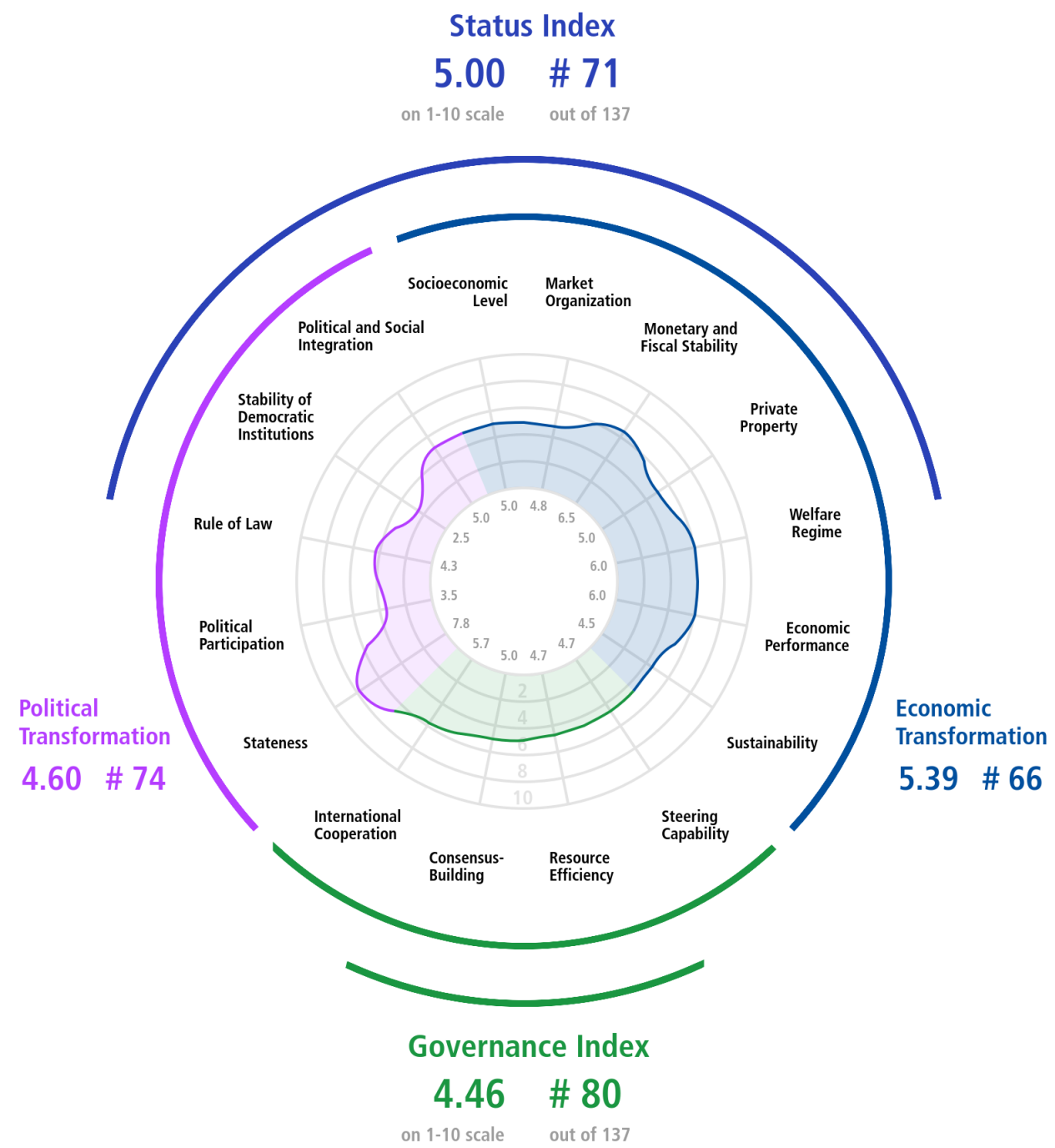


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Algeria



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Key Indicators

Population	M	44.9	HDI	0.745	GDP p.c., PPP \$	13210
Pop. growth ¹	% p.a.	1.6	HDI rank of 189	91	Gini Index	27.6
Life expectancy	years	76.4	UN Education Index	0.675	Poverty ³	4.0
Urban population	%	74.8	Gender inequality ²	0.499	Aid per capita \$	4.9

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

This report underscores a period of relative recovery for Algeria, although the sustainability of this recovery remains uncertain. The ongoing conflict in Ukraine has kept oil and gas prices elevated, enabling the Algerian government to bolster its financial reserves.

A new government, led by Prime Minister Aymen Benabderrahmane – a seasoned economist, former central bank governor, and finance minister – assumed office on June 30, 2021. This administration has displayed a readiness to sever ties with European partners who oppose Algeria's regional interests. For instance, in a recent dispute over Western Sahara with Madrid, Algeria suspended a 20-year-old friendship treaty and recalled its ambassador from Spain on March 19, 2022. This suggests that the government perceives the Ukraine war as an opportunity to enhance its global standing and exploit Europe's gas demands. However, these actions, including the suspension with Spain and the breakdown of diplomatic relations with Morocco, have eroded Algeria's credibility among long-standing partners.

Algeria's economy continues to rebound from the impacts of the COVID-19 pandemic and the Hirak protests. Oil production has returned to pre-pandemic levels, with the service sector and agricultural activity also experiencing a resurgence. Improved external balances have been driven by higher global hydrocarbon prices. Nevertheless, inflation remains high, standing at 9.4%. To safeguard purchasing power, the government has taken measures such as raising civil service salaries and introducing unemployment benefits. Nonetheless, this level of spending may pose a challenge if gas prices decline in the future.

To address these challenges and stimulate economic growth, Article 139 of the Finance Law 2021 has repealed the regulation that previously restricted foreign ownership, commonly known as the "51/49 rule," for goods and services production. This revision also extends exceptions to cover activities such as importing raw materials, products, and merchandise for resale, as well as activities of strategic importance. However, these activities will still require a national resident shareholding participation of up to 51%.

In addition to its economic developments, Algeria is making strides in the startup sector. In December 2022, the country hosted the inaugural “African Startup Conference,” and the government has shown a commitment to supporting Algerian startups, emphasizing the importance of economic management and training for young entrepreneurs. The goal is to have one million project holders by 2023, with the establishment of the Algerian Startup Fund serving as a crucial step toward achieving this objective.

However, in the realm of freedom of speech, Algeria continues to face challenges. The number of arbitrary arrests of journalists has risen since the inception of the Hirak movement in 2019. Most recently, in December 2022, the prominent journalist Ihsane El-Kadi was arrested and charged with political reporting-related offenses. This incident garnered national and international condemnation, resulting in the suppression of newspapers, opposition parties, and movements. Presently, there are over 288 political prisoners, and thousands of individuals are entangled in lawsuits due to their involvement in the Hirak. Furthermore, anti-terror laws have been revised to specifically target dissenting voices.

Finally, in August 2022, during President Macron’s visit to Algeria, President Abdelmadjid Tebboune made a strategic decision to shift the primary foreign language taught in Algerian schools from French to English. This decision marks a significant departure from the country’s historical ties to France.

History and Characteristics of Transformation

After enduring 132 tumultuous years as “Algérie française,” which encompassed Algeria’s colonial era (1830 – 1848) and its status as a part of France, this long chapter in the country’s history finally closed with the eight-year War of Independence and the concluding Évian Accords on March 18, 1962. Algeria’s journey toward political and economic liberalization commenced in the 1980s, instigated by the Kabylia social movement. The Berber spring protests, initially aimed at securing cultural recognition, soon gave rise to broader demonstrations against the one-party regime and its oppressive policies, as well as the looming economic crisis.

The regime’s resistance to reform created growing support for an Islamic role, but this move ultimately backfired. The decline in oil revenues further fueled unrest in the late 1980s, exacerbated by issues such as youth unemployment, housing shortages, and generational divides. The October 1988 riots, which resulted in 500 casualties, underscored the regime’s legitimacy crisis. In response, the regime introduced multipartyism in 1989.

However, the military-backed annulment of the legislative elections in January 1992, which had favored the Islamist “Front Islamique du Salut” (FIS, Islamic Salvation Front), reversed the short-lived democratization process. This precipitated a conflict that claimed 200,000 lives, severely curtailed political freedoms, and plunged the nation into a crippling debt crisis. Weary of the violence, a new constitution in 1996 paved the way for new parliamentary institutions, with legislative elections held in 1997. Despite heightened violence in 1997, a program of institution-building and restructuring commenced, including negotiations with Islamic armed groups.

In 1999, new presidential elections brought former foreign minister Abdelaziz Bouteflika to power. President Bouteflika sought to end the “*décennie noire*” (black decade) and quell the violence by implementing a Civil Concord Law in 1999, which included an amnesty plan that effectively halted the violence in 2002. This far-reaching amnesty was ratified as the “Charter for Peace and National Reconciliation” in a 2006 referendum, garnering 97% support. Bouteflika embarked on rebuilding Algeria’s international reputation and reviving economic restructuring, aided by favorable gas prices. While new laws were introduced to promote foreign direct investment, particularly in hydrocarbons, they were subsequently curtailed due to nationalist objections. Noteworthy infrastructure projects, as well as initiatives for job creation and housing, were set in motion.

Although violence decreased in the new millennium, sporadic suicide attacks and kidnappings have occurred in recent years, especially in the Sahara and Kabylia regions. These incidents are sometimes orchestrated by criminal groups associated with remnants of the 1990s conflict, though their frequency has dwindled.

In 2001, protests against police violence and marginalization in the Berberophone Kabylia region led to the inclusion of Tamazight as a national language in the constitution. Alongside the establishment of the High Commission for Amazighté and the integration of Tamazight into the education system, these reforms addressed some demands of the Berberophone population. Tamazight attained official language status in the new 2016 constitution. Nevertheless, the deadly repression of the protest movement, resulting in 126 fatalities, fostered political alienation in the region and gave rise to a marginal separatist movement.

President Bouteflika’s contested re-election for a fourth term in 2014 was marked by the significant deterioration of his health following a stroke. The army’s agreement to cease interference in politics in 2003 and the constitutional amendment in 2008 expanded presidential powers. However, the 2016 constitution reversed this trend by reinstating presidential term limits and strengthening the legislature. Despite the president’s inability to speak in public due to his ailing health, the constitutional amendment was discredited when Bouteflika sought a fifth term in 2019. The question of his successor became central to the political crisis, and the overall governance of the country remained opaque.

It was the humiliation of having a president physically unfit to govern, combined with mounting frustration over widespread corruption, escalating repression, and deteriorating living conditions, that propelled millions of Algerians into the streets throughout 2019. This extraordinary peaceful pro-democracy movement, known as the Hirak, forced Bouteflika to resign on April 2, 2019, following the intervention of the late General Chief of Staff Ahmed Gaid Salah. After 13 months of continuous mobilization and two postponements of the presidential election, the COVID-19 pandemic finally halted the protests in March 2020. They resumed in February 2021 and were ultimately banned in May 2021.

