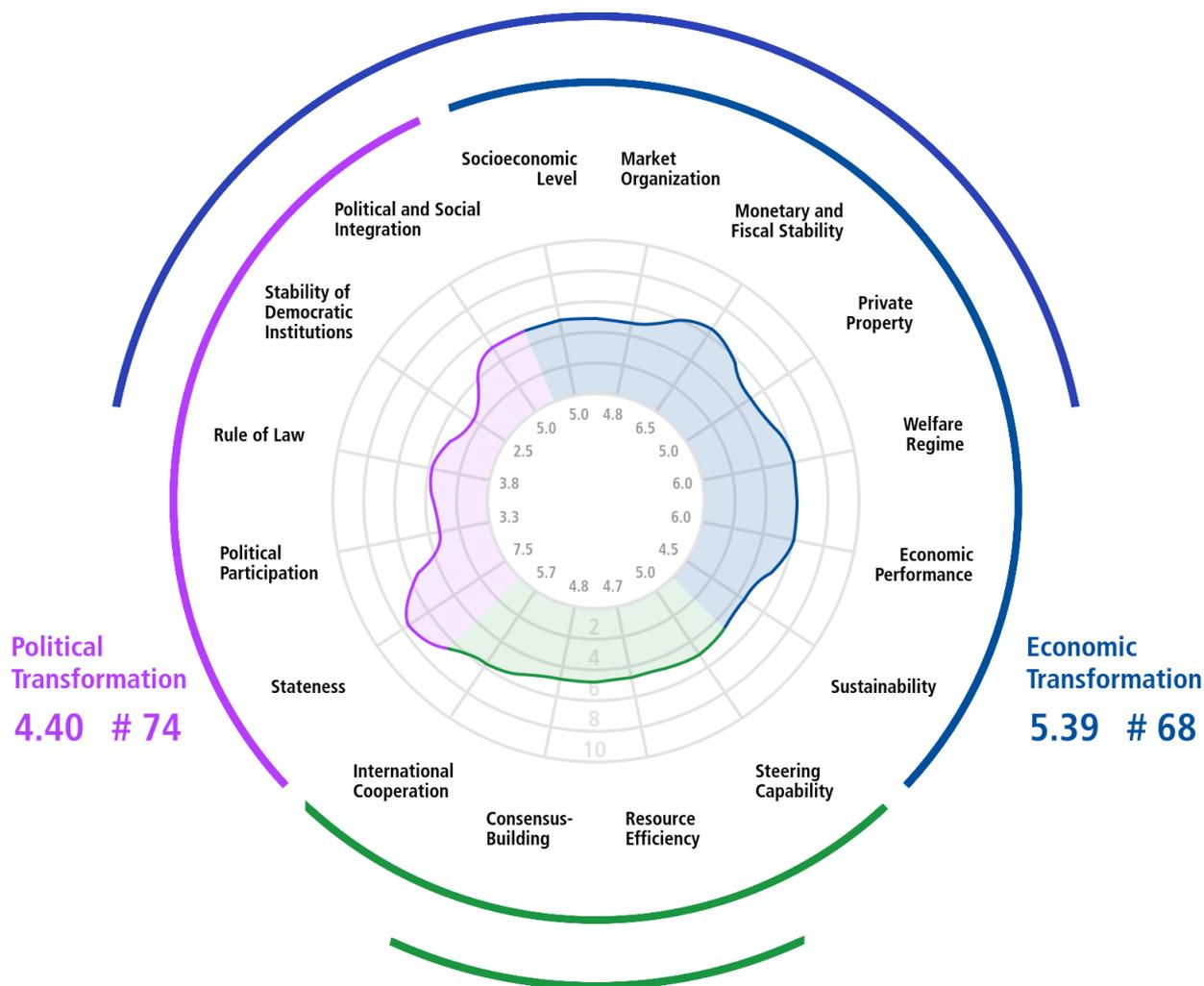


Algeria

Status Index

4.90 # 73

on 1-10 scale out of 137



Political Transformation
4.40 # 74

Economic Transformation
5.39 # 68

Governance Index

4.48 # 74

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	46.8	HDI	0.763	GDP p.c., PPP \$	17553
Pop. growth ¹	% p.a.	1.4	HDI rank of 193	96	Gini Index	27.6
Life expectancy	years	76.3	UN Education Index	0.678	Poverty ³	% 4.3
Urban population	%	75.7	Gender inequality ²	0.443	Aid per capita \$	4.4

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Over the review period, Algeria's democratic landscape has been shaped by continuity and change. President Abdelmadjid Tebboune was re-elected on September 7, 2024, securing 84.3% of the vote – a significant increase from his 2019 victory. Ambitious public spending in 2024 of approximately \$114 billion, aimed at addressing social needs ahead of Tebboune's re-election, included a 47% increase in civil service wages, allowances and tax cuts, which contributed to securing this win. Voter turnout, however, remained low and the fragmentation of the opposition underscores the constraints on building a unified democratic agenda. Confusion around the declaration of the results has weakened the president and raised doubts about the election's integrity.

On June 27, 2024, Omar Ferhat and Sofiane Ghirous, leaders of an independent news outlet, were arrested, reflecting ongoing pressures on the media. Sustained reforms aimed at enhancing transparency, coordination and public engagement remain crucial to achieving a robust, inclusive democracy and a dynamic market economy.

The role played by higher-ranking military officers in governance was further solidified in November 2024 when Army Chief Saïd Chengriha was appointed minister delegate to the defense minister, signaling greater military influence in civilian affairs. This reshuffle exemplifies the blurred lines between the military and civilian spheres. The country's military remains highly capable, ranking 26th in the 2024 Global Firepower Index.

Algeria's economy remains heavily dependent on hydrocarbons, though there have been attempts at diversification. Efforts to ease foreign ownership restrictions in non-strategic sectors have shown promise, but key industries such as energy and defense are heavily state controlled. The business environment remains hindered by bureaucratic barriers, including stringent market regulations and widespread informality. High oil prices have been a buffer for public finances.

However, inflation and fiscal deficits persist, underscoring vulnerabilities to commodity price declines. Governance remains challenged by fragmented policy coordination and entrenched vested interests. While strategic initiatives in areas such as renewable energy and housing show some promise, implementation has been slow due to systemic inertia and internal resistance.

In the realm of modernization, the government unveiled a comprehensive digitalization roadmap in July 2024, aiming to replace outdated paper-based systems with efficient digital processes; the final draft was submitted to President Tebboune in June 2024. Complementing this initiative, the auto-entrepreneur status was launched on January 20, 2024, easing business registration for self-employed workers and reducing administrative burdens.

Algeria has participated in international partnerships and multilateral development programs. In March 2024, a delegation from Algeria's military visited NATO headquarters to emphasize the country's commitment to regional stability and security cooperation. However, relations with Morocco, France and Spain have further deteriorated over disputes regarding the future legal status of Western Sahara. Although Algeria continues to host dialogue forums such as the Oran Process and advocates for multilateral cooperation through the African Union, military coups in several countries to the south of Algeria, along with the growing influence of the United Arab Emirates and Russia, have weakened Algeria's historical mediation role in the Sahel and challenge the country's position as a regional stabilizer.

History and Characteristics of Transformation

After 132 tumultuous years as “Algérie française” – which included Algeria's colonial era (1830 – 1848) and its status as a part of France – this chapter in the nation's history finally closed with the eight-year War of Independence and the conclusion of the Évian Accords on March 18, 1962. Algeria's journey toward political and economic liberalization began in the 1980s, sparked by the Kabylia social movement. The Berber Spring protests, initially aimed at securing cultural recognition, soon led to wider demonstrations against the one-party regime and its repressive policies, as well as the looming economic crisis.

The regime's resistance to reform fueled growing support for a political role for Islam – a strategy that ultimately backfired. Declining oil revenues further intensified unrest in the late 1980s, aggravated by issues such as youth unemployment, housing shortages and generational divides. The October 1988 riots, which caused 500 casualties, highlighted the regime's legitimacy crisis. In response, the regime introduced multipartyism in 1989.

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

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

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

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

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

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

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

Transformation Status

I. Political Transformation

1 | Stateness

The Algerian government maintains a strong monopoly on the use of force, ensuring law and order for Algerian citizens. Following the suppression of the Hirak protests in 2021, political stability has remained a key focus for the authorities. Algeria's military remains one of the most capable in the region, ranking 26 out of 145 countries in the 2024 Global Firepower Index.

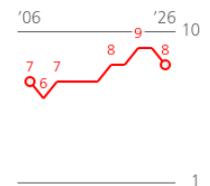
The country has significantly reinforced its border control mechanisms and increased cooperation with international and regional security organizations to address shared threats. Despite these efforts, security challenges persist in Algeria's southern and southeastern border regions. Jihadist insurgencies and smuggling activity continue, especially in Sahelian areas bordering Mali. In 2022, according to the U.S. State Department, Algerian security forces reported arresting 385 terrorists and affiliates, killing 20 terrorists and destroying more than 64 terrorist caches. In July 2024, an al-Qaeda affiliate claimed responsibility for an ambush near the Algerian border in Mali's Kidal region, resulting in significant casualties: 50 Russian mercenaries and 10 Malian soldiers in Mali. This incident highlights the ongoing threats posed by extremist groups in the Sahel and the importance of Algeria's vigilance in securing its borders.

Additionally, on October 11, 2024, a Swiss tourist was killed in Djanet, Algeria, marking the first such incident involving a foreigner in several years. This tragic event underscores the challenges Algeria faces in ensuring security within its borders, particularly in remote areas.

Question
Score

Monopoly on the
use of force

8



Algeria's legitimacy as a nation-state is broadly accepted by its population, with citizenship rights rooted in the post-independence framework, which emphasizes unity and national sovereignty. The state continues to uphold principles of equality under its constitution, ensuring citizenship for those born in the country or through descent, and naturalization pathways exist for others. In recent years, the Berber (Amazigh) population has seen improvements in cultural and linguistic recognition, including the elevation of Tamazight to official language status alongside Arabic. This has fostered a stronger sense of inclusion among Algeria's largest ethnic minority. However, lingering disparities in resource allocation and political representation in some predominantly Amazigh regions have led to occasional protests and calls for further decentralization.

