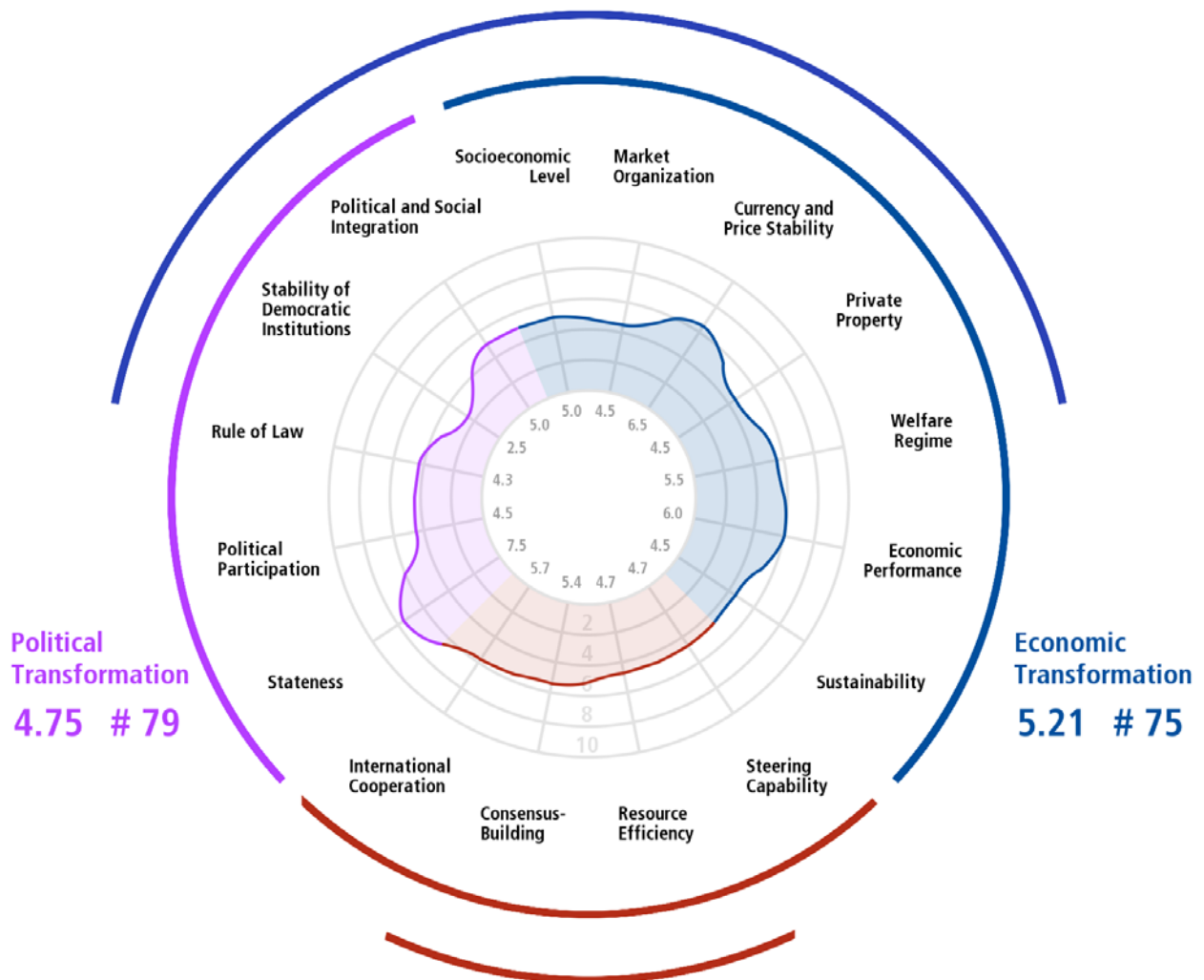


Algeria

Status Index

4.98 # 83

on 1-10 scale out of 129



Political Transformation
4.75 # 79

Economic Transformation
5.21 # 75

Governance Index

4.55 # 76

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	40.6	HDI	0.745	GDP p.c., PPP \$	15075
Pop. growth ¹	% p.a.	1.8	HDI rank of 188	83	Gini Index	27.6
Life expectancy	years	75.9	UN Education Index	0.695	Poverty ³	% 3.9
Urban population	%	71.3	Gender inequality ²	0.429	Aid per capita	\$ 2.2

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. 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

Regional instability, an increasingly important international role, the risks of terrorism spilling over from the turmoil in Libya, the rise of the Islamic State and tensions across the Sahel, and the unresolved question of ailing President Bouteflika's succession, all impact Algeria's political, economic and social stability.

The constitutional revision process over the last few years led to a new constitution in 2016. Reinstating presidential term limits, making Tamazight an official language and strengthening the legislature all went some way to integrating societal demands. However, there remains skepticism among the population on implementation of the most serious reforms needed to strengthen justice, political participation and socioeconomic equality in the country.

The 2011 political and legal reforms for associations, political parties, elections and the media have opened up some space in the political and public sphere. However, journalists, associations and social movements still face repression and barriers if they challenge the government. The re-election of President Bouteflika in 2014, despite his failing health and age, continues to cause frustration. A lack of transparency about the president's health and plans for his successor has caused insecurity and great uncertainty about the future and stability of the country. Opposition parties are numerous since the 2012 law and are preparing for the 2017 legislative elections. The retiring of the chief of the secret service Département du Renseignement et de la Sécurité (DRS) was a significant development in political power relations in 2015.

Anti-corruption initiatives and justice reform remain significant challenges to achieve, although Algeria has been commended for improving its financial controls to tackle money laundering and in 2016 was removed from the Financial Action Task Force (FATF) monitoring process. In terms of economic reforms, the government continues to make advances, although the public sector and hydrocarbon wealth still dominate the economy. Declining international oil prices over the last two years continue to create fears for the medium-term stability of the Algerian economy and the

government's five-year national development plans. Austerity in the budget led to cuts around the country, particularly for infrastructure as well as social associations supported by the state. Price increases for basic consumer goods have created social unrest.

Changes to the hydrocarbon laws in 2013 to allow fracking for shale gas were pursued by the government as a solution to the energy crisis. However, lack of consultation of the local population and perceived risks of environmental degradation led to protests across the country. With falling oil and gas prices in 2016, it appears that the government has abandoned plans to frack in Algeria and the demonstrations have ceased for now.

Previous commitments to invest in renewable energies appear to have suffered as a result.

Foreign investment and bilateral trade cooperation with Russia has led to plans for a Russian nuclear power plant by 2025.

In political terms, Algeria continues to experience low-level unrest and strikes. Sporadic demonstrations continue across the country. The government reacts with a combination of public consultations and short-term subsidies, in addition to repression and intimidation of activists.

In June 2016, Algeria was elected to preside over the First Committee of the United Nations on Questions of Disarmament and International Security, indicating a strong presence on the international stage in terms of peace and diplomacy. Algeria played an important role as a mediator in the Malian and Libyan crisis.

In security terms, Algeria remains in a difficult situation. The fall of the Qadhafi regime and the dispersal of its arms across the Sahel have created deep instability at Algeria's borders. As a result, Algeria will be heavily committed in its fight against national and international terrorism. Algeria has increased its defense budget to over €10 billion annually, now the largest in Africa.

History and Characteristics of Transformation

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

The transformation of Algeria can only be understood against the backdrop of the civil war of the 1990s, following the military backed coup in January 1992. This halted the legislative elections which had favored Islamists, the Front Islamique du Salut (FIS, Islamic Salvation Front), reversing the pluralization of the political system, which had begun in 1989. The short-lived political liberalization process had been strategically designed to maintain the power balance of the single party system, in which power was exercised by political clans and the army. In this context, the new Prime Minister Mouloud Hamrouche nevertheless launched essential economic reforms, despite the growing tensions with the Islamist movement which had emerged, embodied by the FIS.

The coup orchestrated by the secular elites, with the military backing, demonstrated the general rejection of the Islamists' objectives. Hamrouche's economic reforms were also abandoned, following the assassination of President Mohamed Boudiaf in June 1992. The conflict of the 1990s between the military and Islamist insurgents consumed almost all the energies of the state over the next decade. The state of emergency was declared in 1992, significantly restricting the political space which had momentarily opened up. To ease the crippling debt burden and liberalize the economy, an IMF restructuring program was set up in 1994 and reforms in the state sector were launched to prepare for privatization.

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

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

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

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

Bouteflika was re-elected in 2004 and (after a change to the constitution) for a third term in 2009 and a fourth term in 2014, during a highly contested election. Following the army's agreement to end its interference in politics in 2003 and the constitutional amendment in 2008, there was an increase in presidential powers. The constitution of 2016 reversed this by reinstating presidential term limits and strengthening the legislature. With the appointment of Prime Minister Sellal in 2012, and the ailing health of the president, the prime minister has played a more significant role in political life. However, the question of who will succeed Bouteflika one day is becoming increasingly vital.

