

APRM COUNTRY REVIEW REPORT NO. 5

AFRICAN PEER REVIEW MECHANISM



**COUNTRY REVIEW
REPORT
OF THE PEOPLE'S
DEMOCRATIC REPUBLIC OF
ALGERIA**



20 JUNE 2007

COUNTRIES PARTICIPATING IN THE AFRICAN PEER REVIEW MECHANISM (APRM) AND PANEL OF EMINENT PERSONS

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APR Panel of Eminent Persons

Prof. Dorothy Njeuma, from Cameroon, representing Central Africa
(*Chairperson*)

Mme. Marie-Angélique Savané, from Senegal, representing Western Africa
(*Member, leading the Algerian Review Process*)

Prof. Adebayo Adedeji, CFR, from Nigeria, representing Western Africa
(*Member*)

Prof. Mohammed Seghir Babés, from Algeria, representing Northern Africa
(*Member*)

Amb. Bethuel Kiplagat, from Kenya, representing Eastern Africa
(*Member*)

Dr Graça Machel, from Mozambique, representing Southern Africa
(*Member*)

Dr Chris Stals, from South Africa, representing Southern Africa
(*Member*)

APR Secretariat

Dr Bernard Kouassi
Executive Director
P.O. Box 1234, Halfway House 1685
Midrand, South Africa
Email: bkouassi@nepad.org
www.nepad.org/aprm

ACKNOWLEDGEMENTS

The APR Panel of Eminent Persons is pleased to present the Country Review Report of Algeria.

The preparation of this Report would not have been possible without the unflinching support of the Algerian government and people. The APR Panel would like to specially thank His Excellency President Abdelaziz Bouteflika for his support and commitment to the New Partnership for Africa's Development (NEPAD) and to the African Peer Review Mechanism (APRM).

The APR Panel would also like to thank Mr Abdelkader Messahel, Deputy Minister for Maghreb and African Affairs and the APR Focal Point in Algeria as well as Ambassador El Haouès Riache and Mr. Abderrahmane Merouane from the Ministry of Foreign Affairs of Algeria as well as the indefatigable President of the National Governing Council (NGC), Mrs Fatma Karadja for their efforts in ensuring the success of the Country Review Mission. We also recognise the support of the other Members of the National APRM Governing Council of Algeria, the Walis and their representatives of community development agencies and all Algerian stakeholders for their warm welcome and active and open participation in the APR process, which contributed to the success of the mission.

The APR Panel also thanks Mrs Marie Angélique Savané who led the review process of Algeria with the dedication and competence that have characterised her career. The high esteem many persons in Algeria, on the continent and internationally have for her facilitated the set-up of a team of eminent people with the appropriate stature and experience to carry out the Country Review of Algeria. The team comprised the following experts: Messrs Mamadou Lamine Loum, Robert Dossou, Donatien Bihute, Ousmane Diallo, Mbaya J. Kankwenda, Yenikoye Ismael Aboubacar, Karim Ben Kahla, Léopold Donfack Sokeng and Jenerali Ulimwengu. The APR Panel expresses its deep appreciation for the contribution of these eminent persons.

Furthermore, the Panel would like to express its gratitude to the APRM Strategic Partners appointed by the Heads of State, namely the African Development Bank (AfDB), the United Nations Development Programme (UNDP) Regional Office for Africa and the United Nations Commission for Africa (UNECA) for their continuous support to the APRM since its inception. This support would not have been possible without the personal commitment of their respective heads: Messrs Donald Kaberuka, Gilbert Fossoun Hounbo and Abdoulie Janneh. The representatives of these institutions participating in the mission contributed immensely to the completion of the Report. In this regard, the APR Panel would like to express its warm appreciation to Mr Georges Bene-Hoane (AfDB), Mr Bernard Mokam Mojuyé (UNDP), Mrs Souad Abdennebi-Abderrahim, Mrs Gueye Aissatou Astou Gningue and Mr Hakim Ben Hammouda (UNECA).

The APR Panel acknowledges the continued support of the APR Secretariat under the leadership of Dr Bernard Kouassi, Executive Director, as well as the other members

of the Secretariat namely Mr Moise Nembot (Coordinator), Mr Gaston Bushayija, Mr Sudir Chuckun, Mr Dalmar Jama, Ms Rachel Mukamunana and Ms Mumtaz Omar.

Last but not least, the Panel would like to express its recognition to all the institutions and bodies that took the initiative in publicising the work of the APRM, especially the media, non-governmental organisations and various civil society organisations.

Members of the Panel of Eminent Persons

Professor Dorothy Njeuma (President)

Mrs Marie-Angélique Savané, Member responsible for the Algerian review process

Professor Adebayo Adedeji

Professor Mohammed Seghir Babés

Ambassador Bethuel Kiplagat

Dr Graça Machel

Dr Chris Stals

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MAPS OF ALGERIA AND AFRICA



- | | | | | | |
|-----------------|----------------|----------------|-----------------------|-----------------|--------------|
| 1. Adrar | 2. Chlef | 3. Laghouat | 4. Oum El Bouaghi | 5. Batna | 6. Bejaia |
| 7. Biskra | 8. Bechar | 9. Blida | 10. Bouira | 11. Tamanrasset | 12. Tebessa |
| 13. Tlemcen | 14. Tiaret | 15. Tizi-Ouzou | 16. Alger | 17. Djelfa | 18. Jijel |
| 19. Sétif | 20. Saïda | 21. Skikda | 22. Sidi Bel Abbès | 23. Annaba | 24. Guelma |
| 25. Constantine | 26. Médeà | 27. Mostaganem | 28. Msila | 29. Mascara | 30. Ouargla |
| 31. Oran | 32. El Bayadh | 33. Ilizi | 34. Bord Bou-Arréridj | 35. Bumerdes | 36. El Tarf |
| 37. Tindouf | 38. Tissemsilt | 39. El Oued | 40. Khenchela | 41. Souk Ahras | 42. Tipaza |
| 43. Mila | 44. Ain Defla | 45. Naama | 46. Ain Temouchent | 47. Ghardaïa | 48. Relizane |

Source: National Institute of Cartography and Teledetection.



Source : United Nations.

FACT SHEET

Location:	North Africa with the Mediterranean Sea to the north (1200 km of coastline), Morocco to the west, Tunisia to the east, Libya to the south-east, Mauritania and Western Sahara to the south-west, Mali and Niger to the south.
Area:	At 2 381 741 km ² the second largest country in Africa. The Sahara covers 84 per cent of the total surface area, the steppes 8.5 per cent and the coastal area (mountains and plains) 7.5 per cent.
Population:	33.8 million inhabitants as at 1 January 2007 Life expectancy at birth: Men 74 years; women 76 years; average 75 years
Major cities:	Algiers (capital), Sétif, Oran, Constantine, Annaba, Batna, Tlemcen, Tizi-Ouzou, Ghardhaïa, Adrar, Tamanrasset
Land use:	Algeria is a mountainous country with an average altitude of 800 m. The Sahara covers over 2 million km ² (84 per cent of the total surface area of the country); forests and scrub cover 4.1 million hectares (the percentage forestation is 16.4 for the north of Algeria and only 1.7 for the remainder of the country). In 2002, only 8.27 million hectares of the 40 million hectares of arable land were under cultivation, largely concentrated in the northern region. Almost 0.5 million hectares of steppes are in the process of total desertification and more than 7 million hectares are at risk.
Independence:	5 July 1962: Proclamation of the independence of Algeria 25 September 1962: Proclamation of Democratic People's Republic of Algeria; 1 November 1954: National Day–Revolution Day
Constitution:	Constitutions of 1963, 1976 and 1989 Revised, adapted by referendum on 28 November 1996
Administrative structure:	1541 communes within 48 wilayas (provinces), 535 daïras and 13 administrative divisions headed by a deputy Wali in the wilayas of Algiers
Political governance:	A multiparty democracy with a Presidential system and a bicameral parliament: Popular National Assembly (APN);and National Council (the Senate). <u>Major political parties:</u> Front de Libération National (National Liberation Front) (FLN) Rassemblement National Démocratique (National Democratic Union) (RND) Mouvement de la Société de Paix (Movement of Social Peace) (MSP); Front des Forces Socialistes (Socialist Forces Front)

	<p>(FFS); Mouvement pour la Renaissance (Movement for the Renaissance) (NAHDA); Rassemblement pour la Culture et la Démocratie (Union for Culture and Democracy) (RCD); Parti des Travailleurs (Labour Party) (PT)</p> <p>Total number of political parties: 29</p>
Electoral system:	<p>The Electoral Law of 6 March 1997 modified and completed relating to the organic law on the ballot system defining the electoral process and electoral districts:</p> <p><i>Electoral districts:</i> 48 districts with two seats that correspond to the country's wilayas.</p> <p><i>Ballot system:</i> Election on the basis of indirect majority vote, a first round by an electoral college made up of members of each of the people's assemblies in the wilayas and of people's assemblies in the communes. The total number of members is 15 003. Partial elections are held in the event of seats falling vacant during a term of office. Voting is compulsory.</p>
Macro-economic indicators:	<p>Gross domestic product (2006): US\$114.2 billion</p> <p>Gross national product per capita (2006): US\$3403</p>
Trade:	<p>Exports (2004): US\$54.1 billion</p> <p><i>Goods according to sector of activity (%):</i> Hydrocarbons; chemistry, rubber, plastics; iron metal, mechanical, electrical industries (0.66); agricultural and food industries, tobacco, matches (0.15); agriculture, fishing, hunting (0.11); mines and quarries (0.09); timber, cork, paper, leather and shoe industries; leather and shoe industries; textile, hosiery and clothing industries</p> <p><i>Major trading partners (exports) :</i> United States; Italy; France; Spain; The Netherlands; Canada; Brazil; Turkey; Portugal; Belgium.</p> <p><i>Import (2006): US\$21.1 billion</i></p> <p><i>Principal products according to major user groups:</i> Industrial equipment; semi-finished products; good, drink, tobacco; consumer goods; raw materials; energy and lubricants; agricultural equipment; unfinished products</p> <p><i>Major trading partners (imports):</i> France; Italy; Germany; United States; China; Spain; Japan; Argentina; Turkey; Belgium</p>
External debt:	(2006): US\$4.6 billion
Exchange rate:	<p>Weighted average exchange rate (1 US\$ = DA..., 2005) 73,3622</p> <p>Weighted average exchange rate (1 euro = DA..., 2005) 91,3179</p>

Sources: National Bureau of Statistics; Algerian Office for the Promotion of Foreign Trade (PROMEX), Division for the Development of Land and Water – United Nations Food and Agricultural Organisation, Algerian Permanent Mission at the United Nations; www.algeria-un.org/default.asp?doc=-contact&lang=2; www.ipu.org/parline-f/reports/1004_B.htm.

SOCIO-ECONOMIC INDICATORS FROM 2000 TO 2005

	2001	2002	2003	2004	2005	2006e
GDP growth rate (in volume)	2.7	4.8	6.9	5.2	5.3	2.7
GDP (US\$ billion)	55.2	57.1	68.0	85.0	102.4	114.2
GDP per capita (in US\$)	1.787	1.819	2.136	2.627	3.097	3.403
Increase in consumer price index	4.2	1.4	2.6	3.6	1.6	2.2
Hydrocarbons (% GDP)	33.9	32.5	35.5	38.0	45.1	46.6
Official Reserves (US\$ billion)	18.0	23.1	32.9	43.1	56.2	74.6
Exports (US\$ billion)	19.1	18.7	24.5	32.2	46.3	54.1
Imports (US\$ billion)	9.5	12.0	13.4	18.0	19.9	21.1
Industrial production (DA billion)	312.7	325.9	344.9	368.8	393.0	
Agricultural production (DA billion)	412.1	417.2	515.3	578.9	577.0	
Average exchange rate (US\$/DA)	77.2646	79.6829	77.3947	72.0603	73.3622	72.1
Average exchange rate (€/DA)	69.2034	75.3015	87.4291	89.6198	91.3179	91.2
Total budget balance (DA billion)	48.710	-31.6	262.9	226.2	-472.2	705.6
External debt (US\$ billion)	22.7	22.6	23.4	21.8	17.2	4.6
Debt service/exports (%)	22.8	22.6	17.9	17.6	12.5	22.6
Natural population growth	1.5	1.53	1.58	1.63	1.69	
Unemployment rate (%)	27.3	25.7	23.7	17.7	15.4	
Population in mid-year	30 836	31 357	31 848	32 364	32 906	

e- estimates

Source: National Bureau of Statistics.

ABBREVIATIONS AND ACRONYMS

ADSL	Asymmetric Digital Subscriber Line
AEC	African Economic Community
AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
ALNAFT	National Agency for the Valorisation of Hydrocarbon Resources
ANC	African National Congress
ANDI	National Agency for Investment Development
ANDT	National Agency for the Development of Tourism
ANGEM	National Agency for the Management of Micro-Credit
ANSEDI	National Association for the Support of Children in Difficulty and in Institutions
ANSEJ	National Agency for Supporting the Employment of Young People
APC	Popular Assembly of the Communes
APN	Popular National Assembly
APRM	African Peer Review Mechanism
APW	Popular Assembly of the Wilaya
ATCI	Algerian remote interbank clearing system
AU	African Union
BADR	Agricultural and Rural Development Bank
BCG	Bacille Calmette Guérin (vaccine)
BNA	National Bank of Algeria
CACI	Algerian Chamber of Commerce and Industry
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CENEAP	National Centre for Studies and Planning Analysis
CEO	Chief Executive Officer
CIDDEF	Informational Documentation Centre on the Rights of the Child and of Women
CNAC	National Unemployment Insurance Fund
CNAS	National Social Insurance Fund
CNES	National Economic and Social Council
CNG	National Commission on Governance
COSOB	Commission for the Organisation and Surveillance of Stock Market Transactions
CPA	Popular Credit Institution of Algeria
CPE	Pre-employment Contract
CPSS	Committee on Payments and Settlement Systems
CREAD	Research Centre for Applied Economics
CRM	Country Review Mission
CSM	Country Support Mission
CSM	Higher Council of the Magistrature

CSAR	Country Self-Assessment Report
DA	Algerian dinar
DGSN	General Department of National Security
DTaP	Diphtheria, Tetanus and Whooping Cough (Pertussis)
ECA	Economic Commission for Africa
ENIE	National Electricity Company
EPE	Public Economic Enterprise
ESIL	Local Salaried Employment Initiative
EU	European Union
FCCC	Local Administrative Bodies Compensation Fund
FFS	Socialist Forces Front
FIS	Islamic Salvation Front
FLN	National Liberation Front
FRR	Fund for the Regulation of Receipts (Stabilisation Fund)
FSAP	Finance Sector Assessment Programme
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GIA	Armed Islamic Association
GNP	Gross National Product
HSGIC	Heads of State and Government Implementation Committee
HIV	Human Immunodeficiency Virus
IAF	International Accounting Federation
IAIS	International Association of Insurance Supervisors
IANOR	Algerian National Standardisation Institute
IAP	Algerian Petroleum Institute
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICC	International Criminal Court
ICT	Information and Communication Technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IMC	Investment Management Company
IMF	International Monetary Fund
IMFC	International Monetary and Finance Committee
INESG	National Institute for Global Studies
ISO	International Organisation for Standardisation
JORA	Government Gazette of the Republic of Algeria
LHD	Lasting Human Development
MDG	Millennium Development Goal
MLT	Mortgage Loan Trust
MOU	Memorandum of Understanding
MSP	Movement of Social Peace

MTEF	Medium-Term Expenditure Framework
MTLA	Movement for the Triumph of Democratic Liberties
NAHDA	Movement for the Renaissance
NAMDF	National Agricultural Mutual Benefit Fund
NEPAD	New Partnership for Africa's Development
NGC	National Governing Council
NGO	Non-Governmental Organisation
NIED	New International Economic Order
NPARD	National Plan for Agricultural and Rural Development
OAS	Secret Army Organisation
OAU	Organisation of African Unity
OECD	Organisation for Economic Cooperation and Development
ONS	National Bureau of Statistics
OSCI	Objectives, Standards, Criteria and Indicators
PDA	Public Development Aid
PNAEDD	National Action Plan on the Environment and Sustainable Development
PNDAR	National Agricultural and Rural Development Plan
PNES	National Economic and Social Pact
POA	Programme of Action
PPA	Algerian People's Party
PROMEX	Promotion of Exports
PRSP	Poverty Reduction Strategy Paper
PSRE	Complementary Support Programme for the Relaunch of the Economy
PT	Labour Party
RCAE	Research Centre for Applied Economics
RCD	Union for Culture and Democracy
RCSCA	Research Centre for Social and Cultural Anthropology
RND	National Democratic Union
ROSC	Report on the Observance of Standards and Codes
SDDS	Special Data Dissemination Standards
SEVE	Savoir et Vouloir Entreprendre ("wanting and knowing how to do business")
SGBV	Stock Exchange Management Company
SME	Small and Medium-sized Enterprise
SMI	Small and Medium-sized Industrial Enterprise
SNE	National Environmental Strategy
SNTA	National Tobacco and Matches Company
STD	Sexually Transmitted Disease
STN	Signalling Transport Network
UDMA	Democratic Union of the Algerian Manifesto
UGTA	General Union of Algerian Workers
UMA	Arab Maghreb Union

UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS.
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	National Union of Public Employers
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nation's Children's Fund
UNIDO	United Nations Industrial Development Organisation
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation

Famous Algerians

Massinissa: First king of unified Numidia/Capital Cirta (present day Constantine). Born approximately 238 BC and passed away early January 148 BC.

Jugurtha: Grandson of Massinissa (160–104 BC). He fought against the Romans for more than seven years between 111–105 BC.

Saint Augustine (Aurelius Augustinus), 354-430 AD: Church Father and theologian born in eastern Numidia.

Tarik Ibn Ziad: One of the first Berber princes to convert to Islam; conquered Iberia in the 8th century.

Ibn Ziri de Buluggin: Prince of the 10th century, founder of the city of Algiers (Al Jazair in Arabic).

Ibn Qunfudh Al Qassantini: Astronomer and mathematician of the 14th century.

Ibn Khaldoun: Philosopher, sociologist and historian of North Africa, born 27 May 1332 in Tunis and died 19 March 1406 in Cairo. He lived at Freneda (Tiaret, Algeria) where he wrote "La mokadima bil elmoubtada ouel khabar fi tarikh el arabi oua el barbare", a methodology of philosophy, history and introduction to sociology, a work that places him as the pioneer of modern sociology well before Auguste Comte.

Abd-el-Kader: ('Abd al-Kadir bin-Muhyi ad-Din al-Hasani, 1808–1873): Emir of Mascara and head of the resistance against the French invaders from 1830 to 1847.

Cheikh Abdelhamid Benbadis (1889–1940): Muslim educator and reformer.

Messali Hadj (1898–1974): Responsible for the organisation of several political movements North African Star (ENA), Algerian People's Party (PPA), Movement for the triumph of Democratic Liberty (MTLD), which claimed the total independence of Algeria.

Ferhat Abbas (1900–1986): Head of the first temporary government and first orator (speaker) at the National Assembly in 1962.

Ahmed Ben Bella (1916), Founder of the FNL and first President of independent Algeria.

Mohamed Arkoun: Author, philosopher and historian.

Lakhdar Brahimi: Former Minister of Foreign Affairs, Special Peace Envoy of the United Nations to Lebanon, Afghanistan and Iraq.

Ouarda el Djazairia: Singer and classical Arab musician.

Cheb Khalid (born Khalid Hadj Brahim): Celebrated Algerian Singer known as the "King of Raï".

Cheb Mami (né Mohamed Khelifati): Famous Algerian singer of Raï known as the "Prince of Raï".

Sakina Boutamine: Female athlete, former champion distance runner and African champion

Lakhdar Hamina: One of the major Algerian film makers. Directed the film "Les années ds braises". Winner of the Palm D'Or of the Cannes Film Festival.

Hassiba Boulmerka: Female athlete, former women's 1500 m champion and Olympic champion.

Nouria Benida Merrah: Female athlete, former champion distance runner and Olympic champion.

Noureddine Morceli: Athlete, former 1500 m champion and Olympic champion.

Sources: www.answers.com/topic/list-of-algerians; www.nationsencyclopedia.com/Africa/Algeria-FAMOUS-ALGERIANS.html, www.english.emory.edu/Bahri/Fanon.html; www.africaalmanac.com/Tim_famous_Africans_-_Sept_25.htm.

EXECUTIVE SUMMARY

1. THE APRM AND ITS PROCESSES IN ALGERIA

1.1 Algeria's commitment and launching of the exercise

- 1.1 Algeria was one of the first countries to accede to the African Peer Review Mechanism (APRM), along with Ghana, Rwanda and Kenya. The country voluntarily acceded to the APRM in March 2003, in Abuja, Nigeria. As a result of its adherence a Deputy Minister for African and Maghreb Affairs was appointed to act as the Focal Point, and a National Governing Council (NGC) was instituted by the Head of Government on 12 March 2005.
- 1.2 From 21 to 25 July 2005, Mrs Marie-Angélique Savané, a member of the Panel of Eminent Persons of the APRM, visited Algeria to support and also launch the implementation of the self-assessment process. More specifically, the team: (i) signed the Technical Memorandum of Understanding (MOU) of the APRM; (ii) assessed the procedures and mechanisms put in place by the NGC for the self-assessment exercise and then prepared a draft Programme of Action; (iii) met with the NGC and the technical assessment institutions of the APRM to explain the process and discuss the self-assessment questionnaire; and (iv) agreed on a road map to accelerate the different stages.
- 1.3 The discussions on the role and quality of the technical assessment committees revealed that it would be necessary to call in other specialised research institutions to support the National Economic and Social Council (CNES), which had been proposed as the technical partner in the self-assessment process. The Country Support Mission (CSM) recommended that there should be four institutions, each of which would be responsible for one of the four APRM thematic governance areas contained in the Base Document, namely Political Governance, Economic Governance, Corporate Governance and Socio-Economic Development.
- 1.4 The large number of members (99) of the NGC reflects the focus on ensuring that all stakeholders were effectively and significantly represented, including the private sector, civil society organisations, elected representatives and government authorities. It should be noted that the Focal Point is also a member of the NGC.
- 1.5 On 30 November and 1 December 2005, at the personal invitation of the President of the Republic of Algeria, Mrs Savané, accompanied by the Coordinator for Algeria and the Secretariat, experts from the Economic Commission for Africa (ECA) and the African Development Bank (AfDB), attended a meeting at the Palais de la Nation in Algiers, held for Ministers involved in the implementation of the 2005–2009 Five-Year Plan. The main objective was to strengthen the credibility of the APR process in the country

and ensure effective participation by all stakeholders. The NGC subsequently organised a series of workshops, with working groups formed around each theme.

- 1.6 The formalisation of the draft country self-assessment review was discussed by the stakeholders. This draft report was submitted to an Inter-Ministerial Committee on 7 August 2006, and then to a Government Council on 29 August 2006. The latter agreed that the process should be finalised in strict compliance with the provisions of the APRM, including the preparation of a draft Programme of Action. These two documents were submitted to the APRM in November, for the information of the international review team that had visited Algeria between 10 November and 5 December 2006.

1.2 The Country Review Mission

- 1.7 Following the CSM and the development of the work of the NGC, Mrs Marie-Angélique Savané led an international Country Review Mission (CRM) to Algeria from 10 November to 5 December 2006. The CRM fielded a team of 21 members, representing 14 African member countries, all members of the African Union (AU), the APR Secretariat, experts from the strategic partner institutions – AfDB, ECA and the United Nations Development Programme (UNDP), as well as independent experts in the four APRM thematic areas.
- 1.8 In accordance with the mandate of the Country Self-Assessment Report (CSAR), the objective of the CRM was: (i) to hold the widest possible consultations with all the stakeholders in order to extend and supplement the CSAR; (ii) to review the draft Programme of Action prepared by the country and make appropriate recommendations; (iii) to ascertain that the assessment process was technically competent, credible and free of political manipulation; and (iv) to establish consensus with the stakeholders on issues and challenges, as well as on recommendations that could improve governance in the country.
- 1.9 During an audience with His Excellency President Abdelaziz Bouteflika of the People's Democratic Republic of Algeria, Mrs Marie-Angélique Savané commended the manifest commitment of Algerian leaders to the APR process. She then gave an overview of the key and emerging issues raised in Algeria's CSAR. President Bouteflika assured the CRM that Algeria would be a glasshouse and reiterated his personal commitment, and that of the Algerian authorities, to ensure that the process took place with the utmost transparency. He urged the CRM to show professionalism and objectiveness in its work.
- 1.10 The CRM was also received in audience by the Head of Government, His Excellency Mr Abdelaziz Belkhadem, at the start and on completion of its visit. On both occasions, he reaffirmed that the Algerian government placed a premium on promoting good governance in all sectors of political, economic and social life, and reiterated his commitment to deepening cooperation in this regard with the APRM, to which Algeria had acceded voluntarily. He also

praised the idea behind the APRM and declared that Algeria was committed to implementing the findings.

- 1.11 During its visit, the CRM held extensive consultations with stakeholders, both in Algiers and in the departments or provinces (wilayas) in the interior of the country. In particular, it held working sessions with the APR Focal Point, the NGC, civil society organisations including non-governmental associations (NGOs), the media, universities, religious organisations, labour unions, women's and youth organisations, political party leaders, disadvantaged groups, the disabled, rural communities and groups of economic operators. The team was also received by members of government, members of parliament (national assembly and senate), decentralised authorities and local people's assemblies, the Bank of Algeria, specialised institutions, such as the CNES, the High Islamic Council, the High Council of the Arab Language and the High Commission for Amazighité. Other entities consulted included trade entities, professional bodies, the Federation of Small and Medium Corporations, and financial institutions. In addition to these consultations, the CRM held meetings with the different development partners, specialised bodies – the UNDP, World Food Programme (WFP), United Nations Children's Fund (UNICEF) and United Nations High Commissioner for Refugees (UNHCR), the ambassadors of the G8 countries and African ambassadors in Algiers. A forum was organised for women, associations, political parties, interaction with the youth, debate with journalists and dialogue with political parties.
- 1.12 Alternating with their time in Algiers, the CRM also toured 11 wilayas across the country's six regions: the Coastal Region, the East, the West, the Hauts plateaux, the South and the Grand South. The following wilayas were visited: Guelma, Annaba, Sétif, Bordj Bou-Arréridj, Oran, Mostaganem, Tlemcen, Ghardaïa, Ouargla, Tamanrasset and Tizi-Ouzou. In each wilaya, the meetings began with plenary meetings and concluded with thematic workshops.
- 1.13 The CSAR submitted by Algeria shows the professionalism and credibility required by the AU. The APR Panel notes with admiration the high quality of the report, which is unambiguous and gives a candid account of governance in the country. The CRM appreciated the CSAR's analysis but felt, based on its own analyses and observations, that certain recommendations and action programmes devolving from it could be strengthened and targeted. Algeria, in fact, applies a model of best practice in the organisation of the assessment process, which received political support at the highest level, as is evident from the commitment of the President and his cabinet to the process.
- 1.14 Mrs Marie-Angélique Savané led another and, according to the schedule agreed upon with the Algerian authorities, final CRM to Algiers from 4 to 16 March 2007. The objective was to update the information in the light of the latest developments in the country and to finalise the APRM report on Algeria.

2. MODERN ALGERIA IN A HISTORICAL PERSPECTIVE: DEMOCRATIC TRANSITION

2.1 From colonisation to independence

2.1 The colonisation of Algeria began in 1830, when French troops forced the Dey of Algiers to capitulate. They soon had to contend with the long and glorious resistance to their occupation from Emir Abdelkader, the founder of the modern Algerian state. Resistance to foreign occupation would end only with the recovery of national independence. The heroic struggle was waged in every part of the country with successive armed revolts. The failure of the peaceful option chosen by the political parties of the day helped convince the Algerian people of the inevitability of armed struggle against colonialism. The National Liberation Front (FLN) was established following these events and, as a result of the need for a war of liberation, began armed insurrection against the colonial power on 1 November 1954.

2.2 For the Algerian people, fighting a liberation war had three major objectives. The first was to regain independence and dignity for the downtrodden and the nation itself. The second was to build a political Algerian nation in the face of the efforts of colonialists to destroy such a notion in the consciousness of the people. Finally, the third aim was to lay claim to development as a legitimate right of Algeria and its people so that they could extricate themselves from the misery to which colonisation had reduced them. This enabled them take over and enjoy their country's resources and the dividends of economic and social progress. Modern Algeria is marked by its consciousness of these issues and guards them jealously. Because independence was won after a long struggle, affirmation of the country's dignity and political position, as well as the enormity of the development tasks ahead, led to the adoption of a socialist model of development.

2.3 In the immediate post-independence years, and in response to the people's deep aspirations during the liberation war, Algeria found itself facing multiple challenges. For a fledgling state just emerging from a long war of liberation, the hurdles to be overcome were enormous. Huge effort went into putting the political institutions in place, creating a public administration that represented a mechanism both for the development of the state and for economic and social development, developing and promoting an economic system and social institutions consistent with the legitimate aspirations and expectations of the people, and, lastly, creating a political and socio-economic dynamic in the country that would ensure its place on the African, Maghrebian and world stage.

2.2 From socialism to liberal reforms

2.4 Algeria's political journey since independence falls into three distinct periods: the era of socialist development (1962–1987); the period of crisis of socialist

development and the questioning of this model (1988–1998); the period of open commitment to, and implementation of reforms that go hand in hand with the liberal path to development (1999 to date), together with all the reforms this requires in political (democratic governance; political pluralism), economic and corporate (reforms; transition towards a market economy) and social (grassroots involvement in political, economic and social development) terms.

- 2.5 After its experience of socialist development and the interim crisis of the period of terrorism, Algeria is currently in a phase of transition to a market economy, a transition that the country plans to undertake at its own pace without undue haste. The earliest structural and political reforms were launched by the authorities against a background of terrorist violence aimed at the Algerian people, of threats to the very existence of the state and its institutions, of economic recession and social fatigue. After 1994, these reforms were replaced by structural adjustment programmes.
- 2.6 To understand this trajectory, it is necessary to refer back to the origins of the crisis. Around the beginning of the 1980s, cracks began to appear in the political model and its economic component. The people had finally had enough of the iron fist of the state machine, its omnipresence in the lives of citizens, and its failures and weaknesses in the management of development, or at least of some of its key areas. Forces in the country began to give vent to their frustration. Social inequalities, the weaknesses (if not downright failure) of a managed economy, and favouritism all provoked doubts about both the economic and the political model that had been adopted. What began as quiet murmurings quickly became strident protest. The economic crisis lurking beneath the surface erupted, accompanied by crashing oil prices in 1986. This provided an opportunity for political contestation of the development model that was in place.
- 2.7 The state's falling revenues reduced its capacity to act, especially as regards some of the economic and social development functions that it had assumed until then. The displeasure felt by citizens, who had developed a syndrome of dependency on the state, turned into anger against the government or against the establishment, and consequently against state institutions and the socialist development model. The crisis of confidence in the country's political institutions, which had been brewing until then, was now out in the open. The state itself came to realise that it could no longer continue to carry out the same functions as it had, because of the collapse of some of the sectors for which it had been responsible and also because it now had fewer resources.
- 2.8 Other political and religious powers exploited the situation and the country was plunged into a "dark decade" marked by violence and terrorist attacks. The violence of the Islamic terrorism was mainly the result of the country having been through a period of questioning the socialist development model. This had been exploited by some people to such an extent that the very fundamental structures of the Algerian state were threatened. Democracy in Algeria was therefore the child of tragedy, a fact that affected the chances of

achieving full democratisation of the country's socio-economic development process.

- 2.9 Thus, Algeria, which had made considerable progress in building a modern state with solid political and administrative institutions, and had succeeded in distributing the economic and social dividends of its war of liberation among its people, found itself facing problems that it thought had been put behind it.
- 2.10 Finally, in light of these facts, the authorities reviewed the situation. Political and socio-economic reform policies were designed and implemented to address the demands of the people and also to resolve the political, economic and social problems that lay at the heart of the social and political upheavals. At the same time, however, the authorities sought to keep the situation in hand, aware of the dangers attendant on hastily pushing for reforms. They therefore sought to maintain a balance between pressures for reforms from certain quarters and resistance to reforms from others.

2.3 Looking towards the future

- 2.11 The Algerian authorities need to implement a policy that will: (i) consolidate civil peace, security and the stability of institutions as an essential condition for building democracy, improving the management of public affairs and strengthening the rule of law; (ii) revive the development process, basing it on relevant economic reforms and on active partnership between the state (whose role it is to create an enabling political and legal environment), the private sector (the principal creator of national wealth and employment) and civil society (which forges synergies between the political and social spheres to ensure that the entire nation enjoys the appropriate dividends); (iii) improve the social situation with viable financial conditions, by intensifying reform in the social sectors and creating suitable conditions for sustained and sustainable growth that will stimulate job creation and ensure that the Algerian people enjoy the benefits thereof.
- 2.12 Although it is true that remarkable progress has been made in these areas, much still needs to be done to guarantee full enjoyment of civil liberties for citizens, citizen participation, grassroots democracy, a balance between the authorities and the separation of powers, a greater media, and a more effective administration and anticorruption campaign. These are formidable challenges that deserve careful attention. In short, Algeria's past and more recent history is one of building a nation in the context of ongoing struggle to affirm its identity and uphold its dignity and sovereignty. Through its pride in its secular Amazighité, in being part of the Arab civilisation, in its Africanness and its attachment to the spiritual values of Islam, Algeria claims to have dealt with the challenges of globalisation in the spirit of tolerance, openness and exchange that is dictated by its long history.
- 2.13 It was with the help of this precious capital, from where it drew its spiritual strength and moral energy in times of adversity, that the Algerian nation was

able to surmount the numerous and successive challenges that have dotted its destiny. The most important of these has been to regain the country's independence and re-establish national sovereignty.

3. MAIN OBSERVATIONS AND FINDINGS ON THE THEMATIC AREAS

3.1 Democracy and political governance

- 3.1 On the matter of conflict, the CRM noted with satisfaction that, despite having experienced a decade of terrorism and indiscriminate violence, Algeria has been able to avoid the trap of civil war and has embarked on a phase of peace-building, which needs to be sustained. However, other internal conflicts of relative intensity should be mentioned. These have to do with language even if the Tamazight language has been recognised as an official language in the Constitution, sociocultural diversity, human rights, employment and rural land. Within the region, clandestine immigration is a potential source of conflict because, from being a transit point, Algeria is now becoming the destination of immigrants from sub-Saharan Africa. There is also the matter of cross-border trafficking of drugs, arms, smuggled goods and counterfeit administrative documents, as well as prostitution, all of which create tension between neighbouring states. The closure of the border with Morocco is a case in point.
- 3.2 Algeria has signed and ratified most of the legal international and African instruments that impact on the enjoyment of human rights. It has ratified them by presidential decree or regulatory acts that facilitate their direct or immediate application. Reservations have, however, been placed on some.
- 3.3 As regards constitutional democracy, multi-party elections and ensuring rule of law, the return to democracy and electoral competition in itself is an immeasurable victory for the Algerian nation. The country appears to be holding its own against the two major challenges that come with some degree of modernity: the challenge of building (1) a multi-party social democracy that guarantees political transition, the sovereign power of the people and grassroots democracy without sacrificing national unity, and (2) establishing the rule of law based on the republican model, which accommodates diversity in every form and guarantees every citizen equal opportunity and effective participation in the management of public affairs.
- 3.4 After the recent traumatic experiences of terrorism, the party and electoral system seems to have learnt to be prudent and progressive in the establishment of democracy and multi-partyism. Registered parties carry out their activities under relatively satisfactory conditions and have limited, supervised access to the main broadcast media (radio and television) under de facto state monopoly. Parties receive state funds only for their election campaigns. The organisation of elections has improved with each successive election. An independent constitutional judge (Constitutional Council) guarantees the

supremacy of the Constitution and is developing a jurisprudence to ensure that legislation conforms to the Constitution and that the people have a sovereign right to choose their representatives. However, membership of the elected assemblies and the higher echelons of administration is not always a fair representation of the complexity of the country's geographical, linguistic and sociocultural diversity, with low representation of women, young people, intellectuals and sociological groups.

- 3.5 The modernisation of the justice system is a very positive initiative and the practices that will devolve from it will no doubt contribute effectively to the definitive consolidation of a constitutional state. Equitable access to justice by all citizens is guaranteed by the Constitution and legal aid is available to any person or association unable to afford the cost of justice. Legal fees are moderate and the widespread decentralisation of (administrative and judicial) jurisdictions guarantees the location of a court within easy reach. There are services to assist those appearing in court and cases of violation are regularly dealt with by the courts. Alternative dispute resolution measures are in place to avoid problems associated with lengthy procedures and delays in decisions handed down by the courts. Over the past few years there has also been remarkable progress in ensuring human rights for prisoners.
- 3.6 Territorial decentralisation is one of the most hotly debated issues. Even though the Constitution stipulates that "the elected assembly shall be the seat of decentralisation and the forum in which citizens participate in the management of public affairs", the powers of these assemblies appear to be counterbalanced by the heavy involvement of the deconcentrated authorities. They represent the state (notably, the Wali, the head of the wilaya or province, and the heads of dairas or counties) and are accountable solely to the head of state and government. As a result, decentralisation assumes more the aspect of participatory deconcentration. This is especially true for the wilaya, whose Wali is head of the executive.
- 3.7 The involvement of civil society in managing public affairs constitutes one of the major challenges to democracy, and its development has been remarkable. The low representation of the majority of associations and the weakness of their institutional capacity nonetheless need to be highlighted.
- 3.8 The situation regarding human rights has been positive over the past few years. Economic, social and cultural rights are adequately covered by Algerian law. The principle of equality is entrenched in the Constitution, as are the major economic, social and cultural rights, including equal access to employment and to state functions, and the right to employment, education and health. The exercise of these rights is effective as regards freedom of association, the right to organise strikes, compulsory education for children from 6 to 16 years, protection and promotion of health, access to housing with priority shown to underprivileged sections of society, the right to cultural identity, and so forth. Special mention must be made of the right to education for all, which is underpinned by free education in public schools up to tertiary level. The CRM was generally satisfied with the recognition of the main

economic, social and cultural rights afforded by Algeria's legal framework. It also noted that the restoration of peace and national reconciliation was accompanied by formal reaffirmation of civil and political rights guaranteed by the Constitution and a number of other laws concerning freedom of expression, association and assembly. While Islam is the state religion, freedom of conscience and freedom of worship are equally entrenched and the state affords the same protection to the other religions as it does to Islam. Freedom of the press is effectively guaranteed (with Algeria having almost 130 publications, including 43 daily newspapers).

- 3.9 Nonetheless, special attention should be paid to complaints about the "media clampdown" and the excesses of certain elements of the security forces, who sometimes act contrary to the law or in flagrant violation of human rights. This is notwithstanding the need to contain permanently the terrorist aggression that is regaining momentum. Consequently, both government and civil society need to pay more attention to the indivisibility of human rights. The same goes for guaranteeing the right to peace, as conditioned by social justice, democracy and sustainable development.
- 3.10 With regard to the separation of powers, although the CRM emphasised, with interest, the constituent's need to enshrine and guarantee the independence of the judiciary, the fact remains that movement from one function to another and from one jurisdiction to another is by appointment of the President of the Republic, on the advice of the Higher Council of the Magistrature (CSM), over which he presides and which is co-chaired by the Ministry of Justice. The functional independence and effectiveness of parliament also attracted some comments and reservations. The President has the power to legislate, by order and without the prior authority of the Popular National Assembly (APN), even on financial matters. In addition, the Senate (Conseil de la Nation) has the authority to block laws from being passed, given that a four-fifths majority is required to approve laws passed by the upper chamber. (It is noted that one third of the members of the Senate are appointed directly by the President.)
- 3.11 The CRM also noted effective interference with the legislative and executive branches, resulting in a blurring of responsibilities of members of parliament and the President, all of them elected representatives. In effect, even though he is elected by the entire nation, the President cannot impose his political programme without the support of the presidential and parliamentary majority. Should political cohabitation with a prime minister from a different political side ever become necessary, there would probably be institutional conflicts with deleterious repercussions for political governance.
- 3.12 Public service reform is under way. It is interesting to note that information and communication technologies and "e-governance" have been introduced, while the new statute aims to develop a modern, efficient and responsible administration. While conserving the career system for public servants, this statute reserves an important place for employment through a contractual system that has been revised and adapted to the functions of the public

administration. However, the acute problems of overstaffing and unattractive remuneration need to be resolved as a matter of urgency.

- 3.13 It is particularly difficult to obtain reliable data on corruption in politics. Corruption was nonetheless observed to be rife in political life and “deals” are not unusual in governance discourse.
- 3.14 In terms of the promotion and protection of women, tangible progress has been made in the different political, economic and social spheres as a result of committed action by Algerian women to promote gender and gender equality. However, inadequacies remain and numerous political, socio-economic, cultural and religious constraints need to be overcome.
- 3.15 The same observations can be made about the problem of children whose parents are unknown or who have been abandoned; young people facing serious employment and their exposure to violence, drugs and delinquency; inadequate care for the elderly, the close on 3 000 000 disabled persons; and the legal status of refugees and immigrants.
- 3.16 It is true that, when reviewing Algeria’s current situation, real prospects for national reconciliation and the development of constitutional democracy and rule of law are discernible. The fact remains, however, that much remains to be done to consolidate peace and stability and to promote human rights in general, with special attention to gender, relationships between men and women, anticorruption campaigns, promotion of social dialogue, participation of citizens, and strengthening the effectiveness of the administration.
- 3.17 Algeria is at a crossroads, emerging from a decade of terror and negation of fundamental rights, which explains the depth and seriousness of the challenges it faces, including the achievement of national reconciliation and peace-building; the challenge posed by democratic consolidation of the rule of law and society; the challenge of ensuring equal promotion and protection of human rights in daily life, of promoting gender equality and protecting the youth and other groups including the disabled, the elderly, immigrants and refugees; the issue of reform and modernisation of public administration, including how to combat corruption – which even the country’s leaders concede to be one of the greatest ills in Algerian society.
- 3.18 The CRM observed certain best practices in political governance, for which it commends the Algerian authorities. Chief among these are: (i) national reconciliation in the context of the anti-terror campaign; (ii) community policing to ensure security and rebuild the social relationship between citizens and the security services; (iii) facilitating access of the public to justice and guaranteeing their rights; (iv) the Observatory of the Employment of Women at the Ministry of Energy and Mines; and (v) the National Association in Support of Children in Difficulty and in Institutions (ANSEDI).
- 3.19 With regard to the foregoing, the APR Panel recommends, in particular, that steps continue to be taken: (i) to ratify outstanding international instruments

(especially on the International Criminal Court) and lift all reservations on the international instruments already ratified, particularly those relating to international terrorism and other organised crimes; (ii) to pursue the policy of peace and national reconciliation, strengthen the Commissariat à l'amazighité, to establish a legal and institutional framework for dealing with immigrants; (iii) to strengthen the constitutional guarantees of separation and balance of powers by opting for a political system that reduces the potential for conflict between institutions and clarifies the political responsibilities of each organ of state; (iv) to pursue measures for modernising the public service, notably by reorganising its services and defining work stations and responsibilities, and by introducing participatory, objective and effective staff assessment and motivation; (v) to implement the national anticorruption strategy effectively and strengthen the capacities of the National Anticorruption Organ established by Decree 6-413 of 22 November 2006 within the Presidency, as well as the structures responsible for public expenditure control and for fighting corruption.

3.2 Economic governance and management

- 3.20 Over the past ten years the Algerian economy has exhibited sustained growth, generally higher than 5 per cent. Inflation which had been contained to lower than 3 per cent until the end of 2006 has experienced a peak due to the rise in food prices. Prudent management and revenue increases following the rise in international prices of oil and petroleum products prompted the authorities to strengthen an expansionist budget policy and implement two successive growth programmes (2001–2004 and 2005–2009). The improvement in its external accounts, combined with high oil prices, encouraged Algeria to accelerate the repayment of its debts, thus improving its public debt situation.
- 3.21 In relation to its macro-economic framework, Algeria has made encouraging progress in terms of the following: growth, which has remained stable and high; good rates of savings and investment; the halving of unemployment; reduction of the inflation rate to 3 per cent; balanced public finance, based on prudent revenue estimates; external accounts that have remained in surplus; the accelerated repayment of external debt; and monetary stability. All these factors enhance the chances of other economic policies in Algeria and, in particular, reform policies. The major economic programmes launched in 2001 and 2005 seek to pave the way for achieving the aspiration to become an emerging market country. This will require effective macro-economic governance in terms of the optimal use of resources to help achieve the goals the authorities have set for human development, sustainable development, territorial and generational equilibrium, as well as the diversification of economic activities.
- 3.22 With regard to sectoral and micro-economic policies, a sound macro-economic framework alone is not enough to create growth and development if, among other things, dynamic sectoral policies are not adopted to underpin the growth sectors. Faced with the imperative of accelerating growth and moving towards

development, the Algerian government has made an effort in this respect, but the actions taken have not met with success in terms of the investments that have been realised. The newly articulated industrial strategy needs to respond to the problem of low utilisation of industrial capacity, which was no more than 50 per cent in 2004.

- 3.23 It would also have been appropriate to understand the major thrusts of the country's agricultural policy. It was not possible to consider this aspect in detail, but the government has obviously given active and massive support to reviving this sector, without mapping out a clear strategy for regaining the local market and gaining the foreign, essentially European, market. Lastly, the government must ensure that it has the means to formulate a consensual global vision of Algeria, from which sectoral strategies can draw inspiration, with consideration of the options of liberalisation, privatisation, diversification and reduction of the excessive dependence on hydrocarbons.
- 3.24 The mobilisation of domestic resources and the accumulation of capital reflect commendable prudence, but other options need to be explored. On the macro-financial level, the CRM endorses Algeria's prudent management of its surplus oil revenues through the Fund for the Regulation of Receipts, or Oil Stabilisation Fund (FRR). This has been achieved through a policy of prudent management that minimises the deficit, even if domestic financing is available.
- 3.25 As regards vulnerability to shocks, there are ad hoc responses and therefore a need for systemic analysis. An economy that wishes to perform well cannot afford to be managed without anticipating potential disruptions that could cause it to deviate from its course. Good governance requires a country to anticipate internal and external shocks and envisage ways to detect them, adopt mechanisms to cushion or avoid their impact, and decide what accompanying measures to take. The CRM commends the progress that has been achieved in reducing Algeria's dependence on oil revenue.
- 3.26 With regard to government and administration, there is an urgent need for reform in result indicators. In Algeria, more than elsewhere, the three-year budget is expected to be a major breakthrough that deserves to be encouraged, and is also seen as a means of anchoring public expenditure to indicators. The multi-year budget is a major step forward and should be commended. Similarly, a national public accounting plan that uses budget nomenclature is an indication of progress. These reforms need to be implemented as a matter of urgency without being hurried through.
- 3.27 Predictability is a shortcoming to be addressed. The predictability of economic policies is largely dependent on transparent economic data, but also on the participation and consultation of economic and social stakeholders vis-à-vis various government policies. This relates to aspects of process, content and meaning. The country's performance in this area is still poor.

- 3.28 Coordination is about improving the flow of information to citizens. Even if one cannot talk of decentralisation, if the dearth of information available locally about major projects is anything to go by, it is possible at least to talk about effective devolution under the auspices of the Wali. Challenges noted related to insufficient capacity for planning, budget preparation and execution. These deficiencies are exacerbated by the exceptionally high number and scale of projects on the ground.
- 3.29 Algeria's budget performance over the past few years has been exceptional and the country has taken remarkable initiatives to reduce the impact of fluctuations in the oil price on its budget and its public external debt. These encouraging initiatives notwithstanding, Algeria is vulnerable to external shocks (especially from the oil sector) and there are some shortcomings in the mechanisms put in place to guarantee transparency, the involvement of the citizenry, and control and accountability in public finance management. The CRM also took note of the extensive budgetary modernisation programme, in particular the adoption of results-based budgeting and reform of local taxation.
- 3.30 There have been exceptional budget performances. The state has seen its coffers considerably swollen as a result of the escalation in oil prices. The overall treasury balance reached a surplus averaging over 9 per cent of GDP in 2002–2005, whereas it was just about even in 2002. There was an increase in the current account surplus in excess of 18 per cent of GDP, enabling the country to accumulate additional foreign exchange reserves. In 2006, foreign exchange reserves amounted to US\$80 billion, much like the US\$10 billion in revenue in 2000 (for 4.6 months of imports). These reserves are projected to reach US\$100 billion in 2007/2008 if oil prices continue their upward spiral. This excellent budget performance enabled Algeria to reconstitute its foreign exchange reserves and implement public investment programmes to boost growth. The first support programme of this kind was implemented in 2001–2004 and was followed by a Growth Consolidation Plan for 2005–2009 for almost US\$120 billion.
- 3.31 There is excessive dependence of the economy on the petroleum sector. As stated earlier, the hydrocarbons sector is the growth engine of the Algerian economy, accounting for 70 per cent of government revenue, 45 per cent of GDP, 97 per cent of export revenue and over 30 per cent of growth recorded each year. The predominance of this sector has profoundly affected the structure and management of the Algerian economy. It has dampened any incentives to adopt an active policy to diversify the economy and promote production of tradable goods and services outside the hydrocarbons sector. This has led to a weakness in the internal taxation system. The structure of budgetary revenue clearly shows the vulnerability of public finance to external shocks.
- 3.32 Although corruption is widely acknowledged, there are no reliable figures to show the scale of the problem. Corruption emerged largely as a result of the administration's reluctance to introduce economic liberalisation. The benefits derived from positions emerged overnight and the tax and customs authorities

were unprepared for this. The period of instability in Algeria between 1992 and 2000 also encouraged corruption.

- 3.33 On the institutional level, the CRM noted the absence of any governmental institution (e.g. a national anticorruption commission) with the sole mandate to coordinate the government's efforts in this area. A unit has been set up to combat money laundering and terrorism, but none for corruption. The CRM also noted that supervisory institutions were marginalised because of the grossly inadequate means of control provided by the government to handle the amount of work that needs to be done.
- 3.34 As regards regional integration, the aim is not simply to be part of the international trend but to conceptualise an integration project which, while having a political vision, at the same time embodies an economic rationale by taking into consideration incentive mechanisms for private agents. It is this political vision that allows long-term strategic objectives to be considered and justifies the adoption, in the short term, of a proactive approach and of terms and conditions that are likely to encourage economic operators from different countries to trade among themselves. The CRM strongly supports the position of the government on regional integration, even if this vision is not clearly articulated. Algeria has an undeniable role to play in Africa, in the Maghreb and in the Mediterranean region.
- 3.35 The CRM noted Algeria's best practices in terms of governance and economic management. Essentially, these are: (i) the creation of an FFR for hydrocarbons; (ii) appeal procedures in the public procurement process; and (iii) regional cooperation.
- 3.36 Algeria will have to overcome the following challenges, which are part of the CRM's recommendations: (i) successful implementation or acceleration of the major structural reforms already in place; (ii) diversification of the economy into other economic sectors such as industry, agriculture, tourism and new technologies; (iii) containment of inflation and improvement of the balance of payments by diversifying exports; (iv) achieving the greatest possible degree of autonomy in public expenditure by becoming increasingly less reliant on revenue derived from hydrocarbons; (v) successful transition from a welfare state to one that demands accountability from people in the social and economic spheres; and (vi) combating corruption and establishing effective deterrent measures.

3.3 Corporate governance

- 3.37 Algeria's passage from a centralised, subsistence economy to a market and production economy in order to ensure its integration into the world economy, its entry into the European Union free trade area and its membership of the World Trade Organisation (WTO) are signs that the country is about to enter another phase of profound mutation in terms of organisation, structures and modes of management that have been the hallmarks of corporate governance

in Algeria. Opening up the Algerian economy requires acceleration of priority reforms to encourage private investment, diversify the economy to make it less dependent on the oil and gas sector, and create employment.

- 3.38 To achieve these aims, the authorities have adopted international standards and undertaken structural reforms to create an effective environment and framework and to promote economic growth and sustainable development. These reforms are consistent with the liberal transition, highlighting the role expected of private enterprise in the new Algerian economic arena, through partnership between the state and this sector to overcome certain constraints facing the country, namely: (i) to accelerate structural reforms to ensure better integration of Algeria into the world economy; (ii) to promote a healthy business environment by ensuring that Algeria puts theory into practice; (iii) to groom a generation of more successful private economic actors who embrace the values of ethics and probity in business; and (iv) to promote better entrepreneurship and awareness of responsibilities among corporate leaders.
- 3.39 It was by studying these constraints and the challenges they pose, that the CRM in evaluating corporate governance in Algerian corporations analysed changes in this governance, as presented in the CSAR. Few people are in a better position to articulate the problems surrounding this difficult transition than the President of the CNES who, on the subject of privatisation, stated that “the state is dragging its feet instead of leaving the areas it should leave to move to the strategic areas where it should be”.
- 3.40 With regard to the implementation of standards and codes, the CRM noted that the government had signed and ratified an impressive number of international standards. Although measures are being taken to implement these, the progress achieved so far is insufficient both in terms of quality and quantity. In the area of banking supervision, the country is completely, or almost completely, compliant with the international principles that govern standards and codes. Few corporations have adopted ISO 9000 and ISO 14001 standards.
- 3.41 In terms of promoting an enabling environment and an effective regulatory framework for economic activities, the CRM was impressed by the numerous initiatives the government undertook to improve the business environment, as well as the mechanisms established to protect the environment and to provide financial assistance to young entrepreneurs, such as the National Agency for Supporting the Employment of Young People (ANSEJ). The CRM recognised the numerous reforms of the financial and banking system the government adopted to facilitate credit availability for corporations, especially small and medium-sized enterprises (SMEs), and its desire to help corporations upgrade themselves and adopt international codes and standards to improve their competitiveness. The CRM, however, disapproves of the delays in implementing the numerous reforms enacted into law by the government to facilitate access to land.
- 3.42 In the matter of ensuring that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability,

the CRM observed that public corporations and large private corporations generally comply with existing laws on the protection of labour law, social responsibility towards the society they operate in, and the implementation of environmental standards. By contrast, many SMEs – most of them family-owned businesses – are less sensitive to these values, except as concerns their contribution to Zakat. Generally, mechanisms for resolving conflicts within these corporations are very effective. However, ordinary courts lack sufficient human resources to handle trade disputes.

- 3.43 The promotion of the adoption of codes of good business ethics in achieving a corporation's objectives is affected by the nature of Algerian corporations. The CRM noted that, due to almost 90 per cent of Algerian corporations being privately owned, and to rapid changes instituted by the transition to a market economy, Algerian entrepreneurs have fallen prey to corruption and fraud. The problem has been aggravated by the existence of an informal sector that controls about 30 per cent of all trade, especially as many corporations in the formal sector do not invoice their supplies and do not belong to a professional association. Both the CSAR and several stakeholders reported cases of corruption, collusion in the awarding of tenders and massive embezzlement of public and private assets. Non-compliance with the code of ethics is a serious problem in Algeria. The authorities are mindful of this and have introduced draconian measures to combat the problem, but these will not be successful without the participation of the corporations themselves.
- 3.44 In terms of ensuring transparency and equity among their business partners, most Algerian corporations have not yet developed adequate internal systems for providing information to their trading partners or shareholders. Again, the informal or almost totally family-owned nature of the majority of corporations is to blame. The provision of financial information, even for shareholders, is rare, except in the case of public corporations, where oversight by the supervisory authority is highly developed. Most of the shortcomings observed are due to the dearth of qualified accountants. Consumer associations are not adequately equipped to protect their right to have access to information on the quality of products offered or sold to them.
- 3.45 As regards the accountability of corporations, their directors and management, the legislative and regulatory texts governing public and private corporations, including the Commercial Code, spell out the duties of corporate structures vis-à-vis their shareholders. The CRM, however, noted that many heads of public corporations claim the right to take management decisions without risk of criminal sanctions for mistakes made in the daily management of the corporation when these decisions are taken in good faith.
- 3.46 On the basis of these findings, the APR Panel would recommend, specifically: (i) rapid implementation of the most strategic reform measures, especially in the banking and finance sector; (ii) strengthening of measures relating to social security for employees, guaranteed minimum wages and the implementation of training programmes more suited to the employment market; (iii) provision of greater assistance to the different industries, enabling them to upgrade, and

the implementation by corporations of environmental codes and standards; (iv) establishment of an anticorruption agency, enhancement of the capacities of the observatory and commitment by the members of the Algerian Chamber of Commerce and Industry (CACI) to consider including clauses prohibiting corruption practices in their partnership contracts; and, more fundamentally, (v) privatisation of the numerous remaining public economic enterprises (EPEs) that still occupy a predominant place in the country's economic fabric.

3.4 Socio-economic development

- 3.47 Algeria is undergoing profound changes. After a decade of violence in the 1990s, which left more than 100 000 people dead, millions orphaned, tens of thousands widowed and disabled, the country has recovered and initiated an extensive programme of political, social and economic structural reforms. Its achievements in socio-economic development are cogent indicators of the government's desire to transform the life of Algerian citizens. The human development indices contained in the document amply demonstrate this and represent social achievements that place Algeria on the path to achieving the Millennium Development Goals (MDGs).
- 3.48 Because of its oil resources, the country has a certain degree of autonomy in the choice, elaboration and execution of its development programmes. Nevertheless, promoting co-responsibility by involving other partners and actors in socio-economic development (i.e. business and other members of civil society), would generally serve to increase ownership in those extremely strategic areas.
- 3.49 Algeria has made enormous progress in the social arena. As a result of its social policies and the oil boom, the country has radically improved public sector delivery of basic social services and built vast systems of health, education and social protection. Being mostly rural (70 per cent), the population before independence had only limited access to education, health and employment and its level of income was proportional to the low level of general economic activity. Under the pressure of increasing social demands, the development policy over the past three decades of post-independence has been aimed precisely at creating better conditions for the disadvantaged.
- 3.50 Extensively supported by the state, the prices of principal consumer goods have been progressively liberalised. This was the case for fruit and other products in 1989 and 1992. The removal of subsidies led to a significant hike in the prices of consumer goods, which affected all goods and especially major consumer goods. These increases adversely affected the purchasing power of households, thus swelling the ranks of the poor, especially in terms of food insecurity (based on the required nutritional level in terms of calorific intake) and, consequently, of general poverty. It is appropriate to note that extreme poverty, as described by international organisations in the context of the MDGs (less than US\$1 a day), is marginal and is disappearing in Algeria, which is an achievement to be applauded.

- 3.51 Since the end of the so-called “dark decade” of the 1990s, poverty in Algeria has been on a downward trend. According to the Sixth National Human Development Report of 2006, presented by the CNES on 15 February 2007, the human poverty index went from 25.23 per cent in 1995 to 16.6 per cent in 2005, representing an average annual decline of 4 per cent. Decreased poverty was also recorded in the decline of malnutrition, the number of underweight children falling by 12.3 per cent annually and, to a lesser extent, in the 6.2 per cent drop in mortality among the under 40-year-olds, and a decrease in illiteracy.
- 3.52 In Algeria, poverty is largely a rural phenomenon. Pockets of poverty can still be found in the cities, however, which affect the displaced and vulnerable persons such as widows, orphans and victims of earthquakes.
- 3.53 Regional disparities are levelling off even more following new programmes that specifically target the disadvantaged regions. In this way, less-developed wilayas in the south have benefited from particular programmes funded from a 2 and 3 per cent levy on oil tax revenue. Development of the rural areas, which is aimed at progressively ending socio-economic inequalities, is being helped by the boom in agriculture, a sector that has been able to consolidate its contribution over the past few years thanks to reforms. The Policy of Rural Development launched in 2006 and the National Sustainable Development Strategy launched in 2005 will be the ideal framework for supporting intervention in the rural areas to allow full participation in reinforcing social cohesion and in strengthening the balanced development of the territories.
- 3.54 The land situation in Algeria is complex and needs to be clarified if the Policy of Rural Development is to succeed. Currently, there is an array of diverse legislation governing state land and an absence of legislation on private land.
- 3.55 In the 1990s, health structures were mostly located in the larger cities and public access to health care, particularly in rural areas, was relatively limited. After independence, the government’s health policy was aimed specifically at improving the access of citizens to health care through the introduction of free medical care in 1974, on the one hand, and the provision of more health facilities countrywide, especially in rural areas, on the other hand.
- 3.56 Algeria has made spectacular progress in education in terms of numbers, infrastructure and services since independence in 1962. Education is free for all Algerian children and is compulsory from the ages of 6 to 16. The country has 60 universities in 41 wilayas. By the end of the decade, Algeria expects to have 1.4 million university students. The objective of the government is to guarantee quality education, build up the skills of graduates, improve general performance in the educational system, and adapt envisaged training to economic and social development needs.
- 3.57 The principle of equality between the sexes is entrenched in the Constitution. This equality also applies in the civil, penal, administrative and commercial domains. In both civil and criminal law, there is no discrimination between

men and women. However, the place of women in economic and social life is still minimal, even though women have made increasing inroads over the past few years and parity in education has already been achieved. The proportion of girls in higher education is 57.5 per cent. Despite the progress in education, women are still marginalised in the higher echelons of employment (except in the magistrates' corps) and also in political representation.

- 3.58 The Family Code, which dates back to 1984, is constantly being revised to incorporate certain realities of the 21st century and reflect the country's openness to the outside world. Its modification by Ordinance 05-02 of 27 February 2005 has enhanced the personal status of women. Women's associations and public opinion are very vocal in this area, especially since the ratification of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1996.
- 3.59 There is increasing stakeholder participation at every level of development, despite the poor involvement of the population in the process of socio-economic development. The APR Panel would suggest that the authorities should examine ways of further promoting a policy of democratisation and ownership of socio-economic development by the citizenry. Rather than simply holding consultations to legitimise decisions taken from above, the focus should be on institutionalising mechanisms that will ensure popular participation, essentially through village committees, which are the structures for dialogue between the authorities and the other stakeholders in society.
- 3.60 Based on its analyses and findings, the APR Panel recommends principally that: (i) all reservations on the ratification of the Copenhagen Convention on all forms of discrimination against women be lifted; (ii) the crucial issues of the nature and model of economic growth to be followed, the choice of core or growth sectors and the relationship between them be examined and finalised within the context of revising national strategy on sustainable development so that it supports, or ultimately replaces, the oil and gas sector. The main sectors identified are agriculture, petrochemicals, tourism and services. The Panel also recommends that: (iii) particular care be taken to ensure that growth is "pro-poor", with an emphasis on job creation in appropriate areas; (iv) some degree of shared responsibility should be promoted among other socio-economic development partners and players in business and civil society; (v) there should be a clear articulation of a shared vision of the social construction project around which consensus must be built; (vi) the policy of transition from a socialist to a liberal model of socio-economic development should be clearly defined, with implementation milestones and modalities to speed up the process and help overcome entrenched habits.
- 3.61 The CRM observed a good number of exemplary and best practices in the area of socio-economic development. These include, among other things, the education of young girls; the policy of welfare housing and employment assistance for the youth; elimination of sexually transmitted diseases, which has vastly improved life expectancy and raised it to the same level as in

industrialised countries; the involvement of Muslim religious authorities in the fight against HIV/AIDS, the National Economic and Social Pact, and so forth.

3.5 Overarching issues

3.62 Overarching issues are general issues which, despite having been treated under a particular section, cut across the other thematic areas and require a holistic approach in one or more countries assessed by the ARPM. In the context of these reports, these issues are: constraints to the reform and modernisation of the state; corruption; gender equality; youth employment; and territorial development, issues common to all governance programmes in Algeria.

3.5.1 Reform and modernisation of the state

3.63 The modernisation of the state is one of the major challenges of the 21st century, as is evident from the impressive array of ongoing reforms. However, plans to create a mature, politically strong and fully modern state, which is open to the region so that it may assume the leadership to which it is entitled, have frequently been slowed down and impeded by various factors.

3.64 The authorities are well aware of this, hence the scope and scale of the reforms over the past years. Three groups of reforms have been launched pertaining to: (i) the organisation of the state and the redefinition of its functions, the judicial and prison systems, the public service, administrative and financial decentralisation, and deconcentration; (ii) the macro-economic framework, with the main goals of speeding up liberal economic reforms, stimulating growth and development, and association with the European Union (EU) and the WTO; and (iii) society in all its multiple facets, in conjunction with public policies and sustainable socio-economic development.

3.65 The extent to which the modernisation being targeted through these reforms succeeds depends on how contradictions that cut across Algerian society are resolved. The problem, therefore, becomes one of the pace and modality of the reforms, the guarantee of the “modernisation” of the state and society. The CRM examined three approaches that are not mutually exclusive: (i) A first approach is to prioritise reforms, e.g. should priority be given to institutions and structures over government standards and policies, or vice versa? (ii) A second area concerns the pace of reforms. They should be intensified in accordance with the priorities identified so as to ensure greater transparency of the ongoing process. (iii) A third approach has to do with the modalities of reform, because the procedures implemented will succeed only insofar as they are relevant. It is therefore urgent that such reforms focus on the participatory approach that should underpin future decision-making rather than on the issue of enlightened and visionary “leadership”.

3.66 It is only by fulfilling these preconditions and achieving a “change in mentalities” that the Algerian nation, which has sacrificed so much in order to

regain its independence and survive the terrorist onslaught, will win the battle to reform and modernise the state and society. It is true that even talking of a pluralist democracy and liberal and governance reform is already a victory in itself, given the country's recent history. Is the debate on the implementation of reform and modernisation of society not a message of hope and confidence in the future, announcing the "awakening of a giant of Africa"?

3.5.2 Corruption and money laundering

- 3.67 The CRM observed that very few studies have been carried out on corruption in Algeria and that it is therefore particularly difficult to obtain reliable, documented data. Statistics on the incidence of corruption reported in the framework of the CSAR relate to one of the rare studies commissioned by an international institution in 2005.
- 3.68 The opinion survey conducted by the CSAR gives a cross-sectional view of the opinions of stakeholders, whose views and recommendations can be summarised as follows. Corruption is becoming an evil from which no sector is immune, not even schools. The survey revealed that, of the respondents, 20 per cent consider the level of corruption to be very high or high, whereas 41.1 per cent rate it only moderately high; i.e. over 61 per cent of those surveyed believe that corruption levels in Algeria are high. Some 37.2 per cent consider the incidence to be low. A general feeling of impunity prevails and those guilty of corruption have no fear of being caught by the authorities.
- 3.69 Under the single-party system, corruption was underground, often out of sight and unobtrusive. Today, it is visible and open, and its ways and mechanisms are well known. The Minister, wali and citizens all acknowledge that it exists. Algeria scored 2.8 out of 10 on Transparency International's corruption index in 2005, compared with 2.6 in 2003 and 2.7 in 2004, placing it among the most corrupt countries. As the highest score is 4 over 10, Algeria ranks 97th out of 159 countries. The scandal involving the El Khalifa Group is an example of mismanagement and corruption. Documents circulated by the French courts report that the group illegally transferred 689 million euros out of the country.
- 3.70 Even though the battle against corruption has become a priority in Algeria, resources for this purpose are limited because of the particularly complex nature of the phenomenon. The authorities have adopted a series of anticorruption measures ranging from adherence to conventions and other appropriate international instruments, to internal legal and administrative measures (United Nations Convention against Corruption, African Convention against Corruption; Act 06-01 on the Prevention of Corruption).
- 3.71 The desire to prevent and combat corruption is also evident in the adoption of Presidential Decree 02.250 of 24 July 2002. It regulates public procurement and sets out mandatory rules calling for open public tenders for amounts in excess of DA4 million. The decree also lays down the clauses to be included in the contracts, as well as the content of some contracts.

- 3.72 Codes of practice govern the functioning of the administration, particularly taxation and customs. High-ranking officials as well as public servants should declare their assets both when they assume office and at the end of their term.
- 3.73 Money laundering is a constant source of concern for the state because of the harmful effects it has on society and the economy. The centralised economic system of the previous three decades encouraged a form of economic and financial delinquency characterised by offences around public procurement processes and the embezzlement of state funds. The process of liberalising the economy has, in turn, produced new types of economic crimes.
- 3.74 Aware of this situation, the state has established and strengthened legal and administrative mechanisms for combating crimes of this nature.
- 3.75 The APR Panel's recommendations in this regard are directed principally at (i) employers, who should emphasise corporate citizenship, responsibility to the community and probity/ethics in business; and (ii) the government, which should evaluate institutions that might need to be strengthened or established, in order to provide them with the necessary legal, administrative and material frameworks, including strengthening the National Anticorruption Organ.

3.5.3 Gender inequality

- 3.76 Although successive constitutions have all reaffirmed the principle of equality between the sexes, problems caused by social disparities and inequalities between men and women persist in Algeria. The principle of gender equality is enshrined in the Constitution and constantly reaffirmed. Equality under the law extends to all civil, political, economic and social spheres. The application of these principles has encouraged notable progress in education, where enrolment in primary school was 88/89 girls to 100 boys in 2003/2004. At secondary level, the ratio of girls to boys was 136 to 100 in 2004/2005 and at university level, girls accounted for over 61 per cent of graduates in 2004.
- 3.77 The progress in education and training brought about notable changes in certain professions. Women now represent 37 per cent of magistrates, 50 per cent of teachers, 53 per cent of doctors and 32 per cent of senior management. However, outside of these professions, great disparities persist. Although women currently constitute the majority of the educated elite, they are far from being involved on an equal footing in the economic or political governance of the country. They continue to be under-represented in parliament, ministerial positions, the assemblies of wilayas and communes, and all other high-ranking positions in the public service. Women account for only 14.6 per cent of the employed.
- 3.78 This paradoxical situation reflects the ambivalence of Algerian society, which is torn between modernity and tradition. It also shows the lack of commitment on the part of some public figures to address the problem of women's participation in political life and their integration into the economy.

- 3.79 Pressure from women's associations and public opinion, and the ratification of the CEDAW in 1996, led the government to propose certain amendments to family law. The amendments reflected a new appreciation of what constitutes a family and how the family unit functions, in particular, conditions governing marital relations, divorce, parental rights and parent-child relations. Some saw this as a development that would hasten the desired change in mentality and help remove gender disparities, while others argued that the code contradicts the constitutional principle of equality of the sexes, especially as far as divorce and succession were concerned. Other provisions contested by associations and broad bands of public opinion include, notably, the retention of the institution of "tutorat" (guardianship) in the marriage contract, considered by many as a symbol of the way Algerian women are infantilised.
- 3.80 The remarkable breakthrough in terms of the education of girls, together with the changes in mindsets and economic transformations that the country has experienced, means that Algeria will have to adopt new measures to promote equal opportunities for men and women in the country's political, economic and social life. The drafting and adoption of a national law on gender to provide a reference framework that can be used for all sectors of development is therefore extremely important.
- 3.81 Generally, the Algerian government would benefit from engaging in dialogue to identify appropriate measures for prohibiting all forms of discrimination against women.

3.5.4 Youth unemployment

- 3.82 The youth constitute a large proportion of the total population. Surveys conducted by the National Employment Agency in 2006 indicate that 85 per cent of the unemployed are aged between 16 and 39 years. This figure drops to 32 per cent for the 16-24 age bracket; 28 per cent for 25-29 years; and 25 per cent for 30-39 years. A large proportion of the youth are female. The majority of job-seekers are graduates, of which 33 per cent were skilled staff, 8 per cent were senior technicians and 2 per cent were highly skilled personnel. Job-seekers with no training constituted only 35 per cent.
- 3.83 Unemployment of young people represents a major economic, political and social challenge in Algeria. It is primarily a political challenge because young, jobless persons are a source of labour for terrorist groups and extremists opposing the current political order. It also represents an economic challenge because the youth account for a large proportion of the workforce, and thus of domestic demand. Unemployment limits the capacity of these persons to be involved in the economic development of the country. In addition, it is a social challenge because unemployment exposes the youth to ills such as drug use and trafficking, AIDS and prostitution. Often being the victims of exclusion, the youth are among the most vulnerable groups in society. The government is conscious of this danger and has taken robust measures to resolve the problem

of unemployed youth and to integrate them into society, without distinction as to their gender.

- 3.84 The government's strategy in this regard has centred on three areas: education, an active employment policy, and the establishment of a database for young people. First, education was made a particular focus of attention. The Algerian government made education compulsory for young persons. Education is free for everyone at all levels, regardless of the type of public establishment.
- 3.85 The Algerian government then introduced a national policy on employment, which is supported by a national strategy for combating poverty and exclusion. Alternative employment options, run essentially by a network of specialised agencies, were set up for the youth. Through innovative schemes like micro-credit, entrepreneurship, labour-intensive public works, pre-employment contracts (CPEs), local-initiative salaried employment and allowances for activities of general interest, the level of unemployment dropped. Many young people were able to acquire the professional experience and know-how to guarantee their employability.
- 3.86 Between 2001 and 2005, over DA100 billion were pumped into schemes to help create jobs and this partially resolved the problem of unemployed youth. The CPE, ANSEJ schemes and micro-credit helped unemployed young people join the workforce and strengthened the employability of this marginalised and frustrated group.
- 3.87 Although they represent three-quarters of the population, the young people in Algeria are not involved in the legislative or budget process and there is no government mechanism for systematic consultation of the youth on matters that affect them. Moreover, the Ministry of Youth and Sports, which coordinates government actions targeted at young people, experiences serious human, technical and material constraints that prevent it from playing its role effectively.
- 3.88 The APR Panel would recommend that: (i) a real mechanism for dialogue with young people be put in place to involve them in decision-making, at least on issues that affect their lives; (ii) the human, material and financial capacity of youth organisations and civil society be strengthened; and (iii) the resources of the Ministry of Youth and Sports be boosted to ensure that all government initiatives in every sector of economic and social life take the concerns of young people into account.

3.5.5 Territorial development

- 3.89 With a population of 33 million in an area that is the largest in Africa after Sudan, Algeria is a heavyweight on the African continent and is likely to play a more important role in economic integration of the continent in the future. The country must, however, begin by resolving certain problems and the many imbalances.

- 3.90 The first imbalance observed in Algeria concerns the distribution of the population across the country. The narrow coastal strip in the north of the country, between the Mediterranean and the Atlas mountains, covers a surface area representing 7.5 per cent of the territory, yet over 66 per cent of the population live there. In contrast, the rest of the country represents 92.5 per cent of the mainly desert or semi-desert territory, but is home to only 34 per cent of the population.
- 3.91 Another imbalance is illustrated by the level of development in general and industrial development in particular, in the cities of the more industrialised, modern and affluent northern parts, as opposed to the rural communities of central and southern Algeria, which are generally poorer. These imbalances cause migration to the industrialised northern region, mostly by young people looking for jobs which, unfortunately, are insufficient in number to absorb them. It is important to emphasise, however, that thanks to the presence of gas exploration activities at Hassi Messaoud and other government development programmes, some oases of development and prosperity do exist, notably at Ghardaïa and Ouargla.
- 3.92 In addition, there are imbalances between the immense mining wealth of the southern part of the country, predominantly gas and oil. These resources are, however, buried beneath a desert that is moving inexorably northwards. There is a shortage of water resources and green areas south of the Atlas mountains. It is nonetheless known that the southern region has vast underground water resources, which have already been identified but only partially exploited, and there are other potential water resources that could still be identified.
- 3.93 Environmental destruction threatens the balance of the country's ecosystems as a result of earlier industrial programmes. Since independence, the country has committed to a policy of industrialisation with plans to establish industries not only along the coastal strip but also in the southern region, particularly due to the vast quantities of gas and oil to be found there. The downside of the industrialisation process, designed to wean the economy of its dependency on oil, has been that these industries, most of which subcontract crude oil by-products, produce solid and liquid waste.
- 3.94 The environmental question is linked to that of territorial development. The CSAR reports that environmental degradation is responsible for a loss of around 7 per cent of national wealth, as measured by gross domestic product (GDP). The Ministry of Territorial Development and the Environment stated that "Algeria is faced with a major ecological crisis, which threatens public health and sanitation, the sustainability of fragile ecosystems, the sustainable development of the country, and the capacity of future generations to enjoy the resources they need for their socio-economic needs"¹.

¹ People's Democratic Republic of Algeria. 2005. *Report on the current and future situation of the environment*. Ministry of Territorial Development and the Environment, p. 20.

- 3.95 To address these numerous challenges, the government has implemented, or is mapping out, a number of policies, strategies and actions, the most important of which are: (i) the Land Development Plan of 1987 which, even then, aimed to deal with regional disparities by providing basic and essential infrastructure for assisting disadvantaged regions that were lagging behind; (ii) the new Land Development Plan under preparation, which extends to 2025. It will integrate at least 15 sectoral master plans that are nearing completion and are devoted to key areas such as the environment, industrial strategy, transport infrastructure, etc.; (iii) the National Environmental Strategy (SNE) and the National Action Plan on the Environment and Sustainable Development (PNAEDD); (iv) the National Agricultural and Rural Development Plan (PNDAR); (v) the housing policy, which provides for one million houses to be built in urban and rural areas, and for the rehabilitation of existing ones; and, finally, (vi) the recently finalised industrial strategy. The CRM noted, however, that even though these are all welcome initiatives, they do not form part of a clearly articulated vision for the structured and integrated space that the country is to become.
- 3.96 While appreciating the value of these initiatives to ensure environmental, spatial and economic equilibrium, the APR Panel would like to recommend the following: (i) that the network for the surveillance and monitoring of the quality of ecosystems be strengthened; and (ii) that there be sustained efforts to resolve land issues promptly, especially in the rural areas, thereby removing impediments to private and modern land use.

3.97 Good practices

The headings below have been developed into Best Practice boxes within the Report.

- Algeria's historic role in pan-Africanism and the decolonisation of Africa
- Personal involvement of the President in the country's self-assessment exercise
- National reconciliation and the promotion of peace and unity
- Tolerance in an Islamic country
- Neighbourhood police
- Information and communication technology, and justice
- Amendment of the Family Code of 1984
- Observatory for the Employment of Women
- Fund for the Regulation of Receipts (FRR) from Hydrocarbons (Stabilisation Fund)
- Recourse in the public procurement process

- Algerian bursary programme for Africa
- Alger-Lagos trans-Saharan route
- Knowledge and the will to learn (SEVE)
- National Agency Supporting the Employment of Young People (ANSEJ)
- Sonelgaz training programme
- Algeria and the implementation of MDGs
- Public mechanisms for the promotion of employment in Algeria
- Increased life expectancy at birth
- Involvement of religious authorities in the fight against HIV/AIDS
- Eradication of mass or transmissible diseases
- Efforts made in the area of welfare housing
- Education of girls
- National Economic and Social Pact (PNES)

4. CONCLUSION

4.1 For the purposes of the CSAR, Algeria prepared an outline of the Programme of Action (PoA) which it intends to implement in response to the challenges and inadequacies noted in both the CSAR and by the CRM. The APR Panel has studied the PoA and has shared its comments and recommendations with the Algerian authorities.

4.2 The Panel wishes to encourage the Algerian authorities to commit themselves to pursue implementation of the PoA in order to improve further the country's performance in the area of governance. It would include attacking those issues "where it hurts", as President Bouteflika has put it so admirably. Some of the advances and achievements represent exemplary practices, which the Panel urges the country to continue to pursue with tenacity. Although there are still many remaining challenges and constraints, Algeria possesses many skills and assets that will enable it to meet these.

4.3 Strengths

- Political will and commitment of the leadership to take institutional, political and economic reforms to term
- Progressive return to peace and stability
- Policy of national reconciliation
- Development of human resources through free education and health

- Immense natural resources, especially in hydrocarbons
- Implementation of most MDGs and the capacity to meet the commitments undertaken for 2015
- High life expectancy
- Solid and prudent management of financial resources
- Fund for the Regulation of Receipts (FRR) from Hydrocarbons (Stabilisation Fund)
- Autonomy in the choice of finance and development programmes
- Commitment to the African and Maghreb causes through active and clear-sighted diplomacy
- Vibrant private press
- Emerging civil society
- Large number of universities (60 university institutions in 41 wilayas)

4.4 Challenges

- Reform and modernisation of the state
- Gender inequality and sociocultural traditions
- Unemployment among the youth
- Environmental issues and regional imbalances
- Extension of the growth base and diversification of economic sectors
- Containment of inflation
- Accountability of social and economic agents
- Protection of national reconciliation and consolidation of peace
- Fight against corruption
- Acceleration of structural reforms
- Adjustment of training/employment
-

CHAPTER ONE

1. THE APR PROCESS AND ITS LAUNCH IN ALGERIA

1.1 Introduction: challenges for political governance

“The mandate of the African Peer Review Mechanism is to ensure that the policies and practices of participating states conform to the agreed political, economic and corporate governance values, codes and standards contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The APRM is the mutually agreed instrument for self-monitoring by the participating member governments.”