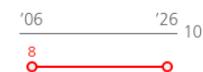
Citizenship rights remain strong for the majority, but gaps persist in the inclusion of certain marginalized groups. Article 22 of the citizenship code allows for the revocation of citizenship under specific conditions, such as actions deemed harmful to national security. While Algerians face no significant structural limitations on their citizenship rights, issues arise in the treatment of non-citizens, including migrants and refugees. For example, policies restricting rights such as marriage to Algerian nationals without legal residency continue to create barriers for sub-Saharan migrants. Despite these challenges, the broader population remains committed to the legitimacy of the Algerian state, reaffirming a strong national identity.

However, the government's limited efforts to integrate migrants and its ongoing management of separatist elements suggest areas for improvement. The most notable separatist group, the Movement for the Self-Determination of Kabylia (MAK), emerged after the Black Spring protests in 2001, which saw violent clashes between Berber activists and state forces. While MAK remains relatively marginal in Kabylia's political landscape, it has gained some traction among the Kabyle diaspora, particularly in France. In August 2021, the Algerian government designated MAK a terrorist organization, accusing it of threatening national unity and engaging in subversive activities. This classification has led to increased state repression of MAK activists, reflecting broader tensions between the central government and demands for greater regional autonomy in Kabylia.

Algeria continues to uphold a secular legal framework, with most legislation grounded in positive law and only limited interference from religious dogmas. However, article 2 of the constitution ("Islam shall be the religion of the state") establishes a religious identity, aiming to balance religious principles with secular governance. Islamic jurisprudence, primarily derived from the Quran and the Sunna, plays a role in shaping laws, particularly in areas such as family law and inheritance. The 1984 Family Code, introduced to align with conservative forces, remains a cornerstone of Algeria's religiously influenced legal framework. Although amendments enacted in 2005 and 2015 aimed to modernize the Family Code, key provisions – such as unequal inheritance rights for women and the requirement that women have a male guardian (wali) in order to marry – continue to entrench gender inequality.

State identity

8



1

No interference of religious dogmas

6



1

In some rural areas, traditional systems based on agreements among local leaders supplement state laws, occasionally undermining state authority. These systems can impose informal taxes, fines and punishments (Khatya) influenced by local religious norms, reflecting the continued presence of religious dogma in societal governance.

Despite this, the legal and constitutional framework seeks to maintain a degree of secularism to ensure inclusivity in Algeria's diverse society. In addition, Algeria's political institutions operate within a predominantly secular framework. Religious political parties such as the Movement for Society of Peace (MSP) exist but exert limited influence on national legislation. The state ensures that political decision-making remains largely independent of religious authorities. However, imams, who are state appointed, play an indirect role in political communication by addressing sensitive topics such as social cohesion and civic responsibilities during Friday prayers.

Mosques remain central to social and cultural life in Algeria, particularly in education and community outreach. Imams are often enlisted to disseminate government messages on topics such as national security, voter participation or public health campaigns. While religious groups act as interest groups on social issues, their influence rarely leads to direct legislative changes. For example, during the period from 2023 to 2025, mosques played a key role in raising awareness about digital literacy and encouraging young people to engage in community services. Moreover, during the presidential election campaign in September 2024, amid concerns over low voter turnout and expectations of high abstention rates, numerous imams called for widespread participation.

The Algerian administration operates in all 58 districts ("wilayas"), providing essential public services such as water, sanitation, electricity and education. However, disparities in quality and access remain significant, particularly in remote and disadvantaged regions. Algeria maintains a centralized administrative framework, with jurisdiction, taxation and law enforcement systems present across all districts. In July 2024, the government unveiled a roadmap aimed at accelerating digitalization processes across the country, with the final draft submitted to President Tebboune for approval in June 2024. This strategy focuses on replacing traditional paper-based management with digital systems to improve efficiency and transparency. In addition, on January 20, 2024, the auto-entrepreneur status was launched, allowing self-employed citizens to register and conduct business activities without administrative burden.

Water resource management improved in 2024, particularly in drought-prone regions; however, infrastructure deficiencies persist. In recent years, Algeria has been actively investing in water infrastructure to address water scarcity. For instance, in 2024, the country aimed to produce 3.7 million cubic meters of desalinated water per day, which would meet 42% of the population's needs, with plans to increase capacity to 5.6 million cubic meters per day by 2030. This initiative involves significant



investment, with \$2.1 billion already spent and an additional \$2.4 billion planned. According to the World Bank, as of 2022, 71% of Algeria's population used safely managed drinking water services and 62% had access to safely managed sanitation.

Algeria has been actively investing in renewable energy, particularly solar projects, to diversify its energy mix and enhance energy security. The government aims to achieve a renewable energy capacity of 22,000 megawatts by 2030, with a significant portion expected to come from solar photovoltaic technology. These initiatives often involve partnerships with international firms to leverage expertise and investment. Nevertheless, Algeria continues to operate within an extractivist, rentier-state logic, promoting the development of conventional and non-conventional hydrocarbons, such as shale gas.

Algeria continues to expand its rail infrastructure, with operational tramways added in Mostaganem in late 2024. Rural connectivity remains a challenge, with limited public transportation options in remote areas. Regional transport resumed normal operations in 2023 after being suspended during the COVID-19 pandemic, alleviating previous disruptions for low-income individuals.

Since late September 2024, southern Algeria has experienced malaria and diphtheria outbreaks in In Guezzam and Bordj Badji Mokhtar. Malaria cases reached 536 with 40 deaths, while diphtheria accounted for 115 cases and 28 deaths. These outbreaks were linked to stagnant water, vaccination gaps and limited health care resources. The overwhelmed health care system – which lacks medications and personnel – struggles to respond. Children and unvaccinated individuals are most affected, with risks of disease spread, economic disruption, and educational and psychosocial impacts.

2 | Political Participation

Algerian President Abdelmadjid Tebboune was re-elected on September 7, 2024. Initially scheduled for December 2024, the election was brought forward by Tebboune, who faced competition from Youcef Aouchiche of the Socialist Forces Front (Front des forces socialistes, FFS) and Abdellah Hassani Cherif of the Movement of Society for Peace (Mouvement de la société pour la paix, MSP). The electoral process was highly controversial – marked by confusion surrounding the declaration of results and voter turnout – further exposing divisions within the ruling elite and the dominance of higher-ranking military officers.

The National Independent Election Authority (ANIE) initially declared voter turnout to be 48.03%, which was later revealed to be an average participation rate across the 58 wilayas (administrative districts). However, the absolute figures announced at the same time suggested a much lower turnout of only 23.12% (5,630,196 votes cast, with 24,351,551 registered voters). In its first announcement, ANIE reported that

Free and fair elections

4

'06 '26 10



1

Tebboune had won with 94.56% of the vote, while Hassani received 3.17% and Aouchiche 2.16%. The task of determining the official election results was then transferred to the Constitutional Court, which, on September 14, released revised figures, nearly doubling the reported number of voters. According to the final announcement, Tebboune secured 84.3% of the vote, Hassani 9.56% and Aouchiche 6.14%, with voter turnout adjusted to 46.10%.

Despite these official corrections, observers widely dispute the credibility of the figures. Based on ANIE's initial vote count, many still estimate actual voter participation at 23.12%, reinforcing concerns about electoral manipulation and strong societal rejection of the process. Reports of voter intimidation and ballot tampering, as well as a lack of independent oversight, have further undermined confidence in the integrity of the election.

While the ruling coalition remains dominant, the opposition – including parties such as the FFS, MSP, and Rally for Culture and Democracy (Rassemblement pour la Culture et la Démocratie, RCD) – continues to challenge the legitimacy of the electoral process, pointing to deep structural flaws. The disputed nature of the election not only raises questions about the transparency of the electoral management system but also highlights the growing disconnect between political institutions and the electorate.

Despite the formal trappings of democracy, Algeria's political system operates under significant constraints imposed by the military and elite networks, limiting the autonomy and effectiveness of democratically elected representatives.

The military remains the most significant veto power in Algeria, with General Chengriha's public and behind-the-scenes influence ensuring the military's dominance in critical decision-making processes. The constitutional reform of 2020, which critics argue consolidates presidential and military powers, allows the military to intervene under broad and ambiguous conditions, reinforcing its control over the political system. During Tebboune's re-election campaign in 2024, analysts and opposition figures suggested that the military's backing played a crucial role in ensuring continuity and stability for the regime. Reports indicate that military-linked figures continue to hold sway in appointments to key positions within the government and security apparatus.

In addition, the close links between the security apparatus and the judiciary continue to play a role in maintaining the status quo. The release of General Mohamed Mediene (Toufik) in January 2021 and other high-profile cases, such as the arrest and subsequent release of generals Bachir Tartag and Said Bouteflika, highlight the judiciary's selective application of justice – often aligned with military and political power structures.

Effective power to govern

2

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2 _____ 1

Algeria's political economy is shaped by entrenched business elites and state bureaucracies that operate with significant autonomy. These groups often resist reforms that threaten their privileges, further limiting elected representatives' ability to implement policy changes. Business elites, frequently connected to the military or ruling political factions, dominate key sectors such as hydrocarbons, construction and banking. The state-run oil and gas company Sonatrach serves as a central pillar of the economy, generating more than 90% of Algeria's export revenues. Although nominally under government control, its decision-making processes are often influenced by a network of bureaucrats and well-connected elites.

The gap between Algeria's constitutional guarantees of freedom of association and assembly and the reality on the ground continues to widen. Public spaces for protests remain heavily restricted, with authorities often forcefully dispersing gatherings and making permits for demonstrations almost impossible to obtain. Despite constitutional protections, the crackdown on protests following the Hirak movement has continued, stifling collective expression. Authorities use legal and extra-legal measures to suppress dissent and control civil society activity, leaving little room for independent political or civil engagement.

