the Ghardaïa region from 2013 to 2015, with violent clashes between the Mozabite community and Arabic-speaking populations, resulted in several deaths. Unrest between the two communities (of the Amazigh speaking Ibadite populations and the Arabic-speaking population) has been brought under control by a strong military presence in the region. Many highlight the economic, rather than ethnic or religious, nature of the conflict.

Islamist extremists who pose any real threat to state identity remain a very small minority. They have little or no support from the population.

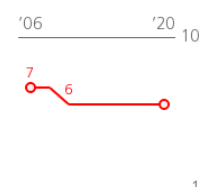
Disillusionment with the government and the social problems mean that low-level demonstrations continue. However, fear of violence, after a decade of conflict in the 1990s, has meant that the vast majority has preferred peace over instability. The peace brokered by the president, through the Charter for Peace and National Reconciliation of 2005, although contested, contributes to the fact that Algerians regard the nation-state as legitimate.

While a secular state, religion can be instrumentalized for political purposes in Algeria. The constitution names Islam as the official religion and guarantees religious freedom if exercised within the law. A law of February 2006 (Ordinance 06-03) restricts religious freedom for non-Muslims and imposes restrictions on the religious practices of non-Muslims. Prior authorization of any religious organization is necessary, and the state can discriminate against minorities if it seeks to do so. Despite major amendments to the family law in 2005 and 2015, certain aspects remain inspired by religious dogma, to the detriment of equality between men and women.

Proselytizing by non-Muslims is a criminal offense and court cases against Christians have been pursued on these grounds. According to Amnesty international, hundreds of Ahmadis have been arrested and prosecuted since 2017.

No interference of religious dogmas

6



At least eight Christian places of worship were closed in 2018. In contrast, for the first time in a Muslim country, 19 Catholics, among them the seven priests from Tibéhirine who were assassinated during the civil war, were beatified on December 8, 2018, in the Church of Santa Cruz, in Oran.

Basic public services are now available throughout Algeria, although their efficiency is subject to some criticism. Public services have been improving since 2000 with the main priorities being transport and water infrastructure. Construction of universities, roads and public buildings have been prolific over the last few years, with major contracts managed by Chinese construction companies. However, some regions still suffer from regular water shortages and electricity cuts, causing anger within the population and demonstrations.

Algeria now has a good road network, and public transport continues to improve. After Algiers, Oran and Constantine in 2011 to 2013, the cities of Mostaganem inaugurated tramways in March 2017 and Ouargla in 2018. Railway infrastructure has more than doubled in the last 15 years and it is predicted that it will double again in the coming years. The new international airport in Algiers opens in 2019.

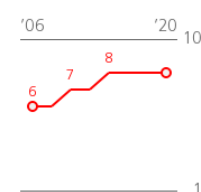
There have also been important construction programs in the education sector and tertiary education is available in each of the 48 regions (wilayas). Access to health care facilities and medication has been subject to greater criticism and high dissatisfaction. An outbreak of cholera in the summer of 2018 highlighted the weaknesses of preventive medicine and the limitations of crisis response mechanisms. The long-standing strike by doctors, dentists and pharmacists for much of 2018 also demonstrates the challenges and weaknesses in this sector. Doctors denounced, among other things, the lack of basic equipment in peripheral regions, preventing them from fulfilling their mission.

The austerity imposed due to falling oil prices has led to further cuts in government budgets. Deficient infrastructure still regularly provokes local riots and is among the major grievances addressed by social movements, especially in the south.

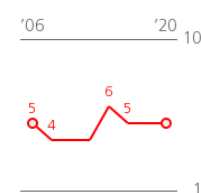
2 | Political Participation

Parliamentary elections were held May 2017 in which the ruling FLN won 164 of the National People's Assembly's 462 seats. In local elections in November that year, the two ruling parties, the FLN and RND, collectively obtained over 50% of the vote. Legislative and municipal elections were characterized by fraud accusations and massive abstention, due in part to boycott campaigns. Despite prior reforms to the electoral law (2012) and the constitution (2016), there is continued disillusionment with the voting and political systems.

Basic
administration
8



Free and fair
elections
5



The presidential elections scheduled for April 18, 2019, provoked widespread anxiety about the future presidency. The 2016 constitutional reforms limited the presidential terms to two and expanded the legislature's power. This meant Bouteflika would not be eligible to run in 2019. However, at the time of writing, the FLN appears to have chosen Bouteflika as its presidential candidate, defying the constitutional reforms. Opponents to Bouteflika's possible candidacy for a fifth term called for the application of Article 102. This article makes provisions for the constitutional council to declare a vacancy of power, in light of the president's illness and his lack of public appearances.

The perceived irrelevance of political institutions and the lack of free and fair elections led major opposition parties to engage in a systematic boycott of the legislative elections in 2017. The same logic prevailed in 2018 in the context of the upcoming presidential elections. Thus, with one exception, no substantial candidate announced his intention to run for presidency.

The Algerian army has played a central role in the political system since independence, often qualified as the "deep state" that continues to influence the political decision-making process. Parliamentary elections in 1991, and the subsequent military coup, led to the army's formal assumption of power in Algeria. The violence that followed consolidated this. Since 1999, President Bouteflika did manage to reassert authority through several reforms consolidating power in the presidency. Power was seemingly taken away from the army command, which publicly distanced itself from politics in 2003. Since then the army's intelligence services remained effectively independent and Algerians tended to view them along with the clans within the military as "le pouvoir," an economic mafia, retaining political control behind the scenes. In September 2015, however, President Bouteflika dismissed Mohamed Mediene, head of the top military-run intelligence services DRS for 25 years. Mediene was regarded as a major player behind the scenes. Furthermore, in January 2016, Bouteflika abolished the DRS altogether and replaced it with a body under control of the presidency.

Despite changes in the law, the parliament remains weak and the senate has one-third of its seats appointed by the president. Electoral reforms and the change of government do not seem to have brought any significant change. The illness of the president and his quasi-absence from political life has led to frustration in the population and a desire for new political actors. Frustration, particularly among the youth, primarily leads to non-participation in political life, although new political parties since 2012 have inspired more young people and more women to stand for elected posts.

Effective power to govern

2

'06 '20 10

2

1

In January 2019, a collective of associations called on the state to review the restrictions placed on the freedom of association through the 2012 law on associations (No.12-06). According to the Ministry of Interior's website, there are 110,000 associations currently active in Algeria. More than half of these, however, are designated as "non-conform" in terms of the new law and thus are at risk of being disbanded.

The 2012 law on associations facilitated the creation of some local associations which can be now registered at the local level by the commune. It also, however, appears to reinforce the powers of the executive over associations. Its implementation varies from region to region. As yet, there have been no legal tools (decret) developed for its implementation, which is left to the will of the administration.

Associations sometimes face politically motivated administrative hurdles. They also have limited means. Restrictions on donors and foreign NGOs, reinforced in the 2012 law on associations, means that associations must rely heavily on domestic sources of support.

Under the 19-year-long state of emergency that was lifted on February 23, 2011, authorities could prohibit unofficial demonstrations and public meetings. Many associations, however, continue to report interference with certain activities on the part of authorities. Demonstrations continue to be prohibited in the capital city of Algiers. Gatherings in public spaces by members of NGOs and associations are systematically dissolved.

Since 2015, restrictions on the freedoms of association and assembly have been increasingly tightened. In 2018, authorities responded to the physicians' movement with repressive measures and the excessive use of force. Members of the Mouwatana Collective, which opposes a fifth term for President Bouteflika, were systematically hindered from gathering peacefully in Constantine and Béjaïa.

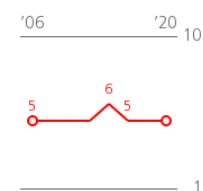
Human rights organizations and union activists have been prevented from registering and in some cases have faced prison for demonstrations. Delays in or refusals of registration aim at keeping some associations in a quasi-illegal status for years, reinforcing uncertainty and restricting collective action.

Decisions made by the authorities to deny the recognition of associations have created a legal limbo for many groups, even those that have been established for a long time such as Amnesty International Algeria. In February 2018, the local branches of two women's rights associations in Oran were shut down temporarily.

Some associations, such as human rights organizations or groups representing the families of the victims of government violence in the 1990s often claim to have difficulty registering and managing their activities, although this varies greatly across regions.

Association /
assembly rights

5



The media system provides for a de facto plurality of opinions. Some very critical newspapers exist; however, the media remains dominated by state-led television and radio outlets. The freedom of information legislation was broadened in 2012, but remains limited by certain regulations concerning “violations of national security and sovereignty,” “strategic economic secrets” and “attacks on national history.” The 2012 media law abolished prison sentences for press offenses and opened up the media to private ownership. In 2013, three new private television stations opened, ending the government’s monopoly on broadcast media.

However substantial legal restrictions on press freedom remain. Significant fines remain a constraint to journalists and limit their coverage of certain subjects. Reliance on national agencies for printing and advertising invites self-censorship. Bloggers are also subject to defamation suits, and several have been fined.

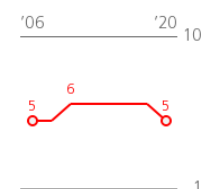
In August 2018, blogger Salim Yezza was sentenced to a year of prison for having accused the authorities of discrimination against the Mozabite population. In December 2018, journalists Merouane Boudiab and Abdou Semmar were detained for allegedly having engaged in defamation.

The same month, an Algerian court sentenced a journalist to one year in jail for taking part in an illegal protest. Adlene Mellah, who heads the news websites, *Algerie Direct* and *Dzair Presse*, was arrested on December 9, 2018, for participating in a rally in solidarity with a singer who has been imprisoned since October 2018. Merzoug Touati, a blogger based in Béjaïa, was arrested in January 2017 and imprisoned for interviewing a foreign diplomat. Journalist Saïd Chitour was arrested in June 2017 on suspicion of spying and selling classified documents to foreign diplomats; he was then imprisoned for 16 months.