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

The Algerian government has a monopoly on the use of force across the country and is responsible for maintaining law and order and protecting its citizens and territory. After the interruption of the Hirak protests in May 2021, which emerged as a result of government repression and its internal fragmentation, efforts to achieve political change proved unsuccessful. Overall, however, the absence of deadly repression is conducive to fostering peaceful and democratic change within the government and among protesters dedicated to nonviolence (“silmiya”).

Since the end of the French operation “Barkhane” in northern Mali in November 2022, Algeria has focused on increasing its influence in the region through diplomatic efforts. The authorities have made significant efforts in the past decade to secure borders with Libya, Niger, Mali, Mauritania and Morocco in order to prevent conflicts in neighboring countries from spilling over into Algerian territory and to prevent transnational drug and arms trafficking. Some insurgent jihadist groups and smugglers remain active in the Sahelian border region, particularly near Mali. Algerian security forces reported having arrested 371 terrorists in this area in 2022, with 39 killed.

Algeria ranked 31st out of 142 countries on the 2022 annual Global Fire Power review.

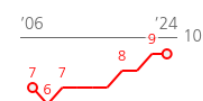
The legitimacy of the nation-state in Algeria is rarely questioned. Although the Hirak movement called for significant changes in the political system, it did not challenge the legitimacy of the state itself. Instead, protesters peacefully marched to protect the state. The sense of national identity in Algeria remains strong and has been reaffirmed through the Hirak protest movement’s activities.

While there are no formal limitations on citizenship rights, Article 22 of the citizenship code outlines conditions under which citizenship can be forfeited. The Algerian government continues to combat certain religious extremist and separatist

Question Score

Monopoly on the
use of force

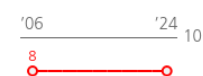
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State identity

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groups, such as those associated with the former Front Islamique du Salut (FIS) and the Mouvement pour l'Autodétermination de la Kabylie (MAK), or Movement for the Self-Determination of Kabylie. However, the MAK remains on the fringes in the Berberophone Kabylia region. The 2016 and 2020 constitutions recognize Tamazight as an official national language, and the Amazigh New Year was designated an official holiday in 2018.

However, some minority groups are denied full citizenship rights. For instance, certain Syrian and sub-Saharan refugees and migrants in Algeria do not have access to citizenship, and policies deny certain rights, such as the ability to marry Algerian nationals, unless they have legal residency status. According to the Mixed Migration Review, an estimated 27,208 refugees, migrants and asylum-seekers were deported from Algeria in 2021. This trend continued in 2022, with over 14,000 people being pushed back across the border between January and May.

Article 2 of the constitution stipulates that “Islam shall be the religion of the State.” The sources of Islamic jurisprudence used for political and legislative purposes, such as family law, marriage, divorce, inheritance and trade are the Quran and the Sunna (Prophet Muhammad’s lore). In some remote villages, the legal system is based on local family leaders’ agreements and can thus result in non-state actors collecting taxes, fines and punishing crimes. As a result, the country is influenced by religious dogma, which can prevent women and men from fully participating in the country’s development. The clearest intervention of religious dogma is the family law, which was issued in 1984 in an attempt to co-opt conservative forces.

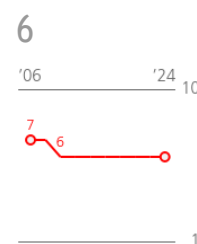
Despite some changes introduced in 2005 and 2015, crucial aspects – such as inheritance rights or the necessity of a male legal tutor for marriage – enshrine the lack of gender equality.

Mosques play a role in children’s education and are used by politicians to communicate sensitive topics through imams at Friday prayers. For instance, they are used to sensitize citizens to the use of digital media or the importance of completing military service.

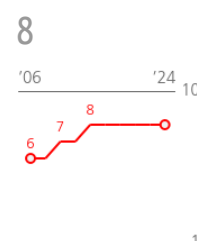
The Algerian administration is present in all 58 districts, providing basic public services such as water and sanitation through a public-private partnership. However, in 2021, Algeria experienced a severe water shortage for over six months in 20 districts due to drought and deficient infrastructure, which led to protests. Despite this, the Minister of Water Resources and Water Security, Karim Hasni, launched emergency programs to mitigate the effects of the water deficit, including the construction of over 600 boreholes.

In addition to gas and electricity, Algeria has made efforts to improve its infrastructure and housing options through collaborations and by launching major construction projects with Chinese and Turkish companies.

No interference of religious dogmas



Basic administration



In 2020, as reported by the World Bank, 86% of households had access to basic sanitation, and 72% had access to safely managed water services. Additionally, 99.8% of households had access to electricity. The interior minister announced in October 2020 that there would be additional funding for the modernization of public services.

Algeria possesses the largest urban rail transport system in Africa, featuring tramways that are operational in Algiers, Oran, Sidi Bel Abbès, Constantine, Annaba, Setif, Ouargla, and soon Mostaganem in collaboration with Qatar and Kuwait. Over the past 15 years, the nation's railway infrastructure has more than doubled, and a new international airport was inaugurated in Algiers in April 2019. Public transportation between regions was suspended on multiple occasions during the COVID-19 pandemic, impacting low-income individuals to a greater extent.

There have also been major construction projects in the education sector, with at least 15 new university campuses built in the last decade. Tertiary education is available in all 58 regions of the country. However, the quality is subject to criticism. Schools were closed between March and November 2020 due to COVID-19.

Access to health care facilities and medication is a major issue of discontent, particularly in disadvantaged regions such as the South. The COVID-19 pandemic has revealed vulnerabilities in the health care system and inadequacies of crisis response mechanisms. Doctors on strike have pointed to insufficient essential equipment in remote areas, as well as a scarcity of personal protective equipment (PPE) and respirators in hospitals across the country.

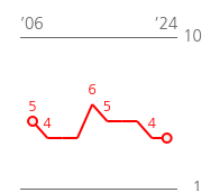
2 | Political Participation

In 2019, presidential elections were canceled due to the massive Hirak protests against the incumbent president's plan to seek a fifth term. The elections were postponed from April 1 to July, and again to December 12, when Abdelmadjid Tebboune was elected with 58.13% of the vote. The elections took place in a highly contentious context, with all five candidates being former members of the previous president's government. Many observers believed that the military predetermined the election results. The elections were intended to resolve the extraconstitutional situation of having an interim president and to enable the military to have a less public role that was less subject to criticism from society. However, the elections were not seen as free and fair, with a low voter turnout of only 39.88% due to calls to boycott and concerns about repression.

The official results and turnout numbers were also suspected of being manipulated, and there were reports of polling stations being blocked by opponents in the Kabylia region. A new electoral authority, the National Independent Election Authority (ANIE, *Autorité nationale indépendante des élections*), was established in mid-September 2019 but could not ensure free and fair elections.

Free and fair elections

4



Following Tebboune's election, a commission of experts, including constitutional lawyers appointed by the president, drafted a new constitution. On November 1, 2020, a constitutional referendum was held, with only 23% of the electorate participating. Due to a severe repression campaign, there was no opportunity for free public debate, which prevented critics from gathering in public spaces and expressing themselves in public media.

Legislative elections in June 2021 appear to have been well managed by ANIE, although some opposition parties and activists raised concerns about the ANIE's independence and its ability to ensure a truly fair and transparent election. The elections saw the lowest turnout in Algerian history, with under 23% of the eligible population participating, indicating high voter disaffection and deep distrust toward the regime. A total of 4,074 candidates competed for 407 seats in the National People's Assembly (APN, Assemblée populaire nationale), which is the lower house of the Algerian parliament. The election was held in 58 multi-member districts, with each district electing between four and 18 members depending on its population size. The elections were marked by a high participation of independent candidates and support for youth participation, but there was a significant decrease in female deputies to only 32. The ruling parties National Liberation Front (FLN, Front de libération nationale) and National Democratic Rally (RND, Rassemblement national démocratique) emerged victorious, albeit with only a 6.24% and 4.31% share of votes, respectively, while the Islamist Movement of Society for Peace (MSP, Mouvement de la société pour la paix) came in second with 4.52%.

FLN and RND also dominated the municipal elections in November 2021, while the MSP and its spin-off party, Harakat al-bina al-watani (National Construction Movement), lost additional ground. The pro-Hirak party, Front des Forces Socialistes (FFS or Socialist Forces Front), also lagged behind. Turnout was approximately 35%.

Two-thirds of the current 174 deputies in APN's upper chamber, the Council of the Nation, are indirectly elected by electoral colleges in 58 districts. These districts consist of deputies from local councils, while the remaining one-third is appointed by the president. The last elections were held on February 5, 2022. Both the FLN and RND remain dominant in this chamber, with eight women currently holding seats.

When Bouteflika was forced to resign following the Hirak in April 2019, General Chief of Staff Ahmed Gaid Salah intervened more openly in politics. Despite the designation of Ahmed Bensalah as interim president, Gaid Salah was the decision-maker.

Following Tebboune's election and Gaid Salah's passing in December 2019, the constant presence of General Chief of Staff Said Chengriha alongside the president during public events, and his public statements, symbolize the military's influence on politics.

Effective power to govern

2

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General Mohamed Mediene (Toufik), the feared former head of the military intelligence DRS (Département du Renseignement et de la Sécurité, or “Department of Intelligence and Security”), which Bouteflika officially dismantled in 2016, was released from prison in January 2021 after being cleared of conspiracy charges. In 2019, he was arrested alongside General Bachir Tartag and Said Bouteflika, the brother of the former president. Tartag and Bouteflika were also cleared of conspiracy charges, but they remained in prison due to corruption charges.

President Tebboune presented the constitutional reform of November 2020 as a response to the democratic aspirations of the Hirak protest movement. However, critics argue that the reform strengthens the president’s powers and de facto enshrines the army’s political role, allowing it to intervene to “protect the interests of the nation.”

While constitutional rights pertaining to association and assembly are firmly established, they have been frequently violated, especially in the aftermath of the post-Hirak crackdown. Despite the initial tolerance exhibited by the army and police toward the nationwide Hirak protests in 2019, which endured for 54 weeks, access to the capital was progressively curtailed for residents in the surrounding regions. Subsequently, since April 2019, security forces have carried out numerous arbitrary arrests, detentions, and imprisonments of peaceful demonstrators. In March 2020, authorities imposed a ban on mass protests and gatherings as part of their efforts to combat the COVID-19 pandemic. It’s worth noting that prior to this ban, protesters had already been urging Algerians to stay at home to safeguard themselves from the virus. Nevertheless, gatherings of solidarity persisted outside of courts and prisons in support of political prisoners.

Overall, the government took advantage of the situation brought on by the COVID-19 pandemic to intensify repression and arrest hundreds of citizens and activists for their activities and statements on social media. Additionally, oppositional parties and unions, such as the Rally for Culture and Democracy (RCD) and the Forces of the Democratic Alternative (FPAD), were prevented from holding public meetings.

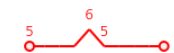
In 2021 and 2022, there has been a significant reduction in political freedoms. Since the Hirak demonstrations resurged in February 2021, individuals and advocates have faced increased repression. Non-lethal force has been used as one of the repressive measures, resulting in the end of street protests in May 2021.