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

Transformation Status

I. Political Transformation

1 | Stateness

There have been fewer sporadic attacks from the now splintered Islamist terrorist groups over the last two years, despite turbulence and continued activities in the Saharan-Sahel region and wider West Africa region. The Jund al-Khilafa militant organization, which pledged allegiance to the Islamic State (IS), was responsible for the kidnapping and beheading of French tourist Hervé Gourdel in 2014. Since the killing of Jund al-Khilafa's leader Abdelmalek Gouri (a veteran of Algeria's 1990s conflict) later that year, the militant group has had limited interaction with the Algerian military, claiming to have killed three soldiers in 2016 – a claim denied by the Algerian military. The Algerian army claims to have “neutralized” 350 armed individuals in 2016 (among them 125 killed, 225 arrested). The March 2016 attack against the Krechba gas facility is an additional indicator of insecurity in the Sahara, Algeria's economic heartland.

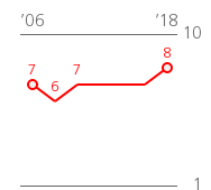
Unrest and violent clashes in the M'zab region of Algeria between 2013 and 2015 has been largely brought under control with heavy police and military presence. Protests across the south of the country and in the Berber region of Kabylia over shale gas, unemployment and rising food prices have been managed through a combination of heavy police presence and changing strategies in the regions. Algeria has one of the highest military spending per capita in the world and the largest in Africa. Algeria has toughened its stance on border controls, increasing its military presence particularly on the Libyan and Malian border. There has been no indication that IS has been able to significantly mobilize in Algeria, with the painful memory of the 1990s still a uniting force against violent political change.

The liberation war (1954-1962) is the founding moment of the Algerian nation and the major source of legitimacy for the postcolonial state, which inscribes itself in the continuity of the national liberation movement. The Front de Libération Nationale (FLN, National Liberation Front) which won the anti-colonial war in 1962 is still the ruling party. Increasing instability in the Maghreb, Mashrek and West Africa has led

Question
Score

Monopoly on the
use of force

8



State identity

8

to fears of similar threats in Algeria. However, if anything, this appears to have reinforced the sense of national identity. The Afrobarometer 2013 points out that 87% of the population felt proud to be Algerian.

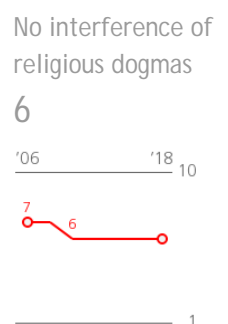
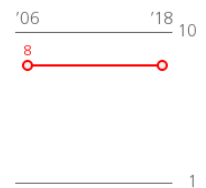
Berber movements for autonomy, like the MAK, represent a small minority. Riots in Bejaia and across the Kabyle region in early 2017 have been linked to calls for an autonomous Kabylia, however there is a general consensus that these riots were far more about the increasingly high prices of consumer goods. Constitutional reforms made Tamazight a national language in 2002 and there is only limited support for an independence movement.

Intercommunal conflict in the Ghardaia region from 2013-2015, with violent clashes between the Mozabite community and Arabic-speaking populations, resulted in several deaths, dozens wounded and significant damage to businesses and buildings. Unrest between the two communities (of the Amazigh speaking Ibadite populations and the Arabic-speaking population) has been brought under control by a strong military presence in the region. Many highlight the economic, rather than ethnic or religious, nature of the conflict, with increasing instability linked to arms and illicit trafficking in the region since the collapse of the Libyan regime. Land and property rights are also cited as key drivers of conflict.

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

Disillusionment with the government over the last decades and the social problems of the young population mean that low-level demonstrations continue in a high frequency. Falling oil prices and the subsequent impacts on food prices have led to strikes which reflect a deep level of frustration towards state structures. However, fear of violence, after a decade of conflict in the 1990s, has meant that the vast majority prefers peace over instability. The peace brokered by the president, through the Charter for Peace and National Reconciliation of 2005, although contested, contributes to the fact that Algerians regard the nation state as legitimate.

Algeria is formally a secular state, but religion is instrumentalized for political purposes. Laws, policies and practices have in some cases restricted religious freedom. The constitution names Islam as the official religion. It also guarantees freedom of religion. The vast majority of the population identifies as Muslim. Non-Muslims can practice their faith under certain regulations. The state controls religious institutions, and appoints imams, through the Ministry of Religious Affairs and Awqaf (Islamic Endowments). The secular elite are highly sensitive to any influence from radical Islamist movements. Political parties based on religion are banned by the constitution. A 2006 law criminalizes proselytizing Muslims by non-Muslims and there have been cases of fines and imprisonment. "Correct abidance" to the rules of Islam is subject to judicial supervision and there have been cases of arrests for breaking the Ramadan fast by collectively organized groups. In July 2014, the newly



appointed Minister for Religious Affairs Mohamed Aissa announced the re-opening of Jewish places of worship in Algeria, closed since the 1990s. However, to date none have opened. There are very few Algerian Jews in the country for historical reasons linked to their assimilation as French citizens under the Crémieux Decree of 1870 and then mass exile in 1962. The rising influence of Salafi religious movements has alarmed the authorities and in February 2015, the government granted itself sole authority to issue fatwas, or religious judgments, in order to restrict the influence of independent Salafi imams, since some among them have issued their own fatwas, such as Sheikh Abdelfetah Hamadache or Sheikh Chamseddine respectively issuing fatwas against the writer and Journalist Kamel Daoud and called for the prohibition of the film “L’Oranais” by Lyes Salem.

Infrastructure development suffered major blockages during and after the civil war, however basic public services are now available throughout the country. Although their efficiency is subject to some criticism, public services have been improving since 2000 with the main priorities being transport and water infrastructure. Construction of universities, roads and public buildings have been prolific over the last few years, with major contracts managed by Chinese construction companies. However, some regions still suffer from regular water shortages and electricity cuts, causing anger within the population.

Since the end of the civil war, the government structures have overseen the development of a good road network, and the trans-Saharan road linking Algiers to Lagos is now well underway on the Algerian side. Transport infrastructure generally continues to improve. In 2011, the Algiers tramway and in 2012 the metro were inaugurated. In 2013, the Oran and Constantine tramways were launched and Mostaganem inaugurates its tramways in March 2017. Setif and Batna are set to follow with Ouargla in the south too. Railway infrastructure has more than doubled in the last 15 years and it is predicted that it will double again in the coming years.

There have also been important construction programs in the education sector and tertiary education is available in each of the 48 regions (wilayas). Access to health care facilities and medication has been subject to greater criticism and high dissatisfaction.

The government announced the construction of two hospitals in Tamanrasset and In Salah despite freezing other development projects in early 2017 with cuts in government budgets due to falling oil prices. Deficient infrastructure still regularly provokes local riots and is among the major grievances addressed by social movements in the south in particular.



2 | Political Participation

Parliamentary elections are scheduled for May 2017. Reforms to the law on political parties in 2012 means a number of new parties will compete. The 2016 constitutional reform led to revised electoral laws with improved guarantees of transparency in electoral operations.

The last presidential elections took place on 17 April 2014, with the ailing, incumbent President Bouteflika taking a fourth term with 82% of the vote. Bouteflika's candidacy was announced only in February 2014, surrounded by rumors and a lack of transparency. During the highly contested electoral campaign conducted by Prime Minister Abdelmalek Sellal, the civil society coalition against the fourth term of Bouteflika, "Barakat", faced repression whenever they attempted to take to the streets.

The European Union held a first observation mission for the legislative elections of 10 May 2012. This invitation was not extended to other elections.

The EU mission noted improvements in the electoral process, including an increase in political parties, independent lists and additional control mechanisms. The observers also commended the election of 143 women to parliament (31% of seats), resulting from the new 2012 law with its quota for women in elected assemblies.

Weaknesses concerned voter registration, the absence of a "national" electoral list, the public display of results, appeals to the constitutional council, and the independence of electoral management and supervision bodies. Fair access to the state media was not ensured.

Opposition parties exist and are represented in the legislature. Their past unification under the "Coordination Nationale pour les Libertés et la Transition Démocratique" banner is an expression of the perceived illegitimacy of the elections.

In local elections, the governmental coalition parties dominate the field, with FLN and National Rally for Democracy (RND) winning majorities in about 20% of communes. Islamist parties have had little success at local level.

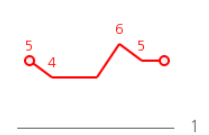
In preparation for the upcoming elections, the Algerian parliament passed constitutional reforms in February 2016 limiting presidential terms to two and expanding the legislature's power. This means Bouteflika will not be eligible to stand for the next presidential elections in 2019 if he remains alive.

The Algerian army has played a central role in the political system since independence, often qualified as the "deep state" that continues to influence the political decision-making process. Parliamentary elections in 1991, and the subsequent military coup, led to the army's formal assumption of power in Algeria.

Free and fair elections

5

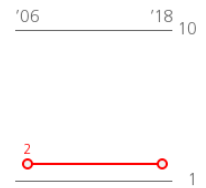
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Effective power to govern

2

The violence that followed consolidated this. Since 1999, President Bouteflika did manage to reassert authority through several reforms consolidating power in the presidency. Power was seemingly taken away from the army command, which publicly distanced itself from politics in 2003. Since then the army's intelligence services remained effectively independent and Algerians tended to view them along with the clans within the military as "le pouvoir," an economic mafia, retaining political control behind the scenes. In September 2015, however, President Bouteflika dismissed Mohamed Mediene, head of the top military-run intelligence services DRS for 25 years. Mediene was regarded as a major player behind the scenes. Furthermore, in January 2016, Bouteflika abolished the DRS altogether and replaced it with a body under control of the presidency.

