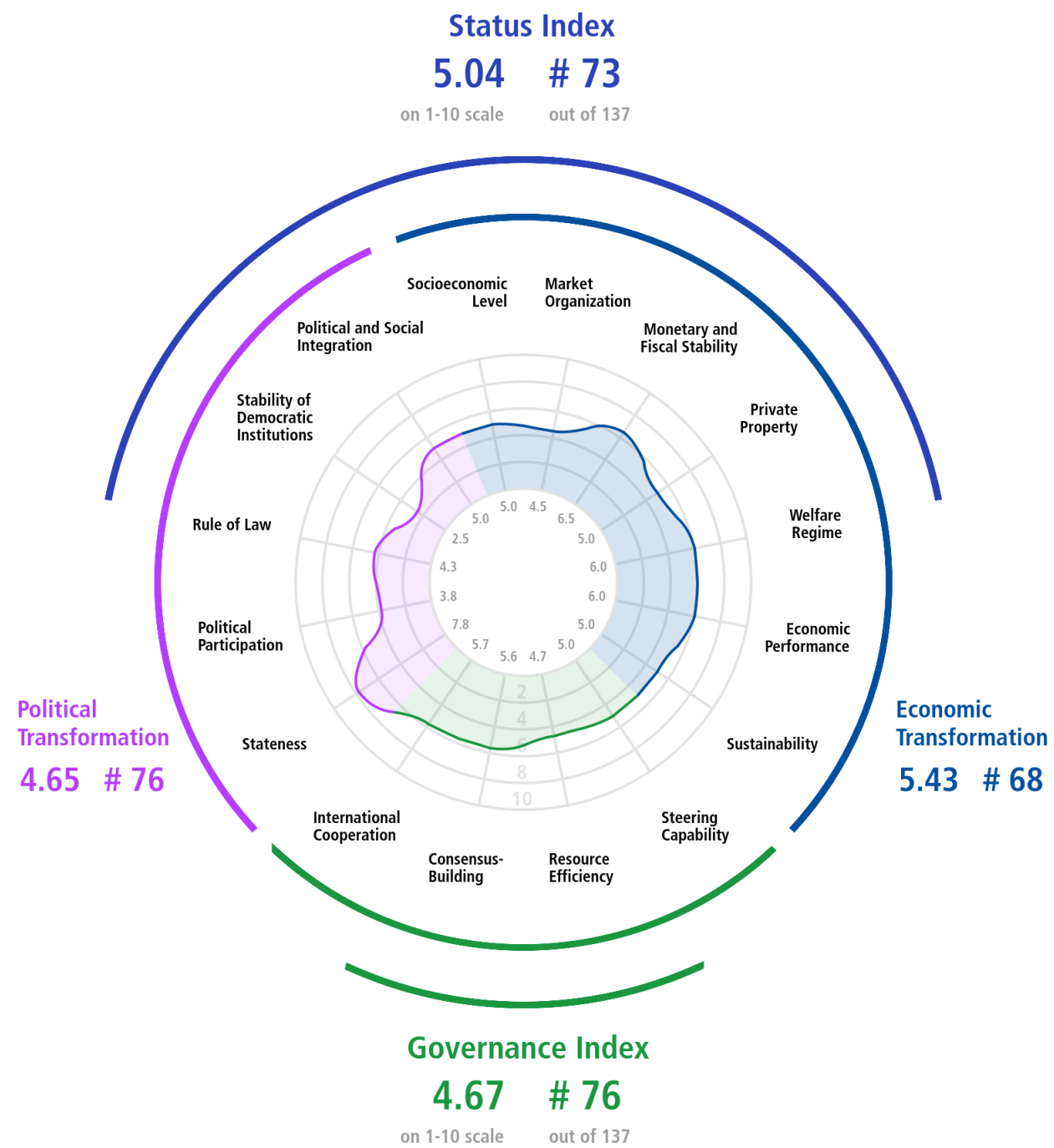


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Algeria



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Key Indicators

Population	M	43.9	HDI	0.748	GDP p.c., PPP \$	11268
Pop. growth ¹	% p.a.	1.8	HDI rank of 189	91	Gini Index	27.6
Life expectancy	years	76.9	UN Education Index	0.672	Poverty ³	3.7
Urban population	%	73.7	Gender inequality ²	0.429	Aid per capita \$	4.1

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The review period has been marked by some of the most dramatic political developments in recent Algerian history. These were sparked by the decision of the ruling FLN party that the ailing President Abdelaziz Bouteflika would stand yet again for a fifth mandate, to the dismay and indignation of the population and in breach of the constitution that had reintroduced a limit to presidential mandates in 2016. This decision sparked large-scale demonstrations in cities across the country from February 22, 2019. Millions of citizens marched peacefully for democracy and continued to do so weekly for 54 weeks until the COVID-19 pandemic lockdown in March 2020.

With predominantly peaceful responses from all sides, the people, the army and police, Algeria managed to avoid violence. On April 2, 2019, the military dismissed Bouteflika, and the army Chief of Staff Ahmed Gaid Salah confirmed his pivotal role in decision-making (until his unexpected death on December 23, 2019). The Head of the Senate Abdelkader Bensalah was appointed interim president as prescribed in the constitution. A number of former ministers, prime ministers and leading business elites were arrested on corruption charges and imprisoned. The presidential election was delayed to July, and then again to December 12, 2019, when President Abdelmadjid Tebboune, a former prime minister under Bouteflika, was elected in a climate characterized by a high degree of polarization and intense political repression. This election was contested by many in the population who felt that all candidates had links with the former regime and that a genuine political transition was needed. Nevertheless, a new government was formed, corruption cases were pursued and a number of political decisions and policies such as financial reforms to introduce Islamic banking, and new legislation to support startups, were launched after years of stagnation due to the former president's illness. Overall, this election did not resolve the regime's legitimacy crisis and the public's profound lack of trust in the ruling elite.

Renewed foreign policy efforts with the election of a new president were launched in early 2020. However, relations with neighbors, particularly Morocco, remain tense with the continued annexation of Western Sahara and the normalization of Morocco's ties with Israel. The expulsions of thousands of sub-Saharan African and Syrian migrants have been condemned by human rights organizations.

The COVID-19 pandemic starting in March 2020 had a serious impact on Algeria, which experienced an initially high number of cases, particularly in Blida, which overwhelmed the hospital network. The pandemic also precipitated an accelerated crash in oil prices on the international market, which had serious implications for an Algerian economy which is still heavily dependent on hydrocarbon exports. Lockdowns and curfews were implemented. Civil society organizations denounced an increase in repression of opposition and online activists and journalists, with many in prison or receiving heavy fines. The Supplementary Finance Law was adopted in June 2020 to deal with the impacts of the COVID-19 pandemic on the health sector, to support the newly unemployed and poor households. Capital expenditure and other budget cuts were planned due to a fall in revenues. Financial challenges facing the country remain significant.

According to a report published by the National Committee for the Release of Detainees (CNLD) updated on January 4, 2021, 87 political prisoners, including women, are serving sentences across the country or are being held pending trial.

History and Characteristics of Transformation

Algeria's process of political and economic liberalization began with the beginning of the social movement in Kabylia in 1980. The Amazigh protest ("Berber spring") for the recognition of cultural and political pluralism became a catalyst for wider protests against the one-party regime, in particular against repression and the looming economic crisis. In its determination to resist pressure for reform, the regime facilitated popular support for a more explicit social and political role of Islam, an initiative which would eventually backfire. The catalyst for unrest in the late 1980s, however, was the sharp decline in oil revenues. The resulting reduction of imports, in addition to youth unemployment, the housing crisis and the lack of understanding for the post-independence generation, provoked popular discontent, which exploded in October 1988. The nationwide youth-led riots were brutally repressed and resulted in 500 casualties. To address the deep legitimacy crisis, and in line with global trends after the fall of the Berlin Wall, the regime opted for a political opening and introduced multipartyism in 1989.

Algeria's transformation can only be understood against the backdrop of the violence of the 1990s, following the military backed cancellation of the democratic process in January 1992. The interruption of the legislative elections which had favored Islamists, the Islamic Salvation Front (Front Islamique du Salut, FIS), reversed the short-lived trend toward political pluralization, which had been designed to maintain the balance of power between political clans and the army in the country's single-party system.

The military coup, backed by secular elites, demonstrated a widespread rejection of the Islamists' objectives to impose a theocratic state. The resulting conflict led to 200,000 deaths. The state of emergency was declared in 1992, significantly restricting the political space which had momentarily opened up. To ease the crippling debt, an IMF restructuring program was set up in 1994 and reforms in the state sector were launched to prepare for further privatization.

By the mid-1990s, having managed to contain parts of the insurgency, the government sought to legitimize the authority of President Lamine Zéroual who had been appointed in 1994. Presidential elections were held in 1995 with Zéroual receiving strong support across the population, including Islamists. Violent massacres of citizens in 1995 and 1997 left the population weary of violence. A new constitution in 1996 provided for new parliamentary institutions and legislative elections were held in 1997. Despite intensified violence in 1997, a new program of institution-building and restructuring began, and Zéroual launched a process of negotiations with Islamic armed groups.

In 1999, new presidential elections were held that brought former foreign minister Abdelaziz Bouteflika to power, despite a contested election and the withdrawal of four of the main opposition candidates. President Bouteflika sought to halt the conflict by implementing a Civil Concord Law in 1999 and the Reconciliation Charter in 2006 after a referendum. He began rebuilding Algeria's international image and relaunched economic restructuring, which was buoyed by favorable oil prices. New laws encouraging foreign direct investment, especially in hydrocarbons, were introduced, but were later rolled back after a nationalist outcry. Major infrastructure projects were pushed forward, together with job creation and housing projects.

After lower levels of violence in the new millennium, sporadic suicide attacks nonetheless continued. There have been kidnappings in recent years, particularly in the Sahara and Kabylia, that are sometimes organized by criminal gangs affiliated with groups associated with the 1990s conflict (numbers are declining, though).

Protests in 2001 against police violence and marginalization in the berberophone Kabylia region led to the designation of Tamazight as a national language in the 2016 constitution. Along with the creation of the High Commission for Amazighté and the inclusion of Tamazight in the education system, such reforms have appeased some claims of the berberophone population. The protest movement was nonetheless subjected to lethal repression, leaving 126 dead and resulting in the region's political alienation.

Bouteflika was re-elected in 2004 and, after a constitutional revision in 2008 that lifted the limitation of presidential mandates, again for a third term in 2009. His re-election for a fourth term in 2014 was highly contested due to the dramatic deterioration of his health following a stroke. Presidential powers increased after the army agreed in 2003 to stop interfering in politics and the limit on presidential terms was lifted in 2008. The constitution of 2016 reversed this by reinstating presidential term limits and strengthening the legislature. Despite the ailing health of the president who no longer spoke in public, the constitutional amendment appeared to have been entirely discredited with Bouteflika running for a fifth term in 2019. The question of Bouteflika's successor stood at the heart of the political crisis, along with the overall opacity of

governance. The humiliation of having a president physically incapable of running the country, combined with the public's exasperation with high levels of corruption, intensified repression and deteriorating living conditions resulted in millions of Algerians taking to the streets throughout 2019 in support of the peaceful pro-democracy movement known as the Hirak.

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

During 54 weeks of civilian protests known as the Hirak, from February 2019 to March 2020, the army maintained a predominantly peaceful stance toward the demonstrations. The Algerian military is one of the most well-funded and best trained armies on the continent and there is little competition over the state's monopoly of force.