Algeria’s ranking in the World Press Freedom Index conducted by Reporters Without Borders had been improving, from position 125 in 2013 to 119 in 2015. However, in 2016, Reporters Without Borders decreased Algeria’s ranking to 129, and in 2018 it fell to 136.

Freedom of expression

5



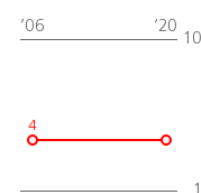
3 | Rule of Law

Continued opacity and lack of clarity concerning who is really in charge of state affairs mean that the separation of powers remains limited. With the illness of the president, numerous speculations have suggested that either his brother, Saïd Bouteflika, or his chief of staff, Gaid Salah are the main power holders in the country.

In the 2014 consultation on amending the constitution, the separation of powers was one of the key demands, alongside limiting presidential terms and reinforcing the independence of the judiciary. The separation of powers was guaranteed by the 1996 constitution; however, the parliament (*Assemblée Populaire Nationale* or APN, the

Separation of powers

4



lower chamber) has rarely initiated or questioned legislative proposals by the government. Parliament has not been playing its role as a counterbalance and power has thus consolidated within the executive. President Bouteflika has largely ruled by presidential decree.

The dissolution of the military intelligence department, widely seen to interfere in the governing of the country, as well as the passage of constitutional reforms to limit the presidency and strengthen the legislature in 2016, was seen to indicate a step in the right direction for the separation of powers in Algeria.

During the last two years, the APN has played a more visible role vis-à-vis the government. Parliament has introduced new legislation to protect the rights and freedoms guaranteed by the constitution. Citizens can challenge the constitutionality of a legal act that might threaten their rights and freedoms. Parliament voted to open a new Academy of the Tamazight language. New laws on public health were passed, guaranteeing free health care. This coincided with the long-standing strikes by doctors and medical staff, involving a debate about compulsory civil service – which was argued to be necessary, given the inequalities in health care between different regions in Algeria. The parliament has also been increasingly active internationally and regionally, participating in forums and defending Algeria's interests and reiterating its positions on the cause of the Palestinian and the Sahrawi peoples. Open sessions have been organized on different subjects.

In September 2018, a crisis of confidence in APN President Saïd Bouhadja led to the chaining of the door to parliament to prevent the president from entering. He was asked to resign over alleged abuses of power. On October 24, Mouad Bouchareb took over. This crisis of confidence was interpreted as being more about internal divisions related to the succession of Bouteflika than any real political crisis.

The independence of the judiciary provided for in the constitution was reaffirmed in the constitutional revision of 2016. Judges and lawyers are selected by competitive examinations and recruited according to merit. While the constitution establishes the independence of judiciary power, certain legal provisions allow for the executive branch to interfere with the judiciary and, for instance, dismiss judges. Citizens can appeal existing verdicts in one of 48 courts of appeal.

Practical decisions about judicial competence are made by the Conseil national de la magistrature (supreme judicial council), but this is under the influence of the executive. The most recent Afrobarometer indicates little trust in courts and even less in judges in their household surveys.

Independent
judiciary

4

'06 '20 10

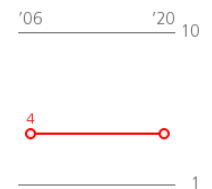
4

1

In January 2019, a new anti-corruption bill was introduced by Justice Minister Tayeb Louh that proposed new competencies for the prevention of and fight against corruption. As well as overseeing legal instruments and administrative measures, it would develop civic education programs and coordinate between different sectors of the government. A financial office would be created and protection for whistleblowers ensured. If passed, this bill would allow certain anti-corruption provisions of the 2016 constitution to be implemented. The will of the government to tackle corruption has been recognized in media sources, but the three-year delay by the authorities in introducing this legislation was criticized.

Prosecution of
office abuse

4



In the 2013 Arab Transformations project, corruption was indicated as the second greatest challenge facing Algeria, after poverty and unemployment. Overall, there was greater confidence in the Council of Ministers than in the parliament and the recent crisis in parliament has raised further concerns about perceived stagnation in the political system and concerns about members paying to get their names on parliamentary lists. Indeed, rumors of the corruptibility of certain members of parliament circulate widely in the public sphere, like FLN Deputy and rich businessman Baha Eddine Tliba.

Citizens have little trust in governmental anti-corruption instruments, since major cases of corruption and abuse of power have been ignored and only brought to public attention by foreign courts or the media, as it was the case with former Minister of Energy Chakib Khelil. Subjected to an international arrest warrant, accused of having received €198 million to put through an €8 billion contract with the Italian company, SAIPEM, he was received with honors in Algeria in March 2016 and the accusations against him were dropped.

The Panama Papers revealed in 2016 that high government officials, such as Minister of Industry Abdeslem Bouchouareb, and Ali Haddad, president of the Business Leaders Forum and a close ally of President Bouteflika, had offshore accounts, symbolizing the collusion of political power and the business elite.

The summer of 2018 was characterized by a succession of corruption and criminal affairs among the inner circle of those in power.

In May 2018, 701 kilograms of cocaine were intercepted by the coastguard and seized by customs authorities in the port of Oran. An obscure and influential businessman, as well as a number of high public profile people, including judges, prosecutors, mayors, property developers, and the children of prominent politicians were mentioned by the media. A series of restructurings of the security apparatus and army corps followed. In October 2018, five powerful generals were incarcerated for corruption, unlawful enrichment and trading in influence. Yet, the disclosure of these affairs has to be interpreted in light of the rivalry between different clans within the regime, rather than as a proper anti-corruption campaign.

In terms of freedom of speech and association, protesters and activists demand the right to demonstrate, which has remained restricted in the capital since 2001, despite the lifting of the state of emergency in 2011. In certain regions, restrictive applications of the new law (2012) on associations has led to the closing of associations declared to be non-registered. During the reporting period, there were greater restrictions and arbitrary applications of the 2012 law.

Human Rights Watch continues to contest the summary expulsions of sub-Saharan migrants by the authorities with little respect for their rights or status as asylum-seekers or refugees. With increasing pressure from the EU to prevent Mediterranean crossings, expulsions appear to have increased since 2017 with thousands of men, women and children bussed to the Niger border and left in the desert. Sub-Saharan migrants' experience in Algeria has been marked by uncertainty and arbitrary decisions.

Despite Algeria having ratified the U.N. Convention Eliminating all Forms of Discrimination Against Women (CEDAW) in 1996, Algerian women still face discrimination under the law and in practice. Under the 2005 Family Code, women's rights are subordinated to those of men in matters relating to marriage, divorce, child custody and inheritance. In 2015, Algeria passed a law criminalizing violence against women and many more women are now elected to parliament under the new quota system.

LGBT+ communities in Algeria face harassment both in law, with homosexuality still criminalized, and within society with many cases of violence documented by LGBT+ rights organizations.

Freedom of religion is fairly well established. The Christian community in Algeria still practices freely although proselytism is forbidden. Muslims who convert to Christianity face societal and legal restrictions. Criticizing Islam or Muslim dignitaries can lead to imprisonment and financial penalties. Numerous cases against Algeria's Ahmadiyya community in the last two years have involved prison sentences. Officials claimed they were a threat to the majority Sunni Muslim faith and made accusations of collusion with foreign powers.

Significant improvements have occurred over the last decade in the recognition of the rights of the Berber populations in terms of language and education. Berber language was given official status in the revised 2016 Algerian constitution and the Berber new year was made a national holiday in 2019.

Human rights organizations continue to contest the amnesties granted for abuses committed in the 1990s. Organizations continue to lobby for a way to achieve justice and peace for the families of victims in Algeria, including the families of the 8,000 who have "disappeared."

Civil rights

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'06 '20 10



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4 | Stability of Democratic Institutions

State institutions formally follow democratic principles, yet their quality and efficiency remain contested. The presidency continues to dominate political life, and, despite the retiring of Head of the Secret Services (DRS) General Mediene in 2015, the role of shadow actors remains unclear. The political reform process launched in 2012 after the Arab Spring includes the revision of electoral laws, and the laws on associations and political parties, and further elaboration of the 2016 constitution. The creation of many new political parties has mobilized new sections of the population; however, it has also potentially fragmented the opposition and created many smaller groups of support for the ruling FLN.

Algerians actively voiced their anger over the extension of the presidential mandate to four terms for ailing President Bouteflika in 2014. Lack of clarity concerning the 2019 election has led to apathy, uncertainty and anxiety among the population. It has also led to more and more Algerians seeking exile, including those highly qualified professions such as doctors, as reported by the local media. The 2016 constitutional revision limited presidential terms to a maximum of two. That this could once again be reversed has created deep dissatisfaction and lack of trust in institutions.

Parliament was strengthened in the constitutional revision, though deputies' high salaries and lack of knowledge of national laws, and lack of communication with their constituents, continue to be criticized in the independent media. Nonetheless, channels for participation do exist, and the executive is not entirely detached from society. Thus, the improved composition of parliament and the increased number of women have improved its representation of the population. Local democratic structures have been strengthened by increasingly active participation in the municipal councils at the local level, particularly from civil society activists who become elected members. However, the increase in protests at the local level is generally seen as an indicator of lack of efficiency and responsiveness of local administrations.

The central administration and local elected bodies have long stood accused of inefficiency, corruption and patronage. The elected Assemblées Populaires des Wilayas (regional assemblies) and Assemblées Populaires des Communes (town hall assemblies) handle the provincial and municipal affairs. However, civic organizations often must rely on personal influence or protest to force the administration to act.