Algerian associations have called on the state to review the restrictions on the freedom of association imposed by the 2012 Law on Associations (No. 12-06). According to the Ministry of Interior, there are currently 110,000 active associations in Algeria. However, these local associations have been designated as “non-conform” and may be disbanded. Law 12-06 allows for creating certain local associations that the commune can register at the local level, but it also appears to increase the

Association /
assembly rights

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executive's power over associations. The law's implementation varies from region to region, and no legal guidelines have been established for its implementation, leaving it up to the administration's discretion. Many associations have reported interference from authorities in their activities.

While Algeria's constitution and international human rights agreements theoretically guarantee freedom of expression for its citizens, media outlets and organizations, these rights face significant practical limitations, particularly for individuals who voice controversial or unpopular opinions or criticize the government.

In 2019, a government-led repression campaign, spearheaded by then-Army Chief of Staff Gaid Salah, targeted activists, journalists, and ordinary citizens. For instance, journalist Khaled Drarni was arrested for his critical views on the government and his support for the Hirak movement expressed on social media.

Algeria's media landscape is predominantly state-controlled, leading many journalists to engage in self-censorship. Journalists have been subject to arrests and imprisonment for their reporting, with the government employing defamation laws to penalize those expressing dissenting viewpoints. In 2020, the penal code was amended to increase prison sentences for defamation and introduce new penalties for spreading false information. Additionally, there have been allegations of the government using state media to disseminate false information about Hirak movement members. The pressure on independent press outlets has intensified, culminating in the closure of the French-language newspaper "Liberté" in April 2022. Indirect methods, such as the withdrawal of state-sponsored advertising, have been utilized to financially strangle free media organizations, leading to severe financial challenges. For instance, the French-language newspaper "El Watan" struggled to pay its employees for several months in 2022.

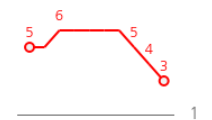
Numerous individuals and organization members have faced arrests or imprisonment for expressing critical opinions or participating in demonstrations. Presently, there are approximately 300 political prisoners in Algerian jails, many of whom were detained due to their involvement in the Hirak movement or for expressing their views on social media. Since the emergence of the Hirak movement in 2019, there has been a noticeable increase in the arbitrary arrests of journalists, contributing to Algeria's declining ranking in the World Press Freedom Index. The most recent incident involved the arrest of veteran journalist El-Kadi Ihsane in December 2022, who faced accusations of receiving foreign funding, sparking widespread national and international condemnation.

In summary, the space for free speech in Algeria is rapidly diminishing, partly exacerbated by the government's alleged exploitation of the COVID-19 pandemic as a pretext to suppress dissenting voices.

Freedom of
expression

3

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3 | Rule of Law

The separation of powers is constitutionally guaranteed. In practice, however, the concentration of powers within the executive branch has led to concerns about the independence of the other branches of government, particularly the judiciary.

Under Bouteflika's rule (1999 – 2019), power was informally shared among the army, presidency, and secret services. His removal in 2019 led to increased military involvement in governance. The subsequent election of Abdelmadjid Tebboune, believed to be the army's choice, reduced the military's public role, but power distribution remains opaque. While the separation of powers, limited presidential terms and the independence of the judiciary were key demands of the opposition, the November 2020 constitution reinforced the prerogatives of the president, while formally giving the army the possibility to intervene in politics.

In the past, the parliament (Assemblée Populaire Nationale, APN) has had a limited role in relation to the government, and there have been instances of interference with the independence of the judiciary. The APN has faced criticism for its failure to initiate or question legislative proposals from the government, and the judiciary has been accused of being under the control of the executive. The concentration of powers within the executive and the lack of transparency in power distribution among the three branches of government have raised concerns about the extent to which the separation of powers is respected in Algeria.

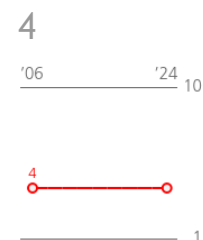
The judiciary's handling of cases against political protesters unequivocally demonstrates the alarming extent of political instrumentalization, leaving no doubt that it is under complete control of the executive. The systematic manipulation of the judiciary against political opponents has not only undermined the principles of justice and fairness but has also instilled a widespread belief among Algerians that the independence of the judiciary is a mere illusion.

The ability and autonomy of the judiciary to perform its function in Algeria vary. While the constitution establishes the independence of the judiciary, certain legal provisions allow for interference from the executive branch, including the dismissal of judges, which infringes on the independence of judges.

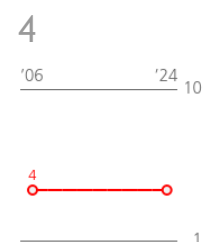
Judges are appointed by the High Council of the Judiciary, led by the president and justice minister, raising questions about the impartiality of the process. Additionally, there have been several cases of independent judges subjected to disciplinary measures and lawyers persecuted for defending their clients or expressing their opinion.

The independence of the judiciary was a key demand of the Hirak protest movement amidst many protesters' imprisonments and trials simply for demonstrating or criticizing the regime.

Separation of powers



Independent judiciary



Citizens can appeal existing verdicts in one of 48 courts of appeal. There have been reports of corruption within the judiciary, which can undermine its ability to interpret and apply laws objectively. Lengthy delays in cases and extensions of pretrial detention, as well as instances of defendants not receiving fair trials, have raised concerns about the efficiency and effectiveness of the judicial system.

President Tebboune declared his aim to strengthen judicial independence, and the Ministry of Justice is working on a comprehensive reform to modernize the department through digitization. This will enhance the efficiency and transparency of Algeria's justice system.

Algeria's legal system allows for the prosecution and punishment of public officials who misuse their positions. However, concerns persist regarding the system's effectiveness in holding accountable those responsible for power abuse and corruption. On November 15, 2022, the Court of Algiers issued sentences in a corruption case related to the acquisition of the Augusta refinery by Sonatrach. Former Sonatrach CEO Ould Kaddour received a 10-year prison sentence, while his adviser Ahmed El-Hachemi Mazighi was sentenced to four years in prison. Anissa Ouabdessalam, Kaddour's wife, was given an 18-month suspended prison sentence. On December 29, 2022, the court of Sidi M'hamed (Algiers) sentenced Mohamed Loukal, former Minister of Finance (2019 – 2020), to seven years in prison for corruption charges relating to his tenure as CEO of the Banque Extérieure d'Algérie.

Instances of high-level officials facing corruption charges have raised concerns about judicial impartiality and transparency. Reports indicate that some officials were shielded from prosecution due to connections with powerful individuals or groups, such as businessmen Ali Haddad and Abdelmoumen Oueld Keddour. Haddad and Oueld Keddour received 18 and 15-year sentences, respectively, in 2020 related to their involvement with the Hirak movement.

Citizens' trust in the government's anti-corruption efforts has been low, as major corruption cases and abuse of power have often been overlooked. The 2016 Panama Papers leaks exposed offshore accounts held by government officials, revealing the nexus between political power and the business elite. However, following the Hirak protests, several senior politicians, ministers, a former prime minister, and prominent businessmen were arrested on corruption charges.

In January 2021, the late president's brother, Said Bouteflika, was acquitted of conspiracy charges but still faces corruption charges. Many Algerians believe that the corruption cases against Bouteflika's inner circle in 2019 primarily aimed to preserve the regime by sacrificing part of the former elite. While these trials have provided some reassurance to mobilized civil society, skepticism remains regarding their sincerity. Overall, the trials have exposed the widespread corruption during the Bouteflika era and the interplay of political and financial power.

Abdelaziz Bouteflika himself was never brought to trial.

Prosecution of office abuse

4

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Civil rights are guaranteed and protected by the constitution and international human rights agreements to which Algeria is a party. These rights include the right to life, liberty, and security; freedom of expression, association, and assembly; and the right to a fair trial and protection against discrimination. However, ongoing concerns exist regarding the extent to which these rights are respected in practice and the ability of citizens to seek redress for violations of their rights.

Recent years have witnessed significant limitations on the freedom of belief. Constitutional amendments in November 2020 substituted the right to freedom of belief with the right “to practice a religion.” In May 2021, political adversary Amira Bouraoui received a two-year prison sentence for “offending the Prophet,” while Islamic scholar Said Djabelkheir was sentenced to three years in prison for “offending” Islam through online posts in April 2021. Despite the subsequent provisional release or acquittal of both individuals, these cases underscore the political exploitation of religion.

Religious minorities face significant limitations and discrimination. Most churches and chaplaincies have been converted into mosques, and only a few historical monuments remain in their original form, such as the “Tombeau de la Chrétienne” (“tomb of the Christian woman”) in Tipaza, Notre Dame d’Afrique Basilica in Algiers and Sacré-Cœur Cathedral of Oran. However, several informal churches in Kabylia and Oran have been closed. The long-established NGO Caritas had to shut its doors in November 2022. While this case is indicative of the broader crackdown on civil society organizations, it has been perceived by Christian communities as a move against them specifically. Members of the Ahmadiyya faith community are subjected to persecution.

Algeria’s LGBTQ+ community faces legal and societal harassment because homosexuality is criminalized. Rights organizations have documented multiple instances of violence against LGBTQ+ individuals.

Summary expulsions of sub-Saharan migrants persist in Algeria, disregarding their rights and asylum-seeker status. To curb Mediterranean crossings, expulsions have risen since 2017, with migrants being transported to the Niger border and abandoned in the desert. Sub-Saharan migrants encounter uncertainty and arbitrary treatment.

Civil rights

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4 | Stability of Democratic Institutions

Algeria's state institutions are formally based on democratic principles, but ongoing concerns exist about their effectiveness and independence.

Legislative power is vested in the parliament, which consists of the People's National Assembly (APN, lower chamber) and the Council of the Nation (upper chamber). The proliferation of new political parties following the Arab Spring and the Hirak has mobilized new population segments. However, it has also potentially fragmented the opposition and created smaller support groups for the ruling National Liberation Front (FLN).

The 2020 revision of the constitution has resulted in a slight strengthening of APN's formal powers, but it remains largely under the control of the ruling coalition parties. While the inclusion of more youth representatives is a positive change, there is still minimal opposition, even in cases like the revised terrorism legislation in 2021 (Article 87 of the penal code). Additionally, parliament faces criticism for its high salaries and its limited communication with constituents.

Local democratic structures, such as the elected regional and town hall assemblies, have faced criticism for their inefficiency, corruption and patronage. However, civil society activists who are elected members have been increasingly participating actively in local municipal councils. Despite this, civic organizations and individuals frequently depend on personal influence or protests to compel the administration to take action.

Despite widespread public discontent with the state of democratic institutions in Algeria, many Algerians perceive the presidency and the military as the dominant forces in the current political system. The December 2019 presidential elections were part of the military's strategy to maintain its influential role in Algerian politics and the economy, allowing it to obstruct political change.