Despite multiple external conflicts in the region, the Algerian state maintains control throughout the territory. The 2019 uprising if anything saw a decline in the influence of small numbers of Islamist guerillas within the country, with few attacks. In early 2021, arrests of jihadist insurgents led to some concerns over their presence in the country. However, Islamist insurgents have lost the support of local population and the Hirak protest movement is organically committed to peaceful protest.

The Algerian army reported that 37 armed fighters had been “neutralized” in 2020 (i.e., 21 killed, nine arrested and seven surrendered), down from 189 in 2018.

Border controls with Morocco remain strict. Tensions over the U.S. decision to support Morocco's position on the Western Sahara, against the Front Polisario still in exile in Algeria, have not helped relations. Smuggling and trafficking of migrants in the south and along the Tunisia/Libya border remain challenges.

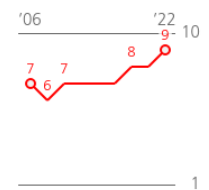
While the Hirak protesters continue to question the legitimacy of the ruling elite and their decade-long record of corruption, they have not questioned the state. In contrast, they marched peacefully to protect the state from what they perceived as an abuse of power, and the sense of national identity in Algeria remains strong.

There are no limitations regarding formal citizenship rights; but Article 22 of the citizenship code does specify the conditions for the forfeiture of citizenship. The significant number of Syrian and sub-Saharan refugees and migrants in Algeria do not currently have access to citizenship and are prevented from numerous rights such as marrying Algerian nationals, unless they have a legal residency status.

Question Score

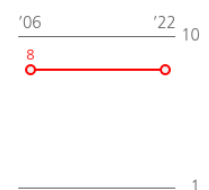
Monopoly on the
use of force

9



State identity

8



By October 2020, according to Human Rights Watch, over 16,000 people were summarily expelled from Algeria into Niger and left with the army or in the desert near the border. Only half of these people were said to be from Niger and they included thousands of women and children.

The Berber movement for autonomy (Mouvement pour l'Autonomie de la Kabylie, MAK) represents a small minority. The 2016 constitution and the revised constitution of 2020 confirm Tamazight as an official national language. The Berber New Year was made an official holiday in 2018.

Islam is the religion of the state in Algeria and enshrined in Article 2 of the constitution. While Algeria is a secular state, religion can be instrumentalized for political purposes. Despite major amendments to the Family Law in 2005 and 2015, certain aspects remain inspired by religious dogma, to the detriment of equality between men and women. Inheritance rights for women and men are inspired by religious dogma and are widely contested by women's organizations.

Proselytizing by non-Muslims is a criminal offense and court cases against Christians have been pursued on these grounds.

Basic public services are available throughout Algeria, although their efficiency is subject to criticism. Infrastructure upgrades have been prolific, with major contracts managed by Chinese and Turkish construction companies. However, some regions still suffer from regular water shortages and electricity cuts, causing anger within the population and sparking demonstrations. In 2015, 88% of households had access to sanitation, and 84% to improved water sources, according to the World Bank. In October 2020 the interior minister announced extra funding for modernizing public services.

Algeria is Africa's largest country and now has the largest number of urban rail transport systems on the continent. After Algiers, Oran, Sidi Bel Abbes and Constantine, the cities of Annaba, Setif, Ouargla and soon Mostaganem will all have tramways. Railway infrastructure has more than doubled in the last 15 years. The new international airport in Algiers opened in April 2019. As part of the measures to reduce the spread of COVID-19 during the pandemic, public transportation among the different regions (wilayas) has been suspended several times, penalizing those with low incomes.

There have also been important construction programs in the education sector. Tertiary education is available in all 48 regions (wilayas). At least 15 new university campuses have been built during the last decade. Schools were closed between March and November 2020 due to the COVID-19 pandemic. Even where the Ministry for Education provided video materials, families with lower incomes were nevertheless disadvantaged by school closures.

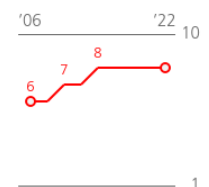
No interference of religious dogmas

6



Basic administration

8



Access to health care facilities and medication has been subject to criticism and high dissatisfaction amongst the population. The COVID-19 pandemic has further highlighted the weaknesses of the health care system and the limitations of crisis response mechanisms in Algeria. Striking doctors denounced, among other things, the lack of basic equipment in peripheral regions, preventing them from fulfilling their mission. Hospitals across the country suffered from a lack of personal protective equipment and respirators.

2 | Political Participation

The presidential elections, originally scheduled for April 18, 2019, were canceled following the large-scale Hirak demonstrations against the incumbent's proposed fifth mandate. After Bouteflika stood down, the elections were delayed to July 2019 and, following further popular protests, rescheduled again to December 12, 2019, when Abdelmadjid Tebboune was elected with 58.13% of the vote.

The elections took place in a highly contentious climate. All five candidates were former members of Bouteflika's governments. From the outset, the majority of observers considered that the results would be predetermined by the army.

The elections resolved the extra-constitutional situation of having an interim president with an expired mandate (in post since July 2019). By reinstituting a civilian façade, the elections also enabled the army to reduce their public role, which would leave them open to societal criticism.

Following calls to boycott the election, only 39.88% of the electorate voted, resulting in the lowest voter turnout for a presidential election. Many Algerians abstained due to the absence of a meaningful transition and in light of repression.

A new electoral authority, the National Independent Election Authority (Autorité Nationale Indépendante des Élections, ANIE), was created in mid-September 2019. However, it failed to ensure free and fair elections. The polling procedures were not conducted in a transparent, impartial and correct manner. Critical observers estimated that the official turnout and results were manipulated. Official state media did not give a voice to the critics of the electoral process. Finally, instances of polling stations blocked by political opponents were reported in the region of Kabylia.

Following Tebboune's election, a new constitution was drafted by a commission of experts including constitutional lawyers appointed by the president. A constitutional referendum was held on November 1, 2020, in which only 23% of the public voted. Parliamentary elections were promised for 2020. However, with the hospitalization of President Tebboune in Germany due to COVID-19, these have not yet taken place. These elections are supposed to be held before 2022.

Free and fair elections

4

'06 '22 10



1

The last parliamentary elections were held in May 2017. The ruling FLN won 164 of the National People's Assembly's 462 seats. In local elections in November that year, the two ruling parties, the FLN and Rassemblement National Démocratique (RND), collectively obtained over 50% of the vote. Legislative and municipal elections were characterized by accusations of fraud and large-scale abstention, due in part to calls to boycott the process.

The Global State of Democracy Indices classes Algeria as a mid-range performer for clean elections. Despite the resignation of Bouteflika and the change of government, there is continued disillusionment with the voting and political systems.

In January 2021, a new draft electoral law, confirming the independence of ANIE and establishing its new prerogatives, was submitted to political parties for consultation. The ANIE was included in the new constitution in 2020.

Since independence, the army and its intelligence services, claimed by Algerians to be an economic mafia, have maintained political control behind the scenes. Bouteflika successively reduced the army's prerogatives, and in 2003 the army publicly distanced itself from politics. In January 2016, Bouteflika dismantled the military intelligence service, the Department of Intelligence and Security (Département du Renseignement et de la Sécurité, DRS), and replaced it with a body under the control of the presidency. Former DRS head Mohamed (Toufik) Mediene, dismissed by Bouteflika in September 2015, was arrested following the Hirak demonstrations, along with the president's brother, Saïd Bouteflika, on conspiracy and corruption charges. Instead of serving their 15-year sentences, the charges of conspiracy were retracted in January 2021. However, they were still charged with corruption.

President Tebboune presented the constitutional reform of November 2020 as an answer to the democratic aspirations of the Hirak protest movement. However, critics point to the fact that the president's prerogatives are strengthened and that the political role of the army is de facto enshrined in the new constitution, leaving open the possibility for it to intervene in order to "save the interests of the nation."

Throughout 2019, Algerians marched weekly in huge numbers as part of the Hirak demonstrations. The army and police to a great extent tolerated peaceful protests in cities across the whole country for 54 weeks. Yet access to the capital was progressively restricted for citizens in surrounding localities, and since April 2019 security forces have proceeded to systematically conduct numerous arbitrary arrests, detentions and incarcerations of peaceful demonstrators. In early March 2020, the Algerian authorities banned mass protests and gatherings as part of their measures to tackle the COVID-19 pandemic. Before these measures had been implemented, protesters themselves had already called on Algerians to stay home to protect themselves against COVID-19. Despite this, gatherings to demonstrate solidarity continued in front of courts or prisons in order to support political prisoners.

Effective power to govern

2

'06 '22 10

2

1

Association / assembly rights

5

'06 '22 10

5

6

5

5

1

In mid-June 2020, two pro-Hirak demonstrations erupted, resulting in arrests. On October 5, 2020, marches in Algiers were held to mark the anniversary of the 1988 pro-democracy movement. Protests took place despite a ban. Demonstrators were dispersed by police and some were arrested. Overall, the government took advantage of the COVID-19 pandemic and lockdown measures to intensify repression and arrest hundreds of citizens and activists for their activities and statements on social media. Oppositional parties and unions, like the Rally for Culture and Democracy (Rassemblement pour la Culture et la Démocratie, RCD/) and Forces of the Democratic Alternative (Forces du pacte de l'Alternative démocratique, FPAD), were obstructed from holding gatherings in public spaces.

The COVID-19 pandemic restrictions included the closure of borders and several lockdown measures and curfews. These were perceived as legitimate in light of the weakness of Algeria's health care system. However, these measures have at times been implemented without forewarning, so that thousands of citizens have found themselves trapped abroad for many months. Restrictions on travel were still in place at the end of January 2021.

Algerian associations continue to call on the state to review the restrictions placed on the freedom of association using the 2012 law on associations (No. 12-06). According to the Ministry of Interior's website, there are 110,000 associations currently active in Algeria. More than half of these, however, are designated as "non-conformist" in terms of the new law and thus are at risk of being disbanded. Law 12-06 facilitated the creation of some local associations which can be now registered at the local level by the commune. However, it also appears to reinforce the powers of the executive over associations. Its implementation varies from region to region. As yet, there have been no legal tools (décret) developed for its implementation, which is left to the will of the administration. Many associations continue to report that the authorities interfere with certain activities of theirs.

The late Army Chief of Staff Gaid Salah launched a campaign of repression against activists, journalists and ordinary citizens in April 2019. Hundreds have been arrested and incarcerated arbitrarily. State media's reports appeared to be biased, spreading false news against members of the Hirak. Since the beginning of the pandemic, a number of Algerian activists and journalists have been arrested and imprisoned on charges such as "threatening national unity" and "weakening the morale of the army." Many arrests are related to posts on social media that criticize the government or the president, falsely reporting on the pandemic, or in support of further Hirak mobilization. According to critics, the government's actions amount to a crackdown on dissent, at a time when protests and marches remain prohibited due to the virus. Despite closures and backlogs, courts continued to process cases against anti-government activists.

In 2020, the penal code was amended to increase prison sentences for defamation and introduce new penalties for the dissemination of false information. Under the amendments, new offenders face prison sentences of up to three years.