In general, despite the sacking of DRS chief General Mediene in 2015, it is still felt that the “deep state” (i.e., the army and security forces) seems to take all relevant decisions with little democratic control. There is a total opacity as to who really governs the country.

Performance of democratic institutions

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Commitment to democratic institutions

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The legitimacy of democratic institutions is not yet fully accepted by the relevant actors, although there is a strong will for the institutions to step up to the role they should play. Lobbying of parliament and organized protests indicate this strong desire for effective democratic institutions.

5 | Political and Social Integration

Algeria has had a multiparty system since 1989. Political liberalization was suspended between 1992 and 1996. The Front Islamique du Salut (FIS) was banned in 1992, but other political parties continued to enjoy legal existence. Parties based on religion are banned under Algerian law, though parties with Islamist ideology are present.

The electoral law and law on political parties of 2012 facilitated the creation of parties. The state approved many new parties with 64 registered parties in 2019. The social roots of parties in general remains weak however and they are not seen to represent the population. The increase in parties has potentially fragmented the opposition and created parties keen to support the ruling coalition. According to the Arab Transformations report (2013), 63% of the population felt no political party represents them and only 3% were members of a political party.

Over the last decade, three allied pro-regime parties have dominated electoral politics. These are the former single party, the National Liberation Front (FLN), the Rassemblement National Démocratique (RND) and the moderate Islamist party Movement of Society for Peace (MSP). Prior to the legislative elections of May 2012, the MSP left the coalition and created the Islamist Green Algeria Alliance with other parties. They subsequently saw losses in both legislative and local elections in 2012. The Green Alliance was dissolved in 2017.

Other opposition parties include the Workers Party (PT) led by Louisa Hanoune, and the Berber parties. These include the Rassemblement pour la Culture et la Démocratie (RCD) and the Front des Forces Socialistes (FFS), the oldest opposition party. The opposition generally still remains weak and fragmented. It is nonetheless noteworthy that several opposition parties formed a coalition (Coordination pour les Libertés et la Transition Démocratique, CLTD) in a historical gathering in 2014 and called for a political transition in light of the political stalemate created by the fourth term of ailing President Bouteflika.

The Jil Jadid (New Generation) party, although small, is a visible player due to its president, Soufiane Djilali, who plays an important role in public debates, not least as part of the Mouwatana movement which opposes a fifth term for Bouteflika.

Party system

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'06 '20 10



A number of associations and networks are capable of mobilization and lobbying at the national level, such as the Réseau Wassila (women's rights network), the NADA network (children's rights) and the Algerian Federation for Handicapped People (Fédération Algérienne des Personnes Handicapées, FAPH) for example. Certain associational movements have managed to influence policy reforms over the last years. This includes the Center of Information and Documentation on Children and Women's Rights (Centre d'Information des Droits de l'Enfant et de la Femme, CIDEF) push to install quotas in parliament for women, and demands made by Berber associations to have Tamazight recognized as a national language and represented in the education system. At the very least, they provide effective channels for information for citizens and local authorities. Relations among organizations are, however, not always cooperative.

In January 2019, a group of nine associations from Oran and Algiers challenged the current repressive association law of 2012 and proposed new text to parliament, ministers and civil society organizations. It is not clear yet whether their claims have been heard. The need for more training for staff in both state institutions and associations is evident. Over half of the associations in the country remain in non-conformity to the new law. As a consequence, certain association activities are prohibited; partnerships are on hold; bank accounts are blocked; and in certain cases, associations are dissolved. Concerned actors in the field who developed an alternative law on associations denounce the current one as systematically curtailing freedom.

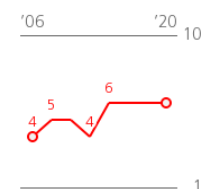
Social movements have grown in Algeria and protests continue to take place across the country, in front of public buildings in protest against deficient or absent infrastructure, unemployment, housing conditions, arbitrary and unfair decisions from the authorities and lack of communication.

The main trade union is the UGTA (L'Union Générale des Travailleurs Algériens, General Union of Algerian Workers) with around four million members. Autonomous counterpart unions flourished in the last decade. They organized several strikes, notably in the education sector. The long-standing strike of resident doctors, which continued for months in 2018 with no positive outcome, was met with repression. They claim they face problems: the authorities only recognize the UGTA.

The prospect of fracking for shale gas in recent years in the Algerian south led to coordinated demonstrations in In Salah, Ouargla and Adrar, and across the country from Tamanrasset to Algiers. These have been documented by the Environmental Justice Atlas network and described as "one of the most spirited anti-fracking movements in the world today." The government announced a moratorium in 2016 until 2022; however, it remains unclear whether this was due to the demonstrations or the economic viability of the industry in Algeria.

Interest groups

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Only 45% of Algerians are satisfied with how democracy works in Algeria and 4% consider the country not to be a democracy, according to the latest Afrobarometer (Q41), although answers vary according to how the question was framed.

Approval of
democracy

n/a

'06 '20 10

Fear of insecurity and violence remains, from the conflict of the 1990s in Algeria in particular, but also due to the security situation in neighboring countries like Libya, Mali, the insecurity in Tunisia, the civil war in Syria and the overall perceived threat to national sovereignty.

The level of trust in the presidency varies. The degradation of the president's health and little transparency about it fundamentally degraded public trust around the presidency.

n/a 1

The high opacity of the regime and the lack of transparency in decision-making processes is most visible in the fact that nobody knows who is really in charge.

The parliament as a central institution in a democracy is structurally weak and is perceived by citizens as a place for opportunistic maximization of personal interests.

While the number of CSO associations has risen rapidly since the 1990s, most of the 110,000 associations now registered with the Ministry of Interior are small "comités de quartier" or mosque associations, some of which are dormant or dysfunctional. However, the last years have also seen an increasing number of dynamic social, cultural, and environmental associations, and also networks of associations, particularly in towns such as Oran or Ghardaia and in the south and in the Berber area of Kabylie.

Social capital

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'06 '20 10



There is a strong history of social solidarity in Algeria. Social organizations represent roughly a quarter of the associations registered. Trust within such organizations appears to have increased. Trust levels between citizens, and with the state, remain low after the traumas suffered in the 1990s, the top-down reconciliation process and the authoritarian tendencies of the state.

Social media has facilitated certain environmental campaigns like Algérie Propre or Green Bikes Annaba. The TrashTagChallenge launched by a young Algerian on social media went viral in early 2019 and provoked a global movement to clean up the local environment.

II. Economic Transformation

6 | Level of Socioeconomic Development

Algeria's rating on the UNDP's 2017 Human Development Index (HDI) has increased with a current index value of 0.754, which indicates a high level of human development. Algeria is currently ranked 85 out of 180 countries and has generally recorded improvement in this regard. Given Algeria's hydrocarbon resources, however, its HDI value remains relatively low, and huge disparities in wealth persist. The Gini index was 27.6 in 2011. The poverty rate reached 3.9% in 2011, according to official figures. Given fluctuating oil and gas prices in recent years and the cuts in subsidies resulting from the 2017 financial act, observers assume that Algeria's poverty rates have been augmented. Already in 2016, the Algerian League for the Defense of Human Rights (Ligue Algérienne pour la Défense des Droits de l'Homme, LADDH) claimed that in fact nearly 35% of Algerians live below the poverty line. Algeria's inequality-adjusted HDI value for 2017 is 0.598 (discounted for inequality), which indicates a loss of 20.7% due to inequality.

Gender inequality appears to have risen and is below average of the countries measured in the gender inequality index (score of 0.442 in the UNDP 2017 Gender Equality Index). Women have significantly higher access to tertiary education than men (1.7 female-to-male enrollment rate), but face significant barriers in accessing the job market, representing only 18.3% of the labor force.

A further factor of exclusion is in the challenges in accessing housing, jobs and public services. World Bank figures placed unemployment at 10.1% in 2017.

Concerning unemployment, there has been an improvement in the last years. Unfortunately, national statistics are not independent and observers criticize the methodology used and assume the unemployment rate is much higher.

Question
Score

Socioeconomic
barriers

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Economic indicators		2015	2016	2017	2018
GDP	\$ M	165979.3	160129.9	167555.3	180689.1
GDP growth	%	3.8	3.3	1.6	2.1
Inflation (CPI)	%	4.8	6.4	5.6	4.3
Unemployment	%	11.2	10.2	12.0	12.1
Foreign direct investment	% of GDP	-0.3	1.0	0.7	0.8
Export growth	%	0.6	8.7	-5.3	-
Import growth	%	6.4	-3.0	-5.5	-
Current account balance	\$ M	-27037.6	-26204.0	-22058.7	-
Public debt	% of GDP	8.8	20.5	27.3	38.3
External debt	\$ M	4671.4	5463.2	5706.7	5710.4
Total debt service	\$ M	691.1	356.6	239.8	217.2
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	21.6	20.9	19.2	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	4.9	4.5	-	-
R&D expenditure	% of GDP	-	-	0.5	-
Military expenditure	% of GDP	6.3	6.4	6.0	5.3

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Algeria began constructing a market economy in 1994. However, progress toward liberalization has faltered. Algeria is a classic rentier state and there is little interest in economic liberalization. The government tends to intervene through regulatory measures, such as subsidies or price caps. It takes 12 procedures and 17.5 days to open a business in Algeria, according to the World Bank's 2019 Doing Business report, with adjunctive costs of 11.8% of the average income per capita, placing the country only at rank 150 out of 190 in the subindex "Starting a Business."

In the 2018 Index of Economic Freedom (IEF, produced by the Heritage Foundation), Algeria is ranked lowest in the MENA region and below regional and world averages.

Market
organization

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It fell due to declines in property rights and investment freedom, despite improvements in judicial effectiveness and monetary freedom.