Public meetings organized by opposition parties and unions – such as the Rally for Culture and Democracy (RCD), and the Forces of the Democratic Alternative (FPAD) – have routinely been denied permits or disrupted, with leaders reporting harassment and surveillance by authorities.

Courts have increasingly been used to prosecute activists, citing charges such as “undermining state security” or “inciting unauthorized gatherings.” In 2024, several high-profile arrests targeted activists advocating for greater freedoms, including members of independent unions and local NGOs facing greater restrictions. The systematic use of article 87bis has allowed authorities to prosecute political opponents under the pretext of terrorism – further restricting political and civil space. Several opposition parties and NGOs – including the Algerian League for the Defense of Human Rights (LADDH), the Socialist Workers' Party (PST), and the Democratic and Social Movement (MDS) – have been either dissolved or suspended as part of the broader crackdown on dissent.

The use of pretrial detention as a deterrent has also increased, with detainees often held for months before trial. Several prominent activists and journalists have faced prolonged detention under vague accusations. One notable case is that of Amira Bouraoui, a journalist and activist arrested in early 2024 for criticizing government policies on social media. She was held for nearly five months without trial, with her legal team citing significant delays and procedural ambiguities in her case.

The repressive environment has been reinforced by new legal measures. The Trade Union and Strikes Law, passed in October 2023, severely restricts the right to strike and imposes stricter conditions on forming independent unions. Additionally, the draft Political Parties Act, introduced in January 2024, includes provisions that would effectively prevent independent political parties from operating freely.

Association /
assembly rights

4

'06 '26 10



1

Civil society groups report heightened surveillance and intimidation, particularly in regions like Kabylia and the southern provinces where dissent is more pronounced. Despite these significant barriers, civil society remains active, with some groups continuing to advocate for reforms and human rights under difficult conditions. However, the repressive environment has significantly weakened independent political and civil society organizing, reducing the scope and effectiveness of these groups.

Algeria’s constitution guarantees freedom of expression, but these rights are frequently undermined in practice. The government uses legal restrictions, intimidation and other measures to suppress dissenting voices – significantly curtailing citizens’ ability to express opinions freely.

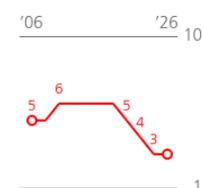
Citizens face significant risks for expressing critical opinions about the government or its policies, particularly online. Social media platforms have become a focus for surveillance, with many individuals prosecuted for posts deemed “harmful to state security” or “inciting unauthorized gatherings.” For example, in 2024, more than 60 individuals – most affiliated with the opposition party RCD – were arrested for sharing anti-government sentiments on social media. These arrests often result in pretrial detentions and lengthy legal battles. Opposition parties, such as the RCD and FFS, report difficulties in accessing media, which limits their ability to communicate with the public and participate in political discourse.

The government maintains significant control over public media outlets, using them to promote state narratives and marginalize dissenting voices. Independent media struggle to compete in this environment. In 2024, authorities shut down at least two media companies and suspended one outlet for 20 days. Journalists have been targeted, with at least five prosecuted in 2023 alone. Most notably, Algerian authorities arrested Omar Ferhat, director of local independent news website *Algerie Scoop*, and Sofiane Ghirous, the outlet’s editor-in-chief, in the capital Algiers on June 27, 2024, according to news reports.

Meanwhile, state-run television and radio provided disproportionate coverage of President Tebboune’s campaign during the 2024 elections, providing minimal airtime for opposition candidates. Digital platforms remain a vital space for expression but are increasingly subject to government regulation. In 2024, authorities blocked access to several online news websites critical of the government, citing violations of “public order.”

Freedom of
expression

3



3 | Rule of Law

Algeria's constitution formally establishes a separation of powers. However, in practice, the system is dominated by the executive branch, with President Abdelmadjid Tebboune exercising extensive control. For instance, in June 2024, President Tebboune issued Presidential Decree 24-282, convening the electorate for an early presidential election – a decision that bypassed parliamentary debate and approval.

The bicameral parliament, composed of the People's National Assembly (lower house) and the Council of the Nation (upper house), functions as a legislative body, though one that largely follows executive decisions. The judiciary also remains largely subordinate, with high-profile corruption trials such as those involving former officials from the Bouteflika era, including Ahmed Ouyahia, raising concerns about selective justice. While these trials have targeted figures associated with past administrations, critics argue they serve more as political maneuvers to consolidate power rather than genuine efforts to combat corruption. Many key figures with ties to the current leadership remain untouched, reinforcing perceptions of judicial bias.

In addition, the military maintains substantial influence in political affairs. General Saïd Chengriha, chief of staff of the Algerian People's National Army, has been actively involved in shaping national security policies. In October 2024, General Chengriha met with Mauritania's military leadership to discuss security challenges in the Sahel region – reflecting the military's role in foreign policy and regional security matters.

Moreover, the constitutional reform in November 2020 declared the army the guarantor of the “vital and strategic interests of the country” (article 30). A June 2024 decree enables the deployment of army officers in “strategic and sensitive” areas of civil administration regarding the country's sovereignty and vital interests. Thus, the army is expanding its responsibilities to include government functions that were previously reserved for the higher civil service.

Judges appointed by the president rarely challenge executive decisions and the judicial system continues to be used as a tool of repression. In 2024, the National Committee for the Liberation of Detainees (CNTLD) estimated that about 200 activists and journalists were detained on charges of “undermining state security.” The legal profession itself operates under significant constraints, with lawyers facing increasing pressure when defending political detainees. Judicial appointments and promotions are heavily influenced by executive power, limiting professional independence within the legal system.

In 2025, President Tebboune announced judicial reforms focusing on digitalization. However, critics argue that these measures fail to address core issues of judicial independence and systemic biases. Without reforms to ensure transparency in judicial

Separation of powers

3

'06 '26 10

4 3

1

Independent judiciary

4

'06 '26 10

4

1

appointments, stronger protections for legal professionals and an independent judiciary free from executive influence, structural barriers to institutional accountability will remain firmly in place.

Between 2023 and 2025, Algeria saw several significant events related to the prosecution and penalization of public officeholders for corruption and abuse of power. In 2023, a court in Algiers placed former Deputy Minister for Micro Enterprises Nassim Diafat into pretrial detention amid an anti-corruption investigation. He faces charges of abuse of power and misappropriation of public funds during his tenure from January 2020 to September 2022.

In 2024, three presidential candidates – Saïda Neghza, Belkacem Sahli and Abdelhakim Hamadi – were placed under judicial supervision for “political corruption.” They were accused of purchasing endorsements from elected officials, leading to the invalidation of their candidacies by the Constitutional Court. This series of corruption trials follows the logic of authoritarian persistence and is rather opaque. Throughout the post-Hirak phase, around 150 generals have been convicted on corruption charges. Some interpret this as a symptom of internal power struggles within the ruling elite.

Algeria’s constitution guarantees civil rights, including equality before the law, protection from discrimination and personal liberties such as privacy and freedom from torture. Institutions like the National Human Rights Council (CNDH) and legal frameworks provide mechanisms for redress, reflecting the state’s formal commitment to civil rights. Progress has been made, such as linguistic recognition for the Amazigh population and amendments to family laws, but significant challenges remain.

Arbitrary arrests persist, with 65 individuals detained in 2024 for critical social media posts. Judicial processes often lack independence, with political opponents facing prolonged detention, and weak mechanisms for supporting and providing justice to victims of abuse. Women, the Amazigh population and LGBTQ+ individuals face systemic discrimination, while surveillance limits freedom of expression. Rural communities struggle with limited access to justice due to inadequate infrastructure. While civil society and international observers call for reforms, Algeria’s civil rights framework requires stronger enforcement to align legal guarantees with practical realities. For instance, the poet and Hirak activist Mohamed Tadjadit was last detained in January 2025. The national coordinator of the suspended Mouvement démocratique et social (MDS), Fethi Ghares, and his wife, Messouada Cheballah, were sentenced to one year in prison and a six-month suspended sentence, respectively, for insulting the president and other charges. Repression has also increasingly targeted lawyers such as Mounir Gharbi, a member of the defense team for prisoners of conscience and political prisoners, who was tried in absentia in early 2025 for publishing a critical social media post. Meanwhile, women’s rights remain restricted, with protesters calling for an end to discriminatory laws on inheritance and marriage. Demonstrations have also demanded stronger protections against gender-based violence and the repeal of male guardianship requirements.

Prosecution of office abuse

4

'06 '26 10



Civil rights

4

'06 '26 10



According to observations by Alarme Phone Sahara whistleblowers, an estimated 9,900 people were forcibly deported from Algeria to the village of Assamaka on the Niger-Algeria border between January and April 26, 2024. Moreover, during the same period, Algerian security forces conducted large-scale raids targeting migrants in Oran, a city on the Mediterranean coast. These operations focused on migrant neighborhoods and workplaces, particularly construction sites, leading to reports of people seeking refuge on cranes and rooftops to escape apprehension. Despite a diplomatic visit from Niger's prime minister to Algeria in August 2024, which aimed to enhance cooperation, expulsions from Algeria to Niger have continued, with nearly 20,000 people expelled between early 2024 and August 2024.

4 | Stability of Democratic Institutions

Algeria's democratic institutions, including parliament, the judiciary and public administration, formally exist but operate within a framework heavily influenced by the executive and military. In practice, these democratic institutions face systemic challenges that hinder their ability to perform their functions freely and effectively.

The national government, led by President Abdelmadjid Tebboune, remains dominant and overshadows other institutions. The military retains significant informal influence on national security and foreign policy matters. Parliamentary debates are often limited, with little influence on policy formation or checks on executive authority. Conversely, the judiciary is constitutionally independent but remains subject to executive influence.

Algeria's public administration is functional but marked by inefficiency and bureaucratic inertia. Reforms to modernize administrative processes, such as digitalization initiatives introduced in 2024, have been slow to implement and applied unevenly across regions.