Freedom of expression

4

'06 '22 10



1

Freedom House reports that arbitrary arrests of journalists have increased since the Hirak emerged in 2019. Algeria's ranking in the World Press Freedom Index conducted by Reporters Without Borders had been improving, from position 125 in 2013 to 119 in 2015. However, in 2016, Reporters Without Borders lowered Algeria's ranking to 129, and in 2018 it fell to 136. In 2020 it fell again to 146.

3 | Rule of Law

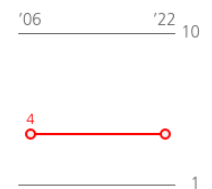
With the global COVID-19 pandemic, the Algerian parliament was closed on March 12, 2020, and parliamentary meetings were postponed. These resumed in late April 2020 when sessions were resumed with fewer MPs, social distancing and a "restricted debate" procedure. From June 2020, sessions took place with no special measures. According to the Global State of Democracy Indices, legislation to limit media and freedom of movement and association passed with "minimal discussion mechanisms" in parliament, as highlighted by the Westminster Foundation for Democracy.

Power under Bouteflika (1999 – 2019) was de facto distributed in informal and opaque arrangements between the three pillars of the regime: the army, the presidency and the secret services. The question of who was in charge of state affairs has been open to debate since 2013, when a stroke left Bouteflika unable to speak and paralyzed. When Army Chief of Staff Gaid Salah forced him to resign in April 2019, following large-scale popular pressure, the army took a more overt role in politics. Despite the nomination of an interim president, Ahmed Bensalah, it was clear that the military hierarchy, represented by Ahmed Gaid Salah until his death in late 2019, was ruling. The election of Abdelmadjid Tebboune, said to be the army's choice, allowed the army to retreat from its public role. The exact distribution of power in Algeria remains opaque.

In the context of the constitutional revision in 2020, the separation of powers was one of the key demands, alongside limiting presidential terms and reinforcing the independence of the judiciary. Indeed, the separation of powers, and especially the independence of the judiciary, was a key demand of the protest movement Hirak which called for a complete overhaul of the political system, rather than cosmetic reforms. The separation of powers was guaranteed by the 1996 constitution; however, the parliament (Assemblée Populaire Nationale, APN) rarely initiated or questioned legislative proposals by the government. The new constitution, which became effective in January 2021, confirms the concentration of powers within the executive, and despite the demands of the Hirak mobilization, this arrangement has not yet been challenged by politicians. Numerous court cases against political protesters indicate to Algerians that the judiciary remains under the control of the executive.

Separation of powers

4



In recent years the APN has played a more visible role vis-à-vis the government. Parliament has introduced new legislation to protect the rights and freedoms guaranteed by the constitution, and has also been increasingly active internationally and regionally, participating in forums and defending Algeria's interests and reiterating its positions on the causes of the Palestinian and the Sahrawi peoples.

Judges and lawyers are selected by competitive examinations and recruited according to merit. While the constitution establishes the independence of judicial power, certain legal provisions allow for the executive branch to interfere with the judiciary and, for instance, dismiss judges.

According to Freedom House, in 2020 the judiciary remained susceptible to pressure from the civilian government and the military. Judges are appointed by the High Council of the Judiciary, led by the president and the justice minister. In October and November 2019, judges went on strike, objecting to a reshuffle of around 3,000 judges and prosecutors. Judges protested for 10 days against the government's interference in the judiciary, but eventually agreed to a compromise with the Justice Ministry in early November. Lack of judicial independence often erodes the due process rights of defendants, particularly in politically fraught trials. Lengthy delays in cases and extensions to pre-trial detention are common. Citizens can appeal existing verdicts in one of the 48 courts of appeal.

The lack of independence of the judiciary became apparent when hundreds of Hirak protesters were imprisoned and tried simply for demonstrating or criticizing the regime. The independence of the judiciary subsequently became a key demand of the protest movement.

Citizens have little trust in the government's anti-corruption instruments, which were established by the 2006 anti-corruption law. This is because major cases of corruption and abuse of power have been largely ignored. In 2016 the Panama Papers revealed that high-ranking government officials had offshore bank accounts, symbolizing the collusion of political power and the business elite. Following the Hirak demonstrations, senior politicians, ministers, a former prime minister and leading businessmen were arrested on charges of corruption, including the president's brother, Saïd Bouteflika. The ongoing trials revealed the scale of corruption that characterized the Bouteflika era, ranging from money-laundering to illegal campaign financing, influence peddling, and corruption in the distribution of public work contracts. According to the "Echorouk El Yawmi" newspaper, the amount of diverted public funds revealed in the trials between December 2019 and September 2020 was \$70 billion.

Whereas these arrests have been increasingly interpreted as the playing out of rivalries between different clans within the regime, rather than as a genuine anti-corruption campaign, there is increasing public oversight of corruption cases and the population have now seen action taken against high-profile cases. In January

Independent
judiciary

4

'06 '22 10

4

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Prosecution of
office abuse

4

'06 '22 10

4

1

2021, the president's brother was acquitted of conspiracy charges, but still faces charges of corruption. To date former President Bouteflika has not faced charges of corruption.

It was widely believed in Algeria that the anti-corruption court cases against former President Bouteflika's close circles throughout 2019 mainly served to save the regime by sacrificing one segment of the former elite. If it built trust in parts of the population, the majority of mobilized civil society remained cautious as to the sincerity of these trials. Overall, these trials revealed the amount of corruption in the Bouteflika era and the imbrication of political and financial power.

In terms of freedom of speech and association, protesters mobilized en masse during 54 weeks of protests in almost all cities, with predominantly peaceful responses from the army and police. Although mass demonstrations were tolerated, they were restricted by road blockades, heavy police presence, arbitrary arrests and imprisonments. During the pandemic, demonstrations were forbidden, and intensified repression targeted journalists, activists and citizens, resulting in imprisonment for statements made on social media. A new media law was passed in order to restrict "fake news."

Summary expulsions of sub-Saharan migrants continue with little respect for their rights or status as asylum-seekers. Facing increasing pressure from the EU to prevent Mediterranean crossings, expulsions have increased since 2017 with thousands bussed to the Niger border and left in the desert. Sub-Saharan migrants' experience in Algeria has been marked by uncertainty and arbitrary decisions.

Algeria ratified the U.N. Convention Eliminating all Forms of Discrimination Against Women (CEDAW) in 1996, with reservations to certain articles in cases where they contradict the provisions of the Algerian 2005 family code. Algerian women continue to face discrimination in law and in practice. Their rights are subordinated to those of men in matters relating to marriage, divorce, child custody and inheritance. In 2015, Algeria passed a law criminalizing violence against women. More women are now elected to parliament under a new quota system.

LGBTQ+ communities in Algeria face harassment in law, with homosexuality still being criminalized, and within society, as indicated by the many cases of violence documented by LGBTQ+ rights organizations.

Freedom of religion is fairly well established. The constitution guarantees religious freedom if exercised within the law. A law of February 2006 (Ordinance 06 - 03) restricts religious freedom for non-Muslims and imposes restrictions on their religious practices. Prior authorization of any religious organization is necessary, and the state can discriminate against minorities. The Christian community still practices freely although proselytism is forbidden. Muslims who convert to Christianity face societal and legal restrictions. Criticizing Islam or Muslim

Civil rights

5

'06 '22 10

5

1

dignitaries can lead to imprisonment and financial penalties. Between 2019 and 2020, three citizens have been imprisoned following accusations of insulting the Prophet and criticizing Islam.

Criminal cases against Algeria's Ahmadiyya community have resulted in prison sentences. Hundreds of Ahmadi Muslims have been arrested and prosecuted since 2017. 2020 saw ongoing arbitrary arrests, fines, dismissals, demolition of religious centers, restriction of movement and threats to community members.

In 2019, eight protestant churches were closed down by the authorities. The closures were attributed to "non respect of the law," but rights organizations condemned the closures as arbitrary persecution and manipulation to detract from the political problems facing the country.

Mosques have been closed by the government for much of 2020 due to the COVID-19 pandemic. However, according to the Global State of Democracy, activists claim that the pandemic is being used to stifle protests that often begin with Friday prayers.

Significant improvements have occurred over the last decade in the recognition of the rights of the Amazigh populations. The Amazigh language was given official status in the revised 2016 Algerian constitution and the Amazigh new year was made a national holiday in 2019. The banning of the Amazigh flag during the Hirak demonstrations in July 2019 led to arrests of dozens accused of threatening national unity – a move that was deemed to have backfired against the regime as Algerians increasingly embrace the Berber heritage and identity.

4 | Stability of Democratic Institutions

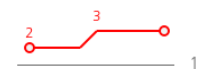
State institutions formally follow democratic principles, yet their quality and efficiency have been questioned. Such claims were at the heart of the Hirak demonstrations throughout 2019 in which the population demanded meaningful democracy, a civil state (in the sense of a depoliticization of the army), respect of the constitution and the rule of law. The presidency and the army continue to dominate political life, and, despite the resignation of President Bouteflika in 2019, the role of shadow actors remains unclear.

The creation of many new political parties in the aftermath of the Arab Spring mobilized new sections of the population; however, it also fragmented the opposition and created many smaller groups of support for the ruling FLN. The new constitutional revision in 2020 introduced cosmetic reforms and simply reinforced the role of the executive. The lack of consultation and meaningful reform as well as the lack of legitimacy of President Tebboune, seen as representing the army and the former regime, added to a repressive context that led to wide scale abstention in the presidential elections (which saw a turnout of 23%).

Performance of democratic institutions

3

'06 '22 10



Parliament has been marginally strengthened by the revisions to the constitution, though deputies' high salaries and a lack of communication with their constituents continue to be criticized by the independent media. Parliament remains dominated by the ruling coalition parties RND and FLN. However, the increased number of women representatives remains a positive development.

Local democratic structures, primarily the elected regional assemblies (Assemblées Populaires des Wilayas) and town hall assemblies (Assemblées Populaires des Communes) have long been accused of inefficiency, corruption and patronage. Their functioning has been strengthened by an increasingly active participation by civil society activists, who have become elected members of municipal councils at the local level. However, civic organizations and individuals often must rely on personal influence or protest to force the administration to act.

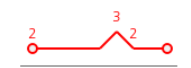
Although the election of President Tebboune appeared to mark a withdrawal of the army from visible political life, it remains the largest veto player against a political transition. Due to a historically low turnout (39%), President Tebboune's legitimacy is very fragile. He does however retain support in segments of the population, either from conviction or from those who seek stability or who still benefit from clientelistic networks. The absence of the president for long periods in 2020 raises questions over decision-making in his absence.

There is a strong will for the institutions to step up to the role they should play as highlighted by the Hirak demonstrations. Lobbying of parliament, active civil society networks and campaigns and organized protests indicate this strong desire for effective democratic institutions.

Commitment to democratic institutions

2

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5 | Political and Social Integration

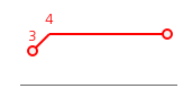
Algeria has had a multiparty system since 1989, yet parties based on religion are banned under Algerian law (though parties with Islamist ideology exist). The electoral law and law on political parties of 2012 has facilitated the creation of new parties. 64 were officially registered in 2019. The social roots of parties remain weak however, and they are not seen to represent the population. There are currently 36 parties represented in the National Popular Assembly (APN).

Over the last decade, the National Liberation Front (Front de Libération Nationale, FLN) and the Democratic National Rally (Rassemblement National Démocratique, RND) have dominated electoral politics. The moderate Islamist party Movement of Society for Peace (Mouvement de la Société Pour la Paix, MSP) left the governing coalition in 2012 and, after subsequent losses in both legislative and local elections, became an opposition party in 2017.