NEPAD/HSGIC/03-2003/APRM/MOU/Annex II

1.1.1 The APRM and its processes

1. In an effort to enhance the quality of governance in Africa, the Sixth Summit of the Heads of State and Government Implementation Committee (HSGIC) of the New Partnership for Africa’s Development (NEPAD), which was held in March 2003, in Abuja, Nigeria, adopted the Memorandum of Understanding (MOU) on the African Peer Review Mechanism (APRM). During the inaugural Summit of the African Union (AU) held in Durban, South Africa in July 2002, the NEPAD Implementation Committee adopted the Declaration on Democracy, Political, Economic and Corporate Governance approved by the heads of state in March 2003. Subsequently, the main documents expounding the core principles, processes and objectives of the APRM, including the APRM Base Document, the document relating to the organisation and procedures of the APRM (O & P Document), the document on objectives, as well as the document on APRM objectives, standards, criteria and indicators (OSCI Document) were adopted by the heads of state.
2. Member states of the African Union (AU) may voluntarily accede to the APRM, which is a self-assessment mechanism by Africans for Africans. The APRM essentially intends to ensure that policies and practices of participating countries conform to the political, economic and corporate governance values, codes and standards contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The primary objective of the APRM is to encourage participating countries to adopt policies, standards and practices that would lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing of experiences and reinforcement of successful and best practices. The mechanism also facilitates the identification of deficiencies and assessment of capacity-building requirements.

3. To date, 26 African countries, all AU member states, have voluntarily acceded to the APRM. Accession signifies the commitment of the signatory state to submit to regular reviews by its peers and to be guided by agreed instruments in the application of good political, economic and corporate governance and socio-economic development.

Box 1: APRM activity report

Widely hailed as the jewel in the NEPAD crown, the APRM is a unique exercise which allows the exchange of information and good practices between Peers based on mutual trust and confidence in the process. It is also a commitment to standards of governance in Africa that serve as an instrument for the implementation of codes and standards enshrined in the Declaration on Democracy, Political, Economic and Corporate Governance and Socio-Economic Development.

National ownership and leadership by stakeholders are essential factors underpinning the effectiveness of such a process. This includes leadership in ensuring consistency with other existing national processes, such as the Poverty Reduction Strategy Paper (PRSP), the Medium-Term Expenditure Framework (MTEF), National Human Rights Action Plans, Millennium Development Goals (MDGs), ongoing institutional reforms, other poverty reduction strategies and other relevant governance and socio-economic development strategies, programmes and projects.

To date, 26 AU member countries have voluntarily acceded to the APRM. Algeria, Burkina Faso, Cameroon, Ethiopia, Gabon, Ghana, Mali, Mauritius, Mozambique, Nigeria, Republic of Congo, Rwanda, Senegal, South Africa and Uganda were the first 16 countries to accede to the APRM. Benin and Egypt signed the MOU concretising their accession at the Extraordinary Summit of the AU held in Syrte, Libya in February 2004. In July 2004, five countries – Angola, Lesotho, Malawi, Sierra Leone and Tanzania – acceded during the AU Summit held in Addis-Ababa in Ethiopia. Sudan and Zambia acceded during the APRM Forum Summit held in Khartoum, Sudan in January 2006. The most recent country to accede to the APRM is São Tomé and Príncipe, which signed the MOU at the Meeting of the NEPAD Implementation Committee held in Addis Ababa in January 2007.

Ghana, Kenya, Mauritius and Rwanda were the first countries to be reviewed. At the time of the writing of this report, Country Review Missions have been undertaken in Ghana, Rwanda, Kenya, South Africa and Algeria. Ghana, Rwanda and Kenya were reviewed by peers at the summits of the APRM Forum in Khartoum and Banjul.

4. The APR process comprises five successive stages, as defined in its Base Document. They are briefly described below.
5. **Stage One** is a preparatory stage, both at the level of the APR Secretariat and the national level. The Secretariat sends a questionnaire to the participating country under the aegis of the APR Panel, which covers four areas of interest to the APRM. The country then carries out a self-assessment exercise on the basis of the questionnaire and with the assistance, if necessary, of the APR Secretariat and/or partner institutions. Having completed the Country Self-assessment Report (CSAR), the country formulates a preliminary programme

of action (PoA) based on existing policies, programmes and projects. The CSAR and preliminary PoA are submitted to the APR Secretariat. During this time, the Secretariat has prepared a background document on the country. This document is drafted on the basis of documentary research and the collection of pertinent, up-to-date information on the governance and development status of the country in the four areas of assessment.

6. **Stage Two** is the country review visit. Under the leadership of the APR Panel, the Country Review Mission (CRM) visits the country under review. Its priority is to carry out the widest possible consultations with the government, public officials, political parties, parliamentarians and representatives of civil society organisations, including media representatives, academia, trade unions, business and professional bodies. Its main objectives are as follows:
 - to learn about the perspectives of the various stakeholders on governance in the country;
 - to clarify the issues identified in the Issues Paper that are not taken into account in the country's preliminary PoA; and
 - to build consensus on the manner in which these could be addressed.
7. It is important to note that the country mainly plays a facilitating role during the visit, ensuring that the CRM is in a position to carry out its review. The CRM is granted access to all sources of information and to all stakeholders, as stipulated in the MOU on technical assessments and the country review visit signed by the country and the APRM.
8. During **Stage Three**, the report of the CRM is drafted. It is informed by the Background Document and Issues Paper prepared by the APR Secretariat, and the information derived from official and unofficial sources during broad consultations with the stakeholders in the course of the CRM.
9. The draft report:
 - examines the applicable commitments as regards political and economic governance and socio-economic development made in the preliminary PoA;
 - identifies all the remaining shortcomings; and
 - recommends the inclusion of additional actions in the final PoA.
10. The draft report must be clear on specific actions to be taken where important issues have been identified. Since the draft report is initially discussed with the government to ensure the accuracy of the information contained in it, this is also the opportunity for the government to react to the findings of the CRM and put forward its own opinion on the identification of shortcomings to be remedied. Finally, the government's responses are appended to the CRM's report, together with the PoA finalised by the country on the basis of the findings and recommendations expressed in the draft report.

11. **Stage Four** begins when the CRM's final report and the country's final PoA are sent to the APR Secretariat and the APR Panel for consideration. The Panel then submits the documents to the APR Forum of Participating Heads of State and Government for consideration and for the formulation of actions deemed necessary in accordance with the mandate of the APR Forum. If the country demonstrates a desire to remedy the identified shortcomings, it will be incumbent on participating governments to provide all assistance within their power, and to urge governments and donor institutions to assist the country under review.
12. **Stage Five** is the final stage of the APR process. Six months after the report has been considered by the heads of state and government of the participating countries, it is formally and publicly tabled in key regional and sub-regional structures. These bodies include the Regional Economic Commission to which the country belongs, the Pan-African Parliament, the African Commission on Human and People's Rights, the Peace and Security Council, and the AU's Economic, Social and Cultural Council (ECOSOCC).
13. The timetable for this process may vary considerably from country to country, depending on country specificity. The estimated duration for each peer review as from Stage One up to Stage Four is between six and nine months.
14. This country report marks the third stage of the APR process in Algeria and presents the findings of the CRM and the Panel's recommendations to the country. The report consists of seven chapters. In addition to the Executive Summary and the two first two chapters on the implementation of the APR process and the historical overview of modern Algeria respectively, the next four chapters assess the achievements and main challenges in the four focus areas (Democracy and Political Governance; Economic Governance and Management; Corporate Governance; and Socio-economic Development). Chapter Seven is a discussion of the overarching issues identified as crucial in the light of their impact on governance in the country and the immediate and urgent attention they necessitate.

1.1.2 Implementation of the APR process in Algeria

15. Algeria was one of the pioneer countries in the accession to the APRM. In conjunction with Ghana, Kenya and South Africa, Algeria voluntarily acceded to the APRM in March 2003 in Abuja, Nigeria. This accession led to the appointment of the Minister of State for African and Maghreb Affairs as the Focal Point, and to the establishment of a National Governing Council (NGC) by the head of government on 12 March 2005. From 21–25 July 2005, Madame Marie-Angélique Savané, Member of the Panel of Eminent Persons of the APRM, visited Algeria as part of the CSM for the implementation of the self-assessment process. The main goal of the CSM was to launch the self-assessment process in Algeria. More specifically, it was a matter of:

- signing the Technical MOU on the APRM;
 - evaluating procedures and mechanisms put in place by Algeria to conduct its self-assessment exercise and prepare an outline of its PoA;
 - meeting with the NGC and the technical review institutions to explain the process and discuss the self-assessment questionnaire, agreeing on a road map to accelerate the various stages in the process.
16. Discussions on the role and quality of technical review institutions highlighted the need to involve other specialised research institutes so as to support the National Economic and Social Council (CNES), which had been proposed as a technical support partner in the self-assessment process. The CRM preferred having four institutions working on the self-assessment, thus reflecting the four areas of governance of the APRM as contained in the Base Documents (political governance; economic governance; corporate governance; and socio-economic development).
 17. In addition, the large number of NGC members (100) reflects the concern for effective stakeholder representation, which can be broken down as follows: 31 representatives of civil society organisations, seven private sector and business representatives, 15 representatives of specialised institutions and research centres, 19 parliamentarians and technical officers from both houses, and 28 representatives of ministries. It should be pointed out that the Focal Point is also a member of the NGC.
 18. Once it was set up, the NGC, in collaboration with the Focal Point, began to prepare the draft self-assessment report. It also set up workshops designed to stimulate reflection on the fundamental components of the preliminary PoA. Working on a voluntary basis, the NGC was allocated a head office and the necessary logistical resources. In an annual general meeting, it constituted itself through the election of office-bearers consisting of the chairperson, four deputy chairpersons and a general rapporteur. The four thematic areas identified by the APRM (Democracy and Political Governance, Economic Governance, Corporate Governance, and Socio-Economic Development) were discussed in the working groups set up for this purpose.
 19. To ensure the credibility and transparency of its work, the NGC called on the CNES to act as the strategic support body in conjunction with various expert units from research institutes – the National Institute for Global Studies (INESG), the National Centre for Studies and Planning Analysis (CENEAP), the Research Centre for Applied Economics (CREAD) and the National Bureau of Statistics (ONS) – universities (Algiers, Tlemcen, Oran, Constantine and Annaba) and independent research centres.
 20. This inclusive and participative approach facilitated the establishment of consensus on the perceived strengths and weaknesses characterising the listed governance systems. These perceptions were then brought to the attention of the government. Clarifications provided by the latter contributed to further

enriching the NGC's debate in a two-day workshop that brought together a broad spectrum of stakeholders.

21. On 30 November and 1 December 2005, Madame Savané, at the personal invitation of the President of the Republic and accompanied by the Economic Commission for Africa (ECA), the African Development Bank (AfDB) and the APR Secretariat, participated in a discussion at the Palais de la Nation in Algiers, held by the Ministers involved in implementing the five-year 2005–2009 Plan. The main objective of the plan was to bolster the credibility of the APR process and ensure the effective participation of all stakeholders in the process in Algeria. It was an opportunity to test how this innovative initiative could be integrated within the ARP framework.
22. This novel exercise in the country's practice of governance was extremely fruitful as a result of the contribution of the Ministers and the debate initiated among NGC members. The exercise emerged as an example of best practice that ARP member countries might want to emulate.
23. The formalisation of the draft national self-assessment report was the focus of ongoing working sessions in the week following the workshop. The NGC visited wilayas to generate discussion; meetings were held with civil society associations and journalists, and radio broadcasts and conferences were organised. The NGC subsequently held a series of working sessions and the information collected was incorporated into the draft self-assessment report. This draft was submitted for consideration by an inter-ministerial council on 7 August 2006, and then a government council on 29 August 2006. These councils endorsed the continuation of the exercise with strict adherence to the APRM's provisions for the preparation of a draft PoA.
24. These two preliminary documents were submitted to the APRM in November in order to update the international review team that had visited Algeria from 10 November to 5 December 2006.

1.1.3 Country Review Mission

25. Mrs Marie-Angélique Savané, Member of the Panel of Eminent Persons of the APRM (APR Panel) led an International Review Team that visited Algeria between 10 November and 5 December 2006. Algeria is the fifth country to be reviewed, following Ghana, Rwanda, Kenya and South Africa. The CRM was made up of a team of 21 experts from 14 member states of the AU, consisting of independent experts selected on the basis of their specialisation in the four APRM thematic areas, experts drawn from strategic partner institutions – the AfDB, the African Economic Community (AEC) and the United Nations Development Programme (UNDP) – and members of the APR Secretariat.

26. Independent experts for the APR Secretariat:

Mrs Marie-Angélique Savané, Chairperson and CRM leader, Member of the APR Panel of Eminent Persons; Mr Bernard Kouassi, Executive Director of the APR Secretariat; Mr Moise Nembot, Coordinator: Democracy and Political Governance; Mr Gaston M. Bushayija, Coordinator: Socio-economic Development; Mr Sudir Chuckun, Advisor to the Executive Director of the APR Secretariat; Mr Dalmar Jama, Research Analyst: Corporate Governance; Mrs Rachel Mukamunana, Research Analyst: Democracy and Political Governance; and Mrs Mumtaz Omar, Accounts Officer in the APR Secretariat.

27. For the partner institutions:

Mrs Souad Abdennebi Abderrahim, Regional Advisor for the Promotion of Women's Rights; Mrs Gueye Aissatou Astou Gningue, Coordinator for the Implementation of NEPAD Plans by the North African Sub-region (United Nations); Mr Hakim Ben Hammouda, Director of the Regional Integration and Trade Department (ECA); Mr Bernard Mokam Mojuye, UNDP Country Director, Sierra Leone; Mr Jenerali Ulimwengu, international consultant representing the UNDP; Mr Donatien Bihute, former Vice-President of the AfDB, representing the AfDB and an international consultant; and Mr Georges Bene-Hoane, Section Head: Operations Department (AfDB).

28. For the APR Secretariat:

Democracy and Political Governance: Mr Robert Dossou, Advocate, former Minister of Foreign Affairs of Benin, former President of the Bar in Benin and international consultant; Mr Yenikoye Ismael Aboubacar, international consultant, former Dean of the Faculty of Social Sciences, Niamey; Mr Léopold Donfack Sokeng, Professor in Public Law, University of Douala.

Economic Governance and Management: Mr Mamadou Lamine Loum, international consultant, former Prime Minister and former Minister of Finance of Senegal.

Corporate Governance: Mr Karim Ben Kahla, Professor of Corporate Management, University of Tunis.

Socio-economic Development: Mr Mbaya J Kankwenda, international consultant, Executive Director of ICREDES and former UNDP Resident Representative; Mr Ousmane Diallo, international consultant and former Minister for Planning of Mali.

29. In accordance with the APRM's mandate, the CRM identified the following commitments subsequently entered into by the country:

- to undertake the broadest possible consultations with all stakeholders in order to give more detail and substance to the self-assessment report;
- to review the draft PoA submitted by the country and table appropriate proposals;
- to ensure, as far as possible, that the review process carried out by Algeria was technically satisfactory, credible and free of all political manipulation; and
- to establish consensus with stakeholders on the remaining issues and challenges, as well as recommendations that might improve governance in the country.

1.1.4 Activities carried out during the review exercise

30. The CRM was assisted by the NGC and the APR Focal Point in Algeria and the APR Secretariat in South Africa. During its visit, the CRM met a broad range of stakeholders at forums, workshops, dinner debates and in personal interviews.
31. During a five-hour audience with His Excellency Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria, Mme Marie-Angélique Savané paid tribute to the manifest commitment of Algerian leaders to the APR process. She then gave an overview of the key and nascent issues in the Algerian CSAR. President Bouteflika assured the CRM that Algeria would be a glasshouse, emphasising his personal commitment and that of the Algerian authorities to guaranteeing that the mission was conducted in the fullest transparency. He urged the CRM to demonstrate professionalism and objectivity in carrying out its affairs.
32. The CRM was also received by His Excellency Mr Abdelaziz Belkhadem, Head of Government, at the start and conclusion of the visit. Mr Belkhadem reiterated the importance the Algerian government attached to the promotion of good governance in all sectors of the political, economic and social life of the country, as well as its commitment to strengthening cooperation with the APRM to which Algeria had acceded voluntarily. He recorded his appreciation of the concept of the APRM and underscored Algeria's commitment to implementing the findings of the CRM.
33. In the course of its visit, the CRM met a large number of the stakeholders both in Algiers and in the provinces (wilayas) of the country. In particular, it held working sessions with the APR Focal Point, NGC, civil society organisations including the media, universities, religious organisations, labour unions, youth and women's organisations, leaders of political parties (both the majority party and the opposition), disadvantaged groups, associations for the protection of human rights, the disabled, rural communities and groups of economic operators.

34. The team was received by the ministries concerned and by parliamentary institutions such as the National Assembly and Senate; and at the local level by decentralised authorities and local people's assemblies. The CRM also held meetings with the Bank of Algeria, specialised institutions such as the CNES, the High Islamic Council, the High Council of the Arabic Language and the High Commission for Amazighité. Other entities consulted included various commercial and professional bodies, the Federation of Small and Medium Enterprises and the Chamber of Commerce.
35. In addition to these consultations, the CRM also held working sessions with United Nations organisations (UNDP, UNICEF, WFP and UNHCR), the World Bank, representatives of the European Union and the G8. One of the high points was the working session with the African diplomats assigned to Algeria, in which the CRM introduced the ambassadors to the APRM and engaged in interesting debates on its implementation and future prospects in terms of a greater number of African countries acceding to this continental initiative.
36. Alternating with the stage of the visit in Algiers, the CRM toured 11 wilayas, representing the geographical and sociocultural diversity of the country and covering the six regions: Coastal Region, East, West, High Plateaux, South and Great South. The following wilayas were visited: Guelma, Annaba, Sétif, Bordj Bou-Arréridj, Oran, Mostaganem, Tlemcen, Ghardaïa, Ouargla, Tamanrasset and Tizi-Ouzou.
37. At each stage the CRM organised forums for 300–500 participants depending on the location, followed by thematic workshops with stakeholders grouped according to areas of interest. In these wilayas, the CRM visited development projects and programmes, and infrastructural and social housing projects.
38. The role of the NGC, the Deputy Minister for Maghreb and African Affairs and the APR Focal Point in Algeria, as well as the Chair of the NGC, played a particularly important role in the organisation of the CRM. A joint communiqué was released at the conclusion of the mission.
39. Despite these successes, the CSAR revealed shortcomings in the analysis of the complex situations in this vast country. The CRM felt that opinion surveys should be conducted to obtain a wide spectrum of views on the state of governance in the country, as required by the Base Document adopted by the Forum of APRM Heads of States. A road map was drawn up jointly by the CRM and the Focal Point in view of the CRM's return to Algeria in March to learn about the results of the surveys and incorporate them into the final report.
40. In order to do this, these technical research institutes were selected to carry out the exercise: the INESG for democracy and political governance; CREAD for economic governance; the Research Centre for Social and Cultural Anthropology for socio-economic development; and Tlemcen University for corporate governance. The detailed results of the surveys and studies were

incorporated in the self-assessment report and handed to the CRM during its visit in March 2007.

41. The report is structured as follows: The first part, which starts by providing the list of countries currently participating in the APRM, also includes some of the country's socio-economic indicators, a general introduction (the Executive Summary) to the report and a chapter on the historical context of, and present challenges facing Algeria.
42. The second part of the report, Chapters Three to Six, present the analyses of the four themes of governance covered by the APRM, namely Democracy and Political Governance; Governance and Economic Management; Corporate Governance; and Socio-Economic Development. In each thematic area, the analyses of each objective are preceded by a brief summary of the self-assessment, followed by the CRM's findings. The analysis of each objective is followed by the findings on certain governance issues deemed important to complement the action taken or envisaged by the authorities. Given that one of the objectives of the APRM is to share and exchange experiences on the continent, Algeria's good practices are cited to highlight those aspects of governance specific to the country that are worth emphasising.
43. The third part of the report consists of Chapters Seven and Eight, which analyse overarching issues and provide the general conclusion to the report. These two final chapters discuss cross-cutting issues in Algeria's governance and summarise not only achievements in terms of governance, but also the challenges that the country will have to face in implementing the PoA. In closing, new perspectives for Algeria are identified.

CHAPTER TWO

2. HISTORICAL CONTEXT AND CURRENT CHALLENGES

2.1 Historical origins of contemporary Algeria

44. Algeria is the second largest country on the African continent, covering an area of 2 381 741 km². It is bordered by Morocco (1643 km), Mali (1376 km), Libya (982 km), Tunisia (965 km), Niger (956 km), Mauritania (463 km) and Western Sahara (42 km).
45. With its long, thousand-year heritage, Algeria covers the largest area in North Africa after Sudan. Profoundly marked by its rich past, the country bears witness to the wealth of civilisations and cultures, languages, skills, religions and beliefs that originated in the Mediterranean world.
46. Algeria's fertile and diverse soils have witnessed the arrival, settlement and departure of the armies of nascent or declining empires, which either reached the zenith or twilight of their power with their armies and adventurers. Phoenicians, Carthaginians, Romans, Vandals, Byzantines, Arabs, Turks, the Spanish and the French have crossed or penetrated this vast land in successive waves, either fleetingly or for long periods of time.
47. Historically, the earliest recorded inhabitants of Algeria were the Berber-speaking peoples who originated from various migrations during prehistoric times. In the first century, they were conquered by the powerful Roman Empire, which imposed Latin on the urban elite. Towards the third century Christianity extended into the North African region. In the seventh century, the Omeyyades, a conquering Arab dynasty whose capital was Damascus, added Algeria to the long list of countries over which it ruled. With their arrival came a new religion: Islam. For centuries the Berbers continued to fight the Arabs. In the 16th century, the Turkish pirate Barbarossa, then ruler of Algiers, placed the country under the protection of the Ottoman Empire of Istanbul.
48. Between the eighth and 15th centuries, autonomous states were created in Muslim Algeria: the Tahert² Kingdom, Hammadite³ State, followed by the

² The Tahert Kingdom was governed by the Rostemid dynasty of 777–909. The town Tahert was created by Abder Rahman Ben Rostem in 767 and prospered due to slave trade and the sale of gold from the Sudan in the eighth century. It was ruined following the attack by mountain Berbers from Kutama, who were allies of Ubayd Allah al-Mahdi, the founder of the Fatimide dynasty of Kairouan. Tahert was destroyed and its inhabitants were massacred or went into exile.

³ From the seventh to eighth centuries, Northern Africa was integrated into the sphere of Muslim civilisation. Although the populations were won over by the new religion after resistance by the Berber leaders, Kocēila and La Kahina, Arabic only gained ground from the 11th century (due to the Banu Hillal invasions). The Ommeyyad domination followed by the Abbassid rule was short-lived, for very soon the Berbers, who adopted the Khariji philosophy or Shiisim before opting for Sunnisim (the Islamic law system) as a sign of their ethnic identity, created their own states. In modern Algeria, the

- Almohad Empire. While under Turkish rule, Algeria had to resist attacks from the Spanish.
49. The 17th century began the period of competition: the rich and powerful group of pirates competed for influence with janissaries, and won in 1671, giving power to a “dey”⁴ who had three “beys” under his command. The latter were quasi-autonomous, with one based in Oran, the second in Medea and the third in Constantine.
 50. Algeria’s colonisation began in 1830 when French troops forced the dey in Algiers to capitulate. However, they soon had to contend with the army of the charismatic Emir Abdelkader. It took France over 15 years to put an end to the resistance of this Berber leader, who is deemed one of the greatest figures in Algeria’s history. After Emir Abdelkader surrendered in 1848, Algeria was colonised by France. This involved an infrastructural programme (roads and railways), combined with the injustices of colonialism, such as denial of the local culture, transformation of mosques to churches, and confiscation of land for reallocation to white colonists.
 51. From the 1920s, discontent gained ground. In 1943, the Manifesto of the Algerian peoples demanded equality between the French and the Algerians, pejoratively referred to as “natives” by the colonial administration. In the subsequent years, uprisings were ruthlessly quelled.
 52. The protracted and glorious resistance to foreign occupation initiated by Emir Abdelkader, the founder of modern Algeria, ended when the country regained its national independence. The heroic battle led by this charismatic personality for over 15 years continued throughout the country with successive armed revolts led by Ouled Sidi Cheikh, El Mokrani, Boumaza, Cheikh Bouâmama, Fatma N’Soummer and many others.
 53. Similarly, political resistance, which began in the first half of the last century, gave rise to numerous political parties, more particularly the Algerian Peoples’ Party (PPA), the Movement for the Triumph of Democratic Liberties (MTLD), the Democratic Union of the Algerian Manifesto (UDMA) and the Association of Ulemas. It constituted a real melting pot of Algerian nationalism.
 54. The failure of peaceful attempts by these parties to express their demands, disregard for these same demands by the occupying colonists, the violent suppression of any desire on the part of Algerians for justice and

Rostemid State created in Tahert during the eighth and tenth centuries; thereafter the Fatimid attempt from Lesser Kabylie ending up in Egypt as well as the Hammadite State of the 11th to 12th centuries, whose main capital was Bougie, can be singled out. In the 11th century, Western Algeria became part of the Almoravid Empire before the unification of the Maghreb region within the Almohad Empire during the 12th and 13th centuries. One of the main heirs of this empire was the Zianid dynasty, whose capital was Tlemcen. It was the main state of Central Maghreb from the 13th to 16th centuries.

⁴ The *dey* was the title given to the rulers of the Regency of Algiers under the Ottoman Empire from 1671 to 1830. The dey’s realm was divided into three provinces (Constantine, Titteri and Mascara), each of which was administered by a bey.

more importantly, freedom. These included the widespread massacres committed on 8 May 1945, during which 45 000 people were brutally killed for having dared to demand the freedom so recently achieved in Europe, in whose attainment they had so actively participated. This contributed to convincing the Algerian people that armed struggle against colonialism was inevitable.

55. The National Liberation Front (FLN)⁵ was established following these events in the light of the need for a liberation struggle. The FLN engaged the colonial power in armed confrontation on 1 November 1954. A first wave of attacks, followed by numerous other armed actions, revealed the existence of an organised and determined Algerian opposition. It also drew the attention of French public opinion to the situation in Algeria.
56. Echoes in France of the Battle of Algiers of 1957, questioning among the French public and difficulty in justifying colonial policy (e.g. Tunisia had attained independence in 1957) forced General De Gaulle to recognise the inevitability of the country's self-determination in 1959. He then had to deal with discontent among the French colonists born in Algeria (the *pieds-noirs*), who enjoyed their status in the colony, and a section of the French army.
57. In 1961, French generals plotted a military putsch in Algiers. Their attempt failed, but they were still opposed to General de Gaulle's policy and created the Secret Army Organisation (OAS), which perpetrated random acts of terror in France and Algeria. A referendum was eventually organised in metropolitan France and Algeria in January 1961. The results overwhelmingly supported Algeria's independence, which became a reality in the following year with the Evian Agreements.
58. It was thus at the end of the protracted Algerian War that Algeria attained independence on 5 July 1962 after 132 years of colonial occupation. The war claimed many lives: 25 000 French soldiers, 2000 members of the Foreign Legion and 1.5 million Algerians were killed. Some 8000 villages and one million hectares of forest were razed to the ground; and over two million Algerian nationals were deported to concentration camps. The Algerian War left a lasting impression on the collective consciousness of the two countries. In 2000, revelations by the French military, who admitted to using torture during the conflict, reopened the debate in France.

⁵ The National Liberation Front (FLN) founded on 10 October 1954 in French Algeria, became public on 1 November 1954 to engage in a national war of independence against French colonisation, which had been in existence since 1830, and create a Democratic Peoples Republic of Algeria. It was headed by nine personalities: Hocine Aït Ahmed, Ahmed Ben Bella (future First President of the Independent Republic of Aleria), Krim Belkacem (assassinated in Frankfurt in 1970), Mostefa Ben Boulaïd, Larbi Ben M'Hidi (died in prison after torture), Rabah Bitat, Mohamed Boudiaf (Head of State assassinated after six months in office on June 29, 1992 in Annaba), Mohamed Khider (assassinated on January 4, 1967 in Madrid) and Didouche Mourad.

2.2 Focus and challenges of national liberation

59. The essence of colonisation and its heritage was denial of the dignity and rights of the Algerian people, who were deprived of their freedoms, exploited and impoverished, expropriated from their land, and their natural riches despoiled by the colonial power and colonists. The first concern of the war for independence was to regain the liberty and dignity of a wounded people and their nation. Modern Algeria is marked by its awareness of this challenge to its independence, which it guards jealously.
60. The second challenge facing the post-independence government was the political construction of the Algerian nation, given the efforts by the colonists to stifle it in peoples' consciousness. In this regard, the fight for independence and its historical precedents went a long way in strengthening peoples' awareness. It also assisted in mobilising people around the ideals of freedom and economic and social development.
61. It is important to underscore the concern of development as a legitimate right of Algeria and its people in order to enable them to emerge from the poverty brought on by colonialism, and to take ownership of and enjoy the country's resources and the benefits of economic and social progress. Given that independence had been achieved after such a long struggle, the affirmation of the country's dignity and political position, together with the magnitude of the development tasks ahead, led to the establishment of a socialist developmental model.
62. In order to respond to the legitimate and profound aspirations of the people during the liberation struggle, independent Algeria found itself confronted with multiple challenges, such as the establishment and consolidation of state institutions, national reconstruction in all its aspects, the return of numerous refugees and their economic, social and moral welfare. For a young state that had just emerged from a protracted struggle for freedom, the challenges to be overcome were enormous. Significant efforts were made to establish political institutions and a public administration to drive management of the state and socio-economic development; to manage and promote an economic system and social institutions capable of fulfilling the legitimate aspirations and expectations of the people; and, lastly, to engage the country in a political and socio-economic dynamic that would earn it its rightful place in the African, Maghrebian and global arena.
63. In this regard, independent Algeria would be driven by the firm will to restore the government with all its prerogatives and to implement a fundamentally "activist" economic and social policy. Its primary objective would be that of satisfying the needs of the greatest number of Algerians within the context of sustainable development.
64. It is within the framework of socialist and centralised development planning principles that the Algerian government defined and implemented a strategy for industrial development; for ownership, control and development of the

country's natural resources; and for the mode of development management inspired by the legitimate aspirations of its peoples. The system of governance at the political, economic, business, economic and social development level is therefore historically marked by the fundamental concerns and challenges that independent Algeria had to face.

65. Given this historical perspective, modern Algeria is marked by certain characteristics that are worth highlighting:
- At the political level, the war of independence fought by the Algerian peoples had impacted various domains, which was to be reflected in the predominant position of the FLN in political, economic and social choices. Similarly, the national liberation army played an important role as the backbone of the government's power, wielding an almost imperceptible influence in the management of public affairs. The war also raised the awareness of the broader mass of the Algerian population, arousing fierce patriotism, nationalism and a steely determination in the fight against all forms of domination and exploitation by foreign forces.
 - It also gave rise to a heightened sense of statesmanship and sensitivity of the Algerian leadership to pan-Africanism, including energetic support of liberation movements in Africa, as witnessed by the prominent role played by Algeria in the creation and development of the Organisation of African Unity, the African Union and their historic initiatives, such as NEPAD, within the movement of non-aligned countries, favouring in particular the option for a new international economic order.
66. At the economic and social level, the government, which is responsible for the general situation in the country, was also solely responsible for economic and social progress, and hence for the country's development and the welfare of its population. The active construction of economic and social development, drawing on interventionism at the political level, constituted the basic principle for building a modern Algeria that could be economically prosperous and socially committed to the welfare of its citizens. It is for this reason that programmes for heavy industrialisation, educational democratisation, free health care, water supply, welfare housing policy, as well as the mobilisation of social forces, particularly workers and youth, were launched.

2.3 Paths, actions and results

67. After independence, modern Algeria went through a series of essentially political upheavals. Between 1962 and 1965, Ahmed Ben Bella was at the helm of the country; he was deposed in a military coup in 1965. Houari Boumedienne led the country until his death in 1978. Under the presidency of Chadli Bendjedid, who succeeded President Boumedienne, there was a political and economic crisis due to the collapse of world oil prices. The authorities also had to contend with the first popular movements created after independence. Given the "Berber Spring" of 1980, followed by Sétif riots in

1986, President Chadli decided to crack down on revolts. In October 1988, the army shot at rioters, resulting in over 500 deaths. The authorities ended up making concessions, including a new Constitution, introduction of political pluralism and freedom of the press.

Box 2: Algeria's historical role in pan-Africanism and the decolonisation of Africa

"Algeria has always supported just causes in the world and settled conflict through peaceful dialogue," declared President Abdelaziz Bouteflika on the occasion of the 50th anniversary of the war of independence. After this long war, which caused the death of 1.5 million people, Algeria regained its independence. If a militant and progressive Africa had fought for the independence of Algeria, the latter was in turn to be in the vanguard of the fight for the decolonisation of the continent. Algeria burst onto the African scene in the 1960s, showing its indomitable will to bring all its resources to bear on the continent's efforts to rid itself of all forms of colonialism, racial discrimination and apartheid. In its support of just causes, the Algerian capital was to become the intellectual home of international revolutionary contestation and was fêted as the "Mecca of revolutionaries", according to Amilcar Cabral's famous dictum. Indeed, in Algiers were to be found liberation fighters from Africa, Asia, Latin America and Europe, and many leaders of African liberation movements. Algeria's logical policy was rooted in its historical desire to make a singular contribution to the liberation struggle on the continent, a contribution that was supported by its anti-imperialist approach to the world.

Thus, at the summit of the heads of African states at Addis Ababa in May 1963, at the time of the foundation of the Organisation of African Unity (OAU), President Ahmed Ben Bella was to launch a solemn appeal to his peers, calling for the creation of a "blood bank" as their contribution to the struggle against colonialism recently declared by combatants from Angola, Mozambique, Zimbabwe, Namibia, South Africa, Guinea Bissau and Cape Verde. "We must accept to die a little so that Africa can survive forever," was the essence of his declaration.

Putting action to words, Algeria opened its doors to all African liberation movements that were able to send combatants to training camps. Thus, the African National Congress (ANC) from South Africa, Frelimo from Mozambique, Swapo from Namibia and other movements were able to train their first combatants. These people went on to engage in and strengthen their liberation battle against the colonial forces or segregation in their respective countries, with the results that are well known today. It is estimated that, in 1963, Algeria alone was host to over 1000 future freedom fighters from Africa. In addition to providing training, Algeria also provided military aid, as well as political and diplomatic support. Algiers welcomed several liberation movements, which established important representation there, and became the preferred destination of freedom fighters and African revolutionaries such as Nelson Mandela, Eduardo Mondlane, Samora Machel, Agostinho Neto, Amilcar Cabral, Aristides Pereira and many other leaders of African liberation movements from Lusophone, Francophone and Anglophone Africa. Algiers also received other combatants fighting for just causes in the rest of the world. One of the most powerful figures of the Black movement in the United States, Malcolm X, spent time in Algiers in 1964, and Ernesto Che Guevara passed through Algiers in 1965, before making contact with the resistance movement in Congo.

It was in Algeria that Nelson Mandela, one of the founders of the armed wing of the ANC, *Umkhonto we Sizwe*, was initiated into military tactics and sabotage before returning to South Africa where, following action, he and his comrades were arrested and sentenced to life imprisonment. It was also in Algeria that the future president of

Mozambique, Samora Machel, received his military training. His compatriots returned to their country to launch the struggle that finally vanquished Portuguese colonialism. In 1971, the first *Libération Afrique* saw the light of day. Six national liberation movements, the ANC (South Africa), Zapu (Zimbabwe), Swapo (Namibia), PAIGC (Guinea Bissau and Cape Verde), the MPLA (Angola) and Frelimo (Mozambique) joined forces under the impetus of Cedetim and under the banner of a common press agency to publish an information journal in support of African national liberation struggles.

At the diplomatic level, Algeria has served the liberation cause in Africa and elsewhere in the world well. Algerian diplomacy was characterised by its unequivocal position on people's rights to independence and liberty. In November 1974, thanks to Algeria's sustained opposition to the odious apartheid regime of South Africa and the wisdom of the Algerian diplomat, Abdelaziz Bouteflika, President of the United Nations' General Assembly at the time, apartheid South Africa was finally suspended from participation in the United Nations. Opposing the veto of the permanent members of the Security Council, the United States, the United Kingdom and France, Bouteflika, on the basis of his interpretation of the Charter of the United Nations, managed a resounding feat that resulted in deepening the isolation of the racist regime. Between 1975 and 1977, the Portuguese colonies acceded to independence and the victories of Zapu in Zimbabwe in 1980, the ANC in South Africa in 1994 and Swapo in Namibia in 1990 closed the chapter on colonialism in Africa. In all these events, the support Algeria provided to revolutionary movements throughout the world, and to African liberation movements in particular, was inestimable. Drawing strength from the support that the country had itself received in its liberation war, especially from free and progressive African countries, Algeria understood and fulfilled its duty and vocation. If the liberation of the African continent, in particular the decolonisation of many African regions south of the Sahara and the end of discrimination in South Africa, called for the struggle of the African people themselves, they owe much to the active and determined support of friendly countries, foremost among these being Algeria.

From the outset Algeria, with its marked sense of pan-Africanism, opted for the unity of the African continent and worked tirelessly to achieve this by providing sustained support for the African cause, unity and the decolonisation of the continent. It has never deviated from this approach, which is still evident today in its support for all initiatives aimed at strengthening African peace and solidarity. Algeria has participated actively in the birth of the African Union and the implementation of NEPAD. It is worthy of note that Algeria's bursary programme, which grants 1600 bursaries to African students each year, falls within the ambit of this vision and Algeria's commitment to pan-Africanism.

The Panel, aware that this constitutes an inestimable contribution to the emancipation of the African people, pays homage to Algeria's leaders and people.

68. From June 1990, the continued economic crisis gave rise to Islamic fundamentalism, which saw violent demonstrations escalating and municipal elections being won by the Islamic Salvation Front (FIS). The rise of the FIS culminated in the first legislative elections held in 1991–1992, when the Islamic party was poised to win its opponent, the FLN. However, the second round of elections never took place. Chadli resigned and was replaced by the High Committee of State who dissolved the FIS and declared a state of emergency. Thirty years after its independence, Algeria was once again plunged into a deep political crisis.

69. Mohammed Boudiaf was made President in 1992. Following his assassination a few months later, the High Committee of State appointed Ali Kafi. The FIS still did not loosen its grip and its armed wing, the Armed Islamic Association (GIA), increased its attacks, subjecting the country to a reign of terror. Police officers and journalists were assassinated, detention camps were set up in the South, institutions were razed to the ground, bombings and suicide attacks were commonplace and villages were decimated.
70. Armed groups led what they referred to as Jihad or a Holy War. On its part, the regime suppressed freedom of expression and placed restrictions on the activities of political parties and local and international non-governmental organisations. On 30 January 1994, General Liamine Zeroual was appointed head of state by the High Committee of State. He was then confirmed President after elections were held in 1995.
71. President Zeroual promulgated the *Er-Rahma* law or clemency law in 1996, targeting repentant terrorists. During this period, the GIA was responsible for numerous massacres in Algiers, resulting in more than 1000 civilian deaths. In 1999, Liamine Zeroual announced the holding of early presidential elections and declared that he would not contest the seat.
72. During the 1999 presidential elections, Abdelaziz Bouteflika, former Minister of Foreign Affairs, stood as an independent presidential candidate and was elected President of the Republic on 15 April 1999. His accession to power significantly changed the order, there being more emphasis on civil peace. He held power with the support of a political coalition made up of the FLN, the National Democratic Movement, and the Movement of Society for Peace.
73. The peace process was initiated with the Civil Concord, a clemency project carrying amnesty, which was put to a referendum by President Bouteflika in September 1999. The Civil Concord Project won the support of three-quarters of the electorate and was implemented in January 2000. Over 6000 fighters of the FIS surrendered their weapons and were reintegrated into the society.
74. President Bouteflika submitted the draft Charter for Peace and National Reconciliation to the vote in 2005. Adopted by referendum, the Charter came into force in March 2006. Approximately 2000 Islamists sentenced for subversive activities were then released, about 7000 cases of disappearance attributed to the security forces were officially recognised and over DA15 billion were raised to take care of victims of the national tragedy. The Algerian government indicated that over DA4 billion were given to 10 000 of the 45 000 families identified by regional committees.
75. To understand the importance of this journey, the origins of the crisis need to be revisited. In the early 1980s, the political model and its economic system began developing cracks. The stranglehold of the state machinery and its omnipresence in the control of citizens' lives, combined with its failures or weaknesses in the management of development, or at least in some key sectors, ended up frustrating the population and some of the active forces of

the country. Social inequalities, poverty and weaknesses (if not failures) of state interventionism and favouritism all led to this model being questioned, both in economic and political terms. This questioning initially remained underground, but soon made itself heard. The economic crisis, latent until that time, came to light with the collapse of oil prices in 1986 and provided the opportunity for political contestation of the development model that was in place.

76. The reduction in state revenue contributed to reducing the government's intervention capacities, particularly its ability to assume some of the economic and social development roles it had been playing until then. The discontent among the population who had developed a form of dependency on the state later transformed into anti-government sentiment or sentiment against state structures, and subsequently against institutions and the socialist development model. The crisis of confidence in the country's political institutions, which had been brewing for some time, found an outlet. The state, for its part, also realised that it could not continue to perform the same functions as before, given the bankruptcy facing some of the economic sectors that it had been managing, as well as the reduction in its resources.
77. The situation was exploited by other politico-religious forces, and the country experienced the harsh "dark decade" marked by violence and terrorist attacks. The violence of the struggle between the various forces can be explained by the period of questioning of the socialist development model the country had gone through, a situation some had exploited to such an extent that the very existence of the Algerian state and its basic structures was being threatened. Democracy in Algeria was born as a result of tragedy that impacted on the country's chances of full democratisation of the socio-economic development process.
78. Algeria had made significant progress in terms of constructing a modern state with solid political and administrative institutions, and had succeeded in passing on significant economic and social dividends from its liberation struggle to its people. It now found itself exposed to problems that it thought had been resolved.

2.4 Current dynamics and challenges

79. The historical journey of independent Algeria can be divided into three major periods that are more or less distinct: the period of socialist development (1962–1987); the period of the socialist development crisis and questioning of the model (1988–1998); the period of open commitment and implementation of necessary reforms through development (1999 to date).
80. After the experience of socialist development and the crisis of the "dark decade", Algeria is currently undergoing transition towards a market economy, which it intends to pursue at its own comfortable pace and without haste. It is against the background of the terrorist violence experienced by the Algerian

people and the threat to the very existence of the state and its institutions, and of economic recession and social exhaustion, that the first structural and political reforms were implemented by the public authorities before the structural adjustments programme took over in 1994. The effects of this were felt in terms of the reduction of employment in the public sector and the depletion of some sources of income.

Box 3: A brief chronology of Algeria since independence

18 March 1962	Signing of the Evian Agreements in France, putting an end to the war.
5 July 1962	Proclamation of independence. Ahmed Ben Bella becomes President.
September 1963	The FLN becomes the sole party.
June 1965	Assumption of power by the Revolutionary Council. Houari Boumedienne becomes Head of State.
1978	Death of President Boumedienne.
1979	4th FLN Congress appoints Chadli Bendjedid as candidate for the Presidency.
February 1979	Chadli Benjedid is elected President.
5-10 October 1988	Events of 5 October.
July 1989	Constitutional revision introducing the multiparty system
June 1990	Municipal elections won by the Islamic Salvation Front (FIS).
26 December 1991	Victory of the FIS in the first round of multiparty elections.
1992	President Chadli resigns. The High Committee of the State, led by Mohammed Boudiaf, is established on 14 January 1992. A state of emergency is proclaimed and the FIS is dissolved by court order.
June 1992	President Mohammed Boudiaf is assassinated. He is replaced by Mr Ali Kafi.
January 1994	Liamine Zeroual becomes President of State after the adoption of the February 1994 platform.
1995	Liamine Zeroual is elected President of the Republic.
1998	Liamine Zeroual resigns.
April 1999	Abdelaziz Bouteflika is elected President of the Republic.
8 April 2004	President Bouteflika is re-elected with 83.49 per cent of the vote.
29 September 2005	Referendum on the Charter for Peace and National Reconciliation.

81. It is important to point out that Algeria's economic and social development was characterised by distinct phases marked by recession and/or growth. After an initial development phase that focused on intense and structured industrialisation with heavy intervention from the government (1962–1987), Algeria underwent a crisis period before engaging in a process of reform and liberalisation. The ambitious public investment programme during the country's first development phase benefited from the rise in oil prices on international markets, and particularly after the first oil price crisis in 1973. At the end of this initial phase, and with the first signs loss of impetus, Algeria embarked on a process of reform and liberalisation.
82. The second phase in Algeria's development took place at the time when adjustment programmes were being implemented to respond to the economic crisis, a time of increasing imbalances and the explosion of foreign debt. Three economic stabilisation programmes of the International Monetary Fund, which enabled the rescheduling of external debt, were implemented in 1989, 1991 and 1994. However, reforms implemented within the framework of structural adjustment programmes had a negative impact on the economy. This gave rise to negative economic growth, with the recording of an annual average of –0.5 per cent between 1987 and 1994. Further, per capita income dropped by –2.4 per cent per annum during the same period. Inflation greatly increased during this time, recording an annual average of 19.6 per cent due to the liberalisation of prices and the devaluation of the dinar. This period was also characterised by a sharp increase in unemployment as a result of slowed economic activity and the restructuring of public companies. Unemployment rates increased from 17 to 25 per cent between 1986 and 1994, reaching a record 28 per cent in 1995. The deterioration of the economic situation therefore continued and contributed to political instability and social upheavals.
83. The third phase in Algeria's economic development began in the mid-1990s and was characterised by a marked improvement in the economic situation. There was significant revival in economic growth, which recorded an average of 3.1 per cent between 1995 and 2000. Per capita income improved notably, increasing by 0.9 per cent on an annual basis. The rising trend of inflation also dropped, registering an annual average slightly above 6 per cent for the same period. Although the restructuring of companies continued, unemployment rates stabilised following an increase in the government's capital account and public investments. After a serious economic crisis in the 1980s and early 1990s, Algeria was back on track in terms of growth and development. This facilitated support for political reforms and strengthened the democratisation process and multi-partyism.
84. This growth consolidated in the fourth phase beginning in 2000, benefiting from public investment programmes that were made feasible by the marked increase in oil prices on international markets. These periods of Algeria's recent economic history are proof of the strong correlation between economic performance and the evolution in international oil prices. Although it is not the only factor behind economic growth, the oil sector made a positive impact on performance when prices were high. This influence is felt as a result of the

direct contribution of the sector to the gross national product, but also because of the revenue it provides to the state and its direct contribution to economic recovery and public investment programmes.

85. In fact, the last two economic phases are sub-periods of a single phase, namely the third phase characterised by the country's commitment to the reform process and the transition towards a market economy. In the light of the above elements, the authorities have carried out a situational analysis. Political and socio-economic reform policies have been developed and implemented in response to political demands, but also to resolve political, economic and social problems that have been the source of social and political upheavals. At the same time, however, the authorities want to be in control, aware of the risks involved in rushing into reforms. They are seeking the middle ground between pressures to accelerate the process, on the one hand, and others in favour of resistance to reforms, on the other hand.
86. In this regard, Algerian authorities needed to implement a policy aimed at:
- *Consolidation of civil peace, security and the stability of institutions* as the sine qua non for democratic construction, improved management of public affairs and strengthening of the rule of law.
 - *Stimulation of the development process* on the basis of relevant economic reforms and an active partnership between the state, which is responsible for a favourable political and legal environment; the private sector, which is primarily responsible for generating national wealth and employment; and civil society, which is responsible for creating synergies between the political and social sectors so that the entire nation can benefit from the process.
 - *Improvement of the social situation*, in financially viable situations, both by increasing reforms in social sectors and creating a conducive environment for continued and sustainable growth in order to create jobs and share benefits with the Algerian people.
87. Public authorities are applying themselves with determination, even though given the internal dynamics in the country and the regional and global environment, they have take into account some specific stumbling blocks. In order to broaden the scope of reforms in a general democratisation process, the authorities wish to increase the participation of grassroots populations. Despite delays, difficulties and imperfections, the intention is to develop a sense of increased responsibility on the part of managers; to return the initiative to the local level; and to resolve problems related to economic, social and regional imbalances in Algeria. Specific growth or sectoral programmes have been launched, with greater or lesser success, and today the entire country is a vast construction site, both literally and figuratively, considering that institutional and political reforms and infrastructural transformations in the economic and social sectors have been undertaken.

88. The direction of changes undertaken and the “model” of Algerian society under construction need to be clarified. It is especially important that the necessary consensus be built and that national political, social and economic forces be mobilised around this consensus. After a basic mechanism has been implemented in several areas, its operations and efficiency need to be concretised.
89. At political level, the determination of public authorities to realise democratic governance is reflected in the establishment of the elected institutions. The adoption, by referendum, of a Constitution that was revised on 28 November 1996, has further enshrined freedom, political pluralism, separation of powers and the independence of the judiciary.
90. In addition to the Constitution, there are three fundamental texts that currently provide for the democratisation of public life in Algeria:
- The law governing political parties, adopted in 1989 and amended in 1997, which facilitated the creation of over 60 political parties in Algeria’s political landscape. This number has subsequently settled at the current figure of 28 political parties.
 - The law on associations, promulgated in 1988 and amended in 1990, which states that associations can be created based on a simple declaration by the founders, either at the wilaya or the Ministry of the Interior (if it is a national association). According to official statistics, there are over 60 000 active associations in Algeria.
 - The law pertaining to information, adopted in 1990, which gave rise to an independent or partisan press in addition to the public press.
91. Algeria has therefore been able to organise regular, free, transparent and equitable general elections in an environment of peace and stability. The country also stands out because of the vigorous pluralism of its politics, media and trade union movement. It is notable for its dynamic civil society, which is making an increasing important contribution to the national renewal process.
92. On the economic, social and cultural scene, it is important to highlight the extraordinary efforts Algeria has made, particularly in recent years, with regard to infrastructure, access to health care, education, social housing and, more generally, basic social services.
93. It is worth noting that the main international instruments for promoting and protecting human rights and those pertaining to other themes of political, economic and business governance, and socio-economic development have been ratified. Algeria has also initiated the process of ratifying the Rome Statutes of the International Criminal Court. These mechanisms deal with individual, civil and political rights, as well as group, economic, social and cultural rights.

94. To implement these changes, the government plans to invest over US\$120 billion between 2005 and 2009, in the supplementary growth promotion programme and special programmes for the South and the Hauts Plateaux. All these actions testify to the firm commitment of Algeria's highest authorities to maintain, consolidate and sustain the eminent role it plays as a strong, united, prosperous, dignified and respected country in Africa and the world.
95. Although significant progress has been made, efforts still need to be deployed to ensure the full enjoyment of civil freedoms, the participation of citizens and local democracy, the separation and balance of powers, greater access to the media, and effectiveness in the administration and fight against corruption. These are key challenges that necessitate close attention.
96. Algeria's ancient and recent history is that of the edification of a nation that is constantly and fiercely fighting for the affirmation of its identity and respect of its dignity and sovereignty. Given its age-old Amazigh traditions, affiliation to Arab civilisation, Africanness, and attachment to the spiritual values of Islam, Algeria faces the challenges of globalisation in a spirit of tolerance, openness and exchange that is dictated by its long history.
97. In moments of adversity, the Algerian nation has drawn its spiritual strength and moral energy from this precious resource to confront the numerous and successive challenges that have marked its destiny, the most important of these being to regain independence and re-establish its national sovereignty.
98. Governance is considered as the cornerstone of state and administrative reforms. It is a prerequisite for overcoming the main challenges associated with the three aspects of transition defined as follows:
 - At the political level, transition must tackle and ensure the success of the shift from governance founded on the logic of a single government party to that of political pluralism and respect for the principles and values of pluralist democracy.
 - At the economic level, transition must address the imperatives associated with the movement of a centralised economy to a market economy and free competition.
 - At the social level, it must reconcile the requirements of an approach aimed at collective well-being and equal access by all to education, health, housing, social security, transport, etc. on the one hand, and that of a market economy based on competition and exclusion on the other hand.
99. Each of these facets includes concerns and challenges that the CRM examines in subsequent chapters. On the whole, following the assessment of the general situation in Algeria, it should be noted that although the country is faced with numerous challenges, qualitative progress has been made in the area of economic and social development and fairer distribution of national resources to disadvantaged social strata. These achievements should be capitalised on

with a view to consolidating peace and social cohesion, which are guarantees of prosperity and development.

100. At the political level, the CRM has noted the tangible progress made in entrenching governance. The legitimate satisfaction that Algeria is drawing from this is an additional reason for all stakeholders (public authorities, civil society and private sector) to pursue and intensify efforts to achieve further results and complete the ongoing process of state reform, modernisation of the economy and transformation of society.

Best Practice 1: Personal commitment of the President of the Republic to the self-assessment exercise

The review process in Algeria took place under excellent working conditions, which were evident both in the quality of the commitment of all stakeholders to the success of the exercise, as well as in the quality of the material and logistical conditions made available to the CRM on the ground.

The results obtained by the CRM were greatly facilitated by the personal involvement of His Excellency Mr Abdelaziz Bouteflika, President of the Republic, who is one of the pioneers and architects of NEPAD. He spared no effort in defending the contribution by the APRM and therefore in building the foundations of good practices with regard to governance in Africa.

Indeed, throughout the assessment process, the President of the Republic gave his unwavering support to the APRM. Examples include, among other things, the following:

The three-hour audience given during the CSM in July 2005 provided an opportunity for the delegation to benefit from the precious advice of His Excellency the President, to ensure the success of the mechanism both in Algeria and in other APR member states. The second, five-hour audience granted to the CRM on 12 November 2006 once again confirmed the personal commitment of the head of state to promoting good governance in Algeria and Africa.

During this interview, the President, while reiterating his personal commitment and that of Algerian authorities to ensuring that the CRM would be conducted in total transparency, assured the Leader that Algeria would be like a "glass bowl". There was nothing to hide and there would be no taboo topics. He took the opportunity to give his own analysis without taking a soft stance on his country, thus setting the tone for the CRM. He encouraged the team to demonstrate professionalism and objectivity in the exercise of their duties, and requested them to assist him and Algeria by being brutally honest.

The personal and firm commitment from such a high authority (an eight-hour interview in total) is unusual on the continent and is worthy of being held up as an example. The Panel can confirm that this commitment gave the Algerian review exercise an exemplary character, as it set an example of enthusiastic participation to all public institutions and stakeholders (at the central and wilaya level), who stayed in the game throughout the review.

101. Two key issues in the construction of Algeria's future need to be addressed with great tact. The first concerns the underlying confrontation between

conservative and reformist forces. The second lies at the heart of the construction of an Algerian nation, which includes the richness and diversity of its civilisation and its linguistic, regional, ethno-cultural and religious heritage. All these factors create internal and regional dynamics that must be handled with care and determination to respond to Algeria's aspirations and its vocation as an African country in the Maghreb world that is being globalised.

102. It is in the context of Algeria's efforts to face the situation that the APRM was invited to conduct a review of the country. In this regard, it is important to underscore the important role played by the country's leadership, at all levels, but at the highest level in particular, in setting the tone for open participation in the APR process. The CRM would like to emphasise that it has benefited from the tireless personal support of His Excellency Mr Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria. Indeed, this exceptional involvement at the highest level has contributed to the success of the process. The support received deserves to be lauded and highlighted as an exemplary practice.

CHAPTER THREE

3. DEMOCRACY AND POLITICAL GOVERNANCE

3.1 Introduction: challenges of political governance

103. Algeria in 2007 epitomises a country in the process of profound political, economic and social reconstruction and transformation. After 132 years of brutal colonialism, limitation of democracy due to the one-party state and a decade of indiscriminate terrorism, the country, although deeply traumatised, is on its way to restoring peace, stability and development.
104. After 1988, the consolidation of the state clearly emerged as an historical necessity. The establishment of a pluralist and democratic state, capable of managing public affairs in an effective and transparent manner, has been complicated by the internal difficulties associated with the culture of a single-party state, as well as numerous socio-economic constraints.
105. The political reforms initiated by the authorities have led to the establishment of elected national assemblies. However, the development of a constitutional democracy was brutally interrupted during the 1992 legislative elections, when the country sank into violence and terrorism.
106. It was against the backdrop of this “national tragedy” that the first multi-party presidential elections took place on 16 November 1995. The advent of constitutional reform on 28 November 1996 made it possible for the Algerian people to reaffirm, seven years after 1989, their desire for a republican state. This state would be characterised, among other things, by strengthening of the rule of law, promotion of human rights, a clearer expression of fundamental freedoms and political pluralism, separation of powers, and the independence of the judiciary.
107. If an analysis of the current situation in Algeria highlights the very real prospect of national reconciliation and economic and social development, given the advances made and the importance of what has been achieved in establishing constitutional democracy and the rule of law, it is nonetheless true that important efforts still are needed to consolidate peace and stability, foster dialogue and participation by its citizens, as well as promote the effectiveness of the administration.
108. This current process of strengthening democratic institutions and practices follows on a decade of terror and negation of fundamental rights. This demonstrates the enormity and seriousness of the challenges that continue to face the country and require sustained attention. These challenges include:
 - the challenge of national reconciliation and the consolidation of peace vis-à-vis efforts aimed at bringing a decisive end to the spectre of barbarism,

instability and the terror generated by violence, and the persistence of this phenomenon over the past weeks;

- the challenge of the democratic consolidation of the state and society – as the quest for democracy is ongoing, its reaffirmation largely transcends the question of regulatory, institutional and electoral mechanisms to underpin it and requires society to be educated in terms of rights, democratic culture and citizenship, as manifested by the broad acceptance of the virtues of dialogue, tolerance and respect for socio-cultural diversity;
- the challenge inherent in the equal promotion and protection of human rights in everyday life, on the basis of the principles of universality and indivisibility, whether in the case of economic, social and cultural rights, civil and political rights, individual rights or collective rights;
- the challenge inherent in the promotion of gender and the protection of disadvantaged groups – strengthening the participation of women in public affairs and senior administrative positions in order to achieve parity; the fight against unemployment and delinquency among the youth; better care for people with disabilities, the aged, immigrants and refugees;
- the challenge inherent in implementing the various institutional reforms, whether these relate to the constitutional organisation of authority in order to achieve greater accountability of the elected national representatives; whether these relate to territorial decentralisation in order to achieve greater participation by citizens; or whether, finally, these relate to public office in order to strengthen the efficacy of the administration, the secular arm of the state;
- the challenge inherent in the fight against corruption, which the leaders in the country acknowledge constitutes one of the major problems facing Algerian society.

109. The consolidation of the tremendous amount of work achieved over the past few years, which was focused on shaping a republican, democratic, liberal and social state, from this perspective is truly cause for optimism.

3.2 Ratification and implementation of standards and codes

i. Summary of the CSAR

110. The CSAR indicates that Algeria, through its regulatory texts, has adhered to, or ratified with reservations, almost all of the international and African codes and standards. The report mentions the following in particular:
- The Charter of the United Nations, to which Algeria adhered by resolution of the General Assembly of 8 October 1962;
 - 15 United Nations Conventions on the promotion of human rights;
 - The UNESCO Convention against Discrimination in Education;

- The UNESCO Convention for the Safeguarding of the Intangible Cultural Heritage;
 - United Nations Convention against Corruption;
 - Four International Labour Organisation (ILO) conventions on labour law;
 - Four additional and optional United Nations protocols on human rights; and
 - Two international treaties on civil and political rights and on economic, social and cultural rights.
111. Within the framework of the African Union, the CSAR shows that Algeria has signed and ratified the:
- African Charter on Human and Peoples' Rights and the OAU Convention Governing the Specific Aspects of Refugee Problems in Africa;
 - African Charter on the Rights and Welfare of the Child;
 - Cultural Charter for Africa;
 - African Union Convention on Preventing and Combating Corruption;
 - Treaty establishing the African Economic Community (AEC);
 - Protocol relating to the Establishment of the Peace and Security Council of the African Union;
 - Treaty establishing the Arab Maghreb Union (UMA);
 - Protocol to the Treaty instituting the AEC as it concerns the African Parliament and;
 - Protocol to the African Charter of Human and Peoples' Rights on the establishment of an African Court on Human and Peoples' Rights.
112. Algeria has already ratified ten international conventions on the fight against terrorism, explosives and organised crime, as well as the Protocol on the Repression of Unlawful Acts and Violence. It has ratified, with reservations, three international conventions on the suppression of attacks by means of explosives, the suppression of the financing of terrorism, and the fight against organised crime. In addition, the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, which is complementary to the Montreal Convention of 23 September 1971, is in the process of being ratified.
113. The CSAR indicates that Algeria has applied itself to aligning its internal legal system with undertakings arising from its adherence to these international legal instruments. It should be mentioned that their implementation has not met with any particular constraints in terms of capacity.

114. As far as self-assessment in relation to democracy and political governance is concerned, Algeria carries out regular consultations based on rigorous and transparent principles, as well as open debate on institutions and the major areas of reform: the judiciary, national education, and state missions and structures.
115. The CSAR also indicates that Algeria has no real tradition of opinion surveys being carried out other than by state institutions. The country does not have appropriate mechanisms for their systematic implementation. Nonetheless, surveys are carried out, notably by the press and university institutions, and the authorities are showing increasing interest in promoting such activities. Surveys allow the impact of the state's economic and social development policies on the population to be measured accurately so that the necessary changes and resulting needs can be anticipated. Current development in the country will favour the use of surveys in various areas of national activity. It is therefore necessary for appropriate legal mechanisms to be put in place.

ii. Findings of the CRM

116. The CRM's meetings with institutions and other stakeholders revealed that Algeria has signed and ratified most of the African and international legal instruments. Their ratification has taken the form of presidential decrees and regulatory Acts, which facilitate their immediate and direct implementation. Implementation also seems to have been made easier by the country's human and institutional capacity in this area. Opinion surveys on this topic in January and February 2007 indicate that over 63 per cent of the Algerians surveyed believe that the authorities are taking adequate steps to comply, and ensure compliance, with the international standards to which Algeria adheres.
117. It is nonetheless necessary to note that certain international legal standards that are fundamental to the promotion and protection of the rights of women, such as the Protocol to the African Charter on the Rights of Women arising from the Peking platform, have been ratified with reservations. The explanation provided for the nature of this reservation relates to the right to choose the domicile and parental affiliation of children. These reservations could be reviewed in the light of the amendment of the Code on Nationality granting nationality to the children of Algerian mothers.
118. At the time of the discussions with stakeholders, the CRM was informed that, on 20 December 2000, Algeria had signed the Convention of the International Criminal Court (ICC), which is charged with passing judgment on the authors of genocide, crimes against humanity and war crimes. The CSAR makes no reference either to the signature of this document or to its ratification, which would entitle the accused to invoke it before a competent national jurisdiction, or any other citizen, who is the victim of one of these categories of crimes, to refer the matter to the ICC for justice and reparation.

119. The stakeholders interviewed by the CRM believe that Algeria has embarked on an internal, long-term process to align its legal and judicial texts with international, multilateral or regional codes and standards for the protection and preservation of people. It is within this context that the many implications, especially at the level of constitutional and legislative principles, of Algeria's possible ratification of the ICC Convention are currently being debated. At the end of these negotiations, a final decision will be taken on the matter.
120. It is important to note that Algeria's reluctance to ratify the Convention of the ICC, which Algeria had negotiated and signed, or its procrastination in the matter, is based on the same rationale as the position it holds on international conventions on the suppression of terrorist acts. The same applies to the financing of these activities, where Algeria has made its ratification subject to reservations.
121. As regards legal norms on international terrorism, it is important to emphasise the uniqueness of Algeria's CSAR in raising these, given that such questions do not form part of the questionnaire used as the basis for the self-assessment of APRM member countries. It is also important to interrogate the rationality and content of the reservations accompanying the ratification of conventions. Algeria ratified the Convention on the Physical Protection of Nuclear Material, the International Convention for the Suppression of the Financing of Terrorism, as well as the United Nations Convention against Transnational Organised Crime.
122. The reservations relate to the jurisdiction of the International Court of Justice to arbitrate in such matters, since Algeria believes that the agreement of all parties is necessary in every case. From a legal perspective, these reservations vis-à-vis the norms on international terrorism refer back to the notion of terrorism and its possible interpretation before the courts. Algeria has asked for clarification and required certain guarantees on specific points.⁶ During discussions with Algerian stakeholders on these issues, it became apparent that the problem lay in the notion of terrorism in these texts, a definition that is disputed by the signatory states. Algeria's reservations will only be lifted once all the parties have agreed on a meaning that is acceptable to all.

iii. Recommendations

123. The APR Panel would like to recommend that:
1. The Algerian government:

⁶ The Algerian professionals who are responsible for these issues explained to the CRM that the reservations on these international instruments are related to two principles: (1) No party can bring a case before the ICJ without consulting the other signatories; and (2) the ratification of these conventions by Algeria do not imply the automatic recognition and cooperation with Israel.

- ratify the international instruments at issue, including the Convention of the International Criminal Court;
 - lift all reservations accompanying the ratification of the international legal instruments on the matter, notably those on the suppression of international terrorism and other organised crimes; and
 - take all the necessary legislative and regulatory steps to ensure that its internal legal system conforms to the international codes and standards it has ratified.
2. The Algerian National Human Rights Commission and the country's civil society organisations conduct civic education campaigns for citizens with a view to entrenching their supervisory role and inculcating an awareness and sense of responsibility in stakeholders.

3.3 Assessment of APR objectives

Objective 1: Prevention and reduction of intra- and inter-state conflict

i. Summary of the CSAR

124. **Internal conflicts.** The CSAR highlighted the major conflict characterising Algeria's recent history, namely terrorism. According to the report, terrorism resulted from aggression aimed at destroying the democratic and republican state and replacing it with a totalitarian system.
125. **Legal mechanism for combating terrorism.** In the face of terrorist violence, Algeria has implemented the provisions of fundamental law in order to comply with its international commitments. Thus, in accordance with section 84 of the Constitution, a state of emergency was decreed. The Algerian government informed the UN Secretary-General of this proclamation, in strict adherence to the procedures formally set out in the International Pact on Civil and Political Rights, especially section 4, paragraph 3.
126. The CSAR emphasises that the authorities have put in place mechanisms for the fight against terrorism and subversion, with increased penalties being provided for in the Criminal Code. After 1995, a series of measures were adopted, aimed at lifting or easing certain provisions passed within the context of the proclamation of a state of emergency. These included the lifting of the curfew of 16 February 1996, the abrogation of provisions on special courts, and the scope of the powers accorded to competent common law jurisdictions.
127. **Social reintegration and national reconciliation.** The CSAR also notes that measures had been taken to reintegrate into society all those who renounced terrorism. To this effect, the law on clemency (Rahma) was adopted in 1995

and the Civil Concord in 1999. These laws had enabled thousands of persons, who had taken up arms against the country, to return to their homes and thus restored security throughout the national territory.

128. In order to consolidate peace and the Civil Concord process, the Charter for Peace and National Reconciliation was submitted to a referendum of the Algerian people on 29 September 2005. This Charter is aimed at closing this painful chapter in Algeria's history once and for all, thus allowing people to be reunited and begin the resolute construction of a prosperous and common future.
129. Since these texts came into effect, several terrorist groups have ceased their criminal activities; numerous detained persons, who were being prosecuted and/or sentenced for deeds associated with terrorism, have been freed; and a significant number of people have been reintegrated into the world of work.
130. **Responsibility for persons affected by terrorism.** A mechanism focusing on the categories of persons most affected by violence has been put in place (financial aid, social welfare, etc.).
131. **Other conflicts.** Referring to the conflicts associated with drug trafficking, organised crime, economic inequalities and disparities in the distribution of wealth, unlawful arms trafficking, sociocultural diversity, refugees and persons displaced on a national level, the CSAR states that these factors "were not the root cause of Algerian conflicts posing a threat to peace, stability and security".
132. **External conflicts.** The CSAR notes that there is no conflict between Algeria and its neighbours. It nonetheless recognises that the Western Saharan question is impeding the process of building and realising the Union of Arab Maghreb. It also emphasises Algeria's contribution to the solution of regional conflicts, especially between Ethiopia and Eritrea; its role in the African renaissance through involvement in its elaboration, and in the implementation and promotion of the New Partnership for Africa's Development (NEPAD).

ii. Findings of the CRM

133. **Conflicts associated with terrorism.** After a war of liberation, characterised by destructive violence affecting the people, infrastructure and environment, Algeria had to deal with the renewed violence of indiscriminate terrorism. It managed to avoid civil war and gradually reduce, within the space of a decade, the climate of violence and unprecedented barbarism that characterised this unfortunate period.
134. The country finds itself in a phase of peaceful consolidation that must be strengthened and sustained. This calls for a comprehensive understanding of the underlying causes of terrorism, so that the necessary strategies can be put in place to prevent a repetition of the tragedy.

135. The CSAR sees the tragedy of the “years of ashes” as “terrorist aggression” and places greater emphasis on the legal and political mechanisms used at that time to encourage a climate of peace. In so doing, the report fails to analyse the internal causes. Such an analysis is essential for drawing up a national strategy for the prevention and management of conflict.
136. The CSAR therefore does not provide an analysis of social and economic inequalities, increased poverty and unemployment, and the lack of trust between the government and the people. These are all factors which, to a greater or lesser extent, provided fertile ground for terrorist recruitment and action.
137. In the wake of lessons learnt at the time of the “sanction vote”, which marked the elections in 1992, important initiatives for improving the distribution of national resources are under way. It is worth spending time in considering these.
138. The government launched the Programme for Economic Stimulation at the end of April 2001. An allocation of DA500 billion (the equivalent of US\$7.2 billion), was made over a period of three years to stimulate agricultural and industrial activities, construct basic infrastructure, create jobs and improve the living conditions of citizens by assuming greater responsibility for their social needs and activities (housing; youth training ; educational, cultural, sports and leisure infrastructure, etc.).
139. The CRM notes with interest the implementation of a Complementary Support Programme for the Relaunch of the Economy (PSRE) for 2005–2009, with a budget of US\$55 billion, the purpose of which is to achieve the Millennium Development Goals (MDGs), especially as regards the eradication of poverty. It goes hand in hand with the 2005–2009 five-year plan, thus mobilising an overall investment of US\$120 billion.
140. Furthermore, it notes the concern of the Algerian authorities with reducing the “flagrant imbalances” observed between the regions by implementing a development programme for the High Plateaux and the South. For this reason, the wilayas of the High Plateaux are currently benefiting from a “policy of intensive support” in the context of their development programme. This additional programme comes to DA200 billion, over and above the amount of approximately DA500 billion allocated to the wilayas of the High Plateaux for the five-year growth stimulation plan. This sum, like that allocated to the wilayas in the South, will improve the standard of living of citizens in all spheres and the deficit recorded in housing and the supply of drinking water and energy in the wilayas of the High Plateaux to be reduced. It will also improve conditions in education, training and health.
141. The Fund of the South will be allocated DA200 billion up until 2009, which will allow a complementary programme for the wilayas to be launched, representing over 50 per cent of the programme referred to above. The Fund of

the South concerns the wilayas of Adrar, Bechar, Biskra, El-Oued, Ghardaïa, Illizi, Laghouat, Ouargla, Tamanrasset and Tindouf.

142. The implementation of low-cost rental housing programmes affects the most disadvantaged sections of society. The unemployment rate, which dropped from 30.7 per cent (1999) to 15.3 per cent (2005) and subsequently to 13.8 per cent (2006), reflects the efforts that have been made in this regard. Similarly, the weighted poverty index has been halved, dropping from 12.8 per cent in 1999 to 5.7 per cent in 2006.
143. Algeria provides almost full cover for workers and their dependants. Social welfare covers risks associated with retirement, disease, maternity, disability, death, occupational accidents, professional diseases, and unemployment.

Good Practice 1: National reconciliation and the consolidation of national unity and peace

Following a war of liberation characterised by destructive violence affecting the people, infrastructure and environment, Algeria yet again had to deal with the renewed violence of indiscriminate terrorism. It managed to avoid civil war and gradually reduce, within a decade, the climate of violence and barbarism that characterised this unfortunate period. The APR Panel acknowledges the efforts of the Algerian people to restore peace and national concord.

The Charter for Peace and National Reconciliation would appear to be an appropriate response to the country's particular situation. It covers all the legal, social and financial aspects of the effects of the crisis. Since it came into effect, several terrorist groups have ceased their criminal activities, hundreds of detained persons, who were prosecuted or sentenced for acts associated with terrorism, have been released and a significant number of people have been reintegrated in terms of employment.

As the CSAR emphasises, despite several tentative and sporadic attempts by some hardcore terrorists to maintain a situation of insecurity, the general climate of peace in which national reconciliation is taking place, with its roots firmly embedded in the Algerian tradition and culture of tolerance, bears witness to the commitment of the people to peace and their willingness to transcend, in a mutually responsible manner, the effects of the Algerian tragedy and to eradicate the latter fully and definitively.

The Panel is aware that this constitutes a major challenge that Algeria has faced with courage, acumen and effectiveness, and congratulates the country on this important initiative. The Panel would encourage all stakeholders to consolidate what has been achieved and ensure the continuation of peace and national unity, which are fundamental conditions for development and prosperity.

144. Generally speaking, the CRM welcomes the significant progress achieved by Algeria in reducing social inequalities and improving people's standard of living. Although special efforts have been made in areas that previously would have been a source of popular discontent, thus giving rise to greater feelings of insecurity, it nonetheless remains that the strengthening of peace, cohesion and

national concord through the Charter for Peace and National Reconciliation has yet to overcome a number of difficulties. These include the need to reconcile the exigencies of pardon and reparation, as proclaimed by the Charter, with those of truth and justice, concerns that are raised moreover by some associations for the protection of human rights.

145. It is also true that the Commission on Missing Persons will have to deploy efforts to appease tensions that have been noted in certain areas. In the opinion of the president of the Commission, the Algerian state has been forced to acknowledge its civil responsibility (“the state is responsible, but not culpable”) in the disappearance of 6140 persons. Indemnity measures are being developed, together with rehabilitation of those concerned. Nonetheless, in the absence of testimonies and archives, he emphasised that it had not been possible to apply “the principle of truth” so urgently sought by the relatives of the victims and certain associations for the protection of human rights.
146. In sum, Algeria is patiently attempting to rebuild the foundations of a modern state, based on the advent and entrenchment of a civilisation and culture of peace and stability, with due respect for the principles of multi-partyism and democracy. This task is not an easy one, as it proceeds through trial and error. Given the efforts of more than a decade to reduce social inequalities and build a climate of peace and prosperity, it would be a grievous mistake to fail to analyse certain factors that could become, or give rise to, sources of conflict in the long term.
147. **The issue of language and socio-cultural diversity** remains a real concern for the regions in the centre of Algeria, especially in Small and Grand Kabylie. The demands of the peoples in these regions for Tamazight to be proclaimed the national and official language of Algeria has been a source of conflict, which has sometimes taken the form of public protest. After the events of 2002, Tamazight was proclaimed a national language by the Constitution.
148. Despite the establishment of a High Commission for the Amazighité, with the objective of promoting the Tamazight language, meetings held on the ground indicate that this move is not considered adequate by many stakeholders in this area of the country, who deplore the absence of any marked political will to implement the teaching of Tamazight.
149. **As far as the enjoyment of human rights is concerned**, the CRM noted that, for certain associations for the protection of human rights and certain political parties, the question of civil and political rights continues to be one of lively concern, despite the establishment of a National Consultative Commission on the Promotion of Human Rights in accordance with the principles of the Paris Declaration. The state of emergency instituted by Presidential Decree 92-44 of 9 February 1992 remains in force in Algeria, and many voices were raised in support of it being lifted. The above Commission was called upon, among other things, to deal with the question of missing persons and the victims of terrorism. However, recriminations still persist around this issue and many families remain dissatisfied about the way it has been handled.

Good Practice 2: Tolerance in the land of Islam

Algeria's approach to managing conflict is based on dialogue, negotiation and the establishment of the rule of law. Indeed, Algerian legislation privileges conciliation in the settlement of conflict, linking it to a rigorous policy for combating social precariousness and disintegration. This approach has predominated in the drafting and implementation of a national reconciliation policy, characterised by the following stages:

- adoption of the law on clemency (Rahma) in 1995; and
- adoption of the law on Civil Concord in 1999.

The adoption of these Acts has allowed thousands of people who had taken up arms against their country to return to their homes and security, and to be restored throughout the national territory. In order to consolidate the peace and security process, the Charter for Peace and National Reconciliation was put to a referendum on 29 September 2005, with a view to closing this painful chapter in Algeria's history, reuniting its people and ensuring the resolute construction of a prosperous and united future.

Aware of the need to strengthen national unity and solidarity with respect for linguistic and cultural differences, Algeria has established the High Commission for the Amazighité and enshrined Tamazight as a national language under the Constitution. In addition, drawing on the lessons learnt from the country's national tragedy and the politicisation of religion, the Constitution has adopted Islam as the religion of the state, while safeguarding both the freedom and the protection of other cults and religions, including Christianity.

The CRM observed that these decisions have in no way impacted on the freedom of religion in Algeria and took note of the tolerance that characterises Algerian society, its spirit of solidarity and the people's sense of belonging to a united nation. The CRM was able to visit the Basilica of St Augustine at Hippone (Annaba) where the international conference on the rehabilitation of St Augustine was inaugurated by the President of the Republic, Abdelaziz Bouteflika.

The APR Panel, fully conscious of the fact that peace and civil concord are a prerequisite for development and social advancement, strongly supports national reconciliation and peace in Algeria. It strongly condemns any form of violence and any tendency to return to the dark days of terror. It therefore calls upon Algeria to launch vigorous action to strengthen, consolidate and entrench peace and civil concord in the country.

150. **Conflicts associated with work.** The General Union of Algerian Workers is pre-eminent in the area of labour issues. It made an important contribution to the adoption of the National Economic and Social Pact (PNES) on 1 October 2006, at the time of the tripartite meeting. The PNES focuses on 12 objectives related to improving the conditions of workers and represents a social, economic and cultural process. It is a "powerful means of regulation, a major factor in social peace and the reduction of imbalances and inequalities, especially within the context of the entry into effect of the Agreements of Association with the European Union and the next adherence to the WTO". The PNES addresses important questions such as the revision of the Labour Code and discussion of section 87 on minimum wages. To the CRM, this

represents significant progress, which should be continued, and it encourages all the stakeholders to consolidate what has been achieved.

151. **Conflicts associated with the management of rural land.** “The question of land, like that of identity, language or education, encourages violent exchanges among those who have conflicting opinions. Over the past fifteen years, these have constituted the main thrust of numerous electoral campaigns.” This is according to research carried out by Algeria’s National Institute of Agronomic Research. According to the Institute, the agrarian structure in Algeria makes a distinction between public land and private land. The Land Act of 1990, apart from its general provisions, makes provision for the principle of restitution to former owners of land nationalised 20 years earlier. This provision gave rise to numerous conflicts between the initial landowners, those persons to whom the land was allocated and who had exploited it since its nationalisation, and the administration.
152. Although the meetings on the ground did not allow for the expression of many different ideas on this important question, the CRM nonetheless noted that the transition from a centralised economy to economic liberalisation, especially in the industrial and agricultural spheres, raises the critical issue of land management in general, and rural land management in particular. It highlights that this question calls for special attention if fomenting tensions and conflicts are to be defused.
153. **Potential conflict in relations with neighbouring countries.** In matters of immigration, it emerged from meetings on the ground that Algeria is not only a transit country, but also a territory where illegal immigrants wish to “settle”. Fifty-four different nationalities are found in the country. The wilayas most affected by this phenomenon are situated on the southern and western borders, such as Tamanrasset, Adrar, Illizi and Tlemcen. However, the wilayas to the north also have a large number of nationals from the south of the Sahara, who are unsuccessful in their attempts to immigrate to Europe. Maghnia remains a transit point. The closure of European borders and “available” employment have turned Algeria into “a country for illegal immigration”, according to a recent report.
154. Meetings on the ground revealed that illegal immigration is often accompanied by other forms of serious criminality, such as contraband goods, drug and arms trafficking, counterfeiting, prostitution and forgery of documents. This represents a serious attack on public law and order and is a source of potential tension; hence the concern expressed by the people for the establishment of a formal framework and an institution charged with dealing with this problem.
155. **Drug trafficking and contraband goods** constitute a major concern of the Algerian people and the state. Drugs, which supposedly come from outside the country, represent a serious threat to Algerian youth. According to statistics, close to 10 tons were seized in 2005; nearly 13 tons had already been seized in 2004. There is increasing local consumption of these destructive products. The exorbitant profits of criminal organisations, especially of those involved in

drug trafficking, are destabilising the economy, since the money derived from unlawful activities gives rise to money laundering, as was emphasised in a recent report. The Algerian authorities have taken strict measures to fight this scourge; hence the National Bureau for the Prevention and Fight Against Drug Trafficking, punitive legislation against drug trafficking, and Ordinance 05-06 of 23 August 2005 against trafficking.

156. In its analysis of the current situation in Algeria, the CRM emphasises that, although the major battle against terrorism is being won, wisdom, reason and history teach us that peace and political and social stability are not reflected in statistical and factual data. As a dynamic force in constant change, they call for insight and incessant vigilance in their preservation, consolidation and continuation. The CRM provides recommendations in this regard.

iii. Recommendations

157. The APR Panel would like to recommend that the Algerian government and all stakeholder groups (civil society, political parties, private and public media, the private sector, etc.):
1. Vigorously pursue the policy of peace and national reconciliation by implementing the political, legal and socio-economic instruments that have been put in place and by initiating awareness programmes and inter-community meetings to reaffirm and consolidate peace and fraternity, and so close the chapter on trauma and tragedy.
 2. Provide the High Commission on Amazighité with the economic and financial means necessary to build a plural nation and provide for increased participation, representation and involvement by all in the elaboration, formulation, execution and monitoring of local and national policies. (Attention: the government)
 3. Examine the possibility of establishing a legal and institutional framework for dealing with issues of immigrants. (Attention: the government)
 4. Extend freedom of access, especially the access of political parties, unions and associations to the principal media outside electoral periods, and to establish an authority for the promotion, protection and regulation of freedom of the press, charged with protecting and guaranteeing freedom of the press, but also with ensuring adherence to the journalistic code of ethics governing all journalists in the exercise of their profession.