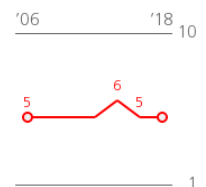


Despite changes in the law, the parliament remains weak and the senate has one-third of its seats appointed by the president. Electoral reforms and the change of government do not seem to have brought any significant change. The illness of the president and his quasi-absence from political life has led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

Freedom of association is guaranteed by the constitution. The 1990 law (No. 90-31) previously had significantly opened up the scope for associations in Algeria, inaugurating a declaratory regime. Despite changes brought about by the Arab Spring in other countries, such as rapidly increasing numbers of associations in Tunisia, Algeria still has by far the highest number of registered associations per capita than any country across the region. There are currently almost 110,000 associations counted on the Ministry of Interior website.

Association /
assembly rights

5



The law on associations of 2012 (No.12-06) facilitated the creation of some local associations which can be now registered at the local level by the commune. It is also contested, however, in that it appears to reinforce the powers of the executive over associations. Civil society actors have been vocally critical of this new law. Its implementation varies from region to region. As yet there have been no legal tools (decret) developed for its implementation, which is left to the will of the administration.

Associations sometimes face politically motivated administrative hurdles. They also have limited means. Restrictions on donors and foreign NGOs, reinforced in the 2012 law on associations, means much of the support associations receive is national.

The state of emergency had previously enabled the authorities to prevent unofficial demonstrations and deny public meetings. This was lifted on 23 February 2011, but associations still claim interference from the authorities in certain activities.

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

Some associations representing the families of the victims of the 1990s and other human rights organizations often claim to have difficulties in registering and managing their activities, although this varies greatly between regions.

The media system provides for a de facto plurality of opinions, and though some very critical newspapers exist, the media remains dominated by state-led television and radio outlets with a much higher reception rate. Media legislation is unclear in general and leaves room for the authorities to interpret it in a restrictive way.

The freedom of information legislation was broadened in 2012, but remains limited by certain regulations concerning “violations of national security and sovereignty,” “strategic economic secrets” and “attacks on national history.” The 2012 media law abolished prison sentences for press offences and also opened up the media to private ownership. In 2013, three new private television stations opened, ending the government’s monopoly on broadcast media. This was confirmed by a law passed by parliament on 20 January 2014.

However, substantial legal restrictions on press freedom remain. Significant fines remain a constraint to journalists and limit their coverage of certain subjects such as state security, strategic economic secrets and attacks on national history.

Bloggers are also subject to defamation suits, and several have been fined.

Human Rights Watch reports that police arrested Rachid Aouine, a labor rights activist, in March 2015 after he posted an ironic comment on Facebook in response to a government announcement that police officers protested would face disciplinary action. Authorities charged him with “inciting an unarmed gathering” under Article 100 of the penal code and a court convicted Aouine, sentencing him to six months in prison.

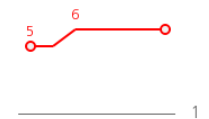
In April 2015, staff at the satirical television program “El Djazairia Weekend” received a directive to overhaul the program’s format after airing a segment that referred to Algerian officials’ property assets in France; the staff decided to end the program rather than enact the changes. In October 2015, the authorities closed the TV channel El Watan TV. In June 2016, the satirical television program “Ki hna ki nass” was suspended.

In December 2016, British-Algerian journalist Mohamed Tamalt died in prison three months into a coma after a hunger strike to protest a two-year jail term for offending President Bouteflika in a poem and video post on Facebook.

Freedom of
expression

6

'06 _____ '18 10



Individuals and organizations are free to criticize politics and policies in Algeria, however the Reconciliation Charter prevents criticism of the military and security services during the conflict of the 1990s, which many associations continue to contest.

Of the 80 newspapers available in Algiers, only six are considered independent. The state maintains control over much of the press through control of the printing and advertising industries.

Freedom House improved the scores for Algeria's press freedom in 2015 given the end of the government's monopoly on broadcast media and a reduction in physical attacks on journalists. Algeria's ranking in the World Press Freedom Index conducted by Reporters Without Borders had been improving, from position 125 in 2013 to 121 in 2014 to 119 in 2015. However, in 2016, Reporters Without Borders decreased Algeria's ranking to 129.

3 | Rule of Law

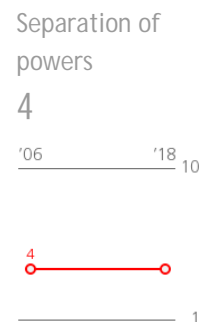
In 2014, a large consultation on amending the constitution was launched and led by Ahmed Ouyahia, director of cabinet of the presidency. A wide range of actors were consulted. A number of opposition actors refused to participate. The separation of powers was one of the key demands, alongside limiting presidential terms and reinforcing the independence of the judiciary.

The separation of powers is guaranteed by the Algerian constitution of 1996, however, since then the parliament rarely initiates or questions legislative proposals by the government and power has increasingly consolidated within the executive. President Bouteflika has largely ruled by presidential decree.

During the last two years, the parliament has not played a major role vis-à-vis the government. The situation remains characterized by a fragile status quo since the contested elections of 2014 and a lack of transparency in the internal power shifts.

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

Nonetheless, a central feature of the Algerian political system remains the opacity and the lack of clarity about who is really in charge of state affairs. To date, and in light of the severe illness of the president, numerous speculations stress either the role of his brother, Said Bouteflika, or the chief of staff, Gaid Salah.



The independence of the judiciary provided for in the constitution was reaffirmed in the constitutional revision of 2016, however this is still not fully respected and Algerians do not perceive the justice system to be independent. The minister of justice is in charge of the administration of the judiciary and the president appoints and dismisses judges. Practical decisions about judicial competence are made by the Conseil national de la magistrature (supreme judicial council), but this is under the influence of the executive. The lack of judicial independence is criticized by civil society actors and in the press. The 2013 Afrobarometer survey for Algeria indicates judges and magistrates as the most likely to be involved in corruption of all public figures (police, parliamentarians, government officials etc.). It also indicates little trust in courts and even less in judges in their household surveys. The numerous corruption affairs revealed between 2015 and 2016 are a further indicator of the lack of independence of the judiciary.

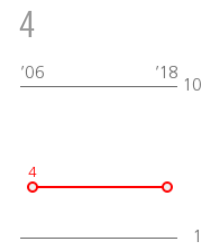
In August 2014, the government announced measures to modernize the judicial apparatus and to introduce training courses in human rights/human rights protection for personnel. A draft law on the independence of the justice system was submitted to the parliament end 2014. The question was then addressed during the constitutional revision process. However there have been limited results so far despite the president of the union of magistrates calling for organic laws and more training to implement the principle of independence across the sector.

Corruption at all levels of state and society is still perceived as a major problem in Algeria. In 2016, the Panama Papers scandal implicated a number of Algerian ministers and high-ranking officials and their children as having off-shore accounts and businesses, although no parliamentary or judicial investigations were carried out.

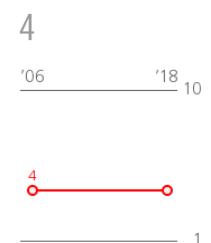
50% of respondents in the latest Afrobarometer survey felt that public officials who commit crimes always or often go unpunished. Only 7% felt that ordinary people who commit crimes go unpunished. Public servants and politicians are rarely held to account. In the Saipem case in Italy, the former Algerian Minister of Energy Mines Chekib Khelil, was accused of taking millions of euros in bribes from the Italian company in return for contracts. He subsequently left the country for the United States, seemingly to avoid investigation, but has recently returned to Algeria. He has not faced charges and is seen to be increasingly politically active.

Prosecution for crimes committed by the security services during the 1990s remains impossible due to the amnesty in the Reconciliation Charter. In December 2011, the Office national de lutte contre la corruption (National Office for the Fight against Corruption) was created, but there seems little political will to seriously tackle corruption, either by revising anti-corruption laws or by implementing existing laws. It officially took up its work in November 2014 but has been noted as being silent over many of the corruption cases in recent years.

Independent
judiciary



Prosecution of
office abuse



Despite the lifting of the longstanding state of emergency on 24 February 2011, human rights organizations and the independent press continue to denounce incidents of arbitrary arrest and denial of due process.

Human Rights Watch continues to contest the summary expulsions of sub-Saharan migrants by the Algerian authorities with little or no respect for their rights or status as asylum seekers or refugees. With conflicts across the region, there is an increase in asylum seekers and victims of the violence in neighboring countries arriving in Algeria. Perpetrators of racist violence in Algeria are rarely pursued.

Protesters and activists demand the right to demonstrate, which until present remains restricted in the capital since 2001 despite the lifting of the state of emergency in 2011. Demonstrations against the fourth mandate of the president in 2014 and against the recent introduction of fracking for shale gas in Algeria, while heavily policed by the authorities, contributed to changes in law and strategy on both points.

Human rights organizations continue to contest the amnesties granted for abuses committed in the 1990s. Specific cases of extrajudicial executions and torture by the state which have been successfully brought to the United Nations Human Rights Committee and to the justice system in France create important precedents for dealing with the crimes committed in the 1990s. Organizations continue to lobby for a way to achieve justice and peace for the families of the victims in Algeria, including the families of the 8,000 “disappeared.”