Party system

4

'06 '22 10



Other opposition parties include the Workers' Party (Parti des Travailleurs, PT) led by Louisa Hanoune, who was arrested in April 2019 for "conspiring against the army" after meeting with representatives of the secret services and the president's brother, Saïd Bouteflika, during the Hirak protests. She received 15 years imprisonment but was acquitted in January 2021 by a military court after a successful appeal.

Berber parties include the Rally for Culture and Democracy (Rassemblement pour la Culture et la Démocratie, RCD) and the Socialists Forces Front (Front des Forces Socialistes, FFS), the oldest opposition party. Though weak, several opposition parties formed a coalition calling for a political transition before and following the removal of President Bouteflika. In 2014 the National Coordination for the Democratic Transition (Coordination Nationale pour la Transition Démocratique, CNLT), though short-lived, reunited several opposition parties and actors across the ideological spectrum. In the context of the Hirak protest movement, several leftist and liberal opposition parties formed the "Pacte pour l'Alternative Démocratique" in order to bring forward the concept of a constituent assembly.

Several important political figures have parties which are not permitted by the authorities such as Rachid Nekkaz and Karim Tabbou, spokesperson of the Democratic and Social Union (Union Démocratique et Sociale, UDS). Opposition leaders have been subject to detention and prosecution in the reporting period. In September 2019, military intelligence officers arrested Karim Tabbou for "undermining the morale of the army," as Freedom House attested.

A number of associations and networks are capable of mobilization and lobbying at the national level, such as the Réseau Wassila (women's rights network) or the children's rights NADA network. The network FACE is a women's organization created during the 2019 Hirak protests and is credited with the invention of the "feminist square."

Certain associational movements have managed to influence policy reforms. This includes the Center of Information and Documentation on Children and Women's Rights (Centre d'Information des Droits de l'Enfant et de la Femme, CIDEF) and its push to install quotas in parliament for women, and demands made by Berber associations to have Tamazight recognized.

Over half of the associations in the country do not conform with the new association law, 2012-06, which remains a controversial topic. As a consequence, certain association activities are prohibited; partnerships are on hold; bank accounts are blocked; and in some cases, associations have been dissolved. Other actors who developed an alternative law on associations denounce the current one as curtailing freedom.

Interest groups

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Due to the pandemic, social movements continue to protest online against the absence of a meaningful transition. Since mid-2020, social protests against deficient infrastructure, unemployment, housing conditions, unfair decisions from the authorities and a lack of communication have taken place.

The main trade union is the General Union of Algerian Workers (L'Union Générale des Travailleurs Algériens, UGTA) with approximately four million members. Its former leader, Abdelmadjid Sidi Saïd, was a close ally of the Bouteflika regime. Autonomous counterpart unions flourished in the last decade. There have been numerous organized strikes, notably in the education sector and the long-standing strike of resident doctors but have yet to achieve a positive outcome, and tend to be met with repression.

The prospect of fracking for shale gas in recent years in the Algerian south has led to coordinated demonstrations. These have been documented by the Environmental Justice Atlas network and described as “one of the most spirited anti-fracking movements in the world today.” The government announced a moratorium in 2016 until 2022. The new hydrocarbon law of October 2019 permits the exploitation of non-conventional hydrocarbons, opening up the possibility for the regime to seek a new rent.

The Hirak demonstrations highlighted how important democracy was to all Algerians. That the demonstrations remained peaceful over 54 weeks is testament to Algerians' commitment to peaceful political change.

The degradation of the previous president's health and the lack of transparency about it had fundamentally eroded public trust in the presidency. The 2019 presidential election was equally controversial, due to presumptions that the army influenced the outcome, the lack of a clear transition process and ongoing opacity as to how the political institutions worked. However, some Algerians indicated that the new president and government should be given the chance to implement reforms and negotiate with the different interest groups.

A January 2021 study on trust in political institutions in the MENA region by the Konrad Adenauer Foundation found Algeria had a higher level of trust in the head of state than any other country (76%). Trust in the national government was also relatively high (70%), marginally lower than in Morocco and Jordan. According to the same poll, 47% of Algerians favor a liberal democratic system.

Approval of
democracy

n/a

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n/a 1

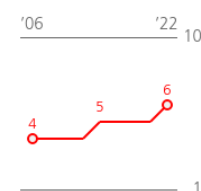
The Hirak demonstrations brought Algerians of all walks of life together onto the streets in an unprecedented way throughout 2019. There was an increase in trust, public debates, artwork, displays of traditional cultural heritage and initiatives demonstrating community solidarity such as public clean-ups, voluntary first aid responders, and communal Ramadan meals. This continued during the pandemic, with youth groups sanitizing public spaces, organizing food distribution and support to families in need. Solidarity networks in support of political detainees were also established.

The traumatic 1990s, the top-down reconciliation process and the authoritarian tendencies of the state had severely eroded trust between citizens, but the Hirak initiated a process of slow convergence and trust building. Social media has facilitated certain environmental campaigns like Algérie Propre or Green Bikes Annaba, or The TrashTagChallenge launched by a young Algerian on social media which went viral in early 2019.

The review period has also seen an increasing number of dynamic social, cultural, and environmental associations, and networks of associations, particularly in towns such as Oran or Ghardaia and in the south, and in the Berber area of Kabylie. There are transnational networks working across the Maghreb such as RADD0, the associative network for the sustainable development of oases.

Social capital

6



II. Economic Transformation

6 | Level of Socioeconomic Development

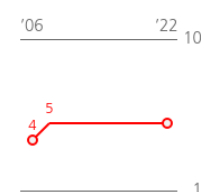
Algeria's 2019 rating in the UNDP's Human Development Index (HDI) has increased with a current index value of 0.748, which indicates a high level of human development. Algeria is currently ranked 91 out of 189 countries and has generally recorded improvement in this regard. Given Algeria's hydrocarbon resources, however, its HDI value remains relatively low, and huge disparities in wealth persist. The Gini index was 27.6 and the poverty rate 3.7% in 2011. More recent official figures are unavailable. In 2018 the UNDP estimated that Algeria's HDI score is 20.3% lower due to inequality.

Given the slump in oil and gas prices and budget cuts, all of which have been exacerbated by the pandemic, observers assume that Algeria's poverty rates have risen. In 2016, the Algerian League for the Defense of Human Rights (Ligue Algérienne pour la Défense des Droits de l'Homme, LADDH) claimed that nearly 35% of Algerians live below the poverty line.

Question Score

Socioeconomic barriers

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Gender inequality appears to have fallen slightly and is below the average for the countries measured in the Gender Inequality Index (0.429 in the 2018 edition). Women have significantly higher access to tertiary education than men (1.7 female-to-male enrollment rate), but face significant barriers in accessing the job market, with female unemployment rising in 2019 to 20.4% according to the World Bank. There have been improvements for men, however. World Bank figures estimate overall unemployment at 11.4% in 2019. National statistics are not independent, and observers criticize the methodology used and assume the unemployment rate is much higher than officially declared.

Regional inequalities are particularly pronounced in the southern regions. While less densely populated, and the site of oil extraction, these regions experience a significant lack of opportunities and poverty, which remain key challenges to address.

It is presumed that the pandemic will have a strong impact on increasing poverty, with significant job losses and business closures adding to the repercussions of the oil price crash and resulting budget cuts.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	170097.2	175415.0	171157.8	145163.9
GDP growth	%	1.3	1.2	0.8	-5.5
Inflation (CPI)	%	5.6	4.3	2.0	2.4
Unemployment	%	12.0	11.9	11.8	12.8
Foreign direct investment	% of GDP	0.7	0.8	0.8	-
Export growth	%	-6.1	-3.7	-6.1	-11.1
Import growth	%	-7.1	-3.6	-6.9	-19.7
Current account balance	\$ M	-22067.5	-16709.2	-17147.7	-
Public debt	% of GDP	26.8	37.8	45.8	55.6
External debt	\$ M	5706.7	5710.4	5492.3	5178.2
Total debt service	\$ M	239.6	217.2	194.7	174.7

Economic indicators		2017	2018	2019	2020
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	19.0	17.2	16.9	19.6
Public education spending	% of GDP	6.5	5.9	6.1	-
Public health spending	% of GDP	4.2	4.1	-	-
R&D expenditure	% of GDP	0.5	-	-	-
Military expenditure	% of GDP	5.9	5.5	6.0	6.7

Sources (as of December 2021): 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

Despite economic liberalization measures since the mid-1980s, Algeria has remained a classical rentier state with little interest in economic liberalization. The various oil price collapses have increased the pressure for reform, but the government still intervenes through regulatory measures, such as subsidies or price caps.

It takes 12 procedures and 18 days to open a business, according to the World Bank's 2019 Doing Business report, with adjunctive costs of 11.3% of the average income per capita, placing the country at rank 150 out of 190 in the subindex "Starting a Business." In the 2020 Index of Economic Freedom produced by the Heritage Foundation, Algeria's economic freedom score is 46.9, making its economy the 169th freest. Algeria is ranked lowest in the MENA region and below regional and world averages. Its overall score has increased by 0.7 points due to an improvement in its property rights score.

The World Economic Forum paints a brighter picture, placing Algeria fourth in the region in its Global Competitiveness Index, highlighting improvements in innovation and technology, such as in telecommunications. A low labor force participation of 41.8% indicates not only a weak macroeconomic environment, but also a weak institutional framework for private business and high rates of informal employment. Moreover, a restrictive investment law, which permits no more than 49% foreign ownership of any business, is inadequate for the pursuit of market liberalization and the limited regional trade that occurs. Algeria's challenging business environment, political uncertainty and dependence on hydrocarbons continues to undermine prospects for sustainable economic development.

The Algerian currency is not convertible. Additional barriers to markets exist such as poor banking infrastructure. The informal sector is large, potentially representing

Market
organization

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up to 45% of Algeria's economy, and there is insufficient will to tackle this given the vested interests of many different sectors.

Following years categorized by what the International Crisis Group called “political paralysis,” with a new president in place economic reforms to encourage foreign investment have begun. The new hydrocarbons law of 2020 aims to spur investment. However, the fall in oil prices reinforces Algeria's need to diversify away from hydrocarbons. So far efforts in this direction have been insufficient and it seems that the regime is searching for a new rent through the proposed exploitation of shale gas. Further measures are needed to achieve diversification, to boost competition, spur the emergence of a digital economy, and reinvigorate state-owned enterprises (SOEs). The majority of major businesses and banks are still operated by the state, and measures to promote greater competition and establish an antitrust framework are in their infancy, with weak enforcement.

A new law in 2014 ended the state monopoly in the broadcast sector. Three independent broadcasters, Echrouk TV, Ennahar TV and El Djazaïr TV were authorized in 2011 and have been operating without restriction in Algeria (although their transmitting stations are in foreign countries). The broadcasters are all close to the government.

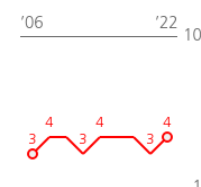
The monopoly over internet provision has been stripped from Algérie Telecom under the new telecommunication law. The opening up of the sugar sector was declared a success by the government in 2015, but other sectors, such as air transport, remain under effective monopolies with high levels of importation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

There are no other recent cases of antitrust implementation. Competition remains hampered by specific informal actors, such as retired generals, who monopolize certain sectors of the economy.