Objective 2: Constitutional democracy, including political competition and the opportunity for choice, rule of law, the declaration on human rights and supremacy of the Constitution

i. Summary of the CSAR

158. **Multi-partyism and the electoral system.** Since 1989, the Constitution has guaranteed the right of political associations and freedom of expression. This right was more restricted under the 1996 Constitution and the Organic Act vis-à-vis political parties, the objective being to contain past slippages.
159. Independent candidates may stand in the different types of elections and any person who enjoys civic rights may participate in them. Many parties enjoy legal recognition and perform their activities freely. The financing of parties is rigorously governed by legislation to protect them from the various interest groups; hence the ceiling on electoral expenditure. More than 20 parties have participated regularly in the various elections organised in Algeria and thus contribute to the consolidation of a pluralist democracy.
160. The electoral system is based on proportional representation and the majority vote, which is the voting system used for both local elections (municipalities and wilayas) and legislative elections (the Popular National Assembly and the National Council). The President of the Republic is elected on the basis of two rounds of majority vote. Political parties and candidates in elections receive public finance for their electoral campaigns in accordance with a scale set out by electoral legislation. Equal access to the media is guaranteed for all parties and candidates. Broadcasts for the expression of party opinions are also organised outside of the electoral campaigns and coverage of parties' public activities is assured by the principal media of the state.
161. Every Algerian over the age of 18 has the right to vote and registration on the electoral lists is compulsory even if no sanctions are in place. Citizens and political parties are entitled to ask for a copy of the electoral lists and, if necessary, to lodge an appeal to the appropriate administrative jurisdiction, which is free of charge. A national political commission is set up to monitor elections. It is made up of representatives of political parties and candidates and also has local divisions.
162. The Constitutional Council is responsible for judging whether the legislative and presidential elections are free and fair, whereas the administrative court is competent to rule in respect of the elections of decentralised assemblies. This institutional mechanism has allowed the state to organise a number of elections that observers have generally deemed to be free and fair. The CSAR nonetheless emphasises the need to consider how to improve representation of the people and make it more credible, and also to explore ways of removing suspicions of "media exclusion" of which the opposition claims to be a victim.

Institution	Type of electoral district	Number of electoral districts	Number of seats	Type of ballot
Presidency	National	01	01	Voting through individual ballots in two rounds
National Council (Senate)	Wilayas	48	96 + 48	Voting through indirect group majority ballots in one round for the election of two members per wilaya
Popular National Assembly	Wilayas and Algerian community zones in foreign countries	48 + 06	381 + 08	Proportional election from a list , with those who gain the most votes elected. The number of seats is calculated in proportion to the population of each wilaya, with a minimum of 4 seats
Popular Assembly of the Wilaya	Wilayas	48	1960	Proportional election from a list , with those who gain the most votes elected
Popular Assembly of the Commune	Communes	1541	13 981	Proportional election from a list , with those who gain the most votes elected

163. **Rule of law and supremacy of the Constitution.** The Constituent Assembly enshrines the supremacy of the Constitution in the Algerian legal system. The Constitution states that the people represent the source of all power and are the custodians of the power conferred by the Constitution. The Constitution may express its sovereignty directly by means of a referendum. Being fundamental law, it is amended by a referendum after scrutiny by parliament, except in cases of minor importance, when it is evaluated by the Constitutional Council.
164. The state and its citizens are subject to the provisions of the Constitution and the laws of the Republic. The equality of all citizens in terms of rights and duties, without any discrimination whatsoever, is guaranteed by the public institutions. The Constitution requires all competent organs of state to be equally responsible for ensuring the execution of the decisions of the courts.
165. The enshrinement of the rule of law is represented by Algeria's adherence to the different international instruments on human rights (*cf. supra.*) and by its adoption of a body of laws to strengthen the promotion and protection of these rights. The Constitution itself includes a declaration of rights and duties.
166. Control over the constitutionality of legislation is assured by the Constitutional Council and its decisions are binding on all public authorities, including the military and security forces; therefore, the latter fall under the control of both the executive and the judicial powers.

Decentralisation and local democracy

167. Decentralisation is enshrined in the Constitution, which considers communes (municipalities) and wilayas to be decentralised entities, and also in several pieces of legislation, including the 2006 City Act. The country is subdivided into 1541 communes falling under 48 wilayas, the intermediary level between the communes and the state. They have legal personality and financial autonomy and their powers are protected by law, which confers on them the authority to manage local or wilaya affairs with the support of the state. They may also establish partnerships and contractual programmes with the state and other partners for the administration of the territory or the development of the city.
168. The Popular Assemblies of the Communes and the Wilayas are democratically elected. They deliberate on and adopt their budgets and development plans. Their own resources, derived from local taxation and investments, are used to develop these plans. They also enjoy government subsidies and are able to borrow finance.
169. Assessment of decentralisation highlights certain achievements, including promotion of the politically plural nature of local assemblies, improvement in local governance as a result of successive elections, and the progressive involvement of civil society in assuming responsibility for services in the area. The assessment also highlights problems such as the insufficient financial resources of decentralised communities, poor implementation of legislation, ineffectiveness of decentralisation, the limited role of local assemblies, lack of monitoring and assessment of activities and accounting. These problems are related to the implementation of actions initiated at the different decision-making levels (commune, wilaya and central government).
170. An opinion survey revealed that 33.68 per cent of the people interviewed believed that the elected members of the Popular Assembly of the Communes (APC) “never act in the interests of the electorate” – 31.46 per cent in the case of the elected members of the Popular Assembly of the Wilaya (APW); 41.08 per cent of the interviewees believed that the elected members of the APC “only sometimes acted” in the interests of the electorate (38.68 per cent in the case of the elected members of the APW), whereas only 3.23 per cent maintained that the APC always acted in the interests of the electorate (3.30 per cent in the case of the elected members of the APW). The same survey nonetheless indicated that decentralisation was viewed favourably by the interviewees.
171. Reform of the decentralised system is envisaged, in order to achieve greater participation by the citizenry, closer alignment between the administered and the administration (although stakeholders remain deeply divided on the matter of regionalisation), improved allocation of national resources and improved local governance.

172. A two-fold participative approach is adopted in the management of local affairs:
- on the one hand, associations and citizens contribute actively to identifying the needs of decentralised communities and formulating local development programmes; and
 - on the other hand, civil society, in all its diversity and complexity, actively participates in the restructuring of local amenities and the rehabilitation of infrastructures in the context of partnerships and concessions with the state and territorial entities.
173. Debates in the various popular assemblies (APN, APW and APC) are open to the public and are attended by citizens and associations who exert increasing influence on the discussions. Their needs are therefore taken into consideration in programmes implemented by the authorities to control their expenditure. As a result, political authorities are becoming increasingly accountable because of the prospect of being sanctioned at the time of elections. The stakeholders, and more specifically elected members and members of civil society, nonetheless remain largely dissatisfied with their involvement in the management of local affairs: 45.6 per cent of the interviewees considered this involvement *unsatisfactory*, whereas 37.0 per cent considered it *average*, compared with 12.5 per cent who considered it *high* and 4.3 per cent *very high*.

ii. Findings of the CRM

174. Two major challenges would seem to face Algeria regarding constitutional democracy and the rule of law:
- the challenge of building a pluralist, socialist democracy that guarantees political alternation, sovereign power of the people and local democracy, while preserving national unity; and
 - the challenge of building the rule of law on the basis of a republican model that integrates diversity in all its forms and guarantees all citizens equal opportunities and effective participation in the management of public affairs.
175. **Political competition.** The return to democracy and electoral competition is in itself an immeasurable victory for the Algerian nation, given its recent history. The country is gradually emerging from profound and tragic trauma. The political party and electoral system would seem to have benefited from the understanding that caution and progressiveness are important in implementing democracy and a multi-party system.
176. Under the Constitution and the 1997 Organic Act on political parties, the establishment of political parties is subject to the restrictive control and approval of the state authorities: 28 political parties have been approved to date, whereas 39 others have been dissolved through the courts for failure to

conform to the law. This has given rise to numerous recriminations relating to restrictions on the freedom of political expression.

177. The registered parties perform their activities under relatively satisfactory conditions and have access to the media. Access to national television remains very limited and includes coverage of the most important activities, direct expression of opinion by the parties represented in the assemblies, and relatively equitable distribution of broadcast time during electoral campaigns. Several stakeholders expressed dissatisfaction at the limited television time, the refusal to approve private television channels in contravention of the law, as well as unjustified restrictions on public protests. The existence of these restrictions has been verified and it is to be hoped that they will progressively be lifted with the consolidation of the Republic and democracy.
178. The same applies to public financing of political parties, which is essentially limited to public financing of electoral campaigns on the basis of the number of elected members in each party. Many parties complained about the drastic limitation, by law, on other ways of financing their activities and about the modest resources allocated to them, given that this had a negative impact on their capacity to act. An opinion survey revealed that 31.8 per cent of the interviewees found the method of allocating resources to political parties to be *fair*, whereas 23.9 per cent deemed it *good* and 15.9 per cent *very good*, compared with 25.6 per cent who found it *inadequate*.
179. Electoral competition remains fairly equitable and the organisation of elections has improved with each successive election. The progressively increasing neutrality of the electoral commission, party and voter participation in the monitoring of voting procedures and the counting of the votes, as well as rapid and free access to legal recourse in electoral matters have no doubt contributed to this. These are democratic practices that must be encouraged and promoted in this young democracy, although the absence of the Socialist Forces Front (FFS) party in parliament, following its decision not to participate in the legislative elections.
180. The opinion survey carried out in February 2007 revealed that 45.8 per cent of the interviewees felt that “the electoral system as it is practised ... favours loyalties to various sympathies”, compared with 43.20 per cent who thought the opposite. There is thus something to be said for continuing the discussion on reforming the electoral system. This would no doubt have the effect of tempering criticism of its arbitrary nature and the manipulation of candidate lists by party structures.
181. It has, in effect, been noted that the composition of the elected assemblies, like that of senior administration, is not always a fair reflection of the geographic, linguistic and sociocultural complexity and diversity of a country the size of a sub-continent. In workshops held during the CRM’s visit to Tamanrasset in Tuareg, the poor representation of the Tuareg in the decision-making bodies of the wilayas was pointed out. The poor representation of women, youth, intellectuals and certain social groups, the contested representativeness of

local elected members and the progressive disaffection of the electorate also need to be highlighted. These issues – especially the management of diversity – call for special attention on the part of political parties and public authorities. A campaign to strengthen democracy within political parties themselves would go some way to remedying some of these problems. The Algerian authorities have begun to deal with this problem by taking a series of affirmative action decisions in relation to the population from the south. The appointment of Tuaregs to the National Council (Senate) by the President of the Republic can be mentioned by way of example.

182. The CRM nonetheless considers the political pluralism of the assemblies and the noted presence of independent candidates (including within the APN where they represent an active parliamentary group, despite the dominance of the presidential alliance) to be symptomatic of the progress achieved in the sphere of electoral competition.
183. **Building the democratic state and the rule of law.** Following the painful interlude represented by the negation of democratic and republican values, the project of building a democratic state based on the rule of law and justice now constitutes the focus of political consensus. The Constitution has returned to being the fundamental standard organising and legitimising the powers of the various authorities.
184. An independent constitutional court (the Constitutional Council) guarantees the supremacy of the Constitution and is developing a jurisprudence that assures the compliance of legislation with the Constitution, the expression of the sovereign will of the people through their choice of representatives, the independence of the judiciary and the courts, as well as the equality of citizens in terms of rights and duties, but also before the law.
185. Limitations on the right of referral of the said Council restrict the capacity of elected representatives, and especially the parliamentary minority, to ensure that the will of the majority conforms to the Constitution. The envisaged amendment of the Constitution should extend this right of the Constitutional Council to a third or a quarter of the deputies and members of the National Council. The amendment could also pave the way for the Constitution to enshrine human rights, which do not figure in it although they are mentioned in international instruments ratified by the Algerian state, for example the right to a healthy environment, as articulated by the African Charter of Human and Peoples' Rights.
186. The modernisation of the legal system is an excellent initiative. It is hoped that the practices that this engenders will contribute effectively to the definitive consolidation of rule of law in Algeria. This relates certainly to the adoption of measures that are likely to improve the perception the Algerians themselves have of “the effectiveness of the provisions establishing the rule of law and the primacy of the Constitution”, at least if the results of the February 2007 opinion survey are to be taken seriously. Some 44.9 per cent of those surveyed

considered this effectiveness to be *average*, compared with 27.7 per cent who considered it *insufficient*, 16.6 per cent *strong* and 7.1 per cent *very strong*.

187. Special attention needs to be given to the criticism of certain elements of the security forces whose behaviour at times is contrary to the law and constitutes a flagrant disregard for the rule of law. Given the recurrence of this kind of criticism, it would probably be appropriate to sensitise the government to the need (1) to ensure that these forces are subject to the rule of law and the legal system and (2) to lift the state of emergency as soon as circumstances permit. This would silence speculation around “the politicised instrumentalisation of terrorism by the authorities”. The need to put a decisive end to terrorist aggression continues to be imperative.
188. **Decentralisation and participation by citizens.** Territorial decentralisation is one of the most debated issues among stakeholders. Important matters are devolved to decentralised bodies. Such matters relate to administrative services and the economic, social and cultural development of the community.
189. Although section 16 of the Constitution provides that “the elected Assembly is the seat of decentralised power and a forum for the participation of citizens in the management of public affairs”, the authority of the assemblies seem to be limited in that the decentralised authorities, notably the Wali (prefect) and the daïra chief (sub-prefect), are only accountable for their actions to the head of state and the government. This results in a weakened form of decentralisation that is more like participatory deconcentration. This is especially true of the wilaya where the Wali is the only member of the executive.
190. It is important to note the uniqueness of the Wali’s twofold function. As executive head of the wilaya, the Wali participates in the work of the APW without being elected to it. He is also the representative appointed by the state in the wilaya and coordinates all its administrative services and projects. He exercises control over all the deliberations of the APC and the actions of its president, having the power to annul, reform and substitute. During its many meetings, the CRM noted that it was possible for the programmes and actions of the president of the APC (the mayor) and his assembly (all locally elected members) to be restricted, or even rejected, by the Wali. The latter can, even against the will of the elected members, have certain expenditure he considers to be a priority for development automatically included in the local budget.
191. Some locally elected members complained about being subject to the strict authority of daïra chiefs, who were in turn subject to the authority of the Wali and the government. Another justified criticism was that the local elected members had insufficient resources to exercise their duties towards the electorate. This was given as the reason for communes’ lack of independence and institutional capacity. The same observations were made at the level of the APW, whose role has been reduced to recommending projects, discussing and possibly amending the wilaya development plan and the budget drawn up by the Wali, who organises the expenditures of the wilaya.

192. The CRM was struck by the predominant role of the Wali. In these times of relative abundance, this person's uncontested authority, excessive jurisdiction and control of significant resources makes him the one with whom everyone wishes to be on good terms. The permanent nature of his function means that his position is not contingent or dependent on the vagaries of elections, and all have to refer to him as regards the strategic implementation of presidential, governmental, wilaya and community development programmes. The "Wali as builder" emerges as the "providential link" in territorial decentralisation and deconcentration; he is outside the control of the APC and APW, but not that of central government. Algerian newspapers sometimes recount the misfortunes of certain Walis who have been relieved of their duties and/or prosecuted on the grounds of inappropriate management and corruption.
193. If the law does in effect acknowledge the authority of the APW to control the Wali and his departments, it nonetheless cannot censure or revoke the position of the latter. At most, the APW can convey to the government a resolution taken with regard to the Wali, or submit the issue directly to the Minister of the Interior and Territorial Administration, who will evaluate it. As a result, the system of accountability within the wilaya is limited. The president of the APW, for his part, has insufficient authority or institutional capacity of his own to counterbalance the authority of the Wali.
194. The CRM noted the awareness of the government and the stakeholders of the limitations of decentralisation, and the will of the government to reform the texts governing decentralisation, subject to wide consultation on the envisaged reform. The challenge here is for the communities to face up to the many obstacles to good governance and sustainable development.
195. The CRM noted with interest that the participation of civil society in managing public affairs constitutes a very real democratic and developmental challenge in Algeria. Many unions, professional corporations and different associations form the basis of a developing civil society. The CRM took note of the registration of 79 023 local associations and 948 national associations operating in the most diverse sectors of life (political, economic, social and cultural), in accordance with the traditions and values of mutual support and solidarity so dear to Africa. Many working sessions bore testimony to the effective contribution of the associative movement in identifying social needs, as well as its active participation in local development, in the fight against poverty, unemployment and social exclusion.
196. The fact that most of the associations are not representative of the population is regretted, as well as the often extravagant management of their resources. The same applies to the manipulation of many of these associations by various administrations and political parties. This situation reflects the reservations expressed by Algerians themselves in the February 2007 opinion survey. Some 13.5 per cent of those surveyed considered the method of allocating resources to associations to be *good*, compared with 33.3 per cent who thought it *fair* and 44.3 per cent *insufficient*. Only 5.6 per cent felt it to be *very good*. It therefore appears necessary on the part of the public authorities and

associations to strengthen the capacity of these associations, as well as enhance transparency and communication on their activities.

iii. Recommendations

197. The APR Panel would like to recommend the following corrective and supportive actions:

1. Amend the legislation on political parties and associations to promote their development and strengthen their free political expression: provisions related to their establishment, the adoption of constitutions and objectives, and access to the media. (Attention: the government in conjunction with political parties and civil society; the parliament)
2. Improve the standard of electoral representation in the assemblies by the amendment of various electoral laws. A possible solution is to introduce a preferential vote and to vote for candidates from different parties, as in the German example. Another solution would be to encourage and ensure legal guarantees for exercising democracy within the statutory bodies of all political parties. (Attention: the government in conjunction with political parties; the parliament; associations and civil society movements in conjunction with political parties)
3. Ensure better representation of the country's sociocultural diversity by adopting selection methods that ensure greater presence of the populations from the South. (Attention: the government in conjunction with political parties; the parliament)
4. Accelerate the procedures for adopting legislation aimed at promoting decentralisation. Such laws would provide, in particular, for:
 - increased power in the commune (communal affairs);
 - improved communal resources and financial autonomy (see Chapter Four, especially in relation to fiscal decentralisation);
 - greater powers and financial resources of the APW and its president, to achieve greater institutional equilibrium between elected bodies and state representation (the Wali);
 - improved institutional capacities of the APC and the APW;
 - support from the APW for communes falling within its jurisdiction;
 - easing administrative control over the deliberations and actions of local assemblies in order to achieve greater accountability of local elected members towards their electorate;
 - gradual transfer of power and resources from the state to decentralised territorial administrations, in terms of economic, social (education and

health) and cultural development, and the implementation of principles of subsidiarity and solidarity;

- limiting the power of the Wali and of the administration of the wilaya to implement the deliberations of the APW in matters falling under the competence of the latter;
 - clarifying rules on the distribution of competencies between the state and territorial communities, based on the principle of the autonomous relinquishment and gradual transfer of powers and resources from the one to the other; and
 - improved control of local elected members over local administrations (decentralised and devolved).
5. Involve local elected members, associations and other representatives of civil society in the elaboration of development projects so that legislation reflects broad consensus. (Attention: the government, the parliament and all stakeholders)

Objective 3: Promotion and protection of economic, social, cultural, civil and political rights, as enshrined in all African and international human rights instruments

i. Summary of the CSAR

198. **In relation to economic, social and cultural rights**, the CSAR highlights that these are well catered for in Algerian law, as enunciated in the international instruments. The principle of equality is at the centre of the constitutional mechanism and the principal economic, social and cultural rights are listed in the Constitution itself, including equal access to employment and the functions of the state and the right to work, education and health. Laws guarantee the effective exercise of these rights: non-discrimination in employment relations and freedom of association; the right to strike; compulsory education for children between the ages of 6 and 16; the protection and promotion of health; access to housing, with priority given to disadvantaged sectors of society; the right to cultural identity, and so on.
199. Priority is given to improving the standard of living. The right to education for all is supported by free public education, while the Health Charter of 28 May 1988 states that “access to health care, social justice, equity and solidarity constitute the core principles of national policy in health and population matters”. If opinion continues to be divided as to the scope and quality of the social services expected from the authorities and the effectiveness of measures taken to promote economic, social and cultural rights, as is shown by the February 2007 opinion survey, there seems to be consensus on the need for a regulatory state that guarantees essential social services to its citizens.

200. **In relation to civil and political rights**, the CSAR confirms that those rights contained in the international pact on civil and political rights, which has been ratified by Algeria, are protected by the Constitution and its laws. Section 41 guarantees freedom of expression, association and assembly. Almost 81 per cent of those interviewed believe that freedom of expression *is guaranteed* (30.3 per cent) or *more or less guaranteed* (50.3 per cent), whereas only 17.6 per cent believe it to be *not guaranteed at all*.
201. Although Islam has been adopted as the religion of the state, freedom of conscience and freedom of religion are recognised. The state provides the same protection to other forms of worship as it does to Islam. This respect for minority religions is now guaranteed by a law enacted in 2006.
202. Freedom of the print and audiovisual media is also guaranteed. The production and publication of newspapers are subject to a regime of transparency and the press enjoys various benefits, including a preferential tax regime. This ensures the free expression of diverse opinions, as almost 130 newspapers, 43 of them dailies, are published in Algeria. No journalist has been sanctioned for his or her opinion in recent years. However, many attacks on the honour and dignity of citizens have been noted and some people have been sanctioned by the courts on the basis of the principles of the rule of law.
203. **With reference to the exercise and guarantee of fundamental rights and freedoms**, the CSAR affirms that Algerian citizens effectively enjoy the rights guaranteed by the legislation that is in force. The opinion survey cited above shows that 49.7 per cent of the respondents consider the measures adopted in respect of economic rights to be *effective* (compared with 45.2 per cent who believe the opposite). The same percentage applies in the case of cultural rights and 50.5 per cent in the case of social rights (compared with 46.2 per cent who believe the contrary).
204. The courts regularly handle cases involving civil and political rights and breaches of the principle of equality. The equitable access of all citizens to the courts is guaranteed by the Constitution, and legal assistance may be given to any person or association not in a position to exercise their right of access to justice because of inadequate resources.
205. Legal costs are not exorbitant and proximity of the courts is guaranteed by the significant decentralisation of legal jurisdictions (administrative and judicial), namely 192 courts of first instance and 36 courts of appeal. Services to assist those brought before the courts are available in each jurisdiction and, in many cases, citizens are able to submit a matter to court and then follow its progress on the Internet. This is the reason for the rapidity with which legal decisions are handed down.
206. Several court cases have been successfully instituted against civil servants, including cases of offences related to bad treatment and various forms of violence committed by elements of the armed forces and security services.

207. The protection of human rights in prisons has improved considerably over the past two years. Current reform of the justice system integrates a new code on penitentiary organisation and the social reintegration of prisoners, which is the object of Act 05-04 of 6 February 2005. This Act provides for more humane conditions of detention and focuses on re-educating and socially reintegrating prisoners, including allowing a medical visit after 48 hours of police custody, the right to receive visits and communication, easing the disciplinary regime, access to educational, cultural, recreational and sporting activities, medical and psychological visits upon entering and leaving prison, and special care in the case of minors and women.
208. Initial assessment of the application of this Act reveals that, out of 11 230 who benefited from the educational programme, 234 detainees obtained a BA degree and 259 a basic teaching certificate, whereas 2476 detainees benefited from the re-education and reintegration programmes. In addition, construction, extension and rehabilitation work on penitentiaries has been undertaken to ensure that they conform to international codes and standards.
209. Alternative mechanisms for settling disputes do exist, which means that many of the delays and constraints associated with court procedures can be avoided. Such mechanisms will also be improved under the current reform of the justice system. Provision has been made in the draft code of civil and administrative procedure for recourse to conciliation, arbitration and mediation, among other things.

ii. Findings of the CRM

210. **Economic, social and cultural rights.** The CRM observed that these rights lay at the heart of the concerns and current strategies of the government. Algeria opted to develop a democratic and social republic after independence, which means that the state has assumed responsibility for providing social services for all based on the principle of equality of rights and duties.
211. The government has given priority to access to free education for all children between 6 and 16 years of age. In the light of discussions with stakeholders, it is important to acknowledge the significant efforts of the government to guarantee the effectiveness of the right to education. This is the main focus of Chapter Six (see *infra*).
212. The effectiveness of the right to health is represented by access to health care, based on the principle of free access or third-party payment, whichever is applicable, to public hospital services, as set out in Chapter Six of the present report. The problem is whether such a policy can be sustained in the long term.
213. It is clear that ensuring access to affordable accommodation for all citizens is a Herculean task but one that the state considers a priority. This is the reason for the impressive efforts deployed in various communes and wilayas to achieve this objective. Needs of this kind are certainly enormous, largely due to delays

following a decade devoted to the fight against terrorism, but the programme for building and allocating decent housing is in full swing. The authorities are also making a major effort to ensure the provision of low-cost drinking water, electricity and gas to households throughout the country, sometimes even free of charge to the most disadvantaged, as is discussed in Chapter Six (see *infra*).

214. The effective functioning of local committees for the allocation of housing, based on the principles of equity, equality and social justice, has frequently been emphasised. It is nonetheless true that mayors and elected local members appear to be poorly represented on these committees, which are dominated by public officials and presided over *daïra* chiefs. Opinions on the effectiveness of these mechanisms to provide access to housing remain rather low: they are considered *very effective* by only 2.08 per cent, *good* by 21.23 per cent, *fair* by 17.71 per cent, *poor* by 39.96 per cent and *very poor* by 9.84 per cent of the people interviewed within the framework of the February 2007 survey.
215. The government has deployed numerous efforts to guarantee the constitutional right to employment. However, these remain insufficient given the large number of unemployed young graduates whose situation remains precarious (see Chapter Six). Noting after discussions with stakeholders that this matter calls for urgent attention, the CRM urges the government, over and above the assistance it already offers in this area, to redouble its efforts to put forward sustainable and effective initiatives to support employment and the integration of the youth. This recommendation is supported by the fact that mechanisms for creating employment opportunities are seen to be very good by only 1.03 per cent of those surveyed, good by 6.14 per cent, fair by 49.66 per cent, bad by 20.18 per cent and very bad by up to 13.59 per cent. These (at the very least reserved) opinions emerging from the February 2007 survey, whose findings need to be contextualised, emphasise the importance of employing sustained efforts to ensure that current reforms and measures produce lasting effects.
216. Freedom of entrepreneurship, sidelined for so long, is now guaranteed, as are the right and access to property. The CRM noted that these economic rights, which are symbolic of Algeria's new liberal policies, are not fully realised in practice. Several entrepreneurs, youths and women who were interviewed in meetings on the ground, pointed to the bureaucratic tardiness, reticence and red tape associated with the implementation of these liberal economic rights. Given the country's socialist history and culture, this is understandable. There is also good reason to encourage the state to accelerate and strengthen the promotion of private initiative as a potential source of employment, while guaranteeing equal opportunity. Given the country's considerable exposure to environmental risks, the same can be said in relation to the enshrinement of new rights, such as the right to a healthy environment.
217. The CRM noted that the legal system covers the principal economic, social and cultural rights in Algeria (especially the right to education, health and decent accommodation) and their implementation, and pays due attention to the need to guarantee generalised service.

218. **Civil and political rights.** The CRM welcomes the fact that the restoration of peace and national reconciliation is accompanied by a formal reaffirmation of the civil and political rights guaranteed under the Constitution and several other laws. Nonetheless, the national tragedy has profoundly marked collective and individual consciousness, instilling fears and inhibitions that should ease with time. Algerians have had little opportunity to speak to each other and the fear of a return to violence and insecurity remains ever present. This no doubt explains the state's fairly strict control of the expression of certain freedoms in order to prevent or contain any extremism, such as state control over mosques, associations, political parties, trade unions, media access and the monopoly over television, even if there are foreign broadcast stations. This could be seen as an infringement of the individual and collective rights of citizens.

Good Practice 3: The neighbourhood police, a prudential force

In order to put an end to the terrorism experienced in the 1990s, the General Department of National Security (DGSN) established a specialised neighbourhood police unit of the Security Forces in 1997. This structure, tasked with bringing police action closer to the citizens, is characterised by decentralised prerogatives and resources in exchange for a permanent and efficient police force.

To increase the efficiency of police action, the DGSN proceeded to increase the numbers of neighbourhood police by recruiting and training officers and managers in the protection of human rights and fundamental liberties, as well as in the prevention of crime in an urban context. A large proportion of the recruits are women. Over 5000 women, representing 5 per cent of the national security staff, carry out the duties of the neighbourhood police. Over and above their mediation skills, their presence in this security structure not only gives the police force a human dimension, but also increases its efficiency insofar as these female officers manage to gain access to environments generally considered inaccessible to the police and to gather information on family violence, drugs and sexual services.

This development of neighbourhood police around specific security needs has enabled the country to reverse terrorism significantly, at least in urban areas, and to eliminate its bases.

In order to ensure that it has the resources necessary to carry this laudable project to a successful conclusion, the DGSN is extending its pilot projects to the wilaya of Alger, while at the same time establishing light mobile units to ensure permanent and efficient police action, which is the principal mission of the neighbourhood police.

This experiment was extended in 2006 to all the urban police stations in the 416 existing national units. The aim was to prepare them for the new mission of "Urban Neighbourhood Police", which will be further extended in 2008/2009.

Arising from specific conditions, and not from a desire to imitate a security unit that has shown its effectiveness elsewhere, the Algerian neighbourhood police has the advantage of using human and material resources appropriate to its activities. This means that it will not be subject to the same criticism frequently made against similar structures in other countries.

219. The state of emergency remains in place, even though the state of siege has been lifted. This represents a restriction on the exercise of rights and freedoms at every level. Certain stakeholders see it as a sword of Damocles over their heads, notwithstanding the threat of terrorism. This is exacerbated by the fact that there is no mention in any of the legislative texts or in any of the speeches, of a date for lifting the state of emergency.
220. The private press is falling increasingly under the control of financial powers. There is no collective agreement, no organised and independent trade union, and no constitution protecting journalists of the private press in general. These journalists are faced with numerous problems, such as inadequate training, poor working conditions, difficulties in accessing information, the suppression of opinion through rather absurd accusations, and sentencing to harsh penalties by a legal system whose independence is not always substantiated.
221. Opinion is divided on the general assessment of the human rights situation and differs from one human rights organisation to another. Certain associations and foreign non-governmental associations (NGOs) operating in this area experience real difficulties in developing their activities in the country freely, especially when they are critical of the authorities. The lack of tolerance and discrimination against these associations reflect the need for the government to consolidate the freedom of opinion and expression of associations promoting and protecting human rights.
222. It is nonetheless important to note positive developments in the protection of individual freedoms over the past six years, and the indications are that it is possible to envisage the consolidation of human rights in Algeria. Thus, in 2007, 1018 prisoners have been registered for a high school diploma programme and 1645 for post-primary courses in the prisons. This is a good practice to be encouraged. Even so, the CRM recommends that the government and society as a whole assume greater responsibility for the indivisibility of human rights. Similarly, the CRM emphasises the importance of guaranteeing the right to peace, subject to social justice, democracy and sustainable development.

iii. Recommendations

223. The APR Panel would like recommend that Algeria:
1. Strengthen the constitutional status of human rights under the envisaged constitutional reform. A provision of the Constitution could recognise the constitutional value of the human rights figuring in all the international instruments duly signed and ratified by Algeria, including the right to a healthy environment. (Attention: the government; the parliament)
 2. Better contextualise and promote freedom of the press through adoption of the following measures:

- Negotiate a collective agreement for journalists of both the public and the private press. (Attention: journalists; patrons of the press; the government)
 - Elaborate on a constitution for journalists. (Attention: journalists; patrons of the press; the government)
 - Assume rigorously the responsibility for the initial and ongoing training of journalists. (Attention: union of journalists; patrons of the press; development partners; the government)
 - Open, as soon as circumstances permit, private television channels that are subject to very specific specifications and under the control of an independent regulatory agency to be established. (Attention: economic operators; patrons of the press; government)
3. Promote human rights through various forms of sensitisation and, through these measures, especially:
- Introduce and/or strengthen educational programmes on citizenship, republican values and human rights, at the level of elementary school. (Attention: the government; National Consultative Commission on Human Rights)
 - Develop media campaigns to raise awareness and educate people about human rights: on television and radio, in the printed media, at training seminars, etc. (Attention: National Consultative Commission on Human Rights; human rights associations)
 - Develop specific training modules for the respect and protection of human rights by the security forces, as it is the case for magistrates. (Attention: National Consultative Commission on Human Rights; human rights associations; various NGOs)

Objective 4: Separation of powers, including the protection and independence of the judiciary and an effective legislature

i. Summary of the CSAR

224. The Constitution formally enshrines the separation of powers in its second chapter and provides for three distinct powers, which are the subject of three separate chapters.
225. Executive power is entrusted, on the one hand, to the President of the Republic as head of the state, who embodies the unity of the nation and, on the other hand, to the head of government appointed by the President. The head of

government is supported by a government made up of ministers he chooses, but who are also appointed by the President of the Republic.

226. As the commander-in-chief of the army responsible for the nation's defence and foreign policy, the President of the Republic is invested with the power to grant pardons, sign presidential decrees, conclude and ratify treaties, as well as exercise regulatory initiative. He presides over the Cabinet.
227. The head of government decides on his programme in the Cabinet and presents it to the parliament. He presides over the Council of the Government and ensures the implementation of laws and regulations, as well as proper functioning of the administration. He is invested with the power to promulgate executive decrees and the power of appointment. He coordinates the actions of ministerial departments within the framework of either inter-ministerial councils or governmental councils before they are submitted to the Council of Ministers, which gives final approval for decisions. These instances are privileged forums in the arbitration of conflict within the government.
228. The Council of State and the National Economic and Social Council (CNES) issue recommendations on draft legislation in the case of the former, and on particular issues in the case of the latter, at the request of the government.
229. Legislative power is entrusted to a parliament made up of two chambers: the Popular National Assembly (APN) and the Council of Senate (Senate). The parliament draws up and has the sovereign right to pass legislation, and also controls the action of the government. The initiative for introducing legislation lies jointly with the government (on the advice of the Council of State) and the APN (on the recommendation of at least 20 deputies). Legislation has to be passed by both chambers on the basis of a collaborative procedure provided by law.
230. Judicial power is the subject of the third chapter of the Algerian Constitution, which guarantees its independence. Judicial power has the task of protecting society and the rights and freedoms of all citizens without any discrimination whatsoever. The courts are subject only to the law and enjoy special protection in exercising their functions. The career, appointment and regulation of judges are governed by a higher council of the judiciary, which ensures adherence to the constitution of the judiciary and whose text is applicable to all judges.
231. Previously reduced to a mere function in service of the socialist revolution, the judicial system has, since the constitutional reform of 1989, been converted into an independent judicial power. The guarantees on the independence of the judiciary are today the subject of two separate organic laws, the one organising the Higher Council of the Magistracy and the other the constitution of the judiciary. These laws conform to the United Nations principles relating to judicial power. They aim, among other things, to strengthen the independence of the courts and enshrine the principle of dual judicial and administrative powers. Training and development in the judges' career are guaranteed, as well as their tenure, right of association, and personal and material protection.

232. The Higher Council of the Magistracy consists of a majority of judges elected by their peers, so as to guarantee their independence, while independent figures are appointed by the President of the Republic in order to counteract corporatism. The Higher Council has financial autonomy and is presided over by the First President of the Supreme Court when the court sits on disciplinary matters.
233. The twofold concern to strengthen judicial power and restore the confidence of citizens in the justice system justifies the significant reform process that has been undertaken since 2004. The number of judicial staff continues to be insufficient and their training should be improved to achieve greater efficiency of the independence of the justice system.
234. Insofar as the independence of the legislature and the effectiveness of the separation of powers are concerned, the parliament is independent organically and financially. Each chamber establishes its own internal regulation, adopts its budget on the recommendation of the parliamentary office, and pronounces directly on the indemnity of its members.
235. The government must have the confidence of the APN, which approves its programme and pronounces on the general policy statement of the head of government each year. The head of government may be the subject of a motion of no confidence. The practice of submitting written and oral questions is widespread and the government has already been called to account on several occasions. Several draft bills have been introduced by the APN and numerous amendments by the deputies, including the draft bills on finance that are subjected to rigorous scrutiny. The period for responses to parliamentary questions should, however, be shorter and parliamentary interpellations more generally made public.
236. The particular importance of the balance of powers in relation to the stability of the institutions needs to be emphasised, especially as regards the difficulties in implementing the separation of powers as a result of multi-partyism. The division of authority represented by the President of the Republic and the head of government could lead to conflict and problems in the event of differences in the presidential and parliamentary majorities, both the subject of universal suffrage. Consideration should also be given to the choice to be made between a presidential regime and a parliamentary regime.
237. The dual nature of the bicameral parliament in the fundamental law is also a potential source of conflict and institutional deadlock. The head of state is able to block any law adopted by the APN that he deems is contrary to republican principles through the National Council, a third of the members of which are appointed by the President of the Republic.
238. At another level, the function of the judicial council of the government, which is attributed to the Council of the State, the supreme administrative body that derives its authority *ipso facto* from the judicial authority, could encroach on the principle of the separation of powers.

239. The entanglement of the executive and legislative powers is to be noted: the particularly wide constitutional delimitation of the legislative powers of the APN; interference in the regulatory authority of the executive; and imbalance of powers in favour of the head of government to the detriment of the President, who is nonetheless elected by the nation. This points to the need for constitutional amendment to remedy the situation.

ii. Findings of the CRM

240. As far as the independence of the judiciary is concerned, the CRM notes the will of the constituent assembly to enshrine and guarantee the independence of the judicial authorities formally. All the formal guarantees of these powers are, in effect, enshrined in the Constitution. Nonetheless, the President of the Republic who presides over the Executive also presides over the Higher Council of the Magistracy, which is the body guaranteeing the independence of the judicial system and governing the careers of judges. This could prove to be both ambiguous and restrictive in relation to the judicial power.
241. This is borne out by the fact that the tenure of judges is only relative and there is no marked difference in the functions of the prosecutor's office and the bench, or between those of the investigative judge and the examining judge, and even less between those of the administrative judge and the judicial judge. The transition from one function to the other and from one jurisdiction to the other occurs at the instance of appointments by the President of the Republic, on the recommendation of the Higher Council of the Magistracy over which he presides, and the deputy presidency of which is assured by the Minister of Justice, who is the guardian of the seals and is completely separate from the government.
242. It is noteworthy, on another aspect, that magistrates in Algeria enjoy the right to unionise, various financial guarantees and an ensured independence and are subject to reviews by their peers. The Code of Ethics for magistrates promulgated by the Higher Council of the Magistracy (Official Gazette 17 of 2007) compels magistrates to declare their assets at each promotion, as well as every five years. They are also prevented from belonging to any political party. This guarantees the ethical requirements and the will to combat corruption within the judicial system.
243. Although the statutory guarantees for a judge are considerable, it is still true that there is continued criticism of the allegiance of a large number of judges to the government in the handling of sensitive cases. This is borne out by the February 2007 opinion survey, according to which only 5.8 per cent of those surveyed considered the degree of independence of the judiciary to be very high, 19.4 per cent considered it high, 37.6 per cent average, 26.0 per cent insufficient and 11.2 per cent completely inadequate. In other words, over half of the respondents have a negative opinion of the independence of the judiciary in their country. Opinions vary quite significantly as regards access

to the courts, as this was thought to be easy by 44.5 per cent, as opposed to 43.4 per cent who thought the contrary.

244. The CRM nonetheless notes that there seems to be consensus on the positive advances of the judiciary over the past two years as regards reforms undertaken to facilitate access: low legal costs; legal assistance with automatic payment of advocates' fees; rapid handling of legal matters; guidance of the accused; a single office for legal services within each court or tribunal; and access to the case file and to basic legal information via the Internet. The CRM also encourages the government to carry the reform initiated in 1999.
245. Concerning the independence of legislative authorities and the effectiveness of the separation of powers, an analysis of the Algerian Constitution leaves no doubt as to the organic and financial autonomy of the parliament. Working sessions on the ground also confirm this, as each chamber is free to ensure its internal regulation and pass its own budget.
246. Functional independence and the efficiency of the parliament call for several observations and reservations. First, in relation to the APN, it is noted that although the latter has relatively extensive legal scope, this is shared with the executive. Even though this said practice is relatively widespread among states today, the introduction of legislation by Algerian parliamentarians is limited by the Constitution, which provides that it has to be supported by at least 20 deputies in order to be admissible.
247. The President of the Republic may also legislate by means of ordinances and without the prior approval of the APN. Similarly, he may use ordinances to publish a draft finance bill if the latter has not been adopted by the parliament within a period of 75 days of its submission. Legislation passed by the APN must be approved by at least a three-quarters majority of the National Council before promulgation. The President may also request a second reading of the adopted text. In this case, the text is adopted by the APN by a two-thirds majority. The President has the power to dissolve the APN or to call for early elections. Finally, he may submit any matter that he deems appropriate to a referendum, even when it falls within the domain of the law.
248. The second chamber of parliament (the National Council) has no right of initiation in legislative matters. It was to all intents and purposes established to counterbalance the APN through its capacity to temper the voice of national elected members, improve the quality of the work of the second chamber and build political consensus around legislation. This also makes it possible to block the promulgation of legislation deemed to be inopportune, especially given the four-fifths majority required to pass legislation adopted by a simple majority in the first chamber. For this to happen, only one quarter plus one of the members have to vote against the text, or abstain or absent themselves from the voting session. This is obviously quite feasible, considering that the President of the Republic is directly responsible for appointing one third of the members of this chamber.

249. In contrast, the parliament does not dispose of any action in respect of the President. His power of control is limited only by the government, which he hears, questions and interpellates with little likelihood of censure, considering the mechanisms for questioning the accountability of the government (a two-thirds majority vote on proposals signed by at least one out of every seven deputies, and the vote only being possible three days after the tabling of a vote of no confidence).
250. The CRM notes that there is effective interference in legislative and executive powers, with the undesirable consequence of clouding the responsibilities of the elected members of the parliament and of the President in relation to the people. This highlights the relevance of the CSAR's recommendation to make a clear choice between a presidential and a parliamentary regime. Given local political tradition, Algeria's transitional context, as well as the extent of the challenges to be faced by its people, opting for a clearly defined presidential regime would be useful in that it would provide the head of state with the means to accomplish the mandate entrusted to him by the people in terms of his election by universal suffrage.
251. In effect, the President, although elected by the whole nation, is not able to impose his political programme on the institutions in place unless there is both a presidential and parliamentary majority. When the prime minister is from a different political party, probable institutional conflicts could have deleterious effects on the governance of the state. In any event, it is up to the sovereign Algerian people alone to settle this question.
252. For this reason, institutional reform – aimed at, among other things, clarifying the roles of the executive, “liberating national representation”, strengthening the capacity of the parliament and the APN, as well as re-evaluating the status of national elected representatives – would seem to be justified. Such reform could also give the National Council a new orientation, while amending the procedure for adopting the legislation of this chamber.

iii. Recommendations

253. Within the context of projected constitutional reform in the country, the APR Panel would like to recommend that Algeria:
1. Strengthen the constitutional guarantees in respect of the separation and balance of powers by:
 - opting for a political regime that reduces the potential for institutional conflict and clarifies the political accountability of organs of the state (the executive and the parliament) vis-à-vis the sovereign people;
 - formally giving the President, who is elected by the nation as a whole, the constitutional power to define and control the implementation of state policy for which he is directly accountable to the people and

which would have the advantage of, among other things, making practice conform to the Constitution;

- strengthening the institutional capacities of the APN (e.g. restructuring the introduction and amendment of legislation, strengthening parliamentary control, subordinating presidential ordinances to prior authorisation and strengthening prerogatives in financial matters);
 - strengthening the material status and guarantees of elected national members; and
 - reviewing the way in which draft legislation and proposals adopted by the APN are approved by the National Council, by changing the required three-quarters majority to that of simple majority. (Attention: the government; the parliament; the people by means of a referendum)
2. Consolidate the independence of the judiciary and the autonomy of judicial power by removing the Higher Council of the Magistracy from the control of the executive (the President and the Minister of Justice respectively, as President and Deputy President). (Attention: the government; parliament; the Higher Council of the Magistracy; unions of judges)

Objective 5: Guaranteeing efficient, capable, effective and accountable public office

i. Summary of the CSAR

254. Insofar as institutional development to achieve an efficient, effective public service is concerned, the CSAR emphasises that the Algerian public service operates in an environment that is characterised by generalised state reform, and further by the reduction of its sphere of intervention, the lifting of state monopolies and the thrust towards effectiveness and/or profitability, which previously was not a priority for the centralised economy. Within this context, the public service faces a number of important challenges, including meeting social needs, the principal vocation of the public service; guaranteeing the effectiveness and efficiency of public services; ensuring the accessibility of public services to all citizens, as well as a permanent, universal public service.
255. The CSAR mentions several factors that significantly reduce the effectiveness of public services in Algeria, the foremost of which is state monopoly of the commercial public services. In respect of the administrative public services, local administration is affected the most, with weaknesses in the under-qualified and excessive number of public servants, budget-consuming structures, personalised functions or insufficient mastery of information and communication technology (ICT). To address these challenges, the state has initiated administrative reforms to modernise public administration and adapt it to the requirements of current social, economic and political changes. These

objectives are to be achieved primarily by amending the constitution of the public service; alleviating administrative procedures to eliminate bureaucracy; increasing methods of control and regulations; strengthening and modernising local administration, including a new territorial division and the reform of local finances; elaborating on a citizenship charter; and enhancing national competencies in the service of development.

256. As regards administrative reform to improve the provision of services, these services are articulated around four principal areas. First, the reform of state structures and missions has led to a new general constitution of the public service, adopted in 2006. The new constitution should allow the missions of the public service to adapt to the new role of the state; to guarantee the overall unity, identity and coherence of the public service sector emanating from the state as employer; and to promote the emergence of an effective administration that is in touch with the citizens and capable of responding effectively to the requirements of public service.
257. The second axis of reform consists in modernising public office and improving the quality of public service. In this regard, several reform projects have been launched, in particular the establishment of the Ministry of Posts, Information and Governmental Internet Communication Technologies in 2004. Some 50 public institutions are affected by this. The introduction of ICT in public administration has revolutionised the relations between certain public sectors and citizens in a positive, effective manner. For example, in the educational sector, the National Examinations and Competition Office allows candidates who have sat end-of-year examinations to establish their results online, using a reference number that is given to them before the examination. At the level of the tribunals and courts, administrative services have been computerised and allow citizens to obtain police records and certificates of nationality without any difficulty. At the level of the wilayas (prefectures), vehicle registration cards are issued by computer, as are national identity cards, which are issued by the dairas (sub-prefectures).
258. The third axis over the past two years has focused on revising the structure of the central administration to resuscitate its strategic mission of developing, following up and evaluating public policies. This restructuring also aims to reduce the structure of the government and to stabilise and rationalise it.
259. Administrative reforms have focused on the amendment of the constitutions of public institutions to ensure that their prerogatives conform to the evolving administrative, economic, social and cultural environment. The measures adopted in this regard have consisted of the dissolution of certain public institutions whose activities do not fall under the mission of the public service; legal transformation of certain public administrative institutions into industrial and commercial public institutions, or scientific and technological public institutions; the merger of public institutions with similar missions; and the transfer of control over certain institutions from one ministry to another. In practical terms, these reform processes have resulted in the dissolution of 18

establishments, the legal transformation of 11 establishments, the grouping of 21 establishments and transfer of the control of 36 establishments.

260. In as far as the mechanisms for promoting the assessment of service delivery are concerned, the CSAR indicates that, since 1988, relations between the administration and citizens have been governed by Decree 88-131 of 4 July 1988, which sets out the duties of the administration in its relations with the administered and the assumption of responsibility for their grievances. By virtue of this decree, the administration is bound to provide them with quality service and ensure that its officials continue to fulfil their functions in strict adherence of the rights of the administered. The administration has also put in place a range of mechanisms and structures for ensuring that citizens receive appropriate guidance and information, which includes maintaining a register of complaints. In addition, the administered have full rights of recourse against administrative decisions and actions, including possible reparation for damages suffered.
261. Service delivery is assessed within the framework of inspection and control missions that are devolved upon various bodies at the central administrative level. Each ministry and wilaya has a general inspectorate. Specialised structures also invested with inspection, assessment and control missions are the General Department of Public Office, the General Inspectorate of Finance, the General Inspectorate of Labour, and the Auditor-General's Office.
262. The results of surveys of the population's assessment of, and satisfaction with the public service are generally fairly critical. Some 47.22 per cent of the respondents are dissatisfied with the performance of public services, compared with 50 per cent who consider the performance to be more or less good. On the subject of government performance, the level of public satisfaction (61.42 per cent) contrasted with that of dissatisfaction (35.93 per cent). Opinions on the capacity of administrative reforms under way to improve the performance of public services are also divided, in the order of 58 per cent who are positive, as against 34 per cent who believe that the reforms will be inadequate.
263. As regards transparency of the recruitment, training, promotion, management and assessment of public officials, the CSAR emphasises that Algerian public office is based on a career system that governs the recruitment, promotion, advancement and assessment of public officials. Competitive examinations are the rule in recruiting public officials, in accordance with the constitutional principle of equal access to public jobs (section 51 of the Constitution). Executive decree 95-293 of 30 September 1995, as amended, on the organisation of competitive examinations and professional tests within public institutions and administrations, sets out the different stages in the organisation and procedures of these competitive exams, and thus ensures transparency in the process of recruitment to public office.
264. The advancement of a public official is governed by a constitution providing a career path for the whole body of public officials. Promotion to a higher grade is subject to the completion of prior training, when this is required by statute,

or to a professional examination or, finally, to registration on a list of suitable candidates for promotion on the basis of selection. Exceptional methods of promotion are based on merit and a report by the line manager. Promotions are also subject to prior recommendation by administrative commissions, with equal representation from the administration and the public service.

265. The right to training in the public service is acknowledged in respect of all public officials. An Inter-ministerial Training Committee was established in 2003, charged with defining training policy in the public sector, evaluating training activities initiated by public institutions and administrations, and ensuring that educational programmes and resources are appropriate. The number of public officials who have benefited from training, proficiency and retraining programmes rose from 380 000 in 2001 to 567 000 in 2003.
266. The system for evaluating public officials is governed by Decree 85-59 of 23 March 1985, which bases the assessment regime on a general assessment of the public official and a graded assessment by the line manager. This is done annually on the basis of a grade of 0 to 10 given by the authority concerned, on the recommendation of the line manager. The public official is assessed on ten graded components: physical aptitude; punctuality; service provision; care in executing work; rapidity of execution; professional knowledge; initiative; organisation; management and control. The grading schedule is communicated to the public official, who can make any comments that he or she deems appropriate, or may request an explanation. Periodic assessment of the public official is part of the professional promotion process. Apart from promotion, the assessment allows the official to progress from one scale to another, which is translated into financial gains.
267. Finally, the constitution of public officials enshrines a disciplinary regime that ascribes particular importance to the morality and good conduct of the official in carrying out his or her duties. When the latter falls short in the way the person deals with the administered, this may give rise to disciplinary sanction, especially third-degree sanctions, namely removal from office, downgrading and/or dismissal. In the case of a serious professional offence, which could lead to dismissal or criminal prosecution and does not allow the public official to remain in office, the person is immediately suspended.
268. The CSAR refers to 10 576 public officials who were the subject of dismissal for serious professional offences between 2000 and 2004. Of these, 7500 dismissals (71 per cent) were recorded in the three major service sectors: national education, health, and public security. During the same period, 22 115 persons were removed from office for abandoning their posts. Justification for these measures is given as the need to maintain the public service. Criminal prosecution was initiated with regard to public officials who had committed serious professional offences. In 2005, 37 such prosecutions were recorded.

ii. Findings of the CRM

269. Insofar as the measures and mechanisms for ensuring an efficient and effective public service are concerned, public office in Algeria is characterised by legal and functional changes and transformations, aimed at redefining the mission of the state in the current national context. It is in this context that administrative reforms have been initiated to adapt the public administration to the exigencies of current changes. To this effect, a general constitution of public office was adopted by Ordinance 06-03 of 15 July 2006. Several special statutes and regulatory texts that will contribute to the amendment of the statute and to the new remuneration system are being elaborated upon and are expected to be finalised by the end of 2007.
270. The new constitution aims to develop a modern, effective and accountable administration, but is also driven by the concern to ensure that public officials enjoy a more satisfactory professional life. The new constitution is innovative in the sense that it rehabilitates qualifications with a view to rationalising jobs in the public service. The classification and remuneration system in respect of public office will in future be based on the criteria of the level of qualification achieved through accredited certificates, degrees or training programmes, as well as professional experience. In this way, justice is served with regard to those sectors that were disadvantaged by the former regime.
271. The capacity and effectiveness of Algerian public office is subject to the career system, which has the advantage of ensuring a sustained public service, stability of employment and security for its officials. However, this principle has limitations in that statutory advancement according to a career plan is rather onerous in terms of effectiveness, without anything to offset this in real terms. In contrast, advancement based on selection or grade and performance assessment by the line manager is a fundamental characteristic of the career system, the application of which presupposes a grading system that effectively rewards merit. However, the assessment criteria of public officials referred to above – physical aptitude, punctuality, service orientation, care in executing work, rapidity of execution, professional experience, initiative, organisation, management skills and control – remain subjective and obsolete, because they are often subject to sole assessment by the line manager. The CRM consequently recommends that a competence/employment point of reference, based on the determination of the type of competence or profile suited to each position, be developed by combining career principles with the employment system. It is to be hoped that this will gradually replace the references and categories currently used in the Algerian public service as staff are being replaced.
272. Interviews with the Minister of Finance revealed that the new constitution on public office, while entrenching a career system for public officials, reserves an important place for employment through a regime of contracts, amended and adapted to the new missions of public administration. The new system of management, which is based on results and objectives, is articulated around a performance contract between the public official and the line manager. This

contract sets out objective and measurable assessment criteria, using as a point of reference the programme of activities of the structure in which the public official works. This enables the responsibility and effectiveness of the official to be increased and renders the mechanisms for promotion more coherent. It allows training and retraining needs to be identified, rationalised and planned. The reform, currently tested in the Ministry of Finance and notably in the financial departments (Customs and Tax), would benefit from being extended to all public offices. This would necessitate a clear redefinition of jobs and their related responsibilities in public service structures, in accordance with the objectives to be achieved in the framework of the missions entrusted to them.

273. The issue of public service staffing is particularly important in the new direction taken in public service management policy, given the need to ensure effectiveness and efficiency in the management of public affairs. The Algerian public service is generally seen to be too large, comprising about 1 526 000 public agents – 1 280 000 of whom are public servants, 129 000 contractual staff and 107 000 temporary staff. The communal administration has least staff, representing only 12.8 per cent of the total. In 2005, public salaries made up one third of the total state budget (DA630 billion), a figure that would appear be excessive.
274. Moreover, even though salaries consume the major part of the state budget, Algerian public officials are not satisfied with their level of remuneration. It was indicated that salaries, bonuses and other indemnities are insignificant, especially for public officials in the Grand Sud. The lack of motivation of these agents of the state is reflected in their high level of absenteeism. Thus, the majority of public officials, especially at the medium and lower levels, are happy to put in an appearance in the morning and temp in informal jobs in the afternoon. The CSAR notes 22 115 dismissals on the grounds of employees abandoning their posts and 10 576 dismissals for serious professional offences between 2000 and 2004. These figures were, however, called into question by the Director-General of Public Service, who feels they are excessive and incorrect. He believes that they refer to the decade of national tragedy and are not as high as is claimed. However, the figures were not formally contested either by the Director-General of Public Service or the National Commission on Governance.
275. Several factors would explain this phenomenon and should be considered by the authorities responsible for the public service. The CRM was informed that an estimated 40 000 persons at intellectual and scientific managerial level had fled the country after 1990. Initially, many Algerians left the country because of the deteriorating standard of living and work as from the mid-1980s, as well as the insecurity that disrupted society as a whole. The advent of terrorism in the 1990s, which was primarily aimed at intellectuals, journalists, artists, scientists and academics, increased this exodus. Today, with the return to normality and opening up of the economy to private entrepreneurs, an exodus of public officials to the private sector is observed. Bureaucracy, corruption, favouritism, insufficient motivation to work and the low level of salaries in public office have been identified as some of the reasons for their departure.

276. The public service is also faced with bureaucracy and excessive centralisation. Many participants pointed to the laborious bureaucratic procedures extended over many years by the one-party system and centralisation. Visits to wilayas, especially in the South, revealed flagrant inadequacies and problems, notably the slow, bureaucratic procedures for accessing administrative documents. For example, it was reported that, between the initial idea to establish a small or medium enterprise and its realisation, it was possible for several months, even years, to pass. Several documents were required and it was not easy to assemble these within a reasonable space of time.
277. **Small-scale corruption.** Citizens struggled to gain access to bank credit from public or land banks. Often, in order to speed up dossier procedures, they were forced to pay bribes. This has had the effect of exacerbating tensions in the relations between the administration and the citizens.
278. As regards insufficient logistical resources allocated to administrations in the South in order to increase their efficiency, distribute budget allocations and promulgate regulations, did not always take the specificity of the wilayas into account, particularly those that were geographically distant and spread out. This includes costs of displacement, delays in the circulation of information, an erratic Internet network, long distances that had to be covered, and so forth.
279. **Under-representation of populations of the South in public administration** was raised as a problem, since responsible and managerial positions in local communities were generally entrusted to people from the northern regions (the posts of the Wali, the daïra chiefs, managers of public markets, inspectors of work, etc.). In the short term, this situation is justified by problems of human resource capacity in these regions. A long-term strategy, aimed at actively integrating populations of the South into the political, administrative and social life of the country, is called for.
280. As regards access to public services, the CRM noted that, since 2000, one of the principal axes of administrative reform has been the use of appropriate ICTs. These provide an exceptional opportunity for transcending centralised planning, management and administration models with the objectives of decentralising to the local level and sustaining communication between the state, elected institutions, territorial communities and civil society.
281. The governmental intranet network and the use of ICTs allow for the exchange of electronic information between different state institutions and for improved access to public services. The judicial sector has recorded enormous progress, for example: immediate delivery of information and certain documents such as nationality certificates thanks to the institution of a single office; police records that are obtainable throughout the territory; and the existence of a website (www.mjustice.dz) enabling citizens to consult on any legal problems they encounter.

Good Practice 4: Information and communication technology and the judicial system

The introduction of ICT in 2004 has enabled the judicial public service in Algeria to record significant progress. The following examples can be highlighted: immediate delivery of information and certain documents such as certificates of nationality thanks to a single office; police records being obtainable throughout the national territory thanks to the computerisation of the National Police Record Centre; the new version implemented in 2005 to enable Algerians born outside the country to obtain their police records in the same way as those who were not; the existence of a website (www.mjustice.dz) that allows citizens access to the law and to enquire about any legal problems that they encounter; as well as a guide for accused persons, which is available on the same site.

282. Despite the advantages of “e-governance” in terms of the efficiency and effectiveness of the public service, the concept suffers from many weaknesses and poses problems, especially at the level of equal access of citizens to public services. This problem is more marked in illiterate populations and remote environments, which do not have the know-how or means to access new information technologies. There is a great risk of being confronted with a massive need for equipment without any guarantees in terms of efficacy. The programme for modernised equipment and services nonetheless remains indispensable. The CSAR does not give an indication of the strategies put in place to overcome these difficulties and ensure sustainability (maintenance, training, etc.). Thus, much remains to be done to improve public service delivery and its accessibility to all citizens, as is borne out by the results of the February 2007 opinion survey.

iii. Recommendations

283. Given the challenges and issues facing public office in Algeria, the APR Panel would like to recommend that the government:
1. Implement an integrated strategy aimed at modernising structures, defining jobs and responsibilities, as well as an objective, successful performance assessment and motivational system for an effective and competitive public service.
 2. Implement a strategy for making use of the managerial cadres of the Algerian diaspora to make up for deficiencies in competencies.
 3. Implement a system that reconciles the public service’s principles of equality and continuity with the flexibility needed as a result of local specificities. This would allow managers to adapt public administration to local needs and realities in order to improve the response to the demands of the citizens which it serves.

4. Promote a human resource development strategy for wilayas that are suffering from a shortage of managerial level staff.
5. Strengthen mechanisms for service delivery control and assessment by implementing appropriate channels of information and feedback that are accessible to citizens.

Objective 6: Fighting corruption in the political sphere

i. Summary of the CSAR

284. According to the CSAR, corruption in Algeria is perceived to be a major challenge by both the public and the authorities. The multidimensional crisis the country experienced in the 1990s encouraged corruption, as did the priority given to the fight against terrorism, inadequate control mechanisms of the state and the unbridled opening up of the economy, which all have increased the opportunities for corruption.
285. At judicial level, Algeria subscribed to the United Nations Convention against Corruption in 2004 and to the African Convention for the Fight Against Corruption in 2006. At the internal level, the Act on the Prevention and Fight Against Corruption (Act 06-01), promulgated on 20 February 2006, comprises elements summarised by the Minister of Justice at a meeting in Peking on the fight against corruption as follows:
 - The notion of corruption has a wider application.
 - The broad definition of a public official includes all national or foreign functionaries, elected members and any person charged with managing a public service that concerns both the public and the private sector.
 - As it deals with preventative measures, the new Act imposes standards on different public administrations and other entities in the private sector by providing guidelines on recruitment and financial and administrative management. The Act also emphasises the important role of civil society, especially the media, in informing and sensitising the population.
 - The establishment of a national body charged with the prevention of, and fight against corruption, is called for.
 - There is broad incrimination of practices that are contrary to probity in public office and to transparency in public life, both in the political and the economic spheres. The new Act also extends incrimination for corruption to conflicts of interest; to the acceptance of gifts that are prejudicial to the normal exercise of duties; and to the secret financing of political parties.

286. It is to be noted that despite specific sanctions provided by special legislation on political parties, the new law on corruption makes the secret financing of political parties an offence on the same level as corruption, which is not the case in the international convention on the subject.
287. It is the duty of all public officials to declare their assets subject to disciplinary and criminal procedures. The law condemns illicit enrichment and places the burden of proof on the public official whose assets are proportionally higher than his or her legitimate income. This duty concerns the President of the Republic, parliamentarians, the presidents and members of the Constitutional Council, the head and members of government, the president of the Court of Auditors, the governor of the Bank of Algeria, ambassadors, consuls and Walis, elected members of the Popular Assemblies of the Wilayas and of the Communes.
288. Assets are declared at the end of a term or on cessation of public office. This concerns the inventory of movable and immovable property situated in Algeria or abroad, which the official owns, including co-ownership and property belonging to minor children. Any failure to comply with this obligation is punishable by imprisonment or a fine. The law on the prevention of, and fight against corruption provides that the state, local communities, establishments and bodies falling under public law, and public enterprises are bound to adopt standards and codes of conduct in the exercise of elected and public office.
289. In this context, it is important to note that a code of ethics covering the duties and obligations of judges was promulgated on 14 March 2007.
290. The law also makes provision for principal and ancillary dissuasive penalties. In addition to the loss of liberty, courts may order the confiscation of property that was acquired in an unlawful manner, even if it has been the subject of a transfer of ownership to relatives (descendants, ascendants or relations through marriage).
291. The chapter on the law on International Cooperation and the Recovery of Assets deals with aspects relating to the exchange of information and judicial cooperation for the purposes of seizure and confiscation, especially in the case of transborder crimes.
292. The CSAR emphasises that decrees on the application of legislation have been passed, notably the national body for the prevention of, and fight against corruption, which is made up of independent figures close to President of the Republic.
293. Within the framework of implementing legislation on corruption, the CSAR stresses that a significant number of people holding elected and non-elected positions of responsibility, as well as public officials falling under the central and local administration, have been the object of suspension from duty and of legal procedures, which in several cases have led to criminal sanctions.

294. During the period of 2005–2006, the legal system had to deal with over 8300 cases of corruption (such as favouritism in the award of public tenders, use of influence, corruption, misuse and misappropriation of public funds) in which public officials, in all sectors, were implicated.
295. Among these cases, those associated with the banking sector attracted the most attention, not only because of the size of the sums involved, but also because of the number of persons. For example, 289 people were implicated in the Local Development Bank affair, 124 in the El Khalifa Bank affair and 68 in the case of the Industrial and Commercial Bank of Algeria. Further factors causing interest were the nature of their positions (e.g. senior managers of the state, businesspeople, and heads of public and private enterprises) and the degree of complicity.
296. The opinion survey carried out on this subject gathered information from stakeholders who gave the following views and recommendations, which can be summarised as follows:
- Corruption is becoming a scourge from which no sector is spared, not even scholastic establishments. A general sense of impunity prevails and no fears are expressed in relation to monitoring bodies.
 - Stakeholders emphasise that generalisation should be avoided, as there is clearly a lack of communication on the subject, particularly in the media.
 - Work needs to be done in relation to training and information, as well as the establishment of information gathering and call centres.
 - The declaration of assets needs to be more credible and systematic.
 - While it is necessary to avoid clichés, the causes of corruption should be noted, e.g. the absence of a code of ethics, the absence of sanctions, and insufficient management control.
 - It is important to stem the source of automatic entry by having systematic recourse to the administration and to reconsider criteria for the selection of employees.
 - Accountability should be systematised.
 - The constitutional responsibilities of officials and their remuneration must be re-assessed. Reluctance based on fear to denounce the misappropriation of funds should be the subject of legal measures in the context of preventative mechanisms and the fight against corruption.
 - Stakeholders stressed that transparency constitutes the best form of the fight against corruption.
297. The survey highlighted the fact that 20 per cent of the respondents considered the level of corruption to be very high or high, 41.1 per cent that it was moderately high and 37.2 per cent that it was low.

ii. Findings of the CRM

298. The CRM noted that few studies on corruption had been carried out in Algeria and that, as a result, it was particularly difficult to obtain reliable documented data. Statistics on the incidence of corruption reported within the framework of the CSAR relate to one of the few studies called for by an international institution in 2005. The CRM was unable to access results of any systematic studies on the incidence of corruption in the political sphere.
299. However, in the light of meetings held on the ground and from reading the Algerian press, it would seem that the upper echelons of the government are not free from corruption. According to the spokesperson for the Algerian section of Transparency International, “the sum of Algerian capital illegally transferred each year to foreign banks is in the region of 500 million dollars. A large proportion of these sums comes from the misappropriation of funds in public banks, cigarette contraband, drug trafficking, racketeering by armed Islamist groups, and secret commission earned when large public tenders are approved.”
300. In 2005, the corruption index drawn up by Transparency International revealed that Algeria obtained a score of 2.8 out of 10, compared with 2.6 in 2003 and 2.7 in 2004, placing the country among those where corruption is high. It should be noted that the maximum is 4 out of 10 and Algeria therefore ranks 97th out of 159 countries.
301. In its 2006 report, Transparency International states that “corruption remains the principal obstacle to direct foreign investment in Algeria”. It emphasises that, despite the official commitment of the Algerian authorities to eradicate this scourge that is negatively impacting on the national economy, matters are proceeding at a very slow pace. The document essentially reproaches the authorities for the lack of transparency in economic management, but also for withholding information which, in several instances, made investigation by the press impossible. The El Khalifa scandal is cited as an example of official stonewalling in the economic sphere. “According to documents released by the French Court,” the report states, “the group unlawfully transferred 689 million euros abroad. Despite this significant loss to the national economy, the question did not attract the attention of the 2004 presidential candidates.”
302. Transparency International nonetheless highlights “the advances achieved by Algeria in the fight against corruption”. Its report cites the example of the arrest of those responsible for the misappropriation of public funds, such as the Wali of Blida, and the former Wali of Oran, who was forced to resign.
303. The CRM notes that an analysis of the situation in Algeria reveals that both the population and many officials are aware of the seriousness of the problem of corruption. It also reveals the political will to combat the phenomenon by putting in place a rigorous legal mechanism. The recent nature of this mechanism and the equally recent establishment of an institution charged with ensuring its follow-up do not allow assessment of its effectiveness as yet.

304. The CRM welcomes the anticorruption provisions of the Act, which subjects all political, administrative and judicial officials to the declaration of assets and makes provision for prison sentences in the case of failure to declare and/or false declarations. Since the promulgation of the Anticorruption Law 06-01, courts have constantly been applying this legislation in all provisions, as shown by these statistics: number of cases judged (680), decisions yielding a guilty sentence (930), acquittals (307) and number of cases against companies (16). The CRM notes this as an improvement that must be highlighted.

iii. Recommendations

305. The APR Panel would like to recommend that Algeria:

1. Elaborate on and implement a broad awareness campaign on the financial and moral threats represented by the phenomenon of corruption in Algeria. (Attention: all stakeholders, including public authorities;, civil society; the private sector)
2. Consolidate the National Organ for the Prevention and Fight against Corruption by placing at its disposal all the means necessary for the implementation and success of its mission. (Attention: the government)
3. Ensure effective implementation and monitoring of the national strategy for the fight against corruption, including legal provisions in this regard, strict adherence to provisions on the obligation to declare assets, and strict control of the veracity of these declarations, as well as all the objectives and missions devolved by legislation on the national body. (Attention: the government; civil society organisations)
4. Strengthen the means of action available to the various bodies responsible for monitoring and controlling public expenditure (inspection of finances, Auditor-General's Office), as well as judicial institutions responsible for eliminating corruption. (Attention: the government)
5. Strengthen the independent and public press in the area of investigations and denunciation of cases of corruption. (Attention: the government)
6. Make public the reports of the Auditor-General's Office and ensure that any legal effects thereof are carried through. (Attention: legislative and judicial authorities)

Objective 7: Promotion and protection of the rights of women

i. Summary of the CSAR

306. According to the CSAR, Algerian women have made significant progress, as is confirmed by their determined involvement in the democratic process and their participation in the construction of the state and the development process. The legal mechanisms instituted in Algeria to promote and protect the rights of women are based on the principle of equality, as defined in section 29 of the Constitution. These mechanisms enshrine the civil, political, economic and social rights of women, who are given full legal capacity in civil, criminal, administrative and commercial matters. They also have political, economic and social rights. The legal mechanisms were strengthened in 2005 to respond to developments in Algerian society and to undertakings in the context of the country's adherence to international instruments aimed at entrenching the rights of women.
307. Amendments were made to the Family Code to balance the rights and duties of spouses, and to entrench the rights of women to enter into a marriage contract and ensure housing, in the event of divorce, for minor children whose custody was entrusted to the mother. Flexibility was introduced with regard to the constitutive aspects of marriage, especially with the condition of the Wali, the guardian, whose presence was reduced to an almost symbolic meaning as a woman has the right to choose her guardian, who could be her father, a close relative or any other person of her choice. Amendments were also made to the Code on Nationality by granting nationality to children born of an Algerian mother and by affording, under certain conditions and in accordance with procedures fixed by law, the opportunity of acquiring nationality through marriage to an Algerian man or woman.
308. The law also introduced a national legislative mechanism for the incrimination of sexual harassment under the new Criminal Code, something not covered by earlier legislation.
309. The institutional mechanisms for implementing the rights of women were supplemented by the establishment of the post of Deputy Minister responsible for the Family and the Condition of Women in 2002. This governmental structure was charged with ensuring the implementation of a National Strategy on the Promotion of the Rights of Women, in partnership with public and academic institutions and the union movement. Institutional mechanisms in place include the Committee on the Protection and Promotion of the Family, as well as the National Council of Women and the Family, established on 7 March 2007 and consisting of representatives from public institutions, the union movement and persons chosen for their expertise in this field. Algeria, in the context of this legislative and institutional mechanism, is implementing a global, sectoral policy on the promotion and protection of women, which is also reflected in budgetary allocations and national development programmes. A special effort is also being made to promote maternal and infant health, the education of young girls, and literacy among women, and to integrate women into the economy.

310. The CSAR mentions the demands certain civil society associations presented to the President of the Republic, upon the initiative of the Information and Documentation Centre on the Rights of the Child and of Women (CIDDEF), in a memorandum calling for the establishment by law of parity between men and women within political and public institutions.
311. In dealing with the effectiveness of measures and the problems encountered, the report maintains that the implementation of the national policy on the promotion of women has been translated into real advances in all spheres, as is illustrated by data on the education of young girls in all levels of education and training. The latter has in effect increased substantially, with numbers close to those of young boys and sometimes exceeding them (see Chapter Six). The development of the employment structure in respect of women over the period 1987–2003 shows that this has increased fivefold in agriculture, doubled in industry, and increased by more than a third in the services sector. Women have gained access to numerous professions, representing 37 per cent of judges, 50 per cent of teachers, 53 per cent of medical doctors and 32 per cent of senior managers, for example. Increasing numbers of women are heads of companies and agricultural exploitation, 10 000 and 40 000 respectively.
312. Despite all these advances, the authorities are aware that much remains to be done. Considering that the source of ongoing problems originates more from resistance to social change than from legislation or political orientation, the CSAR notes that this challenge will be overcome by implementing awareness and educational programmes, together with adequate accompanying measures, more especially those associated with childcare for very young children. This would allow young mothers to balance their professional and family lives.
313. The CSAR also reports on the differences of opinion in relation to the Family Code. Certain stakeholders believe that women remain the object of injustices, as reflected in some provisions of the Code. They call for the abrogation of these, as well as for the effective implementation of the rights provided by the Constitution regarding the prevention of polygamy and the elimination of all forms of discrimination against women. Others argue against any abrogation of the Family Code, on the grounds that the problem of women in Algeria does not reside in legislative texts but in the fact that perceptions need to change. A third line of thought is that the general body of laws, as a whole, encapsulates the spirit of egalitarianism. It is now a matter of implementing them through the adoption of proactive measures by the state, and their accompaniment on the ground by the various stakeholders. This diversity of opinions is underlined by surveys on the subject. Some 29 per cent of those surveyed feel that the measures taken to promote and protect the rights of women are perfect, 24.3 per cent that they are sufficient, 15.3 per cent average, 24.7 per cent insufficient and 6.7 per cent extremely inadequate.
314. In terms of the assessment of the situation of women in the country, the report emphasises that Algeria has adhered to all the international conventions on human rights in general, and on the rights of women in particular. The country duly fulfils its obligations in this respect and presents regular reports to the

committees instituted by these instruments. The Deputy Minister responsible for the Family and the Condition of Women is working in collaboration with public institutions, universities, research centres and unions to carry out evaluative studies and surveys. The survey undertaken in June 2006, “Women and socio-economic integration”, highlights major trends in the employment of women.

315. The CSAR indicates that a National Strategy for the Fight against Violence against Women is in the process of being elaborated on by the services of the Deputy Minister responsible for the Family and the Condition of Women, in cooperation with the ministerial departments concerned, the national union movement and certain UN agencies, notably the United Nations Population Fund, the United Nations Development Fund for Women, the World Health Organisation (WHO) and the United Nations Children’s Fund (UNICEF).
316. The political rights of women were strengthened by Algeria’s ratification of the United Nations Convention on the Political Rights of Women on 20 December 1952. Furthermore, the past five years have seen efforts undertaken in the sphere of access to political responsibilities and senior functions of the state, thanks to the action of public authorities and political parties. Women candidates for the Popular National Assembly (the lower chamber of the parliament) were 18 times as high in 2002 than in 1997. Women candidates in the 2002 local elections tripled compared with the number in 1997. Moreover, the appointment of women to senior posts is constantly increasing.
317. The CSAR notes that, despite the manifest will demonstrated at the highest levels of the state to promote the participation of women in all sectors of activity urgently and consistently, obstacles persist. Principal impediments to progress in this area are the same as those experienced by developed and developing countries alike, namely historical factors, family constraints and social resistance. In order to reduce the gap resulting from anachronistic behaviour, there is a need for recourse to persuasive or encouraging measures to overcome these obstacles. The state is paying special attention to these aspects. One of the practical examples of good practice in this area is the implementation of the Observatory on Female Employment by the Minister of Energy and Mines, aimed at monitoring the equitable integration of gender.
318. A national study has been undertaken by the Deputy Minister for the Family and the Condition of Women to refine the analysis of factors responsible for the inadequate participation of women in public life, and to formulate recommendations on actions to be taken.
319. On the basis of recommendations made in a draft version of this study, the Ministry of Education has decided to promote preschool establishments, which would remove one of the obstacles to balancing family life with professional and political life. Political parties have initiated debate within their structures on ways and means to promote the participation of women and their access to political office.

ii. Findings of the CRM

320. The progress recorded by Algerian women in the different areas cited by the CSAR is significant (see also Chapter Six, Objective 5). This progress is the result of Algeria's commitment to the equality of the sexes, which is solemnly promulgated in the fundamental law of the country, under section 29: "Citizens are equal before the law, without any discrimination on the basis of birth, race, sex, opinion or any other condition or personal or social circumstance". The Algerian Constitution reiterates this equality in several of its parts, especially emphasising under section 31 that "institutions have the aim of ensuring the equality, in terms of rights and duties, of all citizens by eliminating obstacles that impede the development of the human person and prevent the effective participation of all in political, economic, social and cultural life".
321. Equality of the rights and freedoms of all Algerians, male and female, by the fundamental law of 1996 was confirmed in a context where previously the rights of women were denied, despoiled and violated by the terrorists during Algeria's terrible "dark decade". Women paid a heavy price in society. In refusing to submit to a dictatorship that was opposed to reform and refused them the most basic rights, many of them sacrificed their lives – students, teachers, journalists, medical doctors or simply single women or mothers. Others were subjected to atrocities such as kidnapping, sequestration, gang rapes and slavery.
322. Despite these violations and negation of the human rights of women by the terrorists, the Algerian authorities, as well as women themselves, did not give way. On the contrary, the state continued with its policy of promoting women by adhering to most legal international instruments, including the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the 1952 Convention on Political Rights. Numerous amendments were made to the Codes of the Family and Nationality, as well as to the Criminal Code. The greatest proof of the government's commitment and tenacity in the promotion and protection of the rights of women is primarily reflected in the educational rate of young girls, which continued to rise during this sad period of Algeria's history. For this reason, the CRM has noted that the primary education of young girls increased significantly compared with that of young boys. The rates were 88 to 89 girls for every 100 boys in 2003/2004. This places Algeria above the average of developing countries which, according to the United Nations, was 87 girls for every 100 boys in 2000. Efforts in this regard made it possible to respond to the MDGs in this area. Moreover, the progress recorded over the past five years in access to political responsibility and senior state positions is quite remarkable and opens up opportunities for those who are prepared to take advantage of them. Female candidates for the Popular National Assembly (lower chamber of the parliament) were 18 times higher in 2002 than in 1997. The number of female candidates in the 2002 local elections tripled compared with the figure for 1997. The appointment of women to senior positions also continues to rise. These different examples are

proof of the efforts the authorities have made to eliminate, or at least reduce, discrimination against women in certain spheres.

323. However, despite these efforts and the astonishing progress recorded in many areas, there are still gaps. The many problems and constraints mentioned in the CSAR were confirmed and expanded on by the participants the CRM met at workshops and during consultations in Algiers and the various wilayas, as well as by reports in the media and those published on the Internet. These gaps relate to full adherence to international norms and their integration into the internal legal system; the conformity of legislation to the Constitution; the de jure and de facto situation; the right of women to employment; the matter of violence against women; access of women to decision-making positions; and, finally, to the institutional mechanisms responsible for promoting women.
324. **Concerning adherence to international and regional treaties**, there is first the issue of the reservations recorded with regard to the CEDAW, which have not been lifted and thus make adherence to this instrument rather meaningless. These reservations in **regard to sections 2, 9, 15 and 16 of the Convention** persist despite changes made to the Nationality and Family Codes. Moreover, Algeria has not yet ratified the Supplementary Protocol to the Convention on Elimination of all Forms of Violence against Women, or the special African instrument on the matter, which is the Supplementary Protocol to the African Charter on Human and Peoples' Rights, relating to the Rights of Women.
325. There is non-alignment between the egalitarian provisions of the Constitution and legislation. The Family Code serves as an example of this inconsistency. Although acknowledged by the Constitution as citizens with the right to vote, hold elected office, hand down legal decisions and manage public services, Algerian women do not benefit fully from these rights in the private sector. The reform of the Family Code, which some believe to be a significant step towards eliminating discrimination, is considered insufficient by those calling for the total abolishment of the Code, which they criticise as being obsolete and contrary to international instruments on human rights. The provision for the presence of a guardian (the Wali) during the marriage ceremony maintains the minority status of women in relation to men. *"I have constitutional rights and here I am, they tie me down, hamper me with the presence of a guardian. As I can vote without having my father stand behind me, I cannot enter into a marriage contract without him having a say about my decision. And if he refuses to accompany me to the town hall, what will I do? Must I fall back on the corner grocer?"* (Comments made by Mme Nadia Ait Zai, jurist and activist for the abrogation of the Family Code, quoted in the daily newspaper, *El Watan*, on 8 March 2005). Together with the guardianship institution, considered a symbol of the infantilisation of Algerian women, polygamy (to a maximum of four wives) is also maintained, although subject to the prior consent of the wife and of the judge charged with establishing reality of consent in this regard. Equality in the area of guardianship and parental authority, as well as in divorce, is not yet accepted.