Meanwhile, parliament has been marginalized due to its severe fragmentation and the dominance of the two pro-regime parties, FLN and RDN. Nevertheless, there are still other actors who consider democratic institutions as legitimate, especially those who view these institutions as tools to achieve their objectives, such as political parties, associations, and interest groups.

Performance of
democratic
institutions

3

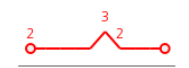
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Commitment to
democratic
institutions

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5 | Political and Social Integration

Algeria's party system is marked by fragmentation and instability. Parties often lack strong social roots and organizational structure. The system is dominated by the FLN and RND, who are driven by the pursuit of state resources and power.

Clientelism is prevalent in the Algerian party system, with numerous parties relying on patron-client relationships to cultivate support. This practice can generate instability and impede parties' capacity to effectively articulate and aggregate societal interests.

Algeria's political party system is highly divided, especially concerning the military's political influence, government intervention in the economy, and political reform. This division hinders effective cooperation among parties and can lead to instability. Additionally, there is a noteworthy level of voter unpredictability, as many voters switch parties or choose not to vote, making it difficult for parties to secure long-term support and further exacerbating system instability.

Opposition parties in Algeria include the Islamic Movement of Society for Peace (MSP) and the Workers Party (PT, Parti des Travailleurs), led by Louisa Hanoune. She was arrested in 2019 after meeting with secret service representatives and the late president's brother, Said Bouteflika, post-Hirak protests, but was released in early 2021. Berber parties include the Rassemblement pour la Culture et la Démocratie (RCD, Rally for Culture and Democracy) and the social-democratic FFS, Algeria's oldest opposition party. Weak yet united, opposition parties formed the Coordination Nationale pour la Transition démocratique (CNLT) in 2014, aiming for political transition. In response to the Hirak movement, some leftist and liberal parties created the Forces of the Democratic Alternative (FPAD, Pacte pour l'Alternative Démocratique), which advocated without success for a constituent assembly. Instead, the Ministry of Interior has sought to suppress a number of opposition parties, such as the RCD, the Union for Change and Progress (UCP, Union pour le changement et le progrès), the Socialist Workers' Party (PST, Parti Socialiste des Travailleurs), and the Democratic and Social Movement (MDS, Mouvement Démocratique et Social).

Given the party system's instability and fragmentation, there is a strong defiance toward political parties, even among regime-critical citizens. Thus, during the 2019 protests led by the Hirak movement, political representation through parties was largely rejected due to fear of co-optation.

Party system

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A network of cooperative associations and interest groups mediates between society and the political system to some extent. Algeria's spectrum of interest groups includes social movements, community organizations, unions, and professional associations. These groups represent various interests, including economic, social, cultural and political issues. However, the capacity of these groups to incorporate all social interests and avoid the dominance of a few strong interests is limited.

Efforts to promote women's rights have been championed by organizations like Réseau Wassila (founded in 2000) and the Centre d'Information et de Documentation sur les Droits de l'Enfant et de la Femme (CIDDEF, founded in 2002). The latter played a significant role in advocating for women's quotas in parliament as early as 2011. During the Hirak movement, the FACE network (Femmes algériennes pour un changement vers l'égalité, Algerian women for a change toward equality) gained prominence for its grassroots "feminist squares" protests.

Certain associational movements have successfully influenced policy reforms, such as the NADA network for children's rights (founded in 2004) and various Berber associations that played a role in the recognition of Tamazight in 2002.

However, due to the 2012 Law on Associations, several NGOs operate in a legal gray area while awaiting renewal of their accreditation by authorities. Some influential NGOs, like the Youth Action Rally (RAJ, Rassemblement Actions Jeunesse, dissolved in October 2021) and the Algerian League for Human Rights (LADDH, Ligue Algérienne pour la Défense des Droits de l'Homme, dissolved in January 2023), have been recently dissolved.

Meanwhile, the General Union of Algerian Workers (UGTA, Union Générale des Travailleurs Algériens) remains a powerful organization, predominantly influential in the public sector, despite the removal of its long-term secretary-general, Sidi Said, in the context of the Hirak movement. Additionally, there are several autonomous unions, and private sector groups like the Algerian Confederation of Citizen Employers (CAPC, Confédération algérienne du patronat citoyen) play a role in the ongoing contentious debate over draft amendments that are believed to restrict the right to strike.

The degree of cooperation between different interest groups is limited and often divided along ideological lines. Many struggle to find common ground on various issues. The regime employs authoritarian tactics, including co-optation, infiltration, and repression, to sow dissent among organizations, further impeding their effectiveness in mediating between society and the political system.

Interest groups

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Survey data indicate a mixed level of approval for democratic norms and procedures in Algeria. A study by the Konrad Adenauer Foundation (KAS) revealed in 2021 that a significant percentage of Algerians (76%) expressed high levels of trust in the head of state, while only 47% of Algerians favored a liberal democratic system. This correlates with findings from the 2021 to 2022 Arab Barometer report on Algeria, in which 65% of polled respondents dismissed democracy as potentially causal for the country's weak economy.

The KAS study further showed relatively low trust levels in political parties, with only 44% of respondents expressing high levels of trust.

It is however important to re-evaluate such data with the strong pro-democracy protests in the Hirak movement and the low participation rates in recent public consultations: while in the 2019 presidential election still 39.8% of eligible voters participated, the 2020 referendum on constitutional amendments and the 2021 legislative elections had participation rates of historically low 23.7% and 23.03%, respectively.

The civil war in the 1990s disrupted social capital and created enduring societal polarization. Additionally, the regime's authoritarian persistence strategies, such as co-opting, infiltrating, and defaming civil society organizations, have further contributed to the erosion of trust, fostering distrust toward these organizations. According to Konrad Adenauer Foundation's January 2021 study on trust in political institutions in the MENA region, trust in the national government in Algeria is fairly high, at 70%.

The most recent law regulating the establishment and operation of associations in Algeria, Law No. 12-06 of 2012, has been criticized for its potential to reinforce executive power over associations and for its inconsistent implementation across different regions. This may impact the ability of these associations to operate autonomously. Amid the COVID-19 pandemic, non-state networks stepped in to fill the void left by the state's inadequate response. They mobilized resources, including medical supplies, oxygen, and medication, with support from the diaspora. Similarly, in the aftermath of the destructive fires in the Kabylia region in 2021 and the eastern part of the country in 2022, solidarity caravans provided assistance to the affected population.

According to the Ministry of Interior's website, there are 110,000 active associations in Algeria, but it is unclear how many are focused on these specific areas. Some examples of known environmental and cultural organizations in Algeria are Algérie nature et culture, Sahara conservation fund, BirdLife Algeria and others. A myriad of formal and informal social networks emerged during the Hirak, among them the "Collectif de la société civile," the "Pacte pour la Transition Démocratique" and "Nidaa 22."

Approval of
democracy

n/a

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n/a

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Social capital

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II. Economic Transformation

6 | Level of Socioeconomic Development

Algeria ranks in the “high human development” category in UNDP’s Human Development Index, scoring 0.736 in 2020 and 0.745 in 2021. The loss due to inequality was 19.7% in 2021.

This inequality results primarily from regional differences. Southern regions, like the Sahara and Steppe, face limited economic opportunities and lack basic infrastructure, with many rural communities facing a lack of access to clean water, electricity and health care facilities. Over the past decade, significant protest movements have arisen, advocating for greater social justice and a fairer distribution of oil revenues.

Some 6.7% of the population were living below the national poverty line in 2022, a sharp increase from the 3.26% measured in 2021, though this share is expected to fall in the upcoming years. The Gini Index was estimated at 31.5 in 2017, indicating a moderate level of inequality. The poverty rate in Algeria was 21.9% in 2019 according to the World Bank.

Gender inequality in Algeria is evident in the economic realm, as women encounter substantial barriers to employment, education and health care. Houria Sekkal’s research reveals that 50.3% of women holding university degrees are unemployed, and only 7% are involved in entrepreneurial activities. The Gender Inequality Index (GII) was reported as 0.380 in 2020 by UNDP, indicating a moderate level of gender inequality.

Overall, these indicators suggest that significant parts of the population in Algeria are excluded from society due to poverty and inequality. While the country has made progress in reducing poverty and improving access to basic services in recent years, it still has a long way to go in addressing the underlying structural issues that contribute to social exclusion and inequality. The COVID-19 pandemic has affected less-privileged households more severely than affluent ones.

Question
Score

Socioeconomic
barriers

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Economic indicators		2019	2020	2021	2022
GDP	\$ M	171760.3	145743.7	163472.2	191912.9
GDP growth	%	1.0	-5.1	3.4	3.1
Inflation (CPI)	%	2.0	2.4	7.2	9.3
Unemployment	%	10.5	12.2	11.7	11.6
Foreign direct investment	% of GDP	0.8	0.8	0.5	0.0
Export growth	%	-6.1	-11.3	13.4	0.0
Import growth	%	-6.9	-16.0	-4.1	-3.3
Current account balance	\$ M	-16954.3	-18187.0	-4546.5	18279.2
Public debt	% of GDP	46.0	52.0	62.8	55.6
External debt	\$ M	5492.4	5177.9	7378.8	-
Total debt service	\$ M	194.7	175.0	192.2	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	18.3	20.7	17.6	15.1
Public education spending	% of GDP	6.0	7.0	6.3	-
Public health spending	% of GDP	4.1	4.0	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	6.0	6.7	5.6	4.8

Sources (as of December 2023): 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

The 2022 Index of Economic Freedom by the Heritage Foundation ranks Algeria 167th out of 186 countries as one of the world's least free economies. This ranking reflects the challenges that Algeria faces as a rentier state in terms of creating a business-friendly environment, improving the rule of law and reducing corruption.

Some of the main challenges to competition include significant entry and exit barriers in product and factor markets, restrictions on foreign ownership, and discrimination based on ownership and size. This state of affairs underscores the lack of government interest in economic liberalization, despite pressures for reform. Moreover, entry barriers, state-owned enterprises, restrictions on foreign ownership, a large informal

Market
organization

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sector comprising approximately 50% of Algeria's total economy (as economist Djilali Slimani indicated in November 2021), government-controlled price setting, and limitations on cross-border labor and capital movement hinder economic dynamics.

The Supplemental Finance Law of 2020 removed the “51/49 rule,” granting foreign investors additional opportunities, except in strategic industries such as defense, pharmaceuticals, energy, and mining. The law also abolished specific intervention rights of the Algerian state in foreign investors' practices but maintained a prior authorization requirement in strategic sectors.

Price setting is largely determined by the government in Algeria, with restrictions on cross-border labor and capital movement, including currency convertibility. These factors curtail businesses' ability to compete freely and fairly in the market.

The World Economic Forum's 2020 Global Competitiveness Index ranks Algeria 116th out of 137 countries in terms of market efficiency, with high levels of corruption and a lack of transparency in the business environment cited as major factors.

In 2014, a new law ended the state's monopoly in the broadcast sector, allowing Echorouk TV, Ennahar TV, and El Djazaïr TV to operate in close proximity to the government. The telecommunication sector has also been opened up, with the monopoly previously held by Algérie Télécom no longer in place. However, other sectors, such as air transport, oil and gas, still maintain effective monopolies.