The National Competition Council (Conseil National de la Concurrence, CNC) was created in 1995, but was not active until 2013. Observers criticize its de facto lack of independence, due to its tutelage under the Ministry of Trade and the lack of an appropriate legal environment.

Competition policy

4



Algeria ratified the African Continental Free Trade Area (AfCFTA) agreement in December 2019. The agreement allows for the progressive elimination of tariff barriers over a period of five years after its enactment in July 2020, aiming to free African states from dependence on the extraction of raw materials and promote inter-African trade.

Foreign trade represents 58% of GDP and natural gas and petroleum products account for 93% of Algeria's total exports. Algeria's main imports are wheat, cars, petroleum products, dairy products and medicines. In 2017 and 2018, Algeria introduced new tariffs on certain products and suspended imports on others in an effort to control imports and to encourage Algerian producers. Up to that point, the average tariff rate in Algeria was 12% and trade and investment policies were less open than global averages.

An EU Association Agreement, signed in 2002 and in force since 2005, planned to establish a free trade area in accordance with World Trade Organization rules over a maximum period of 12 years. In 2012, Algeria negotiated a further three-year delay, pushing the deadline back to 2020 and this is still under negotiation.

In 2009, Algeria joined the Greater Arab Free Trade Area (GAFTA). The abolition of tariffs and a liberalization of markets for industrial and later agricultural goods between 17 member states of the League of Arab States saw Algerian non-hydrocarbon exports (mainly sugar and glass) increase. However, Algeria still imports far more than it exports to the GAFTA zone.

Despite adherence to international free trade mechanisms, there remains skepticism from Algerian entrepreneurs and authorities. Due to the lack of producing companies, Algeria would risk losses in the short term from trade liberalization. As a result, dismantling of tariff and non-tariff barriers has been slow. While the trade balance was historically positive, the surplus had eroded by 2012. Algeria has operated a trade deficit since 2015, due to the sharp fall in hydrocarbon exports (nearly 98% of all exports), a trend which looks set to continue.

In August 2020, the Algerian National Bank launched Islamic banking in accordance with government efforts to establish a more effective and diversified national financial market. Regulation 02-20 of March 2020 specifies the rules for Islamic banking for banks and financial institutions. It is hoped this will allow the government to recoup significant funds circulating outside the banking sector in the black market estimated at \$30-35 billion.

Capital markets in Algeria are underdeveloped. The number of private banks has increased, but the financial sector remains dominated by public banks, with 90% of assets in public banks. Private banks perform better than public banks, which are regularly bailed out by the government.

Liberalization of foreign trade

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Banking system

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The bank capital to assets ratio in 2018 was 10.8%, and bank non-performing loans to total gross loans was 12.7%. Algeria is primarily a cash economy. The private sector is predominantly composed of very small enterprises which function in cash, as do households. Consumer credit, banned since 2009, was relaunched in 2016, but only for goods manufactured or assembled in Algeria.

8 | Monetary and fiscal stability

Algeria is managing multiple shocks, including over a year of demonstrations beginning in 2019, which led to a new government, the steady fall in oil prices since 2014 and the economic and health impacts of the COVID-19 pandemic to which the new government is trying to respond. Robust containment measures and the closure of borders have been implemented and the economy was partially reopened when the number of COVID-19 infections fell over summer 2020.

The inflation rate in Algeria in 2019 was down to 2% (World Bank figures). In March 2020, the Bank of Algeria lowered the reserve requirement ratio from 10% to 8%, and its main policy rate by 25 basis points to 3.25%. In April 2020, it eased solvency, liquidity and non-performing loan ratios for banks. Banks were allowed to extend payments of some loans, as the IMF highlighted in its COVID Policy Response Tracker. Algeria's main policy rate was lowered from 3.25% to 3.00%, and the reserve requirement ratio from 8% to 6%. In September 2020, the central bank (Banque d'Algérie/Bank of Algeria) reduced the reserve requirement ratio from 6% to 3% and in October 2020 extended the eased prudential requirements for banks, to the end of the year.

The central bank's independence is still under question despite the separation of powers being enshrined in the new 2020 constitution. In 2016, the director of the central bank was dismissed for opposing the government's decision to implement a money-creation policy in order to finance the public debt. The former governor of the bank was appointed minister of finance and no replacement has been nominated. Algeria Watch has pointed to the absence in 2019 and 2020 of a governor as threatening the bank's independence.

The Algerian dinar cannot be freely converted. The rate is pegged against a basket of currencies and fixed by the Banque d'Algérie. The real effective exchange rate in 2019 was 95.3 to one euro (World Bank). The official exchange rate reached 162 dinars to one euro in early 2021. However, on the black market the dinar was exchanged for as much as 208 dinars to one euro. The dinar has been partially convertible since 1995 for currency transactions for foreign investors. Residents and non-residents may hold foreign currencies.

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

Monetary stability

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The crash in oil prices has posed the major challenge to the Algerian economy, leading to significant budget cuts, particularly in capital expenditure. Algeria's current account balance improved to -\$15.9 billion in 2020, but still significantly worse than the \$12 billion recorded in 2012.

Important challenges remain concerning long-term macroeconomic stability, restoring fiscal prudence and diversifying the economy. The new government has committed to tackling this and dealing with the financial mismanagement of previous decades. Total reserves fell to \$63.3 billion in 2019 (from \$179.6 billion in 2014) due to falling oil prices. According to IMF figures, public debt rose to 46% of GDP in 2019 (up from 17.7% in 2017).

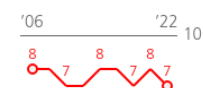
A socioeconomic recovery plan was discussed in August 2020, to ensure food and pharmaceutical security, promote a favorable business climate, and foster high value-added sectors, international trade and FDI. The Supplementary Finance Law (SFL) was enacted in June 2020 to deal with the impacts of the COVID-19 pandemic on the health sector, the unemployed and poor households.

To deal with lower oil prices, the SFL plans to reduce current and capital spending by 5.7% compared to the initial 2020 budget. The authorities also announced that payments of income taxes were to be postponed, except for large enterprises. Furthermore, deadlines and penalties would be relaxed for companies that experience delays in completing public contracts (IMF COVID Policy Response Tracker).

To mitigate the negative effects of the COVID-19 pandemic, budgetary expenditure is 10% higher than the previous year, notwithstanding the drop in tax revenues. For the moment, the government has refrained from financing its work through the issuance of external debt.

Fiscal stability

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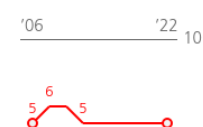
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9 | Private Property

Private property is guaranteed by law. Citizens have the right to acquire property, although zoning regulations can limit land use. The state respects individual rights, unless the title is ambiguous or the land wrongfully expropriated. However, as the institutions are not free from corruption and political manipulation, individual rights may be adversely affected. Purchase of land by foreign entities has been limited, to avoid speculation. Legislation in 2009 made transfer of land to foreign investors possible only through 33-year concessions (which can be renewed twice). Foreign companies have complained about difficulties in registering property. In 2019 it required 55 days and 10 procedures to register a property in Algeria, according to the World Bank.

Property rights

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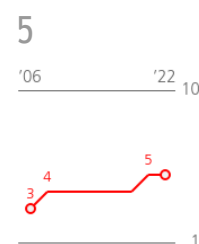
The Algerian state encourages private sector activity and has taken measures to encourage investment from domestic and foreign sources. In 2017, the state eliminated the minimum capital requirement for business incorporation, reduced the time to obtain construction permits, lowered the tax on professional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

At the same time, privatization of state companies has been delayed. With a prevalence of very small enterprises (VSE), the private sector suffers from structural weaknesses including lack of access to financing, lack of technical equipment and knowledge, and shortcomings in vocational training. Structural handicaps combined with the importance of investment volumes handled by the state mean slow private sector development, despite substantial public investment, notably through programs run by the National Youth Employment Support Agency (Agence Nationale de Soutien à l'Emploi des Jeunes, ANSEJ). ANSEJ programs are perceived more as a political gesture to ensure social peace rather than as a genuine effort to address the underlying issues. Indeed, although ostensibly aimed at fostering entrepreneurship among young people, they were heavily criticized for failing to take appropriate accompanying measures.

However, in 2020 a new law and program to support startups in Algeria was announced with tax incentives and startup incubators located around the country.

Although official figures have not yet been released, it is likely that the COVID-19 pandemic, by halting public work contracts, has threatened the viability of numerous private sector enterprises. Relative to its approach to public enterprises, government support for private enterprises is limited.

Private enterprise

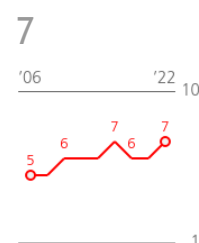


10 | Welfare Regime

The Supplementary Finance Law enacted in June 2020 mobilized DZD 70 billion (approximately €400 million) to mitigate the health and economic impacts of the COVID-19 pandemic, with DZD 3.7 billion for medical supplies, DZD 16.5 billion for bonus payments to health workers, and DZD 8.9 billion for the health sector's development. To mitigate the economic impact of the pandemic, the law included DZD 20 billion for allowances to the unemployed, and DZD 11.5 billion for transfers to poor households (IMF COVID Policy Response Tracker). However, it failed to offer anything to the numerous workers in the informal sector.

Life expectancy in Algeria now stands at 76.7 years and has increased year after year. The most recent figures show that health care spending represented 4.2% of GDP in 2017. With the oil price crash, the pandemic and increased pressures on

Social safety nets



public services, ensuring the quality of health care services has been a serious challenge. Human resources, equipment and medical supplies are often insufficient. Poor quality services, notably in hospitals, prompt economically well-off citizens to use private health clinics or travel abroad for health care.

Four national insurance schemes exist for workers and their families, the retired, the unemployed and the non-salaried. The first scheme, the national social security fund (Caisse Nationale de la Sécurité Sociale), covers more than 80% of the population. Access to public hospitals is free and prescription medicine is reimbursed. The country's national unemployment insurance (Caisse Nationale d'Assurance Chômage, CNAC) protects the unemployed and offers training schemes. The schemes are financed by joint contributions from employers and employees. Unemployed youth generally rely on family support to survive. Private health care has increased over recent years, but public health care comprises the largest share of health care spending (80%).

While the Sahrawi refugee populations in the south are guaranteed access to social welfare services, for example, with 100% access to education, access to safety nets for the increasing numbers of Syrian and sub-Saharan African refugees remains insufficient. The Algerian Red Crescent plays an important role in providing basic services.

Equality of opportunity is guaranteed by law, but persistent corruption, despotism and favoritism based on regionalism means equal access to employment and public services is not always ensured. Free education exists at all levels across the country. Overall enrolment rates are in line with MENA regional averages: 107.3% in primary, 99.6% in secondary, and 51.4% in tertiary education. Women have higher enrolment rates than men particularly at the tertiary level. The most recent data on literacy shows improvement overall (81.4% in total), but higher levels for men (87.4%) than for women (75.3%). Family revenue still plays a role in the quality of education, with private schools or education abroad chosen by those who can afford it.

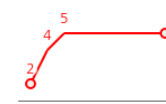
There are significant barriers in the job market for women, who only made up 17.7% of the total labor force in 2017. In 2005, amendments to the family law improved women's rights, but discrimination still remains in terms of rights to divorce and inheritance. In 2015, the parliament adopted legislation to amend the criminal code to toughen sanctions for violence and discrimination against women at home and in the workplace. Since 2012, quotas related to the numbers of women in elected assemblies have led to over 30% of parliamentary deputies now being women. LGBT+ persons suffer discrimination in all aspects of their lives.