Box 4: Amendment to the 1984 Family Code

The 1984 Family Code was amended by Presidential Ordinance 05-02 of 27 February 2005, after more than three years of controversy and disputes. The aim is to strengthen the rights of women, who are guaranteed equal citizenship under the Constitution. The advances, which some judge are the most significant under the new code, relate primarily to:

- the legal marriage age of 19 years for men and women (previously 21 years for men and 18 for women);
- consent of the woman as a condition for entering into marriage;
- polygamy subject to the prior consent of the spouses, future spouse and President of the Court, who has to verify such consent, as well as the reasons and capacity of the spouses to ensure the equity and conditions necessary for conjugal life;
- obligation of the husband, in the event of divorce, to provide decent accommodation or rent for his minor children, custody of whom is entrusted to the mother;
- review of priority with regard to custody, with priority now being given to the mother, then to the father and, finally, to the maternal grandmother; and
- widening of the prerogatives afforded to courts, now empowered to rule in chambers, by ordinance, especially on questions related to custody, visiting rights, housing and maintenance.

Some of the weaknesses in the Family Code are as follows:

- The new version of the Family Code upholds the obligation of the legal guardian (the wali) in respect of the marriage of a woman. Women, even those who have attained majority, still need the approval of a man in order to marry.
- Although eased to some extent, legal polygamy is still upheld, even though only 1 per cent of the approximately 4 million adults are polygamous.
- Provisions with regard to inheritance remain unchanged. These are based on the Koran and, for this reason, resistance to them is even more vehement.

In addition, many opinions are being voiced in favour of the elaboration of a civil code that draws its inspiration from positive law.

326. Unfortunately this inequality in legal status within the family, combined with strongly stereotypical behaviour associated with the roles and responsibilities of men and women in the family and society, has negative consequences for the exercise of rights by women in the public domain and prevents them from participating fully in the political, economic and social life of the country.
327. Violence against women within the family and society and during periods of conflict constitutes a serious problem in Algerian society. As this violence is experienced daily, the absence of specific legal provisions on violence within the family to protect women against this aggression is to be noted. It is reported in the media that there is an increasing number of women without

fixed domicile and that family violence is one of the recurring reasons for abandoning the family home.⁷ In certain wilayas, citizens have also noted the failure to provide for the care and protection of women who have been the victims of violence, as well as the absence of shelter, psychological support, assistance and accompanying legal and judicial support. These failures are due to perceptions, which are not unique to Algerian society, but are found almost everywhere. Indeed, the natural rights and freedoms of women are not always assimilated to human rights in private life, and continue to be infringed with impunity because their violation takes place within the family at the hands of members of the family. Women nonetheless experience these as attacks on their dignity and integrity, in the same way they experience other attacks on their human rights.

328. Apart from the aggression experienced by a certain number of women on a daily basis, the CRM cannot remain silent on the violation of women during conflict. Many of these women have not been rehabilitated in terms of their rights because of the absence of judicial reparation. Some people drew the CRM's attention to the tragedies of these victims and their families. As was reported in the book published by the Rachda Association, the "public authorities, but also large sections of society, show themselves to be reticent in directly confronting the phenomenon of rape committed by the Islamist integrationists ... It is clear that this abandons the victims to shame, social ostracism and impotence, which is intolerable, not only for them and their families, but also for the entire community as the community is affected"⁸ The responsible associations demand, in addition to medical, psychological and social care for the victims, judicial reparation, which does not appear to have been made. In such circumstances, the problem of reparation is a political matter that calls for acknowledgement of the crime, public identification of the perpetrators, and their moral and judicial condemnation.
329. In relation to the effective exercise of rights, the de jure and de facto situations of women are not the same. Women do not always enjoy the human rights afforded them by law. Implementation of the provisions of the Family Code and other legislation protecting women appears to come up against resistance among judicial and extrajudicial players. Stakeholders in the wilayas drew attention to this aspect, stating that, because of the partiality and misogyny of certain professionals in the legal and police system, many women encountered problems in the exercise and enjoyment of their rights. It is important to note that, even if women do have a presence in the police corps, they only represent a small proportion of its numbers. The poor representation of women within these institutions provides a partial explanation for this situation and their greater presence would certainly make a difference. Mr Ali Tounsi, Director-General of National Security, met with the CRM during a ceremony organised on 7 March 2007 to mark the occasion of International Women's Day, and communicated his intention to integrate a larger number of women in the

⁷ *El Watan*, 8 March 2007.

⁸ *Time of rape and terrorism*, Rachda, p. 111.

police force. Moreover, the General Directorate of National Security has initiated major reforms aimed both at recruitment (selection method, profile, and greater access of women to the profession) and at the training of officers, especially in the area of human rights in general, and specifically the rights of women, children and other social categories. These reforms made it possible to establish a neighbourhood police in 1997.

330. A more significant presence of women in the police force, as well as in other judicial professions (where they already represent one third of the judges) and extra-judicial professions will certainly have an impact in terms of improving the general plight of women, children and society.
331. In relation to the right of women to employment, the June 2006 document on “Women and Socio-Economic Integration: Summary of a National Survey”, by the Deputy Minister in the Ministry of Health, Population and Hospital Reform, who is responsible for the Family and the Condition of Women, reveals that only 14.6 per cent of all formal work positions are held by women. It would appear that outside certain areas of the public sector, the judiciary and some liberal professions, where the presence of women is almost equal to that of men, women do not have the same opportunities and employment prospects in other economic sectors. Aside from the fact that Algerian society needs the full participation of women in the development process, paid employment is a right aspired to by the overwhelming majority of women who participated in the survey cited above. The remarkable increase in the education of young girls, together with shifting perceptions and economic changes experienced by the country, has created a far greater demand for jobs on the part of women. To satisfy this basic economic right, measures that favour equal recruitment opportunities for men and women are essential. The same is true of the establishment of an environment allowing women to balance their professional and family lives, such as local services ensuring preschool care for children; care of the aged, the ill or disabled; transport to facilitate access to the places of work; household appliances at reasonable cost; and effective measures against sexual harassment which, although it has been included in the Criminal Code, continues to persist.
332. Considerable progress has been recorded in the number of women in decision-making positions, especially as regards their percentages in representative bodies, the judicial sector (where they now represent approximately one third of the judiciary), and in management positions. Nonetheless, great disparities continue to exist in most decision-making structures, especially the parliament, ministerial posts, wilaya assemblies and communes. Moreover, in all elevated positions of public office there is a large percentage of women officials but an exceedingly small number of them at the more senior levels (see the statistics provided in an annexe to the CSAR).

Best Practice 2: Observatory on the employment of women

An observatory on female employment was instituted in 2005 in the Ministry of Energy and Mines and several enterprises have created their own female observatory. These include Sonatrach, Sonelgaz, Naftec, Enafor and, recently, Naftal. These observatories are defined as supervisory, analytical and recommending bodies.

This decision was taken to promote employment of women in a sector that is recognised as being the preserve of men. Women represent 15 per cent of the 70 000 employees employed by Sonatrach and its subsidiaries.

Developing the employment of women will make it possible to encourage managers to take the qualifications of female staff into consideration. The Ministry estimates that many female university graduates come onto the employment market each year (they represented more than 61 per cent of graduates in 2004). It is necessary to take action to ensure that the percentage of women recruited is significantly higher than that of men.

333. The problem of access to decision-making was raised on several occasions during the various consultations held by the CRM in Algiers and the wilayas. Members of the CRM noted that, despite the widespread acknowledgement of the role played by Algerian women in the fight for national liberation and also during the serious national crisis, there is still a negative perception of women. Many feel that the poor access of women to decision-making is linked, among other things, to their lack of competence, the fact that they are not sufficiently involved in their professions, or the natural disaffection associated with their gender in political and public affairs. Disparities, gaps and problems are not analysed on the basis of gender, a concept that is not sufficiently widespread or understood. The Algerian state has adhered to international instruments on the political rights of women without making any reservations; the same is true of sections 7 and 8 of the CEDAW. Through these sections, Algeria has undertaken to ensure that women enjoy, in the same way as men, conditions that allow the realisation of their rights in the political and public arena. The country has also subscribed to sections 2, 3, 7 and 8 of the same convention, which in fact require the adoption of any measure aimed at achieving this objective, including what can be referred to as “positive discrimination or affirmative action measures”. These are distinct, special measures aimed at accelerating the establishment of de facto equality between men and women, and at providing the conditions necessary for women to take their place in political and public spaces.⁹ Given that such measures are only temporary,

⁹ These measures are set out in the Beijing Programme of Action in the priority sphere entitled “Women and decision making”: “... Calling on governments notably to balance the proportion of men and women in governmental bodies and commissions, public administrations and judicial services, especially by setting specific objectives and by implementing measures aimed at substantially increasing the number of women in public office in order to achieve equal representation in all government and public administration positions, where necessary by means of affirmative action; introduce measures especially, where necessary, in the electoral systems, which will encourage

they will be repealed as soon as the conditions of equal opportunity and treatment are realised. The CRM noted that several avant garde parties had inscribed the issue of quotas or fixed ceilings in their statutes or programmes.

334. The CRM noted the progress recorded in the area of institutional mechanisms for the promotion of women, notably the appointment of a Deputy Minister for the Promotion of the Family and the Condition of Women, and the creation and establishment of a National Council of Women and the Family. The CRM nonetheless notes that this governmental structure charged with ensuring the implementation of the national strategy on the promotion of women's rights has been placed under the jurisdiction of the Minister of Health and is thus not an independent ministry. This lack of autonomy was highlighted by many of the persons interviewed during the course of the CRM, notably at the meeting with members of female civil society. Many of them called for a completely separate ministerial department charged with the promotion of women and the family, with a clear mandate and the necessary political influence, human and financial resources, and competencies and capacities required to fulfil its tasks. The CRM noted the absence of a national policy committing all stakeholders and sectoral departments to the integration of gender into their policies and programmes. Another point worth noting relates to the poor understanding of the concept of gender at the different levels, whether in central government or the wilayas.

iii. Recommendations

335. The APR Panel would like to recommend that:
1. The government find the ways and means to:
 - ratify the supplementary Protocol to the African Charter on Human and Peoples' Rights, as well as the optional Protocol on the CEDAW, and to lift reservations on the CEDAW;
 - proceed with a global re-examination of national legislation in order to ensure that it conforms fully with the principles and provisions of the CEDAW, and to adopt a specific law that punishes violence within the family;
 - adopt a national gender policy that will provide a reference framework and act as a guideline to all sectors of development;
 - establish an autonomous ministry responsible for women and the family, with sufficient human and financial resources to enable it to perform its mission;

political parties to ensure that women do have a presence in elected and non-elected public office in the same proportions and at the same level as men ...”.

- assign a significantly larger proportion of the budget allocated to the Department on the Condition of Women and the Family to training and sensitising the various state players to the concept of gender;
 - ensure that professional groups involved in judicial and extra-judicial activities, judges, medical doctors, notaries, clerks of the court, bailiffs, those responsible for implementing sentences, etc. are systematically educated and trained in the human and legal rights of women;
 - promote education on the human rights of women in the curricula of primary and secondary schools;
 - take all steps aimed at enabling equal access for women to elected and non-elected positions, political and administrative positions, as well as political or associative organisations through the adoption of positive measures such as quotas, and the amendment of electoral legislation and legal texts; and
 - adopt measures promoting equality of opportunity between men and women in employment.
2. Promote efforts to increase awareness of the human and legal rights of women adults and children. (Attention: civil society; the media)
 3. Encourage the establishment of an environment favourable to women that achieves a balance between their professional and family lives. (Attention: private sector; civil society)

Objective 8: Promotion and protection of the rights of children and the youth

i. Summary of the CSAR

336. Basing its findings on general legal provisions (the Constitution, the Code of Civil Law, the Code of Criminal Law) or on provisions specific to certain sectors (education, health, communication, etc.), the CSAR notes that Algeria is implementing policies and measures to protect and promote children and the youth.
337. **Health, healthcare and wellbeing.** On the issue of health, reducing the rate of mother and infant mortality is a priority of the Algerian government. Several programmes relating to vaccination and the fight against diarrhoeal diseases, respiratory infections, morbidity and antenatal mortality, malnutrition, and acute rheumatoid arthritis have been developed. The infant mortality rate has been reduced to a fifth of the levels recorded at the end of the 1960s. As far as employment is concerned, legislative and regulatory measures have been implemented to prevent the employment of children younger than 16 years.

Such employment is authorised, however, in the context of an apprenticeship agreement. The objective is to protect children from exploitation and from work that is harmful to their health (in accordance with Act 90-11 of 21 April 1990 dealing with employment relations).

338. **Education.** In 2005, Algeria achieved its objective of providing education to all children aged 6 years. Schooling up to the age of 16 years and over is compulsory and free; in this respect a rate of 93.85 per cent has been attained, of which 92.35 per cent are girls. Scholastic establishments accommodated 7 612 000 learners in the 2005–2006 school year, which represents a quarter of the Algerian population. An average student loss of 4 per cent was recorded over the past ten years. In 2005, this rate was 4.67 per cent, representing a total of 306 942 learners of which 106 590 were girls, for the primary, middle and secondary school cycles together (according to CENEAP, the National Centre for Studies and Planning Analysis). Algeria is in the process of developing its preschool system, which remains, however, to be improved and brought into general use. Currently more than 300 000 youths benefit from professional training in residential mode and apprenticeship training. Added to this are distance education and evening classes.
339. **Protection and guardianship.** In addition to the major institutional care programme for abandoned children, Algeria adopted a legal procedure for fostering orphaned children referred to as the “Kafala” (Chapter Seven of the Family Code) in 1984. In order to facilitate the best possible social integration of the orphaned child, Algerian legislation introduced provisions that enable the foster child’s patronymic name to be combined with that of his or her guardian (Decree 92-24 of 13 January 1992).
340. The legal protection of children is guaranteed by law, namely Ordinance 66-155 of 8 June 1966, Criminal Code of Procedure, which includes provisions relating to the delinquent child; Ordinance 72-03 of 10 February 1972 on the protection of children and adolescents; and Ordinance 75-64 of 26 September 1975 on the creation of establishments and services for safeguarding children and adolescents. These provisions are in addition to those incorporated in the legislation on employment, education and training. A part of the Code of Criminal Law is also devoted to the legal protection of children. On the issue of guardianship, section 87 of the Family Code provides that “the father shall be the guardian of his minor children; on his death, guardianship rightfully reverts to the mother”. In the event of the absence or incapacity of the father, the mother takes his place in performing acts of an urgent nature relating to the children. In the case of divorce, the judge entrusts the exercise of guardianship to the parent to whom custody of the children has been granted. Among the new measures adopted for the protection of children, it is worth noting the recent revision of the Family Code containing a provision on the establishment of paternity to clarify the filiation of the child. Moreover, a draft bill has been initiated on the establishment of paternity for the child who is not recognised by his or her parent, including by recourse to available scientific methods.

341. Stakeholders have stressed the need to develop the function of the childminder to enable those children who cannot return to their original family or be placed in the Kafala, to leave the institution. In addition, it has been recommended that structures be created specifically for children who are both abandoned and disabled.
342. A draft bill aimed specifically at promoting the protection of the child was the subject of investigation by the Cabinet. The project aims to prevent all child abuse, economic exploitation of children, their exposure to begging and the invasion of their privacy. A national strategy for combating violence against children was formulated in collaboration with the various ministries, bodies and associations concerned.
343. **Right to research and receive information aimed at promoting children's spiritual, physical and mental wellbeing.** This is of particular relevance in the contexts of family, school and youth establishments, as well as across various other support structures, among which the following are worthy of mention: local public libraries, public and private reference libraries, the range of national television programmes devoted to youth issues, satellite access to various foreign television channels, and so forth. The current programme of providing one computer per household is also involved in the effort to make this objective a reality. A national network for informing and communicating with the youth was established in 1989 and stimulated in 2005 by the establishment of a central structure linked to 48 wilaya centres and a multitude of youth information points in youth establishments. This network is also helping to fulfil this requirement.
344. **The youth.** In addition to the mechanism for protecting and promoting human rights presented in the various sections of this report, Algeria has implemented a sectoral youth policy. A new national youth policy was defined and adopted in July 2003. Priority attention has also been given to the promotion of youth employment. The mechanism set up for this a decade ago has yielded some encouraging results. (See Chapter Six on socio-economic development in this report.)
345. The objectives of the sectoral youth policy include the following: participation in the national recovery effort by combating all forms of degradation of social values and participation in the development of civic culture; restoration of the confidence of the youth in their own ability and in the state and its institutions; involvement of the youth in the consolidation of society to instil in them a culture of solidarity, tolerance and peace; participation of the youth in the design of socio-educational and cultural activity programmes to prevent inactivity, a factor recognised in the development of social ills; encouraging the youth to expose themselves to the global world through communication, information research and participation in science and technology.
346. The main intervention priorities of the policy are intersectoral coordination; enabling participation of the youth through developing youth associations; implementing general physical education and sport, particularly in the

environments of education, training, rehabilitation and prevention; organising permanent centres devoted to informing, communicating with and advising the youth; and, finally, promoting group sporting activities and competitions, and local leisure and entertainment activities.

347. Follow-up is assured by the Minister of Youth and Sports in conjunction with all sectors and stakeholders involved in promoting the youth. These activities are financed by the National Fund for the Promotion of Youth Initiatives and the Wilaya Fund for the Youth. Within the framework of the Growth Support Programme, DA60 000 million (about US\$850 million) were allocated to the youth and sports sector between 2005 and 2009 in order to set up sociocultural and sporting infrastructures for the youth. Added to this are the Special Programme for the South and the Programme for the High Plateaux, totalling DA17 000 million (approximately US\$220 million).
348. Algeria is thus devoting considerable attention to the phenomenon of juvenile delinquency, which is affecting an increasing number of youths, particularly those aged 16 to 18-years. This type of delinquency is rising, particularly so over the past ten years marked by the effects of the serious crisis experienced by the country. To remedy this social affliction, the state is assigning greater importance – in addition to measures to protect and preserve law and order – to the prevention and implementation of solutions calling for the collaboration of the various social and economic actors.
349. In assessing the efficacy of these measures against given trends in the general improvement of the situation of children and youth in Algeria over the past five years, the CSAR notes that significant progress has been recorded in the protection of children and youth. Portfolios on children and youth constitute a priority in the work carried out by public authorities in the various domains linked to health, education, juvenile delinquency and children in difficult circumstances. This work is increasingly being taken over by civil society organisations. Matters pertaining to children are also handled by a National Children's Committee, under whose authority reside seven bodies and national institutes that deal with children's issues. This committee contributes, among other things, to the assessment of the implementation of different legal texts and regulations relating to children, and also helps to prepare new texts when the need arises.
350. Based on the opinion survey carried out within the framework of the CSAR in January 2007, it emerged that the measures for integrating the youth were not seen to be positive. A strong majority of responses (43.7 per cent) emphasised their inadequacy and an equally large proportion (21.5 per cent) considered them to be highly inadequate. Only 1.7 per cent of the respondents considered the measures to be perfect, whereas 8 per cent felt they were sufficient.

ii. Findings of the CRM

351. The CRM noted that Algeria has allocated considerable resources and put a great deal of effort into improving the plight of children through the adoption of legislative, regulatory, administrative and social measures (see Chapter Six on socio-economic development). Programmes and plans of action aimed at reducing maternal and infant mortality, improving the nutritional status of children and pregnant and lactating women, promoting universal access to basic education, and giving aid to children living in difficult circumstances were implemented with outstanding results. The CRM noted that the infant mortality rate had been reduced by one fifth compared with levels recorded at the end of the 1960s. Moreover, schooling up to and over the age of 16 is mandatory, with an attendance rate of 93.85 per cent being achieved, of which 92.35 per cent pertains to girls.
352. A significant institutional mechanism has been implemented for taking care of children in the family in the event of divorce and abandonment. Particular attention is paid to children in danger and to juvenile delinquency with the execution of numerous reforms. A policy aimed at promoting the youth has also been developed. For three years, the Algerian government has adopted a set of social measures for combating poverty and social exclusion in respect of children. Among these measures are the school allowance to assist destitute families in meeting the expenses associated with the new school year; the reintroduction of the school canteen to ensure that nutritional minima are met; and free school transport in remote rural areas or areas that are difficult to access.
353. Despite the convincing results recorded in the various domains, the situation of children and the youth in Algeria poses numerous problems. The CSAR, the stakeholders interviewed in Algiers and in the wilayas, and the media recorded numerous inadequacies relating particularly to problems of children born out of wedlock, abuse, poverty and its associated consequences, school drop-outs, juvenile delinquency, children in moral and physical danger, as well as the youth and their participation in governance.
354. **The protection of children.** On the issue of infancy, the CRM noted the dire situation of children born out of wedlock, who make up the large majority of abandoned children. The media reports that support to these children is limited and poorly adapted to their needs. Owing to inadequate specialised institutes, many children remain in hospital maternity or paediatric services without receiving specific care. Many of these children do not survive abandonment. Unmarried mothers, whose legal status is problematic, are rejected by their family and by society as a whole. They have no psychological and financial support, except for that provided by a few civil society associations. The CRM had the opportunity to visit a welcome centre for children without families in Algiers and applauds all efforts being made in this regard, notably those of the civil society associations that have undertaken various initiatives to relieve the distress of abandoned children and heighten the awareness of the authorities and society in this regard.

355. Abuse, which unfortunately is a serious world-health problem, also affects many Algerian children. An abusive situation is considered one in which the child is a victim of physical violence, mental cruelty, neglect or institutional violence affecting his or her physical and/or psychological development. The suffering of the child remains unseen and is not reported because it takes place within a family or institutional context where corporal punishment is used indiscriminately as an educational tool. Other gross violations of the physical and moral integrity of the child, such as paedophilia and incest, are concealed and considered taboo. The Algerian authorities are aware of these problems: “Sexual violence, incest and paedophilia are scourges that exist and are assuming alarming proportions in certain cases, even if our society wishes to hide them at all costs. We must be united in our efforts to protect our children. If not, it is our future which will be compromised...”¹⁰
356. According to experts, these practices, which claim many victims, constitute a significant factor in the development of violent behaviour. The CRM noted the absence of legislation prescribing the obligation to report cases of violence, subject to legal sanction in the case of failure to do so, and of preventative measures and systems whereby victims are heard, as well as therapeutic and social mediation systems. Certain members of the National Governing Council also requested the implementation of a mechanism of intervention that would enable decisions to be made rapidly each time a case of an abused child in moral or physical danger is reported by an entity representing children, acting on the basis of the Code for the Protection of Children. This Code is currently being examined by the Cabinet.
357. Stakeholders have witnessed situations of extreme poverty in certain families, particularly where the mothers of the children are divorced. These children, thrown onto the street without homes or resources, are forced to abandon school and work regardless of their young age. They are exposed to begging and all manner of social ills such as sexual exploitation and drug abuse. (See the Comments by the Committee for Children’s Rights of 12 October 2005.) Such abject poverty is also an obstacle to the schooling of children, as the opinion survey revealed. In fact, 30 per cent of the interviewees admitted to knowing, or to have known, children who are unschooled for lack of financial means.
358. According to the CSAR and the UNICEF, the number of learners dropping out of school has increased. UNICEF cites a 30 per cent learner drop-out rate for primary school programmes. The rate in Algerian schools is high, with approximately 500 000 learners dropping out per annum. The causes are to be found in the schools themselves because of the many deficiencies in the educational system. Violence in educational establishments, which the CRM

¹⁰ Comment made by Mrs. Messaoudène, representative of the Director-General of National Security, at the seminar organised by the Directorate-General of Penitentiary Administration on “Juvenile court judges and taking care of children in moral danger”, reported by the newspaper *El Watan* on 20 April 2005.

also noted, is deemed to be a cause of student drop-out, but it is also the result of poverty, family instability and estrangement. “High figures would, in the near future, constitute a significant impediment to any project or plan.”¹¹

Box 5: The National Association in Support of Children in Difficulty and in Institutions (ANSEDI)

The National Association in Support of Children in Difficulty and in Institutions (ANSEDI) is a non-governmental, national and apolitical organisation. Its specific focus is the protection of children through a participative approach, which comprises a psycho-social support plan targeting the restoration and preservation of the family link to both the community and society. In addition to pleading for the increased awareness of public authorities and society of the plight of children in difficulty, ANSEDI undertakes various tasks of tracking, intervention and prevention aimed, in particular, at children without families (orphans, abandoned children, etc.), children in moral danger (with unfit parents, parents who are drug addicts or mentally ill), minors isolated in a clandestine emigration situation, children who are exposed to risks of exclusion (student drop-outs, street children, exploited children, children in remote rural areas).

The El Biar Day Nursery serves as an example. This collaborative effort between the organisers of the public institution and the volunteers of ANSEDI has enabled the implementation of a successful complementary cooperative plan for the benefit of children without families, unmarried mothers and “kafils” or adoptive parents. The Nursery takes in an average of 250 children each year who are placed under the protection of the state. Unmarried mothers find a reassuring anonymity and adoptive parents enjoy the convenience of the proximity of various agencies, as well as the expertise required for the optimal realisation of their plan for adoption.

Adoption applications (Kafala) are studied by a team of professionals who base their decision on an investigation of the deep-seated motivations and parental abilities of the applicants, as well as the objective appraisal of the conditions necessary to receive the child. It is advisable to note the constant increase in applications with an emphatic preference for young girls (added to other parameters, this constant could be interpreted as a significant change in the collective representation of women in Algeria).

The association’s contribution is made both before and after child abandonment in an effort to prevent this phenomenon, and provides legal, psychological and material aid to unmarried mothers who wish to raise their children. The others, unfortunately more numerous, benefit from follow-up and accompanying support, should they face the ordeal of giving up their child. ANSEDI has set up a specialised consultation unit to help adoptive parents manage the situation whereby their child is told of his or her adoptive status. In order to take care of children in the institutional environment, despite the availability of a state budget, ANSEDI contributes effectively to the improvement of their quality of life by providing food, clothing, medical care and specialised examinations, as well as organising and financing educational activities and entertainment (outings, shows, holidays, trips, etc.).

¹¹ *El Watan*, Friday, 20 October 2006.

359. It was reported in the media that the violence that has marked the country for the past ten years, the disintegration of the family unit as a result of the economic crisis, and the consequences of a Family Code that allowed children of divorced mothers to be thrown onto the street, were the primary factors causing the deviant behaviour of certain adolescents and children considered juvenile delinquents. The statistics on the latter and children without families living in state homes are alarming. During 2005, official statistics reported the following: 28 214 children in difficulty, 2896 children without families, 3319 children in moral danger, 7054 children as victims of violence and 10 965 minors arrested by the police services. These figures increase substantially each year, bearing testimony to the dangerous progression of the situation of children in Algeria. “They reflect the chaotic evolution of a conservative, fragmented Algeria exposed to the mirages of progress and with no social plan.”¹² Faced with the gravity of the situation, the state of Algeria has adopted several measures to remedy it, one of which is the creation of protective structures for minors at the level of the police force. A Code for the Protection of Children is being drawn up and includes preventative, repressive and follow-up measures. Follow-up measures will enable the social integration of those youths who are in the margins of, or excluded from, society. The legislative provisions will be accompanied by other actions, specifically governmental, dealing with school, the family, the job market, leisure etc.¹³
360. The youth comprise the largest sector of the Algerian population. The social discontent of the youth and the myriad socio-economic and cultural constraints with which they have been, and still are, confronted are returning to levels experienced during the 1980s. The events of 1988 sounded warning bells at the time and underlined the problematic aspects of this generation of youths. Today, the youth are the focus of much greater attention by the country’s decision-makers, who adopted a new national youth policy in July 2003 to resolve the many difficulties with which the youth are faced, notably unemployment, the collapse of the family unit, degradation of buying power, the inflexibility and inadequacy of education, loss of the benchmarks of identity and culture, student drop-outs, chronic illiteracy, drugs, and the effects and consequences of terrorism. Moreover, the crisis years strongly eroded the confidence of the youth in adults and the public authorities.¹⁴ Certain

¹² *El Watan*, 1 June 2005.

¹³ It is necessary to take all aspects into consideration, particularly “the serious problems” of caring for unmarried mothers, the children of terrorists, children who are victims of sexual violence and incest, and children born without filiation, but also those subjects that society wishes to conceal at all costs. “It is important and urgent to coordinate our efforts to protect these categories of the population by instituting a scheme to deal with major civil emergencies because the future of the country is at stake.” Comment by Mr Djamal Ould Abbas, Minister of Employment and National Solidarity, reported by the newspaper *El Watan* on 20 April 2005.

¹⁴ “Confidence needs to be rebuilt on both sides and conditions established to promote constructive dialogue because there is a real confidence crisis. Many youths do not believe in the political discourse and in the equality of opportunity because the feeling of injustice has unfortunately extended beyond the relations between individuals to encompass all public institutions. The poor relations between the population and institutions affect the youth and it is at this point that the logic of confrontation begins. We must act now to reintegrate this section of the population – the youth –

participants who were interviewed during the course of consultations for the CRM raised the point that a lack of communication and contempt were at the root of these conflicts. This, in turn, brought about a lack of understanding, ending eventually in violence.

361. This antagonism could have been prevented if the youth had been involved in decision-making, listened to, encouraged to speak and provided with the space and adequate institutional frameworks for expressing their ideas, aspirations, needs and demands. These spaces generally take the form of educational and professional training establishments, universities, higher institutes of learning, district centres for recreation and leisure, as well as the media, newspapers, radio and television. The CRM also points out that learning about democracy begins first of all within the family which, given Algerian traditional culture, unfortunately does not allow children to express their opinion. Consultation with, and the participation of Algerian children and youth in decision-making processes are essential today, as this will provide a basis for socialisation, change, peace and solidarity.
362. The CRM noted that, according to the results of the opinion survey carried out within the CSAR framework in January/February 2007, the youth negatively assessed measures to integrate them.

iii. Recommendations

363. The APR Panel would like to recommend the following:
1. On the basis of this analysis and the APR and CRM findings, the APR Panel suggests that the government take the following actions:
 - Accelerate the adoption of the bill on the establishment of paternity.
 - Accelerate the adoption of the Code for the Protection of Children, as well as the implementation of the Strategy to Oppose Violence.
 - Implement recommendations of the Committee for Children's Rights formulated in October 2005 on the occasion of examining the national report on the situation of Algeria's children.
 - Make preschool education generally accessible.
 - Enable young people to exercise their political rights and participate in governance by placing at their disposal adequate frameworks, resources and support and also intensify education about democracy in schools.
 - Study the efficacy and efficiency of measures for integrating the youth and amend them accordingly.

within the whole, before it drifts off into oblivion permanently.” Mohamed El-Ouahed, *La Nouvelle République*, 18 May 2004.

2. Civil society associations are called upon to:
 - Work towards providing quality care for abandoned children accepted into day nurseries and offer an attentive ear and multi-faceted assistance to unmarried mothers in difficult circumstances.
 - Make parents aware of the importance of good dialogue with children and youths.

Objective 9: Promotion and protection of the rights of vulnerable groups, including displaced persons within their own country and refugees

i. Summary of the CSAR

364. According to the CSAR, Algeria has adhered to African and international instruments designed to protect refugees, among which are the Convention Relating to the Status of Refugees of 1951 and its Protocol of 1967, as well as the 1993 African Convention. The Sahraoui people are the most significant refugee group welcomed and assisted by Algeria, following the occupation of Western Sahara by Morocco in 1975.
365. The report also refers to the massive migrations to urban and transit centres in the wake of the terrorism of the 1990s and natural disasters. Faced with these urgent and traumatic situations, the government established humanitarian aid programmes for displaced persons by providing shelter, safety, food, medical care and psychological support, and guaranteed the protection of persons in transit centres. Since 2001, the government has set up economic stimulation programmes aimed at reconstructing displaced persons and reintegrating them into normal life. The number of vulnerable groups (disabled persons, destitute population strata and the aged), has increased following the cumulative effects of terrorism, road accidents and natural disasters.
366. A legal system was adopted to promote and protect vulnerable persons, particularly the disabled. Act 02-09 of 8 May 2002 establishes all the rights provided for by international norms, as decreed. More specifically, the law on disabled persons aims to ensure: (i) consideration of all forms of disability in development policies and programmes; (ii) elimination of all forms of segregation with regard to disabled persons; and (iii) consultation with associations for the disabled to ensure their more successful integration into public, social, economic and cultural life. Among the measures introduced by the Act, the report cites the obligation to reserve 1 per cent of all employment posts for the disabled; otherwise a financial contribution must be made to a special fund for the disabled. The Act also provides for incentives (including subsidies from the state, local groups and social security agencies) to those

employers who convert work areas and provide facilities for disabled persons in the workplace.

367. Persons over 18 years of age with severe disabilities, such as those who are bedridden, tetraplegic, multi-disabled and/or mentally handicapped receive an allowance as provided for by Act 91-25 of 18 December 1991, as amended by Act 02-09 of 8 May 2002. Since January 2003, this allowance has been fixed at DA3000 per month. The state takes (partial or total) care of social security contributions, transport costs and medical care costs for uninsured persons with disabilities. Measures have been taken to help disabled persons gain access to accommodation. Moreover, the state created the National Bureau of Equipment and Accessories for the Disabled, which is responsible for meeting the needs of disabled persons and finding ways for them to re-adapt to the demands of modern life.
368. The report also notes measures the Algerian government has taken to protect disadvantaged persons, which include local departments or units, community development and the national welfare system. Local units are composed of multidisciplinary teams that ensure social action (health, hygiene, education and social aid) where there is a high concentration of destitute people. Community development comprises development projects in economically vulnerable communities, which are participative and respond to the needs of the communities and to improving their lives. The national welfare system favours participation by the beneficiaries of this aid in employment, to ensure their social and professional integration. Welfare is also developed through programmes caring for street children and for abandoned women; providing support to destitute families, one of whose members has been involved in acts of terrorism; providing educational support for children in destitute families; caring for children of destitute families who were victims of terrorism; and providing school transport to and from remote rural areas.
369. The aged are one of the vulnerable groups whose rights are protected by law. Legal protection of the aged arises from section 65 of the Constitution, which states that the duty of parents lies in educating and protecting their children, and that the duty of children lies in aiding and assisting their parents. Family solidarity is thereby preserved and the state encourages the support of aged persons within their family environment. Homes for the aged are specifically reserved for elderly and/or disabled persons without family attachments or resources. The law also provides for retirement pensions. A pension increase was planned for 2006, aimed primarily at setting a minimum pension threshold equal to a guaranteed minimum salary (DA10 000).
370. The CSAR also mentions that if accommodation structures are not a priority because the family is the best option to provide shelter for the elderly, it still remains that there are crucial problems associated with geriatrics as far as parents and the medical body are concerned, for example infrastructure, specific care, training of professionals in the sector, and local means of aid for aged persons without families.

371. However, the opinion surveys reveal that only 3 per cent of those questioned consider the measures taken to promote and protect vulnerable social groups to be perfect, and 9 per cent consider them sufficient. The results are dominated by negative opinions, with 43 per cent regarding them as insufficient and 22 per cent as highly insufficient.

ii. Findings of the CRM

372. Algeria has shown significant progress in the protection and promotion of the rights of vulnerable persons, including refugees and displaced persons. This progress is the result of the state's commitment to the principles of equity and equality for all its citizens. It is also the fruit of the humanitarian values of welcome and solidarity of the Algerian people.
373. Several legislative and institutional measures have been taken to ensure the protection of vulnerable persons. Algeria has adopted international agreements on the protection of refugees, namely the Convention Relating to the Status of Refugees of 1951, its Protocol of 1967 and the 1993 African Convention. Pending discussions with relevant stakeholders, the CRM was informed that most refugees in Algeria are people from the Western Sahara who fled their country since occupation by Morocco in 1975. Although the CRM was not able to visit the refugee camps, it gathered information on their situation at the time of meetings held with United Nations agencies – the United Nations Development Programme (UNDP), UNICEF and the High Commissioner for Refugees (UNHCR). These agencies have indicated that the Sahraoui refugees are located in refugee camps in the south-east of the country. Until now, there has been no official census, but they are estimated to number between 90 000 and 200 000. Living conditions there are very difficult and the temporary nature of the refugees' presence in the camps does not enable them to gain sufficient access to basic services such as drinking water (68 per cent), and decontamination and health services.
374. The representative from UNICEF drew attention to the situation of Sahraoui women and children. According to the document "Draft Description of the Programme *Stand Alone*", which UNICEF produced in March 2006, the children are suffering from severe and chronic malnutrition. The food parcel offered to refugees for the past 30 years does not contain any fresh vegetables or fruit. This has resulted in anaemia among the women and affected the growth of the children. Despite a relatively high schooling rate (90 per cent), without large disparities between girls and boys, the quality of primary education is still weak and translates into a significant school failure rate (55 per cent). Idle youths without definite prospects form a vulnerable group at risk of being influenced by emerging social ills. The majority of women are illiterate. The case of the Sahraoui refugees has had notable consequences for Algeria and the sub-region, notably the material and financial burden on humanitarian aid during the 1970s; Maghrebian cooperation that has been secured; and bilateral Algeria-Morocco relations that have suffered as a result.

375. In contrast, there is an increasing number of cases of refugees from sub-Saharan Africa, the majority of whom use Algeria as a transit area to Europe. In the greater south, in Tamanrasset, the problem of clandestine emigration is acute. Stakeholders in Tamanrasset emphasised that clandestine refugees caused many problems in their region, such as delinquency, prostitution and drugs. However, the same stakeholders also acknowledged that these people who come from the neighbouring countries of Mali and Niger are a source not of problems alone, but also of qualified manpower, particularly in the crafts sectors.
376. The situation of clandestine immigrants in Tamanrasset is largely attributable the problems experienced by the state in controlling the borders along the southern section of the country, in particular the desert. It was also pointed out that an appropriate judicial and institutional framework for dealing with the refugee question no longer exists. Legal texts in this domain are invalid and do not cover current diverse categories of immigrants, such as economic refugees. Considering the economic growth that Algeria has experienced over the past years and its future prospects for growth, the flow of migrations to Algeria will probably increase in the years to come.
377. The challenge facing the Algerian government is to develop, as a matter of priority, a judicial and institutional framework for regulating the problems of refugees and others without legal papers. The review and adaptation of the law on refugees form part of the recommendations made by the stakeholders concerned in Tamanrasset. According to inhabitants of the South, regulation of the situation would be in everyone's best interests. Immigrants would henceforth acquire status and the local population would be protected from the adverse situation of these irregular inhabitants and benefit from their manpower, which they need.
378. **Nomads.** Subsequent to its visit to Tamanrasset and its discussion with certain stakeholders responsible for the Ahaggar National Park, the CRM considers the nomads a vulnerable population category. The persons interviewed raised the issue that nomadism is a particular mode of living adapted to the Saharan reality and not an old-fashioned way of life, and considered the policy relating to the settlement of nomads a mistake. For the security of the territory, but also and particularly for the rich natural and cultural heritage of Ahaggar (material and immaterial), Algeria must support the nomadic way of life by providing nomads with the necessary means (employment, health, education, transport, etc.) to continue to lead their lives successfully.
379. On the issue of the traditional know-how of the Tuaregs, stakeholders made the point that if today the youthful population is benefiting from the right to schooling, education and work, the elderly – known as the “illiterate” sector of the population – is disadvantaged. Their arguments pertain to the quality of the Tuareg guides and their knowledge of the territory, which according to these parties, rival even the most sophisticated geographical information systems. Their knowledge of biological diversity and rational use of natural resources

(e.g. plants as traditional medicine) are testimony to the abilities and quality of members of this population group deemed “illiterate”.

380. These persons suggest utilising this traditional ancestral knowledge to good effect by using Tuareg guides as conservation officers in the Ahaggar National Park Office. They propose revising the texts that determine the framework according to which contests, examinations and professional tests are organised to gain access to specific bodies of the Administration of Culture, in particular recruiting conservation and assessment officers for the Ahaggar National Park Office. On the one hand, these texts prevent the so-called illiterate population from accessing employment opportunities, as they do not meet the selection and recruitment conditions and criteria; on the other hand, they penalise the Park by depriving it of personnel with knowledge that is more than suited to the tasks of preserving and evaluating the cultural and natural heritage. To remedy this, the relevant parties have suggested that dispensatory measures be implemented, which take into account the specificity of this band of the population in terms of recruitment. They have also proposed delaying the retirement age for the Saharan regions of Ahaggar and Tassili.
381. **Disabled persons.** The CRM wishes first and foremost to salute all the efforts made (e.g. the adoption of a legal mechanism) and strategies put in place to promote and protect persons with disabilities. It has also noted the interest Algeria has shown in this category of the population by hosting the Arab Disabled Conference in Algiers during December 2006. Nevertheless, despite the enormous progress made in caring for disabled persons, and the solidarity shown towards others as a characteristic originating particularly in the customs and traditions of Algerian society, the opinion surveys and media reveal that there is still much to be done to improve the situation of these persons. The inadequacies stated relate to the following aspects in particular:
- Care for the mentally disabled is very poor. The CRM raised the issue that according to the media, 72 per cent of the men and women “without a permanent home”, seen wandering the streets of the capital, are mentally ill. As a result, babies and children who accompany the women live in deplorable conditions.¹⁵ Given average living costs, the aid allocated to the disabled by the state (between DA1000 and DA3000) is insufficient. Moreover, disabled persons struggle enormously to secure employment in a country where the official unemployment rate is already quite high.
 - The physical accessibility of public places to disabled persons has hardly been dealt with. Even worse are homes for the aged and the disabled, which are in a deplorable state. *“There are also so-called homes for the aged and the disabled whose ‘homes’ go no further than the names they bear because they are more like asylum housing, in dangerous promiscuity [sic], destitute aged persons, people who are mentally ill or paraplegic,*

¹⁵ The daily newspaper *Le jour d’Alger*, 21 October 2006.

and sometimes even unmarried mothers!”¹⁶ Another problem raised in the media and by stakeholders is the crisis of accommodation. “The problem of accommodation being a national scourge, the disabled live in extremely small spaces in unimaginable conditions, most often on upper floors without a lift [elevator] in overpopulated cities. These families, mostly comprising more than ten persons, are tragically thrown off balance because in all cases the mother, sometimes one of the sisters, carries all the weight of their daily care; an unbearable burden for any human being. Furthermore, when the father of the family loses his job, or when the younger brothers are jobless with no prospects in sight, the solidarity of the family disintegrates totally, bringing about dramas that are often reported by the press.” In addition, people frequently demand that the buildings be adapted (e.g. an elevator) to suit the equipment used by disabled people, and the space necessary to move this equipment.

382. **Aged persons.** As one of the vulnerable categories of society, the elderly are, according to the CSAR, becoming an increasing concern to the authorities, who have developed a special programme to take care of 3.5 million aged people. This interest is quite recent and the absence of a policy for promoting and protecting this group has given rise to criticism over the past few years. The authorities appear not to have focused sufficient attention on the aged because of other priorities and crises, and until a few years ago this stratum of the population represented only a very small proportion of the whole.
383. It should also be remembered that family solidarity is an important aspect of Algerian society, which still constitutes a certain haven for senior citizens. Nonetheless, the authorities will have to take the situation of senior citizens in hand as a matter of priority as new factors have arisen, such as demographic ageing, changes of equilibrium between generations, and the weakening, in certain cases, of family solidarity owing to the disintegration of the extended family and uprooting of many homes in the last decade. These factors are exacerbated by the social impact of the structural adjustment of the economy, which has affected and impoverished thousands of families. According to a WHO report, the average life expectancy of Algerians will be 75.5 years for men and 77.1 years for women by 2009–2010. It should increase even further to 79.4 years for men and 81.4 years for women by 2029–2030.¹⁷

iii. Recommendations

384. Responsibility for the protection of rights rests with both the government and civil society.
1. The APR Panel would like to recommend that the Algerian government:

¹⁶ See www.fahm.asso.dz/dossier3.htm.

¹⁷ See www.actudz.com/article0263.html.

- Develop a judicial and institutional framework for regulating problems with refugees and other population groups without legal papers, particularly nationals from countries bordering Algeria in the South.
 - Revise texts that determine the framework according to which contests, examinations and professional tests are organised to gain access to bodies of the Administration of Culture, in particular for recruiting conservation and assessment officers for the Ahaggar National Park, and institute dispensatory measures for recruiting Tuareg guides.
 - Provide disabled people with the means enabling them to lead lives as normally as possible through measures relating specifically to the accessibility of their environment, accommodation, education and training, as well as professional integration.
 - Guarantee decent living conditions to disabled persons whose reduced intellectual or physical capabilities limit their independence, and favour their support within the family environment.
 - Reinforce health structures in the area of diagnosis and early detection of diseases likely to bring about a disability, accompanied by more medical examinations in the antenatal phase.
 - Strengthen community life and energise associations working to promote and protect disabled persons.
 - Accelerate implementation of the national strategy for the protection of the aged, as well as the introduction of a legal system that would ensure that both the paternal and maternal grandparents receive the real benefit of the maintenance allowance; reinforce family solidarity and the support of these persons within the home; and improve institutional aid in their favour and provide indispensable health protection.
 - Set up mobile, multi-disciplinary teams in all the wilayas to ensure that medical allowances are paid to senior citizens at home.
 - Improve the quality of infrastructure and services rendered at safety centres for the aged.
 - Support the social and medical supervision of the aged.
2. It is recommended that civil society associations and associations in the private sector:
- Devise and implement programmes to generate sources of revenue for disabled persons with a view to ensuring the continuity of the material support furnished by the state.
 - Take advantage of the abilities of aged persons by encouraging them to become involved in community activities and volunteer work.
 - Develop local crafts relating to their protection and strengthen the ability of the family environment to offer the best conditions of care.

CHAPTER FOUR

4. ECONOMIC GOVERNANCE AND MANAGEMENT

4.1 Introduction: challenges for economic governance and management

385. In the early years of its independence, Algeria embarked on a major socio-economic development programme to strengthen its political independence through economic autonomy in relation to the former colonial power. Efforts to achieve this mobilised the whole machinery of the state and had a profound effect on the country's economic sectors and all levels of society. Modernising production infrastructures by heavy state intervention from a large public sector and mobilising revenues from hydrocarbon exports were considered to be the ideal mechanism for breaking the vicious cycle of dependence and poverty.
386. To place current reforms and efforts to improve economic governance in their historical perspective, it is necessary to provide a brief overview of Algeria's recent economic history. Three major phases in Algeria's modern economic development can be observed. The first phase, which started in the initial years of independence and continued until the mid-1980s, was the phase of rapid and planned industrialisation. The second phase started towards the end of the 1980s and was a period of severe economic crisis that led to the reform of the government sector and the implementation of the structural adjustment programmes. The third phase, starting in the mid-1990s and characterised by resurgence in economic growth, was affected by chronic political instability and the fight against terrorism. Finally, at the turn of the century, consolidation of this renewal of economic growth represented a new chapter in the history of the country's economic development. It benefited from political stability, the decline in terrorism, a policy of national reconciliation and, more particularly, from the increase in world prices of oil, which constitutes the bulk of Algeria's exports.
387. During the first phase of Algeria's socio-economic development, the country opted to develop its economy through a centralised, socialist-planned policy, which favoured heavy industrialisation as a means to diversify and transform the economic infrastructure, increase productivity and reduce dependence on foreign markets. The state played a key role in this development strategy through public investments and public enterprises, and by mobilising export revenues. The state implemented a consistent strategy of nationalisation of its strategic sectors, in particular, the mining, banking and petroleum sectors. It also launched a planning process based on a three-year pre-plan (1967–1969) and used it as the main instrument for planning and allocating resources.

388. This first development period had certain positive results. The investment rate was 45.8 per cent during the period 1968–1980, far more than the average rate for intermediate countries that fluctuated around 26 per cent. Furthermore, the growth rate was relatively high throughout this period, fluctuating around 6 per cent. It is also to be noted that there was an important economic shift, which saw a contraction of the agricultural sector’s contribution to the gross domestic product (GDP) and a net increase of the industrial sector.
389. As from the 1980s, this first phase already started showing signs of slowing down and Algeria was plunged into serious economic crisis by 1986. Among the many causes were external factors such as the indebtedness crisis that was compounded by the fall in oil prices after the second oil crisis. Other factors also played a role, such as inefficient public enterprises, the agricultural crisis and growing food dependency, rapid deterioration of public finances, heavy public debt and the explosion of external debts.
390. The crisis in the 1980s led to a new phase in Algeria’s economic development, with the introduction in 1989, 1991 and 1994 of economic stabilisation programmes supported by the International Monetary Fund (IMF), which enabled the rescheduling of external debts. However, the reforms introduced within these structural adjustment programmes also had negative effects on the economy. Growth receded to an average annual rate of 0.5 per cent between 1987 and 1994. Per capita income fell by 2.5 per cent over the same period. Inflation rose to an annual average of 19.6 per cent during this period due to the liberalisation of prices and devaluation of the dinar. This period was also marked by a sharp rise in unemployment as a result of slow economic activities and the restructuring of public enterprises. Unemployment rates climbed from 17 to 25 per cent between 1986 and 1994, peaking at 28 per cent in 1995. This deterioration of the economic situation contributed to the political instability and civil unrests of 1989.
391. The third phase of the country’s economic development started in the mid-1990s and was marked by a distinct improvement in the economic situation. First of all, the economy experienced a clear acceleration in economic growth, which settled at an average of 3.1 per cent between 1995 and 2000. Then there was an improvement in per capita income, which increased at an annual average of 0.9 per cent. The growth rate of inflation slowed down to settle at an annual average of 6 per cent per annum for the same period. Although the restructuring of enterprises continued, the unemployment rate stabilised after an increase in state capital expenditure and public investments. As a result, following the difficult economic crises of the 1980s and early 1990s, Algeria found itself once again on the path towards growth and development, notwithstanding the inherent security and political instability during that time.
392. This growth has been consolidated over the last decade. The growth rate was relatively high at an annual average of 4.9 per cent between 2000 and 2004. Per capita income maintained its upward trend with an average of 3.3 per cent during the same period. Inflation remained low despite a 5.2 per cent increase

in salaries. Also, unemployment dropped significantly from 29 per cent at the end of the 1990s to 17.7 per cent in 2004.

393. The consolidation of growth after 2000 benefited from the economic revival programme that mobilised almost US\$7 billion in public investments between 2000 and 2004. These investments went to key sectors such as agriculture, hydraulic engineering, transport, infrastructure, local development, human resources development and training, and the improvement of living conditions. The oil sector also contributed to growth consolidation but its growth rate of 3.5 per cent fell below the average rate of 4.9 per cent. Other sectors, such as agriculture, public works, civil engineering and the services industry, contributed to the growth and job creation. Growth recorded in the third stage of 1995–2000 was reinforced during the fourth stage of 2000–2004. In fact, the turn of the century saw a consolidation of growth essentially as a result of increased public investments, given the higher international oil prices that represented the bulk of Algeria's export earnings.
394. These phases in Algeria's economic history show a strong correlation between economic performance and trends in international oil prices. Although it is not the sole factor contributing to the country's economic growth, increases in oil prices have always had a positive effect on the recent economy. This influence operates through its direct impact on the GDP, also through state revenues and direct contribution to economic revival programmes and public investments.
395. Apart from these historical and current economic development stages, it is possible to analyse the recent economic development history of Algeria as one long process of transition starting in the mid-1980s and leading to a more decentralised economy open to the outside world. In fact, the crisis of the 1980s and the constraints and inherited rigidity of the centralised economy were at the origin of a vast reform programme started by the political powers to reduce the sluggishness and obstacles created by the centralised system and improve the efficiency of economic development. These reforms affected a large number of sectors, including public enterprises; many of which had been privatised. The reforms also aimed to reduce the role of the state and central planning in favour of market forces in respect of resource allocation. It also affected the banking sector as a result of opening up financial markets and mechanisms for fixing interest rates. It should be noted that the most important liberalisation was achieved in foreign trade by liberalising imports and diversifying exports. Finally, the private sector benefited from new laws and regulations aimed at encouraging investments and growth in this sector.
396. The study of economic governance in Algeria is in that general context of transition in the economy experienced since the mid-1980s. As such, improved governance should encourage the transition towards enhanced economic decentralisation, competition and openness to external markets. Thus, for some years, a stable macro-economic framework conducive to growth has been put in place. The government has also been paying much more attention to sectors hitherto marginalised, such as agriculture. Also to be noted are the reinforcement of, and better mechanisms for formulating budgetary policy and

improved transparency. The decentralisation of the budgetary exercise and the increase in transparency is noteworthy. Furthermore, efforts to decentralise the budgetary process have accompanied the opening up of the political arena and democratisation of the country. The efforts to stamp out corruption should also be mentioned. All in all, Algeria has strengthened its openness towards the region and the world.

397. At this point, we need to identify areas of economic governance that would contribute to the enhancement and success of this transition towards economic decentralisation and competition. In this perspective, the transition requires appropriate responses to certain major challenges, which include:

(i) Establishing a stable macro-economic framework:

- extending the growth base and increasing its sustainability in the context of single petroleum production;
- controlling inflation in the context of price liberalisation and a surplus of foreign exchange reserves; and improving personal income without causing inflation or living in fear of a fall in oil prices;
- improving the balance of payments in substance by diversifying exports, which today have been more or less reduced to a monopoly; and avoiding dependency on imported food; and
- ensuring healthy financing of industry from banks without having management strings attached and with an element of calculated risk within a stable economy.

(ii) Public finance:

- ensuring that public expenditure is as autonomous as possible by depending less and less on income from the oil industry, while respecting national and local priorities, transparency and fairness between socio-professional categories and local communities within the context of reform of the tax system.

(iii) Implementation of sectoral policies:

- organising the transition from state hand-outs to a country in which corporate and social entities face their responsibilities together;
- diversifying economic activities in industry, agriculture, tourism, new technologies, and so on; and
- increasing employment within these sectors, and especially reduce the number of unemployed youth.

(iv) Corruption:

- organising effective systems for credible dissuasion, taking sanctions against acts of corruption and money laundering.

(v) Joining the world economy:

- successfully opening up this transitional economy so that it becomes an integral part of markets of the Maghreb sub-region, Africa and the Euro-Med region within the framework of its agreement with the EU.

4.2 Ratification and implementation of standards and codes

Table 1: Standards and codes for economic governance

Standards and Codes	Signed	Ratified	Acceded
Constitutive Act of the African Union (2000)	June 2000	12 May 2001	
NEPAD Strategic Framework Document (2001)	2001	2001	2001
Code of Good Practices on Fiscal and Budgetary Transparency	FSAP	FSAP	2003/FSAP
Guidelines for Public Debt Management	August 2000/ FSAP	FSAP	August 2003/ FSAP
International Accounting and Auditing Standards	III		
Code of Good Practices in Money and Finance Transparency	FSAP	FSAP	FSAP
Core Principles for Payments and Settlement Systems	FSAP	FSAP	2006/FSAP
Core Principles for Effective Banking Supervision	FSAP/ROSC	FSAP/ROSC	FSAP/ROSC
Basic Supervisory and Regulatory Principles in Insurance			1993 / 1996 COSOB / 2003 Central Securities Depository
African Union Convention on Preventing and Combating Corruption	17 December 2003	???	Act 06-01 of 20 February 2006
United Nations Convention on Corruption	31 October 2003	19 April 2004	Act 06-01 of 20 February 2006
UMA Marrakech Treaty	17 February 1989	2 May 1989	
Euro-Med Treaty with the EU		December 2001	Completion 2017
Abuja Treaty on the Creation of the African Economic Community	1991	18 June 1995	

FSAP : Finance Sector Assessment Programme under World Bank and IMF collaboration

ROSC : Report on the Observance of Standards and Codes

i. Summary of the CSAR

398. The CSAR does not go into details on the issue of standards and codes, as required by the APRM questionnaire. It merely mentions that the African standards and codes have all been ratified and that Algeria has accepted the international standards and codes because it has endorsed the principles of NEPAD and the APRM.
399. **Code of Good Practices in Fiscal and Budgetary Transparency.** The CSAR mentions that the authorities have taken steps to achieve a much higher level of compliance with the Code of Good Practices in Fiscal and Budgetary Transparency. There has been improvements in the legal and institutional framework. Monetary policy itself is defined by Ordinance 03-11 of 26 August 2003 on money and credit.
400. **Public debt and sustainability.** The CSAR mentions that guiding principles were adopted in August 2000 during the FSAP. The Act of 1990, Ordinance of 2001 and the Ordinance of 26 August 2003 on money and credit created a legal framework for supervising the external debt strategy and the policy for foreign exchange reserves. Algeria actively manages its debt.
401. **Accounting and auditing standards.** See Chapter Five on corporate governance in this report.
402. **Core principles for payment settlement systems.** The CSAR indicates that core principles for payment settlement systems has been implemented in phases. The first phase of the reform of payment and settlement systems has been operational since 2006. The second phase on mass payments is under way. The remote interbank clearing system, ATCI, was launched on 15 May 2006.
- Core principles for effective banking supervision: See Chapter Five on corporate governance in this report.
 - Core principles for securities and insurance supervision and regulations: See Chapter Five on corporate governance in this report.
403. **African Union Convention on Preventing and Combating Corruption.** The CSAR mentions that the authorities ratified the African Union Convention on Preventing and Combating Corruption signed on 17 December 2003. Algeria also signed the UN Convention on Corruption and set up a legal, institutional and strategic framework.
404. **Regional integration.** The CSAR indicates that Algeria has been a member of the Arab Maghreb Union (UMA) since 17 February 1989, having also ratified the Marrakech Treaty of 2 May 1989. Algeria has ratified 29 of the 37 UMA instruments. The Association Agreement with the European Union (EU) took effect on 1 September 2005. Algeria ratified the Abuja Treaty on the Creation of the African Economic Community on 18 June 1995.

405. International Conventions on Copyright, Intellectual Property Rights and Industrial Property Rights: See Chapter Five on corporate governance in this report.

ii. Findings of the CRM

406. The various joint IMF/World Bank missions have conducted assessments in Algeria on most standards and codes under the Finance Sector Assessment Programme (FSAP). The CSAR should, as far as possible, have indicated the level of conformity of each section or principle of the standards and codes. As far as the other standards and codes are concerned, the information provided is generally descriptive.
407. **Code of Good Practices on Fiscal and Budgetary Transparency.** The FSAP of the IMF/World Bank recognises a series of internationally acceptable standards on transparency policy laid down by the IMF. These standards can be divided into three groups: (i) *Transparency of data*: The IMF Special Data Dissemination Standards (SDDS) and General Data Dissemination System (GDDS). (ii) *Budgetary transparency*: The IMF Code of Good Practices on Transparency in Public Finances. To this end, the Algerian authorities have accelerated the modernisation of budgetary processes under the aegis of the FSAP. A plan of action was introduced to implement the recommendations of the Report on the Observance of Standards and Codes (ROSC) in public finances. (iii) *Transparency of monetary and financial policies*: The IMF Code of Good Practices on Transparency in Monetary and Financial Policies.
408. The Ordinance of 26 August 2003 on money and credit and the Ordinance of 2001 were described by the IMF team as being possibly detrimental to the autonomy of the Central Bank of Algeria from an operational and financial standpoint. Algeria has also not yet completely subscribed to the IMF/World Bank SDDS and GDDS. In collaboration with the Ministry of Finance, the National Bureau of Statistics and the Central Bank of Algeria, the authorities have prepared a detailed response stating their plan to take charge of the ROSC report on the issue. Achieving the objectives will largely depend on the institutions' ability to overcome capacity constraints and accelerate reforms. The CRM noted that there generally seemed to be a need for regular communications in announcing government monetary policies.
409. **Debt management guidelines and sustainability.** All guidelines for public debt management that were introduced by the IMF/World Bank at the request of the International Monetary and Finance Committee (IMFC) are aimed to help countries design reforms to improve the quality of their public debt management and reduce their vulnerability in the face of internal and external financial shocks.
410. With the increase in crude oil prices and the resulting increase in oil export revenue, Algeria has pursued a policy of anticipated debt repayment, thus

consolidating its strategic practice of eradicating foreign debt by significantly reducing its foreign public debt.

411. **Core principles for payment and settlement systems.** These core principles were drawn up by the Committee on Payments and Settlement Systems (CPSS) of the central banks of G10 countries and the Bank for International Settlements based in Basel, Switzerland. There are ten such core principles and four central bank officials are involved in implementing these. The APRM indicated that inter-bank payments usually took a long time and the modernisation of the payment system had not yet been completed.
412. **Core principles for securities and insurance supervision and regulations.** Set out by the International Association of Insurance Supervisors (IAIS), the objectives of these principles are to protect investors, guarantee a fair, equal and transparent market, and reduce systemic risks.
413. To this end, Act 06-04, which modifies Ordinance 95-07 of 25 January 1995, reinforces the guiding principles by setting up a national insurance supervisory committee. This independent body has the necessary means and authority to carry out its mandate pertaining to the management of public funds. The National Insurance Council, which is made up of all stakeholders, plays an advisory role to this body. (This subject is dealt with in more detail in Chapter Five on corporate governance in this report.)
414. **Accounting and auditing standards.** The International Accounting Standards Board (IASB) is the body responsible for developing international accounting and auditing standards. The IASB carried out modifications on standards with an emphasis on fair values in accounting.
415. The CRM noted that internal auditing is not taken very seriously in public enterprises. Standing at only 3 per cent, there is an insignificant number of internal audit committees. This is because of the confusion that exists between the function of internal auditing and internal control, as well as inspection visits. (This is also dealt with in more depth in Chapter Five on corporate governance in this report.)
416. **Core principles for effective banking supervision.** These were drawn up by the Basel Committee for Banking Supervision and define 25 basic principles covering the following areas: preconditions for effective banking supervision; licensing and structure; prudential regulations and requirements; methods for ongoing banking supervision; accounting and disclosure; corrective and remedial powers of supervision, and consolidated and cross-border banking supervision. In Algeria, three institutions are responsible for this important control and supervision exercise: the Central Bank of Algeria, the Banking Commission (presided over by the Governor of the Central Bank of Algeria), and the Money and Credit Council.

**Box 6: Algeria – pioneer of southern solidarity:
the New International Economic Order**

Between 1955 and 1964, 32 countries became independent, particularly in Africa. The liberation of Algeria, acquired at the cost of a colonial war, marks this country as a symbol and standard bearer of other political, economic and sociocultural struggles in Africa and the rest of the world.

It was during the time of the Cold War that the Non-Aligned Movement was formed, with Algeria soon becoming one of its leading members. Still feeling the effects of its political war of liberation, and of its efforts to achieve economic independence, Algeria, then under the leadership of President Houari Boumedienne, convened the 75 heads of state and government of the Non-Aligned Movement at the Conference of Algiers in 1973 where calls were made for a New International Economic Order (NIEO). The Conference called for a programme aimed at reversing the status quo of the domination of the North over the South and for a more equitable world order, a programme aimed especially at reducing inequalities suffered by developing countries in international trade. The NIEO proposed the lowering of protectionist measures against products coming from the South, and for countries of the Third World the right to nationalise their natural resources. The countries of the South wished to control the processes involving the raw materials of which they were the major producers, from the production stage right through to marketing and pricing.

The Algiers meeting, using the fact that Third World countries were now in the majority in the United Nations, forced the convening of an extraordinary meeting of the UN General Assembly in May 1974 to hear the demands of the South. The Algerian president, as a true leader and representative of the Third World, attended a special meeting of the UN General Assembly on raw materials in New York in 1974. As the spokesperson for the Conference of Algiers and standard bearer of the demands of the Non-Aligned Movement, he gave a speech in which he set out an economic doctrine that called, among other things, for the establishment of a more equitable new international economic order that took the interests of the Third World into account. The UN, by consensus, adopted this programme of action on the establishment of a NIEO with the right to nationalise and be compensated for damages suffered under colonisation.

By the end of 1974, the demand for a NIEO was supplemented by the Declaration on the Economic Rights and Duties of States in their Mutual Relations. This declaration affirmed the right to nationalise – which was to translate into the nationalisation of oil wealth – the submission of transnationals to the laws of the host state, regulation of foreign investment, the right to control capital and financial flows, the right to expropriate foreign assets, the right to natural resources and the right to development.

Algeria has therefore played an active role in promoting the NIEO. Current discussions on fair and beneficial globalisation for all and equity in World Trade Organisation (WTO) regulations flow from the spirit of the NIEO of which Algeria remains one of the greatest pioneers. In political terms, the solidarity, initiated by Algeria and shared by countries of the South continues to this day. Thus, in September 2003, 20 countries of the South, headed by the trio of Brazil, India and South Africa, were responsible for the collapse of the WTO Conference in Cancun. Known as the G20, these countries of the South are demanding that subsidisation of farmers in developed countries, as practised by the European Union and the United States, be abolished.

417. The law on money laundering and terrorism financing, and the provisions of the Ordinance of 26 August 2003 on money and credit came to strengthen the legal and regulatory framework of the banking system. Not all core principles of Basel have been fully respected by Algerian authorities. The main obstacle to good banking supervision and control are the banks' delays in submitting information, obvious incapacities and failure to share responsibilities. (See also Chapter Five on corporate governance in this report.)
418. **The African Union Convention on Preventing and Combating Corruption and the UN Convention Against Corruption.** Algeria has strengthened its external control of financial transactions and movements and of international capital and has developed regulations requesting all financial institutions to introduce internal control systems for communicating their information on transactions. For 2006, Transparency International attributed to Algeria a score of 3.1 over 10 for combating corruption. Stakeholders believe that Algeria's commitment to ratifying the conventions against corruption is not being fully applied as per the Act of 20 February 2006.
419. **International Convention for the Protection of Copyright, Intellectual and Industrial Property Rights.** The APRM stated that Algeria was a signatory to international conventions for the protection of copyright and intellectual and industrial property rights. All legislation on property has been aligned with international standards. Literary and artistic property rights are regulated by Ordinance 03-05 of 19 July 2003 on copyright and related rights. (These issues have been treated in more depth in Chapter Five on corporate governance in this report.)

iii. Recommendations

420. The APR Panel would like to recommend the following corrective measures to the competent Algerian authorities:
1. Finalise a detailed assessment, principle by principle or section by section, for each standard and code listed in the APRM Questionnaire. Wherever standards and codes have not been met, a programme of action should be prepared specifying measures to be put in place to fill the gaps observed; and to ratify the required standards and codes as soon as possible.
 2. On transparency in general:
 - Take decisive action as regards implementation of the FSAP mission.
 - Continue developing and modernising the statistics system for the dissemination of prudential data on the finance sector, and for speedy dissemination to the parliament and to the public.
 3. Accelerate the introduction of structural reforms for a market economy by adopting healthy macro-economic policies and increasing diversification of the economy.

4. Strengthen capabilities in respect of effective monitoring of existing measures and laws.
5. Improve the workings of the payment system and sensitise users of the banking system on modern methods of payment based on information and communication technology.

4.3 Assessment of APR objectives

Objective 1: Promotion of macro-economic policies that support sustainable development

i. Summary of the CSAR

421. **Macro-economic context and quality of development.** In the mid-1980s, Algeria found itself in a devastating economic situation with a poor macro-financial equilibrium. Following a substantial increase in oil prices in 1993, the crisis created an untenable external situation that affected the country's ability to honour its debt servicing, which at the time represented 80 per cent of exports. It ended in a series of structural adjustment programmes that were not very effective. However, for the reasons explained above, there was some improvement from 1999 onwards, characterised by:
- sustained economic growth around 5 per cent and then increasing to 6 per cent after 2002;
 - a controlled inflation rate, which was usually below 3 per cent;
 - a spectacular improvement in external trade;
 - a significantly lower and almost eradicated external debt (16.8 per cent of the GDP in 2005, compared with 46 per cent in 2000);
 - a consolidated state budget, based on conservative estimates.
422. However, we have to note the following:
- The fragile nature of this artificial growth, with a dominant sector, public expenditure and lack of diversity (with the oil sector in the forefront) and the importance of public works and engineering; and
 - The launch of multiple-year budgetary programmes: the Economic Revival Programme (2001–2004) and the Growth Consolidation Programme (2005–2009) of US\$ 7.5 million and US\$120 million respectively. Not to mention the new High Plateaux and Southern Regional programmes. These multi-annual programmes, introduced to alleviate poverty and ensure regional equilibrium, have had a positive impact on major works,

- human resources, local development, youth employment (with a target of 1 million jobs between 2000 and 2009), social housing (with a target of 1 million units), the restructuring of public enterprises and the attraction of private national and foreign investors.
423. Once public finances were dealt with, the state privatised a large amount of internal credit – 50 per cent in 2005, as opposed to 29 per cent in 2000.
424. In addition to building the capacity of banks to evaluate risks correctly and the ability of the private sector to design bankable projects, the government intends to focus on two sets of activities: accelerating implementation of the public investment programme and completing structural reforms to solidify a diverse and competitive economy.
425. **Basis for formulating economic forecasts.** The annual finance law offers an opportunity to establish three-year macro-economic forecasts. The external and internal data used for this exercise were the world economy, results of the preceding financial year, forecasts for the current year, projections of crude oil prices, and the exchange rate of the dinar against the dollar. From these data, indicators were identified for economic growth, inflation, foreign trade flow, budget financing, and global equilibrium.
426. With adjustment mechanisms, significant variations were treated using sources of principal information such as the National Bureau of Statistics, the Central Bank of Algeria and Sonatrach. There is concern about reducing discrepancies between forecasts and actual performance, and enlightening businesses on long and short-term issues. With this in mind, a Department of Planning and Forecasts was set up under the National Bureau for Statistics, to address the matter of finding appropriate solutions for recognised shortcomings.
427. **Sectoral and micro-economic policies.** The government has implemented sectoral policies in many areas to promote sustainable development. The CSAR mentions seven key areas as examples. Some of these cut across the various areas (e.g. investments), touch on sectors that traditionally generate growth (e.g. industry) or emerging sectors (e.g. art and crafts, and tourism), critical constraints (e.g. industrial land), small and medium-sized enterprises (SMEs), and areas of significant social impact (e.g. employment).
428. **Investment.** A new Investment Code was adopted in 2001 to improve on that of 1993. In 2006, additional provisions were made to offer financial, fiscal and technical advantages to investors (“one-stop shopping”).
429. The national agency was given the responsibility to support employment of the youth, micro-credit and employment insurance, with provisions for about 15 different special funds for agriculture, fishing and industrial competitiveness. These are being financed by the state budget, but the business community will need to be consulted to obtain an assessment of their physical and financial performance.

430. **Industrial policy.** Algeria has a significant and complex industrial base, but the contribution of this sector shrank to 7 per cent of the GDP with the transition to structural adjustment plans and an open market system. Numerous reforms had no effect. The present approach is to launch a medium-term and long-term industrial strategy that is being finalised following the national conference held on 26–28 February 2007, which was well attended by the private sector. Strategic choices relate to industrial clusters, the corporate economic environment, direct foreign investments, and system updates. The sectors are selected according to criteria drawn from national accounts and priority is given to the following: agriculture and food, fertilisers, mechanics, automobiles, petrochemicals, technology, pharmaceuticals, iron and steel, etc. These chosen sectors are placed in the world economic context and the necessary parallels are drawn to prepare to specialise them for specific niche areas. This is the only way that special overriding advantages can be given to the state.
431. **Access to industrial funds.** Various measures have been taken to remove this obstacle, in particular: revision of management methods for industrial areas, regularisation of the legal regime for landed property, development of services from outside of the industrial zone, etc. An agency for lands was recently created although the implementation decree has not yet been passed. However, the problem of access to land is very real for nationals and foreigners alike and action is awaited from the government and other organisations representing the business community.
432. **Development of SMEs.** SMEs represent a very large portion of the economy and an orientation law was passed in their favour in 2001, offering various promotion mechanisms, assistance and support, such as guarantee funds, capital risk funds, support and mentoring centres, the National Agency and the National Fund. In addition, there are many support and capacity-building programmes in collaboration with the United Nations Industrial Development Organisation (UNIDO), the EU and the UNDP.
433. **Development of the crafts industry.** A programme of action was introduced to reorganise the crafts sector in all its forms (arts, services and production). The sector has generally attracted larger numbers of people, growing by 45, 40 and 25 per cent respectively, as a result of organisational, technical, fiscal and financial incentives.
434. **Employment promotion** (see also Chapter Five on corporate governance in this report). Stimulated by demographic changes and an increase in the demands of women, the demand for employment will undoubtedly increase considerably while the supply of jobs remains dependent on economic growth. With a view to managing this problem, agencies (for employment, youth, micro-credit and social development) were set up and many provisions made to promote part-time and full-time employment and to develop employment insurance: the National Unemployment Insurance Fund (CNAC), occupational rehabilitation and assistance to distressed businesses, and the creation of self-

employment activities for unemployed entrepreneurs aged between 35 and 50 years.

435. As a result, in 2004, 70 500 youths per month were integrated as a part of the Local Salaried Employment Initiative (ESIL) and 61 000 graduates received pre-employment contracts. Furthermore, 180 000 unemployed and 190 000 workers who had been made redundant received benefits from the CNAC.
436. **Tourism development.** This sector represents 2.17 per cent of the global GDP and 1.64 per cent of the non-oil GDP, 34 per cent of value added from services and 87 per cent from the private sector. These past few years, the sector has grown faster than total GDP (8.3 per cent, compared with 5.6 per cent). The government has adopted a development policy for 2015, which will focus on reducing the deficit in housing infrastructure, renovating premises, improving the quality of services, and developing the training system and the promotion and communication programmes.
437. **Mobilising internal resources, training and capital accumulation.** National savings are quite high in Algeria and have been above 50 per cent since 2002 (53.2 per cent of the GDP in 2005). Private savings came to only 15 per cent of the GDP in 2004 (out of a total savings of 57.9 per cent). Public savings are clearly dominant and come from oil earnings. The surplus was deposited with the FRR (DA2831 billion, equivalent to US\$40 billion, at the end of December 2006) and went towards financing capital debt repayment and treasury deficits.
438. **Gross investments remained stable at 22.1 per cent in 2005.** Stimulated by tax incentives, private savings gradually came on board and helped develop a debenture market. The financial banking and insurance sector collect these savings but results are not very diversified. Bank liquidity improved due to restructuring of non-productive credits held in public enterprises: the ratio went from 49 per cent in 2000 to 61 per cent in 2004. The dinar was subjected to exchange rate control. The exchange rate is now stable and this has affected the parallel foreign exchange market. It is recommended that the Central Bank of Algeria render the bureaux de change more effective by giving the primary banks the responsibility for managing their foreign exchange portfolios. There should be no difference in foreign exchange transactions, whether one is importing services, invisibles or merchandise.
439. **Vulnerability to internal and external shocks.** The Algerian economy is highly exposed to external shocks, especially the fluctuation of oil prices. The government is quite vocal about its commitment to diversify exports in order to break the numerous dependencies on oil production, income and exports, which came to 53 per cent, 52 per cent and 93 per cent respectively in 2005. The economy is vulnerable to internal shocks, especially climate changes that affect agriculture and the importation of cereals, added value from the primary sector and employment, and so on.

440. Between 2000 and 2005, although exports more than doubled (US\$46 billion compared with US\$21 billion), the same went for imports, which rose from US\$9.35 billion to US\$19.5 billion. Gross reserves reached US\$56 billion, as opposed to US\$11.9 billion for the same period. To encourage diversification, mechanisms were put in place to promote foreign trade: export promotion, insurance, export guarantees and promotion financing (such as prospecting, international transport costs, halving of transit costs land and local railway transportation costs).
441. Likewise, concrete action has been taken to reduce rain-dependent agriculture (dams, boreholes, reservoirs, etc.). The objective of US\$1 billion in exports has been achieved, with a peak of US\$1.1 billion in 2006 versus US\$0.9 billion in 2005.

ii. Findings of the CRM

442. **Macro-economic framework.** Looking at the data, it is clear that the macro-economic framework has been streamlined. The GDP has had an average growth rate of 5 per cent since 2002 (Table 1). It now needs to be consolidated and lifted to a higher bracket (7–8 per cent) with the strong and unavoidable support of the private sector. Algerian per capita GDP went from US\$1800 in 2000 to \$3116.7 in 2005, which represents an increase of 72 per cent. This improvement was not only due to increases in the oil revenue, since the non-oil GDP rose from 1.2 per cent to 4.7 per cent between 2000 and 2005, with peaks of 6 and 6.2 per cent in 2003 and 2004 respectively. Based on the GDP, the non-oil sector has come to predominate over the past few years. The gross accumulation of fixed capital represents about half of all local expenditure, according to a breakdown of GDP items. A recent IMF study (no. 07/61 of February 2007) shows human capital to be the deciding factor in growth between 1981 and 2005, ahead of labour and financial capital. These data lend support to the appropriateness of the government's investment in education, training and health. The public sector plays an exceedingly important role in certain economic activities and, in 2005, accounted for 41 per cent of the GDP, including the oil sector. The public sector thus represents 90 per cent of the assets of financial institutions.
443. Global unemployment halved between 2000 and 2005, falling from 29.5 to 15.3 per cent, and youth unemployment from 48 to 31 per cent. Apparently the unemployment rate dropped to 12.3 per cent in 2006 and is expected to fall below 10 per cent in 2009. The government should therefore give priority to reducing youth unemployment in order to ensure that it is less than 20 per cent by then.
444. A low inflation rate of less than 3 per cent has allowed the prices of goods and services to stabilise and has protected the purchasing power of the poorer strata of society. During field visits, some stakeholders defended the argument in favour of a higher inflation rate. On this subject, the aforementioned IMF study notes that, at the end of a regression exercise carried out in 35 countries,

the group of countries which included Algeria had a slower economic growth rate that dropped further as inflation increased. This point would therefore have to be clarified before relying on strong growth after relaxing inflation control. In any event, the government's efforts in inflation control should be applauded, given the increase in public spending and large financial surpluses due to increased oil prices. This is evidence of conservative and enlightened policies for sterilising foreign exchange surpluses and fixing salaries.

445. Comfortable public finances dampened the effects of takeover mergers to finance the economy, even though qualitative measures are required to reduce dependency on the oil sector (about half of total income). Non-oil income increased by more than 78 per cent between 2000 and 2005, which is a net improvement. Total income on GDP was about 22 per cent, including 11.9 per cent of oil tax earnings, which still represents low tax earnings in relation to the rest of the economy. While total expenditure fell from 29 to 26 per cent for the same period, capital expenditure increased by 140 per cent and operations by 35 per cent.
446. External accounts reached a historic peak (18 per cent of the GDP in 2005), allowing anticipated payment of external debt. Like exports, imports also more or less doubled, whereas foreign exchange reserves increased almost fivefold at US\$56.2 billion, with the average crude oil price increasing from US\$28.6 to US\$54.3. The import-export coverage rate was very high, at 175 per cent in 2004. Heavy industrial and agricultural equipment (40 per cent) and semi-finished goods (20 per cent) represented a high proportion of imports, while food products represented 20 per cent and other consumer goods 15 per cent. Exports were almost exclusively made up of petroleum products (Table 2).
447. Development partners were pleased with the monetary stability of the country, because in an environment where liquid assets predominate, relative stability in the exchange rate would be considered a good thing. By way of example, the monetary situation shows that site deposits almost doubled between 2000 and 2004, while foreign earnings tripled over the same period (Table 3).
448. Financing from the Issuing House to the Public Treasury did a total about-turn, going from DA+677.5 billion to DA-939.3 billion in 2000 and 2005. The hitherto weak public sector currently absorbs more than half the economy's credits, compared with the public enterprise sector.
449. However, in the context of sustainable development, such progress demands a less simplistic solution both for environmental protection and the rational utilisation of natural resources, and for bridging the generational gap and safeguarding the future. In the absence of an effective development model in the CSAR, or any substantiation coming from contacts on the ground, the CRM was not able to establish whether the reference framework for national productivity reflected conditions that favoured improved internal and external competition, substantial diversification of the economy, with increased private local and foreign investment, and employment-generating economic growth, especially for the youth, and so forth.

450. The huge economic programmes launched in 2001 and 2005 aimed to prepare the ground for the country to become one of the newly emerging markets and were instrumental in this transition. The CRM was not able to obtain important information, such as the underlying assumptions and the indicators used as benchmarks for defining the criteria for resource allocation in the various sectors and different expenditures in the case of similar budget lines; concerted requests from social entities and corporate bodies that make up these sectors; the expected impact on local know-how and on productivity and competition; and, in general, the overall coherence of these fund allocations. This approach means one could either qualify or challenge possible criticism of the empirical choices made in the face of the country's countless needs, by a developing country that suddenly finds itself with surplus income, income that is derived from a non-renewable natural resource. Every time it is used, the resource must contribute to creating other resources that can be used to replace it within a timeframe to be determined.