Despite Algeria having ratified the U.N. Convention Eliminating all Forms of Discrimination Against Women (CEDAW) in 1996, Algerian women face discrimination under the law and in practice. Under the 2005 Family Code, women’s rights are subordinated to those of men in matters relating to marriage, divorce, child custody and inheritance. In 2014, the government set up a committee to monitor the implementation of CEDAW. In 2015, Algeria passed a law criminalizing violence against women, the second country in the Maghreb after Tunisia.

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

Freedom of religion is fairly well established and Algeria’s several thousand Christians are free to practice their religion in designated locations. Muslims who convert to Christianity, or only criticize Islam or Muslim dignitaries, do face societal and legal restrictions, including imprisonments and financial penalties.

Significant improvements have occurred over the last decade in the recognition of the rights of the Berber populations in terms of language and education. Berber language was given official status in the revised 2016 Algerian constitution.

Civil rights

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4 | Stability of Democratic Institutions

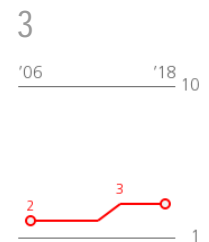
State institutions formally follow democratic principles, yet serious questions are raised concerning their quality and efficiency. The presidency continues to dominate political life, although the role of shadow actors remains unclear. Political reforms including revised electoral laws, and laws on associations and political parties, followed the Arab Spring in 2012. These do not appear to have resulted in any substantial change, although the creation of many new political parties has mobilized new sections of the population. Many Algerians were able to contribute to the constitutional reform consultation process and formally voice their anger over the extension of the presidential mandate to four terms for ailing president Bouteflika. This was reversed in the 2016 constitutional revision, when limiting the presidential mandate was one of the key requests for constitutional reform of the democratic institutions. Parliament was also strengthened in the constitutional revision, though deputies' high salaries and lack of knowledge of national laws continue to be criticized in the independent media. Nonetheless, channels for participation do exist, and the executive is not entirely detached from society – improvements in the make-up of parliament and rise in number of women have increased its representation of the population. Local democratic structures have been strengthened by increasingly active participation in the municipal councils at the local level, particularly from civil society activists who become elected members. However, the increase in protests at the local level is generally seen as an indicator of lack of efficiency and responsiveness of local administrations.

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

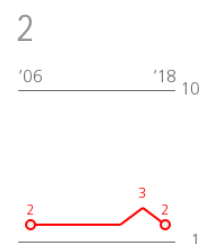
In general, despite recent developments, it is still felt that the “deep state” (i.e., the army and security forces) seems to take all relevant decisions with little democratic control.

The legitimacy of the democratic institutions is not yet fully accepted by the relevant actors. Associations contest the 2012 Law on Associations and the weakness of parliament in passing the law without effectively questioning its content.

Performance of democratic institutions



Commitment to democratic institutions



5 | Political and Social Integration

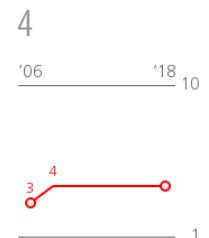
The one-party system ended in 1989 and Algeria has since had multiple political parties. Political liberalization was suspended between 1992 and 1996. The Front Islamique du Salut (FIS) was banned in 1992, but other political parties continued to enjoy legal existence. Parties based on religion are banned under Algerian law, even though several parties with an Islamist ideology are present in the political sphere. The electoral law and law on political parties of 2012 has facilitated the creation of parties and the state has approved 27 new parties since 2012. The social roots of parties in general are thus weak and they are not seen to represent the population, although the increase in parties has widened interest in political participation.

Over the last decade, three allied pro-regime parties have dominated electoral politics. These are the former single party, the National Liberation Front (FLN), the Rassemblement National Démocratique (RND) and the moderate Islamist party Movement of Society for Peace (MSP). Prior to the legislative elections of May 2012, the MSP left the coalition and created the Green Algeria Alliance with other Islamist parties. They subsequently saw losses in both legislative and local elections in 2012, which reflects loss of credibility and subversive potential due to their prior cooptation by the regime. The MSP boycotted the presidential election in 2014, further confirming their fragmentation, weakness and decline in political life in Algeria.

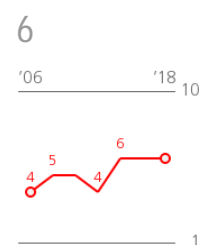
Other opposition parties include the Workers Party (PT) led by Louisa Hanoune, and the Berber parties. These include the Rassemblement pour la Culture et la Démocratie (RCD) and the Front des Forces Socialistes (FFS). The opposition generally still remains weak and fragmented. It is nonetheless noteworthy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

Societal interests are increasingly represented by associations rather than by political parties. A number of associations and networks are capable of mobilization and lobbying at the national level, such as Wassila network (women's rights), NADA network (children's rights) and the Fédération Algérienne des Personnes Handicapées (FAPH, Algerian Federation for Handicapped People) for example. Certain associational movements have managed to influence policy reforms over the last years (e.g., CIDEF, the Centre d'Information des Droits de l'Enfant et de la Femme – Center of Information and Documentation on Children and Women's Rights, pushed for quotas of women in parliament, Berber associations demand for Tamazight as a national language and in the education system). At the very least, they provide effective channels for information for citizens and local authorities. Relations are not always cooperative between organizations, or with the state. Activists also claim state infiltration in their organizations, at times leading to subsequent divisions.

Party system



Interest groups



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

Associations representing the victims of the 1990s civil war continue to vocally challenge the state, and face restrictions due to the Reconciliation Charter which gave de facto amnesty for crimes committed during the 1990s. The Collectif des familles de disparus en Algérie (CFDA, Association of Families of Disappeared in Algeria), SOS Disparus and the Ligue Algérienne de Défense des Droits de l'Homme (LADDH, Algerian League for the Defense of Human Rights) have alongside political parties coordinated initiatives to question the legislation and practices concerning the freedom of association and demand political reform.

Business associations are increasing and young entrepreneurs work together to stimulate and assist new business initiatives. The main trade union is the UGTA (L'Union Générale des Travailleurs Algériens, General Union of Algerian Workers) with around four million members. Autonomous counterpart unions flourished in the last decade. They organized several strikes, notably in the education system, and also tried to negotiate with the government and work for more freedom of expression and reunion. They claim to face problems: the authorities only recognize the UGTA. Social movements, like the Coordination Nationale pour la Défense des Droits des Chômeurs (CNDDC), contesting unemployment and lack of transparency in public services, continue to coordinate small demonstrations across the country. The prospect of fracking for shale gas in 2014 in the Algerian south led to a number of coordinated demonstrations in In Salah, Ouargla, and across the country from Tamanrasset to Algiers. Protesters against fracking were particularly concerned about the risks to the water table and pollution. However, since 2016 protests have stopped as the government appears to have changed its strategy. It remains unclear whether this is due to the demonstrations or the economic viability of the industry in Algeria.

Most Algerians are disillusioned with politics. According to a March 2012 poll by the Arab Center for Research and Policy Studies, only 32% of Algerians were satisfied with the political system and far fewer (18%) stated they were interested in the political affairs of the country (the lowest in the whole region). The follow-up poll of 2014 highlighted a regional preference for peace and security over political and economic reform. Fear of insecurity and violence remains, from the conflict of the 1990s in Algeria in particular, but also due to the security situation in neighboring countries like Libya, Mali, the rising insecurity in Tunisia, the civil war in Syria and the overall perceived threat to national sovereignty.

The 2013 Afrobarometer shows a more positive evaluation of democracy in Algeria. 56% of respondents were fairly satisfied with the way democracy functions in Algeria. 25% were not very satisfied, and only 1% responded that Algeria was not a democracy. This improvement perhaps takes into account some of the reform efforts

Approval of
democracy

n/a

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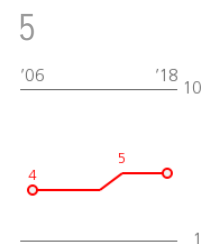
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implemented by the government since 2011. It may also reflect a desire for security over political violence, often perceived as a necessary side effect of every democratization process in the region, as its own historical experience might suggest.

The level of trust in the presidency varies across the country, with the southern areas more strongly in support. The degradation of the president's health and little transparency about it has degraded public trust around the presidency.

The number of associations at national and local level has risen rapidly since the 1990s. In 2012, figures on the Ministry of Interior's website indicated 93,000 registered associations in Algeria. In 2017 the figures are 110,000, although almost 60,000 of which are identified as not compliant ("non-conform") with existing legislation. Most of these are small "comités de quartier" or mosque associations, some of which are dormant or dysfunctional. However, the last few years have seen an increasing number of dynamic social, cultural, and environmental associations, and also networks of associations, particularly in towns such as Oran or Ghardaia and in the south and in the Berber area of Kabylia. There is a strong history of social solidarity in Algeria. Social organizations represent roughly a quarter of the associations registered. Trust within such organizations appears to have increased. Trust levels between citizens, and with the state, remain low after the traumas suffered in the civil war of the 1990s, the top-down reconciliation process and the authoritarian tendencies of the state. The Afrobarometer indicated in 2013 that only 22% of respondents felt that most people could be trusted. Some 78% felt you had to be very careful when dealing with people.