The World Economic Forum paints a brighter picture, placing Algeria fourth in the region in its Global Competitiveness Index, highlighting improvements in innovation and technology, such as in telecommunications. A low labor force participation of 41.8% indicates not only a weak macroeconomic environment, but also a weak institutional framework for private business and high rates of informal employment. Moreover, the restrictive investment law, which permits no more than 49% foreign ownership of any business, is inadequate for market liberalization enforcement and limited regional trade.

Algeria's challenging business environment, political uncertainty and dependence on hydrocarbons continues to undermine prospects for sustainable economic development.

The Algerian currency is not convertible and other barriers to markets exist such as poor banking infrastructure. The informal sector is significant, suggested to be up to 45%, and there is insufficient will to tackle this given vested interests from many different sectors involved.

The last two years have been categorized by what the International Crisis Group has called "political paralysis," which means that much-needed economic reforms to protect competition have been stymied. Attempts had been made in recent years to break up state monopolies, but with limited effect. Changes to the hydrocarbons law in 2006 and the privatization program allow the state to retain control over key industries such as oil and gas.

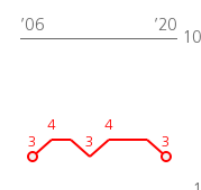
In April 2011, among other political reforms, President Bouteflika committed to opening up the broadcast media. A new law in 2014 ended the state monopoly in the audiovisual sector. Three independent broadcasters Echourouk TV, Ennahar TV and El Djazaïr TV were authorized in 2011 and have been operating without restriction in Algeria (although their transmitting stations are in foreign countries). The broadcasters are all close to the regime.

The monopoly over internet provision has been taken away from Algerie Telecom under the new telecommunication law. The opening up of the sugar sector was declared a success by the government in 2015, but other sectors, such as air transport, remain under effective monopolies with high levels of importation for essential products.

The Algerian competition authority, the Conseil national de la concurrence (National Competition Council, CNC), was created in 1995, but not active until January 29, 2013. Observers criticize its de facto lack of independence, due to its tutelage under the Ministry of Trade and the lack of an appropriate legal environment. The seizure of industrial equipment from Algeria's largest private company, Cevital, in June 2018

Competition policy

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was understood as “political,” since the agri-food producer’s founder and chairman, Issad Rebrab, was a well-known critic of President Bouteflika.

In 2017 and 2018, Algeria introduced new tariffs on certain products and suspended imports on others in an effort to control imports and to encourage Algerian producers. Until that time, the average tariff rate in Algeria was 12% and trade and investment policies were less open than global averages.

Algeria liberalized foreign trade in the 1990s as a result of the IMF requirements for its support. Stiff tariff barriers were retained particularly on imports. The government began removing these under the terms of the EU Association Agreement, signed in 2002. This entered into force in September 2005. The agreement established a free trade area in accordance with WTO rules which would be established over a maximum period of 12 years. In 2012, Algeria negotiated a further three-year delay, pushing the deadline back to 2020.

On January 1, 2009, Algeria joined the Greater Arab Free Trade Area (GAFTA). This has led to the abolition of tariffs and a liberalization of markets for industrial and later agricultural goods between 17 member states of the League of Arab States. This saw Algerian non-hydrocarbon exports (mainly sugar and glass) increase by 21% in 2012. However, Algeria still imports far more than it exports to the GAFTA zone.

Despite adherence to international free trade mechanisms, there remains skepticism from Algerian entrepreneurs and authorities. Due to the lack of producing companies, Algeria would risk losses in the short term from trade liberalization. As a result, dismantling of tariff and non-tariff barriers has been slow.

Foreign investors are generally limited to minority status. The complementary finance law in 2009 introduced the obligation for foreign investors to secure an Algerian partner with a 51% share in any industrial venture, seeking to reduce imports and protect its own industries.

Algeria is a candidate for WTO membership, but has consistently refused calls to liberalize its hydrocarbons trade.

Capital markets in Algeria are underdeveloped. The number of private banks has grown, but the financial sector remains dominated by public banks, with 90% of assets in public banks. Private banks perform better than the public banks, which are regularly bailed out by the government. There is high liquidity in the Algerian banking system due to hydrocarbon wealth, the obligation to sell foreign exchange to the central bank and high public expenditure.

Bank capital to assets ratio in 2016 was 9.8%, and bank nonperforming loans to total gross loans was 11.4%. Algeria is largely a cash economy, the private sector is predominantly made up of very small enterprises which function in cash, as do households. Consumer credit, banned since 2009, was relaunched in 2016, but only

Liberalization of foreign trade

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Banking system

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for goods manufactured or assembled in Algeria. Islamic Bank loans were authorized in July 2017. The weaknesses of the Algerian financial system continue to limit the emergence of a free market economy. High liquidity ratios, in relation to total assets, illustrate the limited effectiveness of the financial sector to channel excess equity into value-creating projects.

8 | Monetary and fiscal stability

The inflation rate in Algeria in 2017 was 5.6% (World Bank figures) but was expected to rise to 7.4% in 2018. The IMF recommended in 2018 that the Algerian government cuts its reliance on central bank financing, following its latest Article IV consultations. Algeria reduced its deficit from 13.5% in 2016 to 8.8% in 2017; however, direct financing by the central bank (Banque d'Algérie) has had other effects, such as inflation.

The central bank's independence is constantly put into question. In 2016, the director of the central bank was dismissed for opposing the government's decision to implement a money-creation policy in order to finance the public deficit.

The Algerian dinar cannot be freely converted. The rate is pegged against a basket of currencies and fixed by the Banque d'Algérie. The real effective exchange rate in 2017 was 101.3 (World Bank). The official exchange rate reached 141 dinars to one euro in early 2018. However, on the black market the dinar was exchanged for as much as 208 dinars to one euro. The dinar has been partially convertible since 1995 for currency transactions for foreign investors. Residents and non-residents may hold foreign currencies.

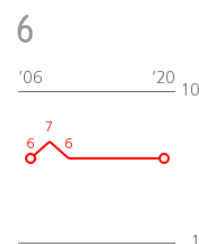
The Banque d'Algérie has the main responsibility in the regulation and supervision of the banking sector. It manages Algeria's foreign reserves and controls foreign exchange. The 2010 banking law amendment reinforced its role in overseeing the banking sector. Laws and regulations meet international standards, but the extensive state-owned character of banks still undermines compliance.

The continued fall in oil prices has been a major challenge to the Algerian economy, although there have been efforts to adjust to the oil price shock. Algeria's current account balance improved slightly to -\$26.2 billion in 2016, according to World Bank data, significantly worse than the \$12 billion recorded in 2012.

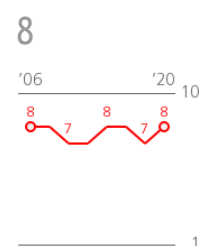
Public debt rose to 17.7% in 2017, while external debt remained fairly stable, standing at \$5,466 billion in 2016. Algeria's total debt service was lowered to \$353 million.

Government consumption in 2017 was down to 17.3% of GDP. Total reserves were \$97.6 billion in 2017, down from \$180 billion in 2014. Important challenges remain

Monetary stability



Fiscal stability



concerning long-term macroeconomic stability, restoring fiscal prudence and diversifying the economy.

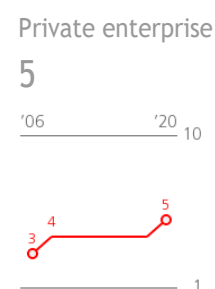
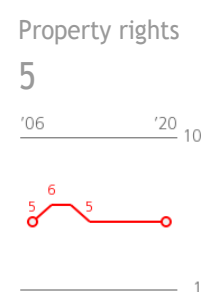
The authorities have committed to undertake fiscal consolidation and reform with a notable reduction in the fiscal deficit in 2016 and the adoption of an ambitious fiscal consolidation plan for 2017 to 2019. Progress was made in improving the business environment and a long-term strategy to reshape the country's growth model to foster greater private sector activity and economic diversification. The central bank is adapting its monetary policy instruments to a tighter liquidity environment. This "growing reform momentum" was welcomed by the IMF.

9 | Private Property

Private property is guaranteed by law. Citizens have the right to acquire property, although zoning regulations can limit land use. The state respects individual rights, unless the title is ambiguous or land wrongfully expropriated. However, as the institutions are not free from corruption and political manipulation, individual rights may be adversely affected. Purchase of land by foreign entities has been limited to avoid speculation. Legislation in 2009 made transfer of land to foreign investors possible only through 33-year concessions (can be renewed twice). Foreign companies have complained about difficulties in registering property. It takes 55 days and ten procedures to register a property in Algeria, according to the World Bank.

The Algerian state encourages the private sector and has taken measures to encourage investment from domestic and foreign sources. In 2017, the state eliminated the minimum capital requirement for business incorporation, reduced the time to obtain construction permits, decreased the tax on professional activities, and introduced advanced accounting systems to facilitate paying taxes. In 2019, Algeria improved access to electricity connections by streamlining administrative processes and granting new licenses to vendors selling prebuilt substations. It also made importing easier by implementing joint inspections between control agencies.

At the same time, privatization of state companies has been delayed and the government still appears ambivalent. With a prevalence of very small enterprises (VSE), the private sector suffers from structural weaknesses including difficult access to financing, lack of technical equipment and knowledge, and shortcomings in vocational training. Structural handicaps combined with the importance of investment volumes handled by the state mean slow private sector development, despite the massive public investment, notably through programs run by the Agence nationale de soutien à l'emploi des jeunes (National Youth Employment Support Agency, ANSEJ).



ANSEJ programs are said to have become a political instrument used to buy social peace. Indeed, although aiming at fostering entrepreneurship among youth, they are heavily criticized for lacking appropriate accompanying measures.