Local governments exist but lack substantial autonomy because of centralized control. Regional disparities remain significant, especially in marginalized southern regions, with local governments struggling to address infrastructure and service delivery challenges.

Democratic institutions in Algeria are formally recognized as legitimate by most relevant actors, including government bodies, political parties and civil society organizations. Still, their legitimacy is often questioned in practice due to the dominance of the executive and military.

The military, as a key veto player, openly supports the existing system. While participating in institutional processes, opposition parties and civil society groups frequently challenge these institutions' fairness and inclusivity, citing issues such as limited parliamentary power and judicial independence.

Performance of democratic institutions

3

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Commitment to democratic institutions

2

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5 | Political and Social Integration

Algeria's party system is characterized by a lack of stability, weak social roots and limited capacity to represent societal interests effectively. The FLN and RND dominate by leveraging historical ties to the state and patronage networks, but their legitimacy has eroded due to widespread dissatisfaction and corruption. Opposition parties such as the RCD and FFS struggle to expand beyond Kabylia because of limited resources, repression and internal divisions, or are denied facilities, as is the case with the PAD (Pacte pour l'Alternative Démocratique). The Socialist Workers' Party (PST) and the Democratic and Social Movement (MDS) were banned in 2022.

Clientelism is pervasive, with ruling parties relying on patronage to secure support, especially in local elections. The system is moderately fragmented, with more than 70 registered parties, though most lack organizational capacity or societal reach. Polarization is moderate, driven more by competition for power and resources than by ideological divides, with Islamist groups such as the MSP and independent candidates gaining some traction.

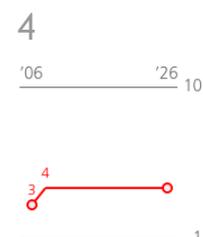
Voter volatility remains high, reflecting widespread disillusionment. Official turnout in the 2024 presidential election was 43.2%, though likely lower, signaling apathy and distrust. While support for ruling parties has declined, independent candidates and new parties have yet to establish lasting voter loyalty.

Algeria's network of interest groups is diverse but fragmented, with limited capacity to mediate between society and the political system. Professional associations like the General Union of Algerian Workers (UGTA) are state aligned, undermining independent advocacy. Meanwhile, autonomous unions such as the National Autonomous Union of Public Administration Staff (SNAPAP) face significant legal and administrative barriers.

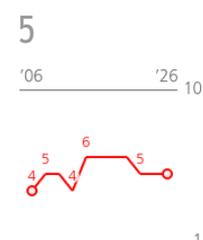
Social movements such as the Hirak have faced repression since 2021, and grassroots organizations advocating for gender equality, environmental issues and regional autonomy – particularly in Kabylia – operate under severe restrictions. The 2012 Law on Associations limits the independence of community organizations, granting authorities discretion to disband or deny registration.

Cooperation among groups is minimal. Efforts to promote democracy are limited by legal restrictions, surveillance and intimidation, while the influence of state-aligned groups inhibits pluralistic advocacy. Overall, the system restricts the effectiveness and autonomy of interest groups, weakening their role in mediating societal interests.

Party system



Interest groups



Recent data indicate a complex relationship between Algerian citizens and democratic norms. The latest Arab Barometer country report on Algeria (2022) found that, while most Algerians prefer a democratic system, they remain skeptical of democracy's capacity to deliver economic growth, stability and security. Nevertheless, 74% of Algerian respondents believe that, despite its challenges, democracy is preferable to other systems.

In the September 2024 presidential election, official reports cited a voter turnout of 43.2%, but subsequent analyses revealed that only 5.6 million out of nearly 24 million registered voters cast ballots, implying an actual turnout closer to 23%. This discrepancy suggests a significant level of public disengagement and skepticism toward the electoral process. Additionally, the re-election of President Tebboune with 84.3% of the vote has been met with criticism and allegations of electoral irregularities, further eroding trust in democratic institutions.

Solidarity and trust levels among citizens reflect different aspects of social and political fragmentation rooted in the 1990s civil war. The Hirak movement created a dynamic that rebuilt trust among certain citizens. A 2023 survey by the Arab Barometer found that only 30% of respondents expressed trust in fellow citizens, highlighting widespread social mistrust. However, solidarity has been evident in localized contexts, such as during natural disasters or health crises. For example, after the malaria and diphtheria outbreak in southern Algeria in late 2024, community-led initiatives organized relief efforts and supported affected families, reflecting pockets of mutual aid and cooperation.

Voluntary and autonomous organizations in Algeria maintain a robust network of cultural, environmental and social associations, with more than 110,000 registered organizations according to the Ministry of Interior. In 2024, for example, independent environmental groups in Kabylia launched a campaign against illegal deforestation, drawing community support.

The 2021 association law in Algeria has sparked debate over its utility and implementation. While the law provides a framework for government oversight of registration and operations similar to practices in other countries, it faces criticism for being selectively implemented and hindered by bureaucratic inertia and a lack of trust. Authorities are obligated to recognize associations, unless there are legal grounds to reject them. However, in practice, many applications are delayed or denied. This has made it harder for associations to function independently, particularly compared to the relative ease of establishing startups, highlighting the need for reforms to improve transparency, judicial independence and administrative efficiency.

Traditional patterns of interaction, especially in rural areas, continue to play a role in fostering trust and cooperation. Community elders and local leaders are often relied on to mediate disputes and organize communal activities, particularly in regions such as Kabylia and the southern provinces.

Approval of
democracy

n/a

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n/a _____ 1

Social capital

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II. Economic Transformation

6 | Level of Socioeconomic Development

Algeria’s 2022 Human Development Index (HDI) score was 0.745, placing the country in the “high human development” category and at rank 93 globally. However, the inequality-adjusted HDI score was significantly lower at 0.588, indicating an overall loss of 21.1% due to inequality. Regional disparities remain a pressing issue, particularly in the southern provinces, where long-standing marginalization, limited economic opportunities and inadequate public services have fueled protest movements over the past decade.

Gender inequality is also pronounced. Algeria’s Gender Inequality Index (GII) score was 0.499 in 2022, reflecting disparities in reproductive health, empowerment and labor market participation. The country’s Gender Development Index (GDI) score was 0.88, highlighting persistent gender-based gaps in human development achievements. Income inequality, as measured by the Gini Index, was estimated at 27.6 in previous datasets. However, more recent estimates for 2019 suggest a far higher Gini score of 61.9, pointing to severe income disparities.

Poverty remains a significant concern, with 5.5% of the population living below the national poverty line, according to UNESCWA (2024), compared to 6.1% in 2023. Urban-rural inequalities exacerbate exclusion, as rural areas – particularly in the south – face chronic underinvestment in infrastructure, health care and education. In 2011, 4.3% of Algerians lived on less than \$3.65 a day (adjusted for 2017 international prices, PPP). Although more recent poverty data is limited, social exclusion remains a structural barrier to economic mobility.

Question
Score

Socioeconomic
barriers

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Economic indicators		2021	2022	2023	2024
GDP	\$ M	186231.2	225638.5	247626.2	263619.8
GDP growth	%	3.8	3.6	4.1	3.3
Inflation (CPI)	%	7.2	9.3	9.3	4.0
Unemployment	%	13.6	12.3	11.7	11.4

Economic indicators		2021	2022	2023	2024
Foreign direct investment	% of GDP	0.5	0.1	0.5	0.5
Export growth	%	11.5	-0.1	3.4	-
Import growth	%	-4.5	-0.2	17.9	-
Current account balance	\$ M	-4512.9	19451.8	6462.9	-2753.8
Public debt	% of GDP	55.1	48.1	47.7	48.1
External debt	\$ M	7378.8	7129.3	7315.3	-
Total debt service	\$ M	192.2	299.4	467.6	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	18.4	16.5	17.9	-
Public education spending	% of GDP	5.5	4.7	5.6	-
Public health spending	% of GDP	2.9	1.7	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	5.6	4.7	8.2	-

Sources (as of December 2025): 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 continues to face significant challenges in developing the fundamentals of market-based competition, despite some regulatory reforms aimed at improving the business environment. The country struggles with high entry barriers, complex licensing procedures and persistent state control over key sectors – factors that limit fair and unrestricted market participation.

However, the Ministry of Knowledge Economy, Startups and Micro Enterprises has enacted Law No. 22-23 on the status of self-employed workers, which helps self-employed individuals and freelancers practice a business activity.

Market
organization

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Licensing and permit regulations remain complex, with significant administrative barriers, particularly for small and medium-sized enterprises (SMEs), and new market entrants. High startup costs and bureaucratic inefficiencies discourage entrepreneurship and formal business registration.

The Supplemental Finance Law of 2020 (Lois de Finances Complementary, LFC) abolished the rule requiring at least 51% Algerian ownership in most sectors, creating new opportunities for foreign investors. However, this rule remains in place for strategic sectors such as pharmaceuticals, energy, mining, transportation and defense, maintaining significant barriers to full market participation.

Algeria continues to impose restrictions on cross-border labor and capital movement. Currency convertibility remains highly regulated, hindering international business operations and investment flows.

Public ownership and state control dominate key industries such as hydrocarbons, which account for more than 90% of export revenues. Private and foreign firms face indirect discrimination through preferential treatment for state-owned enterprises and regulatory biases.

The informal sector remains substantial, employing 31.5% of the labor force, according to 2023 data from the International Labour Organization (ILO). This reflects challenges in formalizing businesses, weak enforcement of regulations and inefficiency in the institutional framework. Price controls are pervasive, particularly for essential goods and services, limiting the role of market forces. The 2024 Index of Economic Freedom (IEF) ranked Algeria 164th out of 186 countries, indicating minimal progress in reducing barriers to economic freedom and enhancing market competition. Algeria's economic freedom score is 43.9, a 0.7-point increase from last year, ranking 13th out of 14 countries in the Middle East and North Africa region.