Berber populations claim discrimination in terms of limited access to education in their mother tongue or in French, sometimes preferred as a language of education over Arabic. However, the constitutional revision of 2016 has now made the Berber

Equal opportunity

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language an official one. They do not seem to suffer discrimination in the workplace. Intercommunal tensions between populations in the M'zab have calmed since 2016; the death of the M'Zabi human rights activist Kamel Eddine Fekhar in prison in 2019, following a long hunger strike, highlighted their claims of unjust treatment before public authorities.

The unemployed movement in Ouargla (CNDDC) represents citizens of the south who feel disadvantaged in terms of access to jobs, proper infrastructure and education. The role of corruption and clientelism in obtaining jobs pervades the entire country. However, an acute perception of suffering from marginalization prevails in the South.

11 | Economic Performance

Algeria's substantial total reserves have protected the economy from serious external shocks for decades, but their decline since 2013 is a serious source of concern. The current account balance improved to -\$15.9 billion in 2020. The country had progressively reduced public debt, but this rose significantly in 2019 to 46% of GDP according to IMF figures.

GDP per capita grew moderately in 2019 to \$11,820 (in PPP terms) according to World Bank data. Total GDP was \$170 billion in 2019, down from \$214 billion in 2014.

Economic performance has been fairly solid over the last decade due to high oil and gas prices. Although further financial reforms have been announced, the economy is still highly dependent on hydrocarbons and is therefore vulnerable to international price shocks, as has occurred in recent years. Hydrocarbons account for approximately 30% of GDP. Inflation as measured by the consumer price index (CPI) fell to 2% in 2019. According to a U.N. report using national statistics office figures, unemployment rose to 11.9% in 2019. Youth unemployment remains considerably higher than this, and the COVID-19 pandemic will exacerbate this further.

Gross capital formation is 44.3% of GDP, considerably higher than in most of the region.

Foreign direct investment in Algeria is 0.8% of GDP in 2019. Investment outside the oil and gas sector remains low. Financial and training initiatives launched by the government to support SMEs, young people and employment opportunities have been renewed since the change of government.

According to a recent World Bank report, the economic outlook for 2021 is challenging due to the fall of oil prices and the impact of the COVID-19 pandemic. The lockdown and the subsequent slowdown of economic activity had negative effects on private consumption and investment.

Output strength

6

'06 '22 10



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The private sector and the informal segment of the economy (estimated at 46%), are expected to suffer most from job losses. The latter offers no unemployment protection and predominates in the sectors most affected by the pandemic such as wholesale and retail trade, construction, and services.

12 | Sustainability

According to the German Development Agency (GIZ), Algeria has become the region's leading voice on various environmental issues, having enacted a series of progressive environmental laws. The new government appears to be continuing this approach. While large-scale development programs – including road and dam construction – have posed environmental risks, there are concerted efforts to implement environmental policy and a greater focus on renewables. Algeria was one of the first countries to ratify the 2015 Paris Agreement on Climate Change. Over the last decade, there has been increasing attention paid to pesticide regulation, deforestation, and the sustainable use of marine resources.

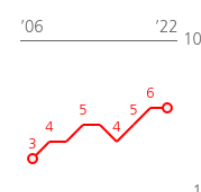
There have been efforts to address the serious challenge of desertification since the 1970s (including the “green belt”), but these have been only partially successful. A five-year plan (2010 – 2014) allocated significant funds to deal with desertification in 12 regions (wilayas), and these efforts were continued in the subsequent 2015 – 2019 plan. Renewed commitments to creating a green belt in July 2020, with a specific unit to implement this, have been applauded by environmental associations.

Debates in recent years on the post-oil period fostered interest in large-scale renewable energy. As a result, wind, solar and biomass have been recipients of government support. Algeria made the development of renewables a national priority with the National Development Plan for Renewable Energies. Renewable energies are still largely untapped, with investments remaining modest despite considerable potential. However, in December 2020, the minister for transition and renewable energies, Chems Eddine Chitour, announced 1,000 megawatts (MW) would be produced by solar installations across Algeria by early 2022.

With the U.S. Energy Information Administration identifying Algeria as the world's fourth largest source of non-conventional hydrocarbons, notably shale gas, Algeria amended its hydrocarbon laws in 2013 to allow fracking. This incited mass demonstrations from environmental lobbies and citizen groups across Algeria, particularly in the south, which would be most affected by the environmental degradation to the Sahara. These mobilizations represent a significant shift in societal consciousness regarding environmental campaigns and have continued through the 2019 demonstrations over the new Hydrocarbons law which would facilitate foreign investment in this sector.

Environmental
policy

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Efforts have been made over the last decade to promote the participation or cooperation of companies in environmental programs. Several “Maisons de l’Environnement” have been established and are important vessels for civic education.

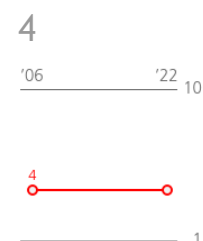
While Algeria scored 0.672 in the 2019 U.N. Education Index, only outdated figures are available (from World Bank data) for government spending on education (4.3% in 2008). Research and development spending increased to 0.5% of GDP in 2017. These figures appear low compared to the regional average and in the context of Algeria’s resources over the last decade and its potential. Substantial commitments were made to further increase educational infrastructure in the national five-year plan 2015 – 2019, but they were delayed due to the impact of falling oil prices on Algeria’s budgetary capacity and an ongoing policy of austerity.

There is widespread access to education in Algeria. Literacy rates are high at 81.4%, although gender disparities persist. Since 1975, Algeria has provided universal free access to education. Although both school education and university education are free, the practice of pupils enrolling in private classes after regular school hours is increasingly widespread and constitutes a problem in terms of equal opportunity and access to knowledge. Considerable efforts have been made in the last decade to create higher education structures across the entire country, including student residencies and free transportation, which has had a positive effect, most notably in terms of greater access to education for women. Yet, in light of growing numbers of students, ensuring the quality of teaching and research remains a challenge.

Five of Algeria’s research centers are among the top 50 in Africa. The Ministry of Higher Education counts 12 research centers, 12 research units and six research agencies within its remit. Algeria also has a number of exchange agreements with international universities, with student exchange programs for doctoral research in Europe and elsewhere. Certain bureaucratic hurdles, notably the prior approval of the Ministry of Higher Education and the Foreign Ministry, can limit opportunities and highlight authoritarian attempts to control access to knowledge.

Despite these achievements, Algeria faces many challenges to create a high-quality education system. The education system is plagued by poor relations between teaching staff and ministries of education and higher education, due to disputed pay scales and union recognition. There are fierce debates about whether Arabic or French should be the language of instruction. Student strikes were a major component of the demonstrations in 2011, with students marching for several weeks, contesting poor management, arbitrary decisions, lack of resources and infrastructure and a lack of recognition of their diplomas by industry, created by education reforms to BAs, MAs and PhDs at the time. In 2019, the student movement became an integral part of the pro-democratic Hirak mobilizations, joining demands for a genuine political transition.

Education policy /
R&D



Governance

I. Level of Difficulty

The disruptive shock of the COVID-19 pandemic has been severe for Algeria, with over 100,000 cases recorded as of January 2021, more than many other countries in the region. While the government responded swiftly, the number of cases has remained high, hospitals have been overwhelmed and the impact on the economy is serious. There is also the additional challenge of negotiating a political transition following the demonstrations of 2019, along with the impact of the oil price crash for an economy largely dependent on hydrocarbons.

Further existing structural constraints also mean improving governance in Algeria is a challenge for the new government. These concern state structures, the population and territory. The president and the ruling elite suffer from a lack of legitimacy and a lack of trust amongst segments of the population.

Algeria continues to face challenges transforming its centrally planned economy, with the dominant presence of state industries, and weaknesses in the private sector and banking system. However, reforms have been initiated. Layers of bureaucracy, inherited from the colonial system, along with high levels of corruption, have weakened governance and this is a major challenge for the new administration. Lack of trained personnel throughout the administration stems from previous weaknesses in the education system and the conflict of the 1990s, with the loss of many civil servants through assassinations or forced exile.

A continued tendency to emigrate results in the loss of highly qualified human capital (i.e., brain drain) and again reinforces the apparent lack of opportunities for the highly educated middle class.

Other demographic factors also constrain Algeria's governance. Substantial urbanization over the last 20 years has put pressure on Algeria's public services such as education, health, housing and transport. The resultant social unrest often contributed to rash political decisions, such as price subsidies and the distribution of grants to ensure social calm, or as they are often dubbed, steps to "buy the peace." After the large-scale demonstrations of 2019, the expectations for change and reform are high and many in the population are not satisfied since the current government does not represent the political transition they mobilized for.

Structural
constraints

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

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

Finally, a number of challenges are posed by the threat of natural disasters. Flooding, earthquakes, heatwaves and desertification have all resulted in major tragedies in the last decade with significant costs, including human lives.

The 2019 protest movement saw a rebirth of civic activism and political mobilization across the entire population as Algerians marched in their millions, peacefully, for democracy and respect for the constitution. Yahia Zoubir describes this as a “stunning development of a powerful civil society, with incredible organizational, nonviolent skills.” While formal organizations have not played a role in the popular upheaval, informal networks contributed to sustain the mobilization.

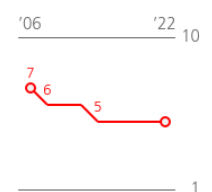
Algeria has a history of civil society organization and solidarity, from the religious associations, such as the Sufi zaouias, to village councils, particularly in Berber society. While these were impeded by 130 years of colonialism and 30 years of single party rule, these structures survived and still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

The transition to a multiparty system after the nationwide October 1988 riots allowed for the opening of the public space for freedom of association. Thanks to the 1990 law on associations, a high number of associations were established. Despite the unrest, civil society continued to organize itself and produced youth associations such as the Youth Actions Rally (Rassemblement Actions Jeunesse, RAJ), and associations such as Djazairouna and SOS Disparus, which support victims of violent conflict.

The 2012 law on associations however constituted a setback, since even established associations were forced to renew their permits. According to recent figures from the Ministry of Interior, approximately 55% of associations are now not officially recognized, forcing them to operate in a state of legal uncertainty. Yet, generally, there are a significant number of dynamic, independent associations across Algeria.

Civil society
traditions

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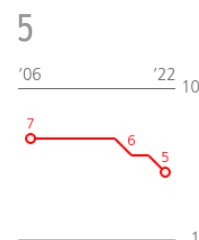


These contribute to social care and cultural forums, human rights advocacy, and provide spaces for public debate. They will be important actors in the next stages of political development and transition in Algeria, given the limited public trust in political parties.

The 2019 Hirak mobilization against ailing President Bouteflika's proposed fifth mandate was inherently peaceful for the vast majority. After Bouteflika's dismissal in April 2019, protesters demanded a complete overhaul of the postcolonial political system. The main demands revolved around rule of law, ending corruption, establishing a civil state by depoliticizing the army's role and greater social justice. Continuing over 54 weeks, there was very little division among ethnic, religious or social lines as Algerians united in their demands. The COVID-19 pandemic led to a voluntary halt of the marches by the protesters, yet solidarity rallies before courts and prisons continued in light of increasing repression. Localized social protests resumed in 2020, with demands revolving around problems in the health and education sector, rising prices, unemployment, lack of housing, corruption, and the inefficiency of local authorities.