Social capital



II. Economic Transformation

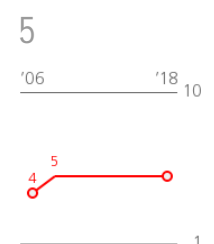
6 | Level of Socioeconomic Development

Algeria's rating on the UNDP's 2014 Human Development Index (HDI) has increased with a current index of 0.736, indicating almost high human development. It has risen a number of places to 83 out of 180 countries ranked and has been improving annually. Given Algeria's hydrocarbon resources, however this remains relatively low, and huge disparities in wealth persist. There are no recent figures available to show what percentage of the population still live under the poverty line, nor figures for inequalities (Gini index).

Gender inequality appears to have risen and is just below average of the countries measured in the gender inequality index (score of 0.413 in the UNDP 2014 Gender Equality Index, while the average is 0.414). Women have higher access to tertiary

Question
Score

Socioeconomic
barriers



education than men, but face significant barriers in accessing the job market, representing only 17.4% of the labor force.

A further factor of exclusion is the significant increase in the urban population. Mass displacements during the 1990s due to insecurity in rural areas have led to increased problems in housing and access to jobs and public services in the cities.

Economic indicators		2013	2014	2015	2016
GDP	\$ M	209783.5	213983.1	164779.5	156079.6
GDP growth	%	2.8	3.8	3.8	3.7
Inflation (CPI)	%	3.3	2.9	4.8	-
Unemployment	%	9.8	10.6	11.0	11.2
Foreign direct investment	% of GDP	0.8	0.7	-0.2	1.0
Export growth	%	-5.7	0.2	0.6	3.5
Import growth	%	9.8	8.4	6.4	-3.6
Current account balance	\$ M	1187.9	-9506.9	-27229.4	-
Public debt	% of GDP	7.6	7.7	8.8	20.6
External debt	\$ M	5245.6	5521.3	4671.4	5466.3
Total debt service	\$ M	539.0	294.8	691.1	353.0
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	19.1	19.5	20.8	19.7
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	5.2	5.2	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	4.8	5.5	6.3	6.5

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

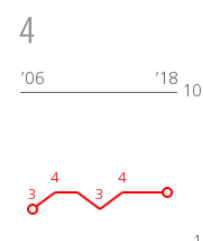
Algeria began constructing a market economy in 1994. However, progress towards liberalization has faltered. The government tends to intervene through regulatory measures, such as subsidies or price caps. In the 2016 Index of Economic Freedom (IEF, produced by the Heritage Foundation), Algeria has risen three places to 154 out of 178 countries (classified as “mostly unfree”). It remains very low in the MENA region and below regional and world averages. Algeria’s difficult business environment and dependence on hydrocarbons continues to undermine prospects for sustainable economic development. With only marginal progress on diversifying the economy, plans to enhance regulatory efficiency and maintain open markets for a more dynamic private sector have not advanced. The Algerian currency is not convertible and other barriers to markets exist such as poor banking infrastructure. The informal sector is significant, suggested to be up to 45%, and there is insufficient will to tackle this given vested interests from many different sectors involved.

Attempts have been made to break up state monopolies, but to limited effect. Changes to the hydrocarbons law in 2006 and the privatization program allow the state to retain control over key industries such as oil and gas. However, in April 2011, among other political reforms, President Bouteflika committed to opening up the broadcast media to the private sector. A new law was adopted by parliament on 20 January 2014 which ended the state monopoly in the audiovisual sector. Three independent broadcasters Echourouk TV, Ennahar TV and El Djazaïr TV were authorized by the government in 2011 (prior to the adoption of the law) and have been operating without restriction in Algeria (although their transmitting stations are in foreign countries). The monopoly over internet provision has recently been taken away from Algerie Telecom under the new telecommunication law. The opening up of the sugar sector was declared a success by the government in 2015, but other sectors, such as air transport, remain under effective monopolies with high levels of importation for essential products.

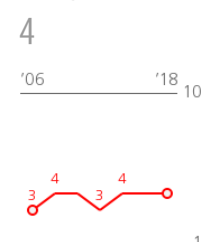
The average tariff rate in Algeria is 12.1% and trade and investment policies are less open than global averages. Algeria liberalized foreign trade in the 1990s as a result of the IMF requirements for its support. Stiff tariff barriers were retained particularly on imports. The government began removing these under the terms of the EU Association Agreement, signed in 2002. This entered into force in September 2005. The agreement established a free trade area in accordance with WTO rules which would be established over a maximum period of 12 years. In 2012, Algeria negotiated a further three-year delay, pushing the deadline back to 2020.

On 1 January 2009, Algeria joined the Greater Arab Free Trade Area (GAFTA). This has led to the abolition of tariffs and a liberalization of markets for industrial and later agricultural goods between 17 member states of the League of Arab States. This saw

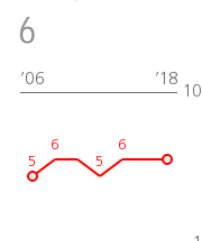
Market-based competition



Anti-monopoly policy



Liberalization of foreign trade



Algerian non-hydrocarbon exports (mainly sugar and glass) increase by 21% in 2012. However, Algeria still imports far more than it exports to the GAFTA zone. A bilateral trade agreement with Tunisia has removed barriers to trade between the two countries in 2013.

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.

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

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

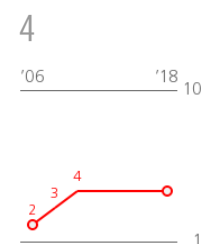
Capital markets in Algeria are underdeveloped. The number of private banks have grown, but the financial sector remains dominated by public banks, with 90% of assets in public banks. Private banks perform better than the public banks, which are regularly bailed out by the government. There is high liquidity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

Bank capital to assets ratio in 2015 was 8.8%, and bank nonperforming loans to total gross loans was 9.4%. Algeria is largely a cash economy, the private sector is predominantly made up of very small enterprises which function in cash, as do households. Consumer credit has been banned since 2009, inhibiting financial sector development. The weaknesses of the Algerian financial system continue to limit the emergence of a free market economy. High liquidity ratios, in relation to total assets, illustrate the limited effectiveness of the financial sector to channel excess equity into value-creating projects.

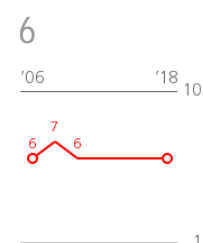
8 | Currency and Price Stability

The inflation rate in Algeria in 2015 was 4.8% as per World Bank figures and has averaged at 4.3% over the last 15 years. In August 2016, the inflation rate was 5.8%. Rises in prices (7.4%) and decreasing purchasing power are major factors in unrest. The government responds with price caps and subsidies on essential commodities. Structural problems of weak productivity, inefficient public spending and the large informal sector remain. The government has tried to crack down on the informal sector in recent years, but with falling oil prices and rising costs, they weakened their stance in an attempt to appease certain sectors of the population.

Banking system



Anti-inflation /
forex policy



The Algerian dinar cannot be freely converted. The rate is pegged against a basket of currencies and fixed by the Bank of Algeria. The real effective exchange rate was 100.9. This fluctuates closely around the index value of 100. The official exchange rate ranges between 90-100 dinars to one euro. However, on the black market the dinar is exchanged as much as 160 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 Bank of Algeria has the main responsibility in the regulation and supervision of the banking sector. It manages Algeria's foreign reserves and controls foreign exchange. The 2010 banking law amendment reinforced the role of the Bank of Algeria in overseeing the banking sector. Laws and regulations meet international standards, but the extensive state-owned character of banks still undermines compliance.

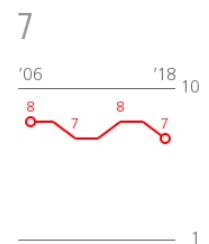
The budget deficit had improved with the rise in oil revenues in the last years. However, the recent fall in oil prices has led to serious losses in 2015 and 2016 highlighting Algeria's vulnerability. Its current account balance reached \$ -27,2 billion in 2015, according to World Bank data, after having been \$19.7 billion in 2011. Algeria's good economic performance was underpinned by the favorable external environment. Public debt rose slightly to 9.1% in 2015. External debt has remained fairly stable, standing at \$5.453 billion in 2014 compared to \$22.2 billion in 2004. Government consumption in 2014 was 19.4% of GDP. Total reserves were \$145 billion in 2015, down from \$180 billion in 2014. Important challenges remain concerning long-term macroeconomic stability, restoring fiscal prudence and diversifying the economy. The authorities' commitment to undertake fiscal consolidation and reform is critical for this.

9 | Private Property

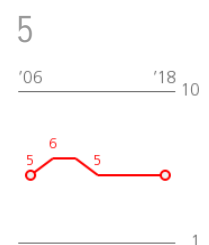
Private property is guaranteed by law. Citizens have the right to acquire property, although zoning regulations can limit land use. The state respects individual rights, unless the title is ambiguous or land wrongfully expropriated. However, as the institutions are not free from corruption and political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

The Algerian state encourages the private sector and has taken measures to encourage investment from domestic and foreign sources. At the same time, privatization of state companies has been delayed and the government still appears ambivalent about this. With a prevalence of very small enterprises (VSE), the private sector suffers

Macrostability



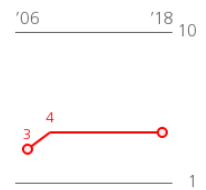
Property rights



Private enterprise



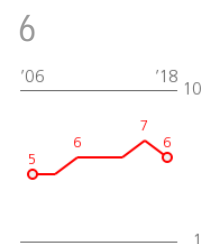
from structural weaknesses including difficult access to financing, lack of technical equipment and knowledge, and shortcomings in vocational training. Structural handicaps combined with the importance of investment volumes handled by the state mean slow private sector development, despite the massive public investment. Persistent blockages include the weakness of intellectual property protection and the strong presence of the informal sector, beyond the reach of state regulation. According to the World Bank Doing Business Report 2017, it takes 20 days and 12 procedures to register a business in Algeria (an improvement on previous years). Successive governments under Bouteflika have had an ambivalent stance on the question of private companies. On the one hand, they are promoted, notably through programs like ANSEJ, but on the other hand, private companies face certain barriers.