Algeria's competition framework remains underdeveloped, with significant barriers to free and fair competition. Although some antitrust laws and regulatory bodies exist, enforcement is inconsistent and key sectors remain dominated by state-owned enterprises (SOEs) and monopolies. According to the World Bank, hydrocarbons still account for more than 95% of export revenues and 60% of government revenues, underscoring state dominance in strategic sectors like energy, banking and telecommunications. The 2014 Competition Law aimed to limit monopolistic practices, yet enforcement remains weak. The Competition Council, Algeria's antitrust authority, lacks the independence and resources needed to ensure compliance.

Barriers to entry and exit are pervasive, including cumbersome licensing procedures, permit requirements and restrictions on foreign ownership. While the Supplemental Finance Law of 2020 abolished the rule requiring at least 51% Algerian ownership in most sectors, the restriction remains in place for strategic industries like energy and

Competition policy

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pharmaceuticals, limiting market access. Additionally, state subsidies and preferential treatment for SOEs discourage private sector competition. Sectors such as air transport and oil and gas remain effective monopolies.

The country's significant informal sector, which accounts for about one-third of all workers, further undermines formal competition by evading regulations and taxes. Price controls, particularly on essential goods, and restrictions on the cross-border movement of labor and capital impede market efficiency.

Overall, while Algeria has introduced measures to open some sectors, the lack of enforcement of antitrust laws, the dominance of SOEs and high levels of state control prevent a competitive market environment. Informal actors such as retired army generals or former mujahedeen (“Moudjahidines”) also influence certain economic sectors. Comprehensive reforms are needed to enhance regulatory independence, transparency and private sector participation.

Algeria has made incremental progress in liberalizing foreign trade, yet significant barriers persist, limiting full integration into the global economy. As of 2021, Algeria's applied tariff rate was approximately 10.29%, reflecting a marginal increase from previous years.

Algeria maintains import quotas and has implemented temporary bans on specific goods to protect domestic industries and manage foreign currency reserves. Additionally, complex customs procedures and bureaucratic hurdles contribute to delays and increased costs for international trade. For example, the most-favored-nation (MFN) applied tariff for Algeria averaged 18.9% in 2022, according to the World Trade Organization (WTO). Agricultural products faced an average MFN tariff of 23.7%, while non-agricultural products had an average tariff of 18.1%.

Despite the 2005 Association Agreement with the European Union, which aimed to establish a free trade area by 2020, Algeria has not fully eliminated tariffs on certain products, leading to trade disputes. In June 2024, the European Union initiated dispute settlement proceedings against Algeria, citing trade restrictions that hinder European companies. The European Union remains Algeria's largest trading partner, accounting for approximately 50.6% of its international trade in 2023. However, recent diplomatic tensions have influenced trade dynamics. For instance, in October 2024, Algeria excluded French companies from a wheat import tender – reflecting strained relations between the two countries.

While Algeria has taken steps toward trade liberalization, such as reducing certain tariffs and engaging in international trade agreements, substantial obstacles remain. Ongoing non-tariff barriers, regulatory complexities and selective trade practices continue to impede the full liberalization of foreign trade.

Liberalization of
foreign trade

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Algeria's banking sector has made progress toward aligning with international standards. However, challenges remain in achieving a robust and fully compliant system. The capital adequacy ratio (CAR), a key indicator of a bank's financial health, has fluctuated over time. In 2014, the CAR was reported at 14.5%, down from 18.0% in 2013, signaling a reduction in capital buffers. According to the World Bank, the capital-to-asset ratio was 8.4% in 2022 and is estimated to be 8% for 2025. By 2018, regulatory capital to risk-weighted assets stood at 19.05%, slightly above the global average of 18.66%, suggesting a relatively stable capital position.

Algeria has begun reforms to comply with the Basel Accords, particularly Basel II and aspects of Basel III, focusing on capital adequacy and liquidity requirements. The Bank of Algeria (BoA) oversees regulatory compliance, but progress in fully implementing Basel III standards remains gradual.

The proportion of non-performing loans (NPLs) to total gross loans has been a persistent concern. In December 2022, the NPL ratio was 20.3%, up from 19.6% in 2021. This indicates that a significant portion of loans are at risk of default. This high NPL ratio reflects underlying issues in credit risk management and economic challenges affecting borrowers' repayment capacities.

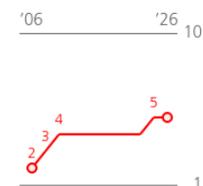
The BoA oversees banking supervision and enforces disclosure requirements. Although efforts have been made to enhance transparency, challenges persist in ensuring consistent and comprehensive disclosure across all banking institutions. The International Monetary Fund has previously noted the need to strengthen supervisory frameworks to better align with international best practices.

Algeria's capital market is underdeveloped, with limited instruments and low participation rates. The lack of a vibrant capital market restricts alternative financing options for businesses and investors, placing greater reliance on the banking sector for financial intermediation.

Despite regulatory reforms and efforts to enhance financial stability, Algeria's banking system faces significant challenges, particularly regarding its high NPL ratio and need to fully implement international standards. Strengthening supervisory frameworks, improving transparency and developing capital markets are essential to establishing a more resilient financial system.

Banking system

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8 | Monetary and fiscal stability

Algeria's monetary policy, managed by the BoA, aims to balance economic growth with price stability. However, in recent years, the country has faced challenges in controlling inflation and maintaining exchange rate stability.

Algeria's inflation has been volatile. After reaching 9.3% in 2022 and 2023, it decelerated markedly to 4.3% during the first nine months of 2024, which can be attributed to the stabilization of fresh food prices and moderated import prices.

The Algerian dinar (DZD) has experienced fluctuations against major currencies. In May 2023, the exchange rate averaged DZD 135.95 per U.S. dollar. The real effective exchange rate was DZD 105.18 per U.S. dollar in September 2024, indicating relative stability. The BoA has maintained a managed floating exchange rate regime – intervening to prevent excessive volatility. In 2024, the minister of finance announced a new strategy to enhance the dinar's exchange rate – aiming to drive economic development.

The BoA has maintained the policy rate at 3% since 2020, with a 100-basis point increase in the reserve ratio in 2023. While the BoA operates with a degree of independence, its policies closely align with government economic objectives. The IMF has recommended greater exchange rate flexibility to help the economy absorb external shocks and suggested that tightening monetary policy could help contain inflation.

Algeria's monetary authorities have taken steps to pursue and communicate consistent stabilization policies. However, effective inflation control and exchange rate management remain challenges. Stronger policy measures and increased transparency could improve economic stability and align monetary policy with broader economic goals.

Algeria's fiscal policy has faced challenges in maintaining stability amid fluctuating hydrocarbon revenues and increased public spending. In 2023, the government budget deficit was approximately 5.17% of GDP, a rise from 2.96% in 2022, indicating a trend toward fiscal imbalance. Public debt also increased, reaching 48.62% of GDP in 2023, up from 48.09% in 2022. This upward trajectory suggests growing fiscal pressures, particularly given the economy's dependence on hydrocarbon exports.

According to BNP Paribas, the government's expansionary fiscal stance, characterized by significant increases in public spending – over 20% annually since 2022 – has contributed to these fiscal challenges. Projections for 2024 indicate a potential widening of the budget deficit to 7% of GDP.

Monetary stability

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Fiscal stability

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To address these issues, the government has outlined fiscal reform priorities aimed at preserving financial balances, while maintaining the social role of public policies. The 2021 Government Action Plan emphasizes promoting economic diversification, enhancing job creation and reinforcing human capital.

Despite these initiatives, the IMF has highlighted the need for further fiscal consolidation to ensure debt sustainability. Recommendations include diversifying revenue sources beyond hydrocarbons and implementing measures to control public spending. In summary, while Algeria has recognized the importance of fiscal stability and initiated reform plans, the current trajectory of budget deficits and public debt underscores the necessity for effective implementation of fiscal consolidation measures to achieve long-term sustainability.

9 | Private Property

In Algeria, the government regulates the acquisition, benefits, use and sale of property through various laws and regulations. The constitution guarantees the right to private property and prohibits expropriation except for reasons of public utility or social interest, and with fair and prior compensation. The government also establishes regulations for the use of land, including zoning laws and building codes. Additionally, there are laws in place to protect the rights of property owners, such as the Law on Leases, which governs the rental of property. However, it should be noted that the government does retain significant control over property through state ownership of land and resources and bureaucratic regulations in the real estate market – this can make it difficult for some individuals to fully exercise their rights to private property.

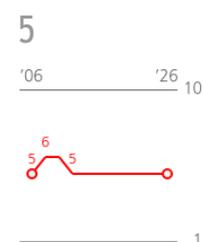
Despite several laws and regulations implemented in recent years, the real estate market still faces difficulties such as bureaucracy, lack of transparency and corruption. Government authorities are working to address these challenges.

Private companies are permitted to operate in Algeria, but they face significant challenges due to heavy state intervention, complex regulations and limited market liberalization. While some reforms have been introduced, the business environment remains constrained.

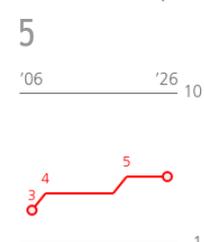
Legal frameworks exist to protect private companies, but enforcement is inconsistent, particularly in areas such as property rights and dispute resolution. The judiciary's lack of independence often discourages foreign and local investors.

The 2012 Investment Law introduced measures to encourage private sector participation but was criticized for restrictive provisions, such as the rule requiring at least 51% Algerian ownership for businesses operating in most sectors. This rule was relaxed under the Supplemental Finance Law of 2020 (LFC), but still applies to strategic sectors, maintaining barriers to foreign participation.

Property rights



Private enterprise



While private companies are permitted and some reforms have improved their operating conditions, significant barriers, including bureaucratic inefficiencies and opaque privatization processes, hinder market-driven competition and private sector growth. In addition, state-owned enterprises (SOEs) dominate strategic sectors such as hydrocarbons, mining, transportation and telecommunications. This dominance limits competition and market access for private firms.

Comprehensive reforms are necessary to create a level playing field and align privatization efforts with market principles.