Table 2: Main socio-economic indicators

	2001	2002	2003	2004	2005	2006
GDP growth rate (%)	2.7	4.8	6.9	5.2	5.3	1.8
GDP (US\$ bn)	54.8	55.1	57.1	68.1	85.0	102.2
Per capita GNP (US\$)	1.787	1.819	2.136	2.627	3.097	
Trade balance (US\$ bn)	9.61	6.70	11.11	14.27	26.47	34.3
Current account (US\$ bn)	7.06	4.36	8.81	11.12	21.18	
Total balance of payments (US\$ bn)	6.32	3.65	7.44	9.25	16.95	17.9
Gross reserves (US\$ bn)	18.0	23.1	32.9	43.1	56.2	77.4
Gross reserves minus imports	14.9	17.0	18.1	21.0	25.7	36.7
Outstanding foreign debts (US\$ bn)	22.7	22.6	23.4	21.8	17.2	5.0
Service on foreign debts (US\$ bn)	4.6	4.5	4.7	6.0	6.3	2.7
Outstanding foreign debts/GDP (%)	41.1	39.7	34.3	25.7	16.8	5.0
Outstanding foreign debts/Exports	113.5	113.2	89.7	64.0	35.2	8.7
Service on foreign debts/GDP (%)	22.8	22.6	17.9	13.0	8.4	4.6
Service on foreign debts/Exports (%)	22.8	22.6	17.9	17.6	12.5	
Overall treasury balance (DA bn)	55.2	-16.1	-10.3	-187.3	-472.2	-705.6
Average exchange rate (US\$/DA)	77.2	79.7	77.4	72.1	73.4	72.6
Average exchange rate (Euro/DA)	69.2034	75.3015	87.4291	89.6198	91.3179	91.2
Consumer price index	4.2	1.4	2.6	3.6	1.6	2.2
Unemployment rate (%)	27.3	25.7	23.7	17.7	15.4	12.3

Source: Bureau of National Statistics (ONS) – Delegate for Planning, Ministry of Finance, Central Bank of Algeria.

451. This dimension relates to the efficiency aspect of macro-economic governance from the standpoint of using resources optimally to meet the set objectives: human development, sustainable development, regional equilibrium, bridging the generation gap, and diversifying economic activity. All these concerns should be better integrated into the macro-economic framework for future years to provide the means to raise the growth rate to a higher level.
452. **Bases for macro-economic forecasting.** Generally speaking, no standard model exists for macro-economic predictions. There are, however, a certain number of criteria expected of the system a state uses. Although the system does not need to be sophisticated, there are minimum expectations in respect of relevant sources, exhaustive data and regular updating. In this regard, the CRM agrees with the CSAR analysis, which states that the macro-economic forecasting system suffers from a lack of data from sources other than the budget, thereby rendering the study incomplete.
453. Although these shortcomings are offset by the predominance of the oil sector, it may later have a greater effect on the reliability of forecasts at a time when the country may be less dependent on oil. However, the plan no longer plays its traditional central role, even though there are suggestions that it will be reintroduced with the upcoming preparation of the 2010–2014 development plan.

Table 3: Trade balance (US\$ million)

	2002	2003	2004	2005
Trade balance (1)	6.71	11.11	14.27	26.47
Exports (FOB)	18.71	24.46	32.22	46.33
• Hydrocarbons	18.11	23.99	31.55	45.59
• Other goods	0.60	0.47	0.67	0.74
Imports (FOB)	- 12.01	- 13.35	-17.95	-19.86
Net non-invoiced services (2)	- 1.18	- 1.35	-2.01	-2.27
Credits	1.3	1.57	1.85	2.51
Debits	-2.48	- 2.92	- 3.86	-4.78
Capital earnings (net) (3)	- 2.23	- 2.70	-3.60	-5.08
Interest earned	0.68	0.76	0.99	1.43
Interest paid	-1.31	-1.18	-1.29	-1.03
Net transfers (4)	1.07	1.75	2.46	2.06
Total current account (1)+(2)+(3)+(4)	4.36	8.81	11.12	21.18
Net investments	0.97	0.62	0.62	1.06

Sources: Bank of Algeria, IMF.

Table 4: Balance of payments

	2002	2003	2004	2005
Net mortgage loan trust (MLT) loans (US\$ billion)	-1.32	-1.38	-2.23	-3.05
Mobilisation (US\$ billion)	1.6	1.65	2.12	1.41
Repayments (US\$ billion)	-2.92	-3.03	-4.35	-4.46
Net short-term adjustment earnings (US\$ billion)	-0.36	-0.61	-0.26	-2.24
Balance of payments (US\$ billion)	3.65	7.44	9.25	16.95
Gross reserves (US\$ billions)	23.1	32.9	43.1	56.2
Import per month (US\$ billion)	17.0	18.1	21.0	25.7
Price per barrel (US\$)	25.2	29.0	38.5	54.6

Sources: Bank of Algeria, IMF.

Table 5: Liquidity and near-money (DA billion)

	2001	2002	2003	2004	2005
Liquidity and near-money (M2)	2475.2	2905.8	3357.9	3742.6	4142.4
Cash	1238.5	1416.3	1630.4	2160.6	2417.4
• Credit circulation (non-bank)	577.2	664.7	781.4	874.3	921.0
• Banks	554.9	642.2	718.9	1127.9	1220.4
• Postal system and treasury	106.4	109.4	130.1	158.3	276.1
Near money	1236.7	1489.5	1727.5	1582.0	1724.9
Net foreign investments	1310.7	1755.7	2342.7	3119.2	4179.4
• Central Bank of Algeria	1313.6	1742.7	2325.9	3109.1	4151.5
• Commercial banks	-2.8	13.0	16.7	10.1	27.9
Internal funds	1648.2	1845.4	1803.6	1514.4	833.8
State budget	569.7	578.6	423.4	-20.6	-944.5
• Central Bank of Algeria	-276.3	-304.8	-464.1	-915.8	-1986.5
• Banks	739.6	774.0	757.4	736.9	765.9
• Others (postal system and treasury)	106.4	109.4	130.1	158.3	276.1
Loans to the economy	1078.4	1266.8	1380.2	1535.0	1778.3
Other net items	-448.2	-626.8	-690.2	-796.9	-796.4

Sources: Bank of Algeria, IMF.

454. Outside of the report, information is not readily available and is often published too late, especially data from certain sectors, such as health, and indicators, such as the Gini index, which was last provided in 2005. Also, findings need to be formally reconciled with the Department of Forecasting and documented. Secondly, the informal sector is not adequately observed, which means that assessments are not satisfactory for this large sector of the national economy. Another important factor is the independence and status of the National Bureau of Statistics, a public establishment that has called for a reassessment of the national statistics systems in the light of improved systems being practised in Africa and worldwide. The independence of the Bureau is provided for by law, and price indices are sent simultaneously to the press and to the Ministry of Finance. There are, however, a number of vulnerable areas (traditional bureaucracy, uninspiring salaries leading to massive brain drain, etc.) that might continue to defer the day this important organisation, with its mandate to measure the social and economic development of the country, will attain international standards. Once these deficiencies have been corrected, the national and international private sector will have a tool that provides a credible reading of findings and forecasts of the national and international economy.
455. **Sectoral and micro-economic policies.** A sound macro-economic framework is not enough to create growth and development if dynamic sectoral policies do not support the buoyant areas of the economy, vital functions are not made attractive, limiting factors are not corrected and vulnerable sectors are not reinforced. This type of instrument is meant to strengthen the participation of social and economic stakeholders, after which, through their own initiative, they would take over the creation of income-generating opportunities to the benefit of the entire country, under the regulatory eye of the state.
456. Faced with the need to accelerate growth and advance towards development, one cannot say that the Algerian government has done nothing or little. However, it cannot be said either that the actions taken have to date produced successes warranted by the investments made. Some explanations for these limited achievements, as noted by the CSAR, are specific to each area and others are of a more overarching nature.
457. The CRM noted that there was generally little functional analysis of recurrent weaknesses, constraints, handicaps and difficulties encountered in the various areas of activity, which justified state intervention. State intervention usually takes the almost mechanical form of public response (agencies and funds) to problems that generally required analysis before diagnosis and identifying appropriate action. The CRM also noted that action is not focused on precise objectives and relevant indicators, which would help assess the achievement of expected results and the quantitative and qualitative performance of structures and instruments put in place. Although the report recommends assessment of the use of public funds, it does not indicate the results achieved in the area of investment promotion.

458. The recently defined industrial strategy is intended to respond to the problem of the low rate of utilisation of industrial capital, which was less than 50 per cent in 2004. Furthermore, it would have been useful to understand the thrust of agricultural policy. It is evident that the government heavily supported the revival of this sector, although the strategy for regaining the local market and the solely European foreign market is not clear. The same questions could be asked about the advocated development of tourism, especially in respect of neighbouring Maghreb and North African countries.
459. Employment promotion was well documented and fully discussed. The figures produced are indicative of a strong political will. Upon examining them in relation to the active target population, however, it would seem that the results need to be evaluated with a view to redefining strategies.
460. Generally the state lacks experience in diversification and liberalisation and should use outside expertise to address these new challenges. As it has begun to do with industry, it should also engage in dialogue with national economic operators in other sectors of the national economy, such as agriculture, tourism, new high value-added technologies, etc. Finally, the state should find ways to formulate a long-term global and consensual vision for Algeria, which would inform sectoral strategies in the light of liberalisation and privatisation, diversification and reduction of heavy dependency on oil revenues.
461. **Mobilisation of internal resources and accumulation of capital.** At the micro-financial level, the CRM encourages Algeria to continue to pursue its prudent management of surplus oil resources through the FRR mechanism. Success in this area is the result of Algeria's careful budgetary policy, which has kept the budget deficit to a minimum, even though the latter could have been financed internally. Under these conditions of surplus structural liquidity, accumulated as a result of a number of positive economic cycles, the risks are ongoing and the authorities have to continue to protect the economy against them. They should ensure the stability of the treasury in the face of minor deviations, which can quite rapidly give rise to major deviations; and ensure bank liquidity in the face of the temptation to use easy credit to carry out as many projects as possible. The Bank of Algeria should maintain its current rigorous position, which is the reason for the low inflation rate, while also exploring the possibility of managing public savings. This will promote productive investment and the creation of more jobs in the private sector.
462. The financial market is still weak and not well developed. Privatisation is slow, especially that of state banks, which nonetheless adopt fairly cautious policies to ensure the success of sensitive operations. Management of the exchange rate is still too centralised and falls outside the flexible control of primary banks.
463. **Susceptibility to shocks.** A performing economy cannot afford to be managed in a way that does not take into account possible disruptions that could cause it to deviate from its path. Good governance means that a country has to make

provision for such internal and external shocks, and for mechanisms that will detect, absorb and avert them, as well as for appropriate responses.

464. The CRM has already welcomed the progress made towards reducing the country's dependence on oil receipts. It has noted Algeria's moderate success in dealing with climatic contingencies, which enabled it to increase exports and reduce food imports. Apart from red meat imports, it is important to reduce imports in wheat, fruit and vegetables, which are higher than national production despite significant investment, both in upstream (management of water) and downstream investment (commercial urbanism and franchises). The authorities rely heavily on private operators to meet the challenge of increasing national food production, but change is slow despite the range of different facilities and financing. The country should also exploit the products specific to it in the agricultural sphere in order to strengthen the bases of this sector.
465. In contrast, action that focuses purely on exports has not yet produced real results. Such action needs to be supported by mechanisms that start by looking at the entire production chain from the production site to the export site. Obviously, such mechanisms need to be examined in close cooperation with the private sector players who are the intended beneficiaries of such action, as increasing exports does not necessarily mean targeting production surpluses. What is needed is for the effectiveness of all public expenditure to be assessed on the basis of effective return for the national economy. In the final analysis, the country should attempt to derive as much advantage as it can from its unusual agricultural products and so strengthen the bases of this sector.

iii. Recommendations

466. The APR Panel would like to recommend the following measures:
1. In the area of macro-economic governance
(Attention: the government; Bank of Algeria; public and private sector)
 - Identify and lift constraints on the extension of its bases and the expansion of economic growth, and to mobilise the competencies and resources to achieve this.
 - Initiate studies on competitiveness in stimulating private investment and exports in order to identify foreign markets that need to be conquered and Algeria's comparative advantages in relation to its competitors.
 - Evaluate the liberalisation of the Algerian economy, which has been under way for some time now, and reflect on the role of the political classes and civil society in building lasting social consensus.
 - Evaluate major works and their impact in terms of promoting the know-how of local companies vis-à-vis successful foreign companies.

2. In the area of forecasts and statistics
(Attention: the government)
 - Reform the statistical system, its bodies and mechanisms for promoting independence, financial autonomy and transparency in establishing statistics that are compatible with the new dispensation of economic liberalisation.
3. In the area of sectoral and micro-economic policies
(Attention: the government; public and private sector)
 - Through national conferences, pursue and carry to term the project initiated with industry and implement the associated reforms: legal framework, business environment, reform of economic administration, improvement in judicial procedures, access to credit, etc.
 - Evaluate the sectoral policies adopted in the light of the resources employed and the formulae used, on the one hand, and the results achieved, on the other hand; and, within the framework of diagnostic and strategic studies, identify accurate indicators and provide the means for measuring and monitoring these regularly.
 - Develop participative approaches that would allow private economic operators to be closely involved in any assessment exercise and in any updating or definition of sectoral policy.
 - Give preference to externalisation and practical application when it comes to sectoral training, promotion, capacity-building and financing.
4. In the area of national savings
(Attention: the government, Bank of Algeria, public and private banks)
 - Continue to maintain prudent policy with regard to the management of national savings, especially public savings arising from oil surpluses. Any substantial change should only be effected on the basis of serious studies carried out in conjunction with national partners in the context of strong social consensus.
 - Develop the bond market to promote and indemnify the mobilisation of private savings through the most appropriate formulae.
 - Modernise exchange control management by broadening the economic freedom of portfolio offices and services of primary banks, with strict controls being carried out a posteriori.
5. In the area of exposure to shocks
(Attention: the government, public and private sector)
 - Encourage the private sector to become involved in stimulating agriculture and promoting exports.
 - Develop and establish an export culture throughout the country.

- Develop a green corridor that continues to be protected by the harvesting of agricultural products upon being placed in c.i.f., after containerisation and Customs.
- Study the feasibility of labelling dates, wine and sheep.

Objective 2: Implementation of sound, transparent and predictable government economic policies

i. Summary of the CSAR

467. Transparency and effectiveness of the administration of budgetary authorities and the parliament. The CSAR indicates that, given its powers, the Ministry of Finance is the backbone of the following:
- preparation of the Budget: the macro-economic framework, budgetary balances and financing, pre-arbitrage with spending ministries;
 - presentation of the Budget: presentation report covering the framework elements, budget on resources and expenditure, legislative provisions;
 - adoption of the Budget by the General Assembly in committee and then in plenary, with public debate; then by the National Council, in the same format.
468. In principle, the Organic Law provides that the Regulation Act of year N-2 must accompany the submission of a draft bill of finance of year N. This provision is not applied.
469. In the interests of transparency, current budgetary reforms recommend that budgetary information be available in real time. In addition, other reforms are aimed at making the state budget cover more than one year; that is, in future N+2 years. These reforms intend for the budget to be more transparent, expenditure to be tied to pre-established indicators and accompanied by more detailed explanatory annexes.
470. In the arena of public administration, a new statute is in the process of being implemented. This represents a break with tradition, which was previously based on universal, socialist employment legislation. This new statute calls on each ministry to adopt a human resource management plan and a training plan stretching over a number of years. A General Commissariat for Planning and Forecasts has been created to provide the basis for a medium-term and long-term economic, spatial and social vision. Public accounts will be reformed to align them with this budgetary reform, changing from cash-based accounting to accruals-based accounting.

471. **Envisaged economic policies.** The Algerian government's programmes derive their frame of reference from the keynote speeches made by the head of government before the Popular National Assembly and the Senate, which then debate them. These programmes are decided in consultation with the National Economic and Social Council (CNES), employers' and labour organisations and, in the case of major reforms, with the different social bodies concerned.
472. In order to promote social peace and lay the foundations for a medium-term development plan, the government and its social partners signed a national social and economic pact. Workshops and seminars were organised to discuss major economic and social dossiers.
473. **Coordination of the ministries.** According to the size of the project, the execution of public investment programmes may fall either under the authority of the central ministries or under local communities. Generally, ministerial departments are allocated national projects and local community projects, without this being allowed to affect the coherence of national development policy adversely. The initial decision for the allocation is made by the Ministry of Finance, other ministries and the wilayas. The final decision on this rests with the Cabinet.
474. In terms of execution, the following observations can be made with regard to the challenges faced:
- a deficit both in terms of delays in implementing projects, with recurring delays being recorded, and in terms of their maturation; and
 - weakness both in terms of implementation capacities, which are not always compatible with the size of the projects, and in terms of the rate of credit consumption, which is deemed to be low.
475. In order to discourage repeated re-evaluation, a source of additional costs, the government has recently adopted a measure that places a ceiling of 10 per cent on these, except for waiver on its part.

ii. Findings of the CRM

476. **The public and administrative authorities.** The CSAR focuses almost exclusively on the budget. The need here is to promote transparency on the part of the administration of the parliament and the budgetary authorities. The judicial authorities could be added to this list. In Algeria, more than elsewhere, the three-year budget is awaited with considerable anticipation, as it is seen to represent a significant advance and one that should be encouraged. The same can be said of anchoring public expenditure on indicators.
477. The three-year budget represents both a considerable and a welcome advance. Similarly, a national public accounting plan, aligned with the budgetary nomenclature, is also a significant step forward. All that is required is for these reforms to be implemented urgently, but without undue haste. In this regard,

the reform of the public office is to be encouraged, as it supports policy and public service assessment in terms of return and impact. It should therefore be applied with particular assiduity to the training and development of public officials.

478. The authorities should consider implementing the principles of transparency in economic disputes, so as to ensure that the country has appropriate regulations in place, produces careful legal decisions, and allows complainants to exercise their rights through operational means of execution.
479. **Predictability.** The question of the predictability of economic policies is closely linked to the transparency of economic information, but also to the participation and cooperation of economic and social stakeholders in public policies. It relates to different aspects of process, content and interpretation.
480. It is, first of all, a matter of achieving a normalised (and, therefore, exempt from improvisation) and participatory process, aimed at setting out the agreed stages for the preparation, elaboration and adoption of economic and social policies governing the life of the country. It is then a matter of content which, once agreed upon and approved by decision of the authority of the state, must, as far as possible, respect the need for regulatory stability, which does not allow for derogation, even in terms of form. It is also a matter of direction, which allows the itinerary of subsequent changes to be assessed in a way that does not disrupt the partners of the state.
481. For the rest, the CSAR responds partially to the concerns about predictability. Indeed, meetings with economic and social operators in Algiers and in other major cities support the idea that economic and social policies would benefit from being conducted in a more cooperative manner in terms of their initial definition and their development – at least if the many requests for explanation about certain actions are anything to go by.
482. In assessing this, the CRM welcomes the remarkable progress represented by the social and economic pact, which is a guarantor of social cohesion and coherence of objectives. It noted the resumption of activities and numerous achievements of the CNES.
483. **Coordination of action.** If it is not possible to speak of decentralisation, given the paucity of information on major projects at local level, it is nonetheless possible to speak about effective deconcentration under the aegis of the Wali. The challenges referred to above relate to an insufficient capacity to plan, carry out works and execute the budget, all of which are accentuated by the unusually large number and size of the projects that are under way. If capacity building is successful, the competencies acquired may result in reasonable credit consumption rates and implementation deadlines.

Good Practice 5: The National Economic and Social Pact

The National Economic and Social Pact (PNES) is an important agreement that was signed on 30 September 2006. It has a renewable duration of four years and remains open to other economic and social partners. It engages all stakeholders of economic, social and cultural development in Algeria: public authorities, workers through the General Union of Algerian Workers (UGTA), and employers.

The overall objective of the Pact is primarily to ensure the contribution of each party, as far as each is concerned, and to create a peaceful and stable social climate for achieving the main objectives, which can be summarised as follows:

- confirm and improve the economic and social results recorded over the last seven years with a view to promoting sustainable development;
- promote implementation of the policy on intensive investments, especially in support infrastructures to the economy (e.g. transport and electricity);
- prepare in anticipation of the post-oil phase;
- promote the development of a modern agriculture;
- improve the competitiveness of companies;
- maintain a high annual economic growth rate;
- reduce the level of unemployment to 10 per cent by 2010;
- pursue the reform of institutions of control and protection of public goods; and
- improve the purchasing power of the population.

To achieve these goals, each party to the Pact commits itself to maintaining partnership and dialogue. The Pact is supported by an implementation and evaluation mechanism functioning on the basis of tripartite periodic meetings bringing together the government and employers' associations that are signatories to the Pact and the UGTA. An annual report is drawn up by the follow-up tripartite national committee established to this end. In the same manner, modalities for salary negotiations are specified for both the private and public sector.

It should be noted that the Pact is a significant breakthrough in constructing national cohesion and harmony, in ensuring social peace around the same social ideals built by common consent and, especially, in the social joint responsibility among the three socio-economic development actors. It constitutes a privileged space for dialogue likely to anticipate or manage social conflicts, particularly in labour circles, which undoubtedly confers on this instrument the label of a tool of good governance.

484. The CRM did not observe any major problems of coordination between the different departments, or any lack of predictability and transparency in their relations. During its sessions in the wilayas, it did note considerable division of opinion about the availability of information on project implementation, often among citizens and sometimes among elected local members. Action needs to be taken in this regard.

iii. Recommendations

485. The APR Panel recommends the following measures:

(Attention: the government)

1. Carry the reform of public functions to term by evaluating public agents and services.
2. Finalise reforms related to the modernisation of public finances (the three-year budget, budget objectives with indicators, the new accruals-based State Accounting Plan) and ensure that they are assimilated by the staff responsible for executing the budget.
3. Activate the General Commissariat on Planning and Forecasts so that public policy can be evaluated and a shared vision on Algeria's sustainable development, in the medium and the long term, can evolve.

(Attention: the government; private sector)

4. Ensure that economic operators in the private sector take responsibility for requirements associated with predictable economic policies.
5. Organise discussions with employers' organisations to study ways and means of entrenching predictable economic and social policies, ensuring a common understanding of the policies in force, and defining procedures for the adoption and review of public policies.

(Attention: the government; civil society organisations)

6. Improve information systems dealing with the identification, planning and implementation of local projects between central and local authorities, and those between them and the people.

<p>Objective 3: Promotion of sound public finance management</p>

i. Summary of the CSAR

486. As far as public finances are concerned, the CSAR deals with the budgetary modernisation project and its pilot project, which involves the ministries of Health, National Education and Public Works. Budgetary reform has two major objectives:
 - public expenditure planning over a number of years; and
 - results-based public expenditure.
487. The first objective will enable the government to ensure greater control over expenditure, and project managers to be more visible. The second objective will improve the efficacy of expenditure by presenting a results-based rather

than a resource-based budget, and through the prior identification of success indicators that will allow performance to be measured.

488. The CSAR mentions that budgetary performance is already satisfactory, as the implementation rate is over 100 per cent for receipts and, on average, 80 per cent for current expenditure. The parliament also exercises rigorous control over the state budget. In 2003 and 2004, it introduced over 100 amendments to government financial laws. This notwithstanding, the time allocated to parliamentarians in the two chambers for assessing and approving projects and budgets will be extended to three months, as required by good practice on budgetary transparency of the Organisation for Economic Cooperation and Development (OECD). This will give parliamentarians more time to examine financial laws, introduce amendments and approve legislative texts.
489. The CSAR refers to the Algerian government's commitment to the fiscal decentralisation process and mentions two instruments that allow the financing of local communities: the tax regime and transfers resulting from the tax equalisation system. With regard to the former, taxes are recovered by the local branches of the National Revenue Service. However, local communities do not receive all the taxes and duties deducted and collected within their territories. Only a portion of these taxes, such as the Tax on Professional Activity, accrues to them exclusively. Similarly, only a portion of the other taxes and duties are paid to them. Local communities are also financed by transfers derived from a tax equalisation system, with the aim of achieving equitable distribution of resources among local communities.
490. At institutional level, the CSAR indicates that, subsequent to its restructuring in 1991, the fiscal administration devolved significant responsibilities to regional managements and the wilaya tax departments, on which the receipts in the communes were dependent. The CSAR emphasises that local finances will be reformed within the context of new laws on communes and wilayas, which are in the process of being prepared. The gradual establishment of tax centres for SMEs and for the liberal professions is anticipated. Provision is also being made for the establishment of neighbourhood centres for small-scale taxpayers who pay a fixed tax rate, and for special inspection in respect of local tax, property, real estate, agriculture, etc. Finally, this tax reform should prevent tax evasion, which continues to be relatively high, especially because of the large size of the informal economy.

ii. Findings of the CRM

491. In the CSAR, the sections on the healthy management of public finances and on tax decentralisation are incomplete. There is no presentation of government policy in these two areas, or of the results achieved to date, to illustrate and respond to questions that have been raised.
492. The section on the healthy management of public finances is restricted to a very summary presentation of the budgetary modernisation project, and a table

is presented without commentary. The project to modernise the budget is without doubt a major initiative of the government to improve public finance management. One would nonetheless have wished for greater detail on the progress achieved in implementing the reform project, which goes back as far as 2002, as well as on the current budgetary system. It would have been more advisable to indicate those elements which, to date, characterise the healthy management of public finances in Algeria. Certain responses are described in the section of the report on macro-economic policies (question 2, objective 2). It would, however, have been useful to respond to each question in respect of all the elements related thereto.

493. The legal and institutional frameworks for fiscal decentralisation, as well as the constraints on, and successes of their implementation are not analysed. As the constraints and inadequacies of fiscal decentralisation are not analysed, it is not possible to assess whether the basis of the current reform is appropriate. Furthermore, the aspects of management efficacy, budgetary transparency, participation by citizens, mechanisms for cooperation between the public authorities and civil society, control and responsibility in the management of public finances – which are all essential elements in the modernisation of the budget, both at the central and local level – are not discussed.
494. Difficulties in the medium-term implementation of the budgetary framework are not discussed, even though these are well known within the public administration arena. At the time of the CRM, stakeholders emphasised the slow implementation of training programmes necessary for implementing reforms. They also referred to the resistance of certain officials to the reform project, the lack of clear information on its objectives and methods of implementation, as well as the need for an ambitious awareness programme for staff to facilitate the changes in attitude that are indispensable to the success of such reform.
495. It also emerged from interviews with stakeholders that Algeria has recorded exceptional budgetary results over the past few years, and has adopted important initiatives for reducing the impact of oil price fluctuations on the budget and on the size of its foreign debt. The CRM noted that, despite these encouraging initiatives, Algeria continues to be vulnerable to external shocks (oil, in particular) and has certain weaknesses when it comes to mechanisms that guarantee transparency, civic participation, and control and responsibility in the management of public finances. In addition, the CRM noted the vast budgetary modernisation programme and, in particular, the adoption of results-based budgeting, as well as the reform of the local tax regime. All these efforts should allow sectoral strategies to be rehabilitated, improved coherence between sectoral strategies and the budget to be achieved, and the financial autonomy of local communities to be consolidated. The CRM therefore encourages the government to accelerate the institutional reforms that are indispensable to the success of its efforts to liberalise the Algerian economy.
496. In this regard, the CRM noted the exceptional budget results, which confirm the progress made in economic governance. The surge in the oil price has

increased the state's revenue considerably, and has resulted in a remarkable improvement in public finances. The global balance of the treasury achieved an average surplus of over 9 per cent of the GDP between 2002 and 2005, having been more or less in equilibrium in 2002. Oil receipts have contributed strongly to the recovery of Algeria's position externally. The current account surplus has increased, exceeding 18 per cent of the GDP, which has allowed for additional accumulation of foreign exchange reserves. These latter reached US\$80 billion in 2006, the equivalent of imports over a period of four years. This is a new record, to be compared with the US\$10 billion of revenue in 2000 (imports over 4.6 months). Today, it is estimated that these reserves will amount to US\$100 billion in 2007/2008, if the oil price continues to rise.

497. The budget's strong performance has not only enabled Algeria to reconstitute its foreign exchange reserves, but has also translated into a greater availability of resources for implementing public investment programmes for sustaining growth. The first programme in support of growth was implemented in 2001–2004, and a Growth Consolidation Programme in 2005–2009, representing an amount of close to US\$165 billion. Although these initiatives have had a significant impact on the primary deficit, excluding hydrocarbons, which rose from 15 per cent of the GDP in 2002 to 31.5 per cent in 2005, the increase in the oil price has made it possible to consolidate the global budgetary balance, whose surplus doubled in 2005 to settle at 12.6 per cent of the GDP.
498. In addition, stimulated by the public investment programmes implemented by the government over the same period, the annual growth in the GDP exceeded 5 per cent on average in 2002–2005; the real per capita GDP increased by 4 per cent per annum on average, and unemployment dropped from 23.7 to 15.3 per cent. Additional revenue from hydrocarbons, combined with active debt management, translated into a strong reduction of public debt in relation to GDP. Thus, in net terms, the ratio of public debt to GDP went from 47.1 per cent in 2002 to 25.9 per cent in 2005 and 22.2 per cent in 2006. The ratio of international reserves in relation to foreign debt went from 1 per cent in 2002 to 3.5 per cent in 2005. The Algerian authorities achieved this performance through implementing prudent policies at the monetary and budgetary levels.
499. Courageous measures to improve public finances were employed. First, at the monetary level, the measures the Central Bank adopted to deal with the rapid expansion of liquidity in the banking sector allowed it to absorb most of the excess bank liquidity. The slowdown in inflation was accompanied by a drop in key interest rates, which caused inflation to drop to 1.6 per cent in 2005, compared with 30 per cent in 1995. At the same time, the Bank's management of the exchange rate allowed the effective real exchange rate to stabilise and the currency to align gradually with its rate on the unofficial market. This excellent policy has allowed the Algerian economy to reduce its vulnerability and establish conditions favourable to an upswing in growth.
500. At the budgetary level, the Algerian authorities have strengthened the budget structure by (1) restructuring the fiscal regime aimed at gradually reducing the dependence of the economy on receipts coming from hydrocarbons, and (2) by

redirecting public expenditure to those sectors whose development favours economic growth, such as infrastructure, education and health. At the same time, the government has better targeted the beneficiaries of social protection programmes so as to protect disadvantaged groups.

Table 6: The operations of the Stabilisation Fund (FRR)

Oil Stabilisation Fund (in DA million)							
	2000	2001	2002	2003	2004	2005	2006*
Resources							
-0 Remainder as at 31/12/	0	232 137	171 534	27 978	320 892	721 688	1 842 686
-1 Surplus value on oil taxation	453 237	123 864	26 504	448 914	623 499	1 368 836	964 466
-2 Bank of Algeria advance	0	0	0	0	0	0	0
Allocations							
-3 Repayment of debt principal	221 100	184 467	170 060	156 000	165 559	247 838	101 453
-4 Anticipated repayment of foreign debt**	0	0	0	0	57 144	0**	0**
-5 Remainder as at 21/12	232 137	171 534	27 978	320 892	721 688	1 842 686	2 705 699
-6 Financing of treasury deficit							
(*) At end August 2006.							
(**) The anticipated repayment of foreign debt, in 2005 and 2006, was made with advances from the Bank of Algeria.							

Source: Financial Act of 2007.

501. Several measures have been put in place to improve public finances in Algeria, such as establishing a Financial Act based on US\$19 per barrel; maintaining macro-economic stability by simultaneously increasing investment and the reduction of salaries as part of state expenditure; anticipated repayment of public foreign debt; implementing an effective fiscal decentralisation system; introducing medium-term budget planning, as well as adopting a results-based budget system. The CSAR fully describes the medium-term, results-based planning and budget management, but without providing the results thereof. The CRM therefore concentrates here on the first four points.
502. Nearly 70 per cent of the state's budgetary receipts are derived from taxation of oil. In order to stabilise the receipts and reduce the country's vulnerability to oil shocks, the Algerian government has, since 2000, for reasons of prudence, based its Financial Acts on a price of US\$19 per barrel. Thus, any surplus resulting from oil taxation receipts that are higher than those estimated by the Financial Act increases the FRR. Table 6 above was taken from the 2007 Financial Act and clearly illustrates the resources and expenditure achieved on the basis of the FRR. The CRM therefore wishes to congratulate

the Algerian authorities on the high level of transparency they demonstrate in the management of this Fund.

503. As can be seen from reading this document, the FFR was credited with an amount of DA4009.32 billion between the time of its establishment in 2000 and end August 2006. The Fund's reserves have been generated exclusively by the annual oil taxation surpluses. They have been used in part to repay the principal of the public debt and to finance the deficit of the Treasury in accordance with Article 25 of the Complementary Finance Act of 2006. The remainder of the Fund is invested with the Central Bank. The creation of this Fund has no doubt allowed the weighting of hydrocarbons in the budget to be reduced and public savings to be substantially increased. The government has increased its efforts to mobilise internal resources through improved efficiency in the collection of receipts other than hydrocarbons. The tax regime has been simplified, the tax base broadened and fiscal administration strengthened, especially through the creation of a Department of Major Enterprises, and the creation of neighbourhood centres for tax collection.
504. The second prudent measure to be adopted by the state relates to the judicious allocation of public resources. The Algerian authorities have also seized the opportunity of higher international hydrocarbon prices to accelerate the rate of budgetary consolidation by containing current expenditure and using a portion of the resources available to increase expenditure on equipment.
505. At the same time, the government increased the investment portion in the state budget. The budgetary room for manoeuvre created by hydrocarbon receipts has been used to increase public investment. Since 2000, the state has made significant efforts to allocate a substantial proportion of its receipts to the development of social infrastructure (housing, education, health, transport, water), which is also of greater benefit to women and the disadvantaged. Close to 40 per cent of public expenditure is allocated to the development of socio-educational infrastructure (housing, education, health, regional development), 40 per cent is allocated to basic infrastructure (transport, public works, water and sanitation) and close to 10 per cent to agriculture. At the same time, the share of salaries in public expenditure has decreased, from around 9 per cent of the GDP in 1997, to less than 6 per cent in 2006.
506. This has allowed maintenance of macro-economic stability and the adoption of a salary policy that the economy is in a position to support in the long term. Therefore, to safeguard the competitiveness of the Algerian economy during this phase of opening up to external markets, the authorities have decided to restrict any increase in real salaries to the real GDP growth rate, excluding hydrocarbons.
507. The state has shown proof of efficient management by accelerating the rate at which the budget is implemented. As is indicated in the CSAR, the budget implementation rate is exceptionally high, at an average of 100 per cent in respect of receipts and over 80 per cent in respect of expenditure, which is quite remarkable. Together with its performance in budgetary management, it

should also be noted that the government has taken steps to pay a significant proportion of its foreign debt in advance, in particular debt carrying an interest rate that is higher than the rates offered by American treasury bonds. The latter represent Algeria's traditional investment market for the foreign assets derived from hydrocarbon receipts.

Good Practice 6: The Stabilisation Fund

In order to attenuate the effects of external shocks on budgetary policy, a Fund for the Regulation of Receipts (Oil Stabilisation Fund – FRR) was instituted within the framework of the 2000 Supplementary Finance Act. This Fund was built up from receipts derived from additional oil taxation received as a result of the difference between the oil reference price and the average effective price of that year. The reference price for oil, on the basis of which oil receipts in the state budget are calculated, was fixed for the previous three years at US\$19 per barrel, whereas the international market price was on average US\$54. The difference was deposited into the FRR.

The FRR has made it possible to save a major proportion of the additional revenue generated through the increased price of hydrocarbons, and especially to control public expenditure in periods when receipts were exceptionally high.

Since its establishment, and by end August 2006, the Fund had been credited with an amount of DA4009.32 billion. These resources were generated exclusively by the annual surplus values of oil taxation. Debits during that period, in the form of repayment of Algeria's public debt principal (including the anticipated payment of foreign debt in 2004), amounted to DA1303.62 billion, which represents a deduction rate of 32.5 per cent.

The CRM welcomes, in particular, the transparent manner in which Algerian authorities have managed this Fund. The status of available funds, as well as expenditure by the FRR, is regularly published in the Financial Acts and posted on the Ministry of Finance's website.

508. The CRM noted that Algeria has managed to anticipate the repayment of all of its rescheduled debt with countries such as Poland (US\$11.18 million), Saudi Arabia, Tunisia, India, Slovenia and Portugal, which are not members of the Paris Club. In respect of the latter, Algeria has concluded the process of anticipated repayment with an amount of US\$7.75 billion. It had also repaid, in advance, its rescheduled debt with the London Club (private credits) by September 2006, in the amount of US\$800 million. By 2004, the country had also repaid, in advance, all its credits from multilateral financial institutions (World Bank and African Development Bank), for a total amount of US\$3.107 billion. If the cancellation of Algeria's debt with Russia, estimated close to US\$4.737 billion, is added to all these agreements, Algeria will have made anticipated repayments on external debt of over US\$16 billion between 2004 and 2006.
509. As regards the remainder of the external debts contracted by enterprises under Algerian law, it is envisaged that the Algerian banks will purchase these debts. Algeria's external debt today represents less than 4 per cent of the GDP and 12

per cent of the receipts from exports. Between 1985 and 2000, the country will have paid some US\$117.9 billion by way of anticipated repayment of foreign debt, of which close to US\$84 billion was paid on the principal and US\$34 billion on the interest. The reduction of the balance of foreign debt should enable Algeria to improve its rating and thus prepare for its entry into the international capital market under favourable conditions.

Table 7: Financial operations of the state (% of GDP)

	1997	2002	2003	2004	2005 ^e	2006 ^f	2007 ^f
Total receipts (with donations)	33.3	35.3	38.3	35.8	41.0	40.8	39.3
Fiscal receipts	10.9	10.2	9.5	8.8	8.5	8.6	8.9
Oil receipts or donations	22.4	25.1	28.7	27.0	32.5	32.2	30.4
Total expenditure	31.0	35.1	33.3	30.7	27.3	26.6	27.1
Current expenditure	23.8	24.4	22.2	19.1	16.4	15.9	15.9
Excluding interest	19.8	21.4	19.9	17.4	15.3	15.0	15.1
Salaries		8.8	7.6	7.2	7.3	6.3	6.1
Interest payments	3.9	3.0	2.2	1.8	1.1	0.9	0.9
Capital expenditure	7.3	10.0	10.5	11.4	10.9	10.7	11.1
Primary balance	6.3	3.3	7.2	6.9	14.8	15.1	13.1
Global balance	2.4	0.2	5.0	5.1	13.7	14.2	12.2

e – estimate f – forecast

Sources: IMF data, AfBD figures.

510. Despite these exceptional results, the CRM noted that the country remains vulnerable to oil shocks, because of both the dependence of its economy on hydrocarbons and of weaknesses in transparency, accountability and control mechanisms in the management of public finances.
511. The CRM noted that the government had implemented a vast decentralisation and devolution programme that has allowed local communities to improve substantially the standard of living of their inhabitants. A legal framework was created in the form of the Communal Code and the Code on the Wilayas. This framework sets out the powers of the communes and the types of tax and non-tax revenue to which local communities can lay claim. A Common Fund for Communities has also been established to finance local communities. It plays a central role in the redistribution of resources between the communes and the wilayas.
512. Even so, the economy remains vulnerable to external shocks. As indicated, the hydrocarbons industry is the growth engine of the Algerian economy. It represents 70 per cent of public revenue, 45 per cent of the GDP, 97 per cent of export earnings and more than 30 per cent of the growth recorded each year.

The dominance of the hydrocarbons industry has profoundly influenced the structure and management of the economy. It has weakened incentives to adopt an active policy for diversifying the economy, and to promote the production of exchangeable goods and services outside the hydrocarbons sector. It has also caused imbalances in the tax system by encouraging the authorities to neglect other sources of revenue, both at a local and a central level. The budget's dependence on revenue from hydrocarbons has contributed to a gradual increase in government spending and a propensity towards deficits. As can be seen in Table 8, the primary budgetary deficit and overall cash balance have deteriorated substantially since 2002. The structure of the budgetary revenue reveals the vulnerability of public funds to potential external shocks.

Table 8: Structure of budgetary revenue

	2002		2003		2004		2005		2006	
	Value*	Structure								
Production planning approach										
Oil taxation	916.40	58.51	836.06	56.67	862.20	56.43	924.30	57.38	1004.80	57.90
Ordinary taxation	481.06	30.72	494.38	33.51	532.30	34.84	571.93	35.51	614.99	35.44
Other revenue	168.72	10.77	145	9.83	133.50	8.74	114.50	7.11	115.50	6.66
Total	1566.18	100	1475.44	100	1528.00	100	1610.73	100	1735.29	100

Source: Finance Acts; * in billions of dinars; total tax revenue structure in percentages.

513. It is evident from the table that ordinary taxation remains weak despite the government's efforts. The CRM noted that the weakness of internal taxation is due in part to poor development of the private sector. This is a major concern, in that a strategic drop in the oil price (below US\$8, as in the 1990s) could weaken the Algerian economy.
514. Oil is a non-renewable resource and the IMF has forecast that between now and 2050, these resources will be completely depleted. Moreover, if one takes into account a drop in the global demand for hydrocarbons, which could result from the implementation of measures to cope with climate change, it is clear that Algeria must adopt an active policy to diversify its economy as a matter of urgency. Recent national workshops organised by the Ministry of Industry and Participation within the framework of formulating an industrial strategy are a step in the right direction. Nevertheless, it would be useful not to limit such a strategy to industrial production, and simultaneously to initiate a process for defining a strategy to develop services and agriculture. To that end, it would be advisable to accelerate reforms to remove structural constraints that limit the competitiveness of Algerian businesses (see Chapter Five on the private sector in this report).

515. Returns on foreign assets remain limited. The CRM also noted that Algeria could obtain better returns on its foreign assets, generated by the revenue from hydrocarbons, if it equipped itself with the necessary financial engineering. State revenue is invested solely with the American Treasury (by purchasing treasury bonds), although better returns could currently be obtained from the financial markets. The CRM strongly recommends that Algeria investigate the possibility of creating an independent investment company to manage the state's foreign assets. This company could be similar to the Government of Singapore Investment Corporation, set up by the government of Singapore. This initiative would have a triple objective: (1) It would enable the country to obtain better returns on its foreign assets on international financial markets. (2) From a macro-economic point of view, the CRM noted that, despite a tightening of monetary policy, the liquidity ratio (M2/GDP) had increased to almost 55 per cent in 2005, confirming the low level of development of the financial system. The creation of this investment company should enable the severance of the relationship of cause and effect between monetary growth and the increase of foreign reserves, a relationship that explains the over-liquidity of Algerian banks today. (3) Management of Algeria's foreign assets by an independent investment company should help reduce political pressure on the government and the risk of excessive spending of its foreign reserves.
516. The CRM observed that transparency, responsibility and control in respect of the budget should be improved significantly to guarantee that Algeria's public funds are managed in a truly sound and effective manner. In this regard, the CRM wishes first to salute the efforts of the government for making public the resources and assets of the revenue regulatory fund, or FRR. However, despite these efforts, the CRM noted that Algeria does not conform fully to the internationally recognised code of good practice on budgetary transparency. Firstly, this is because there is no Act on the right to information, which would oblige the state to disseminate detailed information on the budget and to assure the accessibility of this information to all its citizens. Consequently, it is difficult for Algerian citizens to know what is spent, for example, on their clinics or schools. Budgetary information that does exist is mostly reserved for administrative executives. Neither the audit reports for plans and programmes financed by the government, both centrally and locally, nor the report by the Auditor-General's Office, are made available to the public. The stakeholders indicated to the CRM that financial information exists, but its current format (operating expenses, capital and revenue expenditure) does not facilitate an assessment of the performance of programmes put in place by the government. The recent adoption by the government of a new budgetary list should help resolve this problem.
517. Of the seven key budgetary documents, Algeria publishes two: the preliminary budget document, which is discussed in the parliament, and the executive draft budget, which is widely disseminated and the subject of much debate in the press and the parliament. However, the year-end reports and the audit reports prepared by the Auditor-General's Office are not made available to the public. Stakeholders also lamented the fact that the National Bureau of Statistics does

not always provide the public with the social, economic and financial figures it has on record.

518. Moreover, the available documents do not explain how the planned expenses in the commune, wilaya or state budgets will assist in achieving the political objectives of these parties. Most budgetary documents do not disclose the value of tax exemptions, amounts and destination of transfers and allocations to other levels of government, loan plans, overdue payments or loan guarantees. The central and local governments of the wilayas and communes do not divulge figures on their financial and non-financial assets, information on their current performance, or the risks of future financial commitments of their retirement or social security systems.
519. The CRM notes that the lack of detailed information on the budget does not encourage sound management of public funds, in that it limits considerably citizens' involvement in the decision-making process. This consequently limits the responsibility of the state towards its citizens.
520. At the level of participation, the CRM noted that civil society in Algeria is hardly, if at all, involved in the budgetary process (formulation, execution and control of the budget). There are no debates between the executive and civil society at the time when the budget is being prepared. Associations for women and the youth have commented negatively on the absence of a mechanism that would enable them to voice their opinions on the state's budgetary choices and priorities. Consultation organised by the government during the preparation of the budget is limited primarily to government structures and to representatives of the Popular National, Wilaya and Communal Assemblies. Members of the parliament have also indicated that they do not have sufficient time in which to consult with the private sector and civil society.
521. Stakeholders referred to the absence of a mechanism that would enable them to discuss their priorities with their representatives. Certain representatives indicated that they too lacked the technical means to understand all aspects of the budget and, for this reason, wished to benefit from a levelling programme or from specific training in this area.
522. That said, the government has set up the CNES, one of whose tasks is to promote social dialogue. The functions of the Council are to ensure discussion between the various socio-economic partners and the pursuit of consensus in the formulation of general interest proposals; to study questions of national interest relating to economic and social development; and to provide the public authorities with its opinions and recommendations. It comprises 180 members and is constituted on a par with representatives from government services, as well as representatives from the private sector and from socio-professional organisations and associations.
523. The CNES organises debates and provides its opinion and recommendations on the budget. Its sessions are open to the public. Members of the government or its representatives, and members of legislative institutions have access to

the documents of the plenary session. However, the CRM also observed that the Council, which has never been commandeered by the government, lacks the material and human resources to fulfil its task effectively despite the committed dynamism of its chairman. Furthermore, the organisation of budget consultations within the Council cannot replace the direct involvement of the citizens in the budgetary process.

524. However, the most pressing issue Algeria is facing with regard to managing its public funds is the weakness of its budgetary supervisory institutions. The country has several institutions for implementing the administrative, financial, legislative and policy controls required by international good practice. Policy control is effected by the parliament; administrative and financial control are the responsibility of the Ministry of Finance and the technical ministries (the General Tax Inspectorate and Financial Controller in each ministry, wilaya or commune); and judicial control is carried out by the Auditor-General's Office. The CRM states that, despite the efforts made by each of these institutions to fulfil their role, they still face major difficulties that limit their efficacy.
525. The Auditor-General's Office is the highest source of control where the state's accounts are concerned. Established in 1976, its role has been ratified in the Constitutions of 1989 and 1996. As far as the Constitution is concerned, the Office is independent of the legislative authority, but is considered to be in a position of equality. The Presiding Judge of the Auditor-General's Office is appointed and dismissed by the President of the Republic. It draws up its own budget and determines the levels of staff members and their salaries in close cooperation with the President.
526. The function of the Auditor-General's Office is to exercise complete control over the public funds allocated to all the public services of the state, local administrative bodies and public utilities. As such, it controls the efficacy, efficiency, performance and quality of management in public corporations. It is responsible for monitoring the accounts kept by the public accountants and computer systems. Part of its mandate is to control the use of state subsidies allocated to public utilities and public and private bodies. In addition to its a posteriori functions of control, it may exercise a priori legal control over the expenses and activities of public servants. Its rulings form the subject of judgments assigned to the Ministry of Finance. When these rulings involve criminal actions, they are also assigned to the law.
527. The CRM believes that, in practice, the control exercised by the Auditor-General's Office could be improved. Out of 12 000 public accounts it has to examine, the Office manages to audit only 600, or 5 per cent of the total. The CRM was unable to obtain from the executive of the Auditor-General's Office the amount of the budgetary total that these 600 accounts represent. Moreover, the Department does not publish its annual report regularly, although the Constitution obliges it to submit such reports to the President of the Republic and to the parliament. The CRM was unable to obtain a single report published by the Auditor-General's Office for the past ten years. The parliamentary finances committee indicated to the CRM that it also had not received a report

from this institution over this period. The Auditor-General's Office is not entirely independent, as its presiding judge is appointed and may be dismissed by the President of the Republic without the prior agreement of the parliament. Its public servants (magistrates) nevertheless enjoy a particular status, the privilege of permanence, which accords them a certain degree of breathing space in their working capacity, as well as salaries that are slightly more attractive than those offered elsewhere in the public service.

528. The Auditor-General's Office lacks the technical frameworks and modern material resources needed to carry out its tasks. It should be redeployed at a local level, but lacks the human resources to ensure effective control of the finances of local administrative bodies. A recent positive initiative undertaken by the Auditor-General's Office to reinforce the control of public funds has been the creation of a chamber of budgetary discipline and a communal courts chamber. These initiatives, however, should be accompanied by adequate human resources.
529. It is also necessary to increase the speed at which public accounts are audited. In the past, the Auditor-General's Office audited an average of 30 accounts per year. Since 1995, this figure has increased to 600 public accounts, which is insufficient considering that a total of 12 000 accounts have to be audited. Emphasis should also be placed on communal accounts. In 1995, the auditing cycle of one commune was 30 years; currently, it is between 3 and 5 years. The Auditor-General's Office should be provided with the appropriate number of staff members to perform this task.
530. The CRM noted that the Auditor-General's Office has a budget well adapted to its activity schedule. Its operating budget is close to the equivalent of US\$4.5 million and its capital budget would be in the region of DA8 million. However, the Department sorely lacks the human resources necessary to fulfil its role effectively. Its personnel profile is no longer appropriate and should be completely revised. It needs a body of auditors for the national and territorial chambers, as well as an appropriate statutory system. It has no procedure for determining the remuneration of its experts, for example.
531. The standards of control used should also be updated. Although they adhere in many respects to the international standards, these standards date back to the Ordinance of 1995. Furthermore, the efficacy of control is somewhat reduced by the instability of control in the agencies the Office has to audit, as well as by the absence of accurate information in certain sectors.
532. The Auditor-General's Office is not involved in controlling government contracts that arise from the national Committee for Government Contracts. This reveals a failing in its current assignments. The absence of a system of coordination between this institution and the state's other administrative and financial organs of control, such as the General Tax Inspectorate and the Committee for Government Contracts, limits the efficacy of its interventions.

533. The parliament is, in theory, the central disciplinary organ of the state and the external audit organ for managing public funds. In this capacity it is authorised to carry out three types of audits:
- a preliminary audit to ensure that budget allocations indeed correspond to the primary objectives of public action;
 - an audit in the course of the execution of the budget to verify that it is in fact implemented by the executive; and
 - an a posteriori audit to analyse the reports of the Auditor-General's Office, which evaluates the efficacy of, and the results obtained by, government services.
534. In practice the actual role of the parliament in budgetary control depends on several factors, which do not always fall within its competence. These factors include resources placed at the disposal of the parliament; rules that govern relations between the legislative and executive authorities; technical expertise of the members of parliament; and their will to exercise their budgetary powers effectively and judiciously. Finally, the political will of the executive authority in allowing the parliament to exercise its role is as essential.
535. The CRM noted that, in Algeria, the parliament enjoys control prerogatives assigned to it as much by the Constitution (sections 98 to 137) as by law, and that it exercises its authority through direct means of control such as hearings, written and oral questions posed to members of the government, government interpellations, general policy declarations and commissions of enquiry.
536. The parliament has the authority to control the implementation of the budget through the government's duty to give account to each parliamentary chamber of the use of the budgetary credits that it had passed for each budgetary year. (The budgetary year is closed by a vote from each chamber.) The parliament controls the execution of budgets by passing a law on budgetary regulations for the year in question. Moreover, the National People's Assembly is, in principle, the recipient of the annual report from the Auditor-General's Office, which is submitted for examination by the Chairman of the Assembly to the Finance and Budget Committee.
537. From discussions held with stakeholders, it emerged that the parliament did not have sufficient means to fulfil its role. Certain representatives mentioned the lack of material resources, such as the absence of a modern library, which could assist members in gathering information properly. Others referred to the absence of premises for the exchanging of information and ideas with other stakeholders. Some underlined the problem of the training of members, which could assist them in participating more fully in the budgetary process and, particularly, in its control.
538. The Budget Review Act on which this control is based is slightly obsolete, given that it was formulated in 1984 during the single-party era. It therefore does not contain all the provisions necessary to facilitate actual control by the

parliament over the executive. In fact, the political reality in the country, in particular the absolute majority attained by the ruling party, does not facilitate the effective control of the parliament over the executive. The majority party is obliged to support the government even if it has reservations about certain essential questions. The National Liberation Front (FLN) is represented by 202 members out of a total of 389 members of parliament. The FLN's Secretary-General is also the head of government, which places severe restrictions on the parliament's ability to exercise its role of control over the executive.

539. Consequently, the parliament and its Finance and Budget Committee have never lodged an official complaint about not having received a report from the Auditor-General's Office over the past ten years. The stakeholders indicated that reports on the execution of the budget, as well as mid-term reports, are not presented in the parliament by the Finance Minister either. The parliament receives financial statements but not a detailed report on the state of execution of programmes, their physical implementation and results achieved by the budget. Stakeholders also indicated that the parliament does not receive the assessment reports of programmes listed in the budget. However, it does obtain some information from committee debates and from the written and oral questions put to ministers and the head of government.
540. The parliament also does not have sufficient time to examine the budget. The National Assembly has 47 days and the Senate 28 days, which amounts to a total of 75 days in which to examine the budget. Both the members themselves and certain government representatives feel that this time is insufficient for enabling the members of parliament to meet with all the relevant parties from the administration, private sector and civil society to scrutinise the budget. The code of good practice relating to budgetary transparency, as prescribed by the OECD, stipulates that a parliament should be given at least three months in which to examine the budget. Both the Popular Assemblies of the Wilayas and of the Communes have also been subjected to these insufficiencies. The CSAR notes with satisfaction that plans to modernise the budget intend to resolve this particular problem.
541. Capacity constraints on the economic and financial administrative services are compromising the efficacy of economic and financial control. These services, particularly the General Tax Inspectorate, Tax Division, Division of Customs, and the National Committee on Government Contracts, are not all equipped with the modern resources needed to fulfil their respective roles. Stakeholders referred to reticence on the part of the administration, as well as the problem of implementation. Delays in implementing institutional reforms announced in 2002 by the head of state encourage corruption and limit the capacity of the economic government services (such as the General Inspectorate of Finances, Customs, the Tax Division and the national treasury) to control public funds.
542. The CRM states that, despite the will of the government to transfer powers to local authorities, decentralisation of the fiscal system is encountering certain obstacles. In this regard, the CRM observed four types of constraints: the tax system, mentalities, institutional resources, and the responsibility of citizens.

543. The tax system constraint drastically limits the means of local administrative bodies and communes, in particular, to function effectively. The CRM noted that most communes show a deficit and only survive by means of transfers made from the Local Administrative Bodies Compensation Fund (FCCL). In some communes the CRM visited, social services such as water and sanitation have been entrusted to the public utilities, one of the reasons being that the current structure of local taxation does not enable communes to raise the resources necessary for them to function. In fact, 93 per cent of the revenue from communes and wilayas is obtained through taxation, but only 7 per cent is generated by revenue from the goods and services they provide. Most taxes collected on behalf of the communes and/or wilayas have been reduced in the past few years, a situation that has adversely affected communes. For example, the tax on professional activity, which is deducted from the turnover of manufacturers, shopkeepers and artisans, was reduced from 2.55 per cent to 2 per cent. This tax represents 90 per cent of the tax revenue of the wilayas and communes.
544. In a similar vein, the standard tax rate that affects the payroll has fallen by 1 per cent, whereas in 2002 it fell by 6 per cent. Furthermore, certain taxes, such as the property tax imposed on constructed and non-constructed property, do not amount to much for various reasons. The rates included in the gas and electricity accounts are paid into a special account and are only enforced in large cities such as Algiers, Oran, Annaba and Constantine, as well as in the administrative centres of communes such as the daïra. Small towns do not, therefore, receive such taxes. In addition, only 20 per cent of the wealth tax collected is paid back to communes. The revenue obtained from car licence discs is also not sufficient to enable communes to repair roads in their urban networks or wilayas to repair the secondary roads, since 80 per cent of this revenue is paid directly to the FCCL and 20 per cent into the state budget.
545. As regards non-tax revenue, the laws and tariffs relating to the management of communal assets, as well as services provided by the communes, are undervalued and do not take into account market realities. There is also a custom of solidarity between the local administrative bodies. More specifically, the FCCL redistributes financial quotas according to criteria that are determined in advance and do not take into account the situation specific to each commune. The advisory board that manages the FCCL does not allow representatives of local administrative bodies in its midst. The CSAR notes that local authorities suffer from an allocation conflict, since mayors and Walis wear “two hats”, representing both the state and the people.
546. The second type of constraint with which the local administrative bodies are confronted relates to the issue of mentalities. In fact, although the communal code authorises mayors to raise certain types of resources, many of them do not make use of this right. Mayors are still unaccustomed to making decisions, promoting their commune and taking initiatives to mobilise resources for their communes. Many mayors have not, for example, used loans and credits, or even parking taxes, to swell their resources, even though they are entitled to do so. Certain stakeholders have attributed this reluctance to the fact that some

local authorities appear to expect everything to come from the state, and in using the allocations provided to them by the law, select those functions or activities that are politically expedient to them.

547. The third type of constraint concerns human and technical resources. The stakeholders indicated that several local administrative bodies, communes in particular, do not have the human resources required to manage local budgets. There appears to be a problem with competency, particularly among those representatives who sit in people's assemblies held on behalf of the communes and wilayas. The CRM met mayors without the level of education or technical expertise necessary to govern a commune effectively, or to provide valid representation for their fellow citizens in a technical committee at the people's assemblies.

Good Practice 7: Procedures for public procurement contracts: recourse

Algeria has shown innovation in introducing the option of appeal to public procurement contracts. Indeed, it is possible for a bidder to lodge an appeal to contest a decision when he/she feels wronged. This is not a matter of a hierarchical appeal to the owner who is awarded the contract in the first place, but a direct appeal to the national contracts committee. This enables the principle of equitable treatment to be upheld, as recognised by the international code of good practice on the drafting of government contracts. The time taken to examine the appeals is also not excessive. In 2005, more than 100 appeals were submitted to the contracts committee and 20 per cent of them had a recovery of judgment, with the decision reversed in their favour. This shows that the system works in Algeria.

548. The responsibility of citizens constitutes the last type of constraint hampering true tax decentralisation. The CRM noted, following discussions with the stakeholders, that a significant portion of the population did not yet show any initiative to participate in the decentralisation process. Thirty years of a centralised economy have created habits among many citizens who still expect everything to come from the state, or who hesitate, for various reasons, to become actively involved in decision-making processes at a local level.
549. These constraints explain, in part, why current efforts by the government have not yet yielded the results expected.

iii. Recommendations

550. On the basis of the above analyses and conclusions, the APR Panel would like to recommend that the authorities take the following actions:

(Attention: the government; the parliament)

1. Modernise the institution of the Auditor-General's Office, giving it a fresh

start as a contemporary body controlling the accounts of the state. To that end, the CRM recommends implementing a restructuring programme for the Office, which includes redefining its purpose and prerogatives, as well as the number of staff members and the profile of its personnel. Such restructuring should also facilitate the creation of real synergistic working relationships with other state agencies of control.

2. Create an institute specific to the national accountants and managers of public funds and projects, in order to facilitate the upgrading and training of managerial staff and the culture of control in the government services.
3. Examine the means of promulgating a new law clarifying the rules for the parliament and the executive on the issue of control.
4. Apply the Law on the implementation of a National Information System to guarantee free and equal access to reliable information on the resources, priorities and activities of the state and local administrative bodies.
5. Consider the possibility of setting up an independent investment company to manage the state's foreign assets.
6. Extend the debate on the tax reform project to the general population, so as not to restrict the debate to the administrative executives of the central administration.
7. Strengthen the expertise of representatives of local administrative bodies – the Popular Assembly of the Communes (APC) and the Popular Assembly of the Wilaya (APW) – and run specific programmes for representatives of the APC and the APW, either for training or for upgrading, within the National School of Administration, as well as for administrative executives of the communes and wilayas.
8. Implement programmes to raise the consciousness of citizens and political parties, encouraging them to assume more responsibility at a local level.

Objective 4: The fight against corruption and money laundering

i. Summary of the CSAR

551. Corruption is one of the main concerns of the state due to its harmful effects on the national economy and on society. It has increased considerably over the last few years under the combined effect of two factors: (1) the effects of the controlled economy, adopted during the first three decades, and (2) the process of liberalising the economy which, in its turn, caused new forms of economic delinquency. The centralised economic regime gave rise to economic and

financial delinquency, characterised in particular by violations with respect to the conclusion of public contracts and the misappropriation of public money. The change in the economic system was exploited during an economic crisis by criminals accustomed to all sorts of illicit trafficking, by investment in vital sectors to extend their criminal activities to economic, financial and banking institutions.

552. In order to fight this scourge, the government took both legal and institutional measures. On a legal level, measures were taken to ratify the principles of international agreements in the fight against corruption and money laundering. Internally, an effort was made to bring national legislation into compliance with international standards. Hence, on an international level, Algeria signed and ratified the following conventions:

- the United Nations Convention for the Suppression of the Financing of Terrorism (1999);
- the Convention against Transnational Organised Crime (2000);
- the African Union Convention on the Prevention and Fight against Corruption (2004); and
- the United Nations Convention on Corruption (2005).

553. Furthermore, Algeria approved the recommendations of the Financial Action Task Force on money laundering and the fight against financing of terrorism.

554. Internally, Algeria has adopted the following measures:

- Adoption of Presidential Decree 2.250 of 24 July 2002 on public contract regulations, which defines the procedures and criteria for the conclusion of public contracts, as well as the role of institutions entrusted with ensuring the rational, efficient and transparent control of public funds mobilised for their financing.
- Implementation of codes of ethics in the tax and customs administrations, which require that senior officials of these administrations declare their assets on their appointment and at the end of their term.
- Promulgation of the framework law on the prevention of, and fight against money laundering and financing of terrorism (Act 05-01 of 6 February 2005, as well as Law 06-01 of 20 February 2006 relating to the prevention and fight against corruption). In addition to complying with international standards, this Act makes it possible to set up a legal detection and prevention unit to fight these forms of crime and protect the national economy and banking and financing systems. It also stipulates that banking or professional secrecy cannot be imposed on any body entrusted with financial information or on any persons subject to the obligation to declare any suspicion, and who are exempt from any administrative, civil or criminal liability if they have acted in good faith. Lastly, this Act stipulates international cooperation between competent national

institutions and bodies of other states that exercise similar duties, as well as judicial cooperation between Algerian and foreign authorities at the time of investigations, legal proceedings and procedures regarding money laundering and the financing of terrorism.

- Lifting of banking secrecy in favour of the unit for processing financial information, which was created in 2002 – Act on Finances of 2003.
- Sentencing for money laundering through amendment of the Criminal Code in 2004.
- Presidential Decree 06-413 of November 2006, which fixes the composition, organisation and functions of the National Organ for the Prevention and Fight against Corruption.
- Executive Decree 06-05 of January 2006, which fixes the form, model and content as well as notice of receipt of suspicion.
- The Regulation 05-05 of 15 December 2005 relating to the prevention of, and fight against money laundering and terrorism financing.

555. On an institutional level, the government has strengthened these structures:

- supervisory bodies that mainly monitor adherence to tender procedures and the choice of co-contractors. These are public contract committees (wilaya, ministerial and national contract committees), but also internal bodies for contracting services, as well as the state financial controller and treasurer;
- a financial information processing unit (in accordance with Decree 02-127 of 7 April 2002), whose duty is to receive, analyse and process suspicious declarations regarding banking and financing transactions suspected of being used for money laundering and the financing of terrorism; and
- the creation of an independent National Organ for the prevention of and fight against corruption, which enjoys financial autonomy and is housed within the Presidency.

556. The CSAR notes the problems encountered in the process of fighting against money laundering, in particular the non-suitability of the ethics code of liberal professions; non-existence of codes for certain professions; delay experienced in the organisational and functional upgrading of the banking and financial system; as well as the question of the informal economy. It concludes that measures are being taken to deal with these problems.

ii. Findings of the CRM

557. The CRM notes that, despite the emphasis the government and the population place on the fight against corruption, the CSAR portrays a lack of quantitative information to measure the extent of the phenomenon. From discussions held during the CRM, it appears that there is no reliable information in Algeria on corruption and money laundering. No doubt this limits the capacity of the

government to implement appropriate measures to fight against this scourge. The only studies available are those of the World Bank and Transparency International, which are carried out on an international level and do not always make it possible to assess special local characteristics.

558. At a domestic level, the CRM noted that the Act of 20 February 2006 on the prevention of, and fight against corruption was effectively promulgated. This law constitutes an important element in the government mechanism, as it is aimed at strengthening measures for preventing and combating corruption; promoting integrity, responsibility and transparency in the management of public and private sectors; and, lastly, supporting international cooperation and technical assistance in order to prevent and fight corruption, including the recovery of assets. The unanimous adoption of the law by the parliament shows that there is national consensus in Algeria to fight against corruption. The law also had a psychological effect on citizens, in that it proved that the government was determined to fight this scourge. The voting in of the law finally encouraged political parties to discuss this issue and the media informed the public of several facts regarding corruption. The CRM took note of the survey carried out by the National Good Governance Committee on the people's perception of the phenomenon of corruption. It does, however, mention that a statistical investigation would be necessary to understand the extent, characteristics and causes of corruption in Algeria better.
559. The CSAR mentions the institutional and legal mechanism implemented by the government, but does not carry out an in-depth analysis on their efficiency. The CRM noted that most of the mechanisms mentioned do not always operate in an appropriate manner. There are constraints both on a legal and an institutional level.
560. At the legal level, it should be noted that the ethics code must not only apply to customs and tax administrations, but to all sectors of the economy. The legal framework described in the CSAR is very incomplete, as it is limited to the public sector and assumes that corruption only exists in public contracts. The CRM noted that the law on the prevention of, and fight against corruption was adopted by the parliament on 20 February 2006, and is aimed at promoting integrity both in the private and public sector.
561. The CRM also noted that, until now, the government has not tabled any implementation law in this regard, which means, in effect, that the law cannot be applied. Extensive delays in the preparation of this implementation Act considerably limit the efforts of the government in the fight against corruption in Algeria. Furthermore, the law does not seem to deal with serious grounds for offence, which encourages corruption in the country. The CRM noted at the end of the interviews with stakeholders that factors contributing to the spread of corruption in Algeria also include: absence of a clear mechanism for separation of powers, which limits, for instance, the capacity of the parliament to exercise the control function in respect of public finances; low salaries of public servants; and the absence of a clear institutional framework on a central and a local level to fight corruption.

562. Lastly, corruption was encouraged because institutions were not prepared for the free market economy. Pure economic income was generated overnight and the tax and customs administrations were not prepared for this. For example, banks were managed by public servants who were used to public operations and greatly lacked the capacity to analyse projects submitted by private parties. Customs was exposed to the same situation. In a regime where the state is the sole importer, the customs officials were administrators and not controllers. With the free market economy, they lacked the technical tools and competence required by the role of controller. It is necessary to make up for this delay by introducing an extensive programme for upgrading state financial and administrative institutions. The period of instability experienced between 1992 and 2000 also had a negative impact, as the administration was paralysed and there were areas where it could not venture. There is clearly a section of the population that takes advantage of this, and a parallel economy was set up in popular areas.
563. The state is now present throughout the country and is encouraged to continue with its efforts to create a coherent legal framework for the fight against corruption, one that engages the population, civil society, media, local authorities and state institutions (economic, legal and financial administrations as well as the parliament) at a central level.
564. It is also necessary to underline the efforts of the government in the fight against fraud and tax evasion. The CRM noted that tax fraud is a major concern of tax administrations and the public treasury, as nearly 33 per cent of companies do not declare their income. The estimated budgetary losses from this add up to almost DA600 billion per annum. To fight this scourge, the government has established a certain number of measures. The additional 2006 Finance Law stipulates several provisions, such as the institutionalisation of documents on tax evaders, an increase in penalties for violation of invoicing rules, and the setting up of a penalty for failure to declare stocks. Furthermore, the government has created a national directorate for large companies to manage their tax regime. It is planned to increase the amount of tax centres, of which 60 will be created by 2009, including 250 local centres to monitor the tax files of private individuals.
565. At the institutional level, the CRM nevertheless noted that although Presidential Decree 06-413 of November 2006 fixes the composition, organisation and functions of the National Organ for the prevention of and fight against corruption, the organ is not yet functional. A unit was created to combat money laundering and terrorism, but not corruption. The CRM also noted the marginalisation of control, characterised by the flagrant inadequacy between the means of control implemented by the government and the controllable mass.
566. State control structures, including the Auditor-General's Office, public tender committees and the General Inspectorate of Finances, must be strengthened, as well as all financial and customs administrations (Tax Directorate). The state's public procurement is on average US\$10 to 12 billion per annum. Of these

resources, 30 per cent (about US\$4 billion per annum) are the subject of contracts that must be reviewed by the National Public Contracts Committee. This represents the directly controllable mass by the Committee. The CRM noted that, in 2005, the Committee granted more than 1200 contracts and it was envisaged that this figure would be around 1500 in 2006. To carry out these duties, the Committee has insufficient staff: 30 people, plus a secretariat of ten persons and ten reporters. Qualifications also pose a problem, as there are no advanced training programmes for senior staff as yet. Stakeholders mentioned that the Committee should be provided with appropriate technical resources, in particular information technology, in order to fulfil its role.

567. The Auditor-General's Office presents the same constraints as those described in the previous section. The lack of means of the controlling bodies limits the government's efforts in the fight against corruption.
568. The control structures, however, are not independent. The National Public Contracts Committee is placed directly under the administrative supervision of the Ministry of Finance and lacks administrative and financial autonomy to perform its role in a credible and efficient manner. Lastly, control structures are also not transparent. The reports compiled by Wilaya committees, the National Public Contracts Committee, the Auditor-General's Office or general finance inspectorates are not made public. Once again, members of the committees are all representatives of the state, and ministers in particular, and do not include members of the public or liberal professions such as lawyers, accountants, representatives of trade unions and employers. Provisions in the new law should involve civil society more in the fight against corruption.

iii. Recommendations

569. Based on the foregoing observations, the CRM puts forward the following recommendations: (Attention: the government)
1. Request an independent enquiry into the phenomenon of corruption to obtain data on its extent and characteristics in Algeria. This should help the government to draw up a coherent policy; to identify key institutions that have to be set up, or strengthened on the local and national level, as well as the most appropriate legal framework to better target actions in the fight against corruption; and to use the results of this enquiry to organise a national debate on corruption.
 2. Strengthen the capacities of the National Organ for the prevention of and fight against corruption, and involve representatives of the state, private sector and civil society in its activities.
 3. Give supervising bodies such as the Auditor-General's Office and the Contracts Committee, real administrative and financial autonomy in order to safeguard their independence.

4. The National Public Procurement Committee should be open to the public, and representatives of civil society should be members of this committee in order to increase the transparency and credibility of controlling bodies. Furthermore, the reports of all the state controlling bodies should be made public.
5. Prepare a new law to regulate the law of finances, which clarifies the rules between the parliament and the executive in the control of public finances.

Objective 5: Acceleration of regional integration by participating in the harmonisation of monetary, trade and investment policy

i. Summary of the CSAR

570. The Algerian regional integration strategy is based on the following three main areas: the Arab Maghreb Union (UMA), the African Union and the European Economic Community, as well as relations with the Euro-Med region.
571. With regard to the UMA, the CSAR states that Algeria has ratified the Treaty of Marrakech by establishing the Arab Maghreb Union by Presidential Decree 089-54 of 2 May 1989. It is in this context that the country has proposed a platform for upgrading UMA institutions in order to speed up the process of integration. Moreover, the ratification of 29 out of 37 instruments set up under the wing of the UMA marks the willingness of the government to implement regional agreements and conventions. The tariff reform aimed at promoting intra-Maghreb exchanges was considered to be an example of good practice.
572. Within the intra-Maghrebi cooperation framework, the CSAR emphasises the introduction of an interconnection and exchange system between the electrical networks of other Maghreb countries, in particular Morocco and Tunisia. With the idea of creating a North African electricity market (including Egypt), it is planned to create a 400/500 KW electrical corridor. It is forecast that, in 2010, other lines will link Algeria, Morocco and Tunisia. The current construction of the East-West highway over more than 1200 km should facilitate inter-Maghrebi transport and the movement of persons and goods on a regional scale. Bilateral cooperation with other UMA countries should develop in several areas of activity, including private sector investments.
573. Even so, the CSAR underlines that regional integration is being affected by various factors, including the non-settlement of the Western Sahara issue and the delay in implementation of certain regional integration instruments, such as the Maghrebi Commercial Bank. This situation is mainly reflected by a lack of intra-Maghrebi exchanges, compared with the high concentration of exchanges with the EU.

574. Furthermore, the CSAR underlines the costs of non-Maghrebi integration for Algerian companies and the economy in terms of loss of export opportunities and segmentation of the national markets with the effect of suspending direct foreign investment.
575. With regard to the African Union and the African Economic Community, the CSAR highlights the ratification by Algeria of the deed of foundation of the African Union (by Presidential Decree 01-129 of 12 May 2001), and the Abuja Treaty on the Creation of the African Economic Community (by Presidential Decree 95-165 of 18 June 1995).
576. The CSAR also emphasises Algerian participation in the implementation of the New Partnership for Africa's Development (NEPAD), in particular in the area of creating infrastructure with Nigeria through implementation of inter-regional structuring projects; development of human resources via the training of African executives; promotion of intra-African commercial exchanges; mixed bi- and multilateral cooperation committees; exploratory discussions in view of a commercial and investment agreement between Algeria and the West African Economic and Monetary Union; the establishment of business advisory councils and the promotion of new forms of triangular cooperation in Africa.
577. The CSAR highlights actions initiated by the government to implement its regional commitments, in particular by bringing into compliance the national legislative and regulatory mechanism and participating in studies of groups of experts to compare national legislations. It is necessary to note, in this context, the participation of Algerian executives in training cycles for trainers in various fields, in particular the free circulation of goods, the tax system, rules of origin, and so on.
578. The CSAR indicates the adoption of the Monetary Cooperation Programme in Africa in Algiers in September 2002, for harmonising monetary integration programmes of different sub-regional groups. The overall objective is to create a single currency zone in 2021, a common currency and a common central bank for the African continent. The report underlines Algeria's adherence to convergence criteria defined by the Council of Governors.
579. With regard to the Euro-Med region, the CSAR highlights the ratification in December 2001 of an association agreement with the EU. This free exchange agreement came into force in September 2005 and should result in the full dismantling of tariffs before 2017.

ii. Findings of the CRM

580. Is it still pertinent today for Algeria to be interested in the matter of regional integration? The relevance of this question needs to be considered for a number of reasons. It is not only a matter of Algeria taking its place in the international wave of regional integration, but also of designing an integration

project which, while endowed with political vision, obeys economic rationality by taking into account the mechanisms to encourage private individuals. It is this political vision that makes it possible to take into account long-term strategic objectives, and which justifies the implementation, in the short term, of a proactive approach and conditions likely to stimulate trade between economic operators of different countries. The CRM strongly supports the Algerian government's position in favour of regional integration, even if its vision is not clearly defined. Algeria has an undeniable regional vocation in Africa, in the Maghreb and in the Mediterranean region.

581. The development of exchanges in the multilateral framework and difficulties with commencement and the efficiency of regional groups (UMA, AU and ECA) make some people doubt the validity and real advantages of regional integration for a country such as Algeria. Others feel that the matter of integration needs to be considered and studied in new terms. International experience, both in industrialised countries and in emerging countries, shows that economic control in a globalised environment requires a subtle balance between a multilateral approach and a network of preferential arrangements, as well as bilateral and regional strategic alliances. It is from this point of view, and taking into account the different issues at stake, that Algeria is paying particular attention to the issue of regional integration. The CRM strongly encourages it in adopting this position.

Best Practice 3: The Algerian scholarship programme intended for Africa

Cooperation between Algeria and Africa is particularly close in the matter of human resource development. Algeria has trained more than 40 000 African executives since its independence and is currently the African country that offers the most study scholarships to African students, with an average of about 12 000 scholarships per annum over the past five years.

Thirty-five French, English and Portuguese-speaking African countries from all regions of the continent benefit from these scholarships. This number, which is extensive, shows the interest that the beneficiary countries have in training their students in Algeria.

Several sectors are involved in the scholarship programmes offered, for example higher education, professional training, tourism, health, telecommunications, civil protection, religious matters, transport, youth and sports, and agriculture. In the area of higher education, in particular, the scholarships offered are for both under- and postgraduate training and cover a variety of fields such as medicine, pharmacy, dental surgery, economic and commercial sciences, and agronomy.

This programme is evidence of Algeria's willingness to show that it is a part of Africa and values its solidarity with African countries. For Algeria, the programme also forms part of its policy to strengthen South-South cooperation and realise the objectives of NEPAD.

Table 9: Exports: Intra-North African region

To	Algeria		Egypt		Libya		Mauritania		Morocco		Sudan		Tunisia	
	2000	2004	2000	2004	2000	2004	2000	2004	2000	2004	2000	2004	2000	2004
Algeria														
Value			19.5	249.5	0.18	11.7	11.35	16.1	169.2	0.03	0.00	145.0	74.45	68.3
%			0.09	0.78	0.00	0.04	0.06	0.05	0.82	0.00	0.00	0.45	0.36	0.21
Egypt														
Value	21.4	76.2			52.6	67.72	0.00	2.6	38.7	189.8	25.1	90.0	36.3	56.9
%	0.34	0.63			0.83	0.56	0.00	0.02	0.61	1.57	0.40	0.74	0.57	0.47
Libya														
Value	1.55	2.1	64.7	61.5			0.00	0.0	54.8	0.0	1.9	41.0	287.2	384.6
%	0.01	0.01	0.51	0.32			0.00	0.0	0.43	0.00	0.02	0.21	2.26	1.99
Mauritania														
Value	0.96	7.2	0.16	4.0	0.00	0.00			0.03	0.0	0.00	1.9	0.12	0.9
%	0.18	0.92	0.03	0.50	0.00	0.00			0.00	0.0	0.00	0.25	0.02	0.12
Morocco														
Value	7.34	40.9	13.4	23.4	62.9	32.63	13.9	20.5			0.61	0.1	57.8	61.1
%	0.10	0.42	0.18	0.24	0.85	0.34	0.19	0.21			0.01	0.00	0.78	0.63
Sudan														
Value	0.30	1.2	38.5	108.5	.00	3.2	0.00	0.0	0.14	0.0			4.4	7.6
%	0.02	0.03	2.37	2.88	0.00	0.08	0.00	0.00	0.01	0.00			0.27	0.20
Tunisia														
Value	61.2	108.9	34.2	31.2	264.2	347.4	1.66	7.1	25.4	2.9	0.33	74.2		
%	1.02	1.12	0.57	0.32	4.41	3.59	0.03	0.07	0.42	0.03	0.01	0.77		
Total														
Value	92.8	236.3	170.4	478.1	379.9	462.6	26.9	46.4	288.3	192.8	27.9	352.2	460.3	579.4
%	0.17	0.27	0.31	0.55	0.69	0.53	0.05	0.05	0.52	0.22	0.05	0.40	0.83	0.66

Note: This table describes the flow between sub-regional countries, where the countries down the side of the table represent the countries of origin and the countries across the top of the table represent the destination.

Table 10: Structure of trade by product groups in the sub-region

	Algeria		Egypt		Libya		Mauritania		Morocco		Sudan		Tunisia	
	1990	2004	1990	2004	1990	2004	1995	2004	1990	2004	1995	2004	1990	2004
Exports														
Fuel	96	98	29	37	94,5		1		4	5	0,5		17	10
Raw materials of agricultural origin	0	1	10	8	0,2		0		3	2	46		1	1
Food products	0	0	10	9	0		56		26	17	43		11	11
Minerals and metals	0	0	9	4	0,3		40		15	9	0,5		2	
Manufactured products	3	1	41	37	5		0		52	67	6		68	78
Non-distributed	0	0	0	4	0		3		0	0	4		1	0
Total	100	100	100	100	100		100		100	100	100		100	100
Imports														
Fuel	1	1	3		0		22		17	17	14		9	10
Raw materials of agricultural origin	5	0	7		2		1		6	3	2		4	3
Food products	24	22	32		23		24		10	11	24		11	9
Minerals and metals	2	3	2		1		0		6	3	1		5	3
Manufactured products	68	74	56		74		53		61	66	59		71	75
Total	100	100	100		100		100		100	100	100		100	100

Source: Table based on data from UNCTAD.