10 | Welfare Regime

Life expectancy in Algeria now stands at 74.8 years. Health care spending rose to 5.2% of GDP in 2014, up from 3.6% of GDP in 2010. In its five-year plan for 2010-2014, the government invested \$6.2 billion in health care, for 1,500 health facilities, including 172 hospitals, 45 specialized health complexes, 377 clinics, 1,000 health centers and 70 specialized institutions for persons with disabilities. A similar plan for 2014-2019 continues this level of investment. Ensuring the quality of the services, as well as the improving the infrastructure, is an ongoing challenge. Human resources, equipment and medical supplies are often insufficient. Algeria is working with EU and WHO support on the modernization of the health sector. However, despite this and infrastructure investment figures announced, it is unclear whether there is really a significant improvement on the ground. Indeed, there is a large criticism about poor quality services, notably of hospitals, which leads economic well-off citizens to use private health clinics. The 2017 Finance Bill has been criticized in its approach of austerity although social sectors are supposed to be protected from cuts.

Social safety nets



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

In 2014, the Algerian human rights NGO LADDH criticized the fact that still about 24% of the population lives below the poverty line. In 2015, they estimated this to have risen to 35%.

Equality of opportunity is guaranteed by law but persistent corruption, as well as traditional gender perceptions, mean equal access to employment and public services is not always ensured. Free education exists at all levels, across the country. Overall enrollment rates are in line with MENA region averages: 118.7% in primary, 99.9% in secondary, and 34.6% in tertiary education. Women have higher enrollment rates than men particularly in the tertiary level, but not in primary education (where the gender parity index is 0.9). Most recent data on literacy shows improvement overall (79.6% in total), but still shows higher levels for men (86.1%) than women (73.9%). Family revenue still plays a role in the quality of education, with private schools or education abroad for those who can afford it.

There are significant barriers in the job market for women, who only make up 17.4% of the total labor force. 2005 amendments to the family law improved women's rights, but discrimination still remains in terms of rights to divorce and inheritance. In 2015, the parliament adopted legislation to amend the criminal code to toughen sanctions for violence and discrimination against women in the home and the workplace. Since 2012, quotas related to the numbers of women in elected assemblies have led to over 30% of parliamentary deputies being women.

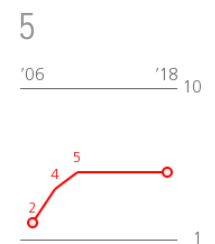
Berber populations claim discrimination in terms of limited access to education in their mother tongue or in French, sometimes preferred as a language of education over Arabic. However, the constitutional revision of 2016 has now made the Berber language an official language. They do not seem to suffer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

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

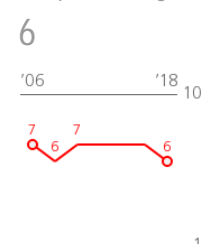
11 | Economic Performance

Algeria still has foreign exchange reserves, estimated at \$144 billion in 2014, although these have decreased significantly over the period. In December 2016, they are estimated at \$114.4 billion. These reserves allowed Algeria to protect the economy from the serious external shocks from the oil price fall. The current account balance is -\$27.2 billion. The country has progressively reduced both public (9.1% of GDP) and external debt in the last years. Algeria is classed as an upper-middle

Equal opportunity



Output strength



income country. GDP per capita rose to \$14,687 (in PPP terms) in 2015 according to World Bank data. Total GDP fell to \$167 billion, from \$214 billion in 2014.

While economic performance has been fairly good over the last decade, the economy is still highly dependent on hydrocarbons and is therefore vulnerable to international price shocks, as has been seen over the last two years. Hydrocarbons account for around 30% of GDP. Inflation as measured by the consumer price index (CPI) rose to 4.8% in 2015. According to official data, unemployment has been declining; falling to 9.8% in 2014 according to national statistics office figures. Youth unemployment remains high but is falling.

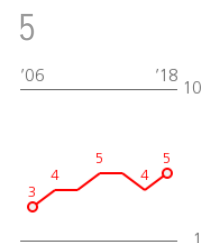
Foreign direct investment in Algeria fell to -0.2% of GDP in 2015 from 2% in 2009. This is very low compared to the selected countries in the World Bank data, with average levels of 4.1% in 2015. Investment outside the oil and gas sector remains low. Financial and training initiatives launched by the government to support SMEs have not yet managed to fully support a more diverse private sector, although unemployment is still slowly falling.

12 | Sustainability

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

In energy, Algeria is still dependent mainly on fossil fuels. Debates in recent years on the post-oil period encouraged interest in large-scale renewable energy. As a result, wind, solar and biomass have been receiving government support. The renewable energy and efficiency program was proposed by the Ministry of Energy and Mines and adopted in 2011. Algeria aims to generate at least 40% of electricity from renewable sources by 2030. However, with the U.S. Energy Information Administration recently identifying Algeria as the world's fourth largest source of non-conventional hydrocarbons, notably shale gas, Algeria amended its hydrocarbon laws in 2013 to allow fracking. This has incited mass demonstrations and contestation from environmental lobbies and also citizen groups across Algeria, particularly in the south, which would be most affected by the environmental degradation to the Sahara.

Environmental
policy



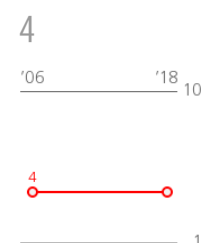
Concern for environmental as well as financial issues appears to have put shale gas exploration on hold in Algeria.

Efforts have been made since 2008 to promote cooperation by companies in environmental programs. Several Maisons de l'Environnement have already opened their doors (19 in March 2014) and are an important vessel for civic education. This seems to indicate a slow but steady progress in environmental awareness among citizens and certain actors in the private sector and the state. A number of citizen initiatives have developed in the last few years, including campaigns such as Algérie Propre using social media to encourage environmental awareness.

Only limited figures are available (from World Bank data) for government spending on education (4.3% in 2008) and on research and development (0.1% in 2005). These figures appear low compared to the region and given Algeria's resources and potential. Substantial commitments were made to further increase educational infrastructure in the national five-year plan 2015-2019, although this was then delayed due to the impact of falling oil prices on Algeria's budgetary capacity. Access to education is ensured. Since 1975, Algeria has provided universal free access to primary education. In 2015, gross enrollment rates for universities stood at 34.6%. Adult literacy rates are 79.6% (compared to 10% in 1962 and 60% in 1990). The state launched a massive literacy program in its 2007-2015 literacy strategy, in partnership with civil society organizations, mainly targeting female literacy; however, differences in 2015 between women (73.1%) and men (86.1%) were still clear.

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

Education policy /
R&D



Governance

I. Level of Difficulty

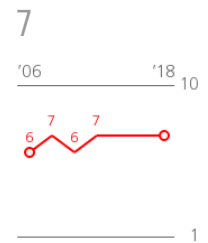
A number of structural constraints limit governance in Algeria. These concern state structures, the population and territory.

Concerning the state, Algeria still faces difficulties transforming its centrally planned economy, with the heavy presence of state industries, and weaknesses in the private sector and banking system. Layers of bureaucracy, inherited from the colonial system, along with high levels of corruption weaken governance. The fear of corruption often also paralyzes public institutions. Heads of service are usually the ones accused, rather than higher-ranking officials, and as such can be risk averse and avoid taking action. Lack of trained personnel throughout the administration stems from weaknesses in the education system and the conflict of the 1990s, with the loss of many civil servants through assassinations or forced exile.

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

Algeria also faces challenges due to its vast territory (biggest country in Africa since the split of Sudan in 2011). This renders the fight against terrorism even more difficult. The remnants of terrorist groups from the 1990s, in the Sahara and some northern regions, still present a massive constraint to governance. While contained, the constant threat of insecurity prevents Algeria from moving on. Algeria's borders also constitute a significant difficulty, particularly in the Sahel. Conflicts in neighboring countries and in the Middle East also present new threats in terms of terrorism, cross-border crime, and trafficking. The conflicts in the region have resulted in a high number of refugees and economic migrants either seeking residence in Algeria or transiting to other countries. Finally, a number of challenges come from natural disasters. Flooding, earthquakes and desertification have all caused major tragedies in the last decade with significant costs, including in human lives. Finally, the currently low oil price on the world market puts constraints on Algeria's budget which are beyond the government's control.

Structural
constraints



There is a long history of civil society organizations and solidarity in Algeria, from the religious associations, such as the Sufi zaouias, to village councils, particularly in Berber society. While these were impeded by both 130 years of colonialism and 30 years of single party rule, these structures survived and still underpin a tradition of civic organization and charitable funding. Many associations still function primarily on Muslim charitable donations (zakat). A vibrant civil society also developed in the 1930s. This formed the basis of the Algerian liberation movement (which developed out of organizations such as the Association of Ulama and the Association “Étoile Nord-Africaine” (“North African Star”).