Persistent blockages include the weakness of intellectual property protection and the strong presence of the informal sector, beyond the reach of state regulation.

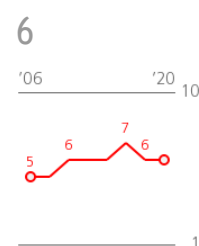
10 | Welfare Regime

Life expectancy in Algeria now stands at 76.1 years and has consistently increased year after year. The most recent figures show that health care spending rose to 5.2% of GDP in 2014, up from 3.6% of GDP in 2010. Ensuring the quality of these services, however, is an ongoing challenge. Human resources, equipment and medical supplies are often insufficient. Poor quality services, notably in hospitals, leads economically well-off citizens to use private health clinics or travel abroad. The 2017 Finance Bill was criticized in its approach of austerity although social sectors are supposed to be protected from cuts.

Four national insurance schemes cover the social care of: Algerian workers and their families, the retired, the unemployed and the non-salaried. The first scheme, a national form of social security (Caisse Nationale de la Sécurité Sociale) for workers and their families protects more than 80% of the population. Access to public hospitals is free and prescription medicine is reimbursed. The country's national unemployment insurance (Caisse Nationale d'Assurance Chômage, CNAC), created in 1994, protects the unemployed and offers training measures. The schemes are financed by joint contributions from employers and employees. Private health care has increased over recent years, although the public sector remains the most significant for health care spending (80%).

While the Saharawi populations in the south are guaranteed access to social welfare services, for example, with 100% access to education, access to safety nets for the increasing numbers of Syrian and sub-Saharan African refugees in Algeria has been increasingly criticized by human rights organizations. The growing numbers of expulsions of members of these communities and their poverty level are huge challenges. The Algerian Red Crescent plays an important role in providing basic services. Several associations gathered in 2015 under the Plateforme Migration Algérie in order to promote migrant's and refugee's rights and to raise awareness.

Social safety nets



Equality of opportunity is guaranteed by law but persistent corruption, as well as traditional gender perceptions, mean equal access to employment and public services is not always ensured. Free education exists at all levels, across the country. Overall enrollment rates are in line with MENA region averages: 113.6% in primary, 99.7% in secondary, and 42.7% in tertiary education. Women have higher enrollment rates than men particularly in the tertiary level. Most recent data on literacy shows improvement overall (79.6% in total), but still shows higher levels for men (86.1%) than women (73.9%). Family revenue still plays a role in the quality of education, with private schools or education abroad for those who can afford it.

There are significant barriers in the job market for women, who only make up 18.3% of the total labor force in 2017. In 2005, amendments to the family law improved women's rights, but discrimination still remains in terms of rights to divorce and inheritance. In 2015, the parliament adopted legislation to amend the criminal code to toughen sanctions for violence and discrimination against women in the home and the workplace. Since 2012, quotas related to the numbers of women in elected assemblies have led to over 30% of parliamentary deputies being women. LGBT+ persons suffer discrimination in all aspects of their lives.

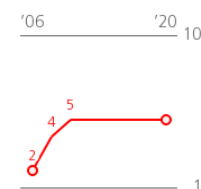
Berber populations claim discrimination in terms of limited access to education in their mother tongue or in French, sometimes preferred as a language of education over Arabic. However, the constitutional revision of 2016 has now made the Berber language an official language. They do not seem to suffer discrimination in the workplace. Intercommunal tensions between populations in the M'zab heightened in 2014, with both populations experiencing what they felt to be discrimination in access to the job market, public services and protection from the police. There has been no violence since 2016.

The unemployed movement in Ouargla (CNDDC) represents citizens of the south who feel disadvantaged in terms of access to jobs, proper infrastructure and education. The importance of corruption and clientelism in order to get a job is shared across the regions.

Refugees and migrants often suffer from unequal access to justice, health and proper housing. The situation for increasing numbers of sub-Saharan African and Syrian refugees appears to have worsened in the last two years. LGBT+ persons suffer discrimination in all aspects of their lives.

Equal opportunity

5



11 | Economic Performance

Algeria is classed as an upper-middle income country. There are still foreign exchange reserves, but these have fallen to \$89 billion in 2018 from a record high of \$195 billion in 2014. These reserves have allowed Algeria to protect the economy from the serious external shocks from the oil price fall. The current account balance is -\$26 billion. The country had progressively reduced public debt, but this rose in 2017 to 17.7% of GDP.

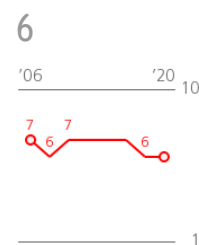
GDP per capita constantly grew until 2016 when it was \$15,275 (in PPP terms) according to World Bank data, with GDP per capita at -0.1% in 2017. Total GDP was \$170 billion in 2017, down from \$214 billion in 2014.

While economic performance has been fairly good over the last decade, the economy is still highly dependent on hydrocarbons and is therefore vulnerable to international price shocks, as has been seen over the last years. Hydrocarbons account for around 30% of GDP. Inflation as measured by the consumer price index (CPI) rose to 5.6% in 2017. According to official data, unemployment remained roughly the same at 10.1% until 2017 according to national statistics office figures, but grew to 11.7% in September 2018. Youth unemployment remains high at 29.1%.

Gross capital formation is 47.8% of GDP, much higher than most of the region.

Foreign direct investment in Algeria is 0.7% of GDP in 2017. Investment outside the oil and gas sector remains low. Financial and training initiatives launched by the government to support SMEs, young people and employment opportunities have not yet managed to fully support a more diverse private sector.

Output strength

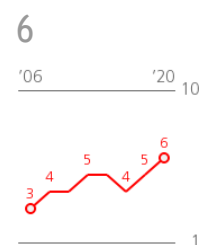


12 | Sustainability

According to the German Development Agency GIZ, Algeria has now become the region's voice on various environmental issues, having developed a series of progressive environmental laws.

While massive development programs, including large-scale road and dam construction, present risks, there are concerted efforts to implement environmental policy. Algeria was one of the first countries to ratify the 2015 Paris Agreement on Climate Change. Over the last decade, there have been investments in infrastructure for access to water and sanitation and increasing attention paid to pesticide regulation, forestation, and use of marine resources. Attempts to tackle the serious challenge of desertification since the 1970s (including the “green belt”) were only partially successful. The five-year plan 2010-2014 dedicated significant funds to deal with desertification in 12 regions (wilayas), and these efforts were continued in the 2015-2019 plan.

Environmental policy



In terms of energy, Algeria is still dependent mainly on fossil fuels. Debates in recent years on the post-oil period encouraged interest in large-scale renewable energy. As a result, wind, solar and biomass have been receiving government support.

Algeria made the development of renewables a national priority with the National Development Plan for Renewable Energies, which seeks to make renewable sources account for a combined 27% of the national energy mix by 2030. Previous targets had mentioned 40%. Renewable energies are still largely untapped, with investments remaining modest in spite of considerable potential. According to experts, solar potential could satisfy internal demand, as well as generate exports. With the costs of solar and wind decreasing, this could be increasingly attractive. Current generation from solar of 340 MW is far from being at full potential. Wind is similarly underexploited, with generation capacity of 10 MW, from a single wind farm in Adrar. To encourage further participation, in 2018, the Regulatory Commission for Electricity and Gas launched a tender for 150 MW worth of solar projects, with the possibility of foreign partnership.

With the U.S. Energy Information Administration identifying Algeria as the world's fourth largest source of non-conventional hydrocarbons, notably shale gas, Algeria amended its hydrocarbon laws in 2013 to allow fracking. This has incited mass demonstrations and contestation from environmental lobbies and also citizen groups across Algeria, particularly in the south, which would be most affected by the environmental degradation to the Sahara. These mobilizations represent a significant shift in societal consciousness regarding environmental campaigns.

Concern for environmental as well as financial issues appears to have put shale gas exploration on hold in Algeria. Yet, there are plans to revise the hydrocarbons law again in 2019 with a view to facilitating this industry.

Efforts have been made since 2008 to promote cooperation by companies in environmental programs. Several Maisons de l'Environnement have already opened their doors and are an important vessel for civic education. There is a clear increase in environmental awareness among citizens and certain actors in the private sector and the state. A number of citizen initiatives have developed in the last few years, including campaigns such as Algérie Propre (Clean Algeria) using social media to encourage environmental awareness.

Only outdated figures are available (from World Bank data) for government spending on education (4.3% in 2008) and on research and development (0.1% in 2005). These figures appear low compared to the region and given Algeria's resources and potential. Substantial commitments were made to further increase educational infrastructure in the national five-year plan 2015-2019, this was then delayed due to the impact of falling oil prices on Algeria's budgetary capacity and the subsequent austerity policy. Strikes have continued over the last year with dissatisfaction among teachers and unions.

Access to education is ensured. Since 1975, Algeria has provided universal free access to education. In 2017, gross enrollment rates for universities stood at 42.7%. Female-to-male enrollment is 1.7. Women are significantly the majority on university campuses around the country. Although both school education and university education are free, the practice of pupils enrolling in private classes after regular school hours is increasingly widespread and constitutes a problem in terms of equal opportunity and access to knowledge.

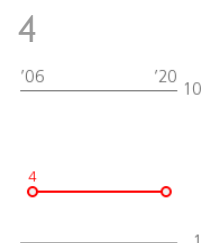
Considerable efforts have been put in place in the last decade in order to install higher education structures across the whole territory, including student residencies and free transportation, which had a positive effect, notably in terms of greater access to education for women. Yet, in light of growing numbers of students, the quality of teaching and research remains a challenge.