10 | Welfare Regime

Algeria's social safety net aims to mitigate economic risks associated with unemployment, poverty, old age, illness and disability. However, the system faces persistent challenges in coverage, funding and effectiveness.

Cash transfers primarily consist of pensions and unemployment allowances. In 2022, an unemployment benefit was introduced for first-time job seekers aged between 19 and 40, benefiting about two million citizens. However, many informal workers remain excluded from these programs and conditional cash transfers common in other countries are rarely implemented.

The state subsidizes essential goods like fuel, electricity and gas, but these subsidies disproportionately benefit wealthier households and strain public finances. Growing calls for reform suggest a shift toward more targeted social spending to improve efficiency.

A social insurance system exists for formally employed workers, covering sickness, work-related injuries, maternity, disability and retirement. However, with the informal economy accounting for an estimated 40% to 50% of activity from 2023 to 2025, a large share of the workforce has no coverage. Health care provisions include public hospitals and clinics. However, disparities exist in service quality, particularly in rural areas where access to specialists and medical equipment is limited.

Public expenditure, primarily sourced from oil and gas revenues and taxes, funds social programs, making these programs vulnerable to global price fluctuations. Pay-as-you-go pension schemes add financial strain as the population ages, while redistribution mechanisms remain weak, with subsidies benefiting higher-income groups more than those in need.

The welfare system is predominantly state driven, with private sector involvement limited to supplementary health insurance. Civil society organizations play an essential role in filling gaps, particularly in remote areas, though their reach is constrained by limited resources.

Social safety nets

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Non-citizens have minimal access to social safety nets and bureaucratic hurdles further restrict benefits for eligible individuals. Even those who are covered often struggle with inadequate pensions and unemployment benefits, raising concerns about the adequacy of social protection.

While the Algerian constitution guarantees equality before the law, disparities persist due to various factors, including gender, region and socioeconomic background. Reliable, publicly available and disaggregated data on ethnicity and race within Algeria is limited, making a fully comprehensive analysis challenging.

The Algerian constitution guarantees equality before the law without discrimination based on birth, race, sex, opinion or any other personal or social condition. While laws promote gender equality in some areas, discriminatory practices persist, particularly in family law and inheritance.

Algeria has made significant progress in closing the gender gap in education. According to the latest UNESCO data, adult literacy was relatively high for both genders, at around 80% for women and 87% for men in 2018. While the gender gap has narrowed, gender parity has been largely achieved in primary and secondary enrollment. However, disparities may persist in specific regions and in higher education, particularly in certain fields of study.

According to the World Bank, the female labor force participation rate was 19.5% in 2023, significantly lower than the participation rate for men. This suggests persistent societal and structural barriers to women's economic empowerment, and women face challenges in accessing certain professions and leadership positions. Following the abolition of the women's quota introduced in 2012, the proportion of elected female members of parliament fell to 8.1% following the 2021 parliamentary elections.

While overall access to education has improved, disparities persist based on geographic location (rural v. urban) and socioeconomic background. Children from poorer families and those in rural areas may have limited access to quality education and resources. Data on discrimination based on other factors such as religious or political preference is limited, but anecdotal evidence suggests these can play a role.

Non-citizens, primarily refugees and migrants, face significant challenges in accessing basic services and job opportunities. They often lack legal protection, and are vulnerable to exploitation and discrimination.

Equal opportunity

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flaring activities, supports grid-connected renewable projects. Despite these measures, Algeria has scaled back its institutional climate governance. In 2024, the Ministry of Environment and Renewable Energies was abolished, raising concerns about the government's commitment to environmental sustainability.

Algeria has pledged to reduce greenhouse gas emissions by 7% to 22% by 2030 under its intended nationally determined contribution (INDC) in the Paris Agreement. The government has introduced feed-in tariffs to encourage private electricity production from renewables, covering technologies such as hydropower, wind, geothermal and solar power. However, implementation delays have limited their effectiveness. Budget allocations for renewable energy remain minimal and long-term targets for climate-related policies are lacking. The Climate Change Performance Index (CCPI) has characterized Algeria's environmental policies as insufficient to meet the 2°C goal – highlighting the need for more robust climate governance.

Algeria has established a comprehensive education system encompassing basic, secondary and tertiary levels, as well as institutions dedicated to research and development. The Ministry of National Education oversees primary and secondary education, while the Ministry of Higher Education and Scientific Research manages tertiary education and research initiatives.

Education is compulsory and free for children aged between six and 15, covering five years of primary and four years of lower secondary education. In recent years, increased access to education has contributed to rising literacy levels, with the latest figures reporting an adult literacy rate of 81% and a rate of 97% among young people. However, disparities persist in rural areas, where access to quality education is more limited.

Algeria allocated 5.6% of GDP to education in 2023, reflecting a significant commitment to the sector. The net enrollment rate for primary education was 98%, while lower secondary education reached 92%. However, the completion rate remains a concern, particularly at the secondary level, where dropouts are more frequent due to economic hardships and limited vocational pathways.

The higher education system comprises universities, university centers and specialized institutions. As of 2018, it oversaw 1.7 million students across 106 institutions, including 50 universities, 13 university centers and 43 additional establishments. Despite this extensive network, challenges with quality assurance, overcrowding and alignment with international standards persist.

Algeria's research and development expenditure was 0.5% of GDP in 2020, below the 1% target set by the 1998 research law. Initiatives such as the Algeria Research Hub, launched in October 2021, aim to enhance research capacity in fields such as artificial intelligence, applied sciences and agriculture.

Education policy /
R&D

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Additionally, in 2022, Algeria introduced English in primary schools and at the university level, gradually replacing French. However, this transition has faced logistical and pedagogical challenges because of a shortage of trained teachers and instructional materials.

Governance

I. Level of Difficulty

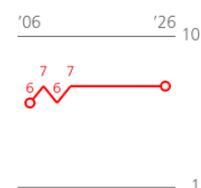
Algeria's political leadership faces significant structural constraints that hinder governance capacity, many of which are deeply rooted and cannot be resolved quickly.

Economically, Algeria remains heavily dependent on hydrocarbons, which account for more than 90% of export revenues, making the country vulnerable to global price fluctuations. This dependence, combined with the legacy of a centrally planned economy, has entrenched a cumbersome bureaucracy and fostered corruption, undermining effective policy implementation. Geographically, Algeria's vast and diverse territory – spanning arid deserts and mountainous regions – complicates infrastructure development, service delivery and equitable resource distribution. Environmental challenges – including water scarcity, desertification and the impacts of climate change – further strain national resources and infrastructure. Socially, despite improvements in literacy and education, gaps remain in aligning the education system with labor market demands, leading to a mismatch between available skills and economic needs. This has perpetuated high youth unemployment and limited productivity growth. Politically, public dissatisfaction – as evidenced by the Hirak movement, among others – underscores persistent grievances over transparency, accountability and social justice. Balancing these demands while maintaining political and social stability poses a continuous challenge for leadership. Additionally, Algeria's demographic pressures, with a youthful and growing population, place further strain on public services, health care and employment opportunities.

These multifaceted structural barriers – economic dependency, geographical and environmental challenges, an underperforming education system and complex political dynamics – collectively constrain the government's ability to implement reforms effectively and address long-term development needs. Overcoming these barriers will require sustained structural reforms, diversification of the economy and stronger institutional capacity to manage ongoing and emerging challenges.

Structural
constraints

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Algeria has a mixed tradition of civil society engagement shaped by historical, political and social dynamics. The country experienced significant civil society mobilization during the independence struggle and later through the Hirak movement, which showcased a strong culture of peaceful protest and public participation.

The backbone of current civil society organizations emerged after 1989, following the political liberalization process. Traditional structures such as the Tajmaath in the Berberophone Kabylia region were reactivated and modernized during the “Black Spring” protests in 2001.

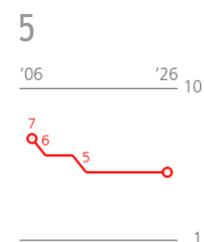
Following the crackdown on the Hirak movement, long-established civil society organizations such as the human rights league LADDH (Ligue Algérienne pour la Défense des Droits de l’Homme), the youth organization RAJ (Rassemblement Action Jeunesse) and SOS Bab El Oued were prohibited or dissolved.

In addition, state repression, restrictive legal frameworks (e.g., the 2012 Association Law) and bureaucratic obstacles have constrained the growth of independent civil society associations. While more than 110,000 associations are officially registered, many remain inactive or are closely monitored by authorities. Social trust is moderate, with strong local solidarity networks, although broader civil society participation remains limited by systemic constraints.

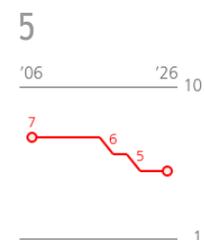
Algeria is religiously homogeneous and faces no significant ethnic tensions. However, political divisions, especially among those whose views were shaped during the 1990s civil war and the Black Decade, remain a potential source of conflict. These deep and passionate divisions have permeated the discourses and worldviews of the younger generation, and can hinder social cohesion, as they did during the protracted civil strife.

During the Hirak protest movement, which began in 2019, there was initially a cohesive bloc with a comprehensive set of objectives. However, as older generations began to assume leadership positions in various sectors of the nationwide demonstration, the movement fractured into as many irreconcilable factions as there have been opposition movements against the government since the 1990s. These divisions have proven an obstacle to any goal requiring a united national will, as evidenced by their impact on the Hirak.

Civil society traditions



Conflict intensity



II. Governance Performance

14 | Steering Capability

Algeria's government demonstrates a mixed capacity to set and maintain strategic priorities, often balancing long-term goals against short-term political and economic pressures. The influence of the army has become more evident following the dismissal of former President Bouteflika amid the Hirak protest movement. The main priority remains the authoritarian persistence of the ruling elite.