There is a persistence of small, fragmented terrorist groups remaining from the Islamist violence of the 1990s which are now linked to criminal networks across the Sahel. These continue to operate, primarily in the Sahara, but have now also been linked also to the Islamic State (IS) group, which has been said to be recruiting in Algeria (with little success) and the wider region. The risks originating in the wider region show the continued threat of Islamist terrorism and the difficulties of dealing with groups operating internationally compared to primarily domestic ones in the 1990s. However, according to experts, the Islamist terrorist groups face waning popular support in Algerian society.

Conflict intensity



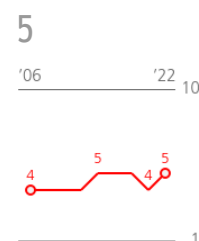
II. Governance Performance

14 | Steering Capability

While President Tebboune declared a “new Algeria,” his own COVID-19 infection in late 2020 reminded Algerians of the stagnation experienced due to the illness of the former president, Bouteflika. Under Bouteflika, the executive had prioritized the development of a diverse market economy, economic growth and reducing unemployment, while protecting strategic sectors. The new government continues these aims, while targeting corruption and reforms to banking, the private sector, energy and a response to the pandemic. Long-term planning is dependent on an effective shift away from hydrocarbons given the devastating drop in oil prices.

Question
Score

Prioritization



In light of the continuing popular and peaceful movement that challenges the Algerian regime, stability is the key priority for the current power holders. While claiming that Algeria entered a new phase, the regime follows an ambivalent strategy of liberating political detainees, rhetorically celebrating the popular movement on the one hand, while intensifying political repression on the other. By refusing to engage more seriously with popular demands for a genuine political transition, more meaningful political reform is unlikely to happen in the near future.

Long-term priorities were set by the process of national reconciliation back in the 2000s. Granting amnesties for the security forces and repentant terrorists and banning public criticism were part of the resolution to the conflict. However, the need for truth and justice have not been addressed and the process of reconciliation remains ongoing. Some voices still denounce the Charter for Peace and Reconciliation and call for its abolition for the sake of truth, justice and genuine reconciliation.

It is as yet unclear whether the potential embracing of shale gas exploitation indicates that government intentions are to pursue new rents and extractivism, or whether a meaningful reorientation toward – and accompanying investment in – clean energy and new economies will occur. The first option seems more plausible, not least due to the looming economic and social crisis.

The new government faces significant challenges in implementing reform. The country faces substantial financial pressures, compounded by further likely falls in oil prices, an uncertain political trajectory following the resignation of President Bouteflika, and the health and economic crises stemming from the COVID-19 pandemic. Nevertheless, there has been a robust response to the COVID-19 pandemic, with increased investment in the health sector and support given to vulnerable populations. At the same time, actions have been taken and laws enacted to reform other sectors. Repression of opposition actors and online activists and curtailments of freedom of assembly, justified by citing the pandemic, may stifle progress toward democratic transition.

The president was hospitalized in Germany between October and the end of December 2020 due to a COVID-19 infection and returned to that country for further treatment in January 2021.

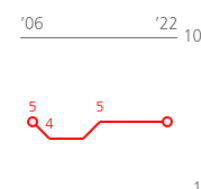
On a symbolic level, he was not present at the referendum on the new constitution that was presented as the culmination of his reform process and for the inauguration of the Mosquée d'Alger, a prestige project of the old administration.

Due to his absence, the new constitution was only promulgated in January 2021, but he managed to sign the finance bill before December 31, 2020.

While implementation was not significantly delayed, the lack of transparent communication as to the reasons for his absence and his physical condition further contributed to an erosion of trust and served to alienate segments of the population.

Implementation

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Nevertheless, the Konrad Adenauer Foundation's 2021 study on political trust found higher levels of trust in the presidency than in the prime minister and parliament, with all ranking relatively high on ability to govern, compared to other countries in the region.

The Hirak protests highlighted to the ruling elites the extent of Algerians' frustrations with corrupt practices, disrespect of the constitution and their desire for democracy. The pressure on the new administration to address these concerns is high, yet it will be challenging to change practices ingrained within the institutions (e.g., repression of opposition voices continues). The lack of excessive use of force and lethal repression by the security forces during the Hirak protests is a lesson learned from the bloody conflict in the 1990s.

The absence of international organizations and businesses during and after the 1990s conflict contributed to limited knowledge exchange and the transfer of best practices. Policy learning was thus previously hampered, and an aging executive personnel also affected the willingness and flexibility to accept new approaches. However, the increasingly strong engagement of the Algerian diaspora in politics, particularly throughout 2019, and its willingness to invest and support the mother country is a positive sign for progress.

Difficulties in the effective management, targeting and monitoring of policies still present obstacles for successful implementation. The presence of well-qualified researchers and research centers across Algeria should contribute to implementing the fundamental changes required to tackle authoritarian practices and to move away from dependency upon the hydrocarbon sector.

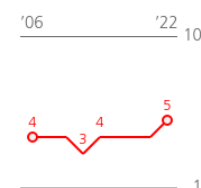
15 | Resource Efficiency

The Supplementary Finance Law (SFL) of June 2020, enacted to deal with the impacts of the COVID-19 pandemic, reallocated resources to the health sector, to those who were made unemployed, and to poor households. Many public sector officials were furloughed on full pay in order to curb the spread of the virus. There is new impetus for change within the new administration, but the new government will need to strengthen human resource management, recruitment policies, training opportunities and anti-corruption initiatives.

Historically, appointments have often been political, rather than competence based, which the new administration will need to address. The pressure to reduce unemployment contributes to high levels of public sector recruitment. New plans and legislation in 2020 to support startups will hopefully improve this. There have been improvements to financial management and legal and regulatory frameworks as well as financial audits within ministries and decentralized bodies. Overall, the strong centralized structure inherited from the French colonial government has hindered the effective development and use of human capital at the local level.

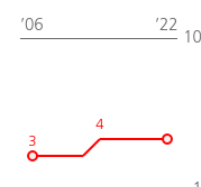
Policy learning

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Efficient use of assets

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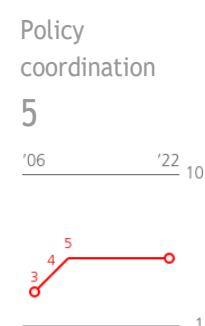
Despite the pressure of the looming economic crisis and the need to reduce budgets, several spending streams still follow a political calculus of binding particular groups to the regime in a clientelistic way. In the 2021 finance bill for instance, the Ministry of Moudjahidines, former veterans of the War of Liberation, will continue to receive \$1.7 billion of the budget, the sixth highest allocation, ahead of important ministries like agriculture. The largest part of the budget is allocated to the Ministry of Defense. With \$9.23 billion, Algeria has the largest defense budget on the African continent.

Overall, despite important achievements in the realm of housing and infrastructure, the presidency of Bouteflika (1999 – 2019) was characterized by an inefficient use of resources and widespread corruption, as illustrated by the shrinking foreign-exchange reserves (from \$194 billion 2013 to \$51.6 billion 2020).

The global pandemic has meant the government's priorities have had to shift toward the health sector and supporting vulnerable sections of the population. Simultaneously, the oil price crash has resulted in the need to cut capital expenditure. With a new administration in place, coordination across government should strengthen. However, the pandemic, regional insecurity and the internal challenges of unemployment, housing and public services, as well as the need for diversification of the economy and need to respond to the demands of the population for political transition make this a challenging prospect.

The government's five-year development plans and annual budgets have sought to reconcile competing interests such as rapid infrastructure development and agriculture, with environmental protection, and sustainable development. However, more widely, there has been a lack of coordination across the government and administration, and ministries are often unaware of one another's projects and remits.

The ambitious housing program under which the government has built eight million homes since 2008 was a direct response to the major problem of urbanization, slums and poor housing. However, the management of this has been weakly coordinated, there have been allegations of corruption, and the opaque manner in which homes are distributed often provokes protest. Although there has been an increase in the percentage of the state budget spent on health and education, this is still minimal compared to the amount spent on security. Algeria now has the largest defense budget in Africa, with annual spending over \$10 billion in recent years (a figure which has doubled in the last decade). The objectives of security and development appear to be in competition.



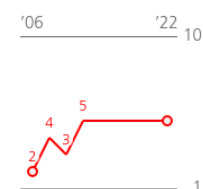
The 2006 Anti-Corruption Law, the establishment of the national anti-corruption office in 2012, and government declarations to fight corruption have failed to change what the Algerian Anti-Corruption Association has described as a “culture of impunity.” The Court of Auditors and the National Agency for the Prevention and Combating of Corruption (Organe National de Prévention et de Lutte Contre la Corruption, ONPLC), although strengthened on paper recently, still suffer from a lack of personnel, independence, effectiveness and transparency. ONPLC put forward a first ever national anti-corruption strategy for 2020 – 2024, with citizens encouraged to report acts of corruption anonymously to the judiciary.

Civil society organizations such as the Algerian Association for the Fight Against Corruption (Association Algérienne de Lutte Contre la Corruption, AACC) aim to raise public awareness of corrupt misconduct. Despite being highly respected by civil society, AACC has had no bargaining power with the government. The lack of public and media access to information regarding the state budget, public procurement, as well as party/campaign financing remains a problem. Only since the 2019 presidential elections have candidates been required to declare their sources of campaign financing.

Updated legislation on money-laundering has led to improvements. In 2016, the Financial Action Task Force (FATF) – Algeria is a member of its Middle East and North Africa subregional body – judged Algeria’s plan to combat money-laundering sufficient for those aims and removed Algeria from its gray list. High-profile scandals have nevertheless eroded trust among both Algerians and foreign investors. To move beyond President Tebboune’s election campaign vow to “lay the foundations of a new Algeria,” the new government will need to strengthen institutions and the separation of powers to secure real advances against corruption.

Anti-corruption
policy

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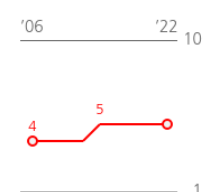


16 | Consensus-Building

The Hirak movement highlighted the gap between popular aspirations for a genuine democratic transition and a political class interested in the perpetuation of the authoritarian regime. Among the opposition and the popular movement, there is no overarching consensus on how to proceed with the next stages of democratic transition, to what degree negotiating with those currently in power is legitimate and the extent to which the protest movement should be structured. In light of the arbitrary character of certain state policies, the ongoing repression of oppositional voices, journalists, and activists, and the lack of consultation over the new constitution, the new administration sends ambivalent signals and casts doubt on its declared commitment to a transition. Given the opacity of the hierarchy of the military, it is not clear if there are reform-oriented actors among them. The impact of the COVID-19 pandemic has exacerbated these intricate challenges.

Consensus on goals

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While promoting democracy in their discourse, political parties have been criticized by civil society actors for lack of transparency and weakness in enforcing their own internal democratic procedures. There is a consensus across political groups that Algeria first and foremost should prioritize peace and nonviolent forms of protest. The will for change among most of the opposition parties however is strong and there is frustration that the year-long Hirak protests have not yet resulted in meaningful change.