582. Due to geographic, linguistic and cultural proximity, economic integration into the framework of the Arab Maghreb Union was naturally called for. However, the process, initiated 15 years ago, has not reached its intended stage. This failure is explained by persistent disputes between member states, in particular of the Western Sahara, which continue to influence relations between Algeria and Morocco. As a result, the attempt by President Bouteflika to call a meeting of UMA heads of state in December 2003 resulted in failure once again.
583. Furthermore, the process of regional integration is weak due to the marginal role to which intra-regional trade is confined, whereas more than two-thirds of exchanges are carried out with Europe. This statement becomes clear on reading Table 9, which presents Northern intra-African exports. Some attribute this weakness in commercial exchange to the lack of similar export and import structures of the countries whereas others consider that the under-development of regional exchanges are due to factors such as insufficient regional transport structures and their costs, restrictive exchange systems and the continued maintenance of tariff and non-tariff barriers.
584. In this context, the initiative taken jointly by Algeria, Morocco and Tunisia aimed at harmonising national regulations in order to strengthen economic and commercial cooperation is timely, because it could contribute to accelerating the regional integration process.
585. With regard to the African Union and African Economic Community, this second area of integration is justified on two levels: (1) it is due to the strategic situation of Algeria on the continent and its common borders with both North-African (Morocco, Tunisia, Libya) and sub-Saharan African countries (Mali, Niger), and (2) it is due to Algerian leadership, and President Bouteflika in particular, who personally shows a keen interest in the African integration process through his involvement, since the beginning, in launching NEPAD.
586. For certain stakeholders, this integration currently offers greater opportunities, as it makes it possible to prepare for entry into the dynamic global integration of exchanges. For Algerian operators, in particular within the framework of marketing hydrocarbons, intra-African cooperation will lead to permanent economic relations between African countries.
587. The trans-Saharan highway, currently under construction and linking Algeria, Tunisia, Mali, Niger, Chad and Nigeria, is an example of cooperation in the area of South-South infrastructure.
588. With regard to the Euro-Med region, the Association Agreement was naturally also necessary, given that Algeria belongs to the Mediterranean. The main elements of the Agreement are: regular political and economic dialogue; progressive establishment of free exchange, in compliance with WTO rules; provisions regarding the freedom of establishment, liberalisation of services, free circulation of capital and the application of community competition rules; provisions in the area of justice and internal affairs; strengthening of economic cooperation; establishment of social, cultural and financial cooperation;

establishment of an Association Council and an Association Committee with powers of decision.

Good Practice 8: The Algiers-Lagos trans-Saharan highway

The different sections of the trans-Saharan highway (10 000 km in length), which is to link Algiers and Lagos, also concern Algeria, Tunisia, Mali, Niger, Nigeria and Chad. This project, for which the groundwork was prepared in 1975, is aimed at taking over the development of basic infrastructure and means of communication, and at improving the standard of living of African populations. These objectives were defined in the Abuja Treaty in 1991 and in the NEPAD programme.

Algeria's share is about 3000 km; that is, 2400 km from Algiers to the border with Niger, a junction of 480 km to link up with Mali, and another stretch of 512 km from Ghardaïa to Tunisia. Large sums have been allocated to this project within the public works sector programme in Algeria: to extend capacity in the North of the country; to strengthen and upgrade the middle zone; to continue works between Tamanrasset and the Niger border; and to finance technical studies on the Mali section.

In Niger, technical studies are being carried out between the Algerian border and Arlit, as well as on the section linking Niger and Nigeria. Niger, which is implementing a major transport infrastructural programme, has commenced work on the section from Agadez to Zinder.

589. In the opinion of certain people consulted, the impact of the Association Agreement has been minimal at a number of levels. At the political level, the Middle East conflict, the conflict in Western Sahara and, recently, the Israeli-Lebanese conflict have created political obstacles.
590. At an economic level, most economic operators, in particular SMEs and small and medium-sized industrial enterprises (SMIs), feel that the Agreement is not fully utilised. In fact, these institutions, confronted with competition from large European companies, find it difficult to benefit from the commercial opportunities offered to them. The industrial infrastructure is characterised by weakness associated with the obsolete condition of production equipment and lack of staff training. This means that they have been unable to benefit from modernisation to produce more exports for the European market. In any event, even those companies that are in a position to export, still do not comply with the required European quality standards. These are matters that should be discussed between employers and government authorities to develop a better strategic approach. The most important factor, however, would be for the authorities to include economic operators in different phases of negotiations with international partners, both within the EU and WTO framework.
591. For it to be efficient, the regional integration project needs to be realigned and given credibility. This realignment must make it possible to focus information, promotion, standardisation and administration on a few coherent initiatives aimed at facilitating exchange. It is also necessary to give credibility to the

process through the implementation of transparent monitoring and assessment mechanisms and the resolution of different structural problems that currently obstruct process. The CRM noted that this has not yet been achieved.

592. Algeria's membership of the World Trade Organisation is an advantage in the process of regional integration. Adherence to WTO rules offers a common frame of reference, warrants visibility for partners and ensures that obstacles to trade are not applied arbitrarily. Consolidated commitments within the multilateral framework with respect to the opening up of markets, but also in other areas, will represent a minimum credible base for extensive regional cooperation.

iii. Recommendations

593. The APR Panel would like to make the following recommendations to the Algerian government:
1. Continue to work with other countries in the region, in re-launching the process of regional integration within the UMA framework.
 2. Introduce transparent monitoring and assessment mechanisms for different commitments within the regional integration institutions.
 3. In view of the location and vocation of Algeria on the African scene, the country should take the lead in regional integration as part of its efforts in terms of inter-African and Maghrebi relations.
 4. Popularise and give more transparency to integration activities; further involve economic operators in discussions and undertakings made with a view to the country's wider integration into the African and Maghrebi economy and the international economic system.

CHAPTER FIVE

5. CORPORATE GOVERNANCE

5.1 Introduction: challenges for corporate governance

594. Algeria's transition from a planned cash-based economy to a free market economy driven by productivity, which is perfectly integrated into the global economy and prepared to meet the challenges of entry into the European Union free trade zone, means that the country is experiencing a period of profound change. This affects the organisation, structures and modes of management that have characterised the management and corporate governance of enterprises in Algeria for many years. Opening up the Algerian economy demands urgent and rapid reforms aimed at encouraging private investment and creating jobs. To this end, the authorities adopted international standards and undertook structural reforms aiming to create an environment and regulatory framework conducive to economic activity. Furthermore, in a participative move signalling a new form of public governance, Algeria adopted a National Economic and Social Pact that underlines the role to be played by enterprise, and notably private enterprise, in Algeria's new economic climate. The promotion of the private sector as an engine for growth on the path to economic and social development necessitates a partnership between the state and the private sector, with the aim of addressing a number of challenges facing the country. These challenges notably include the following:

5.1.1 Speeding up structural reforms to improve Algeria's integration into the global economy

595. Following the signing of an Agreement of Association with the European Union, Algeria's membership in the World Trade Organisation (WTO) will require the government and private enterprise to adopt a number of codes, standards, regulations and procedures with structural characteristics related to the process of globalising economic and social exchange. The emergence of a prosperous private sector will increasingly be linked to the relevance and extent of company reform, and the capacity of economic players to modernise management by raising it to recognised international standards. Speeding up the process of reform will allow Algeria and Algerian companies to benefit from an appropriate juridical and institutional environment, thus facilitating regional integration and encouraging economic players to think beyond national boundaries, and to develop coherent strategies taking into account both the opportunities and the risks associated with their location in the heart of the North African and Mediterranean region.

5.1.2 Improving the business environment in Algeria by reconciling texts with practice

596. The second challenge that the country needs to deal with is to establish an environment and business climate favouring a qualitative and quantitative increase in national and international investment and the extension of economic freedom. It is this kind of environment that will allow companies to respond to demands for job creation, especially for young school-leavers.
597. By transforming conditions for traders, the updating of the institutional and regulatory framework should increase efficiency in the market and reduce business costs which, in turn, will facilitate the exercise of economic freedom. This involves the goods and services sector as well as business financing, neither of which can function efficiently without an up-to-date banking and financial system and alternative sources of finance, especially through the stock exchange. At the same time, this “market efficiency” presupposes a re-definition of the field of economic activity and state intervention, a reduction in bureaucracy, and the autonomy and consolidation of regulatory authorities and instruments of control.

5.1.3 Building a generation of more effective and responsible private economic players

598. Improving the standard and network of companies is necessary to address the challenges confronting the country during the process of liberalisation. Algeria should then be able to make optimal use of its resources in such a way as to facilitate the creation of viable private companies. These companies will play an economic and social role and, through the implementation of coherent and proactive expansion strategies, allow the economic landscape to be diversified and reduce the country’s dependence on resources based on hydrocarbons. Such an improvement in standards and networks requires the emergence of a new and competent managerial elite, who are both motivated and responsible; open corporate governance, based on partnership as well as spirited yet fair competition rather than exclusion or monopoly; and, finally, economic players who are more responsible and act in accordance with both the letter and the spirit of the law. It also requires these economic players to strive individually and collectively towards the sustainable development of Algeria and the satisfaction of the needs and expectations of current and future generations.

5.1.4 Promoting entrepreneurial ethics and a new corporate culture

599. The new culture of governance should respect the values of modern Algeria as expressed in the National Social and Economic Pact. It requires the adoption of new social norms conducive to cooperation, risk-taking, innovation and private economic initiative. As part of civil society, the “new” type of private company in Algeria will lead to merit replacing favouritism and dialogue being substituted for centralisation. Such a change in corporate culture is

needed for the new governance system to be seen not as a new instrument of subjection and to ensure a sense of equal treatment of all parties (especially salaried employees and holders of capital). In particular, mechanisms need to be set up and consolidated that will improve information, communication and transparency, including transparency in the results of decision-makers and of various economic agents, so that they are more accountable and motivated. This new governance of Algerian companies should lead participants to share the same vision of the fundamental role of management and the need to nurture a climate of confidence both within and outside these companies.

600. The Country Review Mission (CRM) examined, in the light of these issues and objectives, the current changes in corporate governance in Algeria as they are presented in the Country Self-Assessment Report (CSAR). The CRM also took into account the impact on the economy and Algerian enterprise of 132 years of colonisation, followed by nearly 30 years of a centralised economy and ten years of terrorism.
601. Problems arising from this transition to a free market economy, which is an essential basis for corporate governance, were expressed by the President of the National Social and Economic Committee (CNES) who, speaking about privatisation, confirmed that “the state is dragging its feet in leaving the domains that it has to leave and entering the strategic domains where it has to be”.

5.2 Ratification and implementation of standards and codes

i. Summary of the CSAR

602. **Signing, ratification and adoption of codes and standards.** The CSAR confirms that Algeria has signed, ratified and adopted these internationally recognised codes and standards that are at different stages of implementation:
- NEPAD framework document (2001);
 - The Constitutive Act establishing the African Union (2000);
 - Code of Good Practices on Fiscal Transparency;
 - Guidelines for Public Debt Management;
 - International Standards in Auditing and Accounting;
 - Code of Good Practice on Transparency in Monetary and Financial Affairs;
 - Principles for Payment Systems;
 - Core Principles for Securities and Insurance Supervision and Regulations;
 - Core Principles for Effective Banking Supervision;
 - African Union Conventions for Preventing and Combating Corruption;

- Good Practices on Budgetary Transparency;
- Core Principles for International and National Corporate Governance;
- Abuja Treaty on the Creation of the African Economic Community;
- Treaties, conventions and protocols affecting the regional economic communities; and
- Insofar as the international standards in auditing and accounting are concerned, preparations are well under way. The CSAR recommends that Algeria adopt the International Accounting Standards (IAS), International Auditing Standards and the Code of Ethics of the International Accounting Federation (IAF). Nevertheless, achieving conformity with these codes and standards, especially the accounting standards, will be a gradual process, given the tens of thousands of companies involved. The CSAR indicates that progress made so far in the area of codes and standards is insufficient, both quantitatively and qualitatively. Few companies have subscribed to the ISO Standards 9000 and 14001. The report also mentions the misuse of prudential regulations by many public banks.

ii. Findings of the CRM

603. **Signing, ratification and adoption of codes and standards.** The CRM noted that the government has signed and ratified the majority of internationally recognised codes and standards. However, a relatively large number of codes and standards have not yet been adopted, notably the banking standards relating to the measurement of capital and the financial standards contained in the Basel II Agreements¹⁸ and the financial audit of companies.
604. The CSAR emphasises that the government should meet the challenge of adopting and implementing these codes and standards to assure the transition from an administered economy to a free market economy. The report lists the 59 conventions ratified since 1962. However, there is no mention of the OECD Principles of Corporate Governance.
605. The CSAR raises the issue of delays in implementing codes and standards in the area of accounting and auditing. Moreover, the standards established by the government, which serve as a point of reference, are not always respected. This is especially so for numerous companies that are mostly small or family owned, do not have adequate training in management, and which, along with the informal sector, represent approximately 30 per cent of economic activity.
606. **Core principles for effective banking and financial market supervision.** Financial reforms are essential to consolidate the structural reforms currently under way. Basically, this means reinforcing the supervision and regulation of

¹⁸ The main components of the Basel Agreements concern (i) the minimum capital requirement, (ii) the process of supervision review and (iii) market discipline.

the financial sector to guard against any systemic risk, as well as improving the control and surveillance of banks and financial institutions to protect both savers and investors. The Central Bank has confirmed that it is receiving the cooperation and assistance of several central European banks and the Bretton Woods institutions in applying the principles of effective banking supervision. The controls put into place in 2004 resulted in 40 statements of offences, corresponding to 2292 cases of contravention of legal regulations relating to foreign exchange and the movement of capital into and out of the country. This represents 7.95 per cent of the files examined, as against 51 statements of offences corresponding to 9178 cases of irregular bills of exchange in 2004.

607. Established by Decree 93-10 of 23 May 1993, the Algerian Stock Exchange was launched in 1999. However, as of 2006, it was still in its infancy with only two securities listed on the exchange because of a lack of expertise; late onset of activity on the stock exchange; problems in processing securities, which resulted in delays in transactions; and the relatively small number and lack of experienced brokers, as highlighted by stakeholders.¹⁹ Improvements have been made to the way the stock exchange functions by modernising the trading and by Act 03-04 of 2003, which authorises the banks to play the crucial role of broker in transactions on the exchange.
608. A programme to energise the Algiers Stock Exchange is currently being implemented. The emphasis has been on the issue of bonds by local large companies to breathe new life into the exchange and improve confidence. Eventually, those companies who can meet the required standards will also play a part.
609. **International standards in accounting and auditing.** The International Accounting Standards Board (IASB), responsible for developing international accounting and auditing standards, believes that accounting according to historical purchase prices is not an adequate method for presenting accounts. The principles of accounting generally recognised at an international level can reduce risk and provide economic and financial benefits. The accounting profession in Algeria does not yet seem quite ready to adopt these standards. The profession is controlled by Regulation 71-81 of 29 December 1971, Regulation 75-25 of 29 April 1975, as well as Act 91-08 of 27 April 1991. This last fundamental text underpins the organisation of the profession by means of the National Register of Accountants, Auditors and Chartered Accountants and the grouping within this organisation of the three professional categories of accountants, auditors and chartered accountants. The difficulties facing accountants and auditors include a need to raise standards; the absence of proper training for interns and the organisation of professional examinations; and the lack of conformity with international accounting and auditing standards and professional awareness.

¹⁹ Before the Act of 2003, brokers on the stock exchange were individuals, and there were no standard requirements.

610. Given the needs of the accounting profession, which comprises more than 11 500 professionals and 3500 trainees, a programme funded by US\$45 million from the European Union has been adopted, which will run from 2007 to 2020. It includes: (i) raising standards, (ii) training interns, (iii) training in international standards, and (iv) international support for the National Association of Accountants, Auditors and Chartered Accountants. Training to raise the standard of accountants will be carried out in parallel by the organisations and private companies.
611. The programme needs to be widely distributed, with training made available to all accountants throughout the country. In fact, participants at Ouargla stressed that many accountants in that wilaya had not been informed either of the content of the training programme to raise standards to international levels, or of the existence of the National Accounting Plan in some cases. This situation is not limited to a particular wilaya.
612. The accounting profession faces two major challenges. The first concerns the problem of language. Teaching in primary and secondary schools is in Arabic, while French is mainly used at universities. This is also the language of the accounting practice. A high level of mastery of French is therefore needed in order to perform effectively, something that many university graduates who learn French at a later stage do not have. The second challenge is the need to liberalise the accounting profession and give more freedom to accountants. For reasons of transparency, accountants should be independent. Consequently, raising the standards of the accounting and chartered accounting professions should be a priority. These challenges are the main concerns expressed by the Association of Accountants.

iii. Recommendations

613. The APR Panel would like to make the following recommendations:
1. Accelerate and intensify the description and implementation of training programmes in the new international accounting regulations, and extend to all the wilayas to facilitate the training of a critical mass of accountants required by the Algerian economy. (Attention: the government; relevant socio-professional associations)
 2. Take the necessary steps for implementing the strategic reform on banking supervision adopted and based on the recommendations of the Financial Sector Assessment Programme (FSAP) to ensure overall conformity with the modern standards of the financial sector and to avoid the misuse of prudential standards prescribed by the Central Bank. (Attention: the government; Bank of Algeria; commercial banks)
 3. Further study and identify inadequacies in structural, organisational and informational plans that are discouraging investment and therefore capital

inflows, and propose appropriate solutions to alleviate or eliminate these inadequacies or constraints. (Attention: the government)

4. Implement legislative and fiscal measures to further encourage companies to certify their activities and products. (Attention: the government)

5.3 Assessment of APR objectives

Objective 1: Promotion of an enabling environment and effective regulatory framework for economic activity

i. Summary of the CSAR

614. **Main categories of business.** With regard to the legal status of companies, the report indicates that along with the gradual disengagement of the state in the management of business and the introduction of a free market economy, companies in the private sector have become the majority, not only in number, but also to the extent in which they are involved in the creation of wealth.
615. According to the CSAR, there were 109 732 companies in Algeria in 2005. In terms of sectors of activity, commerce, automobile repairs and domestic goods were at the top at 33 per cent, followed by manufacturing industries at 21 per cent. The report highlights the significance of the informal sector, as well as the unfair competition it presents for businesses in the private sector.
616. The CSAR recognises that the stock market is still in its infancy, with only two securities listed on the Algerian Stock Exchange. Approximately 20 companies have issued bonds, two of which are active in the hydrocarbons sector, namely Sonatrach and Sonelgaz. The report then lists the legal and administrative instruments established to regulate the stock market, including Algeria Clearing, the Commission for the Organisation and Surveillance of Stock Market Transactions (COSOB), the Stock Exchange Management Company (SGBV) and intermediaries engaging in stock market operations.
617. The CSAR next lists the main financial institutions supporting Algerian business. There are 29 institutions in particular, including six public banks, 15 private banks, two financial institutions, two leasing companies and a public institution responsible for refinancing mortgage loans. The report also gives a list of institutions operating in micro-finance, which include, in particular, the National Agency for Supporting the Employment of Young People (ANSEJ), the National Unemployment Insurance Fund (CNAC), the National Agency for the Management of Micro-credit (ANGEM) and the National Agency for the Development of Tourism (ANDT). The latter is a government instrument intended to boost and support national and foreign investment in the tourism sector.

618. **Business environment.** The regulation of economic activity is based on the principle of developing a free market economy, and the CSAR lists a series of measures taken so that the state can play its role as a regulator, disengage from direct management of companies and promote transparency. The main legal texts include three Acts and two decrees governing the rules and conditions applicable to commerce. The document contains a list of reforms implemented from 1975 to 2003 on the issue of regulating commercial disputes.
619. The report refers to the transferable securities market in Algeria, and the initial and continuing conditions of access to this market by companies. The minimum requirements are that the society must be a joint stock company and it must have made a profit over the three previous financial years. The report also provides information on the functioning of certain regulatory authorities and their powers. It elaborates, in particular, on documents governing the powers of COSOB, regulations concerning post- and telecommunications, and the National Insurance Board.
620. As far as hydrocarbons are concerned, the CSAR points to two autonomous entities, one being the National Agency for the Valorisation of Hydrocarbon Resources (ALNAFT), responsible for promoting investment in research and development, as well as establishing and updating databases in this area.
621. The CSAR also refers to certain topics relating to the efficacy and efficiency of the regulatory framework. It mentions that the introduction of the market economy has led authorities to establish several regulatory procedures aimed at aligning national legislation with international standards and improving the business environment. However, the report emphasises that the mechanisms that have been put into place are not entirely successful, because while regulatory procedures do exist, several private banks have been liquidated and publicly owned banks have experienced governance-related problems.
622. **Effect of internal or external factors.** The report lists factors that would provide the investor with a more flexible framework of activity. This involves, in particular, the availability of communication infrastructures, raw materials, the opening up of private and public partnerships, the freedom to repatriate profits, and the supply of capital. It also lists infrastructures in the transport and communication sectors aimed at facilitating the movement of persons and goods, including international associations involving submarine cables, and communication with the Maghreb countries via optical fibres. It mentions the successful efforts deployed by the government in the provision of drinking water and the supply of energy, noting that the rate of electrification in the country has reached 95 per cent.
623. The CSAR describes the efforts made by the country in favour of commercial businesses of all sizes, and gives the categories of citizens targeted by the financial mechanisms implemented, such as ANSEJ and the National Agency for Investment Development (ANDI). It recounts the difficulties affecting economic activity, such as the inadequacy of managerial capacity, difficulties in accessing real estate, and the large informal sector. The list of measures

agreed on by public authorities include: improving access to real estate; completing reform of the banking and financial system; implementing a programme to raise standards; introducing a guarantee fund providing credit for investment in small and medium-sized enterprises (SMEs); and the creation of a National Consultative Council for grouping employers' associations.

ii. Findings of the CRM

624. **Main categories of business.** The data obtained by the CRM indicates that there are currently 1 024 402 economic players registered with the National Trade Registration Centre, of which 931 326 are individuals and 93 076 are legal entities.²⁰ The investigations conducted by the CRM have shown that, in Algeria, there are an average of 10.3 SMEs per 1000 inhabitants.

625. **Public business enterprises.** Following consultations with several engaged parties, the CRM believes the current difficulties of these businesses should be placed in a historical perspective:

- When these state-owned companies were created, start-up capital often consisted of bank loans and was released entirely by the banks.
- The “strategy” or vocation proposed to these enterprises was to produce products that would replace imports.
- Only partially autonomous, these enterprises were responsible for social functions (even political functions) normally carried out by the state.
- As a client to these publicly owned companies, the state has often been a bad payer of debts to these enterprises (e.g. debts paid three years later), so that the entities had to refinance at the banks (themselves public) and apply for short-term credit, occasionally for up to 24 months.
- The period of insecurity and instability experienced in Algeria, devaluation of the dinar, the loss of foreign exchange and an increase in interest rates (which rose rapidly from 7 to 25 per cent during the period of instability), all hastened the decline in the financial position of these enterprises.
- Financial rehabilitation of these enterprises has not been accompanied by any comprehensive management of their strategic problems.
- Investment practically ceased from the mid-1980s up to 1997.

626. The structural adjustment programme implemented by the government has allowed the restructuring of a number of these companies and made them more manageable in size. Thus, public business enterprises (EPEs) increased

²⁰ However, according to a national survey carried out during February 2007 by the University of Tlemcen on a sample of 800 Algerian SMEs, 71.5 per cent of businesses are not members of the Chamber of Commerce and Industry.

from 125 in the 1970s to more than 1000 in 2005. The EPEs seem to benefit from a certain level of autonomy in some fields of management, particularly in property management, since the law provides that companies may use the assets in their company capital as a guarantee. It should be noted, however, that the decisions of the board of directors of a public business enterprise may be annulled by the Minister for Participation and Investment Promotion (MPPI), if he or she considers that they are not in the general interest. Several state-owned enterprises (over 50 per cent, according to certain sources) have been restructured and are eligible for financial liquidation. Economic oversight is virtually absent, and even if they are subject to performance contracts, the chief executive officers (CEOs) of the public enterprises are often unwilling to make decisions or take risks, for fear of being penalised for their management actions. Therefore the National Union of Public Employers is claiming the right for CEOs to take risks and is appealing for the “de-penalisation” of management actions at state-owned enterprises. The debate on the role and future of certain national companies continues.

627. **Private enterprises.** Private enterprises are governed by different forms of legislation, such as the Commercial Code, which specifies the way companies function and the respective roles of their social organs. The annual registration of companies, as reported by the National Trade Registration Centre, shows a sustained increase in the number of private companies from the years 2000 to 2005, with individually owned enterprises predominating. This predominance confirms the opinion according to which Algerian traders still favour sole proprietorships to the detriment of limited liability companies or joint stock companies, even though the latter are better able to obtain finance than family-owned companies or sole proprietorships.
628. **Foreign companies.** The proportion of foreign traders present in national markets, in the form of natural persons, places Tunisia at the head of the table with 41.68 per cent,²¹ followed by Morocco with 37.30 per cent and by Syria, Palestine, Egypt and France, which represent only 1.84 per cent. As for the proportion of foreign companies present in national markets, Syria is in first place with 455 companies, or 17.47 per cent, followed by France with 16.47 per cent. The National Trade Registration Centre has detailed statistics available on registrations and de-registrations by sector of activity in Algeria. In a country experiencing an economic boom, it is notable that the public works sector and companies involved in the manufacture of construction materials dominate both the list of company registrations and de-registrations. This is evidence of the popularity among private economic operators of this sector because of the potential for fast profits it offers, but it is also indicative of the lack of experience of many companies entering this sector, with some having very limited experience and competence.
629. **Family companies.** The family-owned enterprise largely dominates economic activity in Algeria. The fact that a number of partnerships and even joint stock

²¹ National Trade Registration Centre. Registrations 2005, tables 35 and 36, pp. 79–83.

companies belong to members of the same family shows that their importance is greater than is reflected by the statistics. The weakness of entrepreneurial tradition, the tendency to be simply supported by the state and the difficulty experienced by the banking sector in providing appropriate financing have not always favoured the establishment of viable enterprises.

630. **Female entrepreneurship:** Despite the fundamental role that Algerian women have played in the liberation of the country and in the fight against terrorism, women entrepreneurship remains poorly developed in Algeria. Its expansion has been hindered by religious and cultural prejudices against the female gender. There is, therefore, a contradiction between efforts agreed upon by public authorities since independence in favour of the education of women and the success of women finding employment in the private sector. In fact, about 90 per cent of economically active individuals are men, while women represent only 3 per cent of directors of companies, for example. The CRM did note a breakthrough by women in the retail trade and in the professions. Thus, 30 per cent of architects in Tizi-Ouzou are women and in Ghardaïa, one third of business is conducted by women. Throughout Algeria, women have organised themselves to defend their right of access to professions and to credit. Several associations have been set up to this end, of which the most active is the association SEVE (Savoir Et Vouloir Entreprendre), meaning “Wanting and Knowing How to Do Business”. It is involved in the promotion of a number of companies directed by women in almost all sectors of the national economy. SEVE is considered an example of good practice.
631. **Privatisations.** There are four forms of privatisation in Algeria:
- transfer by mutual agreement decided by the Government Council on Privatisation;
 - through the stock exchange, which has unfortunately not been sufficiently utilised;
 - partnerships (joint venture or other); and
 - calls for takeover bids.
632. In 1995, law on the state’s market capital was promulgated and a privatisation commission was constituted. From then on, the state has proved willing to privatise public enterprises, especially those that could not reasonably be restructured by the state. In 2000, a second law on privatisation attempted to establish operational measures by creating a Ministry responsible for, amongst others, supervising the privatisation of public business enterprises (EPEs), namely the Ministry for Participation and Investment Promotion (MPPI). Despite this, privatisation is a slow process in Algeria. From 1995 to 2005, 275 out of 731 public business enterprises were privatised. With the increase in the price of hydrocarbons, the slow process of privatisation has weakened the credibility of political choices and resulted in a wait-and-see policy on the part of the CEOs of public enterprises. While waiting for privatisation, these CEOs take no initiative and make no more investments in their companies.

Union of Public Entrepreneurs has called for a concerted industrial strategy with clear policies, and for the state to make public which companies it does and does not wish to retain control of. Similarly, the National Union of Public Employers (UNEP) has confirmed the necessity of consolidating viable public enterprises, while certain other unions have begun to question the process once more. This is all the more legitimate, given that privatisations have led to a transfer of monopoly from the public to the private sector (especially in food products, oil, butter and paper) and that, in the end, they have not had the anticipated beneficial effect. The draft industrial strategy was recently adopted by the Cabinet, after being validated by economic and social partners.

Best Practice 4: SEVE

Created on 12 June 1993, the association "Savoir Et Vouloir Entreprendre" (SEVE) is an employers' association of women-owned enterprises and has about 250 members. It is represented in six of the 48 wilayas. The primary aim of SEVE is to integrate women in the process of social and economic development. It has set itself the objective to break the taboos that surround the status of Algerian women and has received the strategic support of President Bouteflika. SEVE has taken an elitist path in organising its members and targets the creation of women-owned companies. Its approach is to: (i) identify the opportunities for women in each region, with the assistance of the Walis (prefects); (ii) provide training aimed at women in terms of investment opportunities and their level of education; (iii) "sponsoring" women who wish to set up companies by supporting the steps taken to obtain credit and land; and (iv) promoting better knowledge of financing methods among women, such as ANSEJ, ANGEM and ANDT.

Thus, SEVE has helped many Algerian women set up a number of companies in various domains, including car rentals, cellular telephones and companies organising weddings. SEVE is part of a tripartite consisting of the government, the General Union of Algerian Workers (UGTA), employers' organisations, as well as the Federation of Maghrebian Associations of Women CEOs.

SEVE recently organised a congress of the International European Movement on the North-South dialogue in the Mediterranean between businesswomen, which took place in Algiers in February 2006. Since 1999, SEVE has instituted special prizes that are awarded to any individuals or legal entities who have distinguished themselves by promoting companies owned by women or by supporting women entrepreneurs. It has awarded prizes to a woman in the Algerian diaspora who set up the SALAMA Revue (2003), women industrialists (2004), notably in construction (2005), and women setting up companies in the ICT sector. An Honour Prize was awarded to the President of the Republic for his support of the emancipation of Algerian women (1999) and to the Director-General of the Police for having recruited a large number of young women into the police force (2001).

633. Companies engaged in privatisation are primarily local (1800 companies) and came into being after the first oil price shock. In fact, after the collapse of the oil price in 1986,²² the state could no longer sustain many of its enterprises

²² Prices dropped to US\$8 per barrel.

and chose to liquidate companies whose economic function had been replaced by a social function. Thus, half of these companies were dissolved or reverted to local collectives. The others were privatised and ceded to the workers. Some stakeholders confirmed that, in certain cases, the assets of these companies had been misappropriated, or that those acquiring the companies had wound up the company in order to develop the real estate on the site. After the first privatisations, and taking into account real estate speculation, public authorities became aware that some buyers had in fact only been interested in the real estate, and therefore imposed terms and conditions and established security markers.

634. During meetings with stakeholders, the CRM was informed of possible cases in which some public enterprises were purchased by their former CEOs or by political figures, purchases that had not been conducted in a transparent manner. It has nevertheless not been able to obtain irrefutable evidence of these allegations.
635. The formula for a management buy-out in which the manager is kept on after privatisation, has not been retained in the conditions of privatisation. Several stakeholders interviewed emphasised that some privatised companies could have been privatised by listing on the stock exchange.
636. The privatisation programme contains rescission clauses. In effect, any process of privatisation requires the distribution of 10 per cent of the capital to employees;²³ an undertaking to retain the employees and the social vocation of the company (sustaining activity); respect for the right to a trade union; and the obligation to present a business plan. These clauses stand in contrast to the problems currently experienced by public enterprises. A spokesperson has confirmed that some factories are to be ceded for a symbolic dinar, purely to prevent the draining of resources and to save jobs. Another has commented that the main concern of public authorities is not so much the amount paid by the potential buyer, as the existence of a viable business plan for the company. Even the requirement to retain jobs could be relaxed slightly if the buyer is capable of saving the company.
637. Together with crippling clauses, the difficulties experienced by enterprises to privatise and the concerns of potential national and international investors explain why, in most cases, the recommended prices are far lower than those asked. Among the explanations for the difficulties and delays in privatisation, the following factors can also be identified:
- the cumbersome process of evaluating the assets of companies to be privatised and the overvaluation of some companies, despite the fact that the equipment has been amortised and written off;

²³ Employees also have a right of pre-emption over an additional 20 per cent of the capital made available and they may, if necessary, decide to purchase.

- a lack of investors, particularly foreign investors (thus only 25 per cent of companies were acquired by foreigners);
 - the equipment belonging to companies to be privatised being obsolete, all the more so because no further investment was made and their technology is out of date;
 - the loss of competent personnel in public enterprises, who have preferred to move into the private sector;
 - while employees participate de facto in privatisation, the management of public enterprises cannot, and is further weakened (or even threatened) by the arrival of a new owner;
 - real estate problems – the land on which the factories were constructed often belongs to private individuals, and compensation to the owners of nationalised land had often not been properly carried out;
 - the burden of debt of public enterprises is not absorbed by the state; and
 - the poor rate of success in raising the standards of some of the public enterprises to be privatised. According to one of the major stakeholders interviewed, while two-thirds of companies have a market and are in a position to continue with the assistance of the state, one third would either have to be restructured or would disappear altogether.
638. As far as purchasers of private companies are concerned, the majority are local individuals. Some employers' associations wished to set up an investment fund in order to participate in privatisation, but were unable to coordinate their members to secure a lead manager for the investment fund. There have been cases of immediate closure following the purchase of privatised companies and consequently jobs have been lost. This is notably the case in Tamanrasset, where one of the main reasons for increased unemployment is the closure of ten public enterprises that were part of the privatisation programme.
639. **Timetable for privatisation.** Since 1995, public enterprises have virtually halted investment while waiting to be privatised. This has resulted in older companies which, awaiting privatisation, have become completely outdated.²⁴ These companies find themselves playing a waiting game, uncertain of their status in terms of opening up assets or forming partnerships. Moreover, the burden of debt of the public enterprise is delaying the privatisation process. The privatisation of banks is a particular instance, to the extent to which it might allow the rehabilitation and modernisation of an instrument that is indispensable for Algerian companies to succeed, starting with the public business enterprises. According to information provided by the Ministry of Finance, due to the privatisation of the Popular Credit Institution of Algeria (CPA) that is under way, which is to be followed by that of the National Bank of Algeria (BNA) and the Agricultural and Rural Development Bank (BADR),

²⁴ "A load of rubbish," according to one of our sources.

along with others, 50 per cent of the banking system will be in private hands by 2009. The foreign trade, transport and agriculture sectors are now entirely, or largely, in private hands. The CRM concluded that the privatisation process has generally begun to accelerate.

640. **Public-private partnership.** For historical reasons, relations between the Algerian private sector and other partners and participants have long been characterised by mutual distrust. This is why the Algerian administration has put in place a number of restrictions, often too strict, in terms of the regulatory framework that governs public-private partnership contracts. One of the stakeholders interviewed indicated that Algerians are continuing to place their trust in public sector products because production in that sector follows certain norms, while this is not the case in the private sector. The private domestic sector is not particularly visible and remains unadventurous, limiting itself to profits of a cash type.
641. Some of those in charge of public enterprises explained to the CRM that they are subject to a level of unfair competition from private companies that are still not paying taxes or contributions, and were set up specifically to profit from the assistance available to those establishing a business, and therefore enjoy more benefits than public enterprises in certain markets. Even if the public sector has more experience and know-how in putting together a business plan or presenting a technical or financial tender, the companies in this sector are often subject to unfair competition and practices on the part of the private sector, such as non-payment of taxes or duties, corruption, bribery, etc., which the private sector then benefits from.
642. Still finding itself in the “phase of early accumulation”, the private sector does not seek fast profits and prefers not to enter into partnerships with the state. Moreover, several stakeholders interviewed have confirmed that partnerships between the public and private sectors are changing all the more rapidly in terms of competition, because the public sector is experiencing a “flight” of personnel to the private sector.
643. Even so, the CRM was impressed by the success of several instances where foreign companies acquired part of the capital of Algerian public companies, notably in the mining and iron and steel industries.
644. **Business environment.** As the report by the CRM confirms, the government acknowledges that it is at the level of efficiency and efficacy of the regulatory framework that support for businesses is often inadequate. It also recognises “the delays between the promulgation of a law and its implementation through regulations”. Further, the CRM reported that the regulations themselves are not always received by companies, especially those situated far from the capital. Moreover, the government is committed to reinforcing structures for implementing fiscal reforms, especially by creating 260 local tax centres and simplifying customs duties to two levels.

645. However, despite the government's commitment, as represented by numerous legislative and regulatory documents intended to promote a climate favourable to investment and commerce, the cumbersome nature of the administrative system constitutes a major handicap, which hinders their application. One of the stakeholders emphasised that in the area of financial legislation concerning companies, "there are two Algerias: the Algeria of legislative documents and the Algeria of everyday reality". Faced with a particular limitation on business development, the public authorities often make swift decisions, either to create a desirable structure of management, or to pass appropriate legislation. These initiatives, however welcome they may be, often remain no more than words on a page in everyday reality.
646. The main decisions taken by the government in the area of taxation concern the reduction in tax rates that affect company profits, as well as a number of measures alleviating the tax burden and improving fiscal administration. These steps have been well received by the population in general. Further tax relief was introduced as early as 1991, when a plan of action to encourage exports was also put into place. Regulations governing private business activity have been made more and more flexible since 1988, by removing the limit imposed on private investors and authorising investment in other sectors, while at the same time stipulating that investments should be within the range of priority activities earmarked by the state. All of these measures have resulted in a definite improvement in the business climate.
647. **Stock market.** Despite the intention announced by the government to support this initiative, which is indispensable in a market economy, the development of the stock exchange market has been extremely slow. In contrast, the bond market has seen limited success, as only about 20 out of 93 000 joint stock companies have managed to raise around DA160 billion by means of debenture loans. These include large companies such as Sonatrach, which meet the criteria, in particular, having audited accounts over at least three financial years. According to one of the stakeholders interviewed, as bonds are more understandable than shares, the bond market represents an educational step on the road to a developed stock market. In fact, only two companies (El Aurassi and Sidal) are listed on the stock exchange, as a third, Erriadh de Sétif, recently withdrew from the stock market as it no longer recorded three financial years in which it made a profit. The unfortunate experience of this company (which will delist from the exchange by public offer of withdrawal) demonstrates the difficulty of some companies to meet competition while modernising their management. The company, which is in the agribusiness sector, has seen its best staff poached by a number of private companies. What is more, they were exempted from tax and were permitted, according to one stakeholder, to pursue certain informal activities.
648. During the CRM's visit, not one private company was listed on the stock exchange. The development of the stock market is running into obstacles linked to the legal nature of the majority of Algerian companies. In effect, the main condition for entering the transferable security market is to be a joint stock company, which is not the case for the majority of Algerian companies,

which are family owned, even if they have the legal composition of a limited liability company. According to one stakeholder, there are about 20 companies in Algeria that could be eligible for the stock market and could make up the critical mass required to promote the development of this market.

649. Among the explanations for the weakness of the stock exchange market, the following problems can be cited:
- the family nature of the majority of companies;²⁵
 - the absence of a stock exchange tradition among Algerians in general and among managers in particular;
 - the almost total absence of risk-capital companies (that are able to prepare the ground for entry onto the stock exchange);
 - the continued high cost of transparency associated with listing on the stock exchange (a cost associated with the possible intervention of the fiscus, with penalties for management action and unfair competition, especially on the part of enterprises that opt for transparency in their dealings);
 - the managerial tradition, which eschews partnerships in business;
 - the educational level of company directors;
 - directors' desire to be in total control and not to have business partners or associates.
650. According to a representative of the CRM, the government's reticence to make use of the stock exchange in privatising public enterprises can be explained by the wish of potential buyers to be in sole command and not to share the ownership of companies that are not always up to scratch. This has led the government to handle privatisation on a case-by-case basis and, in a practical sense, to choose one method of privatisation over another.
651. In terms of market stimulation, prior to 2003 those entities active on the stock exchange had to be joint stock companies or individuals, but since that date banks were also allowed to enter this market, along with companies created to this end (joint stock companies with a minimum capital of DA1 million). Today, it is only the public banks that are interested in activity on the stock exchange. Moreover, some of those involved, who were interviewed, expect that the requirement of the banks to apply prudential regulations (linked to the Basel II Agreements) will result in them inviting certain of their clients to join them in entering the financial market.
652. **Facilitating the registration of societies and investments.** Over and above administrative procedures, those wishing to establish companies seem to lack

²⁵ According to a national survey conducted in February 2007 by the University of Tlemcen on a sample of 800 Algerian SMEs, only 7 per cent of companies are constituted as joint stock companies while 80 per cent are "individuals".

information and advice. Thus, for example, there are saturated sections of the market in which Algerian companies are still investing (particularly in the urban transport sector), largely because of the “copycat factor” and people’s failure to identify more attractive market sectors. Identifying these sectors requires the existence of market sector studies on a regional, national and international level and circulated as widely as possible. Some entrepreneurs have emphasised the lack of follow-through and support from banks and institutional structures assisting in business set-ups. In order to reduce administrative procedures and limit delays in establishing a business, the state has begun to roll out regional single offices that will allow businesses to be set up more quickly and simply. The CRM reported that, at the time of its visit, there were only six of these offices available to entrepreneurs in 48 wilayas.

653. **Attracting Algerian traders to deal in imports.** Economic liberalisation and an abundance of foreign exchange have led to a sudden burgeoning of one-off importers in Algeria, who have set themselves up for a particular deal and are not always in right standing with the fiscal authorities. This has resulted in the legislative imposing a minimum realisable share capital and requiring the importers to provide a tax reference number and the necessary guarantees of their activities in terms of reliable and verifiable payments. Consequently, even if the problem has not been completely resolved, the number of Algerian import companies has gone from 45 000 to 22 000. The CRM noted that, despite the measures taken by the government to discourage traders moving into the import market, the numbers are increasing constantly. There is a risk that this trend will be encouraged by future control of the banking system by foreign banks, who are generally more interested in financing trade than investment. This is also one of the reasons for the delays experienced by the Algerian government in the process of bank privatisation.
654. **Youth enterprise.** A number of mechanisms and finance opportunities are available to young people. The most important of these include the:
- National Agency for Supporting the Employment of Young People (ANSEJ);
 - National Agency for the Management of Micro-credit (ANGEM);
 - National Unemployment Insurance Fund (CNAC);
 - National Agency for the Development of Tourism (ANDT); and
 - National Fund for the Support of Young People.
655. ANSEJ enables young people to enjoy generous benefits for a period from three to ten years, including tax exemption for three to five years. There are also dispensatory benefits that can be negotiated, especially for investments in the south of the country, or if a project exceeds a certain threshold. These benefits may continue for up to ten years, and there is also a possibility of

being granted free land. According to a recent publication of ANSEJ,²⁶ about DA158.8 billion has been invested in the framework of its operations since its creation in 1997, generating 231 direct jobs across 81 277 micro-enterprises extending the production capacities of 199 micro-enterprises. As far as bank credit for financing ANSEJ projects is concerned, out of a total amount of DA26.192 billion for which payment was due on 31 December 2005, 58 per cent has been repaid in strict adherence to the due dates given by the banks.

656. However, in practice, it would seem that there is a significant rate of company failures. According to some stakeholders, 60 to 70 per cent of enterprises disappear during their first year of activity.²⁷ However the CRM was not able to verify this statement.
657. In general, with the exception of certain Ghardaïa stakeholders, stakeholders felt that ANSEJ does facilitate the access of young people to microfinance. Some founders of enterprises have nonetheless emphasised that access to credit remains complicated due to the terms and conditions of the guarantees required. This assertion would seem to be linked to the absence of information for young entrepreneurs. In effect, the government has taken the provision of guarantees into account by establishing a guarantee fund.
658. To consolidate its activities, ANSEJ has established a follow-up service for the businesses created and provides training for its own staff. Moreover, it is entering into an agreement with the University of Tamanrasset and has already signed a number of agreements with communes to entrust certain of its activities to the micro enterprises that have been set up. These statements were confirmed in a recent ANSEJ publication.²⁸
659. After 2004, when the ceiling for finance was raised to DA10 million, ANSEJ started to experience genuine success. Even if some beneficiaries lacked an entrepreneurial spirit and abused the benefits offered by the organisation and infringed the rules of fair competition, and even if the economic structure of ANSEJ sometimes suffered from the tradition of redistribution in Algeria, it seems that the organisation has assisted a number of entrepreneurs to deal with different demands in their environment and to create a network in which they can work together. By creating thousands of jobs, the financing and training aspects have contributed to the consolidation of social peace in Algeria and, more particularly, to the fight against terrorism, which is able to recruit members more easily among unemployed youth. The efficiency of investment in relation to jobs created still has to be proved.

²⁶ ANSEJ's special statistics bulletin, SAMIE.

²⁷ It is possible that some of these enterprises change their status during this time.

²⁸ ANSEJ. 2007. *ANSEJ and youth unemployment in Algeria*. January.

Good Practice 9: ANSEJ

ANSEJ, the National Agency for Supporting the Employment of Young People, enables the financing of micro-enterprises at a cost of less than, or equal to, DA10 million. This is aimed at young people aged 19 to 35 years who hold a professional qualification and/or possess the necessary know-how. The age limit can be extended up to 40 if the project generates three jobs or more.

The projects put forward by the young promoters may not exceed AD10 million (10 per cent of the project up to 100 000 euros) and are financed according to the following formulae.

- The triangular formula consists of:
 - 1) the number of employees of the young promoters, which varies according to the level of investment and the area;
 - 2) the interest-free credit from ANSEJ, which varies according to the level of investment; and
 - 3) preferential bank credit.
- The mixed finance formula consists of:
 - 1) the number of employees of the young promoters, which varies according to the level of investment;
 - 2) the interest-free credit from ANSEJ, which varies according to the amount of the investment; and
 - 3) the National Fund for Supporting the Employment of Young People, established by Executive Decree 96-295 of 8 September 1996, which takes over the financial aid linked to interest-free credit granted by ANSEJ and the reduction of bank credit interest rates.
- Fiscal and para-fiscal aid includes:
 - 1) exemption from value-added tax; and
 - 2) exemption from customs duties for imported equipment used directly in the realisation of the investment.

ANSEJ, which has 53 regional branches, falls under the jurisdiction of the Ministry of Employment and National Solidarity. ANSEJ represents a social, economic and political mechanism that has contributed to the restoration of social peace in Algeria.

660. **Company performance and business environment.** Following the launch of the liberalisation programme, measures taken to promote private initiative have been confronted by a certain inertia reported in administrative practices. The development of the private sector has also continued to be hindered by a number of constraints exacerbated by complex and lengthy procedures (e.g. in obtaining planning permission or a certificate of compliance), as well as by the relative inefficiency of the banking system and the difficulty in accessing credit and importing equipment and raw materials. The 2006 publication by the International Finance Corporation (IFC) and the World Bank, entitled “Doing Business”, places Algeria in the 116th position out of 157 countries in

terms of ease of doing business. This represents an improvement of 41 places, compared with the 2005 ranking. Without necessarily considering this classification as completely accurate, administrative procedures are certainly somewhat cumbersome, especially in granting authorisations to conduct business or to invest, as indicated by a number of stakeholders.

661. **Business environment in the wilayas.** The huge size of the country does not facilitate the flow of information and decisions throughout the territory or to the branches of businesses whose registered offices are in Algiers. A businesswoman in Tamanrasset noted that the business environment is harsher in the south compared with the Mediterranean region of the country. Some communities far from Algiers have, however, demonstrated considerable creativity and willingness to trade with the external world. Ghardaïa is one such example. It is inhabited by a large Mozabite community and existing industrial companies are private and family owned. Local companies are well represented in the Chamber of Commerce. In addition, Ghardaïa is unique in its relations with Mozabite business communities in Oman, Nigeria, Senegal, South Africa and Zanzibar. Trade between these communities is flourishing.
662. The President of the Chamber of Commerce and Industry in Tizi-Ouzou noted that the single office system is still not available in that wilaya. Consequently, all the steps required to establish an enterprise must be carried out in different places. An entrepreneur in Ghardaïa suggested that the government should use fiscal incentives to encourage business to stay in the wilaya. He emphasised that it is more expensive to maintain business equipment in the south of the country compared with the coastal Mediterranean areas. Several stakeholders in Tizi-Ouzou said that businesses in the region are not regularly consulted before important decisions are taken by the administration.
663. Business performance is also dependent on certain factors, including:
664. *i) Constraints relating to access to bank credit.* The majority of stakeholders have stressed the difficulties related to the functioning of the Algerian banking system. They told the CRM that Algerian banks are rather deposit banks, even “cash machines”, and do not know how to, or do not wish to, serve their clients. These banks are not reacting promptly to the needs of SMEs; they represent a bottleneck for business transactions, taking too long to respond to requests for credit (one year, according to a bank client interviewed) and to process payments and transfers. As a result, the government has reduced funds with the aim of directing finance towards those who need it. Furthermore, the banking system has an excess of liquidity, something that confers a level of comfort allowing the sector to avoid risk-taking and to participate only in corporate bonds. In reality, despite this excessive liquidity, the banking system seems to have been weakened by the large amount of unprofitable credit granted, in particular, by public banks. Banks often grant credit without taking into account the level of professionalism of the beneficiary, when in fact, in order to practise a profession with any success, it is necessary not only to have sufficient funds, or financial or real estate guarantees but, more especially, to have sufficient know-how and the competencies for success in the sphere of

investment. These banks often have inadequate staffing, which presents problems related to education and the technical training necessary to pursue projects. According to several spokespersons from the CRM, there are not enough highly qualified experts in the banks who are properly informed on credit applications, and who follow up on credit files and the performance of financial transactions.

665. A major challenge facing the Algerian banking system is that of modernising methods of payment. From one bank to another in the same wilaya, a cheque can take three to four days to be paid. Between different wilayas it can take one week. This means that very few people accept or use cheques.²⁹ Bank credit or debit cards are virtually non-existent, due to difficulties experienced in the bank clearing system. Reforms initiated by the government in terms of demonetising payment methods are likely to be used only by large companies. Moreover, such initiatives are coming up against the crisis of confidence following the El Khalifa Bank affair, and a particular mindset that clings to the use of cash.³⁰ This delay affecting the role of banks in the economy prevents the monetary authorities from obtaining accurate statistics on the amounts circulating in the country's economy.
666. From an internal perspective and even if, as a general rule, the CEOs of banks are promoted from within the organisation (which should ensure that they understand the internal workings of their organisation), banks suffer from organisational problems preventing them from focusing on core activities. A number of unfortunate experiences and penalties for banking management have led to excessive centralisation. Thus, the authority of a local bank agency in the wilayas to grant credit is limited to a maximum of 15 000 euros. For amounts exceeding this, application has to be made to the regional branch authority. The problem of centralisation and bureaucracy in decision-making means that bank agencies are no more than transmission agencies and bankers (especially in the public sector). They are merely public servants who, instead of being able to focus on clients' real needs, devote a large proportion of their time and energy to protecting their careers. This situation is exacerbated in the regions, in that there are almost no private banks in these areas.
667. Stakeholders raised the following further problems experienced in the banking system:
- the problem of the relative lack of competence of the human resources available to banks, as well as the distrust characterising relations between

²⁹ This is so even where certain stakeholders have taken the extreme, opposite position into account and used cheques as an instrument of credit rather than payment.

³⁰ The prohibition on cash payments for amounts exceeding DA50 000 has not been adhered to.

employees and their line managers, on the one hand, and between them and the clients of the bank, on the other;³¹

- the banking culture – (generally public) banks were created to finance the public sector and adopted bureaucratic habits that are difficult to change. According to a spokesperson, these habits exist even in the management of a credit file. These files comprise 90 per cent of production and offer features, whereas the market and outlet prospects should only be involved in an average of 10 per cent of the files;
- inefficiency of the information systems and internal control in the banks;
- lack of diversification of banking products in order to diversify risks and better respond to the needs of businesses;³²
- poor geographical coverage (private banks are not really present in the interior of the country);
- the raised cost of credits held up by banking disputes. Certain individuals take money from the banks and misappropriate investment credit in their personal spending. This has been the case for a number of loans granted to the agricultural sector by the Agricultural and Rural Development Bank. While, officially, 30 per cent of loans from public banks for the individual are unproductive, one of the representatives of the CRM estimated that 50 per cent of loans go towards personal spending. This situation would be exacerbated by delays in evaluating risk at the level of the Central Bank.

668. The recent El Khalifa scandal has led the government to strengthen control mechanisms and prudential regulations in banking, as well as to take measures to prevent politics from intervening in the management of banks (especially public banks). This is why it was decided to set up auditing committees in the board of directors of each bank, and for an independent auditor to chair those committees.

669. *ii) Constraints linked to access to land.* One of the main problems faced by private enterprises is that of access to real estate, either by leasing or being allocated land. This is felt more sharply in many wilayas on the Mediterranean coast, which are very densely populated and many individuals possess their own property.³³ This means, for example, that in order to rent premises, a lessor may require the entrepreneur to pay two years' rent in advance. The CRM nonetheless noted that in the wilaya of Sétif, economic operators appear to be satisfied with the swift responses of the administration to applications for

³¹ According to one of the persons consulted, Algeria has launched a training programme for 5000 to 6000 agents, with the objective to enable them to manage their clients properly rather than simply keeping track of accounts and risks.

³² One of the participating parties confirmed that the El Khalifa scandal and the penalisation of management acts are hindering banking and financing innovations.

³³ According to the survey by the University of Tlemcen (2007), access to real estate in the form of transfer problems or high costs constitutes a major constraint to 47 per cent of the 800 enterprises sampled.

the allocation of land for commercial or industrial developments. Often required by banks as a guarantee, land also poses a problem in that, according to one spokesperson, only 20 per cent of land in the north of Algeria is registered.

670. Wishing to limit the constraints linked to the land issue in the privatisation process and to rationalise the management of its assets, the Government has created an agency responsible for real estate and the recuperation of residual land, and is also drafting a decree which provides for the State's recuperation of all real estate not needed for the purposes of privatisation.

671. *iii) Poor productivity of Algerian enterprise.* With the aim of dismantling its centrally centralised economy, Algeria replaced its planning programme with an investment programme facilitated by the budget. However, even in a market economy, the industrial sector – like other sectors – can only grow within the framework of an overall development strategy which, in fact, requires some kind of planning programme. This error has now been corrected by the recent creation of a National Commission for Planning and Prospects, which should facilitate the privatisations needed in the context of an overall strategy. Although there has been a slight increase in the productivity of capital since 1995, productivity in Algeria remains low. Thus, a number of public enterprises are undergoing structural disinvestment, and the labour force is frequently no longer up to international standards.

672. The recent national survey conducted in February 2007 by the University of Tlemcen on a sample of 800 SMEs also reveals a number of weaknesses in the management of Algerian enterprises:

- approximately 57 per cent of these enterprises have recourse to the computerised management of stock, wages and accounts;
- less than 50 per cent are connected to the Internet;
- about 62 per cent use less than half of their production capacity (and 10 per cent use more than 80 per cent);
- about 26.6 per cent have conducted technical checks on their equipment; and
- about 54.5 per cent are in a critical financial position (ratio of equity to share capital less than 1).

673. Despite the government efforts, only about 40 enterprises have been brought up to standard. This low figure can be explained by the following:

- the preference for discretion, or even secrecy, which leads the majority of SMEs to remain closed (having an external observer in the company, which is frequently family owned, remains taboo and is the main obstacle to raising standards);

- the small size of enterprises (they are family owned, occupy a particular niche or are active on fragmented markets, which implies a loyal clientele but limits opportunities for growth);
 - the attitude of Algerian banks (they are reluctant to give finance to assist enterprises they see as being at risk of disappearing);
 - the problems experienced by enterprises (paradoxically, a fundamental requirement for raising standards is that the enterprise should already be profitable; however, apart from the fact that most enterprises operate at a loss, those who do make the grade do not see the use for upgrading);
 - lack of awareness of the standards upgrading programme and the poor communication of its mechanisms and processes;³⁴ and
 - the lack, at least in the regions, of offices providing specialist consultation services.
674. A diagnostic carried out in respect of the industrial sector revealed that it does have certain resources that are likely to favour its recovery and adjustment, and this applies to other sectors as well. In this context, the government has acknowledged the weaknesses of the Algerian industry and has put in place programmes to bring enterprises up to standard.
675. *iv) Inadequacy of training in Algerian enterprises.* Algerian enterprises are relatively under-trained.³⁵ The national survey conducted by the University of Tlemcen shows that only 57 per cent of enterprises felt their employees had satisfactory qualifications, while 76 per cent considered their workforce to be up to standard.
676. This problem is exacerbated by the following: (i) departures to other countries; (ii) retirements (often scheduled); and (iii) leaving the public sector for the private sector. Although the CRM met with a number of actors who may be described as genuinely active participants in the Algerian economy and public enterprise, there is no doubt that a large part of the staff in Algerian public enterprises are often demotivated, while the most competent are often poached by competitors in the private sector.³⁶ The difference in remuneration between rank-and-file employees and higher levels is also seen to be unfair and demotivating. According to a stakeholder, even the General Union of Algerian

³⁴ According to the University of Tlemcen survey, only 25 per cent of the 800 SMEs studied are aware that there is a programme for raising the standards of enterprises.

³⁵ The rate of training stands at 5 per cent in industry and 2 per cent in administration. The global requirements for training in upper and intermediate management are estimated at close to 120 million hours (*Source*: “The strategy and policies for boosting industrial growth.” National Industry Meeting on 26 February 2007). According to the same survey, the rate of training in the 800 SMEs studied in 2007 reached 8.6 per cent.

³⁶ A law on “*conflict of interests/incompatibilities*” was promulgated prohibiting state employees from working in the private sector in areas related to their recent government position for a period of two years following retirement.

Workers (UGTA) would be prepared to accept disparities in salaries in order to motivate staff training.

677. Another problem raised during meetings and workshops was that of the qualifications of employees. Although universities are issuing an increasing number of degrees, enterprises comment on the gap that exists between the training provided and the needs of enterprises in terms of managerial staff and employees, as well as on the level of certain training that should have been useful to them. Algeria is therefore facing a shortage of managerial staff in several sectors of the national economy. So, with the launching of major economic and social infrastructural works, including the construction of over 1 million houses between 2005 and 2009, the national construction enterprises are no longer able to keep up and to adjust their supply to respond to the increased demand. In addition, the construction of the East-West motorway will require the recruitment of 1000 engineers and will need 100 000 workers.³⁷ The lack of technicians in all professions is clear, as was confirmed by the CRM throughout the country. For example, in Ouargla, the main town in the wilaya bordering the oil fields of Hassi Messaoud, the shortage of plumbers is such that an experienced plumber can earn around DA7000 a day, while the minimum national guaranteed salary in Algeria, from the beginning of 2007, is DA12 000 per month. A person from the field of accounting in Ouargla commented that many enterprises are experiencing difficulties in establishing the production costs of their products, resulting in only an approximate account of profit and loss. The CRM noted with satisfaction that, in some wilayas such as Ghardaïa, participants estimate that accounting rules and standards are well known and correctly applied by the majority of enterprises.
678. *v) Specific constraints linked to the growth of SMEs.* Difficulties identified by the Minister of SMEs and SMIs for actors and entrepreneurs in the private sector are mainly related to:
- the absence of reliable and up-to-date information on the institutional environment in general and the trade sector in particular;³⁸
 - different definitions and perceptions of SMEs;
 - bureaucratic encumbrances affecting the function of the single offices; and
 - delays in, or the non-appearance of infrastructures provided for in the implementation of the investment code.

³⁷ *Daily Information Tribune*, No. 3469 of 26 November 2006.

³⁸ A survey by the University of Tlemcen (2007) shows that 78 per cent of enterprises are unaware of the law concerning the activities of SMEs; 93 per cent are unaware of the establishment of a guarantee fund for investment loans; 73.4 per cent are not familiar with agreements made with the European Union; 62 per cent claim they are familiar with their main competitors; and 38 per cent claim that they have accurate information concerning their share of the market at a communal level.

679. Algerian SMEs and SMIs need to be supported by the banking system, whose rare innovations are only taken advantage of by the large companies. Banks need to coordinate their programmes to assist family SMEs in their own transformation and the opening up of their share capital.
680. *vi) Deficiencies in the public transport sector.* The Algerian government has earmarked considerable resources for developing economic infrastructures. The CSAR describes the rehabilitation and development strategies for infrastructures and emphasises that 25 per cent of the investment budget has been devoted to major infrastructures. The construction of major cross-routes from North to South and East to West, and an underground network in Algiers will certainly facilitate the movement of people and goods between the major Algerian conurbations. The CRM noted the ambitious programme on the part of the government to modernise all types of transport in order to improve business performance both domestically and internationally. In terms of road transport, the main problem to be solved is the inadequacy of public transport, which is hindering the proper daily transport of people and goods in the urban centres, and particularly in the city of Algiers.
681. Statistics for 2005 from the Ministry of Transport³⁹ reveal that urban and intercity transport is managed by 80 public entities and 65 940 private operators, of whom the majority acquired their vehicles thanks to support from ANSEJ. Individuals control 96.73 per cent of activity in this sector. As in many cities in developing countries, traffic jams in the capital are frequent and jeopardise the punctuality of employees, which has a negative impact on the productivity of the labour force. It is worth remembering that an efficient public transport system is a guarantee of the punctuality of workers and contributes to business productivity.
682. During consultations in the interior of the country, the CRM noted complaints by stakeholders (e.g. in the wilaya of Ghardaïa) about the poor state of the NO 1 motorway leading to the South, which should be prioritised in the national programme for improving infrastructure. Another stakeholder stressed the increased cost of transporting primary products, demanding that, as a result, there should be tax relief in favour of businesses situated far from the coastal towns. The poor state of the roads in the region is a major handicap and constraint hindering many companies' development.
683. The CRM identified other obstacles that are slowing down the development of central Algerian agro-industries, such as the lack of water and the extreme variations in temperature.
684. *vii) Inadequate support for growth sectors.* The Algerian government has more or less indicated its concern to diversify the economy beyond the hydrocarbons sector.⁴⁰ Some growth sectors in the economy require more

³⁹ Ministry of Transport. 2005. Annual statistics by sector.

⁴⁰ See the chapter on economic governance in this report.

concrete support for those companies already operating in them. The CRM noted that the agricultural and tourism sectors need additional support at an institutional and financial level. Thus, it noted the existence of considerable potential in the export of olive oil by a number of small family businesses that produce this commodity, especially in the region of Tizi-Ouzou. This potential could be better exploited if the government encouraged these businesses to organise themselves in production cooperatives for the export market. This is also true for the export of dates.

685. The CRM noted that the exploitation of tourism opportunities in some wilayas, such as Ghardaïa and Tamanrasset, requires the training of tourism staff and agents in the languages spoken by potential tourists.
686. *viii) Constraints linked to taxation.* The economic operators that the CRM consulted appreciate the government's decision to reduce company tax from 40 to 25 per cent. However, they regret that the tax on consumption and value-added tax on imported products are collected at the time of clearing customs. This advance collection creates problems for enterprises' finances, especially as these imported products are only sold long after they have been cleared by customs. The solution stakeholders recommended is for the state to establish warehouses under the Customs authority, in those areas of the country where merchandise may be stored. The advance payment of value-added tax means that tax-payers are pre-funding the treasury. As Algeria is not experiencing public revenue problems, at least for the time being, a more equitable solution would be to collect value-added tax when the merchandise is sold.
687. *ix) Difficulties related to the movement of Algerian entrepreneurs.* Algeria has signed partnership agreements with the European Union that provide for total or partial cancellation of import duty, with the aim of facilitating the free movement of goods. These agreements require the establishment of bridging points where traders can meet and ratify partnership contracts for trade and investment. Heads of private enterprises have expressed regret that partnership agreements between Algeria and the EU countries advocate the free movement of goods and capital, but not the free movement of entrepreneurs themselves.
688. **Prospects for Algerian enterprises.** Despite the constraints and handicaps described above, Algeria currently has the financial and human resources available for making the transition from a developing to an industrialised economy, provided that the leadership continues to give the necessary impetus to the entrepreneurial sector. The development and modernisation of airports, ports, roads and especially railways should allow Algeria to become an important platform for exports to other African countries. Algerian enterprise could contribute to the economic integration of the Maghreb and the entire continent by establishing commercial bridging points with other African countries, especially if they can make use of the major route to Mali and the Niger. Finally, there have been considerable advances in liberalising the economy and making the private sector the driving force behind it. However, the practical application of certain measures and the effective implementation

of decisions taken are still coming up against a behaviour and mentality that have not kept pace.

iii. Recommendations

689. The APR Panel recommends the following:

1. Examine the possibility of: (i) strengthening current mechanisms for creating and registering companies, (ii) speeding up the implementation procedures for the reception of capital and rapid arbitration of commercial litigation, and (iii) giving Chambers of Commerce, structures supporting young people and women entrepreneurs, and other employers' associations the financial means necessary for them to better train competent managers and entrepreneurs. (Attention: the government; the Algerian Chamber of Commerce and Industry (CACI); other employers' associations; partners in the National Economic and Social Pact)
2. Continue to dismantle the cumbersome administrative procedures that are hindering the implementation of decisions that have already been taken, or are still to be taken, to facilitate the creation or development of enterprises. This involves, in particular, the acceleration of procedures for (i) allocating real estate, (ii) issuing permits and (iii) producing environmental impact assessment reports for investment projects. (Attention: the government)
3. In order to meet the many challenges linked to Algeria's imminent joining of the WTO and commitments made in terms of mechanisms for regional integration, give all necessary incentives and support to enterprises, in particular those which (i) invest in industries downstream from the hydrocarbons extraction sector, (ii) export agro-industrial products, and (iii) are involved in developing ICTs. This support should include, in addition to more generous fiscal incentives, bringing the industries up to an appropriate standard, training staff, and extending the nurseries and incubators for entrepreneurs in collaboration with universities and research institutes with the objective of improving the competitiveness of Algerian industry and diversifying exports. (Attention: the government)
4. Continue to intensify reforms in the banking system that have already been initiated so that SMEs can benefit from easier access to credit. Measures designed to reinforce these reforms should focus particularly on (i) the geographic decentralisation of the banks by establishing branches, (ii) the acceleration and modernisation of payment methods and the inter-bank clearing system, (iii) the improvement of follow-up and risk management capacities, and (iv) the continuation and intensification of banking staff training programmes to improve their competences in processing credit applications and monitoring the credit granted. (Attention: the government; Bank of Algeria; commercial banks)

5. Implement a process of negotiation aimed at formulating a national strategy for the development of the financial market, a strategy which would also involve all the economic and financial stakeholders concerned. This strategy should be based on the following actions:
 - simplify the rules for trading (buying and selling) of stocks and transferable securities;
 - granting of tax incentives for transactions linked to the stock exchange and for agents acting for its development;
 - partial privatisation of some of the best performing public enterprises by listing them on the stock exchange;
 - introduction on the stock exchange of a portion of the capital of enterprises linked to the hydrocarbons, transport, telecommunications and banking and financial sectors;
 - taking advantage of the existence of some of the larger companies in Africa (Sonatrach, Sonelgaz, Algerie Telekom, Air Algerie, etc.), the stock exchange in Algiers will have the capacity to transform itself into a regional stock exchange market.
6. Provide young and women entrepreneurs with regular information on the institutional environment of SMEs in general, and the existence of funds for encouraging the creation of enterprises, in particular, to facilitate the creation and development of the activities of their enterprises. Within this context, put in place mechanisms (including single agencies in the wilayas) for ongoing monitoring of the performance of enterprises established as a result of ANSEJ support, and other mechanisms for providing support for micro-enterprises. (Attention: the government; CACI; ANSEJ)
7. Make enterprises aware of the advantages and necessity of improving, and in this way simplify the mechanisms by unifying the structures responsible for the different programmes. (Attention: the government; CACI)
8. Speed up and make more coherent the privatisation programme by: setting up a public calendar for privatisation; improving and accelerating procedures for evaluating the assets of companies to be privatised; making more information available on the activities of companies in the interest of transparency; avoiding situations where a monopoly is transferred to the private sector; and providing, if possible, for companies to be privatised via the stock exchange, with a business plan focusing on areas of performance. (Attention: the government; Chamber of Commerce; private enterprises)
9. It is recommended that the CACI and its regional branches, the Chambers of Agriculture and other employers' associations and syndicates negotiate with the public authorities contracts for the management of infrastructure and other spaces reserved for commercial activity, such as trade fairs, ports and airports, to obtain sustainable sources of revenue and thus reduce their

dependence on state subsidies. (Attention: CACI; Chamber of Agriculture; other union and employers' associations)

Objective 2: Ensuring that companies are socially responsible with respect to human rights social responsibilities and environmental sustainability

i. Summary of the CSAR

690. **Working conditions.** The CSAR mentions the development of labour laws, based on the contractual formalisation of relations, collective bargaining and company partnership principles. Observance of labour laws is considerable. On the other hand, at the private sector level, labour laws seem to have a low impact on behaviour.
691. The report raises a rather important point in socio-professional relationships and working conditions within the company. It is the obligation of the parties to hold periodic meetings in order to assess mutually the socio-professional relationship situation and general working conditions. The proposal of such meetings is not necessarily linked to the presence of conflict. Should conflicts persist, after the internal conflict mechanisms have failed, the injured party may have recourse to procedures outside of the company.
692. **Labour regulations.** The Constitution of 1996 and Act 02-03 of 10 April 2002 indicate the following principles that constitute the new industrial legislation: (i) freedom of association; (ii) the right to belong to a trade union recognised for all citizens; (iii) the right to strike; (iv) protection of workers' health; (v) the right to time off; (vi) the right to work; and (vi) the right to social protection, safety and a healthy working environment.
693. These principles have been defined as fundamental rules by Act 90-11 of 21 April 1990 regarding working relations and basic employment conditions. Act 90-02 of 6 February 1990 defines regulations for handling social conflicts, including professional and employer/employee relations. The 1990 social laws refer to 59 international conventions of the International Labour Organisation (ILO) ratified by the Democratic and Popular Republic of Algeria.
694. Section 56 of the Constitution establishes workers' right to form trade union organisations to defend their moral and material interests, as well as the right of representation and participation in the negotiating of collective bargaining agreements or conventions in the workplace. In addition, according to section 49 of Act 90-14, trade union organisations of the most representative salaried workers on a national level benefit from state subsidies.
695. Labour laws in Algeria include the principles of legalisation of the process of collective bargaining and social partnership negotiations in the workplace. As

a result, significant progress has been made particularly in the areas of collective bargaining negotiations and dialogue between management and labour.

696. **Conflict resolution.** The law obliges employee and employer representatives in the private sector to hold periodic meetings to assess socio-professional relations and general working conditions. In the event of disagreement in the workplace, the following conflict resolution procedure applies:
- Any employee may make known their grievance to their trade union representative, who will meet with the employer representative to discuss the matter.
 - If the dispute between the parties is not resolved via meetings, it may be subject, in view of conciliation, to procedures stipulated in the collective bargaining conventions and agreements
 - If conflict persists after failure of internal conflict prevention mechanisms, it is possible to resort to procedures outside of the company and, in particular, to the labour inspectorate. Recourse to conciliation at the level of the labour inspectorate is mandatory before resorting to the right to strike, whereas appeals to mediation and arbitration remain optional.
 - Once the labour inspectorate has been presented with the collective labour dispute, it shall attempt to reconcile the parties and reach an amicable solution to the conflict.
 - In the case of failure of the conciliation procedure regarding all or part of the conflict, the parties may agree to appeal to mediation or arbitration, in such case the right to strike cannot be exercised.
697. A similar procedure is followed in the private sector. When internal procedure fails, the reconciliation process is monitored by public service authorities at municipality or wilaya level for possible arbitration by the regional authorities and the minister or his representative.
698. In the event that the case is filed at a labour court, the court shall rule, presided by a magistrate assisted by two employee assessors and two employer assessors. The first court hearing is set within 15 days following the date of presentation of application initiating legal proceedings. The court is obliged to hand down judgement as soon as possible.
699. **Inspections in the workplace.** In 2005, factory inspectors visited the premises of 9729 companies to assess hygiene, safety and first-aid standards.
700. **National Guaranteed Minimum Wage.** The Algerian social security system is considered one of the most generous. As indicated in the CSAR, the national guaranteed minimum wage more than doubled from DA5400 per month to DA12 000 per month in 2007.

701. **Discrimination.** Labour legislation in force bans any form of discrimination in the workplace, thus reaffirming the principle of “benefiting from the same salaries and benefits for the same work for equal qualifications and productivity”. Nevertheless, the private sector does not always abide by this principle, in particular, in SMEs. Moreover, the majority of the private sector companies do not officially publish the actual number of employees working for them. As an example, in 2003, the National Social Insurance Fund (CNAS) discovered after inspections carried out at the workplace of 5129 companies that 35 per cent of the inspected employees are not declared to the CNAS.
702. **Corporate social responsibility.** Social activities implemented by companies are mainly organised and carried out by companies operating in the energy sector. Such companies have set up a special fund. In the Adrar wilaya, funds have been invested in a water supply project. The Sonatrach Group has initiated a project for managing social investment to improve the living conditions of the most destitute groups by (i) supplying urgent food aid to the needy; (ii) promoting sport; (iii) preserving nature and safeguarding the national heritage.
703. **Environmental management/protection codes.** The deterioration of the environment in terms of loss of national wealth is equivalent to 7 per cent of the gross domestic product (GDP). Industrial waste includes about 220 million cubic metres of polluted water per annum, of which only 20 million cubic metres can be treated. The CSAR presents numerous legal and regulatory documents, as well as institutions in charge of monitoring companies’ respect for the environment, including the National Environmental and Sustainable Development Monitoring Agency and the National Waste Agency. It states that four companies have been ISO14 000 certified and 36 others have converted their installations to the appropriate technologies. The situation of Sonatrach and other companies in the hydrocarbon industry in respect of environmental protection has been highlighted. The CSAR gives an exhaustive list of polluting substances, together with the measures taken by the authorities to protect the environment from solid and liquid waste pollution.

ii. Findings of the CRM

704. **Working conditions.** The CRM observed that legislation is applied in all the wilayas visited and in all sectors of the economy. However, in the private sector, several companies appear to ignore employees’ social cover and do not respect the national guaranteed minimum salary. This is the case in foreign companies whose employees, who are recruited on contract, do not contribute to the CNAS and are not affiliated to any trade union organisation.
705. **Salaries.** A further challenge is posed by the considerable difference between public sector salaries and those in the private sector. Consequently, the financial and accounting books of the latter are properly controlled. In the public sector, however, where managers have monthly salaries to the order of

DA60 000 to DA75 000, financial and accounting books do not have the same level of control.

706. Finally, the various controls (in particular those linked to working conditions) are made difficult by the problems of insufficient training, low salaries of inspectors/controllers, and the considerable difference between their salaries and those of managers. One party strongly emphasised that this is one of the reasons for lack of motivation.
707. **Managerial competence and employee training.** Algeria is experiencing a significant deficit in managerial competence, which is aggravated by the economic boom following the leap in oil prices and massive investments in both the public and private sectors. The same applies to employees in both sectors. Industrial associations in sectors (such as dairy and farm produce, equipment, plastics) and the Chambers of Commerce urgently need to develop relations with third-party institutions to encourage more suitable training for future graduates from universities and technical schools. The Algerian Petroleum Institute (IAP), which has an academy and maintains strong relations with enterprises operating in this area, was cited as an example.
708. The CRM noted that it is also important to train potential entrepreneurs in order to guide and assist them in maturing business ideas before they start their own companies. Many stakeholders indicated that training initiatives in the business domain should be encouraged.⁴¹ The CRM considers it necessary to strengthen and develop university/industry partnerships, as is the case in Sétif, Tizi-Ouzou and Bordj Bou-Arrédj. The CRM deems other partnership models to be important, such as that of the IAP and Sonalgaz. These companies set policies and guide the training of managers on the necessary expertise and skills to make future graduates operational.
709. More generally, the raising of the standard of the educational sector, higher education and technical training in Algeria should be accelerated to respond to concerns about the productivity of enterprises and to reduce unemployment among the youth. This raising of standards is premised on negotiations between all stakeholders and on the effective involvement of enterprises.
710. **Trade unions and settlement of disputes in the workplace.** In general, the Algerian public sector seems to benefit from a relatively good social climate. Nevertheless, unlike the strong trade unions in the public sector, unions in the private sector are weak. Such weakness is explained by the following factors:
- Most private companies belong to, and are controlled by families. These companies, traditionally, have no trade unions.

⁴¹ According to the national survey carried out during February 2007 by the University of Tlemcen on a sample of 800 Algerian SMEs, only 22 per cent of the companies have had recourse to professional training (the Centre for Vocational Training and Learning, for most).

- Private sector workers do not tend to, or are not encouraged to, regroup into unions. Considering the high rate of unemployment, they would be under threat of losing their job.
 - Management in private companies has a poor view of trade unions and their impact on their business.
711. The low rate of trade unionism in the private sector explains the low union dues and the lack of transparency in the way in which conflicts are settled in the workplace.

Good Practice 10: Sonelgaz training programme

The budget for the Sonelgaz training programme represents 1 per cent of its turnover, 4.5 to 6 per cent of the company's wage bill during so-called normal periods, and 7 to 9 per cent during high development periods, as is the case at present. This budget covers training at three Sonelgaz schools, as well as training through infrastructure and/or marketing people.

Such training sessions are carried out in a multiform manner:

- participation in short seminars;
- medium-length advanced training courses;
- training at master's level or the diploma for advanced specialised studies;
- in-service training at manufacturers' premises;
- qualifying courses implemented at Sonelgaz centres; and
- collective courses designed around special specifications and entrusted to reputable organisations, such as universities and secondary schools.

Source: Sonelgaz, Directorate for Electrical and Gas Systems Planning.

712. **Commercial court.** Each court has a commercial section. However, many magistrates are not specialised in either commercial or corporate law, to such an extent that numerous associations from the wilayas provide experts to assist the magistrates. Due to the poor specialisation in commercial and corporate law, stakeholders are of the opinion that judgements rendered are not equitable.
713. **Inspections in the workplace.** The CRM observed that a large number of labour inspectors never received further education to allow them to update their knowledge of the laws applicable to the workplace. It follows that the settlement of industrial disputes is often achieved in a rather uncertain manner.
714. It was noted that, encouraged by some of their immediate superiors, labour inspectors carry out more inspections in small companies than in larger ones.

Thus, for example, during a seminar attended by 68 international companies operating in the energy sector, only 10 per cent had been inspected. This is an indication that the requirement of transparency is applied only to public and small or medium companies. Consequently, it is necessary to endow the inspectors with adequate means and improve their motivation through better remuneration.

715. **Employment of women.** The CRM noted the existence of discrimination based on gender in the workplace. In fact, on the pretext of absences linked to maternity, certain companies give an implicit but certain preference to the recruitment of men. However, representatives from large companies attending the meetings indicated that their companies recruit a great deal more women employees.
716. **Child labour.** The CRM noted that employment of minor children was not a big problem in Algeria. Even if isolated cases appear of children selling cigarettes in the streets, or guarding vehicles in public car parks for pocket money or to assist their parents, the problem of child labour is not endemic. Child education is mandatory until the age of 16. Consequently, as pointed out to the CRM, the majority of children are at school during working hours.
717. **Training.** At the wilayas visited, the CRM noted that young graduates from universities do not have the required skills to be operational. There is a high demand for technicians performing manual work. The inadequacy of training and employment is partly the cause of a relatively high unemployment rate for young people in Algeria. In some wilayas like Ouargla, solutions are being sought. Stakeholders have indicated that in order to satisfy the requirements of banking, the authorities have created a Banking College for training bankers and specialised lawyers.
718. The CRM noted that a major problem concerning professional training in Ghardaïa and other wilayas like Tamanrasset, is the insufficient numbers of plumbers, electricians and other small trades requiring manual skills. Such insufficiency, according to the stakeholders, is the result of a cultural tendency of Algerian families to prefer studying for white-collar professions such as medicine, engineering and law. The CRM appreciated the creation of the two professional training institutions in Tamanrasset. These institutes train learners from secondary school and provide basic technical training courses to students who have left school at primary level.
719. **Social responsibility of companies.** The involvement of companies in the social development of communities in which they operate is very uneven. Oil companies having important financial resources are the most involved. (A review of corporate responsibilities is given under Objective 4 of the present chapter.)
720. **Environmental management/protection codes.** Accelerated deterioration of the environment in Algeria started in the 1990s. In the CSAR, the government recognises that environmental damage is the cause of a loss of 7 per cent of the

national wealth measured by the GDP. The Ministry of Urban and Rural Planning and Environment also emphasises that “Algeria is facing a major ecological crisis threatening public health, the durability of fragile ecosystems, sustainable development of the country and the capacity for future generations to have the necessary resources to satisfy their socio-economic needs”.⁴² The extent and severity of environmental problems in Algeria and the main concern of the government are the result of the industrialisation process which, until recently, took place according to conditions that did not take ecological requirements into account.