President Tebboune's administration has outlined several key goals, including economic diversification, renewable energy development, digital transformation and social welfare reforms, as evident in the 2024 Economic Recovery Plan. However, implementation is frequently hampered by bureaucratic inefficiency, weak interministerial coordination and entrenched patronage networks. Strategic planning remains highly centralized within the Prime Minister's Office, with limited use of evidence-based policymaking and regulatory impact assessments. Reform-minded officials face resistance from vested interests, including powerful political elites and economic actors benefiting from the status quo. Algeria's reliance on hydrocarbons and external economic influences, particularly from the European Union and China, often dictate strategic decisions, sometimes at the expense of domestic priorities. While pockets of progress exist in sectors like renewable energy and infrastructure, inconsistent follow-through and fragmented governance limit meaningful long-term change. Strengthening institutional oversight, reducing clientelism and enhancing policy implementation frameworks are essential for Algeria to achieve its strategic objectives effectively.

Since President Tebboune's election in 2019, Algeria has pursued an ambitious housing initiative to construct one million units, aiming to address housing shortages and promote regional development. The COVID-19 pandemic in 2020 led to a 4.9% economic contraction, slowing construction activities. However, by 2021, the economy rebounded with GDP growing by 4.1%, revitalizing the housing sector. Between 2021 and 2023, the government delivered approximately 842,823 housing units, with plans to complete an additional 579,500 units by the end of 2024, aligning with the program's objectives for the period from 2020 to 2024.

To stimulate investment in the formal real estate market, the 2023 budget allocated DZD 319.6 billion (\$2.34 billion) for housing construction, representing 2.3% of the total budget, and 61% of the funds assigned to the Ministry of Housing, Urban Planning and the City.

Question
Score

Prioritization

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Implementation

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Alongside housing problems, the government has expanded public transportation infrastructure, with new tram lines operating in Mostaganem and under construction in Batna and Annaba. These efforts aim to improve urban mobility and support regional development alongside housing initiatives.

Despite these efforts, challenges persist. Due to stringent regulations in the formal sector, the informal market still dominates real estate transactions, accounting for about 80% of activities. Additionally, resource constraints and competing priorities, such as the vital work of the Disaster Risk Management Authority in addressing the growing impacts of natural disasters, have at times delayed the pace of housing projects. Furthermore, opposition from certain ideological factions resistant to market decentralization adds another layer of complexity to implementation efforts. Natural disasters, including forest fires, earthquakes and floods, further strain resources and delay infrastructure development.

Despite the failure of the Arabization policy in the 1970s, Algeria's government has demonstrated both innovation and flexibility in recent policy initiatives, particularly in the education sector. In May 2022, President Tebboune directed the incorporation of English into the third year of primary education – marking a significant shift in the nation's linguistic policy. This move aims to enhance global integration and diversify language proficiency among students. Additionally, the government has been promoting e-learning to ensure quality higher education, recognizing the role of digital platforms in modern pedagogy. These reforms indicate a willingness to adapt and modernize educational frameworks. The government has increasingly relied on institutional learning mechanisms – including consultations with educators, curriculum specialists and pilot testing in select schools. Lessons from past linguistic policies, particularly the shortcomings of Arabization, have also informed the shift toward more globally oriented reforms.

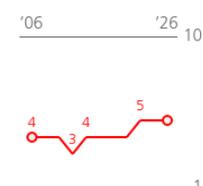
However, challenges persist, including limited instructional resources and expanding student populations, which may impede effective implementation of these policies.

15 | Resource Efficiency

Algeria's government has initiated reforms to enhance the efficiency of its human, financial and organizational resources. Personnel expenditures have risen significantly, reaching DZD 2,745.3 billion (\$20.33 billion) in 2022, up from DZD 1,061.75 billion (\$7.87 billion) in 1997. This increase underscores the need for efficient human resource management. The public sector's size and limited service capacities have been noted, with the 2013 annual budget exceeding \$135 billion. In 2023, Algeria's government approved a record budget of approximately DZD 13.79 trillion (\$99 billion). This represents a significant increase compared to the 2013 budget. Notably, the 2023 budget includes an allocation of about \$22 billion for defense, reflecting the government's prioritization of military spending amid regional tensions. However, issues such as bureaucracy and favoritism have been identified, indicating challenges in competitive recruiting and political neutrality.

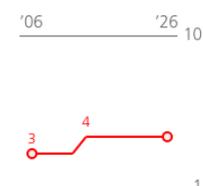
Policy learning

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Efficient use of assets

4



Efforts to rationalize public spending are underway, particularly through the application of Organic Law No. 18-15 related to finance laws, aiming for effective, rational and modern expenditure management. Despite these reforms, the public sector's vastness and limited capacities continue to pose challenges in meeting citizens' needs.

Decentralization has become a key priority, with initiatives like the new Code Communal et de Wilaya aiming to empower local government officials to enhance social accountability and local economic development. However, the coexistence of centralization and decentralization presents challenges in public administration, requiring a balance between hierarchical governance and the devolution of power.

Algeria's government has faced challenges in harmonizing conflicting policy objectives, particularly concerning its economic and social strategies. For example, while seeking to diversify the economy beyond hydrocarbons, the government has simultaneously launched expansive welfare policies. In 2024, encouraged by European interest in Algeria's energy sector and heading into an election year, the administration planned record public spending of about \$114 billion. This included a 47% wage increase, special allowances and tax reductions across all sectors ahead of the presidential campaign. In 2024, the Prime Minister's Office launched an interministerial coordination mechanism to align sectoral strategies, particularly between the ministries of finance, energy and social solidarity. Further, the rollout of the digitalization roadmap (2024 – 2026) has required coordinated input from several ministries, demonstrating efforts to streamline policy execution across institutional boundaries.

Such substantial spending, while addressing immediate social needs and garnering public support, poses long-term economic challenges, especially if global gas prices decline. Balancing the trade-offs between short-term social benefits and long-term economic sustainability remains a complex task for the Algerian government.

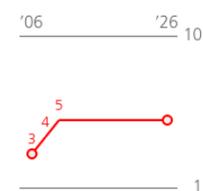
Additionally, the coexistence of centralization and decentralization in public administration presents challenges. Efforts to empower local governments, such as through the new Code Communal et de Wilaya initiative, aim to strengthen social accountability and promote local economic development. However, balancing hierarchical governance with the devolution of power requires careful coordination to avoid redundancies and friction between different government branches.

Algeria has established a legal and institutional framework to combat corruption, including anti-corruption laws and dedicated agencies. The Central Office for the Suppression of Corruption (OCRC), and the National Organization for the Prevention and Fight Against Corruption are key institutions in this effort.

Despite these measures, challenges persist in effectively containing corruption. High-profile cases, such as those involving the state-owned oil company Sonatrach, highlight ongoing issues. In 2022, former Energy Minister Chakib Khelil was sentenced in absentia to 20 years in prison for corruption related to Sonatrach.

Policy
coordination

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Anti-corruption
policy

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Efforts to audit state spending and regulate party financing are in place, but their effectiveness is often undermined by limited enforcement and transparency. Public access to information remains restricted, hindering public accountability. While asset declaration laws exist, their implementation is inconsistent and conflicts of interest are not always adequately addressed. For instance, certain anti-corruption trials, such as those of army generals and the close circle of former President Bouteflika, are politically motivated. Public procurement processes lack transparency, increasing the risk of corrupt practices.

16 | Consensus-Building

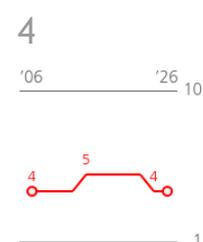
Algeria's major political actors show limited consensus on adopting democracy and a market economy as strategic long-term goals. The re-election of President Abdelmadjid Tebboune in September 2024, who secured 84.3% of the vote amid low voter turnout and allegations of electoral irregularities, underscores the persistence of autocratic governance structures, according to the Financial Times. In July 2024, President Tebboune enacted a decree permitting active and retired military officers to occupy high-level positions within the civilian administration, effectively consolidating military influence across various government sectors. This shift was further exemplified in November 2024, when Army Chief Saïd Chengriha was appointed minister delegate to the minister of defense during a cabinet reshuffle. This marked the first instance of a military leader assuming a governmental role under Tebboune's administration – blurring the lines between military and civilian spheres.

Economically, while the government has initiated modest pro-business reforms, the state maintains substantial control over key sectors, particularly hydrocarbons. High global energy prices have enabled increased social spending and subsidies, yet efforts toward comprehensive economic liberalization remain limited.

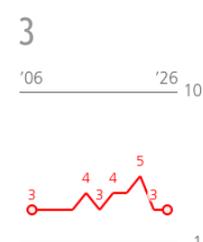
Between 2023 and 2025, Algeria's political landscape has been characterized by the military's deepening involvement in civilian governance, raising concerns about democratic development. In July 2024, President Tebboune enacted a decree permitting active and retired military officers to occupy high-level positions within the civilian administration, effectively consolidating military influence across various government sectors.

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Consensus on goals



Anti-democratic actors



These developments have been seen as undermining the demands of the Hirak movement, which has advocated for a civilian-led state since its inception in 2019. The rising visibility and authority of the military in political affairs suggest a step back from the movement's goals, indicating the military's tightening grip over Algeria's political system.

Algeria's political leadership has faced challenges moderating cleavage-based conflicts, particularly those rooted in regional, ethnic and political divisions. The Hirak movement, which began in 2019, highlighted widespread demands for political reform and greater inclusivity.

In response, the government implemented limited measures aimed at strengthening democratic foundations and involving citizens in decision-making processes. The ruling elite has enacted a series of laws and regulations that restrict democratic engagement, successively revoking basic rights such as freedom of expression, assembly and association.

Tensions persist, especially regarding the military's role in politics. In 2024, President Tebboune signed a decree allowing senior army officers to occupy key state positions – a move critics argue undermines the Hirak movement's calls for a civilian-led state.

Additionally, the government's approach to managing dissent has raised concerns. Reports indicate an increase in arbitrary arrests of journalists and political activists, which may deepen societal divisions rather than promote national unity.