Algeria's economy is characterized by a high level of state intervention and a heavy reliance on hydrocarbons, which account for more than 95% of export revenues and 60% of government revenues. The government also holds a significant position in the nation's economy by owning numerous enterprises, particularly in key sectors such as energy, banking and telecommunications.

The Competition Council (CC, Conseil de la Concurrence) – founded in 1995 but inactive between 2003 and 2013 due to a lack of mandate for its 12 members – serves as an autonomous administrative authority under the Minister of Trade. It will conduct studies, investigations, and provide judicial information related to competition. Critics point out multiple gaps and ambiguities in its practices, as well as a lack of efficiency. In January 2021, it once again halted its activities and has remained inactive since. The government has initiated reforms to restructure the CC's structures and competencies.

Informal actors, often retired army generals and veterans of the War of Independence, hold a significant monopoly over certain economic sectors. However, the anti-corruption campaigns launched after Bouteflika's forced dismissal in 2019 destabilized the monopoly of specific oligarchs, such as Ali Haddad, the Kounineff brothers, and Mahiedine Tahkout.

Competition policy

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Overall, the basics of market-based competition in Algeria are weak, with significant barriers to entry and competition in many sectors and a lack of transparency in the business environment.

Foreign trade plays a significant role in Algeria's economy, with natural gas and petroleum products being the main exports (98%). The government has implemented measures to control imports and support domestic producers; however, trade and investment policies are still less open than most other countries' policies. Algeria has agreements with trade blocs such as the European Union and the Greater Arab Free Trade Area (GAFTA), but progress has been slow and implementation remains a concern for domestic entrepreneurs and authorities.

Algeria has ratified several bilateral trade agreements, among them an EU Association Agreement in September 2005. It became a member of GAFTA in 2009 and ratified the African Continent Free Trade Area (AfCFTA) treaty in 2019. However, Algeria is not yet a member of the WTO.

There are quotas and regulations on certain types of imports, such as vehicles, agricultural products, and medicines, that can limit market access for foreign companies. Additionally, the government has been known to implement countervailing duties on imported products that are deemed to be subsidized, as well as anti-dumping measures, to protect domestic industries from injury. The government also maintains some level of control over imports and exports by implementing procedures and licenses.

However, the country has recently taken some steps toward liberalization. For instance, it has adopted measures to ease trade procedures and reduce customs bureaucracy in order to attract more foreign investment and boost trade. Notably, article 139 of the Finance Law 2021 confirms the elimination of the regulation that limits foreign ownership, commonly known as the "51/49 rule," for the production of goods and services. Additionally, the exceptions have been expanded to include activities such as importing raw materials, products, and merchandise for resale, as well as activities of a strategic nature. However, these activities will still be subject to a national resident shareholding participation of up to 51%.

The banking system and capital market in Algeria have undergone various reforms in recent years to meet international standards and improve financial stability. According to the central bank, Banque d'Algérie (BA), as of 2021, the banking sector comprises 24 commercial banks, with 15 being public and nine private. The sector's current capital adequacy ratio stands at 17.6% – above the minimum requirement of 10% set by the Basel Accords.

In terms of supervision, the BA oversees and regulates the operations of banks and other financial institutions. The bank also enacts several measures to promote transparency and the disclosure of financial information. As of 2021, the non-performing loan ratio in the banking sector stood at 7.5%, which is comparatively low in relation to other countries in the region.

Liberalization of foreign trade

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Banking system

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The capital market in Algeria is still considered underdeveloped, characterized by a lack of liquidity, low trading volumes, and a limited number of listed companies. The Algiers Stock Exchange (ASE) is the only stock exchange in the country, and its market capitalization remains relatively low compared to other countries in the region.

Efforts to develop the capital market include the launch of the Alternative Stock Market in 2019 to enhance liquidity for small and medium-sized enterprises (SMEs) and increase retail investor participation. The government has also introduced measures to attract foreign investment, such as the creation of Special Investment Zones (ZSI) and the launch of the Euro-Algerian Bond in 2020.

8 | Monetary and fiscal stability

The central bank, Banque d'Algérie (BA), has been tasked with maintaining monetary stability through various monetary policies. These policies include controlling inflation, managing foreign exchange rates, and promoting economic growth. The BA operates under the oversight of the Ministry of Finance but maintains a certain degree of independence.

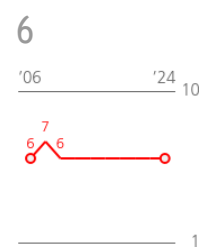
The BA aims to control inflation, targeting 4% for 2021, using monetary and fiscal policies. However, recent years have seen volatile inflation, ranging from 3% to 7% between 2016 and 2020. In 2021, CPI inflation stood at 7.2%. The BA is developing a new monetary policy framework to better target inflation and ensure price stability.

Managing the dinar's foreign exchange rate is another focus for the BA. The dinar has depreciated against the U.S. dollar due to reduced hydrocarbon exports and ongoing trade deficits. To support the dinar, the BA has intervened in the foreign exchange market by selling foreign currency. However, these interventions have decreased over time, resulting in significant dinar depreciation.

In terms of communication and transparency, the BA has been increasing its efforts to improve communication and transparency with the public and financial market actors. The BA regularly publishes reports and statements on its monetary policy and economic developments and holds press conferences to explain its decisions and plans.

The persistent decline in foreign exchange reserves, the volatility in the inflation rate, and the existence of a parallel black market remain areas of concern. Furthermore, the proposed bill – scheduled for January 2023 – aims to increase central bank autonomy, reducing political interference.

Monetary stability



In recent years, the Algerian government has encountered significant economic challenges resulting from its heavy dependence on hydrocarbon exports and the subsequent decline in revenue. Consequently, this has resulted in substantial budget deficits and a rise in public debt, primarily due to plummeting oil prices. As a consequence, budget cuts have been implemented, particularly in capital expenditure. The total reserves have witnessed a decline from \$194.7 billion in 2013 to \$46.1 billion in 2021.

Yet, the rise in oil and gas prices and the strong increase in demand from Europe following the Russian war in Ukraine led to an overall balance of payments surplus of \$11.830 billion in the first nine months of 2022, as reported by the BA. This is a significant improvement compared to the deficit of \$2.477 billion at the end of September 2021. Additionally, Algeria's external debt has decreased to 57% of GDP since 2022, after reaching a record \$7.4 billion in 2021.

Despite those positive developments, the IMF warns against the mitigating effect of the announced increased social spending in the 2023 budget. The operating budget is projected to rise by 27%, which could potentially reverse the progress achieved in narrowing the deficit since 2018. This could also weaken the resilience of public finances and contribute to inflation pressures.

9 | Private Property

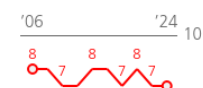
The government regulates the acquisition, benefits, use and sale of property through various regulations. Algeria's constitution guarantees the right to private property and prohibits expropriation except for reasons of public utility or social interest and with fair and prior compensation. The government also established regulations for the use of land, including zoning laws and building codes. Additionally, there are laws in place to protect the rights of property owners, such as the Law on Leases, which governs the rental of property.

However, the government retains significant control over property through state ownership of land and resources, as well as bureaucratic regulations in the real estate market. This can make it difficult for individuals to fully exercise their rights to private property.

Despite a range of laws and regulations that have been implemented in recent years, the real estate market still faces challenges such as bureaucracy, lack of transparency and corruption.

Fiscal stability

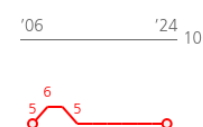
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Property rights

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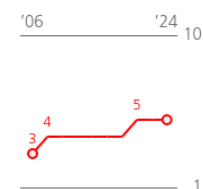
The government regulates private companies and encourages foreign investment through the implementation of economic reform measures.

Among a number of measures, the 2019 Investment Code aimed to simplify starting a business through reduced red tape. During the pandemic, the government had enacted several measures to support the private sector and SMEs. These measures included tax exemptions, loans, and subsidies, as well as postponing the payment of certain taxes and social security contributions.

The government has been selling stakes in state-owned companies to private investors through public tenders. However, it still retains significant control, particularly in key sectors such as hydrocarbons and the banking industry. The process of privatizing these sectors is not fully consistent with market principles.

Private enterprise

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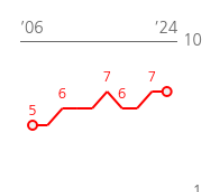


10 | Welfare Regime

Banque d'Algérie announced in January 2023 that Algeria's foreign exchange reserves were currently over \$60 billion, equivalent to nearly 1.5 years of imported goods and services. In response, President Abdelmadjid Tebboune announced plans to increase civil servant salaries, pensions and unemployment benefits between 2023 and 2024. The amount involved will vary depending on pay grades, ranging from DZD 4,500 (approximately \$33) to DZD 8,500 (\$62) per year for salaried positions. Additionally, minimum retirement allowances will increase to DZD 15,000 (\$110) per year for those earning less than DZD 10,000 and to DZD 20,000 (\$146) for those earning DZD 15,000. Unemployment benefits will also rise from DZD 13,000 to DZD 15,000 net per month. While these sums may seem minimal, they nevertheless represent a significant contribution given the ongoing challenges the government faces in addressing the economic impacts of the COVID-19 pandemic.

Social safety nets

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When the virus hit, the Algerian government implemented a series of measures to address the pandemic's impact on the economy and the private sector. As listed in the IMF COVID Policy Response Tracker, the government in 2021 mobilized DZD 70 billion (approximately \$5 million) to mitigate the health and economic impacts of COVID-19, with DZD 3.7 billion allocated for medical supplies, DZD 16.5 billion for bonus payments to health workers, and DZD 8.9 billion for the health sector's development. Additionally, DZD 20 billion were allocated in support of the unemployed, and DZD 11.5 billion were provided to poor households. However, the numerous workers in the informal sector, who were also affected by the crisis, received no formal support.

Algeria's welfare regime is primarily public, providing services such as health care, education, and social security through state-run institutions. Health care spending accounted for 6.2% of GDP in 2019. The government also finances social safety net programs and poverty reduction initiatives. Subsidies constitute 40% of the budget.

Initially, targeted subsidies were planned due to the economic crisis and IMF pressure. However, the 2023 draft finance law reintroduced generalized subsidies with the increase in oil prices and aligned with the rentier state logic.

Life expectancy in Algeria was 77.1 years in 2020 and is expected to reach 77.5 in 2023. The neonatal mortality rate, at 15.65 per 1,000 births (WHO 2021), is considerably higher than in Egypt (10.02), Morocco (11.12), or Tunisia (11.54).

Equal opportunity is guaranteed by law, but corruption and favoritism based on regionalism hinder equal access to employment and public services. Free education is available nationwide, with enrollment rates in line with regional averages: 107.3% in primary, 99.6% in secondary, and 51.4% in tertiary education. Women have higher enrollment rates, particularly in tertiary education. Literacy rates have improved overall (81.4% in total as of 2018), yet men (87.4%) still have higher rates than women (75.3%). Family income influences the quality of education, with access to private schools and education abroad available to those who can afford it.