Adult literacy rates are 80% (compared to 10% in 1962 and 60% in 1990). The state launched a massive literacy program in its 2007-2015 literacy strategy, in partnership with civil society organizations, mainly targeting female literacy; however, differences in 2015 between women (73%) and men (87%) were still clear.

Algeria has five of its research centers among the top 50 in Africa. The Ministry of Higher Education counts 12 research centers, 12 research units and six research agencies within its remit. Algeria also has a number of exchange agreements with universities internationally, with student exchange programs for doctoral research in Europe and elsewhere. Certain bureaucratic hurdles, notably the prior approval of the Ministry of Higher Education and the Foreign Ministry, can limit opportunities.

Despite these achievements, there are still many challenges to achieving a high-quality education system. The education system is plagued by poor relations between teaching staff and ministries of education and higher education, due to pay scales and union recognition. There are fierce debates about whether Arabic or French should be the language of education. Student strikes also persist related to the curriculum, poor management, arbitrary decisions by the administration, lack of resources and infrastructure and the non-recognition of their diplomas by industry due to problems with the latest education reform.

Education policy /
R&D



Governance

I. Level of Difficulty

A number of structural constraints limit governance in Algeria. These concern state structures, the population and territory.

Concerning the state, Algeria still faces difficulties transforming its centrally planned economy, with the heavy presence of state industries, and weaknesses in the private sector and banking system. Layers of bureaucracy, inherited from the colonial system, along with high levels of corruption weaken governance. The fear of corruption often also paralyzes public institutions. Lack of trained personnel throughout the administration stems from previous weaknesses in the education system and the conflict of the 1990s, with the loss of many civil servants through assassinations or forced exile.

A growing tendency to emigrate results in the loss of high-qualified human capital (i.e., brain drain) and again reinforces the lack of perspectives among the highly educated middle class.

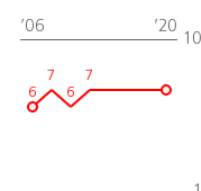
Other demographic factors also constrain Algeria's governance. Massive urbanization over the last 20 years has put pressure on Algeria's public services such as education, health, housing and transport. Resulting social unrest also contributes to rash political decisions, such as subsidizing prices, giving out grants to ensure social calm, or as is often suggested, to "buy the peace."

Algeria also faces challenges due to its vast territory and the biggest country in Africa. This renders the fight against terrorism even more difficult. The remnants of terrorist groups from the 1990s, in the Sahara and some northern regions, still present a massive constraint to governance. While contained, the constant threat of insecurity remains. Algeria's borders also constitute a significant difficulty, particularly in the Sahel. Conflicts in neighboring countries present additional threats in terms of terrorism, cross-border crime and trafficking.

The conflicts in the wider region have resulted in high numbers of refugees and economic migrants. However, immigration does not necessarily represent only a structural challenge, as the economy also benefits significantly from an increased labor force, particularly in the construction sector.

Structural
constraints

7



A number of challenges come from natural disasters. Flooding, earthquakes and desertification have all caused major tragedies in the last decade with significant costs, including in human lives. Finally, the currently low oil price on the world market puts constraints on Algeria's budget which are beyond the government's control. Overall, the reliance of Algeria's economy on the export of hydrocarbon creates the Dutch disease phenomenon.

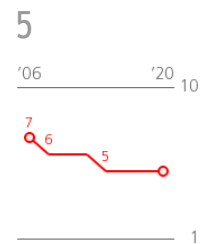
There is a long history of civil society organizations and solidarity in Algeria, from the religious associations, such as the Sufi zaouias, to village councils, particularly in Berber society. While these were impeded by both 130 years of colonialism and 30 years of single party rule, these structures survived and still underpin a tradition of civic organization and charitable funding. Many associations still function primarily on Muslim charitable donations (zakat).

The transition to a multiparty system after the nationwide October 1988 riots allowed for the opening of the public space for freedom of association. Thanks to the 1990 law on associations, a large number of associations targeting a wide range of issues from women's rights, human rights to cultural rights established themselves. Despite the unrest, civil society continued to organize itself and produced youth associations like RAJ (Rassemblement Actions Jeunesse, Youth Actions Rally), but also associations for victims, such as Djazairouna and SOS Disparus, that directly address the consequences of violent conflict.

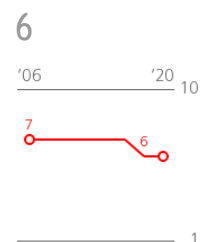
The 2012 law on associations constitutes a setback, since even old associations had to renew their permits. According to recent figures by the Ministry of Interior, around 55% of associations are not officially recognized, forcing them to operate in a state of legal uncertainty. In addition, a prohibition of foreign funding and partnerships constitutes a serious challenge. Yet, generally it has not reversed the fact that there are now a significant number of dynamic, independent associations across Algeria. These contribute to social care and cultural forums, human rights advocacy and provide spaces for public debate. In a highly difficult post-conflict environment, which still divides society, associations have been a key factor in re-establishing social trust.

Social unrest has continued in 2017 and 2018, particularly in the health and education sector. Strikes and demonstrations persist, although the results of the Arab Spring in neighboring countries led to a caution both in the aims of protesters and state responses. Local level demonstrations and the use of low-level violence are still employed in response to rising prices, unemployment, lack of housing and the inefficiency of the authorities. The decision of the government in 2013 to change the hydrocarbon laws to allow fracking for shale gas has also led to massive demonstrations in the south of Algeria, notably in In Salah, Ouargla and Algiers, though these ceased as the government temporarily put fracking on hold.

Civil society traditions



Conflict intensity



There have been increasing divisions along socio-linguistic cleavages since 2001, with more clashes in the Mozabite region between Arabs and Berber Ibadites in 2014. Since late 2015, the Algerian state drastically increased security measures in the region and the violence stopped. The persistence of small fragmented terrorist groups, remaining from the Islamist violence of the 1990s, are now linked to criminal networks across the Sahel. These continue to operate, mainly in the Sahara, but now have been linked also to IS, which has been said to be recruiting in Algeria (with little success) and the region.

The attack launched on the In Amenas gas plant in January 2013, and the risks coming from the wider region, show the continued threat of Islamist terrorism and the difficulties of dealing with internationally operating groups compared to primarily domestic ones in the 1990s. However, according to experts, the Islamist terrorist groups struggle with shrinking popular support in Algerian society.

II. Governance Performance

14 | Steering Capability

The development of a diverse market economy, economic growth and reducing unemployment, while protecting strategic sectors, has been a consistent priority of the Algerian government. In the context of regional instability, the government continues to insist on peace, political stability and internal security as key priorities, playing on the fears of the population of a return to the violence of the 1990s.

However, with its own fears of instability, the government still often acquiesces to protesters' demands, with exemptions on duties and taxes for everyday commodities. Short-term responses still take place and limit the potential to deal with the root problems facing the economy. Quantitative easing in 2018 was described as adding fuel to the fire of inflation and buying time rather than implementing change. Analysts criticize the paralysis of the current system in the face of an urgent need for economic reform. The president's illness and the conflict within the inner circle of the regime has hindered the implementation of much-needed reforms.

Long-term priorities were set with the process of national reconciliation. Granting amnesties for the security forces and repentant terrorists and the banning of public criticism, was part of the resolution to the conflict. However, the need for truth and justice have not been met and the process of reconciliation is ongoing. Associations regularly denounce the Charter for Peace and Reconciliation and call for its abolition for the sake of truth, justice and proper reconciliation.

Question
Score

Prioritization

4

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Developments since the Arab Spring have led the government to enact a number of political reforms. Improvements in the electoral process, the increase in the number of women in parliament, and policy considerations for the after-oil period, seem to imply a longer-term perspective. However, this process still remains opaque and reflections on the post-oil period quite late in the day.

The possible resort to shale gas exploitation indicates that reflections are oriented toward new rents and extractivism rather than a restructuring of the previous logic.

International donors have little influence in policy-making, however, the increasing power of the employers' federation, Forum des Chefs d'Entreprise, has raised questions about the influence of the private sector on governmental policy-making.

With the financial pressures of recent years in light of falling oil prices, and the uncertainty as to the succession of the ailing President Bouteflika, the government appears to have slowed its ambitious infrastructure programs to achieve a diversified economy. There is frustration in the population at the absence of the presidential power, which is seen to limit effective decision-making and implementation of policy objectives. The diversification of the economy and the creation of jobs remain main challenges, and failure to advance in these domains has led the International Crisis Group (ICG) to qualify this as Algeria's "economic paralysis."

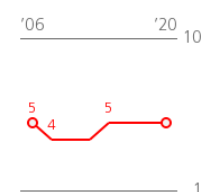
Corruption and the logic of regime persistence hinder the realization of certain objectives. For example, ANSEJ programs, intended to alleviate youth unemployment by encouraging entrepreneurship, have not always followed economic logic, but are rather used to buy social peace.

Algeria is still suffering the consequences of the conflict of the 1990s, including the loss of so many people across all sectors due to assassinations or exile. The traumas experienced resulted in an environment with low levels of trust that is still being rebuilt. The absence of international organizations and businesses during this period also contributed to limiting knowledge exchange and transferring best practices. Policy-making and -learning were thus previously limited, and an aging executive personnel also affected the willingness and flexibility to accept new approaches. This is steadily changing, however, and there is improving international cooperation with the European Union and other international actors, and ambitious development projects include a wide range of partners. Algeria is now an important strategic player in the region, European companies are seeking to invest in Algeria and Algerian public and private companies are now successfully establishing abroad, such as Sonatrach (public) and Cevital (private) in Italy and France.

The government declares its intention to engage more with the population in the decision-making process, although this remains a challenge. The ICG asserts that the dialog is only limited to business leaders and the primary trade union, rather than including other representatives of the population.