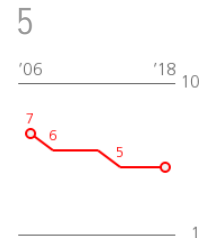
Whereas the 1960s and 1970s saw a highly repressive regime towards independent organizations, the 1990 law on associations opened up the public space for freedom of association. Despite the conflict, huge numbers of associations were created, targeting a wide range of issues from women’s rights to cultural heritage. The more recent 2012 law on associations has been challenged but generally has not reversed the fact that there are now a significant number of dynamic, independent associations across Algeria. These contribute to social care and cultural forums, and provide spaces for public debate. In a highly difficult post-conflict environment, which still divides society, associations have been a key factor in re-establishing social trust.

Social unrest has continued in 2015 and 2016, and in Kabylia in early 2017. Strikes and demonstrations persist, although the mixed results of the Arab Spring have led to a caution both in the aims of protesters and state responses. Local level demonstrations, road blockades and the use of low-level violence are still employed in response to rising prices, unemployment, lack of housing and the inefficiency of the authorities. The decision of the government in 2013 to change the hydrocarbon laws to allow fracking for shale gas has also led to massive demonstrations in the south of Algeria, notably in In Salah and Ouargla and in the capital, though these have now ceased as the government has now put fracking on hold.

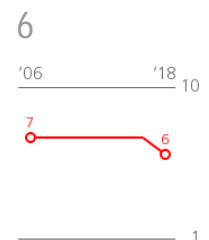
There have been increasing divisions along socio-linguistic cleavages since 2001, with more clashes in the Mozabite region between Arabs and Berber Ibadites in 2014. Since late 2015, the Algerian state has drastically increased security measures in the region and the violence has stopped. The persistence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

The attack launched on the In Amenas gas plant in January 2013, and the risks coming from the region as far as Iraq, show the continued threat of Islamist terrorism and the difficulties of dealing with internationally operating groups compared to primarily domestic ones in the 1990s.

Civil society traditions



Conflict intensity



II. Governance Performance

14 | Steering Capability

The development of a diverse market economy, economic growth and reducing unemployment while protecting strategic sectors, through what the prime minister has called economic patriotism, has been a consistent priority of the Algerian government. In the regional context of instability, the government continues to insist on peace, political stability and internal security as key priorities.

However, with the fear of instability, the government still often acquiesces to protesters' demands, with exemptions on duties and taxes for everyday commodities. Short term responses still take place and limit the potential to deal with the root problems facing the economy. Under Prime Minister Sellal, increased investment in infrastructure, industrial zones, and new energies constitute part of the government's strategy to find long-term solutions and to provide new jobs.

Long-term priorities were set with the process of national reconciliation. Granting amnesties for the security forces and repentant terrorists and the banning of public criticism, enabled a peaceful resolution to the conflict. However, the need for truth and justice have not been met and the process of reconciliation is ongoing.

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

Algeria carefully protects its sovereignty, particularly since January 2011, and international donors have little influence in policymaking.

Overall, security and stability considerations remain the top priorities of the Algerian executive and government.

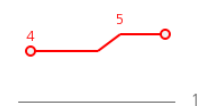
Despite the financial pressures of the last two years, to achieve a diversified economy, the government has continued to implement its ambitious infrastructure programs, improving Algeria's transport network, health and education facilities. The prime minister and a number of ministerial departments are seen to be performing well, but there is frustration in the population at the absence of the presidential power, which is seen to limit effective decision-making and implementation of policy objectives.

Question
Score

Prioritization

5

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Implementation

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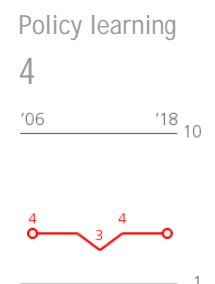


An inability to tackle the problem of money laundering and links to the financing of terrorism led to Algeria being classed in the grey list in 2014 and 2015 by the Financial Action Task Force (FATF). As a result, the executive pushed through legislation to improve capacity to deal with money laundering in 2015, and in 2016 FATF noted significant improvements. In their 2016 meeting FATF recognized that Algeria has established the legal and regulatory framework to meet its commitments in its action plan regarding strategic deficiencies identified by FATF in October 2011. Algeria is therefore no longer subject to FATF's monitoring process.

Demonstrations across the south of Algeria against the government's decision to invest in shale gas exploration led to serious challenges to the proposed policy decision, and together with financial, environmental and social concerns, this contributed to a reversal of the government's strategy.

The Algerian government has identified drug trafficking as a key security threat, even greater than, and linked to militancy in the region. Since 2013 the Algerian army has been put in charge of fighting trafficking in the Sahara in particular. Algeria is working with neighbors to deal with the problem. The diversification of the economy and the creation of jobs remain the main challenges.

Algeria is still recovering from the conflict of the 1990s and the loss of many staff across all sectors. The traumas experienced resulted in an environment with low levels of trust that is still being rebuilt over a decade later. The absence of international organizations and businesses during this period also contributed to limiting knowledge exchange and transferring best practices. Policy-making and learning were thus previously limited, and an aging executive personnel also affected the willingness and flexibility to accept new approaches. This is steadily changing however and there is improving international cooperation with the European Union and other international actors, and ambitious development projects include a wide range of actors. Algeria is now an important strategic player in the region, European companies are seeking to invest in Algeria and Algerian companies are now successfully establishing abroad, such as Cevital in Italy. The government is seeking to engage more with the population in the decision-making process, although this remains a challenge. The consultation processes around the constitutional revision did lead to reform in key areas and demands of the population, although the implementation of these reforms (such as effectively strengthening the legislature) remains a challenge. Difficulties in the effective management, targeting and monitoring of policies still present obstacles for successful implementation. It is not clear whether they are successfully and rigorously evaluated and the conclusions fed back into policymaking. Generally speaking, the main reasons that led to the outburst of violence or, at least, to a strong sense of alienation in the 1990s, like authoritarian governance, unemployment and a housing crisis are still not resolved. Fundamental changes are required to tackle authoritarian practices.



15 | Resource Efficiency

The Algerian administration suffers from weak human resource management, recruitment policies and corruption. Limited training opportunities also hinder the efficiency of the administration. Weak transparency in dismissals and appointments means political matters, rather than competence, can influence recruitment decisions. Pressures to reduce unemployment also contribute high levels of public sector recruitment. The government has made improvements to financial management, notably in response to FATF criticisms, and has strengthened its legal and regulatory frameworks as well as financial audits within ministries and decentralized bodies.

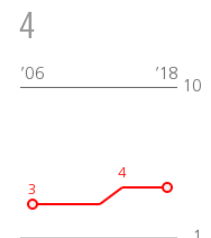
Certain economic choices are made for political considerations and stability, for example the cancellation of debts for indebted youth who had previously benefited from ANSEJ loans.

The Algerian budget has been vulnerable to the significant decrease in international oil and gas prices in the last two years and a number of cuts had to be made. However, Algeria's significant reserves mean most of the programming in the five-year development plans should be maintained.

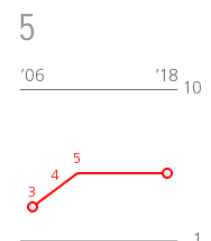
The government's priorities are clearly articulated and are influenced by the regional security situation and the internal challenges of dealing with unemployment, lack of housing, improving public services and diversifying the economy. They are framed in the government's five-year development plans and annual budgets. Competing interests such as rapid infrastructure development and agriculture, versus a strong environmental protection policy, appear to be managed. Recent decisions not to invest in further hydrocarbon exploration seem coherent with the objective of reducing dependency on natural resources. The ambitious housing program under which the government has built eight million homes since 2008 responds to the major problem of urbanization, slums and poor housing. However, the management of this is weakly coordinated and accused of corruption, while the opaque manner by which homes are distributed often leads to violence. Whereas there is an increase in the percentage of the budget spent on health and education, this is still minimal compared to the amount spent on security. Algeria now has the largest defense budget in Africa, with annual spending over \$10 billion in recent years (a figure which has doubled in the last decade). Competing objectives of security and development still seem to conflict.

Certain corruption scandals or indications of corruption have recently been revealed, mainly due to foreign investigations. Most prominently, the Panama Papers showed many Algerian ministers and high-ranking officials as having off-shore accounts and businesses. The Saipem case in Italy involving the former Minister of Energy and Mines Chakib Khelil, his subsequent exile in the U.S., avoidance of the justice system and swift return to political life does little to improve Algerian citizens' perceptions

Efficient use of assets



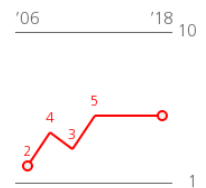
Policy coordination



Anti-corruption policy

5

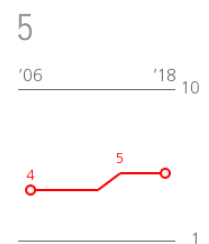
of the anti-corruption campaign. Weak financial controls and unimplemented anti-corruption legislation, as well as the absence of an independent judiciary, have led to what the Algerian Anti-Corruption Association describes as a culture of impunity. The 2006 Anti-Corruption Law, the establishment of the national anti-corruption office in 2012, and government declarations to fight corruption do not appear to have brought any change. Parliamentary oversight and the Court of Auditors have been criticized by local monitoring organizations in their role of auditing and controlling public spending. Updated legislation on tackling money laundering, given the context of terrorism financing, has led to improvements. In February 2016, FATF (which Algeria is a member to its subregional Middle East and North Africa Financial Action Task Force, MENAFATF) judged Algeria's plan to combat money laundering as sufficient to those aims and removed Algeria from its position in the grey list.