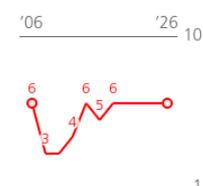
Algeria's political leadership has historically taken a cautious approach to engaging civil society actors in policymaking. While the government acknowledges the importance of civil society, its participation in agenda-setting, policy formulation and decision-making remains limited. Legal frameworks exist that support civil society involvement; however, challenges such as stringent regulations, limited access to resources and bureaucratic hurdles impede effective collaboration.

Civil society organizations (CSOs) play a significant role alongside government entities in the realm of social protection. A comprehensive mapping of Algeria's social protections highlights extensive government-led initiatives alongside the important contributions of local civil society and community-based organizations.

Despite these contributions, the overall impact of civil society on public policy remains constrained. The government's centralized decision-making processes and occasional suppression of dissenting voices limit the scope of civil society influence. For example, reports indicate that, although efforts have been made to improve the economic situation, Algeria continues to restrict space for civil society, particularly for critical voices, which are essential to improving governance and policymaking.

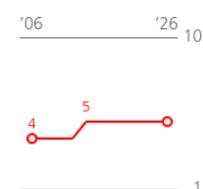
Cleavage /
conflict
management

6



Public
consultation

5



While the 1999 Civil Concord and the 2006 Reconciliation Charter have contributed to bringing peace to Algeria, the amnesties granted to state security forces and terrorists, and the imposed silence, are seen by many as deeply unjust, particularly by the families of the 200,000 victims and the 8,000 “disappeared.” Compensation for victims has not fostered genuine reconciliation, especially for the families of the disappeared, who demand the right to know the truth. Cases brought to the French justice system concerning atrocities committed during the 1990s have created complex precedents that the Algerian government has ignored. The absence of a genuine policy of reckoning with the past – combined with the instrumentalization of 1990s trauma to sustain authoritarian rule – has hindered reconciliation. Arguably, the 2019 demonstrations did more to reconcile Algerians with one another than any previous state initiative.

In terms of Algeria’s reconciliation with its former colonial power France, the return in July 2020 of the remains of 24 fighters killed resisting French forces in the 19th century, whose skulls had been kept in Paris as war trophies, marked a significant moment for Algeria. Algerian and French intellectuals had campaigned for this cause for many years.

The death of General Khaled Nezzar on December 30, 2023, two days after the Swiss judiciary announced that he would be tried for war crimes, reignited calls for justice and accountability. Victims’ associations condemned his passing as a major setback for efforts to address impunity for crimes committed during the 1990s civil conflict.

Tensions with France have also escalated. In early January 2025, diplomatic relations dramatically deteriorated following public disagreements over visa policies, memory issues and alleged interference. According to *Le Monde*, both governments have recalled ambassadors, and bilateral cooperation agreements have been suspended, further complicating efforts at historical reconciliation.

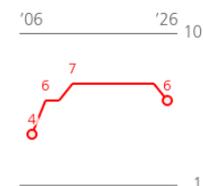
17 | International Cooperation

Between 2023 and 2025, Algeria – guided by a strong sense of sovereignty and committed to the principle of non-interference in external affairs – has actively engaged with international partners to advance its long-term development strategy. In November 2024, the Ministry of Agriculture and Rural Development signed a new country programming framework with the Food and Agriculture Organization (FAO) for the period from 2023 to 2027, outlining strategic areas of partnership to enhance agricultural productivity and sustainability.

Additionally, Algeria has collaborated with the United Nations Development Programme (UNDP) to align its government action plan for 2021 to 2024 with the UNDP Strategic Plan for 2022 to 2025, focusing on sustainable development goals. Algeria has also been authorized to join the BRICS New Development Bank (NDB), a multilateral development bank established by the BRICS group to support development projects in member countries.

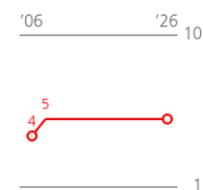
Reconciliation

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Effective use of support

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While Algeria has demonstrated a willingness to engage international partners, the implementation of cooperation projects has faced challenges. Short-term political priorities, especially around election cycles, often take precedence over long-term development planning. Several UNDP-supported programs reportedly encountered bureaucratic delays and limited interministerial coordination, slowing their rollout. Moreover, observers note that in some sectors, rent-seeking behavior and opacity in procurement processes have undermined the effective use of international assistance – raising concerns about accountability and the sustainability of these partnerships.

Between 2023 and 2025, Algeria has shown a commitment to serving as a credible and reliable partner in international relations. In June 2023, Algeria was elected as a non-permanent member of the U.N. Security Council for the 2024/25 term, reflecting international confidence in its diplomatic engagement. Algeria has also been active in international climate initiatives. Although it signed the Paris Climate Agreement, development of a nationally determined contribution (NDC) is still pending. Efforts are ongoing to enhance the strategic, institutional, legal and financial frameworks necessary for implementing the agreement – aiming to fulfill its commitments under the Paris Agreement.

In the realm of international trade, Algeria maintains significant economic relations with the European Union. The European Union is Algeria’s largest trade partner, accounting for around 50% of Algeria’s international trade in 2023. Total trade in goods between the European Union and Algeria in 2023 amounted to €50.2 billion, with imports dominated by mineral products.

However, challenges persist. In June 2024, the European Union initiated a dispute settlement procedure under the EU-Algeria Association Agreement to address restrictive measures introduced by Algeria in 2021, affecting trade in goods and investments. These measures include an import licensing system, subsidies contingent on using local car manufacturer inputs and a foreign ownership cap for companies importing goods into Algeria. In addition, the escalating conflict with Morocco led to the temporary suspension of a friendship treaty with Spain in 2022.

Overall, while Algeria has made progress in fulfilling its international commitments and participating in global initiatives, certain policy measures have led to disputes, highlighting areas where improved alignment with international partners could enhance the country’s credibility and reliability on the global stage.

Credibility

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Algeria's political leadership has demonstrated both a willingness and reluctance to cooperate with neighboring countries. A notable example was the September 2024 reimposition of visa requirements for Moroccan nationals, which reversed a two-decade agreement. This decision – attributed to concerns that Moroccans were exploiting visa-free entry for activities such as organized crime and espionage – further strained relations that were already tense due to the Western Sahara conflict.

Additionally, Algeria's diplomatic ties with France have been tested by President Emmanuel Macron's acknowledgment of Morocco's autonomy plan for Western Sahara. This position prompted Algeria to recall its ambassador from Paris, creating a significant diplomatic rift and affecting regional dynamics.

Despite these tensions, Algeria has engaged in regional cooperation initiatives. In March 2023, it hosted the fifth EU-Algeria Joint Committee on Scientific and Technological Cooperation, aiming to strengthen research and innovation partnerships within the framework of the European Union's new Agenda for the Mediterranean. In March 2024, a delegation from the General Staff of the Algerian National People's Army visited NATO headquarters to present Algeria's vision and contributions to regional stability. This engagement underscores Algeria's commitment to international cooperation in addressing security challenges.

Furthermore, Algeria has been active in the African Union, advocating for enhanced U.N.-AU partnerships to address continental challenges. Since 2013, Algeria has hosted high-level sessions of the Seminar on Peace and Security – known as the Oran Process – to promote peace and security in Africa.

Algeria recalled its ambassador from Paris twice during the review period – first in February 2023 over comments made by President Macron regarding Algerian political dissidents, and again in July 2024 in response to France's support for Morocco's Western Sahara autonomy plan. These repeated diplomatic ruptures reflect Algeria's sensitivity to perceived foreign interference and signal a broader trend of assertive foreign policy positioning. Additionally, in 2022, Algeria suspended its 2002 Treaty of Friendship with Spain following Madrid's shift in support of Morocco's autonomy initiative in Western Sahara, an issue that remains central to Algeria's foreign policy. Although Algeria continues to back the Sahrawi Arab Democratic Republic and supports the U.N.-led decolonization process, it has not signaled any flexibility on the matter during the period under review.

Algeria's historical mediation efforts in the Sahel, especially its leadership role in the Algiers Accord for Mali, have been weakened amid a wave of military coups in the region and the growing influence of external actors, such as the UAE and Russia. These dynamics challenge Algeria's position as a regional stabilizer, though it continues to host dialogue forums such as the Oran Process and advocates for multilateral cooperation through the African Union.

Regional cooperation

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Strategic Outlook

To sustain and promote Algeria's transformation toward a robust democracy and dynamic market economy, the government should pursue a coherent and integrated reform agenda. For example, liberating the 200 political prisoners could help overcome the regime's deep legitimacy crisis and strengthen democracy. Political leaders should deepen electoral integrity and judicial independence, while actively engaging civil society in agenda-setting and policy formulation. Expanding mechanisms for transparency and accountability – such as real-time digital monitoring of public institutions and regular audits – will help ensure that political processes are both participatory and credible.

On the economic front, reducing reliance on hydrocarbons remains critical. The government must accelerate diversification by streamlining regulatory procedures and opening non-strategic sectors to private investment. Targeted poverty reduction measures are essential to promote inclusive growth; for instance, implementing conditional cash transfers combined with vocational training can integrate marginalized groups into the formal economy, while robust microfinance initiatives would support the expansion of small and medium-sized enterprises. Enhancing these measures will contribute to a more balanced income distribution and stimulate domestic consumption.

Fiscal policy should be strengthened through transparent budget planning and independent auditing to ensure adequate resource allocation. Instituting rigorous debt management and reducing dependency on volatile hydrocarbon revenues will enhance fiscal resilience. In parallel, governance reforms must improve interministerial coordination by establishing specialized strategic planning units across key departments. Responsible decentralization – granting local governments greater legal and financial autonomy and public oversight – can further drive policy coherence and resource efficiency.

International cooperation is pivotal to Algeria's reform agenda. Algeria could integrate global best practices into its policymaking by engaging actively with multilateral organizations and regional partners, while tailoring reforms to local realities. This comprehensive approach – combining robust democratic reforms and economic diversification with targeted poverty reduction, fiscal consolidation and enhanced governance structures – will enable Algeria to achieve a dynamic, inclusive and resilient transformation.