721. As an example, the CRM was informed of the situation in the wilaya of Tizi-Ouzou. The 100 villages on the mountain do not have a sanitation system. Wastewater is evacuated into the nature, to such an extent that the Oued Aïssi River is seriously polluted to the detriment not only of the population, but also of companies.
722. Due to this deterioration, a National Environmental Strategy and a Priority Action Plan (2001–2004) for environmental and sustainable development were prepared by the government for implementation. Numerous environmental laws have been passed and the authorities have increased their surveillance activities. In 2003, some 112 cases of violation were prosecuted in 34 wilayas whereas in 2004, the number of violations reached 251.
723. Besides the government’s actions, the CRM noted the national awareness that has resulted in the formation of a private sector association for promoting environmental services. It has also noted that, in certain wilayas, like Sétif, the government and companies are working together in partnership and do not have hostile relationships.
724. The CRM identified two main concerns in the area of studies and weaknesses in the process of bringing the situation in line with standards. As authorisation involves the preparation of environmental impact studies, it is very slow. Such studies are also never completed on time, as confirmed by several stakeholders in the wilayas visited.
725. The implementation of norms corresponding to European standards is draconian. In fact, controls are repressive for private companies, whereas public companies enter into performance contracts with the state, reflecting the stipulated environmental objectives in this domain.
726. Good practices suggest a more flexible and less rigid approach. The services in charge of compliance with standards provide technical assistance in order to assist companies in bringing themselves into line. Such practice is still in its early stages in Algeria due to the lack of qualified experts and financial and material means to cover all 48 wilayas of the country. Very recently, four

⁴² Report on the state and future of the environment 2005, Democratic and Popular Republic of Algeria, Ministry of Urban and Rural planning and Environment, p.20.

consultants completed a training session on environmental certification of national economic companies according to ISO 14001 standards. The Minister of Environment and Urban and Rural Planning, Mr Cherif Rahmani,⁴³ stated that these consultants would be in charge of certifying companies presenting their candidacy. He added that each certified company has an internal auditor to assist it in its certification project. The number of auditors (seven, including five women) is insignificant considering the large number of companies to be certified.

727. It appears from discussions held that the regulation services need to acquire qualified experts for the preparation of environmental studies and supplying the necessary technical assistance to guide the companies towards the required standardisation.
728. The present challenge is to support companies created by the state that are predominant in the economy, and family businesses with limited managerial capacity, in complying with environmental standards. As stakeholders in Algiers, Oran, Sétif, Tlemcen and Tizi-Ouzou stressed, such standardisation is only mandatory for the certification of goods having an impact on the environment, safety, health and work, whereas company certification with respect to management or quality is optional and voluntary. In fact, it depends on the company's desire to project itself as a high performer on the market.
729. The adherence of enterprises to best international standards requires a great deal of work and calls for additional government assistance to encourage enterprises that are hesitant to invest in the raising of standards. In contrast, stakeholders at Ouargla stressed that national environmental standards are adhered to by that wilaya. Certification of enterprises insofar as compliance with environmental standards is concerned, is required of all manufacturing companies. In Algeria, only 300 enterprises are certified on the management system corresponding to the ISO 9000 standard on quality, or to the ISO 14001 standard on respect for the environment. Only seven of these are certified according to the ISO 14001 standard at national level.
730. The CRM noted that the implementation of standardisation, which is governed by three executive decrees adopted in 2005 by application of the Law of June 2004, is showing a delay in evaluation and compliance. Stakeholders indicated that low certification to the ISO 14001 environmental standard for companies is leading to less competition in Algeria. On their part, companies that have sought ISO 14001 certification were reacting to fear of competition from foreign companies.
731. Over and above the voluntary nature of standardisation, it has been observed that the Algerian National Standardisation Institute (IANOR) would not be accredited itself before the end of 2006, which could explain the slow progress

⁴³ Environmental preservation: Seven national companies for ISO 14001 certification. *La Tribune*, 30 November 2006, p. 4.

in the certification process. It is therefore in the interest of IANOR to obtain the required accreditation as quickly as possible, and for public and private companies to take all necessary measures to conform to the standardisation and its implications in the production process, within the burgeoning context of economic competition.

iii. Recommendations

732. On this basis, the APR Panel would like to recommend the following:

1. Intensify adherence to the application of social coverage for employees and that of the national guaranteed minimum wage (Attention: CACI; other professional organisations)
2. Develop relational models of the Algerian Institute of Petrol (IAP) type with third-party institutions to encourage training better suited to the demands of the labour market. (Attention: Chamber of Commerce; other employers' associations)
3. Increase the number of specialised institutions in order to promote training that is more suited to the demands of the labour market; The example of the IAP in its relations with its environmental context should be generalised. (Attention: the government; CACI)
4. Improve the initial and workplace level of training of inspectors as well as their remuneration and working conditions at the national and Wilaya levels in order to ensure effectiveness, independence and objectivity in the resolution of workplace conflict (Attention: Government, trade-union organisations).
5. Ensure better training of judges in economic, commercial and financial law; envisage the possibility of creating a commercial court and put the Algerian Chamber of Commerce and Industry in charge of arbitrating commercial disputes and help it find the means to carry out this function (in particular, through a better geographical cover of companies in the country and by envisaging the possibility of giving it back its assets from before the socialist era). (Attention: the Government; Chamber of Commerce and Industry)
6. Give increased assistance to various industries to assist them in upgrading. (Attention: the government)
7. Provide greater assistance to enterprises in different industries to ensure that their standard is raised, enabling them to deal with the requirements of performance and competitiveness. (Attention: the government)

Objective 3: Promotion of the adoption of good codes of business ethics in the pursuit of company objectives

i. Summary of the CSAR

733. **Good commercial ethics.** The CSAR notes that companies' integrity regarding respect for laws, regulations and good professional practice still remains difficult to define and there is a certain discrepancy between the law and actual practice. What is more, the indexed private sector is more inclined to break the various regulations and codes governing companies and Algerian economy, particularly in the food-processing, housing and trade sectors. The importance of the informal sector and fraudulent practices (counterfeiting, non-respect of standards, undeclared goods, etc.) limit the efficiency of state interventions and cause harm to both those citizens who are law-abiding and those who are not.
734. Such unfair competition puts a brake on the implementation of the necessary reforms. Even where consensus seems to exist on the necessity to do away with such practices, the CSAR records their existence, and sometimes even development, due to people operating in the underground economy. The CSAR notes an improvement in the coordination between the administration, certain consultative institutions, employers' associations and trade unions in order to deal with these scourges. Discussions are periodically held between the administration and management and labour. For example, employers' associations sit on the board of directors of social security funds.
735. However, steps have been taken to promote good commercial ethics, including two legislative measures in force, covering:
- competition – Ordinance 03-03 of 19 July 2003 on competition; and
 - commercial practices – Act 04-02 of 23 June 2004 setting the rules for commercial practices.
736. The Competition Council, to which any interested party may refer to, or which may refer itself, was set up in 1995. The CSAR's information on the Council's activities indicates that, until 2000, there were 17 submissions, three cases resulting in penalties and 62 consultations. Some national public companies – the National Electricity Company (ENIE), the National Tobacco and Matches Company (SNTA) and SAFEX – have been sentenced for discriminatory practices arising from abuse of a dominant position.
737. **Money laundering and smuggling.** The CSAR notes that financial violations increased from 1600 cases in 2004 to 1800 in 2005, and that a part of these concern white-collar crime and money laundering. In August 2005, Ordinance 05-06 related to the fight against smuggling was promulgated. This ordinance attempts to understand the phenomenon in its entirety and is not limited to the

question of customs legislation. It also tries to establish a framework of cross-sectoral coordination and special criminal and procedural measures, as well as mechanisms for international cooperation.

738. The CSAR notes that it is difficult to evaluate the cost of smuggling accurately and to classify all consequential malfunctioning. It does, however, recognise inadequacies in the anti-smuggling measures implemented by the public authorities. The CSAR also notes that the state's efforts have resulted in raising the awareness of various collective persons and economic institutions with regard to the urgency to promote good business ethics, clean up the business climate and fight against fraudulent practices, smuggling, corruption and money laundering.⁴⁴ The inadequacy of controls has favoured fraudulent practices and corruption in numerous sectors. Such practices have been uncovered thanks to the implementation of assessment tools, control and follow-up at administration level as well as company level.
739. **Role of the press and media.** The fourth factor the CSAR analyses regarding the question of non-ethical behaviour of companies and their directors, and of various other participants on the economic scene, concerns the role of media in detecting economic crimes and violations of professional ethics. Even if the media is required to play an important role in the discipline of persons and the good governance of companies, the CSAR notes that the absence of established traditions in financial and economic investigations has limited the contribution of the press to improvement in professional ethics.
740. Even though certain behavioural standards are stipulated by the codes for ethics, duties and obligations for many professions, the CSAR claims that the transition period towards a market economy, combined with a decade of terrorism, has contributed to lowering the requirements level in numerous sectors and professions. This has provoked deterioration in the relationship of trust between the citizen and many persons in charge in different fields, such as education, health, the economic sector, etc.
741. **Training for the promotion of ethics in business.** Such effort would have led to both the private and public sectors further modernising their management methods, thus contributing to better governance. In addition, seminars, studies sessions and training cycles are being organised to promote the requirements of integrity, transparency and responsibility in the conducting of business and management. The CSAR states that the modernisation of management tools is one of the most important means of fighting corruption and poor management.
742. This modernisation concerns the banking system, in particular and, thanks to intervention by the Bank of Algeria, has facilitated improvement in controlling and tracking banking operations. The CSAR notes that the improvement in controls depends on upgrading and obtaining qualifications, which constitutes one of the public authorities' concerns. Efforts must, however, be continued

⁴⁴ See also Objective 4 on economic governance.

and intensified to rid the economy of fraudulent practices and encourage companies to respect market economy rules and fiscal, customs, labour and consumer protection laws scrupulously.

ii. Findings of the CRM

743. **Religion, corporate governance and ethics codes in Algeria.** Religion plays an important role in the management of Algerian private companies. This is why many managers claim that private companies very often have recourse to the Zakat (a Muslim tax of 2.5 per cent of the financial assets), which allows them to perform a social function. In an attempt to organise these donations and channel them better towards productive, useful community investments, the Minister of Religious Affairs has created a fund in each wilaya to mobilise the Zakat. Paradoxically, this civil behaviour of companies or entrepreneurs⁴⁵ in paying the Zakat is often accompanied by not so transparent, and even unlawful, behaviour. A company director described the keeping of different sets of accounts (for the tax department, the bank, etc.) as characterised by “discreet” or hidden accounts between the “manager and God” to whom the Zakat is “paid”. The national solidarity gesture of the Zakat is therefore often associated with less than orthodox accounting practices. In addition, according to stakeholders met by the CRM, certain companies open their restaurants during Ramadan and such acts of solidarity are accepted by the tax department as deductible from the tax base.
744. Regarding company ethics and governance, many Algerian companies generally seem not to have ethical codes or charters at their disposal and to be unaware of the importance of this aspect of their management. The head of Sonatrach, one of the major Algerian companies, has claimed that the company has a socially responsible charter and a code of ethics.
745. Many Algerian CEOs and public company directors – between 1000 and 2000, according to UNEP – are currently being brought to justice. According to one of the stakeholders, even if many things are getting out of hand, “there are two kinds of private companies: those creating wealth and those getting wealthier”. The risk of legal sanctions linked to the nature of poor management weighs heavily on managers and thus limits their initiative.
746. The CRM was informed that the number of fixed-sum taxpayers is close to 750 000 persons bringing in some 5 per cent of the tax revenues.⁴⁶ However, it could not get access to information on the extent of tax evasion in Algeria. In this respect, one of the interviewed stakeholders claimed that, in the private sector, more than 90 per cent of the transactions take place without invoices. Another estimated this figure at between 40 and 60 per cent of transactions.

⁴⁵ The entrepreneur is often confused with his or her company.

⁴⁶ In Algeria, close to 70 per cent of tax revenue comes from large companies (the number of which exceeds 3300), and 25 per cent from SMEs. Two-thirds of the revenue are linked to hydrocarbons.

747. The lack of invoices is all the more detrimental as it distorts the companies' accounts and any form of statistical, economic or financial calculation. In fact, in the absence of systematic invoicing, it is not possible to obtain reliable accounts from the companies and, consequently, the economic aggregates and behaviour of the various partners of the company (in particular, the state and the banking system) are at risk of becoming completely biased.
748. **Informal sector.** Many stakeholders, especially those in the wilayas that were visited, claimed that the Algerian informal sector is highly developed and is slowing down the growth of companies that choose to work within the law. Although they deplored the harmful nature of this sector with respect to the national economy, they did not propose concrete remedies.
749. Because of its intrinsic nature, the Algerian informal sector is hard to identify. It constitutes fertile ground for tax fraud and certain other unethical practices. The development of this sector is linked to the economic management of the country which, for a long time, has been characterised by interventionism and the implementation of poor business structures by the public authorities. This sector benefits from the absence of financial traceability and the inefficiency of the banking system.
750. Whereas documentary sources indicate that the informal economy constituted 34 per cent of the GDP, the CRM was informed that it represents close to 30 per cent.⁴⁷ According to stakeholders, there are mainly two types of players in the informal sector: those who do not pay any tax or levies; and those who do not declare their entire turnover or salary. The informal sector therefore covers "companies" that are not yet structured and have not been entered into the trade register, or small tradesmen who prefer to "stay in the dark" and not take the legal status of tradesman with all the rights and duties it involves.
751. The unstructured sector plays an important social, political and economic role. Constituting a "safety valve" and a short-term solution to the key problem of youth unemployment, it sometimes participates in the economic survival of those who have not been able to find their place in the formal sector. This sector also prepares certain personal initiatives for the transfer to a more structured, formal management. Nevertheless, an important part of commercial activities that escape the tax department may, in certain cases, be linked to smuggling and even constitute a source of money laundering. Stakeholders have stated that, within this sector, financial networks parallel to the traditional banking system have been developed, the magnitude of which the CRM was unable to assess. It must be noted that the outlook of the informal sector must not only be dictated by tax requirements. For this sector, over and above its contribution to employment, albeit precarious, to the creation of the national wealth and survival of millions of Algerians, is above all the nursery for future SMEs/SMIs and should be the object of appropriate management in this respect.

⁴⁷ In the OECD countries, the formal economy represents between 10 and 15 per cent of the GDP.

752. The informal sector also falls back on a body of opportunistic practices among economic operators who are highly prosperous and respected and who are identified as such by the revenue service. Reference is being made here to tax evasion and undeclared (or informal) labour.
753. On a parallel level, the National Report on Human Development for Algeria, compiled by the CNES in collaboration with the UNDP in 2006, makes it clear that informal activities weigh heavily on the economy. Some 4.1 million people (49 per cent of the employed population) are not members of the social security fund. It is mainly in sectors where seasonal activity is important that this proportion is the highest, in particular the building and public works sector, with more than 81 per cent, and agriculture with close to 87 per cent. In terms of contribution to informal employment, the services sector is the largest supplier (33 per cent of informal jobs), followed by agriculture (30.3 per cent) and building and public works (25 per cent). Industry contributes 11.7 per cent).⁴⁸
754. This “opportunism” or lack of transparency of certain players in the Algerian economy is the source of unfair competition. It condemns socially responsible companies that attempt to modernise their management by poorly fulfilling their tax obligations (or not at all) and paralysing foreign investment.
755. During the meeting with the Minister of Finance, it was indicated to the CRM that the government is determined to take concrete measures to marginalise the phenomenon. These measures include decreasing tax pressure, developing public contracts, modernising the means of payment, developing support services to companies, upgrading the tax administration and renewing its relations with various types of taxpayers.
756. Suspicions of money laundering and corruption by public and private sector managers have increased due to the El Khalifa affair, which continues to be widely talked about and has rattled the serenity of the Algerian political class.
757. **Money laundering and smuggling.** The two main actions undertaken at this level by the government comprise (1) the creation of a financial information processing unit, set up in 2006 under the joint supervision of the Ministries of Finances and of Internal Affairs and (2) the computerisation of all customs services. These two decisions are, however, taking a long time to produce tangible results.
758. **Corruption and populism.** Stakeholders have stated that the Algerians are surprised by the rapid spread of corruption and feel this constitutes a “new” phenomenon exposed by the press. One of the main causes of fraud is that there is too much handling of cash, because “everything is paid for in cash with bags of money”. In order to deal with this scourge, the government has tried (in vain) to introduce payment by cheque for amounts exceeding

⁴⁸ 0 per cent in the administration.

DA50 000. It also seems that there are control mechanisms for combating fraud but that their effectiveness is still presenting problems.

759. In order to reinforce its control, the government is encouraging cooperation between its different departments. Thus it has set up different stages – prior to making payable an invoice at the Bank, an importer is obliged to go through the tax department, which gives the necessary authorisation. This measure has two drawbacks: it contributes to increasing bureaucracy in the running of banks and customs services, and certain banks only apply this measure with large companies, whereas others manage to slip through the net.

**Box 7: The Khalifa case: Breaking the impunity of embezzlement
without imposing penalties for management actions**

Khalifa was one of the largest Algerian companies at the end of the 1990. Present in several sectors, including construction, air transport, luxury vehicle rental, medicine and banking, it was managed by a young “golden boy”, son of a former minister and Algerian soldier. The company achieved a turnover of close to 1 billion euros per annum and employed about 22 000 people. After having been the talk of the town owing to his investments, which were just as prestigious as they were non-viable, and his expenses which bought the complicity or silence of several managers, Rafik Khalifa was caught by Algerian justice and the desire by the heads of state to clean up the economic situation in general and that of the banking and financial sector, in particular. In fact, with interest rates exceeding 17 per cent, the Khalifa Bank had trapped numerous companies and administrations that had entrusted it with deposits, which ended up being diverted and/or transferred abroad.

Suspected of money laundering, the CEO managed to escape to Europe while, after a three-year investigation and presided by a judge, the “trial of the century” opened in Algeria. In total, 104 persons were accused of “being members of a band of criminals [performing] aggravated theft, fraud, embezzlement and falsification of official documents”, of which 11 are on the run and about 60 are being sentenced for crimes involving corruption and embezzlement in particular. Over and above the question of any compensation for those who have lost their savings in the bankruptcy of Khalifa Bank (estimates of total losses vary between 1.5 and 3 billion euros), and even if it is too late to hand down final judgement on this matter, it seems that this first financial scandal of free Algeria demonstrates a certain amount of willingness to restore good governance of the companies. In fact, it is the largest public trial in the history of Algeria, where ministers, former ministers and officials are being heard as witnesses or as accused, which shows a certain desire to improve the morals of public life.

Furthermore, the media handled the affair in an exemplary manner and the written press was able, without falling into sensationalism, indicate the main points of what will remain, for a long time, a perfect illustration of the difficulty in finding the right medium between the necessary break in the sense of impunity and the decriminalisation of management actions. This arises from the principle of presumption of innocence and the need to build up confidence again at the heart of any company involved in risk-taking.

If it shows the risks of opening up the economy, for which the authorities are not yet fully prepared, this case also illustrates the difficulties there are in defining the responsibilities inside and outside of large groups.

760. **Role of the press and media.** By reporting all financial matters, the general press and Algerian opinion fulfil an important social function. In Algeria, there is an opinion press (more so than investigative), which is free. Nevertheless, there are only one or two monthly economics magazines, which are not widely read. Similarly, the weekly economic supplements of three newspapers are not highly developed. Lastly, there is a publication devoted to energy sectors.
761. Even if the majority of Algerians, or at least the economic elite, seem to make use of satellite dishes for foreign channels, Algerian television devotes its broadcasts to discussing economic and financial matters. This should improve the economic culture of the Algerian citizens and their involvement in the control of companies and economic affairs.
762. Even though there is no specialised training network for economic journalism, universities have introduced the economic option, and journalists are obliged to respect an ethics code. The Internet could also play an important economic and financial information role. In fact, per 1000 inhabitants, Algeria only has 16 people who access the Web. This figure must experience a rapid increase. The CRM would nevertheless like to point out that there is significant progress taking place with respect to information and journalism via the Internet.

iii. Recommendations

763. The APR Panel recommends the following:
1. Convince member companies to accept that business partnership contracts or the conclusion of contracts between companies should contain clauses forbidding each signatory to practise corruption, money laundering, fraud, embezzlement, unfair competition, smuggling. There should also be mutual commitments that non-adherence to these clauses constitutes a cause for possible termination of the contract. (Attention: CACI; other professional associations)
 2. Set up training programmes for more economic journalists and encourage investigative journalism, so that the media can contribute with impartiality and professionalism to the battle against corruption and money laundering. (Attention: associations of journalists, with the support of the government)
 3. Strengthen company control mechanisms for fraudulent practices, money laundering and smuggling, in collaboration with the CACI, and improve the coordination mechanisms for, and exchange of information between administrative structures. (Attention: the government; CACI)
 4. Set up a participatory process aimed at drawing up a code or charter of ethics to be distributed at all company levels, and which will involve professional associations in raising awareness of business ethics among the different players. (Attention: employers' associations; large companies; CACI)

5. The establishment of a prize and a national day for socially responsible companies. This day will be the occasion of large-scale periodic discussion on corporate governance issues and the roles that companies and their managers must play to set an example of social responsibility and of management that is high-performing, transparent and responsible. (Attention: the government; CACI).

Objective 4: Ensuring that companies treat all their partners in a just and equitable manner

i. Summary of the CSAR

764. **Rights and powers of shareholders.** The CSAR recalls that Algerian legislation protects the rights of shareholders and allows them to institute legal proceedings against a company and its management if their rights are violated. Sections 674 to 678 of the Commercial Code define the role of the company shareholders, the protection of their interests with regard to the management actions of directors, and the means to defend themselves. Furthermore, section 678 of the Commercial Code stipulates shareholders' right to view all documents required to allow them to come to a decision with full knowledge of the facts on company management. Sub-section 24 of section 25 allows shareholders, individually or in a group, to institute legal proceedings against company directors.
765. With regard to financial statements, the Commercial Code defines the liability of company auditors and accounts experts before the law, and their obligation to respect shareholders' rights.
766. Legislation also defines different types of registered companies, as well as the rights and duties of shareholders according to company type. The list of types of companies is attached in Annexe 6 of the CSAR. Sections 575, 581 and 585 of the Commercial Code define the legal means by which the shareholders may appeal to the court. They also have a right to appeal for protection of their actions. The law defines the terms and conditions of sale of company shares, representation of shareholders on the board of directors, as well as the terms and conditions of payment of dividends.
767. **Stakeholders' rights.** The rights of third parties are guaranteed by sections 559, 575 and 577 of the Commercial Code. The company is responsible for all activities that could bring about legal action by the shareholders. The Code stipulates the right of consumers to appeal to the court to have their rights respected. According to section 585 of the Code, all parties involved, including shareholders, have the right to information on the company's health, management, profits and losses, stocks and any legal proceedings against the company.

768. Creditors' rights are guaranteed by section 351 of Part 7 of the Civil Code. The regulation of competition under the Civil Code states that all suppliers are to be treated in an equitable manner. The consumer's protection is guaranteed by special legislation on health, veterinary services, consumer protection and by the law on competition. Act 89-02 of 7 February 1989 defines the general protection of the consumer.

ii. Findings of the CRM

769. **Shareholders' rights.** Constraints to the smooth operation of legislation on the protection of rights and strengthening of powers of the shareholders of Algerian companies arise from the insufficiency and the difficulties of bodies entrusted with explaining company management to the shareholders. It mainly concerns internal auditors and company supervisory boards. The role of these bodies is crucial in providing shareholders with reliable information. Cases of violation of ethics rules by auditors have been raised and sentences have even been handed down. The CRM concludes that shareholders' rights, especially minority rights, are not sufficiently protected in spite of the existence of an adequate legal framework.

770. **Rights of other stakeholders.** By declaring transferable and disposable public company assets, the government is taking a step towards strengthening the rights of public company creditors in the case of bankruptcy of the latter. This proactive economic stance has often led the state to use budgetary allocations to wipe out debts of public companies that are going bankrupt. Lastly, private companies that have acquired land under the legal form of long-term leases may also mortgage it at banks as a guarantee for credit obtained.

771. **Acquisition of goods and services.** After several amendments aimed at creating greater transparency, competition and equity, improving control at levels both higher and lower than the operational level (in opening a tender, evaluation of offers, etc.) and fighting bureaucracy while minimising the use of single source tendering, the new Procurement Rules for the Public Sector in force in Algeria have made it possible to record a noticeable improvement, according to several observers. Nevertheless, efforts must be continued to further progress made in the quality and transparency of the procurement process for goods and services. The improvement that followed this decision was confirmed by stakeholders originating from large public companies. They mentioned that tenders are published regularly, small transactions are the subject of local tenders at community level, and bidders are evaluated on the basis of technical and commercial criteria.

772. Even so, the CRM noted a number of inadequacies associated with controls in the tendering submission process at the level of major public companies, and a lack of transparency at the level of private companies, which have different accounts for the tax authorities, the banks and themselves. This insufficiency of transparency is harmful to financial control and encourages a decline in professionalism in the workplace. In a large number of wilayas visited, the

stakeholders representing local companies complained of collusion between foreign companies and the contracting authority with regard to financial offers.

773. **Corporate social responsibility.** The government and public companies generally allocate a percentage of their budget to social activities of employees and local authorities, including districts. They are usually the large public and private companies, whereas SMEs do it less often, although their managers participate in the Zakat, as indicated in Objective 3 of this chapter.
774. **Consumer protection.** Consumer protection is carried out by regulatory bodies and consumer associations. Executive Decree 05-446 of 6 December 2005 created Algerac, a body entrusted with accrediting the laboratory testing and calibration accreditation bodies, as well as control and inspection bodies. This body ensures that the accredited certifiers are competent and impartial. Nevertheless, accreditation documents are processed relatively slow. In fact, out of 11 new laboratory accreditation applications received, only five were processed in 2007.⁴⁹
775. It was observed that control of the quality and compliance of products, and thus consumer protection, is gradually improving. This was corroborated by senior officials of the Ministry of Trade. Over and above the central laboratory, there are 19 other laboratories distributed throughout Algeria for testing and checking edible products. About 1500 inspectors work in this area in collaboration with 1300 specialised agents, including controllers, inspectors, head inspectors and divisional inspectors. The government programme also provides for the establishment of a training school for inspectors. Over the last ten years, imported products have been inspected more regularly. Procedures for systematic controls have been implemented for products imported, in particular agricultural products intended for consumption.
776. With regard to consumer actions, the CRM noted that the 64 associations of registered consumers are not very active in Algeria. As an example, in Sétif, the parties involved indicated that goods of mediocre quality are imported into Algeria due to the strong presence of the informal sector in wholesale trade, leading to the circulation of products of inferior quality. In order to revive the action of these associations, the government has undertaken to support them. The CRM appreciated the government's initiative to provide for a large budgetary allocation in the Finance Law to benefit consumer associations.
777. **Protection of suppliers.** Legislation provides for the protection of suppliers. However, in the field, the CRM noted certain difficulties experienced by small suppliers, those private companies that do not have enough experienced staff and therefore sub-contract to public companies. In the majority of the wilayas visited, the CRM recorded complaints by companies sub-contracted by large public companies for late payment of invoices, which has an adverse effect on the cash flow of these companies.

⁴⁹ *L'Express*, 6 March 2007, page 4.

iii. Recommendations

778. This analysis and the findings have led the APR Panel to make the following recommendations to the appropriate governmental authorities:
1. Intensify and accelerate training programmes for inspectors required to examine imported products and strengthen the Algerian Quality Control Centre. (Attention: Ministry of Industry; Ministry of Trade; Algerac)
 2. Pursue and intensify programmes for training and raising the standard of accountants, accounting experts and chartered accountants, so that all categories of shareholders have credible information on the life of the company at their disposal so as to protect their interests better. (Attention: the government; CACI; other employers' associations; National Order of Accounting Experts; auditors; chartered accountants)
 3. Build the capacities of the 64 consumer associations, so that they are able to play their part in promoting the protection of the Algerian consumer. (Attention: consumer associations; the government)
 4. Encourage non-structured companies by creating a "germination window" for SMEs/SMIs to move into the formal economy, by raising the turnover ceiling and making it possible for them to benefit from taxes, both personal and impersonal. Continue efforts to modernise the tax administration and simplify tax rates. (Attention: the government)

Objective 5: Ensuring the accountability of company directors and senior officers

i. Summary of the CSAR

779. **Communication between companies and stakeholders.** The CSAR points out that Algerian companies, irrespective of their size and legal status, are obliged to provide financial information such as annual balance sheets, which must be certified by an auditor. Similarly, many of them supply statistics to the National Statistics Office, although there are difficulties linked to slowness in processing operations and tax documents, and gaps noted in the efficiency of internal control systems. The report lists the financial documents required by the provisions of the Commercial Code for commercial companies endowed with a juristic personality.
780. The latter are also obliged to provide the tax administration with documents required by law. Insurance companies are obliged to provide regular financial information on stipulated dates, subject to incurring penalties. In particular, banks and financial establishments must provide documents required by the Currency and Credit Board. They operate under the direct supervision of the

Bank of Algeria, to which they must send a copy of reports intended for their general meeting. Banks must also report any major violation committed by a client company.

781. The Commercial Code sets out procedures for checking information produced by the companies. The general meeting is obliged to appoint one or several auditors, who must guarantee the sincerity of the company accounts. The managing body of joint stock companies present to the supervisory board a report on its management once a quarter and at the end of the financial year. The report lists points on which the general meeting must pass resolutions.
782. The CSAR notes the slowness of communication between the company and its environment (slowness in handling operations with different sectors and in processing tax documents), as well as the poor efficiency of internal quality control systems relating to companies, as well as on national level. The report makes it clear that company financial statements must be made available to auditors within four months following the closure of the financial year. These documents compiled by managers are subject to approval by the shareholders' meeting within a period of six months from the closure of the said financial year.
783. The CSAR recognises problems encountered by the district authority in the control of companies' compliance with the stipulated rules for the supply of reports. It lists the penalties stipulated by the Commercial Code at the location of public and private companies in the case of non-respect of communication and information, ranging from warnings to legal proceedings. Similarly, fines and penalties are to be imposed on members of corporate bodies in the case of refusal to provide services duly authorised by law, with information on various company activities.
784. With regard to problems encountered in order to alleviate weaknesses and lift capacity constraints, the CSAR recognises that there are many faults in the accounting systems. It also recognises many weaknesses and gaps recorded in the internal organisation of many companies, for example lack of information on their environment, absence of cost accounting and cost control, the problem of the legal presentation of accounts, and so on. The Ministry of Finance and the Bank of Algeria have taken legal and regulatory measures to rectify the situation. In order to introduce greater transparency in the management of companies, the Finance Law for the year 2006 encourages companies to spread the use of cheques.
785. **Accounting and auditing standards and international practices.** The CSAR points out that the Ministry of Finance has begun to reform the national accounting plan with a list of specific objectives. It recalls that there are two accounting standard models in the world, and that Europe tends to adopt the IAS/IFRS model. Algerian standards include accounting principles defined in the IAS standards, but there are differences noted. For tax purposes, specific standards are given for compiling or consolidating balance sheets and for evaluating assets and liabilities, whilst recognising the existence of differences

between the IAS standards. The report underlines the efforts deployed by the government to improve the accounting and audit systems of both public and private companies, but also mentions weaknesses linked to the absence of the compulsory enforcement of IAS standards, the under-qualification of certain auditors who are often entrusted with checking many companies, and failure to open up capital of family or semi-family businesses to the public. The report mentions ethics that must govern the accounting profession, as well as provisions of the Commercial Code enforcing this, in particular the duty to observe professional secrecy unless obliged by law to disclose.

786. **Strategic guidelines of the company and board of directors.** The CSAR distinguishes between public and private companies.
787. Public companies are governed by the Commercial Code and by Ordinance 01-04 of 20 August 2001, which deal with the organisation, management and privatisation of public economic companies. The creation of state investment management companies, set up as joint stock companies, fulfils a need of the state to control the operation of public companies through holdings, with a managing body that manages them on behalf of the state. The duties of the general meeting are in this case ensured by representatives duly authorised by the state's Investment Board, placed under the authority and chairmanship of the head of government. Public economic companies are subject without limitation to the Commercial Code, and are endowed with transferable and disposable assets according to common law regulations.
788. Private companies are mainly governed by stipulations of the Commercial Code, as well as by their respective articles of association. The Code is very detailed about the roles of bodies entrusted with taking strategic management decisions, the method of transferring company shares and the powers held by bodies of the company, including the power to decide on fundamental strategic matters. For the private sector, the shareholders' general meeting has the most extensive powers. In this case, the power belongs to the majority shareholder, especially if the latter holds more than 50 per cent of the company shares.
789. Concerning the process to appoint or elect members of the board, the CSAR distinguishes between public and private companies. For the public economic enterprise or joint stock company, the directors are appointed by the juristic person or owner represented by the investment management company, which also appoints a permanent representative who falls under its direct authority. For private companies, the directors are elected by the general shareholders' meeting and the chairman is elected by his peers. According to section 619 of the Commercial Code, members of the board of directors must own at least 20 per cent of the company capital, whilst stipulating that the minimum number of shares to be held by each director is to be fixed in the articles of association. The articles of association will determine the duration of a director's mandate, but it may not exceed six years.
790. The CSAR recalls the obligations of companies to respect directives related to the issuing of financial statements in good time, the role of auditors to ensure

regular control of the financial statements of companies, the role of boards of directors, and management's obligation to provide minutes of meetings of bodies specific to each type of company.

791. The CSAR also mentions existing legal provisions with regard to the board of directors, which is the company's pivot, the powers awarded to it by the Commercial Code, including the appointment and dismissal of the chairman, the appointment of the managing director, the convening of general meetings, the compilation of annual accounts on the closure of the financial year, and so on. It recalls the provision of the Commercial Code which renders the directors "jointly and severally liable with regard to the company or third parties for violations committed in their management". The report recognises the lack of effectiveness of the legal provisions pertaining to social bodies of private companies, insofar as the vast majority of them are, in fact, family businesses.

ii. Findings of the CRM

792. **Communication between companies and stakeholders.** The CRM noted the weaknesses in the provision of statutory and non-statutory information to management bodies of several companies, in particular in the private sector. These insufficiencies were also recorded in the CSAR. They are related to the slowness in handling operations with different sectors, slowness in processing tax documents, and inefficiency of the internal control and information system on a national level.
793. Apart from a few large companies such as Sonatrach, very few companies have special departments entrusted with the communication of information, not only to the public, but also to economic and social partners such as shareholders, clients and suppliers. As regards banks, communication between head offices, subsidiaries and agencies is very slow, in particular when imparting decisions to grant credit. These weaknesses in the system affect the smooth running of banks' client companies, which may wait several months for a decision from Algiers Head Office to be sent to them via the branch or agency. The CRM noted that banks and insurance companies send controlling authorities the information required by law, whereas many SMEs of the private sector, made up of family businesses, do not respect the rules and instructions in this regard.
794. In public economic companies, given that the permanent administrative representative is appointed by the state investment management company and is subordinate to the governing authority, the imparting of information to this authority is easier and more rapid. The CRM noted weaknesses and noticeable delays in the adoption and application of accounting and auditing standards by Algerian companies. The main weaknesses were observed in the exchange of information between the head offices of several companies set up in Algiers and subsidiaries and agencies of these companies.

795. Strategic policies of private companies are, in principle, defined by company bodies, including the general meeting and board of directors. This affirmation is theoretical because, in practice, apart from a few large private companies (in particular, those operating as partnerships), private companies, especially SMEs, only concentrate on short or medium-term operations aimed at winning contracts rapidly. Very few companies have a long-term view of the stakes involved, in particular with regard to agreements with the European Union and Algeria's membership of the WTO. This is a serious mistake.
796. **Accounting and auditing standards and international practices.** The conversion from a controlled economy to a market economy has led the public authorities to define more accurately the accounting and auditing standards that govern companies. The professions of accountant, accounting expert and auditor have been clearly defined by numerous laws. Problems arise in the application of these standards and codes by all categories of companies. The public economic enterprises, in particular those operating in the hydrocarbons sector, banks and insurance companies generally apply them in the correct manner, whereas many SMEs do not seem to know that they exist.
797. The CRM noted that the internal audit function within public companies has not developed at the expected rate, despite the remarkable debut it experienced in the 1980s and also despite the consensus reached on the importance of this activity in the company. The number of auditing committees is insignificant. With a rate of less than 3 per cent, Algeria is far from world standards. The other faults raised concern the existing confusion between the internal auditing function and internal control, as well as the inspection missions.
798. According to stakeholders, up until 2005 no private company had an auditor. For two years it has been compulsory for all companies to make use of an auditor, but there is a delay in issuing application decrees. The mandate of the auditor has specific boundaries and is set for a period of three years, renewable once (it is the auditor who changes and not the auditing company). Refusals to certify accounts are rare and some auditors have already been sentenced for poorly exercising their profession.
799. Furthermore, it appears that the further away from the capital, the less likely it is to find companies that apply accounting and auditing standards, especially among family or semi-family businesses. In certain cases, total or partial ignorance of the existence of the National Accounting Plan was recorded in Tamanrasset. In Ouargala, entrepreneurs drew the CRM's attention to the fact that very few companies master cost accounting, which makes it difficult to calculate the cost price of their products.
800. The use of ICT is necessary to facilitate the communication of financial information. Furthermore, delays of four months in the despatch of financial statements to the auditors, and six months for the submission of accounts for approval to the general meeting, appear to be long.

801. **Strategic company policies and the board of directors.** Public companies are managed by investment management companies (IMCs). Comprising 28 members, and usually managed by senior public servants (former ministers or managing directors), these IMCs constitute holdings with a managing body that reports to the general meeting where the ministers and donor agencies are represented. The IMCs have a General Secretariat with a team of employees and a certain amount of means to monitor their subsidiaries. The chairmanship of IMC is a political post very much in the eye of the public, for it often changes with the governments, whereas the chief executive signs a contract guaranteeing certain employment stability. Apart from two mandatory directors representing the staff, the appointment of board members of the public economic enterprises, as well as the permanent representative, falls under the authority of the IMC. The creation of the IMCs is not sufficient to change the habits of the managers who, paradoxically, often continue to prefer the “umbrella” of the ministerial council and shift the responsibility of their decisions to the IMC or government. Making public companies autonomous, which seems to comply with the requests of their managers, therefore has to deal with the somewhat comfortable habits of centralisation and opposition to change as regards decision-making, for fear of incurring penalties for management actions. The mission of the general meeting of public economic enterprises is, for its part, entrusted to the State Investment Board, presided over by the head of government. This board is in charge of global strategy pertaining to state investments and privatisation.
802. Since Algerian public companies are awaiting privatisation, many of them no longer make any investments and are adopting a wait-and-see policy. As mentioned, their company bodies no longer feel the need or urgency to adopt strategic decisions. They generally respect provisions regarding the legality of meetings and issuance of final statements, but seem to have lost motivation.
803. Except for Sonelgaz and Sonatrach, there are no specialised committees within the boards of directors of public companies. With the exception of a few nuances, the boards of directors of public companies have the same internal rules. In the event of positive results, the directors enjoy a performance bonus equal to a multiple of the number of days worked.
804. Most Algerian private companies are, in reality, family businesses, even if some of them take the legal form of a limited liability company or a limited liability partnership. As a result, many do not respect the accounting and auditing standards and codes set by the Commercial Code. They are subject to the discretionary management of the main shareholder, who is generally the head of the family business. The obligation to be an owner of at least 20 per cent of the shares in order to be a director deprives private companies from the opportunities of acquiring competent directors, and favours the concentration of private company actions in the hands of a few juristic or natural persons. The most competent body for adopting these strategic decisions is the general meeting which, in the case of family SMEs, is generally represented by the head of the family.

805. **Imposing penalties for management actions.** According to the head of an employers' association, the transfer from a non-market economy to a market economy is slowed down by the fact that 1500 to 2000 managers from the public sector were arrested between 1992 and 1994. However, the dismantling of large public companies created a great need for qualified managers, which was not met, as a consequence of a lack of proper training. Similarly, the necessary measures for ensuring the legal framework and training of judges necessary for economic transformations. Thus, the new laws propose that cases should only be filed following information or actions initiated by competent bodies (the board of directors or the auditor).
806. The CRM observed that there was unanimity concerning this matter among representatives of public and private companies. Several persons involved both in the public and private sector deplored the fact that a manager can be prosecuted on criminal charges for a management error. They mentioned, in particular, the case of bank managers prosecuted on criminal charges in the case of non-repayment of credit granted to clients who went bankrupt shortly thereafter. This imposition of punishments apparently applies to credit granted to private companies and not to public companies, whose unpaid debts are often settled by the treasury. These remarks were vehemently expressed at Oran and Tizi-Ouzou. At Tlemcen, the CRM's attention was drawn to the fact that the committal order against a manager is often executed prior to the expert's report, leading to the report of a violation, which is contrary to the law.
807. Another issue was careers, salaries and making managers responsible for their actions. According to one of the stakeholders, the imposition of penalties for management actions is combined with poor financial remuneration, which explains the lack of motivation and opposition to change by several decision-makers in the public sector. In fact, whereas the national guaranteed minimum salary has exceeded DA12 000, the gross salary of a public manager remains indexed to that calculated on the basis of DA6000. The chief executive's salary represents seven times the national guaranteed minimum salary, but this person's general salary also has a variable portion that is indexed against the company's results. Thus the board of directors is authorised to pay him 40 per cent quarterly, the release of the remaining variable portion of 60 per cent being reserved for the general meeting. Even if a chief executive should double his salary in terms of the contract objective (100 per cent motivation), the deficit situation of most public companies indicates that it is very rare for managers to manage specifically to benefit from the variable portion indexed to the company's results. The manager is entitled to a company car, fuel, a mobile telephone, payment of meals and accommodation when the place of work is more than 100 km from his domicile. The housing allowance must not exceed DA20 000, which is relatively low compared with rentals paid in the city of Algiers.
808. Compared to certain opportunities offered in the private sector, these salaries seem very low. One of the CRM's discussion partners spoke about the CEO of a public company who, when having left it for the private sector, had a net salary increase from DA40 000 to DA200 000. This disparity explains the

exodus of many managers from the public sector to the private sector, and contributes to the weakening of the competitive position of public companies.

809. The relatively low salaries also concern members of the management team (who earn eight to nine times the national guaranteed minimum salary) and directors or members of the board, whose salary increased from a gross payment of DA2850 to DA5000 per attendance⁵⁰ (for a maximum of six board meetings per annum, unless the general meeting agrees that this number can be exceeded).
810. Another important aspect concerning the competence and motivation of public managers is that of their career path. During the socialist period, the CEO was appointed by decree and had the possibility of retiring at the end of ten years of service, while keeping his full salary, which was then adjusted according to the different increases in the public sector. The arrival of public holdings, which are investment management companies, led to the signing of contracts for six years renewable. Certain stakeholders confirmed that most CEOs of public companies were engineers by profession,⁵¹ have been in their post for a very long time and were appointed on the basis of co-option, “acquaintance” and “friendship”. These parties stated that, with the imposition of penalties for management actions and the relatively low salaries of managers in the public sector, fewer and fewer competent persons were really interested in company management.
811. It was felt that procedures for winding up a company are too slow, even by representatives from the CNES. Similarly, the World Bank’s “Doing business” 2007 edition indicates that it requires on average two-and-a-half years to wind up a company.
812. The CSAR speaks of the supervisory board and management body, without indicating how many companies have adopted this dual form of governance. All public companies have a supervisory board, generally composed of senior managers at the end of their career, who are appointed in the same sector.
813. The CRM was unable to obtain information on the exact number of penalties, fines or sentences imposed on managers or directors. It was also unable to gather information on any loans and transactions between the company and its management, or on the interdiction (or possible authorisation) of these, or on measures for safeguarding the interests of the various stakeholders.

iii. Recommendations

814. The APR Panel would like to make the following recommendations to the Algerian government:

⁵⁰ In the case of banks, directors’ fees are DA15 000.

⁵¹ Between 80 and 90 per cent of the CEOs would be engineers.

1. Revise provisions regarding penalties imposed for management actions. Sections 715 to 723 of the Commercial Code stipulate that “directors are jointly and severally liable depending on the case, to the company or to third parties, either for violation of legislative or regulatory provisions applicable to limited companies or articles of association, or for errors committed in their management”. Even so, the criminal prosecution of managers should only be initiated if they have violated the memorandum and articles of association, or there is proof of their collusion and personal enrichment due to the granting of credit or involvement in commercial transactions. According to a UNEP statement, these provisions seem to be applied only to credit granted by banks to clients in the private sector, and not to state companies whose debts are in any event almost immediately settled by the state. This revision should not be seen as encouragement by the Algerian authorities of complacency in the management of companies, but as a matter of equity, for management errors without collusion should be punished administratively.
2. Set up a databank of managerial skills concerning public and even private management matters. This decision will enable the government bodies, in particular the IMC, to draw up an assessment and skills identification grid and introduce a motivating, competitive salary system for the appointment of managers of parastatal companies. Moreover, implement a recruitment system for senior staff and managers per sector.
3. Accelerate the process of privatising the several remaining parastatal companies that still occupy an important position in the economic network of the country, so that they are not left in a “wait-and-see” and inactive situation. The longer the privatisation process takes, the sooner their production tools deteriorate.

CHAPTER SIX

6. SOCIO-ECONOMIC DEVELOPMENT

6.1 Introduction: challenges for socio-economic development

815. The review of Algeria's performances with regard to its socio-economic development governance is part of its overall governance system, in its various dimensions: political, economic, social and corporate. It therefore relates to the outstanding parameters of the country's political, economic and social history.
816. The historical journey of independent Algeria can be divided in three more or less important and distinct periods: the period of socialist development (1962–1987); the crisis in socialist development and the questioning of that model (1988–1998); and the period of committing to and implementing reforms required by the market economy option (1999 to date).
817. The first period was characterised by the need to overcome the challenges of colonial heritage, considered to be a denial of the dignity and rights of the Algerian people, particularly of their legitimate right to development and to the enjoyment of the country's resources and the benefits of economic and social progress. Algeria's independence was won after a long struggle and the affirmation of the country's dignity and political position, as well as the huge task ahead, resulted in the establishment of a socialist model of development. The state, being responsible for the overall situation of the country, was the only entity in charge of economic and social progress and, therefore, of the development of the country and well-being of its citizens. By definition, the private sector and the civil society were non-existent as actors of socio-economic development.
818. It is within the framework of socialist and centralised development planning that the Algerian government defined and implemented a strategy of industrial development, ownership, control and development of the country's natural resources, as well as a management system in accordance with the legitimate aspirations of the people during the liberation war. From a social point of view, the democratisation of education, free health care, water control, social housing policy and the mobilisation of social forces (workers and the youth, in particular) were constant elements of the state's policy, which nevertheless maintained a stronghold on all economic and social dynamics, over and above political dynamics. Thus, Algeria joined the vanguard of the Third World movement for the political, economic and social liberation of its people from forces of international domination.

819. However, the heavy control of the machinery of the state and its omnipresence in controlling its citizens' lives, coupled with its failures or weaknesses in the management of socio-economic development, or at least in some key areas, resulted in creating frustrations among some of the country's powerful forces. The initially silent questioning soon became vocal. The economic crisis, which had been latent until that time, broke with the fall of hydrocarbons prices in 1986 and provided an opportunity for political contestation of the development model that was in place.
820. The decline in state revenue contributed to a reduced capacity for intervention, particularly its capacity to assume some of the socio-economic development functions that it had held until then, especially in the social sector. The discontent of the population, which had developed a sort of social dependency syndrome towards the state, evolved into anti-government sentiment, and was therefore aimed against the institutions and model of socialist development. Moreover, the state itself realised that it could no longer continue to assume the same duties as before, because of the bankruptcy of some economic sectors under its management and the decrease in its resources.
821. The situation was exploited by politico-religious forces and the country soon experienced a period known as the "dark decade" due to the violence of terrorist acts and Muslim fundamentalism. The magnitude of the violence could be explained by the fact that the country went through a period of a challenge to the socialist development model without having an alternative model. Apart from this quasi-vacuum in terms of a socio-economic model of development, the very existence of the Algerian state itself and its basic structures were seriously threatened. The difficult and tragic initial stages of democracy in Algeria negatively impacted on its chances of achieving full democratisation of its socio-economic development processes, which were temporarily put on the backburner. It was necessary to redefine socio-economic development and give it a new foundation within the framework of a new Algerian state that was still trying to discover itself.
822. The search for consensus after the victory over the terrorist and conservative forces thus centred on a number of principles, for example: the questioning of the socialist development model; adoption of a liberal model of development, acceptance of political pluralism and, therefore, of democratic governance; partnership with the private sector, finally recognised as a stakeholder, and with civil society. Some 16 years later, this partnership eventually resulted in the adoption of the National Economic and Social Pact (PNES), thus acknowledging the triad of government, private sector and workers. Although this long period reflects the slow pace of implementation in a liberal approach to development, the PNES act nonetheless represents a significant breakthrough in the construction of national cohesion, harmony and social peace, based on shared social ideals and, especially, in establishing the joint responsibility of the three socio-economic development actors. It is true that workers represent only a small fraction of civil society, but the fact that they are part of the tripartite partnership within the PNES is already an important step forward.

823. On the ground, one also notes that the culture of the socialist state remains dominant; that progress in terms of the liberal economy is still faced with the weight of old practices; and that the practice of “profiting from position” persists. Generally speaking, it is possible to discern underlying confrontation between conservative and reformist forces in both the Islamic and socialist traditions. This results in complex choices having to be made in the area of socio-economic development, which has to tread a cautious path in the overall socio-political dynamic arising from Algeria’s present and past history.
824. Progress and gains are, however, obvious if not remarkable, in spite of what still has to be achieved. It is from this historical perspective that one should consider and contextualise socio-economic development performances over the last decades.
825. The socio-economic development challenges facing present-day Algeria fall mainly within the dialectic of this triple dynamic: democratisation of the development process, transition towards a market economy, and the dialectic around the strong trends in the socio-political context.
826. Safeguarding social advances that have been achieved is the first challenge. Since its independence, Algeria has made notable progress on the social front. After a long period under a managed economy, it is today in full transition towards a market economy. If the political authorities are not sufficiently vigilant, this transition could become the source of social disruption for an entire generation of Algerians who have been accustomed to a welfare state and whose behaviour and outlook are consequently not inherently compatible with the context of a market economy.
827. Despite the remarkable progress achieved in gender equality in the decades following Algeria’s independence, the place of women in economic and social life is still small. In particular, despite its recent revision in 2005, certain provisions of the 1984 Family Code contradict the constitutional principle of equality between the genders, especially in the case of divorce and succession. There are calls for its complete abolition and replacement with legislation based on positive law.
828. Regional imbalances represent a challenge that needs to be resolved. Algeria’s spatial, geographic and demographic imbalance, which again reflects a major socio-economic imbalance, favours the north of the country, while immense mining wealth, mainly gas and oil, is located in the south of the country. The Algerian authorities do, however, seem to be aware of these problems, as they have adopted a series of special measures for dealing with these, notably the major southern programme and the establishment of a new university at Tamanrasset. Other incentives have been introduced to attract many more Algerians, in particular the youth, to the southern regions.
829. In terms of access to land, both economic and residential, the current situation in Algeria is complex and needs to be clarified if the implementation of its development policies, in particular the Policy of Rural Renewal and the

National Strategy for Sustainable Rural Development, and its national investment programmes is to be successful.

830. Despite its generally positive situation, the educational system continues to face a number of challenges. Its completion rate is low as a result of learner drop-out at all levels; a high learner repeat rate and low success rate, especially among boys; sometimes significant discrepancies between wilayas, and within the same wilaya, and between urban and rural areas; and the training of teachers that is not taken into sufficient consideration. In response to these constraints, the Algerian authorities have advocated reform measures, at the level of the government's programme and, more specifically, at the level of economic stimulation.
831. The reduction of maternal and perinatal mortality is another challenge facing Algeria. Despite many efforts undertaken in the area of mother and child health protection since the 1970s, maternal and perinatal mortality continue to represent a major problem in the area of public health.
832. This chapter analyses the challenges to Algeria's socio-economic development on the basis of the objectives that underlie it. Following APR methodology, it constitutes a grid for measuring the country's performance in this area.

6.2 Ratification and implementation of standards and codes

i. Summary of the CSAR

833. The CSAR indicates that Algeria has ratified all international instruments and adhered to the standards and codes prescribed by the APR framework:
- NEPAD Framework Documents (2001): The document was accepted by Algeria, one of its architects. Its implementation does not require its submission to the internal process of ratification.
 - African Charter on Human and People's Rights (1981), including the Protocol on the Rights of Women in Africa: Algeria ratified the former in 1987 through Presidential Decree 87-37 of 3 February 1987, whereas the ratification procedure is under way for the latter.
 - African Charter for Popular Participation in Development (1990): It gives guidance to governments on involving the population in decision-making.
 - World Summit on Sustainable Development, held in Johannesburg (2002): Algeria took active part in the summit. It approved its findings and draws inspiration for its social policy from these.
 - Declaration on Millennium Development Goals (MDGs) (2000): Algeria took an active part in developing the millennium objectives. It is working towards their realisation and presented a national progress report on the implementation of the objectives at the World Summit held in New York in September 2005.

- United Nations Declaration on the Right to Development: Algeria was among the main initiators and drafters of this important declaration.
- African Charter on the Rights and Welfare of the Child (1990): Algeria ratified the Charter by Presidential Decree 03-242 of 8 July 2003 (JORA 41 of 9 July 2003).
- World Summit on the Social Development Action Plan (1995): Algeria took an active part in the summit and approved its findings.
- The Constitutive Act and the Convention Establishing the African Union: These were signed on 11 July 2000 and ratified on 12 May 2001 by Presidential Decree 129-01, JORA 28-01 of 16 May 2001.
- International Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) (Beijing Declaration and Platform for Action): Algeria ratified this international convention by Presidential Decree 96-51 of 22 January 1996 (JORA of 6 January 1996).

ii. Findings of the CRM

834. The adoption of a multi-party system in 1989 made it possible for Algeria to accelerate the accession to, and ratification of, the international conventions that had been ignored by previous governments. Thus, Algeria had ratified all the conventions listed in the APR Questionnaire. It has since then submitted all relevant reports under these international conventions. However, the CSAR is silent on such reports and on the progress made in adhering to the standards and meeting their objectives. It does not mention anything about other codes and standards that are crucially important to socio-economic development, which are not included in the APRM list but Algeria could have ratified.
835. In particular, on 12 September 1989, Algeria ratified the International Pact on Economic, Social and Cultural Rights (1966). The first report was presented in November/December 1995. Since then, periodic reports have been presented. As regards the promotion of gender equality, other conventions were ratified during the same year, notably the International Covenant on Civil and Political Rights (1966) and the Optional Protocol on the International Pact on Civil and Political Rights (1966). It was only in April 2004, however, that independent Algeria ratified the 1952 Convention on the Political Rights of Women.
836. It is worth noting that Algeria ratified the International CEDAW with serious reservations (see Objective 5 relating to gender equality). This means that, on a number of questions, the Family Code continues to be in conflict with both the above-mentioned Convention and the Algerian Constitution.
837. Algeria adhered to the Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa, adopted in Maputo on 11 July 2003, by the Second Summit of the Heads of State and Government of the African Union.

838. No clear mechanism was put in place for the dissemination and popularisation of African and international conventions. However, Algeria has, as elsewhere, international days to sensitise the population on some of the issues related to these conventions.
839. With regard to the implementation of international conventions in Algeria, it should be highlighted that section 132 of the Constitution stipulates that “the treaties ratified by the President of the Republic, under the conditions provided for by the Constitution, are above the law”. Their application therefore carries a constitutional obligation. However, in practice this is not always the case.

iii. Recommendations

840. On these grounds, the APR Panel would like to recommend the following:
1. Lift reservations on the ratification of the Copenhagen Convention on the Elimination of All Forms of Discrimination against Women. (Attention: the government; the parliament)
 2. Where they do not already exist, establish committees for monitoring the implementation of conventions, such as the one on CEDAW, as the system of periodic progress reporting could provide a participatory framework for strengthening the dialogue between the government and the civil society. (Attention: the government; civil society)
 3. Draw up a list of all African and international conventions not ratified by Algeria and ensure their ratification. (Attention: the government; the parliament)

6.3 Assessment of APR objectives

Objective 1: Promotion of self-reliance in development and capacity-building for self-sustaining development

i. Summary of the CSAR

841. Algeria has been successful in restoring macro-economic equilibrium and in anticipating the servicing of its debt, thus restoring its solvency and decision-making autonomy in the formulation and implementation of socio-economic development policies and programmes.
842. At the national level, institutionalised dialogue and consultation frameworks with internal partners were established, thus allowing a process of ownership of socio-economic development programmes. These frameworks include the

bi-party model between the government and the Central Trade Union, as well as the tri-party model between the government, private employers and the Central Trade Union. Moreover, the CNES, a consultative body established by the government, is composed of representatives of the various stakeholders in Algerian society and contributes to promoting ownership of socio-economic development programmes by all national components.

843. At the local level, spaces for dialogue and consultation were also created, and are gradually gaining momentum around the initiation and implementation of socio-economic development projects, especially rural development projects.
844. The authorities intend to reinforce ownership of socio-economic development programmes and are currently considering ways of giving greater impetus to the union movement and defining the modalities of civil society participation and its various components in all phases of the development process. They plan, in particular, to consolidate the participatory approach to ensure that socio-economic development programmes are better suited to the needs of the people; to strengthen action across sectors; and to ensure the sustainability of programmes and their outcomes.
845. It is nonetheless recognised that, in spite of the government's efforts and intentions in this regard, reports on the ground show that the involvement of civil society organisations and the private sector in the formulation and implementation of decisions, and therefore in socio-economic development programmes, is inadequate.
846. Concerning the country's level of dependency on foreign aid, it is known that the fall in oil prices in the mid-1980s contributed to the increase in Algeria's external debt. This continued in the 1990s, known as the "dark decade", for being characterised by terrorism.
847. However, with the resumption of the peace process and civil harmony, and thanks to the period of favourable oil prices on the world market, as well as to increased rigour in the management of public finance, the country quickly increased its capacity to fund its socio-economic development programmes. External debt has been on the decrease for the last ten years. The ratio of debt servicing vis-à-vis exports dropped from 82.6 per cent in 1993 to 13.4 per cent in 2005, whereas the external debt to GDP ratio fell from 16.8 to nearly 7 per cent during the same period.
848. The improvement in the country's solvency and investment climate resulted in direct foreign investments, mainly attracted to the oil sector, thus increasing and diversifying towards other sectors of the Algerian economy.

ii. Findings of the CRM

849. In response to the challenges of colonialism, Algeria developed a strong sense of political responsibility with regard to economic and social development,

and this is remarkable from various points of view. The country is to be congratulated on this point. More than three decades of a socialist government has strengthened the conceptualisation of the state's role in socio-economic development and has given the post-socialist state an understanding of the developmental role of public authorities, even in the face of its opting for a market economy. This is why there emerges from the CSAR and the base documents the sense that development is essentially the business of the Algerian government. Even though the contingencies of the world economy, and perhaps also of bilateral or multilateral partnerships with other actors on the world scene, could or do influence its macro-economic or sectoral policy in some small way, Algeria remains politically autonomous in the formulation and implementation of its policies and programmes for socio-economic development. It constitutes a good practice as far as this exercise is concerned.

850. In addition, thanks to oil revenue over the past few years, the country has greatly strengthened its autonomy in financing its development programmes and servicing its debt, thereby significantly reducing the latter and, hence, the risk to its autonomy. In so doing, the country has strengthened its solvency position in order to build strong partnerships and its capacity to implement policy on its socio-economic development.
851. With regard to financial autonomy, the CSAR affirms that Algeria has made progress in this area, increasingly reducing its dependence on external aid in funding its development. Progress made in ensuring the country's self reliance in this area is most commendable and is to be encouraged. The report does not, however, provide any figures to demonstrate how this autonomy has evolved over this period so as to demonstrate the progress made. In addition, appreciation of the CSAR is based on one parameter only – that of the debt ratio to GDP and to export revenue. It would be useful to consider this trend towards autonomy over a period of at least ten years, especially by taking into account other parameters, including the share of external aid in the state investment budget and the share of the Public Development Aid (PDA) in other programmes, including humanitarian aid programmes, if any. It is true that, in general, the PDA is minimal and almost negligible in Algeria, a situation that is to be commended.
852. However, the country's autonomy in the leadership and management of socio-economic development is not measured only in terms of political and financial control of the development process. It is also measured in terms of other parameters such as the institutional and technological capacity in programme formulation, implementation and monitoring; the ownership of the whole process – not only by the state machinery, but also by the major national components; and, finally, the strength of consensus around a social vision and project. From these various perspectives, there are nuances and weaknesses that need to be highlighted.
853. Technically, the country had gradually developed its human and institutional capacities to formulate, control and manage its development process in an autonomous manner, even if, in the beginning, it had to resort to external

technical cooperation to achieve this. The dark decade of crisis, the resulting poor standard of living of its managerial levels, and the destruction of state structures over this period all contributed to the drain of national competencies and thus to weakening the country's institutional and technological capacities. Efforts to strengthen these capacities should be conceptualised in relation to the needs of present-day and future Algerian society, and in line with the social construction project.

854. Education and health systems are expected to contribute to the development of human resources, so as to transform these into qualified and responsible actors and beneficiaries of lasting human development (LHD). Their development, as well as the development of public and private institutions, must respond (1) to a coherent policy for human resources development, and (2) to the broader policy of anchoring LHD in an effective and optimal organisational system and in a solid, competent and effective institutional mould. The relationship between these systems and the LHD project under way is not an obvious mechanism for strengthening institutional capacities in order to achieve LHD autonomy and ownership in the Algeria of tomorrow.
855. This issue does not seem to be tackled head on. However, it is of major importance in any process of sustainable development control and autonomy. Developing human and institutional capacities is both an objective and an important factor for LHD. It is not possible to know exactly what the situation is, or the terms in which the problem of capacities is posed in the country. It is also difficult to know, and even more so to assess, government policy in this regard and how it conforms to its National Strategy for Sustainable Development.
856. In addition, ownership of the socio-economic development process seems to be more the product of the political machinery of the state or state institutions in general, than that of other national elements. This is a result of the weakness in the democratisation of the development process itself. Consolidation of autonomy in this area calls for the development, outside of consultation exercises (see Objective 6), of mechanisms for genuine participation that will promote the democratisation of the socio-economic development process. Even if the state plays a leadership role in the process, it is necessary to promote some degree of joint responsibility with other development partners and actors, who include the private sector and civil society. Algeria is still far from achieving this objective of autonomy in its policies and programmes, and a special effort will have to be made in this direction.
857. Lastly, in all the contacts made and discussions held throughout the country with the authorities, including the ruling party, and civil society organisations, there emerged the need for consensus around a shared vision of the social construction project. Today, Algeria is a vast "construction site", both literally and figuratively, due to the large number of constructions of economic and social infrastructure, as well as of institutional and policy reforms.

858. With the adoption of liberal economic development, it is acknowledged that the production of resources should be ensured by the private sector, whereas the distribution of resources should be the task of the state. However, this still needs to be clearly articulated in terms of the working procedures for such a distribution of roles, and has to be accepted by those forces still operating in the tradition of the socialist state. Nonetheless, the Algerian leadership seems to be aware of this challenge.
859. Regarding the issue of autonomy in the socio-economic development process, and particularly the nature and direction of thereof, or the underlying vision of the project of society, there are other dimensions that need to be considered here.
860. Although the issue of economic growth is considered in the chapter on economic governance and management, it is useful to raise it here within the perspective of the growth model as a cornerstone of the LHD and the social construction project. From this perspective, it is appropriate to recognise the merit of a policy that makes the support of growth a theme that is central to the various plans and programmes for implementing the National Strategy for Sustainable Development. The appropriateness of an approach that places economic growth at the centre of the development process does not need to be demonstrated.
861. There is, in particular, the question of the nature and model of economic growth followed or sought, and of defining the sectors that provide the basis or engine of growth. Not all growth automatically creates jobs and participates in the fight against poverty, and not all growth is likely to ensure its own sustainability for human development. It is, therefore, necessary that this issue be clarified in government policy.
862. The country's strategy for ensuring sustained pro-poor growth is not evident from the CSAR, or from the discussions that the CRM had on the ground. Nor is it evident what the national policy is for diversifying sectors underpinning sustainable economic growth, even though the National Programme for Agricultural and Rural Development gives some indication as to the place the government intends to accord to this sector. The diversification of sources of economic growth has been reflected on for some time, and the CRM noted with pleasure that Algeria has finally defined its strategy for industrial development in a participatory manner. The latter defines the reference framework, strategic choices, industrial policies, as well as other support policies. Issues related to the reorganisation of both the economy and space are also tackled. Certain weaknesses are nonetheless apparent because the strategy is not situated within a clearly defined vision of this space. This can also be explained by the fact that the national regional development plan is still being elaborated on.

iii. Recommendations

863. The APR Panel would like to make the following recommendations:
1. Continue to affirm political understanding of the state's responsibilities with regard to socio-economic development, and of political autonomy in decision-making around such development; and to strengthen other components of autonomy, as indicated above. (Attention: the government)
 2. Continue to strengthen national autonomy in the financing of socio-economic development; bring the discussions on the diversification of sources of growth rapidly to a close; and effectively commit to these. (Attention: the government; private sector; civil society)
 3. Conclude as rapidly as possible the discussions on the nature and model of economic growth followed or sought, the definition of base sectors or engines of growth, and the relationship between them, with a view to revising the National Strategy for Sustainable Development. (Attention: the government; private sector; civil society; partner of the National Social and Economic Pact)
 4. Reconsider the system, organisational methods and institutional mechanism for steering socio-economic development, in order to identify its capacity development needs in line with the needs of present-day and future Algeria, and respond to these with appropriate programmes at the level of state machinery and of other socio-economic development actors and partners. (Attention: the government; private sector; civil society)
 5. Promote a certain degree of joint responsibility with other socio-economic development partners and actors, including the private sector and other components of civil society. (Attention: the government)
 6. Accelerate the articulation of a shared vision of the social construction project, around which consensus can be built to strengthen the capacity to mobilise the population and build national cohesion. (Attention: the government; private sector; civil society).
 7. Clearly refine the policy of transition from a socialist tradition of socio-economic development to a liberal tradition, identifying milestones and implementation procedures that will make it possible to accelerate the pace of this development and overcome pre-conceptualisations. (Attention: the government; private sector; civil society)

Objective 2: Acceleration of socio-economic development to achieve sustainable development and poverty eradication

i. Summary of the CSAR

864. The problem of accelerated growth to achieve sustainable development and poverty eradication rapidly is examined by the CSAR under the following main headings.
865. **Environmental conservation.** The report underlines the need for protection and regeneration of environmental resources as opposed to the threats of degradation. The latter cause losses accounting for up to 7 per cent of GDP. These threats of degradation stem from the process of industrialisation which, until recently, paid little attention to ecology and to human activity consequent on urban growth, which generates pollution and many other harmful effects.
866. The government adopted a National Environment Strategy, coupled with a National Plan of Action for the Environment and Sustainable Development for the period 2001–2004. This led to the establishment of a legislative and institutional framework supported by an important investment plan, the establishment of special funds, and the introduction of dissuasive taxation for environmental degradation.
867. **Promotion of support programmes for economic growth.** At the same time as the implementation of policies on environmental protection, the Algerian authorities initiated important programmes to support economic growth. These include the Three-Year Programme to Support Economic Revival (2001–2004), the Complementary Growth Support Programme (2005–2009), as well as specific regional programmes. The main objective of the programmes is to stimulate growth (which was 6.9 per cent in 2003, 5.8 per cent in 2004 and 5.2 per cent in 2005) through an investment programme aimed at the following:
- regional equalisation, starting with development of the road and railway network;
 - improving living conditions, especially in the areas of housing, access to health care and basic services;
 - improving conditions in the field of education in all its segments: primary, secondary and tertiary;
 - improving the drinking water supply; and
 - strengthening the capacities and the modernisation of public services.
868. Specific regional programmes were dedicated to the development of the High Plateaux and the regions of the South.
869. **Promotion of policies and mechanisms to fight poverty.** In October 2000, Algeria organised the National Conference on Poverty, which adopted a new strategy. The implementation of the strategy led to the launching or promotion of pilot programmes and to the establishing of mechanisms for employment creation and systems of social assistance and protection.

870. The main measures taken to reduce unemployment and accelerate economic and social development, include investments carried out within the framework of the National Agency for Investment Development, the National Programme for Agricultural Development, the Support Programme for Economic Revival, the Micro-Enterprise Programme of the National Fund for Youth Employment and the micro-credit managed by the National Agency for the Management of Micro-Credit.
871. As regards social protection, a system set up by the National Unemployment Insurance Agency deals with unemployed entrepreneurs between the ages of 35 and 50 years and, at the same time, manages a micro-enterprise system. Financial resources allocated by the state to the various programmes amounted to DA17.3 billion in 2004, compared with DA9.3 billion in 1999. All these programmes and systems are supported by precise mechanisms that facilitate access to their resources.
872. State welfare expenditure allocated to the fight against poverty represents a significant proportion of the budget and varied between 13 and 15 per cent from 2001 to 2004. Expenditure is covered by the state welfare budget, social security entities and transfers from other economic agents (social works and companies). This expenditure reached DA771 billion in 2004 (12.6 per cent of the GDP), and seems to be on the increase.
873. The most important actions covered by these areas include education support (bursaries, university works, school canteens); state assistance to certain underprivileged categories (the elderly, disadvantaged and disabled children); family allowances and pensions; and the financing of welfare funds (Social Development Fund, National Fund for Youth Employment, National Housing Fund).
874. Significant efforts were also recorded in the fight against poverty in the area of agricultural and rural development. These efforts can be seen in:
- the National Plan for Agricultural and Rural Development (NPARD), launched in 2000 and aimed at promoting sustainable agriculture and rural development, using a global approach. The main mechanism is the Project of Rural Development Proximity, a real instrument in the fight against poverty in rural areas; and
 - the development of the Saharan zones and the High Plateaux, which benefits from two specific funds that are resourced by a 2 per cent and 3 per cent levy on oil taxation revenue respectively.
875. **Results achieved through the policies and mechanisms.** A constant growth rate of up to 6.9 per cent in 2003, 5.2 per cent in 2004 and 5.1 per cent in 2005 was achieved, thanks to abundant oil revenue. The GDP per capita increased from US\$1775 in 2001 to US\$2110 in 2003 and US\$3117 in 2005.

876. Similarly, sectoral policies made a substantial contribution to the fight against poverty. Progress achieved was noticeable in the areas of agricultural and rural development, education, health, hydraulics, and others.
877. For example, between 2000 and 2005 the NPARD produced significant gains, namely a 7.8 per cent increase in gross agricultural production; a 9 per cent increase in added value; the creation of 954 000 agricultural jobs, including 395 000 permanent ones (i.e. an average of 159 000 jobs per year). Emphasis is given to development in disadvantaged and/or landlocked areas, so that local disadvantaged populations benefit directly.
878. **Global objective of poverty elimination.** The programmes implemented made it possible to reach, as early as 2000, the objective of halving poverty between 1990 and 2015, as recommended by the MDGs.
879. The Algeria National Report on Human Development of 2006 indicates that, in the area of human development, the value of the human poverty index (calculated on the basis of national data) decreased from 25.23 per cent in 1995 to 16.60 per cent in 2005, which represents an average annual decrease of 4 per cent in poverty. This decrease has led to a decline in malnutrition, a 12.3 per cent decrease per annum in underweight persons and a 6.2 per cent decline in mortality in persons under 40 years of age, as well as a decrease in illiteracy.

ii. Findings of the CRM

880. Problems of economic and social development for sustainable development and eradication of poverty were analysed within the perspective of accelerated growth, sustainability and the fight against poverty.
881. **The perspective of accelerated growth.** It is noted that major efforts are being made by the Algerian authorities and these deserve to be highlighted. Since 1999, the growth policy has been supported by ambitious investment programmes in almost all sectors of the economy, particularly the three-year programme to support economic revival (2001–2004), which injected US\$7 billion, and the 2005–2009 programme and other programmes that will inject a further US\$ 144 billion with the aim of maintaining and increasing the growth rate to over 6 per cent per annum.
882. Considering all these efforts and the new programmes that are under way, the main question to be asked deals with the sustainability of economic growth. Although growth is, on average, above 5 per cent, the CRM also noted that it is primarily dependent on the hydrocarbons sub-sector, which is responsible for over 46 per cent of the GDP.
883. As mentioned, this phenomenon exposes the Algerian economy to the risks associated with unfavourable developments of this sector on the world market. This is, in fact, what happened in the 1980s, with all the ensuing negative

consequences. The debate on the diversification of sources of growth should, therefore, be reopened, continued and finalised. Sectors that would appear to be naturally suited to diversification are, in particular, agriculture, petrochemicals, tourism and services.

884. It should be noted that the NPARD, together with related supporting measures, represents the beginning of a solution to these problems. Indeed, it constitutes a mechanism for ensuring synergy between rural farmers, basic economic units, economic investors and other actors in order to create the necessary conditions for sustainable development of the sector.
885. **The perspective of sustainable development.** Special emphasis is placed on investment in the social sectors and on environmental protection. Since 1999, the Algerian authorities have invested massively in an economy focused on improving the standard of living of the populations and on dealing with environmental challenges, regional planning and urban management. This led to the development of the National Report on the State and the Future of Environment (2000 and 2003), and provided the basis for the National Environmental Strategy. This is a ten-year strategy centred around three axes:
- reviving economic growth on a broad, structured base to reduce poverty and create employment;
 - preserve fragile and limited natural resources (such as water, soil, forests, biodiversities) for long-term sustainable development; and
 - improve public health of the citizen through better management of waste, sanitation and atmospheric waste.
886. The National Environmental and Sustainable Development Action Plan established a legal and regulatory framework based on the above objectives. Several specialised institutions were also created in recent years with a view to designing and implementing environmental policy from the perspective of sustainable development. They include, for example, the National Observatory on the Environment and Sustainable Development, the National Training Academy on the Environment, and the National Council for Regional Planning and Sustainable Development, to name but a few.
887. The NPARD contributes to the creation of technical, economic, organisational and social conditions that allow agriculture to play a more dynamic role in growth and sustainable economic and social development. At the same time, it aims to revitalise rural areas, particularly isolated or marginalised areas.
888. Despite appreciable efforts in this regard, many challenges remain and call for the establishment of other economic and financial instruments (such as the adjustment of environmental taxation) or promotion of the supervisory and monitoring network on the quality of ecosystems.
889. **The perspective of the fight against poverty.** Algeria's poverty profile is still not clearly defined despite abundant documentation on the subject and an

impressive mechanism to this end. Poverty remains a very controversial issue, with some people even going so far as refusing to recognise its existence in Algeria. However, on the basis of discussions held in the wilayas, it appears that poverty can be seen in:

- increased criminality;
- the reappearance of begging (in particular in the West and the South);
- recourse to the informal sector to supplement income;
- “squatting” in cities; and
- clandestine immigration towards the North.

890. In addition, poverty primarily affects women and the youth, and rural areas more than urban areas.

891. Algeria has adopted a twofold approach to the fight against poverty:

- social support and protection, with the allocation of various allowances that seek to alleviate poverty among the most impoverished, particularly in response to emergency situations; and
- development of opportunities for the populations, so that they have the means and the capacity to take responsibility for the fight against poverty.

892. Using the poverty line of US\$1 per person per day, the poverty ratio decreased from 1.9 per cent in 1998 to 0.8 per cent in 2000, which is a reduction of over 50 per cent. When one considers the poverty food threshold, which is equivalent to one-and-a-half the threshold of US\$1 per person per day, the percentage of the poor decreased from 3.6 in 1998 to 1.9 in 2003. Extreme poverty, in monetary and food terms as defined by the MDGs, is marginal in Algeria and its total eradication is within reach. From this perspective, Algeria’s progress in achieving the MDGs has been remarkable and the country is well on its way to achieving, if not all, at least a significant number of the goals before the deadline that has been set internationally. In this respect, it is well in advance of the majority of African countries. The data on poverty reduction recorded in the 2006 National Report on Human Development, produced for the 2006 UNDP Human Development Report, place Algeria at the head of countries with average human development. The results of actions and resources mobilised to fight poverty are reflected in the increased life expectancy (an annual average gain of six months between 1995 and 2005, i.e. seven years over the same period), increased access to drinking water, and improved maternal and child nutrition.

893. The country has put in place important mechanisms for job creation and a social security system that can hardly be rivalled by countries of similar standing in Africa, and even by developed countries. The CRM met with a number of stakeholders in the capital and in the wilayas who confirmed their appreciation of such initiatives. The objective of these mechanisms is to

mitigate the effects of unemployment among, in particular, the category of first-time temporary job seekers, by contributing to improving qualifications and cushioning side-effects of national economic reforms on social welfare. The establishment of these mechanisms constitutes a case of good practice that must be recognised and highlighted.

894. Given that the crisis experienced in the 1990s originated essentially from the poor living conditions among the population, especially the youth, these mechanisms are to be welcomed since they genuinely represent potential solutions. It should nonetheless be noted that the social assistance/allowance approach seems to predominate and carries the risk of not being sustainable in the event that oil revenue should fail. The combination of two factors in the fight against poverty in Algeria (assistance/social protection and development) is generally positive and is to an extent justified by the major social crisis that was experienced in the country.

Good Practice 11: Algeria and its Millennium Development Goals

Since the adoption of the Millennium Development Goals (MDGs) in September 2000, almost all the MDG indicators have progressed favourably in Algeria. The 2005 Country Report emphasised that Algeria had made significant progress in achieving MDGs and that it had the capacity to respond to the goals laid down for 2015, especially those indicators associated with the fight against poverty, improving education, equality of the sexes, and health, as well as those related to the environment.

1. Reducing extreme poverty and hunger

In relation to the poverty level of US\$1 dollar per person per day, the poverty ratio has progressed from 1.9 per cent in 1998 to 0.8 per cent in 2000, which is a reduction of more than half. The first of the goal has therefore already been achieved before any declaration on the objectives of the MDGs. Algeria is therefore in a position to eradicate extreme poverty between now and 2015.

2. Providing primary education for all

In the educational sphere, Algeria has made spectacular progress in terms of numbers, infrastructure and training since its independence in 1962. Education is free for Algerian children and compulsory between the ages of 6 and 15 years. The education rate increased from 93.62 per cent in 1999/2000 to 96.80 per cent in 2003/2004, which leads one to believe that universal education will be achieved within a short space of time.

3. Promoting gender equality and the autonomy of women

There is a fairly strong trend in Algeria towards the education of young girls to achieve parity between boys and girls in the near future. The gap between men and women in terms of literacy is gradually being reduced and, in 2002, there were 91 literate women for every 100 literate men whereas, in 1997, it stood at 72 women for every 100 men. However, even if the employment of women and their participation in political life have markedly increased in recent years, the percentage of women in decision-making positions remains insignificant. Out of a total of 13 302 seats in the people's general assemblies, 147 are occupied by women; that is, 1.09 per cent women, compared with 98.91 per cent men. Algeria needs to deploy huge efforts in this area if it is to achieve parity between the sexes.

4. Reducing the mortality of children under the age of 5

Vaccination has increased significantly in Algeria. The proportion of children between 12 and 23 months who have been fully vaccinated was 90.6 per cent in 2002, compared with 85.7 per cent in 1992. Estimates in the 2002 survey were that approximately 97 per cent of children had a health card from 12 to 13 months and that the same proportion was vaccinated in 2005. The infant mortality rate has dropped significantly, from 46.8 per 1000 in 1990 to 34.7 per 1000 in 2002 and 32.5 per 1000 in 2004. Nonetheless, the neonatal mortality rate, which has increased slightly, represents two-thirds of the infant mortality rate. In order to achieve the objective set for 2015, the infant mortality rate will, therefore, have to be reduced by 21.3 points and the juvenile infant mortality rate (0–4 years) by 25 points. Algeria has put in place a series of national programmes to this effect.

5. Improving maternal health

The 2005 report on MDGs indicates that, despite the many efforts undertaken since the 1970s in maternal and child health protection, maternal and neonatal mortality rates continue to be abnormally high in Algeria. These efforts have nonetheless contributed to reducing the maternal mortality rate, which went from 210 per 100 000 live births in 1992 (PAPCHILD survey) to 117 per 100 000 live births in 1999 (survey by the National Institute for Public Health), however without achieving the objective that had been set. The said report emphasises that it should be possible to consolidate the overall positive trends within the period to come, as these have emerged over the last decade.

6. Combating HIV/AIDS, malaria and other major diseases

Various surveys have revealed that Algeria has a low prevalence of HIV/AIDS. As at 32 December 2003, 614 cumulative cases were recorded, of which 49 were new cases and 1455 seropositive cases; that is, 2069 cases of HIV/AIDS infection. Algeria has made satisfactory progress in the fight against malaria, thanks to the country's involvement in the eradication programme initiated in 1964. The risk of reintroduction of the disease in the southern regions of the country nonetheless persists, because of population movements, especially with the increasing use of trans-Saharan routes. Thus, in 2004, a micro-habitat of autochthonous malaria was recorded in Ghardaïa (one case introduced and two autochthonous cases). The Algerian authorities should continue to be vigilant in this regard.

7. Ensuring a sustainable environment

Since its independence in 1962, Algeria has invested in an economy based on improving the standard of living of its people without taking sufficient account, in its development process, of the environmental factor in terms of development of land and urban management. The absence of a land development policy and uncontrolled demographic growth at the start, together with increasing coastal development, have over time had harmful consequences for the environment, including soil degradation, growing scarcity of water resources, impoverishment of biological diversity, desertification, air and water pollution. Consequently, Algeria today is faced with a major ecological crisis that poses a risk to health and public sanitation, the survival of fragile ecosystems, sustainable development in the country, and the capacity of future generations to dispose of the resources necessary for their socio-economic needs. The challenges facing the country in this area are vast, but the public authorities have made significant investments in the protection of the environment, especially through the Programme to Support Economic Upliftment.