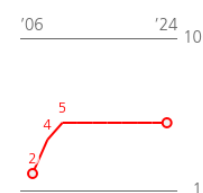
Barriers persist for women in the job market, as they make up only 17.7% of the labor force. Amendments to family law in 2005 improved women's rights, but discrimination still exists in divorce and inheritance matters. In 2015, legislation was passed to strengthen sanctions against violence and discrimination targeting women. Quotas have been introduced since 2012 to increase women's representation in elected assemblies, resulting in over 30% representation. However, the number of female parliamentarians decreased to only 7.9% by early 2023 due to changes in the 2020 election law during the 2021 election. LGBTQ+ individuals face discrimination in all areas of life.

Amazigh communities face challenges in accessing education in their native language or in French, which is often favored over Arabic. However, the 2011 constitutional amendment recognized Tamazight as an official language. Tensions in the M'zab region have eased since 2016, but the death of human rights activist Kamel Eddine Fekhar in 2019 during a hunger strike highlighted ongoing mistreatment by authorities.

The CNDDC represents the unemployed movement in Ouargla, advocating for better job opportunities, infrastructure, and education in the southern region. Corruption and clientelism are pervasive issues nationwide, but feelings of marginalization are particularly pronounced in the country's southern regions.

Equal opportunity

5



11 | Economic Performance

Algeria's economy has encountered various challenges in recent years. In its most recent report on Algeria's economic situation, the World Bank (WB) projects that Algeria's real GDP will grow by 2.3% in 2023, with the non-oil and gas segment contributing 3.1% and the oil and gas sector contributing 0.5%. The WB also anticipates that GDP growth will decelerate to 1.8% in 2024. According to the institution, GDP is expected to reach \$197.9 billion in 2023 and \$193.2 billion in 2024.

Algeria's GDP recovered from the COVID-19 low of \$145.0 billion in 2020 and reached \$163.04 billion in 2021, returning to the previous level of \$171.8 billion in 2019. GDP per capita (PPP) was \$11,439 in 2020 but rebounded to \$12,128 in 2021, almost reaching the pre-pandemic level. It experienced a 6.7% contraction in 2020 but grew by 1.8% in 2021. CPI inflation rose to 7.2% in 2021 and further increased to 9.3% in 2022, following only 2.4% in 2020 and 2.0% in 2019.

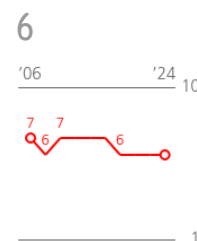
The unemployment rate was 11.6% in 2022, an improvement compared to 12.2% in 2020. Foreign direct investment was \$1.97 billion in 2020 (0.8% of GDP). The current account balance was -\$4.6 billion in 2021, after -\$18.2 billion in 2020. Public debt jumped from 52.0% of GDP in 2020 to 62.8% of GDP. In 2013, it was 7.1% of GDP. Algeria's government budget balance was -4.8% of GDP in 2020 and -4.2% of GDP in 2019. Algeria's tax revenue was 13.4% of GDP in 2020 and 14.1% of GDP in 2019. Finally, Algeria's gross capital formation was 39.8% of GDP in 2021, after 45.4% of GDP in 2020.

12 | Sustainability

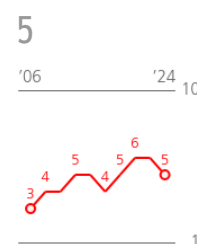
Algeria is shifting toward renewable energy in its energy policy, which reflects a growing environmental awareness. Anti-fracking protests in 2015 demonstrated the rising ecological consciousness in society. The government has introduced an energy transition plan under the 2020 Five-Year Development Plan, establishing the Ministry of Energy Transition and Renewable Energies (METRE) and a national renewable energy company (SHAEMS). President Tebboune's recent instructions call for a comprehensive emergency plan to conserve water resources.

The plan comprises three main pillars: a National Energy Conservation and Efficiency Program, a National Renewable Energy Development Program, and a new National Energy Mix Model. The Energy Conservation and Efficiency Program targets a 10% annual improvement in energy efficiency across transportation, housing, and industry. The Renewable Energy Development Program focuses on harnessing solar resources and transitioning from natural gas to blue and green hydrogen. The Energy Mix Model aims for at least 30% renewable power generation by 2030 and 25 gigawatts of hydrogen power by 2050.

Output strength



Environmental policy



Regulatory reform has been announced to open the renewable energy market to small and medium-sized enterprises, reduce natural gas consumption, and accelerate renewable energy production. However, previous attempts to transition to renewables have fallen short of expectations. Some analysts express skepticism about the renewed energy transition plans, and it remains unclear to what extent environmental concerns are effectively considered in Algeria.

According to the World Bank, in 2019, the gross enrollment rate in primary education in Algeria was 99.1%, while in secondary education, it stood at 66.8%. The gross enrollment rate in tertiary education was 27.7% in the same year. Public spending on education accounted for 7.0% of GDP in 2020. The U.N. Education Index for 2021 remained unchanged at 0.675 compared to 2019.

Access to education is ensured, and literacy rates are relatively high, with 81.4% of the population being literate (2018). However, gender disparities exist, and the practice of pupils enrolling in private classes after regular school hours is increasingly widespread. This practice poses challenges in terms of equal opportunity and access to knowledge.

After President Tebboune's respective announcements in September 2022, English will replace French as the first foreign language taught in primary schools. This move is seen as another step in Algeria's emancipation from its former colonizer, France. Additionally, enhanced English skills will also assist young Algerians in pursuing careers in emerging technologies.

Five of Algeria's research centers are among the top 50 in Africa. The country has a number of exchange agreements with international universities and student exchange programs for doctoral research in Europe and elsewhere. However, bureaucratic hurdles, notably the approval requirements of the Ministry of Higher Education and the Foreign Ministry, can limit opportunities and highlight authoritarian attempts to control knowledge production.

As for research and development (R&D), data from the UNESCO Institute for Statistics (UIS) shows that in 2018, Algeria's R&D expenditure was 0.57% of GDP. Furthermore, in 2018, the number of researchers in Algeria was 11,826 per million inhabitants.

Education policy /
R&D

4

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Governance

I. Level of Difficulty

Algeria's extreme environments hinder infrastructural development and impede state action in designated so-called disaster zones. Earthquakes occur regularly, with their frequency varying by region. In 2020, a 4.9-magnitude earthquake caused severe damage to local infrastructure in Eastern Algeria. However, repairs posed challenges due to limited access, and the government was unable to activate the Risk Fund in the declared disaster zone. The Algerian Red Crescent was the sole government presence on the ground.

Annual wildfires present an additional environmental concern, escalating as a result of climate change. Between August 17 and February 1, 2022, fires in forested and urban regions in eastern Algeria caused the loss of 43 lives and injured 200 individuals. Efforts to control and contain these fires have consistently encountered delays compared to previous years. Resource distribution becomes intricate, as the same vehicles are utilized for logistical purposes, such as transporting fire-resistant materials, in addition to supporting activities such as safeguarding the southern border and combating extremist groups.

Brain drain poses another significant challenge as Algeria experiences a growing exodus of highly qualified individuals to Europe and North America. For instance, in 2022 alone, approximately 1,200 doctors relocated to France. This emigration is fueled by the lack of promising opportunities within the country, creating a vicious cycle. The loss of skilled professionals further compounds the challenges faced by Algeria in various sectors, including health care, education, and research.

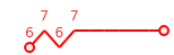
The country's governance faces significant challenges stemming from a legacy of a centrally planned economy, a heavy bureaucracy, high corruption levels, and an authoritarian rentier-state logic. The presence of undemocratic actors, including the military, adds complexity.

Profound distrust and lack of support for the regime, evident through massive pro-democratic protests and continuous electoral boycotts, present structural challenges, particularly in light of impending reforms. The vast territory and conflicts in neighboring regions like the Sahel and Libya heighten security risks, complicating efforts to combat trafficking, terrorism and ensure regional integration and security cooperation. The unresolved conflict with Morocco further hampers these goals.

Structural
constraints

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The people of Algeria express their opinions publicly through demonstrations and unofficial online channels. The government has not fully suppressed these voices, which helps counterbalance its increasing authoritarian tendencies. However, civil society and free discourse are not openly encouraged. Public life outside of state control exists, as demonstrated by the ongoing Hirak protests. Three civil society initiatives, all founded in 2019, have become particularly active:

The Civil Society Collective for a Democratic and Peaceful Transition (Collectif de la société civile pour une transition démocratique et pacifique) is a collective of civil society organizations and activists advocating for political and social reforms in the country. The group has been vocal in its opposition to the ruling government and its policies, calling for a more democratic and inclusive system.

The Forces of a Democratic Alternative (Forces du pacte de l'alternative démocratique, PAD) is a coalition of political parties, civil society organizations and activists, calling for a peaceful and democratic transition in the country. The pact proposes a road map that includes the establishment of an independent electoral authority and the release of political prisoners.

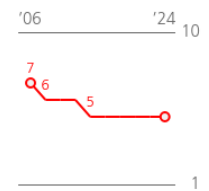
“Nidaa 22” (Call of 22) is a youth-led movement advocating for a more democratic and inclusive system. Its name represents February 22, 2019, the day when widespread demonstrations erupted throughout Algeria, ultimately resulting in the ousting of long-standing President Abdelaziz Bouteflika.

In recent years, however, the government has exerted more control over public discourse, leading to the imprisonment or charges against journalists and social media influencers. Repression against civil society organizations peaked in 2022/2023, casting doubt on the democratic achievements since 1989. The Hirak protests were banned in May 2021, and major civil society organizations like LADDH and RAJ were dissolved. Informal solidarity networks, evident during the COVID-19 pandemic and regional fires, remained strong.

While social trust exists at a micro level, the long-lasting societal polarization reflects the legacy of the 1990s conflict. Indigenous Amazigh organizations, such as Thajmaath, continue to maintain their long-standing presence in Kabylia's villages. However, government repression has hindered civic engagement and active associations, thus limiting the development of a robust civil society culture.

Civil society traditions

5



Algeria is relatively homogeneous in terms of religion, and ethnic tensions are not a serious issue. However, political divisions, particularly those originating from the “Black Decade” in the 1990s, can still contribute to polarization. These profound divisions have influenced the perspectives of the younger generation and can impede social cohesion, as witnessed during the prolonged civil strife.

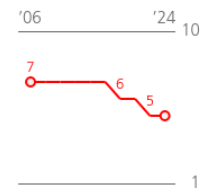
During the Hirak protest movement, which began in 2019, there was initially a unified bloc with a comprehensive set of objectives. However, as older generations assumed leadership roles within various sectors of the nationwide demonstrations, the movement fragmented into irreconcilable factions, reflecting the contradictory opposition movements against the government since the 1990s. These divisions present a challenge to achieving a unified national will, as evidenced by their impact on the Hirak movement.