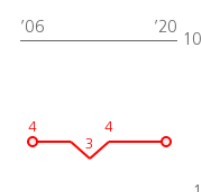
Implementation

5



Policy learning

4



Difficulties in the effective management, targeting and monitoring of policies still present obstacles for successful implementation. Despite the presence of well-qualified researchers and research centers across Algeria, paralysis linked to the problems of succession and vested private interests are stifling debate about how to reform the economy over the next decade. Fundamental changes are required to tackle authoritarian practices.

Overall, the regime has not learned from past experiences and errors and fails to apply new policies in order to depart from its strong dependency upon the hydrocarbon sector.

15 | Resource Efficiency

The Algerian administration suffers from weak human resource management, recruitment policies and corruption. Limited training opportunities also hinder the efficiency of the administration. Weak transparency in dismissals and appointments means political matters, rather than competence, can influence recruitment decisions. Pressures to reduce unemployment also contribute to high levels of public sector recruitment. The government has made improvements to financial management and has strengthened its legal and regulatory frameworks as well as financial audits within ministries and decentralized bodies. Overall, the strong centralized structure inherited from French colonial power prevents the effective development and use of human capital at the local level.

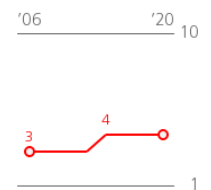
The ICG point out that inefficiencies in the energy sector in particular further hamper the economy. Algeria is the only OPEC member to pump below its quota as production declines despite efforts to attract investments.

Certain economic choices are made for political considerations and stability, for example the cancellation of debts for indebted youth who had previously benefited from ANSEJ loans.

The Algerian budget has been vulnerable to the significant decrease in international oil and gas prices and a number of cuts had to be made.

Efficient use of assets

4



The government's priorities are influenced by the regional security situation and the internal challenges of dealing with unemployment, lack of housing, improving public services and diversifying the economy. They are framed in the government's five-year development plans and annual budgets. Certain competing interests such as rapid infrastructure development and agriculture, versus environmental protection, appear to be managed.

However, more widely, there is a lack of coordination across the government and administration, and ministries are often unaware of one another's projects and remits. In the recent ICG report, an industrial policy specialist is quoted as suggesting that the current policy environment "is not conducive to diversification." This is primarily because "[a]gencies that should be working together are not."

The ambitious housing program under which the government has built eight million homes since 2008 responds to the major problem of urbanization, slums and poor housing. However, the management of this is weakly coordinated and accused of corruption, while the opaque manner by which homes are distributed often leads to protest, sometimes with the use of limited violence against physical objects. Whereas there is an increase in the percentage of the budget spent on health and education, this is still minimal compared to the amount spent on security. Algeria now has the largest defense budget in Africa, with annual spending over \$10 billion in recent years (a figure which has doubled in the last decade). Competing objectives of security and development still seem to conflict.

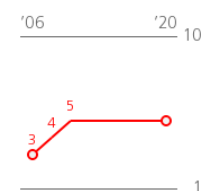
Certain corruption scandals or indications of corruption have been revealed, some due to foreign investigations. The Panama Papers showed that many Algerian ministers and high-ranking officials possess offshore accounts and businesses. The Saipem case in Italy involving the former Minister of Energy and Mines Chakib Khelil who, despite being subjected to an international arrest warrant, was spared by the Algerian justice system, did little to improve Algerian citizens' perceptions of the anti-corruption campaign. Weak financial controls and unimplemented anti-corruption legislation, as well as the absence of an independent judiciary, have led to what the Algerian Anti-Corruption Association describes as a "culture of impunity."

The 2006 Anti-Corruption Law, the establishment of the national anti-corruption office in 2012, and government declarations to fight corruption do not appear to have brought any change. Parliamentary oversight and the Court of Auditors have been criticized by local monitoring organizations for their role of auditing and controlling public spending.

Created in 1999 by Djilali Hadjadj, among others, the Association Algérienne de lutte contre la corruption (Algerian Association for the Fight Against Corruption) is a civil society organization that aims to raise public awareness of the problem. Despite being highly respected by civil society, it has no bargaining power to enforce its claims on the government.

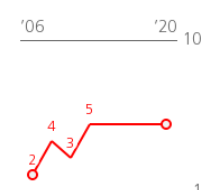
Policy coordination

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Anti-corruption policy

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Updated legislation on tackling money laundering, given the context of terrorism financing, has led to improvements. In February 2016, the Financial Action Task Force (FATF, which Algeria is a member of its Middle East and North Africa subregional body) judged Algeria's plan to combat money laundering as sufficient to those aims and removed Algeria from its position in the gray list.

A financial office was created in 2019 to enhance the fight against corruption, but this has been criticized by opposition leaders who argue that strong institutions are needed for any real advances against corruption.

High-profile scandals such as the Khalifa Bank and Sonatrach cases, in particular, have eroded trust among both Algerians and foreign investors. In 2018, the seizure of over 700 kilos of cocaine in a shipment of meat, with the involvement of a well-connected businessman, seemed to imply the complicity of senior security officials in organized crime, further eroding trust.

16 | Consensus-Building

There is a general disillusionment with institutional politics among Algerians, and consensus within the population and across the different political movements about the need to establish effective democratic institutions. On the decision-makers' side, this is often more rhetoric than real intention though. Since a real democratization process would question the core interests of the ruling elite, there is of course only a nominal interest in achieving democracy. Thus, discursive commitments to democracy and the implementation of limited liberalization have to be read as methods to secure the continuation of authoritarian rule.

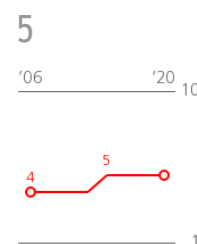
Opposition parties challenge the government and contest the role of the security apparatus, the arbitrary character of many state policies, and the lack of accountability of institutions. While promoting democracy in their discourse, political parties are criticized by civil society actors for lack of transparency and weakness in enforcing their own internal democratic procedures. There is a consensus across political groups, as demonstrated during the Arab Spring, that Algeria first and foremost should prioritize peace and nonviolence.

Yet, while stability and nonviolence are important for most political actors, there is a sincere will for change among most of the opposition parties.

The government and most political opposition parties are committed to the aim of tackling corruption and developing a fully functional market economy.

Opposition actors contest the effectiveness of government policies to address unemployment and economic development, but not the policy goals themselves.

Consensus on goals



Stated objectives regarding the economy often collide with the rentier-state nature of the state and with the particular interests of certain influential groups in and around the ruling elite, such as retired and active generals or businessmen, and, as such, remain unimplemented.

Despite its significantly increased budget, the military interferes less than it previously has in the daily affairs of governance in Algeria. However, despite a number of high-profile arrests in the last years, certain elements of the military, which benefit from the current economic and political system, are still seen by the population as a barrier to further liberalization. The army has remained a pillar of the regime with Chief of Staff Gaid Salah considered the core actor of the ruling elite within the Bouteflika clan.

The 2015 dismissal of Mohamed Mediene, head of the top intelligence body DRS for 25 years, was significant. The government's decision to disband DRS in January 2016 and replace it with a body under the presidency was also important.

Islamist political parties publicly adhere to democratic goals and market liberalization, and are fairly weak, with little electoral support. A small number of anti-democratic radical Islamists continue to operate, particularly in the Sahara and Berber regions. Regional insecurity and external interference from IS actors have made these groups potentially a greater threat.

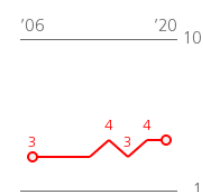
Divisions and cleavages in society have diminished over the last decade. The inclusion of Tamazight as an official language in the constitution in 2016 was an important step. Tamazight was made a national language in the Algerian constitution in 2002. Continued reforms such as the introduction of Tamazight into the education system have reduced tensions among the Berber population, notably in Kabylia. Demonstrations in Kabylia in early 2017 were directed more at social justice and rising prices of basic necessities. Yet, the increasing establishment of the Movement for the Autonomy of Kabylie (MAK), mostly in the villages, is a sign of a persistent feeling of alienation among fringes of the population.

Tensions in the M'zab region between Ibadite Berbers and Arabic-speaking populations have reduced after the state was criticized for its handling of the riots in 2014. The security services' apparent bias against the Ibadite youth has reinforced ethnic cleavages and a sense of injustice among them. A huge increase in security has meant there has been no violence during the period of observation. According to observers, the underpinning causes relate more to conflicts around trafficking, illegal trade across the whole region and real-estate issues rather than real ethnic divisions.

Regional disparities have triggered several contentious mobilizations in the south of the country. Demonstrators denounce the lack of adequate infrastructure and proper equipment in hospitals, the state of the roads, nepotism in the distributions of jobs, and express a general sense of being neglected by the central state.

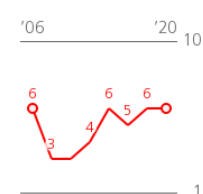
Anti-democratic actors

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Cleavage / conflict management

6



Current tensions in Algeria relate far more to social exclusion and civil rights than ethnic division. Subsidies have been extensively distributed but have not effectively reduced social tensions because they have not provided real opportunities to the young Algerian population. Certain concessions have been given to Islamist parties, and there is a general consensus that Islamism is no longer a viable political project. There is a strong consensus, however, that Islam should be at the center of Algerian social life and identity. The distribution of political positions based on region of origin can reinforce certain cleavage-based tensions in society.

Following the region-wide Arab Spring and unrest in the country in 2011, the government launched a number of political reforms and consultations, eventually leading to the revised constitution in 2016. During this process, the government consulted a wide range of civil society actors and some key requests, such as limiting presidential terms, were included.

Social protests by informal networks and groups have led to reassessments of government policies, such as subsidies and other social sector allocations.