16 | Consensus-Building

While there is a general feeling of disillusionment with politics among Algerians, there is a general consensus within the population, the government and across the different political movements about the need to establish democratic institutions. On the decision-makers side, this is often more rhetoric than real intention though. Opposition parties challenge the government and contest the role of the security apparatus, the arbitrary character of many state policies, and the lack of accountability of institutions. While promoting democracy in their discourses, political parties are criticized by civil society actors as being nontransparent and weak in enforcing their own internal democratic procedures. There is a consensus across political groups, as demonstrated during the Arab Spring, that Algeria first and foremost should prioritize political stability and non-violence.

Consensus on goals

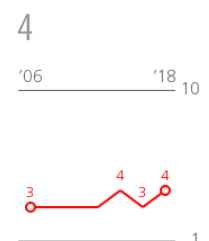


The government and political opposition parties all commit to the aim of tackling corruption and developing a fully functional market economy.

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

Despite its significantly increased budget, the military continues to interfere less in the daily affairs of governance in Algeria. However, certain elements of the military, which benefit from the current economic and political system, are seen by the population as a barrier to further liberalization. The 2015 dismissal of Mohamed Mediene, head of the top intelligence body DRS for 25 years, is very significant. The government's decision to disband DRS in January 2016 and replace it with a body under the presidency is also important. Islamist political parties publicly adhere to democratic goals and market liberalization, and are fairly weak, with little electoral support. A small number of anti-democratic radical Islamists continue to operate, particularly in the Sahara and Berber regions. Regional insecurity and external interference from IS actors have made these groups potentially a greater threat. There

Anti-democratic actors



are reform movements within civil society, however their influence over real reform is limited since the current government does not seem fully committed to real democratization of the political system.

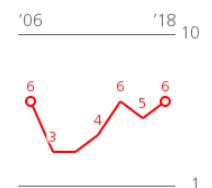
Ethnic and religious cleavages have reduced over the last decade. The inclusion of Tamazight as an official language in the Constitution in 2016 was an important step. Tamazight was made a national language in the Algerian constitution in 2002. Continued reforms such as the introduction of Tamazight into the education system have reduced tensions for the Berber populations, notably in Kabylia. Demonstrations in Kabylia in early 2017 were directed more at social justice and rising prices of basic necessities. Tensions in the M'Zab region between Ibadite Berbers and Arabic-speaking populations have reduced after the state was criticized for its handling of the riots in 2014. The security services' apparent bias against the Ibadite youth has reinforced ethnic cleavages and a sense of injustice for them at the hands of the state. A huge increase in security has meant there has been no violence for over a year. According to observers, the underpinning causes relate more to trafficking and illegal trade across the whole region rather than real ethnic divisions.

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

Following the Arab Spring in neighboring countries and unrest in Algeria in 2011, the government launched a number of political reforms and consultation processes. In the constitutional reform process which led to the revised constitution in 2016, the government consulted a wide range of civil society actors and some key requests, such as limiting presidential terms, were included. Associations remain very critical and there is a general feeling that public opinion and consultations are rarely taken into account. At the same time, there are new expectations from civil society for consultation on government policy since the constitutional reform process is now seen as standard practices. More structured opposition groups, such as the Coordination Nationale pour les Libertés et la Transition Démocratique (CNLTD, National Coordination for Liberty and Democratic Transition, founded in March 2014 as an umbrella organization for various Islamist and secular opposition parties), and the many continuing sectoral networks such as the women's Wassila Network or NADA for youth, mean that the government has to deal with better-organized and better-informed organizations and movements.

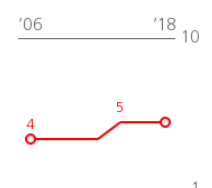
Cleavage /
conflict
management

6



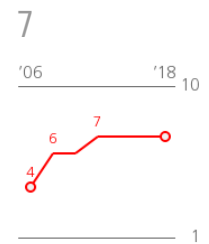
Civil society
participation

5



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

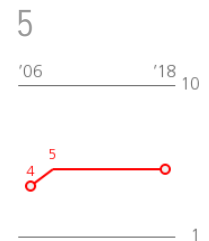
Reconciliation



17 | International Cooperation

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

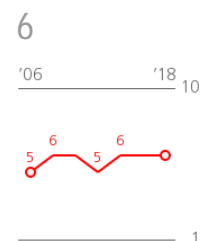
Effective use of support



Relations with certain Gulf states have generally improved, with increased economic investment from the Gulf and a significant Algerian expatriate population in countries such as Qatar. China continues to play an important role in Algeria’s economic and infrastructure development. However, the Algerian government has not used the benefit of the Chinese expertise to train young people in Algeria, instead employing Chinese workers. Bilateral trade continues to increase and relations are mainly focused on trade and investment. Algeria has agreed to strengthen cooperation with Russia in the energy sector with plans for a nuclear power station by 2025.

Under President Bouteflika’s first terms, Algeria managed to restore its image on the international scene. The current Prime Minister Sellal is also a respected politician internationally. He is seen to promote foreign investment and international cooperation and is actively representing the country abroad and in international forums. As a key geostrategic player in the Sahel and North Africa with its significant armed forces and wealth, and a leader in the fight against terrorism, Algeria has become an essential partner for Europe, the U.S. and the Middle East. With its renewed foreign policy and status as an energy supplier, Algeria is also considered one of the most difficult partners, particularly for the EU, as it refuses to sign up to regional standardized agreements that go beyond the rather unspecific association agreement of 2002/2005. The EU electoral observation mission in 2012 is an example of improved credibility on the international scene and a willingness on the behalf of the Algerian government to cooperate with the EU, though the 2014 presidential elections were conducted without EU observation. The re-election of President

Credibility

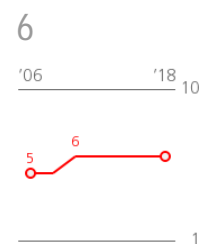


Bouteflika under a fourth mandate, against the will of many opposition actors and parts of the population, given the president's illness and age, has further undermined the government's overall credibility.

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

Algeria has relatively stable relations with its neighbors, and is an active member of the African Union. In 2016, Algeria reached an agreement with Morocco to promote security cooperation in addressing terrorism and exchanging information on extremists. Since January 2009, Algeria has been a member of the Greater Arab Free Trade Area. Despite renewed efforts following the changes in government after the Arab Spring, Arab Maghreb Union (AMU) cooperation remains limited. The union remains at a standstill at the current time. Violence at the border has led to diplomatic friction in recent years. Borders will remain closed as they have been for years, in part due to the ongoing dispute over the Western Sahara between Algeria and Morocco. In 2015, a diplomatic incident between Mauritania and Algeria led to the expulsion of diplomats from both countries. AMU member countries did decide in January 2013 to establish a joint investment bank, originally proposed in 1991 but constantly postponed due to the Western Sahara conflict. It was equipped with \$100 million to finance investment projects in the Maghreb region. Continued instability at the borders with Mali, Niger and Libya underline the need for greater regional cooperation, and Algeria is still taking a lead in this, notably through mediation in the Libyan conflict. Increased investment in military spending indicate the strong capacity of the Algerian government to protect borders and cross-border territory in the Sahara and Sahel region. Algeria continues to follow its official policy of non-intervention in external affairs.

Regional
cooperation



Strategic Outlook

Although political tensions remain, the population generally shares the consensus of the need for political stability. Algeria will hold legislative elections in 2017. This will be an important moment as the political spectrum has grown widely since the legislation on political parties in 2012. Whether this strengthens or fragments formal political participation will be interesting to monitor.

The revised constitution, the recognition of Tamazight as a national and official language and the proposed strengthening of the legislature all provide opportunities for political transformation and engagement. Incremental political reforms have been made and the freedom and professionalism of the press are important factors to secure and develop in the coming years.

Despite declining international oil prices, Algeria is still in a strong economic position and has made significant advances in terms of rolling out infrastructure programs over the last five years. The increase in the government's use of consultation processes with civil society and the private sector is important to ensure national development plans and successful political reforms. Communication from the government, one of the main opposition critiques, has been gradually improving although there is a clear demand for greater transparency about the president's health and plans for the political future of Algeria. The president will no longer be able to stand in the next election and currently there does not appear to be clear plans for his successor. The decision to stop investments in shale gas exploration in the south of the country appears to be in part driven by financial viability considerations as well as the fact that such exploration in a highly sensitive region has met with very strong public opposition.

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

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

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

The health system still needs serious investment in terms of training and better conditions for health care professionals and procurement of medical and other supplies. Algerians, including their president, currently are often forced, if they have the means, to go abroad for treatments for cancer and other serious conditions.

In the education system, improving all language training for Algerians would strengthen the position of young people in the job market. Further improving the opportunities for the Algerian community abroad to invest in businesses, or work in the education and health sectors, would encourage knowledge sharing. Supporting more Algerian companies to invest abroad will also contribute to a more dynamic, internationally oriented market with new employment opportunities.

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