It is worth noting that the Hirak protests were unique in that traditional divisions along ethnic, linguistic, and ideological lines could not be reignited despite government attempts at manipulation. The demonstrations remained inherently peaceful.

Additionally, the persistence of armed Islamist groups carrying out sporadic attacks against the military in mountainous regions of the North and East, as well as in border areas in the South, should be acknowledged. Although these groups have lost support from the local population, they continue to operate and maintain links to criminal networks in the Sahel region. In 2022, the Ministry of Defense reported disabling 39 terrorists, arresting 371 individuals supporting terrorist groups, and recovering a total of 623 weapons throughout the year.

Conflict intensity

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II. Governance Performance

14 | Steering Capability

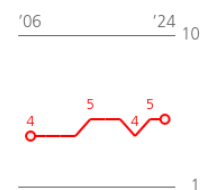
The Algerian government sets and maintains strategic priorities in various areas, such as infrastructure development, resource extraction, and local vehicle production. Past declarations involved calling for a green transition, while plans to further exploit shale gas suggest that the government will continue to search for additional economic rents.

Self-sufficiency, a long-standing goal of the National Liberation Front (FLN), has been reinvigorated in recent years. This push results from the pressures exerted on global supply chains, especially food and military equipment, due to the Russian invasion of Ukraine. In 2020, food imports represented 30% of total imports, rendering food security a major challenge for Algeria.

Question
Score

Prioritization

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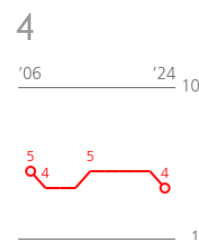
The key priority for the current military-backed government is the stability of the country, or, in other words, the regime's stability. After Tebboune's election, the intensification of the crackdown on the opposition has been raised. By refusing to engage with popular demands, the regime, however, deepens its legitimacy deficit.

The government has invested in the construction industry and infrastructure, such as housing and transportation, and allocated budgets for indigenous unmanned aerial vehicles (UAV) production. The 2022 budget allocated DZD 107.3 billion (\$781.8 million) to the Ministry of Public Works, which includes DZD 106.6 billion (\$776.7 million) for road infrastructure and DZD 425 million (\$3.1 million) for airport infrastructure, as well as the completion of 60,000 housing units and 15,000 rental-purchase housing units by 2022.

After his election in 2019, President Tebboune announced his ambitions to build 1 million housing units to achieve one of his explicit aims: the right to housing for all Algerians – especially in rural regions, which have been relatively neglected. The construction rate considerably dropped in 2020, coinciding with the COVID-19 pandemic and a 5.1% shrinkage in Algeria's economy, but began trending upward again by the end of 2021 with a 3.5% growth in GDP. However, this upward growth was not reflected symmetrically in real estate transactions – 80% of which occur in informal market settings – owing to the highly regulated nature of the formal real estate market. By mid-2022, President Tebboune's office had declared several investor-friendly policies in the housing market to increase competition in the formal real estate market. One such policy, issued in the Official Journal on July 31, 2022, simplified and digitized operations while also providing several tax benefits to investors. Under this model, 579,500 housing units shall be erected between 2021 and 2024. Pressures exerted by ideological factions in the political landscape, which denounce decentralization of the market, as well as those from bodies competing for resources like "Disaster Risk Management" responsible for reconstruction in natural disaster zones, prevent such programs from reaching completion in a shorter time – the latter being in proportion to the amount of damage done to infrastructure from forest fires, earthquakes, floods, and so on.

The COVID-19 restrictions, including the closure of borders, were sometimes implemented without warning, leaving thousands of citizens stranded abroad for months. Once the oil prices went up following the war on Ukraine, measures intended to diversify the economy and reduce the dependency on oil and gas exports, for instance, were halted. Although the government has demonstrated renewed steadfastness in pursuing self-sufficiency in recent years, the military hierarchy reduced the autonomy of the president.

Implementation

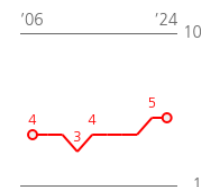


Two recent trends illustrate the government's contradictory ability to engage in policy learning: It proved capable of formulating coherent response strategies to the war in Ukraine as an external crisis by concluding new economic cooperation contracts with Italy, Germany and several other countries. However, it lacked the ability to effectively communicate with the public during the COVID-19 pandemic and thus struggled to clearly explain necessary measures. Despite ongoing nationwide demonstrations as part of the Hirak movement, most citizens displayed adherence to these measures.

A lack of attention is paid to public and cultural institutions. These institutions develop and implement their programs without consultation with each other and are short on staff, with few members of civil society active in the field. Thus, the government can learn that a particular strategy has failed and when it is time to embark on another, but the institutions that would provide feedback directly from the public are weak and neglected.

Policy learning

5



15 | Resource Efficiency

Algeria's public budget focuses to a large extent on military units, which likely impacts the government's ability to use available resources efficiently. In 2022, the Ministry of Defense received \$18 billion, following \$9.23 billion in 2021 – already the largest defense budget on the African continent. Additionally, the Ministry of Moudjahidines (veterans of the liberation war) received \$1.7 billion in 2021, ranking sixth before important ministries like Agriculture. For 2023, \$23 billion were earmarked for the military budget, although the regime tries to obscure the exact utilization of these funds. Formal control organizations such as the Accountability Council (Conseil des responsabilités) also face their limits here.

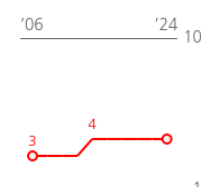
These significant expenses contrast unfavorably with struggling revenues. In 2019, the International Crisis Group (ICG) pointed out inefficiencies in Algeria's energy sector, which further hindered the economy. According to the World Bank, Algeria's total reserves decreased from \$194.7 billion in 2013 to \$46.1 billion in 2021.

In 2020, there was a new impetus for change with the change in administration. In June 2020, the Algerian government passed the Supplementary Finance Law (SFL) in response to the impacts of COVID-19, which reallocated resources to the health sector, those who became unemployed, and poor households. Meanwhile, the regime is not offering incentives for the diaspora to invest in and/or cooperate with Algeria, thus depriving the country of important competencies. The recent crackdown on oppositional members of the diaspora acted as a further deterrent.

Still, the new government must strengthen human resource management, recruitment policies, training opportunities and the fight against corruption to improve resource efficiency.

Efficient use of assets

4



Policy coordination improved as the Tebboune administration gained experience in its first two years of leadership. The war in Ukraine increased the price of natural resources, enabling Algeria to temporarily recover from its crisis-prone economy and strengthen its capabilities for intra-government coordination. However, regional insecurity and internal challenges, such as unemployment, housing, and public services, as well as the need to diversify the economy and respond to the population's demands for political transition, present significant challenges.

A fragile regional security, combined with significant internal challenges, makes coordinating conflicting objectives into a coherent policy a major task. Addressing unemployment, lack of housing, improving public services, diversifying the economy, reconfiguring internal power dynamics following an internal regime crisis, stabilizing authoritarian rule after a massive popular contestation, regaining trust among crucial segments of society, and responding to external and internal pressure for economic reform all need to be handled, sometimes with conflicting outcomes.

Therefore, there is a need for coordination across the government and administration, and ministries often must be made aware of one another's projects and remits. This can lead to issues such as corruption and protests. To address this, successful coordination should involve balancing trade-offs between policy goals, introducing horizontal coordination to mediate between different departments, and transparently assigning responsibilities to avoid negligence, redundancies, and friction between different government branches.

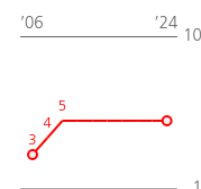
Algeria has taken steps to combat corruption through institutions like the National Anti-Corruption Association (ANLC, *Autorité nationale de lutte contre la corruption*) and the National Agency for the Prevention and Combating of Corruption (ONPLC, *Organe de prévention et de lutte contre la corruption*). However, criticism has been leveled at the effectiveness of these measures in implementing anti-corruption policies and prosecuting cases, leaving their impact uncertain.

Audits of state spending are conducted but results are often undisclosed, making their exact findings and impact uncertain. This includes party financing, which is regulated, but the effectiveness in preventing corruption is uncertain.

The 2020 constitution established a newly formed "Supreme Authority for Transparency, Prevention and the Fight against Corruption," which was in the process of becoming fully operational during the assessment period and is intended to replace the ANLC. Unlike the previous ANLC, the Supreme Authority will possess supervisory powers rather than solely consultative rights. Additionally, the Accountability Council (*Conseil des responsabilités*) will conduct audits of state finances.

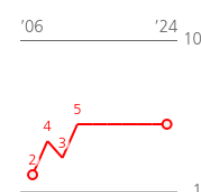
Policy coordination

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Anti-corruption policy

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Citizens and media formally have the right to access information, but limits in practice are omnipresent. Laws also promote transparency in public procurement and accountability of officeholders, but assessing effective consequences is difficult.

In conclusion, while the Algerian government has made some efforts to address corruption, the effectiveness of these measures remains questionable.

16 | Consensus-Building

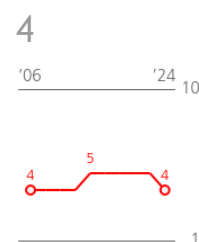
Algeria's long-term goals lack consensus among major political actors. Its semi-presidential republic faces criticism for limited political pluralism, as the dominant party and its allies retain significant power. Calls for political reform and democratic freedoms faced resistance from the government, leading to restrictions on civil liberties, arbitrary arrests, censorship and the harassment of journalists and activists. Key political actors in Algeria, including the military, government, pro-regime parties (FLN, RND), UGTA trade union, and influential businessmen, have supported the continuation of an authoritarian governance system. Despite hopes within the opposition during the Hirak uprising for dialogue and political transition, the regime has shown reluctance and crackdowns on the opposition, undermining democratic rights. This signifies a consensus among the ruling elite to reject political transition and maintain authoritarianism.

In terms of a market economy, Algeria has a mixed economy with a significant state presence in strategic sectors such as oil and gas, telecommunications and banking. The government has implemented a number of economic reforms aimed at reducing the state's role in the economy and liberalizing certain sectors, but these reforms have been criticized for being insufficient and for not addressing structural issues such as corruption, bureaucracy, and lack of transparency. In conclusion, it appears that there is a lack of consensus among major political actors in Algeria on democracy and a market economy as strategic, long-term goals. While some political actors may support greater democratic freedoms and economic liberalization, others may resist these changes or view them as threatening their power and interests.

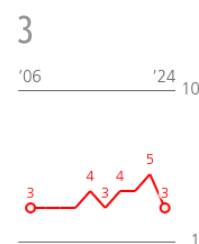
The ability of reformers to overcome the veto power of anti-democratic actors is limited, as these actors have significant influence in the country's political and economic system and have shown reluctance to relinquish their power and influence. Despite the popular uprising in 2019/2020 that removed President Bouteflika and caused the regime to delay elections, the repression of the Hirak movement and the implementation of various legal measures have made it harder for reformers to sideline or co-opt anti-democratic actors in the near term.