Civil society associations remain very critical of the government and there is a general feeling that public opinion and consultations are rarely taken into consideration. The assumption that Bouteflika would nevertheless run for a fifth presidential term made the reforms apparently meaningless.

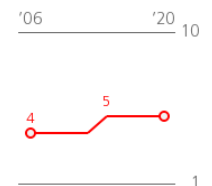
Activism by well-structured opposition groups, such as the short-lived Coordination Nationale pour les Libertés et la Transition Démocratique (CNLTD, National Coordination for Liberty and Democratic Transition, founded in March 2014 as an umbrella organization for various Islamist and secular opposition parties), or the many continuing sectoral networks such as the women's Wassila Network or NADA for youth, indicate that there are well-organized and well-informed organizations and movements. The feeling remains that the government only really takes into consideration the demands and grievances of civil society actors when a certain level of disruptive power is at play.

The 2006 Reconciliation Charter is widely acknowledged to have brought peace to Algeria. However, the amnesties given to state security forces and terrorists, and the imposed silence are perceived as deeply unjust, particularly by the families of the 100,000 victims (official figures) of the conflict and by those of the 8,000 "disappeared." Compensation has not allowed for real reconciliation, particularly for the families of the disappeared, who demand a right to know the truth. Cases brought to the French justice system for atrocities committed during the 1990s have created difficult precedents for the Algerian government to ignore.

The lack of a proper politics of "coming to terms with the past," coupled with an instrumentalization of the 1990s trauma for the sake of authoritarian persistence are not conducive to reconciliation.

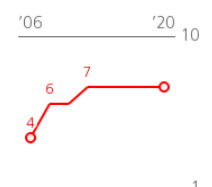
Civil society participation

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Reconciliation

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As to reconciliation with the former colonial power, France, apologies made by President Macron in 2018 to Josette Audin, the widow of French anti-colonial activist Maurice Audin, who was killed under torture, and his acknowledgment that widespread torture by the French authorities took place during the Independence War were a first step toward truth in the legacy of the colonial period.

17 | International Cooperation

The Algerian government has traditionally been reluctant to accept external involvement in its development plans, and given its hydrocarbon wealth, Algeria is not seeking financial assistance. More recently, the Algerian state has acknowledged a need for technical support and cooperation, and a wish to increase the breadth of its cooperation partners. Algeria signed an association agreement with the EU in 2002 which came into force in 2005. Implementation rates of donor funding programs in this framework have been low, mainly due to inefficiencies as well as lack of interest from the Algerian government.

Relations with certain Gulf states have generally improved, with increased economic investment from the Gulf and a significant Algerian expatriate population in countries such as Qatar. China continues to play an important role in Algeria's economic and infrastructure development. However, the Algerian government has not used the benefit of the Chinese expertise to train young people in Algeria, instead employing Chinese workers.

Bilateral trade continues to increase and relations are mainly focused on trade and investment.

Algeria has agreed to strengthen cooperation with Russia in the energy sector. There are strong bilateral programs including with the German development agency, GIZ, with a strong environmental program and with the United Kingdom in the education sector. Algeria is increasing its connections with the Anglo-Saxon world and strengthening the position of the English language in the education system.

Overall, helped by the autonomy that hydrocarbon wealth confers, the Algerian regime's foreign policy is determined by the principles of nonintervention in external affairs and a strong sense of sovereignty. Yet, the recent crises in Libya and Mali and the destabilization of the Sahel region have contributed to increased security cooperation with regional powers, and also with the U.S. and the EU.

In addition, in its efforts to launch the exploitation of shale gas, the Algerian government has been seeking the know-how of foreign multinational companies, much to the dismay of environmental campaigners and populations in the south which are most likely to be affected exploitation is allowed to proceed.

Effective use of support

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Under President Bouteflika's first terms, Algeria managed to restore its image on the international scene. The rapid succession of political players at the top has weakened Algeria, as has the uncertainty around the succession of the president. The assumption of a fifth presidential term, despite constitutional amendments limiting them to two in 2016, have undermined the credibility of the Bouteflika regime within Algeria and externally.

As a key geostrategic player in the Sahel and North Africa with its significant armed forces and wealth, and a leader in the fight against terrorism, Algeria has become an essential partner for Europe, the U.S. and the Middle East. With its renewed foreign policy and status as an energy supplier, Algeria is also considered one of the most difficult partners, particularly for the EU, as it refuses to sign up to regional standardized agreements that go beyond the rather unspecific association agreement of 2002/2005.

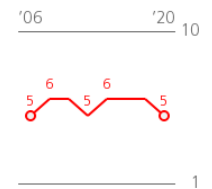
In June 2016, Algeria was elected to preside over the U.N.'s First Committee on Questions of Disarmament and International Security. Generally regarding international conventions, Algeria leverages its oil revenues to remain relative autonomous and resistant to external pressure.

Algeria is a reliable partner in terms of energy supply and security cooperation in the fight against terrorism. Algeria has used its strong military power projection, capabilities, recognized counter-terrorism expertise and diplomatic experience for mediation in the Malian conflict. Yet, the severe illness of President Bouteflika and the conflict in the inner circles of the regime have deprived Algeria of the necessary leadership in order to promote an effective foreign policy. In addition to this, tensions with neighboring Morocco over regional hegemony hinder effective collaboration.

The EU seeks stronger cooperation with Maghreb states in the realm of migration. Yet, Algeria refused to conclude migration partnerships and is reluctant to play the role of "Europe's gendarme" in the Maghreb. Nonetheless, since 2017, several deportation and expulsion campaigns show convergences with the EU's interest of containing irregular migration, even to the detriment of human rights. Algeria concluded repatriation agreements with Germany in September 2018 for declined Algerian asylum-seekers.

Credibility

5



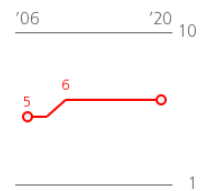
Algeria has relatively stable relations with its neighbors and is an active member of the African Union. In 2016, Algeria reached an agreement with Morocco to promote security cooperation in addressing terrorism and exchanging information on extremists. Since January 2009, Algeria has been a member of the Greater Arab Free Trade Area. Despite renewed efforts following the changes in government after the Arab Spring, Arab Maghreb Union (AMU) cooperation remains limited. The union remains at a standstill at the current time. Violence at the border has led to diplomatic friction in recent years. Borders will remain closed as they have been for years, in part due to the ongoing dispute over the Western Sahara between Algeria and Morocco.

The protracted conflict with Morocco represents a major obstacle to regional cooperation and integration, to the detriment of economic development in both countries. The conflict also contributes to weakening Algeria's effective regional leadership ambitions.

Continued instability at the borders with Mali, Niger and Libya underline the need for greater regional cooperation, and Algeria is still taking a lead in this, notably through mediation in the Libyan and Malian conflict. Increased investment in military spending indicate the strong capacity of the Algerian government to protect borders and cross-border territory in the Sahara and Sahel region. Algeria continues to follow its official policy of nonintervention in external affairs.

Regional cooperation

6



Strategic Outlook

Although political tensions remain, the population generally shared up until 2019 a consensus on the need for political stability and peace. Stagnation in political and economic decision-making due to President Bouteflika's poor health has had a huge impact on politics and governance in Algeria. Appeals within the inner circle of the regime to allow Bouteflika to stand for a fifth term were met with disbelief in light of his degraded health and the constitutional reforms of 2016, resulting in intense mass protests in early 2019 and his eventual replacement by interim President Abdelkader Bensalah on April 2, 2019.

At the time of writing this report, it was too early to judge whether this top-down interference by the army would lead to credible democratization, or if the core of the system in Algeria would remain largely untouched. Incremental political reforms have been made over recent years; further steps need to be taken, for instance, concerning the freedom and professionalism of the press.

Despite declining international oil prices, Algeria is still in a fairly strong economic position and infrastructure programs rolled out before the austerity period are now benefiting the population. The use of consultation processes with civil society, and beyond the current small privileged group in the private sector, will be important for ensuring a minimum of trust in the government and successful political reforms. Communication from the government, one of the opposition's main critiques, needs improvement and there is a clear demand for greater transparency about the political future of Algeria.

The need to diversify the economy away from oil and gas dependency remains a key challenge. The transition to renewable energies, where Algeria could be a significant leader in the sector, should not be neglected. Renewables still appear to have the potential to create more jobs and ensure a more sustainable energy policy.

Actions to support small and medium sized businesses and independent associations, such as training and initiatives to create a more constructive relationship between the administration and citizens, can benefit Algeria in terms of employment, creativity and economic development.

Continued efforts are needed to modernize the civil service. This includes ensuring transparency, reinforcing the justice system, improving the fight against corruption and restoring confidence in the public sector.

The long-standing strikes in 2018 reflect how the health system still needs serious investment in terms of training and better conditions for health care professionals and procurement of medical and other supplies.

In the education system, improving all language training for Algerians would strengthen the position of young people in the job market. Further improving the opportunities for the Algerian community abroad to invest in businesses, or work in the education and health sectors, would

encourage knowledge sharing. Supporting more Algerian companies to invest abroad will also contribute to a more dynamic, internationally oriented market with new employment opportunities.

Finally, Algeria is a central player in geostrategic terms for the whole region and globally. Having a well-trained and well-equipped army, and in-depth knowledge of the region, Algeria has the potential to play a key role in safeguarding the peace and maintaining stability across the whole region. Dealing with the crises in terms of refugees, Algeria will be faced with difficult challenges in the coming years. The continued forced expulsions of West African migrants are a mark on Algeria's international reputation. The country will need to work together with its neighbors to ensure a fair and humanitarian control of its borders and a strong response to trafficking, crime and terrorism which could further blight the development of Algeria and the whole region.