The new government and political opposition parties have stated their commitment to the aim of developing a fully functional market economy, but the COVID-19 pandemic has made achieving this even more challenging. Opposition actors question the effectiveness of government policies to address unemployment and economic development, but not the policy goals themselves. Stated objectives regarding the economy still collide with the rentier-state nature of the state and with the particular interests of certain influential groups in and around the ruling elite.

Throughout the 2019 Hirak mobilization it was clear that the army was the key pillar of the Algerian regime, with Chief of Staff Ahmed Gaid Salah as the core actor of the ruling elite after Bouteflika's dismissal. President Tebboune was considered Gaid Salah's favorite candidate in the presidential elections of December 2019. Following Gaid Salah's death in December 2019, who now wields power within the ruling elite is less clear.

If the popular mobilization of Algerian society for more than a year did not induce full regime change, it did manage to oust former President Bouteflika from office and forced the different elements of the regime to reconfigure their power positions. Due to popular pressure, the regime postponed two electoral appointments in April and July 2019.

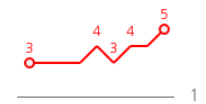
Due to its historical role in the war of liberation and the fight against Islamist insurgencies in the 1990s, the military remains one of the most trusted institutions in Algeria. Yet, its political role is increasingly contested – a civil not military state has been a key slogan of the demonstrations. The 2019 presidential elections meant the army could interfere less openly in daily governance, but certain elements of the military represent a barrier to further liberalization.

Islamist political parties publicly adhere to democratic goals and market liberalization, and are fairly weak, with little electoral support. They played a very minor role in the Hirak marches, but there are online activists with significant followings. A small number of anti-democratic radical Islamists continue to operate, particularly in the Sahara and eastern regions. Regional insecurity and external interference from IS actors have potentially made these groups a greater threat, though there have been few cases of arrests of insurgents over the review period.

Anti-democratic
actors

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Divisions and cleavages in society have diminished over the last decade. The coming together of the population during the Hirak marches and inter-regional solidarity networks with political detainees confirm this trend. Attempts by elements of the ruling regime to target the Amazigh flag during the 2019 demonstrations, as well as the spreading rumors and insults toward Berber inhabitants of Kabylia failed to divide Algerians. The Movement for the Autonomy of Kabylia (MAK), primarily in the villages, illustrates a persistent feeling of alienation held by a small minority of the population.

Tensions in the M'zab region between Ibadite Berbers and Arabic-speaking populations have eased and the different populations were united in the peaceful demonstrations in 2019.

There have been online protests during the COVID-19 pandemic confinement which continue to denounce regional inequalities, the lack of adequate infrastructure and proper equipment in hospitals, the state of roads, and nepotism in the distributions of jobs. They express a general sense of being neglected by the central state, and this sentiment is felt particularly in the south of the country.

While the constitution (revised in 2020) notes the role of the Hirak in its preamble, it reinforces de facto the prerogatives of the executive and enshrines the right of political intervention by the army in order to “protect the interests of the nation.” Civil society activists and leading Hirak figures denounce the insufficient consultation of a wider group as part of the revision process, and label it a missed opportunity for more meaningful restructuring. Indeed, the constitution had been drafted in the context of harsher repression against oppositional actors and citizens. Moreover, the COVID-19 pandemic-related lockdown measures were used as a further pretext to prohibit oppositional meetings.

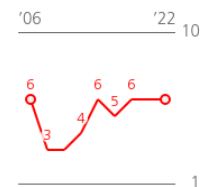
The 2020 constitution enshrined the consultancy role of the National Economic and Social Council (Conseil National Economique et Social, CNES) on policies of economic, social and environmental development.

During the COVID-19 pandemic local grassroots actors have been active in responding to the crisis, but the general government response has been predominantly top-down. Despite difficulties, there are well-organized and well-informed organizations, movements and networks which are consolidating their positions and negotiating how to move forward in the next stages of political transformation in the country.

However, the political leadership have so far neglected the different proposals for a solution to the country's crisis that have been elaborated by CSOs and oppositional parties, such as the “Collectif de la Société Civile,” the “Pacte pour la Transition Démocratique” and “Nidaa 22.”

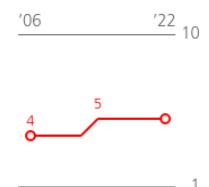
Cleavage /
conflict
management

6



Civil society
participation

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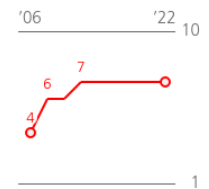


The 1999 Civil Concord and the 2006 Reconciliation Charter are widely acknowledged to have brought peace to Algeria. However, the amnesties granted to state security forces and terrorists, and the imposed silence are perceived as deeply unjust, particularly by the families of the 200,000 victims of the conflict and those of the 8,000 “disappeared.” Compensation has not allowed for real reconciliation, particularly for the families of the disappeared, who demand a right to know the truth. Cases brought to the French justice system for atrocities committed during the 1990s have created difficult precedents for the Algerian government to ignore. The lack of a genuine politics of “coming to terms with the past,” coupled with an instrumentalization of the 1990s trauma for the sake of authoritarianism have not been conducive to reconciliation. Arguably the 2019 demonstrations did more to reconcile Algerians with each other than any past actions of the state.

As to 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 important moment for Algeria. This was a cause for which Algerian and French intellectuals had campaigned for many years.

Reconciliation

7



17 | International Cooperation

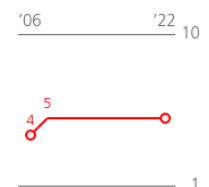
For historical reasons, the Algerian government has traditionally been reluctant to accept external involvement in its development plans, and with the Hirak demonstrations and fears of foreign interference and manipulation this stance has been maintained. Given its hydrocarbon wealth, Algeria has not sought financial assistance, but the COVID-19 pandemic and oil price crisis make the situation more challenging. More recently, the Algerian state has accepted technical cooperation, and has demonstrated a wish to increase the breadth of its cooperation partners. Algeria signed an association agreement with the EU in 2002, which came into force in 2005.

Relations with certain Gulf states have generally improved, with increased economic investment from the Gulf and a significant Algerian expatriate population in countries such as Qatar. China continues to play an important role in Algeria’s economic and infrastructure development. However, the Algerian government has not exploited Chinese expertise in order to train young people in Algeria, instead simply employing Chinese workers. Bilateral trade continues to increase, and relations are primarily focused on trade and investment.

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

Effective use of support

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The Algerian regime's foreign policy is determined by the principles of nonintervention in external affairs and a strong sense of sovereignty. Yet, the destabilization of the Sahel region has contributed to increased security cooperation with regional powers, as well as with the U.S. and the EU.

The Algerian government's response to the COVID-19 pandemic is to a great extent respected, and despite frustrations over border closures and curfews, the measures put in place enabled the relatively effective control of the virus. However, government communication lacked transparency, thus casting doubt and mistrust among the population over the government's statistics.

Prior to 2019, the previous regime had undermined its credibility with the decision that Bouteflika would stand for a fifth term, breaching the constitution. However, the peaceful demonstrations that this proposal provoked, and the state response have been widely commended internationally.

As a key geostrategic player in the Sahel and North Africa, with its significant armed forces and wealth, and as a leader in the fight against terrorism, Algeria has become an essential partner for Europe, the U.S. and the Middle East. Ongoing negotiations with the EU remain challenging as Algeria refuses to sign up to regional standardized agreements that go beyond the rather unspecific association agreement of 2002/2005.

Algeria is a reliable partner in terms of energy supply and security cooperation in the fight against terrorism. Algeria has used its strong military power, capabilities, recognized counter-terrorism expertise and diplomatic experience to play a role as mediator in the Malian conflict.

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

Algeria has relatively stable relations with its neighbors and is an active member of the African Union. In 2016, Algeria reached an agreement with Morocco to promote security cooperation in addressing terrorism and exchanging information on extremists. Arab Maghreb Union (AMU) cooperation remains limited and is currently blocked due to the West Saharan issue. Borders between Algeria and Morocco remain closed, as they have been for many years. Tensions with Morocco over regional hegemony, and Morocco's normalization of ties with Israel in December 2020, further hinder effective collaboration.

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

Credibility

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Regional cooperation

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Continued instability at the borders with Mali, Niger and Libya underline the need for greater regional cooperation, and Algeria is taking a lead in this, notably through mediation in the Libyan and Malian conflict. Increased investment in military spending demonstrates the strong capacity of the Algerian government to protect borders and cross-border territory in the Sahara and Sahel region. Algeria continues to follow its official policy of nonintervention in external affairs. However, the 2020 constitutional reform consecrates the possibility to participate in peacekeeping missions of the U.N., the African Union and the League of Arab States.

Strategic Outlook

Algeria faces multiple challenges following a year of democracy protests and the economic impact of the global COVID-19 pandemic that has exacerbated the economic crisis resulting from oil price crash. Bouteflika's replacement by interim President Abdelkader Bensalah on April 2, 2019, and the election of President Abdelmadjid Tebboune on December 12, 2019, has temporarily stabilized the situation. However, deep dissatisfaction prevails due to the absence of a genuine political transition, with many judging Tebboune to represent continuity of the old regime. There has been a rise in repressive measures against journalists and activists who have criticized the regime or who have criticized the political role of the army, resulting in a significant number of court cases against citizens and activists, who face heavy fines and prison sentences.

At the political level, the main challenge consists of overcoming the deep legitimacy crisis and the lack of trust toward the regime by ending repression and engaging in a serious dialogue with civil society actors such as "Nidaa 22" and oppositional alliances like the FPAD. Urgent steps need to be taken to ensure the freedom of speech, freedom of the press and the freedom of assembly, by opening up the media and the public sphere. The liberation of all political detainees is indispensable, in order to ensure a minimum of trust in the government and in the potential for genuine political reforms.

Political reforms have been launched by the new government in the realm of anti-corruption, finance, industry and the environment. There has also been a robust response to the COVID-19 pandemic. Strengthening the crippled health sector and mitigating the social impact of the economic crisis and the pandemic is a priority.

With the severe decline in international oil prices, Algeria is in an increasingly vulnerable financial position. The need to diversify the economy away from oil and gas dependency remains a key challenge in order to make Algeria less vulnerable to external shocks. The transition to renewable energies, where Algeria could develop a leading position, has the potential to create more jobs and ensure a more sustainable energy policy.

Tackling corruption was a key demand of the Hirak protests and this requires an effective and ambitious government response. Clear judicial independence and greater transparency are needed over ongoing court cases in order to ensure their credibility, rather than allowing them to appear as a manifestation of regime infighting.

Actions to support SMEs and independent associations, as well as the initiatives to support startups launched in 2020, are important. Equally, training, international exchanges and initiatives to create a more constructive relationship between the administration and citizens will likely bring benefits in terms of employment, creativity and economic development.

Continued efforts are needed to modernize the civil service. The health system still requires serious investment, along with better conditions for health care professionals and the procurement of medical and other supplies. The actions supported by the Supplementary Finance Law (SFL) may need to be extended as the impacts of the pandemic continue to be felt. In the education system, improving all language training for Algerians would strengthen the position of young people in the job market. Further improving the opportunities for the Algerian community abroad to invest back home would encourage the exchange of knowledge.

Finally, with its well-equipped army and in-depth knowledge of the region, Algeria has the potential to play a key role in maintaining stability across the region. The continued expulsions of West African migrants represent a mark on Algeria's international reputation. The country will need to work together with its neighbors to ensure fair and humanitarian control of its borders, as well as representing a strong response to trafficking, crime and terrorism.