In terms of political reform, calls for greater democratic freedoms and political pluralism have emerged, facing resistance from the government and the ruling party. Moreover, the government curtails civil liberties and suppresses dissent through arbitrary arrests, censorship, and harassment targeting journalists and human rights activists.

Consensus on goals



Anti-democratic actors



Anti-democratic veto actors in Algeria include the military, powerful economic actors, and the ruling party, which have significant influence on the country's political and economic system. These actors have been able to maintain a tight grip on power for decades and have shown reluctance to relinquish their power and influence.

Algeria boasts a multifaceted and diverse society, characterized by numerous divisions rooted in ethnic, class, political, regional, and religious distinctions. These divisions have frequently manifested themselves in internal conflicts, including the civil war of the 1990s, and have been manipulated by various political players for their personal advantages. Regrettably, the political leadership lacks a commitment to political pluralism and fails to effectively acknowledge and address these divisions and conflicts. Consequently, they are unable – perhaps, to some extent, unwilling – to foster a comprehensive consensus across cleavages and to moderate structural conflicts.

Over the past decade, divisions and cleavages in society have diminished. The coming together of the population during the Hirak protests, as well as inter-regional solidarity networks with political detainees, has impressively confirmed this trend. Attempts by certain elements of the regime in 2019 to target the Amazigh flag during the demonstrations or spread rumors and insults concerning the Berber inhabitants of Kabylia failed to divide Algerians. The Movement for the Autonomy of Kabylia (MAK), primarily in the villages, signaled a persistent feeling of alienation among the fringes of the population but remained a small minority. Tensions in the M'zab region between Ibadite Berbers and Arabic-speaking populations have diminished, and the different populations united in peaceful demonstrations in 2019.

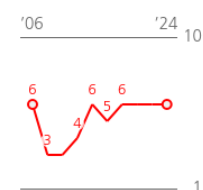
Online protests during the COVID-19 confinement continue to denounce regional inequalities, the lack of adequate infrastructure and proper equipment in hospitals, the state of the roads, nepotism in job distribution, and express a general sense of being neglected by the central state, particularly in the southern region of the country. The government's attempts to address economic issues were, however, limited.

While the revised 2020 constitution in Algeria acknowledges the role of the Hirak protest movement in its preamble, it also reinforces the prerogatives of the executive and enshrines the political intervention of the army to “protect the interests of the nation.” Civil society activists and leading Hirak figures have criticized the insufficient consultation of a wider group and view it as a missed opportunity for more meaningful restructuring and as a potential source for a solution to the country's crisis.

The constitution, drafted in the context of harsher repression against oppositional actors and citizens, provides for a number of so-called consultative councils that are to provide expertise to the state. Among them are the High Islamic Council (Haut Conseil Islamique), the High Council of Security (Haut Conseil de Sécurité), the

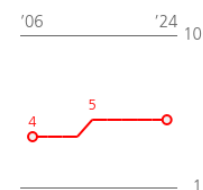
Cleavage / conflict management

6



Public consultation

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National Council for Human Rights (Conseil National des Droits de l'Homme), the High Council of Youth (Conseil supérieur de la jeunesse), and the National Council for Scientific Research and Technology (Conseil national de la recherche scientifique et des technologies). The constitution also recognizes the role of the National Social, Economic, and Environmental Council (CNESE) as a consultant on policies of economic, social, and environmental development. In 2022, CNESE was involved in the country's first-ever national consultation on children, as reported by UNICEF.

While the 1999 Civil Concord law and the 2006 Reconciliation Charter have contributed to bringing peace to Algeria, the amnesties given to state security forces and terrorists, and the imposed silence, are perceived as deeply unjust by many, particularly by the families of the 200,000 victims and the 8,000 “disappeared.” Compensation for victims has not allowed for genuine 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 complex 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, has not been conducive to reconciliation. Arguably, the 2019 demonstrations did more to reconcile Algerians with each other than any state actions in previous years.

In terms of reconciliation with the former colonial power France, the return in July 2020 of the remains of 24 fighters who were killed resisting French colonial forces in the 19th century, and whose skulls had been kept in Paris as war trophies, was an essential moment for Algeria. This was a cause for which Algerian and French intellectuals had campaigned for many years.

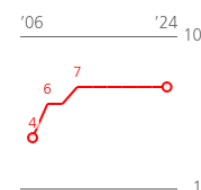
17 | International Cooperation

The political leadership in Algeria has traditionally been reluctant to accept external involvement in its development plans. This stance has been maintained with the Hirak demonstrations and fears of foreign interference and manipulation. However, given the recent economic challenges the country is facing, including COVID-19, the oil price crises and regional instability, the government has become more open to technical cooperation and a broader range of cooperation partners. However, this cooperation is not integrated into a consistent, long-term development strategy. Instead, the government's use of international assistance has been criticized for being influenced by short-term expediencies and policy inconsistencies. There have also been allegations of rent-seeking behavior by some actors.

Algeria has a long-standing association agreement with the EU, signed in 2002 and in force since 2005. There are strong bilateral programs, such as the one with the German development agency GIZ on environmental protection and those with the United Kingdom and Ireland in the education sector. Additionally, Algeria is increasing its connections with the Anglo-Saxon world and strengthening the position of the English language within its education system.

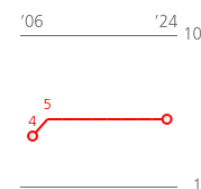
Reconciliation

7



Effective use of support

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Relations with certain Gulf states have generally improved, with increased economic investment from the Gulf and a significant Algerian expatriate population there. China also plays a significant role in Algeria's economic and infrastructure development, as trade and investment with China continue to increase. However, the government has not taken advantage of Chinese expertise to train young people in Algeria; rather, it has chosen to employ Chinese workers.

The principles of non-interference in external affairs and a strong sense of sovereignty determine the Algerian regime's foreign policy. However, the destabilization of the Sahel region has contributed to increased security cooperation with regional powers and the United States. Algeria has also agreed to strengthen cooperation with Russia in the energy sector, even further since the war in Ukraine.

The government has a mixed record as a credible and reliable partner in its international relations. As a member of multiple international organizations, Algeria has ratified a number of international treaties and conventions, but some organizations and governments have raised concerns about Algeria's actual compliance with these agreements due to insufficient monitoring, particularly in areas such as human rights and labor standards. The recent dissolutions of the Ligue Algérienne pour la Défense des Droits de l'Homme (LADDH) and the Rassemblement Actions Jeunesse (RAJ), two of the most important human rights associations in Algeria, underscore these concerns.

Algeria signed the Rome Statute of the International Criminal Court in December 2000 but has not taken any further steps for ratification since then.

Algeria has been a significant and dependable partner in terms of energy supply and security cooperation, both in the fight against terrorism and in diplomatic efforts to address crises in its immediate vicinity. Most immediately, it has utilized its powerful military capabilities, recognized expertise in counter-terrorism, and diplomatic experience to mediate in the Malian conflict. However, Algeria's credibility on the international stage has been partially called into question due to the simultaneous escalation of tensions with Morocco since summer 2021. This is particularly evident with Algeria's decision in November 2021 to shut down the Maghreb-Europe Gas Pipeline, which it jointly operated with Morocco and which led to Spain. Additionally, in June 2022, Algeria suspended a friendship agreement with Madrid due to Spain's pro-Moroccan stance concerning the Western Sahara.

Between 2016 and 2020, Algeria spent around \$34 billion on Russian weapons, establishing Russia as its primary supplier of arms. As tensions with Morocco continue to escalate, it has become increasingly crucial for the Algerian military to maintain these connections with Russia. In fact, reports indicate that the two nations' armies conducted joint "counter-terrorism" exercises in November 2022 on Algeria's western borders. This development is unsurprising, considering the agreement between Algiers and Moscow on matters like Western Sahara. Furthermore,

Credibility

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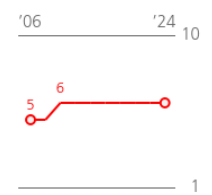
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statements made by Russian Foreign Minister Sergey Lavrov suggest that Algeria is actively seeking to strengthen its relations with Russia, despite the potential negative response from the international community. This situation raises concerns about Algeria's inclination to align itself more closely with Russia's strategic interests, potentially at the expense of other partners.

Algeria's political leadership has a mixed record of cooperating with neighboring countries. While it maintains stable external relations and actively participates in the African Union (AU) and the League of Arab States (LAS), tensions with Morocco over regional dominance and the normalization of ties with Israel hinder regional cooperation and economic development. The instability of borders with Mali, Niger, and Libya further underscores the need for increased regional cooperation. Algeria has taken on a mediation role in the conflicts in Libya and Mali and has significantly increased its military spending to strengthen border protection. The constitutional reform in 2020 allows for Algeria's participation in peacekeeping missions by the United Nations, AU and LAS, which challenges its traditional doctrine of nonintervention.

Regional cooperation

6



Strategic Outlook

To sustain and promote Algeria's current economic recovery, the government should prioritize diversifying the economy to reduce reliance on hydrocarbon exports. This goal can be achieved by encouraging investments in non-hydrocarbon sectors, particularly agriculture, services, and manufacturing. Additionally, the government should continue eliminating regulations limiting foreign ownership and provide support to startups and small businesses. These actions, along with support for SMEs and independent associations, as well as initiatives like training and international exchanges, can foster a more constructive relationship between the administration and citizens. Promoting foreign investment will also yield benefits in terms of employment, creativity, and economic development.

To address inflation, the government should consider implementing policies that boost domestic food production and reduce imports. Increasing subsidies for essential food items can protect the purchasing power of low-income households. Furthermore, structural reforms aimed at enhancing productivity and reducing costs in the public sector, such as streamlining public services and reducing bureaucracy, are crucial.

Regarding freedom of the press, the government should prioritize the protection of journalists and media outlets. This can be achieved by releasing arbitrarily detained journalists, creating a conducive environment for media operations, and ensuring that journalists can report news freely.

To bolster its global standing, the government should focus on strengthening international relations and expanding participation in global affairs. Building stronger ties with other countries, especially those in Africa, and leveraging its strategic position as a major hydrocarbon producer can lead to favorable trade and investment deals.

In terms of resource efficiency, the government should maximize the utilization of human, financial, and organizational resources. This involves implementing policies to enhance the efficiency of government administrative personnel. Measures may include reducing politically motivated dismissals, limiting new appointments of public servants, and establishing competitive recruiting procedures insulated from political influences. Additionally, the government should strive for transparent budget planning and implementation, maintain a balanced state budget, and manage state debt at a manageable level.

To improve administrative efficiency, the government should focus on modernizing and reforming the public administration. This includes implementing procedures and institutions that support "responsible" decentralization, granting local self-government legal and financial autonomy, and enabling public scrutiny of local administration activities.

In summary, the government should enact policies that prioritize economic diversification, address inflation, safeguard freedom of the press, enhance international relations, and strengthen the education system. By taking these steps, the government can sustain and promote the current economic recovery and enhance the overall well-being of the country. Additionally, focusing on English language instruction from an early age can boost the country's competitiveness in the global market and create new opportunities for trade and investment.