8. Implementing a world development partnership

The process of moving from a centralised economic system to a market economy has, since the second half of the 1990s, underpinned the structural reform policies conducive to the re-establishment of macro-economic equilibrium and liberalisation of the economy. Following a historical tradition of, and commitment to South-South cooperation, as well as an overall policy of increasing reforms, Algerian authorities have, over the past ten years, emphasised the possibilities of international partnerships and global commercial and financial exchanges with the aim of allowing the national economy to develop to its full potential.

895. Given the policy of massive distribution of social assistance, it is foreseeable in the long term that such assistance will be insufficient to deal with the increasing and progressive ageing of the population. This raises the issue of the sustainability of all these mechanisms should the government no longer be able to cover these costs, especially in a new context of liberalisation where there will need to be a system of cost recovery, or in the event of a shortage of oil revenue. There is also the risk of exacerbating related problems, such as the development of a syndrome of social dependency, which can be a significant disadvantage to sustainable development and a source of social disruption when the country experiences situations of economic difficulty.

Good Practice 12: Public system for the promotion of employment in Algeria

The system includes the following:

1. Temporary employment to support and facilitate the professional inclusion of certain categories of the population, particularly first-time job seekers. This includes:
 - pre-employment contracts;
 - local seasonal employment;
 - labour-intensive public works; and
 - allowance for activities of public interest;

The state spent DA13 billion on this category and generated 276 000 jobs during 2000–2005.

2. Activity creation deals with the economic fight against unemployment and includes:
 - micro-enterprise;
 - micro-credit; and
 - the system for unemployed/entrepreneurs aged 35 to 50 years.

The state provides various forms of support to these three mechanisms:

- contribution to project funding through a non-remunerated loan;
- support to promoters throughout the project cycle (project maturation, technical and economic studies, follow-up, assessment and other support); and
- special interest tax and special tax rates.

During 2000–2005, the state contributed DA32 billion to creating almost 170 000 direct and sustainable jobs in the micro-enterprise and micro-credit sectors.

3. The Hundred Premises per Commune Programme, for professional use, is a five-year programme (2005–2009) that authorises the opening of 150 000 premises countrywide (on average, 100 per commune) to house projects initiated within the framework of the ANSEJ, ANGEM and CNAC systems. The financial contribution of DA60 billion is borne entirely by the state. The impact in terms of employment creation is 300 000 new jobs.
4. Other mechanisms and actions by specialised agencies are:
 - activity creation scheme (micro-enterprise managed by ANSEJ and aimed at supporting the initiation of production activities among young producers through training and pre-employment programmes, etc.);
 - micro-credit scheme managed by ANGEM;
 - the National Unemployment Fund for the unemployed between 35 and 50 years of age (the Fund also manages a macro-enterprise scheme);
 - a social protection net; and
 - a fixed social allowance of DA1000 per month, plus DA120 for up to three dependants

896. Considering the above, the main challenges in the fight against poverty remain the following:

- sustaining efforts towards the reduction of inequalities between sections of the population and between regions; substantial progress must be achieved, especially in identifying the poorest populations for improved social assistance targeting and for coordinating the various campaigns against poverty to enhance their effectiveness;
- safeguarding the promotion of social security by placing special emphasis on proactively supporting the sustainability of the system;
- taking into account the multidimensional character of poverty so as to avoid any form of exclusion and marginalisation; and
- promoting social policies consistent with the country's new context.

iii. Recommendations

897. Based on its analysis and findings, the APR Panel would like to recommend the following measures:

1. Accelerate the development or finalisation of specific strategies for sectors that are likely to support the diversification of sources of growth, in order to support, or possibly substitute, the predominance of the hydrocarbons sector. The main sectors identified are agriculture, petro-chemistry, tourism and services. (Attention: the government; private sector)

2. Ensure, in particular, that growth is pro-poor by emphasising employment creation in relevant areas. (Attention: the government; private sector)
3. Integrate further those aspects, other than environmental protection, that are associated with sustainable development. Explore ways of doing this, for example, the promotion of human capital through capacity-building. It is particularly important to pay more attention to the concept of ownership by the population through genuine participation in the development and implementation of policies and programmes. (Attention: the government)
4. Seek improved understanding of the poverty phenomenon in the country to ensure that all aspects of the situation covered. Improve targeting of the population that is to benefit from social assistance mechanisms and mechanisms for fighting poverty. Promote income-generating activities to complement generalised social assistance, as it is provided at present. This approach is especially important in developing a policy to assist the population to escape from its syndrome of social dependency. (Attention: the government)

Objective 3: Strengthening of policy delivery mechanisms and outcomes in key social development areas, including education for all health and combating HIV/AIDS and other communicable diseases

i. Summary of the CSAR

898. Algeria has always given a high priority to social development, especially in the education and health sectors, which are viewed as an investment in growth. Although the democratisation of education and generalised access to health care can be said to have been achieved, the national education and health systems continue to face constraints that affect the quality of their services.
899. **In the field of education.** The right to education is guaranteed by the Algerian Constitution. Education is free, whatever the type of public education or training institution. Education is mandatory for a period of nine years, up to the age of 16 years. The state manages the system and ensures conditions of equal access to education subsequent to the foundation stage. Education is considered a productive and strategic investment, and therefore enjoys the resources necessary to meet the national demand for education and national development needs.
900. The Algerian educational and training system includes the following levels: preschool education; basic education, including primary and complementary, specialised education; vocational training; adult education; general secondary school education; and higher education.

901. In 2004, the total number of learners, trainees and students in the entire education system amounted to nearly 9 million people, accounting for 28 per cent of the total population, compared with scarcely 8 per cent in 1962.
902. The girl-to-boy ratio is constantly in favour of girls. For a net enrolment of 96.8 per cent in 2004/2005, the proportion is 96 girls to every 100 boys in primary and senior primary school, 136 girls per 100 boys in secondary school and 135 girls per 100 boys in higher education.
903. Funding of the system is mainly supported by the state, which has allocated it a budget representing 18.4 per cent of its budgetary expenditure and 5.8 per cent of the GDP. The participation of the private sector remains marginal and is essentially confined to the sector of vocational training. A recent regulation has made it possible for the private sector to invest in all segments of the education system.
904. **Constraints in the education system.** In spite of the overall positive situation, the system is faced with a number of constraints that can be summarised as follows:
- Drop-outs are still significant at all levels.
 - Often significant variations are recorded between the wilayas and within the same wilaya, and between urban and rural areas.
 - The output of the system is low due to drop-out rates, high repeat rates and low pass rates.
 - Teacher training is not adequate.
 - Overall coherence is negatively affected by a sectoral approach. There are no mechanisms providing for movement between the sectors of education, vocational training and higher education; different educational components do not complement each other; and the link between the national socio-economic and cultural environment and the scientific and technical world is weak.
905. **In the field of health.** Since independence, Algeria's national health system has recorded undeniable progress, both in terms of key epidemiological indicators and in terms of developing human, material and infrastructural resources. Prevention is a national priority in the area of health protection and promotion.
906. Despite major programmes and progress, the various assessments reveal that the population's health needs are increasing. This is mainly due to population growth, epidemiological transition, and the increase in morbidity owing to chronic diseases (diabetes, cancer, arterial hypertension, etc.). This has led to the need to review policy, especially for providing improved mobile medical teams capable of providing assistance to landlocked areas and the regions of the South.

907. In addition, by integrating the broader notion of reproductive health, Algeria has laid the foundation for a strategy on population and development aimed at 2010, which is articulated around four axes: (i) improvement of reproductive health; (ii) improvement in the demographic data collection system and in population studies and research; (iii) promotion of information, education and communication; (iv) improved links between the population and development, especially through the promotion of women, protection of the environment and the fight against poverty.
908. **Inventory of key health indicators.** Life expectancy at birth has continued to increase, from 52.6 years in 1970 to 74.8 years in 2005 (73.9 years for men and 75.8 years for women).
909. Infant mortality is one of the key parameters of the Human Development Index. The rate dropped significantly from 46.8 per 1000 in 1990, to 34.7 per 1000 in 2002, and 32.5 per 1000 in 2005.
910. Maternal and perinatal mortality is a major public health issue in Algeria, as the rate remains abnormally high. It went from 75.5 per 100 000 live births in 1995 to 37 per 100 000 live births in 2004.⁵²
911. In the field of the HIV/AIDS, the seroprevalence estimated for Algeria by the WHO is 0.07 per cent. As of 1 December 2006 (the commemoration of the World Day for the Fight against AIDS), the cumulative number of cases of AIDS patients reached 740 (675 of whom were receiving treatment), as against 480 in 2000 and 642 in 2004. There are, on average, approximately 40 new cases of AIDS per annum. Although the prevalence of HIV/AIDS is low in this country, Algeria established a national plan for the prevention and combating of STDs/AIDS in 1988. The plan revolves around prevention, training, monitoring and care.
912. Public health expenditure increased on average by 17.2 per cent in current terms and 2.2 per cent in constant terms per annum over the period 1991–2001. Over the next 15 years, improving the effectiveness of the national health system and controlling costs will be essential if MDG 4 (reduction of the mortality of children under the age of 5), MDG 5 (improvement in maternal health) and MDG 6 (combating HIV/AIDS, malaria and other diseases) are to be achieved.

ii. Findings of the CRM

913. Outside of the CSAR and on the basis of the documentary review and interviews with the stakeholders, the CRM was able to note the following:

⁵² Ministry of Foreign Affairs. *MDP Report*, July 2005.

914. **In the field of education.** Education has been an important focus of policy since Algeria's independence. It is considered the cornerstone of any strategy for economic and social development.
915. The country has paid significant attention to education and training, and the CRM observed impressive infrastructural development in this sector, at all educational levels. The democratisation of education has been enshrined in the country by ensuring equal opportunity for all children, and the provision of compulsory and free education for a period of nine years up to the age of 16 (primary and junior high). This status quo is evident on the ground and is appreciated by stakeholders at the central level and in the wilayas visited by the CRM. This democratisation policy, initiated in 1962 and strengthened in 2000 with the economic revival of the country, has clearly favoured massive enrolment in the school and university system.
916. In general, the educational level of the population has increased substantially. The enrolment in secondary or higher education of children over the age of 6 years was 25.5 per cent in 2002, as opposed to only 2.9 per cent in 1966. The literacy rate between the ages of 14 and 24 rose from 74.2 to 90.10 per cent between 1997 and 2002, with particular improvement in the situation of women, for whom the figure jumped by 14 per cent over a five-year period, according to the WHO. The country is to be congratulated on these results and encouraged to continue in this direction.
917. In terms of assessment, school attendance indicators are good throughout the educational system. In primary education, the education rate of children aged 6 to 14 years is around 97 per cent, with 94 per cent for girls.
918. It must be noted, however, that the output of the system is low. It experiences a high drop-out rate and a low pass rate, especially among boys. This clearly raises questions about the performance of education and reflects weak areas in a system that is otherwise generally positive. Since 1997, for example, the pass rate for the O-level and for the A-level has never reached 50 per cent. From 2002 to 2004, the pass rate for the former varied between 37 and 36.3 per cent, and that for the latter between 32 and 42 per cent. Considering the enormous investment in this sector (the vocational training centres and new universities visited in the wilayas of Guelma, Sétif, Tlemcen, Ouargla and Tamanrasset largely attest to this), questions could be asked about the efficiency of the system. The CRM was unable to obtain accurate data to assess the situation in quantitative terms, but there is good reason to have concerns in this regard.
919. To respond to the poor performance of the educational system, reform measures were recommended, both at the level of the government's programme and, more specifically, at the level of the plan for economic revival. In fact, the national strategy for social development, within the context of focused action and of targeting disadvantaged regions (regional equity), aims to improve the system by correcting some of the dysfunctions that have been identified.

920. In particular, the following measures are envisaged: (i) remedial teaching to improve the educational index in rural and densely populated areas, as well as returning displaced persons to rural areas; (ii) the rehabilitation, restructuring and equipping of existing institutions to ensure normal conditions for their operation (e.g. air-conditioning, medical services, water and electricity); and (iii) establishment of back-up infrastructures (e.g. school canteens, boarding schools).
921. In secondary and higher education, the last few years have witnessed an inversion of the girl/boy ratio in favour of girls. This interesting phenomenon, which is almost unique on the African continent, deserves to be highlighted, and the Algerian authorities are to be congratulated on a practice that would suggest the possibility of making important advances in social behaviour in the years to come. The table that follows presents educational figures according to gender and educational level.

Table 11: Learners according to gender and educational level in the Algerian educational system

School years	Girls	Boys	Girls per 100 boys
Primary education			
1999/2000	2 264 608	2 578 705	87.82
2004/2005	2 049 927	2 311 817	88.67
Senior primary and junior secondary education			
1999/2000	908 608	987 143	92.04
2004/2005	1 106 260	1 149 972	96.20
Senior secondary education			
1999/2000	516 519	405 440	127.40
2004/2005	648 325	474 798	136.55
Higher education			
2000/2001	245 240	220 840	111
2002/2004	326 930	263 060	135

Source: Statistical yearbooks of the Ministry of Education.

922. The figures reveal the following:
- at the level of primary education, an improvement in the girl/boy ratio of almost one point between 1999/2000 and 2004/2005;
 - at the level of junior senior school education (first cycle of secondary education), an improvement in the girl/boy ratio of over 4 points;

- at the level of secondary education (second cycle), the girl/boy ratio increased from 127 girls per 100 boys in 1999/2000 to over 136 girls per 100 boys in 2004/2005, which is an improvement of more than 9 points;
 - at the level of higher education, the ratio of girls to boys increased by 24 points over the same period.
923. Algeria currently produces 100 000 university graduates per annum. The total number of students in higher and university education is close to 1 million today and should be around 1.4 million by the end of the decade. Considering that the numbers in the different types of education are growing, the main challenges for the Algerian education system will be to:
- ensure the necessary technical and financial capacity to maintain the trend and ensure the system's sustainability;
 - ensure the capacity to provide quality training, and to adapt to the demand of the labour market in order to reverse the emerging and contradictory trend of large numbers of unemployed graduates, on the one hand, and unfulfilled needs on the labour market, on the other hand;
 - complete the democratisation of education by ensuring that, in the medium term, at least 90 per cent of a cohort complete the nine-year period of mandatory basic education;
 - meet the challenge of modernity, which must be the inspiration for the educational system in terms of its programme, teaching and organisation;
 - meet the challenges of globalisation, which will not only affect trade and financial and technology exchange flows but will, in the near future, also affect employment and labour markets. The construction of a quasi-global labour market will create tough competition, calling for increasingly higher qualifications and presenting the increasing risk of accelerating the negative impact of brain-drain phenomenon.
924. The public opinion survey carried out in January 2007 on the level of satisfaction of the population with regard to ten basic services, included the field of education. The results of the survey confirm that much still needs to be done. Indeed, if the number of responses indicating an "insufficient level" and "very insufficient level" of satisfaction are combined, and the 39.11 per cent of responses indicating an "average level" of satisfaction are interpreted, the vast majority of the population is still expecting better performances from the educational system.
925. **In the field of health.** The implementation of the health policies has yielded appreciable results, as indicated in the CSAR. The CRM's observations and interviews with various stakeholders, both at central and at wilaya levels, tend to confirm this information. It can be concluded that:
- public health consultation and care is totally free in Algeria, an excellent practice that is to be commended;

- the state of health of the population has improved significantly throughout the periods of post-independence development, as is proven by key indicators on life expectancy at birth and the vaccination rate, to mention but a few;
- state intervention has led to an increasing number of medical facilities throughout the country, especially those relating to the protection of women and children, and to improved medical cover in terms of health personnel, all categories (medical and paramedical) included;
- the geographical distribution of progress with regard to health still remains uneven according to social levels and regions.

Best Practice 5: Increased life expectancy at birth

Life expectancy at birth is a privileged indicator of the state of health of a population. In Algeria, it has been in constant progression since the country's independence. Life expectancy was 50 years in the 1960s and increased to 52.6 years in the 1970s, 73 years in 2001 and 75 years in 2005 (73.9 years for men and 75.8 years for women).

According to this indicator, the remarkable progress that has been made is the result of implementing programmes in the fight against endemic diseases; the eradication of transmissible diseases, including waterborne diseases; the near systematic vaccination of children; disease prevention; planned births (in spite of a difficult religious context on this issue); and the improvement of the general standard of living of the population.

926. **Infant mortality.** The infant mortality rate dropped significantly from 46.8 per 1000 in 1990, to 34.7 per 1000 in 2002 and 32.5 per 1000 in 2004. The level of neonatal mortality, which is in slight progression, accounts for two-thirds of infant mortality.
927. **Immunisation.** Child health is the focus of special attention by the Algerian authorities. This is evident in terms of prevention, follow-up and dealing with infant morbidity, the fight against poverty, as well as problems of malnutrition and their effects on public health and on children's health, in particular. It is noted in this regard that one of the eight sub-programmes of the national programme on the fight against infant mortality adopted in 1985 relates to the Extended Immunisation Programme. This programme covers virtually all the vaccines recommended by the WHO and UNICEF. The table provides figures taken from the 2002 Algerian Survey on Family Health.

Table 12: Extended Algerian Immunisation Programme

Age at vaccination day	Vaccine				
Birth	BCG + Polio + Anti-hepatitis B				
1 month	Anti-hepatitis B				
3 months	DTaP (diphtheria, tetanus and whooping cough, or pertussis), plus Oral polio				
4 months	DTaP + Oral polio				
5 months	DTaP + Oral polio + Anti-hepatitis B				
9 months	Anti-measles				
18 months	DTaP + Oral polio				
6 years	DT Infant + Oral polio + Anti-measles				
11–13 years	DT Adult + Oral polio				
16–18 years	DT Adult + Oral polio				
Every ten years after 18 years	DT Adult				
Variables	Gender		Environment		Total
	Male	Female	Urban	Rural	
HEALTH CARD					
BCG	99.2	99.9	99.9	99.1	99.5
DTaP1	97.9	98.6	99.4	96.9	98.3
DTaP2	96.6	98.2	98.8	95.7	97.4
DTaP3	93.1	95.7	97.2	90.9	94.3
Measles	91.5	93.2	92.7	91.8	92.3
Repeat DTaP	24.9	32.0	30.1	26.2	28.4
Complete immunisation	90.0	91.2	92.2	88.8	90.6
MOTHER'S STATEMENT					
BCG	86.6	87.0	92.7	80.7	86.8
DTaP1	82.3	83.8	88.1	77.9	83.1
DTaP2	81.5	79.9	87.4	73.7	80.7
DTaP3	78.1	79.2	84.7	72.4	78.7
Measles	78.6	79.2	87.5	70.0	78.9
Complete immunisation	75.1	78.5	84.1	69.4	76.9
BOTH SOURCES					
BCG	97.7	98.1	99.0	96.6	97.9
DTaP1	96.0	96.6	98.0	94.3	96.3
DTaP2	94.8	95.7	97.4	92.7	95.2
DTaP3	91.3	93.4	95.7	88.3	92.3
Measles	89.9	91.2	92.1	88.8	90.6
Repeat DTaP	81.9	27.6	26.5	26.6	24.7
Complete immunisation	21.9	89.5	91.2	86.1	88.9

Source: Algerian Survey on Family Health (2002), pp. 72, 74 (Ministry of Health, Population and Hospital Reform, WHO and League of the Arab States).

928. The table shows that, in 2002, 90.6 per cent of children aged between 12 and 23 months had received all their vaccinations (according to their health cards). Using these figures as projections for 2005, they reveal that about 97 per cent of children of this age group have a health card and about the same proportion of them have been vaccinated. The table shows the proportion of children vaccinated according to vaccine type, as determined from their health cards, statements by their mothers and both sources. Furthermore, vitamin A vaccine cover for children under 5 years was 46.3 per cent. The same table reveals that gender disparity is not particularly marked. In contrast, rural areas have a slightly reduced figure of 3.3 per cent, compared with urban areas.
929. The immunisation programme's coverage is therefore satisfactory. Projected trends give an immunisation rate of close to 97 per cent at present, and 100 per cent in 2015; that is, almost generalised immunisation of children before the MDG deadline.
930. **Maternal and perinatal mortality.** This continues to be the predominant public health problem in Algeria. An assessment of the situation shows that, despite extensive efforts since the 1970s to protect the health of mothers and children, maternal and neonatal mortality rates remain abnormally high. The survey conducted in 1999 by the National Institute for Public Health revealed a maternal mortality rate of 117 per 100 000 live births, with some regional disparities. The wilayas in the South are the most affected.
931. The same survey made it possible to identify a number of organisational problems, such as health evacuations – about half the deceased women (48.8 per cent) had been discharged to a specialist for emergency treatment. The main reasons mentioned were the absence of qualified personnel (94.6 per cent) and the absence of adequate means for maintaining the operating theatres (16.8 per cent). A large number of maternal deaths are related to avoidable causes such as haemorrhages and arterial hypertension (vasculo-renal syndrome), as well as organisational problems. An inventory of paediatric and maternity services carried out in 2002 by the National Institute for Public Health, in collaboration with the Department of Prevention, indicated that 70.6 per cent of maternity clinics are managed by general practitioners and 51.1 per cent of them employ rural midwives.
932. The continuous recording system set up by the Department of Prevention in various medical sectors shows that the rate of medically attended childbirth increased from 75 per cent in 1994 to 89 per cent in 2004. This means that efforts will have to be directed especially towards the promotion of certain services, such as reproductive health and family planning, tests relating to genital cancers, menopause, diagnosis and treatment of sexually transmitted diseases (STDs), prevention of STD/AIDS and violence against women.
933. **In the area of HIV/AIDS.** The various surveys revealed that Algeria has a low prevalence of HIV/AIDS in the country – only 0.07 per cent according to the WHO. The subject remains taboo in the country. The highest frequency is found in the 20–49 age bracket, which accounts for 80 per cent of cases.

Paediatric cases totalling 3.5 per cent (0–14 age bracket) were reported. At the start of the spread of the disease, contamination through blood was the norm, but heterosexual contamination has taken over, at 43.5 per cent compared with 23.5 per cent through contaminated blood. Transmission from mother to child accounted for 2 per cent of cases.

934. In recent years, the authorities have demonstrated committed political will in the fight against the pandemic. This commitment has taken the form of unambiguous adherence to resolutions adopted at regional and international levels to slow down the spread of the infection, protect vulnerable populations, and rationalise national resources in partnership with the international community. At the national level, the following measures should be noted: the setting up of Algerian/UNAIDS cooperation through the establishment of a UNAIDS thematic group, the development of a strategic planning process and sectoral operational plans for 2003–2006.

Good Practice 13: Involvement of religious authorities in the fight against HIV/AIDS

The Algerian government, in partnership with United Nations agencies, has involved religious authorities (imams and mourchidates) in the fierce fight against HIV/AIDS. The country is a leader in the fight against this disease in the Middle East and North Africa and sets a good example in this battle, despite the low rate of prevalence in the country.

Action carried out includes the recent organisation of a large national training workshop in July 2006 for about 60 religious leaders (imams and mourchidates) on HIV/AIDS prevention. The aim was to equip them to elaborate on key messages concerning modes of transmission and methods of prevention that conformed to international standards and were suited to the Algerian sociocultural context, and to give messages of support to people living with the virus and on the fight against stigmatisation and discrimination.

To ensure the success of these HIV/AIDS awareness and prevention campaigns and thus contribute to breaking the taboo that has so far persisted in Algerian society, the role of the imams and mourchidates will not be limited to the country's 15 000 mosques, but will include educational institutions, institutes, universities and university residences where there is a large concentration of young people.

Activities in this area will continue in the forthcoming years, particularly in the framework of a United Nations Population Fund, UNAIDS or UNDP project.

935. Moreover, the involvement of important sections of civil society in public awareness campaigns and in lobbying in favour of prevention and the fight against the disease has recently been observed. In this respect, it is important to reiterate the welcome involvement of religious (Islamic) authorities in these public awareness campaigns. This is something that deserves to be highlighted and acknowledged, as it is likely to lead to a genuine change in attitudes, given that the subject is still taboo in Algerian society.

936. **In the field of other transmissible diseases.** Due to the implementation of sound policies and the allocation of significant resources in this area, the country has been able to eradicate almost all the mass and transmissible diseases, including waterborne diseases that usually have a devastating impact in developing countries and even in some emerging countries. The situation deserves to be highlighted and held up as an example of good practice.
937. Despite these positive results, the same opinion survey indicates that Algerians continue to expect more of the services provided by the health system, including the costs.

Good Practice 14: Eradication of mass or transmissible diseases

The fight against mass or transmissible diseases has made significant progress in recent years, as a result of sound policies and the injection of substantial resources into the system.

Malaria. Thanks to the eradication programme launched in 1968, malaria no longer represents a major problem. Between 1990 and 2002, the number of malaria cases rose from 152 (including 109 imported cases) to 307 cases (255 imported cases); that is, 0.60 cases and 0.98 cases per 100 000 inhabitants respectively, with 80 per cent of cases reported by wilayas in the South, mainly Tamanrasset and Adrar.

Tuberculosis. Thanks to free diagnosis and treatment, substantial progress was recorded subsequent to 1969. The incidence of tuberculosis decreased from 180 to 50 cases per 100 000 inhabitants between 1972 and 1990.

BCG immunisation, administered to 93 per cent of newborn babies, reduced the number of tuberculosis cases among children by over 50 per cent (it is currently less than 6 per cent of all declared cases) and has practically eradicated tubercular meningitis in children under 10 years of age.

Poliomyelitis has practically disappeared. A significant decrease in diphtheria, measles and whooping cough has been observed, as well as reduced morbidity and mortality related to acute respiratory infections and diarrhoeal diseases.

Waterborne diseases such as typhoid fever and dysentery are in constant retreat. No case of cholera has been reported since 1996.

iii. Recommendations

938. The Algerian authorities must be commended for their positive performance in social sectors, particularly in education and health. In order to maintain and strengthen gains made in this field, the APR Panel would like to recommend the following:
1. Intensify the policy to support education in order to ensure equality of opportunity and combat school drop-out rates, particularly in areas where educational parameters are not satisfactory. (Attention: the government)

2. Emphasise the quest for quality by improving teacher qualification and by establishing international norms and standards. (Attention: the government)
3. Implement specific actions in the field of reproductive health, with particular reference to maternity without risk, especially in the areas of the South and the High Plateaux, so as to ensure the availability of emergency obstetric care in health structures. (Attention: the government)
4. Pursue efforts in the fight against HIV/AIDS, especially efforts to mobilise all segments of society to contain the progression of the prevalence rate, and even eradicate the disease. (Attention: the government; civil society; private sector)

Objective 4: Ensuring affordable access to water, sanitation, energy, finance (including microfinance), markets, ICT, shelter and land to all citizens, especially the rural poor

i. Summary of the CSAR

939. The CSAR records the efforts made by the Algerian government to ensure access to basic services by the whole population within the framework of a global strategy for improving the quality of life of its citizens. Indeed, since independence, significant efforts have been made within the context of a multidimensional programme aimed at maintaining economic growth and continued poverty eradication. In these actions, the government has played, and continues to play, a significant role, achieving major social infrastructural works capable of guaranteeing access to basic services to an ever-growing number of the population. All these efforts have been made out of concern for strengthening both national solidarity and social cohesion. The communal development plans constitute another instrument for the implementation of development actions at the local level.
940. The CSAR highlights that programmes undertaken within this framework produced important results. These can be seen in the participation of people at local level, including local authorities, elected officials and experts, who have all contributed to the success of these programmes by launching an impressive number of local projects throughout the country. This accelerated development in the rural areas has resulted in improved access to basic services such as water, sanitation, energy, finance, housing and land.
941. **Access to water and sanitation.** The Algerian government adopted a national policy on the provision of water to the population, which has two main objectives: (i) securing drinking water supply, first, for the population and, then, for the production sectors; and (ii) extending areas under irrigation. This policy fixes 2030 as the date for achieving the objectives of optimal

mobilisation of water, at around 12.7 billion cubic metres (m³) per annum, in order to ensure that water is available throughout the country.

942. As regards irrigation needs, the CSAR indicates that, in 2005, the entire area of land under irrigation was approximately 701 500 hectares in the case of small and medium-sized irrigation projects. In major irrigation projects, out of a total of 126 000 ha that could potentially be irrigated, only about 40 000 ha were under irrigation, with an average supply volume of 300 million m³.
943. The total volume produced for drinking water is currently about 1.7 billion m³, consisting of surface water available from 57 operational dams (27.4 per cent) and underground water by drilling (72.6 per cent). All in all, water utilisation amounts to 4.7 billion m³, including 36.2 per cent for the supply of drinking water and industry and 63.8 per cent for irrigation. The need for drinking water for 2010 is estimated at 3 billion m³ per year.
944. In order to provide water in the desired quantities and meet all these needs, Algeria has made important investments in the construction and extension of water infrastructures. Thus, 13 dams are under construction and six dams are about to be started. In addition, 27 other dam and water transport projects are being studied. The Ministry of Energy and Mines is currently involved in the construction of 13 water desalination plants to produce 1890 million m³ per day; that is, 690 billion m³ per annum in 2010.
945. In the area of sanitation, Algeria has set up an infrastructure of 29 purification plants for waste water, their volume currently estimated at 700 million m³, to serve a connected population of 4 million. This corresponds in volume to 630 000 m³ a day (230 million m³ per year), although only 400 000 m³ per day are currently purified. It is expected that, in 2010, the established purification capacity will be approximately 1 600 000 m³ per day (600 million m³ per year), for 11 million inhabitants served by 42 purification plants. There are 28 new plants and 14 are to be rehabilitated; an important proportion of these plants will be used for irrigation.
946. The wilaya sanitation services take samples and carries out bacteriological tests, while the National Agency for Water Resources monitors surface and underground water and the National Environmental Observatory ensures supervision and control.
947. The tariffs and billing of drinking, agricultural and industrial water, as well as purified water, are regulated by Act 05-12 of 4 August 2005, which aims to modernise their management. To ensure that water is accessible to all, three categories of users have been defined: (i) households, whose tariffs are subsidised by the authorities, (ii) administrations, craftsmen and services in the tertiary sector, and (iii) industrial and tourism facilities. In the case of sanitation, tariffs are organised on the same basis and according to the same categories as for drinking water, but there are different and differentiated basic tariffs for the three territorial tariff zones. In the case of agricultural water,

tariffs are based on the volume of water actually consumed, the subscribed maximum flow and the specific characteristics of the zone concerned.

948. **Access to electricity and gas.** Algeria has experienced a real revolution in the number of people connected to the electricity and gas network. Whereas upon achieving independence, the production of electricity in the country was more or less 600 MW, it currently amounts to 6740 MW, which gives a 96 per cent electrification rate and a 34 per cent connection rate to natural gas. One household out of every three uses these forms of energy.
949. Efforts are ongoing, with four power stations under construction for the last two years, to achieve the objective of increasing production to 10 000 MW by 2010. Low voltage connections increased from 705 000 in 1962 to over 5.31 million in 2004, while medium-voltage connections increased from about 3000 at independence to almost 35 000 in 2004.
950. Connections to natural gas, which totalled 199 000 in 1962 for a consumption of 23 million m³, increased to 1.86 million with a consumption of 3.6 billion m³ per annum. The number of localities supplied with gas, 13 at independence, is currently 413, half of which were established in the course of the last five years. Investment in the sector of electricity and the distribution of gas since independence amount to US\$31 billion by the European Union.
951. Within the general framework of liberalisation of the economy, Algeria has established a series of attractive mechanisms for national and foreign private investment under the aegis of the Electricity and Gas Regulatory Commission set up in 2005. These mechanisms are aimed at reducing the costs of the electrical system and improving the quality of service to the consumer.
952. For the period 2004–2009, an investment of US\$7.1 billion in the electricity sector is envisaged, to be spread across production, the distribution network and the transport grid. In the case of gas, investment will amount to about US\$2.2 billion over the same period. Funding for this programme will come from Sonelgaz, private investors, contributions from consumers and public endowments. It is expected that total investment in the complementary programme to support the re-establishment of the electricity and gas supply will amount to DA65.5 billion of the state's capital budget between 2005 and 2009. The programme will enable the connection of 964 000 households between 2004 and 2009.
953. **Access to housing.** The Algerian authorities have adopted a housing policy that caters for various sections of the population, particularly social categories with low and average incomes. This policy is inscribed within the scope of the government's commitment to face the ever-growing housing needs resulting, in particular, from the rapid urbanisation that the country has experienced in recent decades. This rising urbanisation can be explained by certain factors, including: (i) strong demographic growth; (ii) the concentration of industrial and socio-economic investments in the large urban centres of the coastal region; and (iii) massive movement of the population from rural to urban areas

in search of employment. Algeria has experienced rapid urbanisation since its independence. In 1966, rural populations constituted nearly 70 per cent of the total population; in 1998, they accounted for no more than 41.5 per cent.

954. The pressure of urbanisation has made it difficult to promote appropriate policies capable of ensuring control in this area. Indeed, given the magnitude of these needs, the top priority has been to give urgent attention to social and economic demand, particularly with regard to housing. This has frustrated attempts to achieve harmonious and sustainable urban development.
955. This is why, at the time of independence, the state focused on the financing and construction of housing. Until the end of the 1980s, this function fell under the monopoly of the state. After a temporary cessation, a new strategy was introduced in 1997 providing for the involvement of citizens in the financing of social housing provision. The formulae developed relate mainly to two types of housing programmes: participative social housing and hire-purchase. The state, through the Housing Assistance Fund, also grants financial support for the construction of housing in rural areas, as well as for the rehabilitation of existing housing.
956. **Access to communication and information technologies.** In 2000, Algeria adopted a policy to open up the post and telecommunications sector, with the aim of expanding the supply of services at accessible tariffs. This development was initiated with the reform of the legislative and regulatory framework (through Act 20-03 of 5 August 2000), putting an end to state monopoly and making it possible to attract private investments.⁵³ This liberalisation of the telecommunications sector resulted in rapid progression in terms of access to the service. Some 10.20 per cent of the population is now connected to fixed telephone lines, compared with 9.44 per cent in 2004 and 6.93 per cent in 2003. For mobile telephony, the percentage rose from 11.75 in 2003 and 24.70 in 2004 to 41.25 in 2005. Forecasts for 2006 were 64 per cent.
957. Access to the Internet is ensured by Wi-Fi and Wimax wireless networks, in addition to STN (Signalling Transport Network) and ADSL (Asymmetric Digital Subscriber Line). The explosion in information and communications technology (ICT) saw cyber cafés increase from 100 in 2000 to 6000 in 2005. Multi-services kiosks grew from 10 000 in 2000 to 38 000 in 2005. Internet access and service providers increased from 68 in 2000 to 95 in 2005, 33 of which are actually operational.
958. The government's interest in new ICTs was articulated, inter alia, within the framework of the three-year support programme for economic revival. The government's strategy is centred, in particular, around the following critical actions: implementation of national research programmes; introduction of ICT

⁵³ Algerian contribution to the African Preparatory Meeting to the World Summit on the Information Society (*Bamako*, 28–30 May 2002).

in education; the use of ICT in health; the use of ICT in the modernisation of public administration; and the introduction of ICT in private companies.

959. Within this context, the government allocated a total amount of DA12.4 billion to scientific research, of which more than half (DA6.4 billion) is devoted to new ICTs. In this regard, 158 out of the 474 identified projects were carried out, involving approximately 800 researchers across all sectors. This is in addition to various sectoral projects carried out by a number of centres dedicated to the pursuit of knowledge in new technologies under the aegis of national research units. Currently, nearly 300 projects involving over 1000 researchers and concerning new ICTs are being executed.
960. As part of its national space programme, Algeria launched the first Earth observation satellite – AISAT 1 – in 2002. The second-generation satellite is being constructed abroad, but it is envisaged that the third generation satellite will be built entirely in Algeria. The Algerian Space Agency, the programme’s principal steering body, envisages launching an observation satellite called AIComSat-1 between 2012 and 2014.
961. In addition, a technology city is under construction in Sidi Abdallah, near Algiers. Investments undertaken so far in the field of ICT have yielded significant results, thus producing impressive figures in the use of the new technologies. This can be seen from data on teledensity, which should reach 64 per cent in 2006.
962. The introduction of a universal service was aimed at facilitating access to the service at reasonable cost without compromising on quality. The State covers certain costs related to the supply of services to disadvantaged regions or remote localities.
963. **Access to arable land.** In rural areas, the problem of access to land is part of a complex process that has its origins in the country’s distant and more recent history of colonialism. For a total surface of 2 380 000 km² and approximately 33 million inhabitants, the country has only 8 million km² of viable agricultural surface, which is the equivalent of 3 per cent of the total surface.
964. The government initiated a number of programmes aimed at facilitating access to arable land. They are of several types:
- the right of use granted to inhabitants in forest areas within the context of appropriate economic reforestation. It allows these inhabitants to exploit forestry projects or land in forest areas in order to improve their incomes, in return for their conservation and safeguarding of the milieu and the natural environment. The National Reforestation Plan resulted in the integration of 70 649 developments by the end of 2004;
 - exploitation by concession of state land places land that is the property of the state at the disposal of rural populations. The exploitation programme is based on a target of over 600 000 ha. This target had been exceeded by the end of 2004; and

- the accession to agricultural land is aimed at the development of public land located in the Saharan region or comparable zones.

965. The transfer of property to the benefit of the recipient becomes effective at the end of five years if exploitation of the allotted land is carried out. At the end of March 2004, land allotted in the framework of the accession to agricultural land was estimated at 422 055 ha, 152 584 ha of which was exploited and 116 893 ha under cultivation. State agricultural land covers a surface of 2.8 million ha (i.e. 35 per cent of the utilised agricultural service), of which over 2.5 million ha were allotted to more than 210 000 producers forming 96 630 collective and individual exploitations. Developers enjoy the right of perpetual use.

ii. Findings of the CRM

966. The Algerian government makes enormous efforts and invests significant resources in improving the quality of life of its citizens. These efforts have multiplied since the beginning of independence, and continued to increase even before the country started benefiting from favourable oil prices, and also before the current significant rise in prices. Today, the earnings from the favourable economic situation in the hydrocarbons sector are put to good use by the Algerian authorities, so that citizens are able to benefit both socially and economically through continued improvement in access to basic services.

967. **Water and sanitation.** Good management of water resources is of paramount importance in all countries of the world, as water is a non-renewable resource. Its importance is even more urgent in a country where the authorities have set themselves the task to promote the well-being of the population from the start. This objective means, in particular, that they have to assist people in escaping underdevelopment and poverty, while combating drought, which complicates an already precarious situation. The actions of the Algerian government demonstrate its commitment to, and capacity of intervention in this regard.

968. The CSAR highlights the significant progress made with regard to access to drinking water. The effort is commendable. However, it should be pointed out that discrepancies persist between urban and rural areas, which are separated by 40 percentage points. The CRM noted that connection does not necessarily mean access to the service, since the provision of water is ensured only intermittently in several urban centres. It is reported that, in certain localities, households have water only once or twice week. In this respect, the Ministry of Water Resources requested the population to be more careful in preserving the availability of dam water in order to ensure a satisfactory supply of water to the population both in summer and in autumn.⁵⁴ In order to deal with this problem, the state has multiplied its efforts to take advantage of the rainwater supply, with an ongoing drilling and dam construction programme in the

⁵⁴ *LIBERTE Journal*, 11 March 2007.

country. It is also pursuing installation programmes for various infrastructural programmes, such as a large desalination plant under the aegis of the Ministry of Energy at Hamma (with implementation envisaged for September 2007) and the Takseb Dam in the central area (implementation envisaged in the first part of 2008).

969. The problem of water is more severe in the desert areas of the South, where populations are scattered and communities often live 300 km apart. Water supply to nomadic populations is even more crucial. Certain localities have, in the face of insufficient volumes of water, had to negotiate for access to water against competing claims for domestic use and irrigation needs – competition that carries the seeds of potential conflict. In other localities, residents were discontented at having to pay “industrial tariffs” for domestic water.
970. Nevertheless, the 2004 National MDG Report stresses the significant progress made in terms of drinking water supply and sanitation since the 1980s. Whereas in 1988 the connection rate to drinking water for the population was 61.9 per cent and connection to the sanitation network was 53.9 per cent, in 1995 the percentage increased to 75.3 for drinking water and 69 for sanitation. In 2000, an important increase was already recorded, the rates having reached 82 and 73 per cent respectively. The report recommends a complete coverage of the whole population by 2015. The 2006 National Report on Human Development also confirms the trend by highlighting a significant fall in the population without access to drinking water, which dropped from 22 per cent in 1995 to 5 per cent in 2005. The number of houses connected to drinking water saw an average annual rise of 2.4 per cent since 1996, with the result that, in 2005, 85 per cent of residences were already benefiting from this service.
971. In the area of sanitation, the 2005 Report on the State and the Future of the Environment presents a rather sombre picture of the protection of water resources. It stresses, in particular, the degradation of water resources caused by the obvious weakness in environmental management and the control of water pollution. It notes the existence of non-functioning water purification plants, hence uncontrolled discharges of unpurified urban polluted water, land scrubbing and drainage water containing agrochemical products (phosphate, nitrate, etc.) in the sources of water intended for consumption.
972. **Housing.** It is clear from the documentation reviewed and the discussions held with stakeholders at both the central and the wilaya levels that the Algerian government has invested substantially in the construction of housing. This is borne out by the number of impressive construction works and the increase in new beneficiaries in this regard. This phenomenon is definitely transforming the landscape of several wilaya towns.
973. It should be noted that the Algerian authorities, by considering all segments of the population in the provision of different housing categories, have shown themselves to be effective in considering the needs of the most disadvantaged. This is likely to contribute significantly to the fight against poverty.

Good Practice 15: Efforts in the area of social housing

Social rental housing programmes concern the most disadvantaged segments of society. With an initial target of providing 1 034 566 units, the programme has revised this target to 1 228 597 following the decision to provide the wilayas in the South and the High Plateaux with additional programmes.

With 23 per cent of provision under this programme being allocated to social rental housing and financed totally by the state, and 77 per cent being allocated within the framework of state-assisted housing (with a ceiling of DA500 000 per family), it is easy to understand the social scope of this programme aimed at reducing social inequalities.

974. Beneficiaries' satisfaction with this system is evident everywhere. In certain wilayas, the CRM met with groups of beneficiaries who formed associations, as was the case in Ghardaïa, with the aim of managing the system while focusing particularly on the protection of the environment.
975. However, the CRM noted that, in certain cases, the architectural construction models had not paid sufficient attention to local cultural specificities. This had sometimes led to a form of rejection by some beneficiaries. For example, the proposed housing programme in Tamanrasset has the disadvantage of not adequately taking account of the fact that the beneficiaries, primarily recently settled Tuaregs, would have preferred houses with inner courtyards that would enable them to continue to keep small ruminants, rather than multiple-storey housing that does not suit their way of life. Thus, several of the new urban residents preferred to adhere to the programme for renovating their traditional housing, rather than to take possession of apartments.
976. The CRM also noted that, in the area of housing, the historical practices of special privileges and corruption are still frequently reported. Often, targeted beneficiaries are not provided with housing, whereas others manage to gain access to more than one home at the same time. It should also be noted that young people and single women are often overlooked in the allocation of housing.
977. As is the case with social assistance and protection mechanisms, one can reasonably ask questions about the sustainability of such a policy.
978. **Financial services and microfinance.** Algeria is a country in transition from a centralised economy towards a market economy. In this regard, the financial sector is primarily public and not as yet developed. However, the government is aware that reform of the sector is important in an economy in transition and has therefore identified this aspect as one of its top priorities.
979. As indicated in Chapter Five on corporate governance in this report, the banking system is considered ineffective by a majority of stakeholders, as banks do not provide adequate assistance to SMEs. This situation is even more striking in the case of very small enterprises and individuals. In general, an

estimated 30 per cent of the population uses banking services, whereas access to banking and financial services is still the privilege of the wealthy. Millions of workers in the informal sector are excluded from obtaining credit financing, and the low rate of households using banking services gives one an idea of the size of the needs that are not covered by the current access to banking and financial services. In particular, consumer credit and micro-enterprise funding are almost non-existent. There are a number of popular banking structures offering financial services, including saving, credit and payment methods, to low-income populations. The most important of these is “Algeria Poste”, with a network of 3271 branches across the country and 7.1 million postal cheque accounts.

980. Although of relatively less importance, the National Agricultural Mutual Benefit Fund (NAMBF) is another agency offering popular financial services. The NAMBF is a mutual benefit financial network that provides banking services to the poor, especially, customers. The Agricultural Mutual Benefit Fund is made up of 62 regional funds and a national fund (the NAMBF). The network has been carrying out banking operations since 1995 and established a subsidiary bank in 2006, following the new Ordinance 03-11 on currency and credit, which does not allow operators other than financial institutions and banks to grant credit. The same Ordinance prohibits “any funding by a bank or a financial institution in favour of its managers, shareholders and companies in the group (auditors included)”, and it is therefore not clear whether the NAMBF will be able to fund its shareholders who are members of the mutual benefit fund.
981. As regards microfinance, a system of micro-credit was introduced by the government at the end of the 1990s. Originally implemented by the Agency for Social Development, it was regarded as a mechanism of social support for poverty and for small economic activities (self-employment, domestic work, handicraft and service activities, etc.). As this credit mechanism experienced some difficulties in its initial phase, the Agency’s portfolio was transferred to the National Agency for the Management of Micro-Credit (ANGEM), a specialised agency created for this purpose. ANGEM’s micro-credits (less than DA30 000) are disbursed directly by the Agency. For higher amounts of credit, ANGEM has, since 2005, signed agreements with other public banks for their disbursement and management.
982. Other public mechanisms have been established to support the creation of enterprises through the granting of micro-credit. The most important of these are ANSEJ, the National Agency for Supporting the Employment of Young People, which caters for people from 19 to 35 years, and CNAC, the National Unemployment Insurance Fund, which manages the support mechanism for the creation of income-generating activities for the unemployed aged from 30 to 50 years.
983. However, according to interviewees, the existing mechanisms (ANGEM, ANSEJ, CNAC, etc. are not very accessible due, in many cases, to long delays in processing requests (lengthy and cumbersome procedures, and privileges

granted to some) and to the lack of interest of bankers who grant micro-credit under agreements with these agencies. Indeed, banks do not consider this market to be very attractive because of the relatively low returns. The 2006 National Human Development Report indicates for example, that by the end of 2005, over 3000 requests for micro-credit were approved by the banks, which is less than 9 per cent of the requests submitted to the CNAC. It was also mentioned that these mechanisms do not make provision for preparing the beneficiaries to manage their micro-credit, as there is a low level of initial information and no support after loan disbursement. This only reinforces the beneficiaries' negative perceptions with regard to state money, which is allocated to them without the obligation to repay.

984. Another reported difficulty is the capacity of banks to manage a large micro-credit programme. There is reason to be concerned that the current system of agreements with banks has already revealed its limitations in its poor capacity to process micro-credit applications and the slowness of the procedures. It is estimated that approximately 15 000 eligible applications are pending a decision from the bank at present.⁵⁵ This represents an argument in favour of the creation of specialised micro-finance institutions for offering permanent financial services adapted to the needs of the non-banking, deprived or poor populations. However, such measures should be supported by a strategy, as well as an appropriate legal and regulatory framework. Indeed, to date, there is no formalised national micro-finance strategy in Algeria; neither is there legal and regulatory frameworks specifically adapted to microfinance. These are some of the gaps that need to be filled in order to ensure universal access to savings and credit in Algeria.
985. **Information and communication technologies.** In 2000, Algeria began to liberalise the telecommunications sector and a new sectoral policy was adopted to facilitate access to a series of services, by all users, at affordable prices and irrespective of their geographical localisation. These reforms opened the way for private investments and, to date, foreign direct investments in this field are estimated at over US\$5 million.
986. Important initiatives under way include, among others, the technological park of Sidi Abdellah in Algiers (for the assembly of computers, manufacturing of software, telecommunications equipment, etc.), which is intended to act as leverage for ITC development in the country; operation OUSRATIC – one PC per household – which is aimed at equipping all Algerian households with a personal computer and high-speed Internet access by 2010; a governmental Intranet network, which will contain the governmental portal and offer all communication services necessary for the proper functioning of state institutions with a view to improving governance; and two major projects, the first aimed at equipping all colleges and schools in the country with computers and establishing a national distance-learning network, and the second at

⁵⁵ Ministry of Finance, June 2006. Deputy Minister in charge of financial reform, *Report on mass banking in Algeria: opportunities and challenges*.

establishing a virtual university. In a later phase, the governmental network will be accessible to citizens and, in the long term, will become an interactive means of communication between the government and society.

987. In the area of telecommunications, the national public operator, Algeria Telecom, is responsible for ensuring a universal service to citizens, but other private operators have been approved since 2002. In mobile telephony, for example, three operators were approved: Algeria Telecom Mobile with its GSM Mobilis network, Orascom Telecom Algeria with its Djezzy network, and the Wataniya Télécom Algeria operator with its Nedjma network. A national regulatory body was established – the Regulatory Authority for Posts and Telecommunications (ARPT) – which is responsible, in particular, for the coverage and quality of the service of telecommunications networks. The entry of mobile telephony to the market has significantly increased teledensity, which is 7.81 per cent for fixed phones, but 50.3 per cent for the cellular phones.
988. Internet access, although growing rapidly, is not very broad based yet. Of the 40 active Internet service providers, only around 15 are really operational. The two major providers, Djaweb and EEPAD, share the market with 76 per cent of the sales turnover in 2006.⁵⁶ The total number of surfers on the Internet is 1 950 000 (5.92 per cent of the population), which can obviously be improved. Out of a total of 191 611 Internet subscribers, the overwhelming majority (171 649) use dial-up, followed by 19 164 subscribers using ADSL access. There are only 582 cyber cafés, according to the Telecommunications Regulator. This is in clear contradiction with the figures given in the CSAR, which puts the number of cyber cafés at 6000, and the number of operational access providers at 33 out of a total of 95 active Internet Service Providers.
989. It should also be mentioned that the high value-added service of VoIP (Voice over Internet Protocol), or telephony on the Internet, has been free in Algeria since 2004–2005. Authorisation has been given to 11 national operators to date, but only one, EEPAD, has already launched its commercial operations, which are intended for a professional as well as residential market. A study was commissioned by the national regulatory body to obtain accurate information, both quantitative and qualitative, on the real profile of VoIP in the telecommunications market.
990. The ARPT has also granted Wimax licences, an alternative solution with high-speed Internet access. (The CRM, which stayed in several hotels throughout the country, did not come across any Wi-Fi or Wimax hotspot.) However, the CRM did note the generalisation of ADSL access in high-concentration buildings, such as hotels, and Wimax has been announced for May 2007.
991. Finally, it is also worth mentioning that, in spite of the development of ADSL access, Algeria is way behind in terms of ADSL television technology. It is

⁵⁶ ARPT. Bulletin 5 & 6, September 2006.

acknowledged that the introduction of audio-visual communication services via ADSL would give Algerian citizens easy and fast access to the information society.

992. **Access to arable land.** The main characteristic of rural land is its scarcity (the viable agricultural surface accounts for only 3 per cent of the total surface of the country) and lack of clarity about how it is managed and accessed. The CRM heard very little from stakeholders on the problem of access to arable land. However, the problem was mentioned in Guelma and in wilayas in the South. Two main kinds of land status were referred to: the traditional mode, which is not very favourable to a modern type of exploitation with access to bank credit, and the mode of management arising from the transfer of usufruct to the person exploiting the land. The understanding gained from stakeholders and from documentation on the subject is that the agrarian structure makes a distinction between public land and private land without any permanent title to ownership.
993. The complexity of the rural land system is such that it was difficult for the CRM to assemble documentation providing a full picture of the situation. The lack of clarity surrounding the status of land could give rise to various kinds of conflict. It is acknowledged that Algeria's poor performances in agriculture originate mainly from the constraints around the question of land.

iii. Recommendations

994. The APR Panel would like to make the following recommendations to improve access to essential services:
1. Ensure that competing needs of domestic water users and agricultural users do not lead to situations of conflict, especially by establishing judicious management systems and processes that take into account genuine needs according to the category of user. (Attention: the government)
 2. Increase efforts to protect water resources, in particular to control the negative consequences of polluted water and industrial waste in consumer water supply networks, and to ensure compliance with regulations on the sanitation of polluted water. (Attention: the government)
 3. Take account of cultural specificities of geographical areas in architectural studies for housing programmes. (Attention: the government)
 4. Be more vigilant in the application of principles of allocation of housing to targeted beneficiaries in order to avoid those anomalies frequently reported by stakeholders in a number of wilayas, and to ensure that the population benefits fully from the dividends of peace and socio-economic development, as well as from the government's efforts. (Attention: the government and civil society)

5. Establish a permanent funding mechanism for social housing that would be based on more committed participation by the beneficiaries. (Attention: the government; private sector)
6. Adopt legislation through a participatory, consensus-building approach, and establish a specialised monitoring agency in order to guarantee justice, transparency and equity in the resolution of the particularly sensitive and difficult problem of access to land. (Attention: the government)

Objective 5: Promotion of gender equality in all critical areas of concern, including education for girls at all levels

i. Summary of the CSAR

995. To a large extent, the issue of gender equality is addressed under Objective 7 of the section on political governance in the CSAR. The report underlines that women enjoy full legal capacity in penal, administrative and commercial areas. They have the right to vote and to stand for election, the right to study and work, the right to take part in the political, economic, social and cultural life, and to hold managerial positions. The report highlights the review of the Family Code in February 2005 in response to changes in Algerian society, and to commitments made by Algeria in the context of its adherence to international instruments geared towards strengthening the rights of women.
996. According to the CSAR, amendments were introduced into the Family Code in order to achieve gender equality in the rights and duties of couples; to assert a woman's right to conclude her own marriage contract; and, in the event of divorce, the right to housing of minor children whose custody is entrusted to the mother. The progress in the reform of the Family Code consists also in the flexibility brought to the components of marriage, in particular with regard to the condition of the Wali, or guardian. His role is reduced and becomes almost symbolic in the sense that the woman alone has the right to choose her Wali, who can be her father, a near relative or any other person of her choice.
997. Amendments were also made to the Code of Nationality, expressly providing for the granting of the nationality of origin by maternal affiliation and the possibility of acquiring nationality through the marriage with a female or male Algerian citizen, under certain conditions, according to procedures determined by law.
998. A Deputy Ministry for the Family and the Promotion of Women was created in 2002. This governmental structure is charged with the implementation of a National Strategy for the Promotion of Women's Rights, in partnership with public and academic institutions, as well as the civil society movement. The institutional mechanism in place also includes the Committee for Family Protection and Promotion, and the National Women's Council, composed of

representatives from public institutions and civil society for their expertise on the issue.

999. Moreover, particular efforts are made in the area of child and maternal care, girls' education, the eradication of illiteracy among women, and the economic integration of women. The implementation of the national policy for the advancement of women has resulted in genuine progress in their social and economic life as a whole.
1000. The report underlines that despite the progress made, the authorities are aware that much still remains to be done. Notwithstanding of the goodwill expressed at the highest level of the state in pressing urgently and continuously for the participation of women in all spheres of activity, many obstacles still remain and originate more from social resistance to change than from legal provisions or policy orientation. In addition, and with a view to reducing inequalities resulting from outdated attitudes and behaviour, recourse to persuasive and encouraging measures appears to be crucial to overcome these obstacles.
1001. The CSAR indicates that this challenge will be overcome through continued public awareness campaigns and educational activities, and by continuously extending the gains made by women in all spheres of national activity. If this challenge is overcome will also depend on the relevance of support measures put in place, especially those concerning regulated, organised and controlled care for very young children in order to make it possible for young mothers to continue their professional careers while enjoying a full family life.
1002. As an example of good practice, the CSAR mentions the setting up of the Observatory of Women's Employment by the Minister for Energy and Mines with the objective of monitoring gender mainstreaming. This section was supplemented with the 1999 data on women's participation in the country's political and economic life, under this objective.

ii. Findings of the CRM

1003. The Algerian population numbered 32 906 million inhabitants in 2005, with the proportion of women being estimated at 49.48 per cent.⁵⁷ In terms of size, this almost represents a balance of the two segments of the population.
1004. The courage, struggle and sacrifices of the women, quite rightly described in the CSAR, are recognised by all Algerians, both men and women. Indeed, the contribution of Algerian women to national liberation and their resistance to terrorism in the 1990s, especially in the rural areas, are widely recognised and admired, both nationally and internationally. Women's status has therefore become an important issue in political debate in Algeria.

⁵⁷ Demography in Algeria 2005, no. 442.

1005. With regard to gender equality, Algeria remains an ambivalent society, torn between modernity and tradition, drawing at times on the values of Islam, and at times on Western values, which are not without influence on the role and status of women in Algerian families. However, the CRM noted that, in spite of the weight of the Arab-Muslim culture, which continues to have a strong influence on the relationship between men and women (to the detriment of the latter), Algeria has experienced fast and significant social changes. These were very fast over the decades following independence: accelerated education for girls, mixed classes in schools, the right to employment, statutory and wage gender equality, etc. Issues that were formerly taboo, such as reproductive health education, are openly debated today, even if sometimes timidly or with a great deal of reserve.
1006. Even so, equal political choices for all, though anchored in the Constitution and subsequent laws, are not always followed by the necessary changes in attitude, which have remained quite conservative. The CRM notes that laws are not always implemented as they should be, either because they are not well understood, or because they are interpreted according to customs and practices. The example given is that of the Family Code which, under section 7, stipulates that engaged couples must produce a certificate of good health, primarily to avoid problems of marriages between blood relations and other incompatibilities. As a consequence, in some wilayas and in particular those of Oran and Blida, future brides were required to submit a certificate of virginity. This reveals a certain mindset that persists among some supporters of tradition, although the law, since 1968, stipulates that “customs will not defeat the law”. The following sections give more details on the observations of the CRM as regards gender equality in key areas of the socio-economic life of Algerians.
1007. **Legal, political and institutional provisions.** All the legal provisions in Algeria assert gender equality. There is no affirmative action in favour of women in Algeria to facilitate their involvement in the country’s public and political life (as has been the case in some other countries since the conference in Beijing), and there are no legal barriers either, nor is there any other form of discrimination against women. It must, however, be acknowledged that certain provisions of the Family Code, for example, continue to impede this equality.
1008. Section 12 of the first Constitution (1963) of independent Algeria recognises gender equality: “All citizens of both sexes have the same rights and the same duties.” The new Constitution of February 1989 and the revised Constitution of November 1996 reaffirm this provision. In section 29, the prevailing Constitution stipulates that the country’s “citizens are equal before the law, no discrimination will prevail for reason of birth, race, gender, opinion or any other condition or personal or social circumstance”. This provision is reinforced by section 31, which stipulates that “institutions have the ultimate objective of ensuring equality in the right of all citizens, both male and female, by removing the obstacles that block the development of the human being and prevent effective participation of all aspects of political, economic, social and

cultural life”. Many other provisions of the Constitution reinforce the principle of the equality of all in terms of rights and duties.

1009. This stated equality has not, however, been put into practice throughout. The effects of invisible sociocultural impediments are ever-present as women still encounter resistance in the political arena and in their professional and private lives. It is notably this traditionalist/Islamist line of thought that ensured the adoption by the Algerian parliament, on 9 June 1984, of the Family Code, which many view to be “a serious and intolerable attack on women’s dignity and their fundamental rights” because of the provisions that maintain the lower status of women, particularly as regards marriage and succession.
1010. In January 1996, Algeria ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). It also subscribed to the Beijing Declaration and Platform for Action. The first report on the implementation of the convention was presented in January 1999; the second in January 2005. However, the CRM noted that ratification of the CEDAW by Algeria was subject to serious reservations concerning the objective of the convention itself and gender equality. Indeed, the CEDAW was ratified with reservations in respect of section 2 on the commitment of the states adhering to the convention to pursue, by all appropriate means, policies aimed at the elimination of all forms of discrimination; section 9.2 on nationality; section 15.4 on the right to movement and to choose one’s place of residence; and section 16 on marriage and the resulting family relationships. The provisions of these sections will only be applied in situations where they are not in conflict with the Algerian Family Code and Nationality Code.⁵⁸ These reservations have not yet been lifted, despite important amendments made to the Family and Nationality Codes at the beginning of 2005.
1011. From an institutional point of view, a Deputy Ministry for the Family and Women, headed by a woman, was created within the Ministry for Health. However, several calls were made, particularly by women’s organisations, for an independent ministry. Among other institutions involved in the protection of women’s rights, it is worth mentioning the National Advisory Commission of the Promotion and Protection of Human Rights, established in October 2001. It comprises 45 members, 13 of whom are women. The CRM was able to confirm the establishment of the National Council on the Family and Women, created in 1997 to reinforce government action in the development of policies and programmes aimed at promoting the role of women in the country’s development.
1012. Although several associations for the protection of human rights, in particular associations for the promotion of women’s rights, were established in Algeria after attaining independence, the Algerian civil society movement is still weak and has not yet been able to make its presence felt as a key negotiator with the

⁵⁸ Collectif 95 Maghreb-Equality (Algeria Section): Alternative report on the situation of Algerian women, December 2004.

government in political, social and economic life. The majority of Algerian civil society organisations in general, and women's organisations in particular, are faced with insurmountable operational problems that are unlikely to promote the civil society movement. Thus, since 1988, only 14 new women's organisations were created. In spite of all these constraints, the Algerian civil society movement is slowly imposing itself as a key and inescapable partner in the protection and the defence of women's rights.

1013. **Equal opportunities in accessing resources and services.** Algeria has made impressive progress as regards gender equality and access to social services, especially girls' education. Indeed, women in education represent 91 per cent of girls of school-going age. In 2004/2005, girls registered in primary school accounted for 47 per cent of those registered in the first and second cycles (primary), and 57.73 per cent in secondary education respectively,⁵⁹ as against 44.75 and 46.52 per cent in 1990/1991. The percentage of girls in higher education is 57.5. Parity, as targeted in the MDGs, has almost been achieved in primary school education, which is compulsory, and the disparity in the post-compulsory stage is in favour of girls. This imbalance can be explained mainly by the greater interest placed in girls' education by Algerian families and a decidedly higher success rate among girls (61 per cent of graduates in tertiary education in 2004–2005); but it is also exacerbated by a high drop-out rate, particularly among boys aged between 16 and 19 years. It should also be mentioned that the legal marriage age for girls was changed from 18 to 19 years in the new Family Code, and that the average age at which girls get married today is around 27 years, as against 19.8 years in 1977. Statistics confirm that 55 per cent of Algerian women between 15 and 50 years of age are still unmarried. This situation probably favours the education of girls at university level, where they are definitely a majority.
1014. Ultimately, Algeria is a country where the majority of the educated elite (thus potential future leaders) is made up of women. This fact needs to be taken into serious consideration in order to accelerate the integration of women in other sectors of the political and economic life of Algerian society, especially as it points to the likelihood of social, economic and even political demands in the future.
1015. Nevertheless, with the state's progressive disengagement from social life, many people are concerned that the situation of girls might regress in favour of boys if parents, confronted with the scarcity of resources, are forced to choose between the education of the girl child or the boy child. This calls for even greater awareness and preparation for change.
1016. In spite of the significant progress in girls' education, illiteracy remains higher among women than among men, especially in rural areas. The Algerian Survey on the Health of the Family indicated in 2002 that more than 8 million people (i.e. over 26.5 per cent of the total population) are illiterate. This rate is

⁵⁹ National Bureau of Statistics. Social Statistics, April 2006.

twice as high for women (35 per cent) as for men (18.2 per cent). Data show that among women aged 15 to 49 years, the proportion is 45.5 per cent. Analysis by area shows that the problem of illiteracy affects 26.6 per cent of urban women, compared with approximately half (47 per cent) of their rural counterparts.⁶⁰

Best Practice 6: Girls' education in Algeria

The right to education is guaranteed by the Constitution. Moreover, all children have the right to nine years of free and compulsory education once they have reached 6 years of age. In addition, Algeria ratified the International Convention on the Elimination of All Forms of Discrimination Against Women in January 1996, and subscribed to the Beijing Declaration and Platform for Action. This made it possible for the Algerian government to introduce significant changes with regard to gender equality and the empowerment of women. At the same time, Algerian families are well aware of the benefits to be gained from the education of girls.

Statistics show that in 2004/2005, the number of learners in the school system stood at 7 800 000, with girls accounting for 47 per cent of the total number in junior primary education, 48.75 per cent in senior primary and junior secondary school, and 57.54 per cent in senior secondary school.⁶¹ The average enrolment rate among girls is 91.24 per cent.

Compared with boys, the education of girls is weaker in primary school education, but improves thereafter. The rate was 89 girls for every 100 boys in 2003–2004, against 81 per 100 in 1990–1991, and 88 per 100 in 1999–2000. These figures place Algeria in the above-average bracket among developing countries which, according to United Nations standards, was 87 girls for every 100 boys in 2000.⁶² In secondary school education (the first cycle or junior primary), there are 95 girls for every 100 boys, against 92 girls per 100 boys in 1999–2000 and 71 girls per 100 boys in 1990–1991.

It is in higher secondary education that girls start to dominate numerically and they continue to do so in the higher levels. Indeed, from 87 girls for every 100 boys in 1990–1991, the rate increased to 126 girls per 100 boys in 1999–2000 and 134 girls per 100 boys in 2003–2004. This represents spectacular progress in girls' education. If this predominance can largely be explained by the change in attitude of the Algerian society towards the education of girls, especially their pursuit of further study, it is also explained by their low drop-out rate and the level of their school results, as compared with those of boys, who are increasingly affected by exclusion and failure at O-level and A-level examinations.⁶³

These high education rates illustrate the efforts of the state to establish an encouraging environment for girls' education, on the one hand, and the firm commitment of parents to fulfil their obligation to provide education for their children without discriminating on the basis of gender, on the other hand.

⁶⁰ United Nations System in Algeria: 2005 Common Country Assessment.

⁶¹ National Bureau of Statistics. Social Statistics, April 2006.

⁶² National Report on the Millennium Development Goals, Algeria, July 2005.

⁶³ Algerian NGO Report on the Implementation of the Beijing Platform for Action, February 2004.

1017. The Constitution guarantees equal employment opportunity, without any conditions other than those provided for by the law (sections 51 and 55). The CRM notes with satisfaction that the labour law in Algeria does not contain any discriminatory clauses against women⁶⁴ and no position is prohibited for them. Yet, although the employment of women has progressed substantially in the public sector, where their number has increased significantly (especially in education and the medical professions) and, to a lesser extent, in the area of justice (judges, solicitors, magistrates, etc.), and although they are also found in the police force, the army and communal and wilaya assemblies, their presence in the parliament and the government remains low. Paradoxically, several people meeting with the CRM indicated that there was less enthusiasm for the employment of women in the formal and informal private sector, where discrimination in recruitment, wage and other areas is more frequent, even though the majority of employed women work in the private sector. This can possibly be explained by the phenomenon of self-employment, which is increasing rapidly among women, thanks in particular to the various support mechanisms for the creation of enterprises.
1018. A national survey by the National Bureau of Statistics in 2004 revealed that, of the total number of employees, only 14.6 per cent were women.⁶⁵ Social practices are the main obstacle to the effective implementation of equality in the workplace. At the same time, the progress in the education of girls has gone hand in hand with a rapid increase in the unemployment of women. It was reported to the CRM that, between 1998 and the beginning of 2004, 61.2 per cent of the people registered with local employment agencies were women, including 68.6 per cent university graduates. Moreover, it should be noted that the female unemployed population is characterised by its youth, as three-quarters of these women are under 30 years of age.⁶⁶ This raises, in the long term, the issue of management of the social and economic consequences likely to result from the increased population of highly qualified women, which the labour market is unable or unwilling to absorb.
1019. However, it should be noted that, thanks to initiatives such as ANSEJ and ANGEM, the number of small enterprises run by youth, especially girls, is expanding rapidly. Nonetheless, the above-mentioned survey revealed that the large majority of women were not informed of the ANSEJ and ANGEM mechanisms. Moreover, groups that met with the CRM deplored the slowness and complexity of procedures to access micro-credit finance. Another problem mentioned relates to the lack of follow-up and support for young beneficiaries. Faced with these difficulties, increasing numbers of women, especially in rural areas, are reverting to informal work, such as sewing, preparing food and doing household work. According to the survey by the Ministry, 50 per cent of

⁶⁴ Official Journal No. 17, Act 90-11 of 12 April 1990 on working relationships.

⁶⁵ Ministry for the Family and the Condition of Women, Women and Socio-economic Integration, June 2006.

⁶⁶ Committee for the Elimination of Discrimination Against Women, Report on Algeria, February 2003.

women would be ready to leave the informal sector for a job in the formal sector.

1020. The problem of child care through the establishment of crèches and preschool facilities is reported as one of the greatest obstacles to women's employment in the urban areas. So too, transport is cited as a major stumbling block for the majority of women, followed by the family environment. The CRM was informed that the latter issue is being resolved, as an increasing number of women, before marriage, extract their husbands' consent to their education and employment, something that is allowed by the law.
1021. Like Islam, constitutionally the state religion, section 52 of the Constitution recognises the right of all citizens to private property. However, with regard to succession, the Family Code is still based on Sharia principles, which advocate the primacy of men over women. Indeed, a woman receives half of what is allocated to a man. In addition, it is not unusual to see men, brothers or brothers-in-law of a woman or girl dispossess them of part of their legacy. This is often the source of family conflict. In some cases, the conflict ends in homicide or suicide. This section of the Family Code was not the subject of recommendations for revision, and has led several activists for women's rights to suggest that what is needed is a Civil Code to replace the very controversial Family Code.
1022. The Constitution guarantees the right to health protection. Section 54 states that "all the citizens are entitled to protection of their health". In practice, this is translated by an overall access to health services, estimated at 95 per cent of the population. It is worth mentioning, however, that several people the CRM met find that the health strategy does not give sufficient consideration to pathologies specific to women, such as cervix or breast cancer or menopausal disorders, diseases that are becoming increasingly common in Algeria.
1023. As regards reproductive health, issues of maternity without risk, prevention of sexually transmissible diseases, treatment of infertility and family planning are well integrated in government policy. The right to family planning is included in legislation on health, which has been in force since 1985.⁶⁷ This principle is reiterated in the national population strategy adopted in 2001. Free health care and other services related to reproductive health are ensured for destitute citizens. The health care provided in private institutions is also 100 per cent refunded by the social security fund. However, care for pregnancies outside of marriage is still taboo. In general, single mothers are rejected by their families and society, which is not yet prepared to face this reality. A number of organisations take in abandoned children or children born of unknown parents.
1024. It should also be mentioned that the increase of the legal age for marriage led to a significant reduction in early pregnancy. The number of women who had

⁶⁷ Official Journal of 17 February 1985, Act 85-05 of 16 February 1985 on health promotion and protection.

a child before the age of 20 dropped from 60 per 1000 in 1980, to 19 women per 1000 in 1996. The aggregated fertility index was reduced by half in the period of 20 years, dropping from 8.36 children per woman in 1970 to 4.4 in 1992, and to 2.4 in 2003.

1025. **Access to decision-making positions.** As indicated previously, by law no position is prohibited to women. In section 51, the Constitution recognises “equal access to public service positions and employment is guaranteed to all the citizens, without any other conditions than those fixed by the law”. In practice, at one point or another, women have occupied high decision-making positions. However, statistics are far from showing a trend towards gender equality in those positions. For example, women (in political parties, women’s organisations, the public sector, etc.) who signed the memorandum for equal representation of the women in public and political institutions stress that only 6 per cent of seats in the parliament are held by women, and less than 3 per cent in the Nation’s Council (Senate).⁶⁸ The situation is no better in local elected assemblies or other decision-making bodies, in spite of the recognised competence and experience of women.
1026. Many have denounced the lack of political will to introduce the necessary changes. However, discussions with various stakeholders convinced the CRM that the desire for such change does exist at the highest level of the state, although it has not yet been translated into proactive policies and strategies for eliminating the institutional and sociocultural resistance that slows down progress towards gender equality. Thus, the Algerian political community squarely rejects the principle of affirmative action that is in favour of women, although it is widely used in other developed and developing countries. The preference seems to be in favour of letting women fight on equal terms with men. It is clear that, at present, women are not on an equal footing with men. Nonetheless, it is obvious that women will get there, particularly given their competitiveness in school. The question is, why is it necessary to wait so long? How can resistances associated with tradition and customs be broken down, such as the power derived from position, among men as well as women, and so accelerate the process? These are some of the concerns that those who advocate “natural progression” tend to overlook.
1027. **Violence against women.** The issue of violence against women was largely discussed in the section on the promotion and protection of women’s rights in Chapter Three on democracy and political governance in this report. The present section will only deal with some complementary aspects.
1028. The issue of having to protect women against violence is dealt with by the Constitution, especially in sections 32 to 34, as well as by sections 264 and 267 of the Criminal Code, which punish voluntary acts of violence with penalties adapted to each situation. New offences, such as sexual harassment,

⁶⁸ Information and Documentation Centre on the Rights of the Child and of Women, Memorandum for an Equal Representation of Women in Political and Public Decision Making, June 2006.

have been introduced into the Criminal Code. However, domestic violence is still taboo and it is noted that even the CSAR did not cover this issue. During consultations held in the wilayas, the CRM learnt that Algerian women are frequently the victims of various forms of violence, be it physical, verbal or psychological, at home or in social relationships in general. Many accounts appear in the press to denounce this kind of situation that has driven several women (accompanied by their children) to the streets, after being beaten and thrown out by their husbands or parents. Cases of begging and prostitution were even reported as consequences of domestic violence. During the first six months of 2003, a study was undertaken by the police, justice, health services and the Algerian organisation S.O.S Women in Distress in 48 wilayas, with a sample of 9033 cases of female victims of violence. The study revealed that over half the victims were married women and over two-thirds (69.5 per cent) of cases were women without a profession. The figures reveal that, in nearly 73 per cent of the cases of beaten women, the aggression takes place in the marital home.⁶⁹ The newspaper *El Watan* of 26 November 2006 reveals that the national police recorded 627 cases of female victims of violence, of which 268 were attacked with weapons, five kidnapped, four confined and 91 beaten by their children. It also states that, during the first half of same year, security services recorded 4268 cases of female victims of violence, 25 of whom did not survive their injuries. In 2005, the police recorded 7419 cases of violence, of which 5179 cases were physical and 277 sexual, 1753 cases were due to ill treatment, 34 were assassinations, as well as 176 cases of sexual harassment. Although Algerian women warmly welcomed the law on sexual harassment, which amended the Criminal Code in 2004 under pressure from the federation of trade unions, there is still no law on domestic violence. It should be noted, however, that a support centre for female victims of violence was set up and that the University of Oran was mandated to lead a nationwide study on the nature and extent of the problem.

1029. Another significant breakthrough is the revision of the provisions on divorce in the Family Code. According to the new Code, in the event of divorce, the husband has the legal obligation to provide accommodation for wife who has custody of their common children. Women can request divorce on the grounds of “incompatibility”, without having to justify the husband’s behaviour, which before was very difficult to do.

iii. Recommendations

1030. In view of the progress achieved, but also of the challenges that still need to be faced, the APR Panel would like to make the following recommendations:
1. Set up measures to withdraw the reservations made during the ratification of the CEDAW. (Attention: the government)

⁶⁹ *El Watan*, 28 April 2004.

2. Increase joint efforts between the government, civil society and the media, to engage in a public awareness campaign of the whole society, both in the rural and urban areas, to eliminate discriminatory practices that prevent full gender equality. (Attention: the government; civil society)
3. Adopt a proactive policy for the promotion of gender equality, and develop a short and medium-term programme of action to mainstream gender in all programmes of the country's socio-economic development. (Attention: the government; civil society)
4. Organise consultations between the government and civil society on the appropriateness of abrogating the Family Code or introducing new reform of it, or of establishing a Civil Code. (Attention: the government and civil society)
5. Organise a large-scale literacy campaign in favour of women to provide them with an education suited to their human development needs. (Attention: the government)

Objective 6: Encouraging broad-based participation in development by stakeholders at all levels

i. Summary of the CSAR

1031. Stakeholders considered under this objective include government authorities (executive), elected assemblies, public and private employers, as well as civil society organisations (including the media), both at national and local levels. Their participation in the process of socio-economic development takes place through the two-party and three-party negotiation frameworks referred to under Objective 1. Such negotiations relate, in particular, to issues pertaining to reforms that are likely to have an impact on business, labour and the orientations of strategies for the country's socio-economic development (the case of the National Economic and Social Pact).
1032. The development of the civil society movement, which today includes about 60 000 organisations, is part of this dynamic, although these organisations still need to be strengthened to achieve greater effectiveness and efficiency on the ground. This is what the state wants to achieve by providing financial and technical support for training or capacity-building.
1033. Efforts by the authorities to abandon the centralised and bureaucratic approach to the process of programme formulation and implementation are focused particularly on the national Strategy for Sustainable Rural Development. From this point of view, these proximity projects are seen to call for the active and responsible participation of the population in programmes that affect their future and shape their regions, in order to ensure, or guarantee, the economic

and social sustainability of development actions and of sustainable investment made by virtue of such programmes.

1034. The approach is implemented through operational instruments, such as the decentralisation policy, the Project on Rural Development Proximity and, in some cases, through the establishment of rural development support groups, instruments that imply a different mode of local governance and a different approach to the population in the paradigm of socio-economic development.
1035. An important tool for increasing stakeholder participation in the process of socio-economic development is, as already indicated, the National Economic and Social Council (CNES), whose mission is to advise on the economic and social development process, to disseminate information and to evaluate public policies in this field. Comprising representatives from nine socio-professional groups (organisations, local communities, trade unions, private employers, public employers, farmers, the Diaspora, public administration and individual persons), the CNES formulates its opinions at the request of the President of the Republic, the head of the government, or on its own initiative.
1036. As regards urban centres, the participation of citizens in the process of socio-economic development is effected through city policy, implemented, among other things, by decentralisation instruments and the particular institutional mechanism of the National City Observatory. While the basic law on the city enshrines the participatory role of citizens in the management of programmes and actions concerning improvement in their quality of life, the Observatory is responsible for follow-up and assessment of city policy, for undertaking appropriate studies, and for recommending improvements arising from such studies.

ii. Findings of the CRM

1037. The CRM's first observation is the absence of real participation by citizens in the process of formulating and implementing socio-economic development policies and programmes, and the consequent absence or, at best, weakness of ownership of the process, and of citizens' co-responsibility in socio-economic development. Development is viewed as being primarily the responsibility of the Algerian government.
1038. Public-private partnership, the mobilisation of civil society and its active participation in the development process are weak, despite the vitality of the latter and the re-emergence of democratic values. This also results in weakness in the social ownership of the socio-economic development process and of policies and programmes rightly perceived as being essentially government programmes. Yet, it is known that development sustainability – with reference to sustainable human development – is related to, and implies co-responsibility and partnership, which contribute to reinforcing the democratisation of the development process in the country. This aspect should be dealt with in greater depth.

Box 8: Mechanisms for stakeholder participation in the political and socio-economic life of the country

The participation and integration of stakeholders in the political and socio-economic life in Algeria can be perceived in two ways:

At the international level, it relates to the country's commitments and policies taken internally to ensure integration. International commitments include opening up the country to the multi-party system in 1989, which made it possible to accelerate adherence to, and the ratification of several international conventions. Among those that are specifically related to the integration of stakeholders into the political and socio-economic areas are the:

- Declaration of the United Nations on the Right to Development. Algeria was among the principal initiators and authors of this important declaration;
- International Pact relating to the economic, social and cultural rights (1966). ratified on 12 September 1989;
- African Charter on the participation of the people in development (1990), intended to lead governments to involve their populations in decision-making processes;
- International Convention on the Elimination of All Forms of Discrimination Against Women (Beijing Declaration and Platform for Action); and
- Protocol of the African Charter of Human and People's Rights relating to women's rights in Africa, adopted on 11 July 2003 in Maputo, by the second Summit of the Heads of State and Government of the African Union.

At the national level one can distinguish the following:

- The institutionalised framework for dialogue and consultation with partners that has been established, thus allowing a process of participation by stakeholders in socio-economic development programmes. These include bipartite frameworks between the government and the main trade union, and tripartite frameworks between the government, the private sector and the main trade union;
- the National Economic and Social Council (CNES). This consultative body, established by the government, is composed of the representatives of various stakeholders in Algerian society. Its mandate is to contribute to reinforcing the ownership of socio-economic development programmes by all the components of the nation;
- the National Economic and Social Pact signed on 30 September 2006, which constitutes an original form of partnership between the key actors in socio-economic development: the government, the employers and the workers. It establishes the principle of the triad of government, private sector and workers. The Pact is a significant breakthrough in building cohesion, harmony and joint social responsibility between the three actors in socio-economic development.
- **at the local level,** a framework and space for dialogue and consultation were also organised and are gradually reinforced around the initiation and implementation of socio-economic development projects, in particular in the case of rural development and neighbourhood projects.

In some wilayas, such as Tizi-Ouzou, a committee of villages exists which, in addition to the elected officials in the local Popular Assemblies, are associated with the process of choice and follow-up of rural development projects and neighbourhood projects.

However, the set-up has its limitations with respect to the full ownership, participation and co-responsibility of the population, due to the deficit in democratising the process of development.

1039. The CSAR insists, and rightly so, on the procedures and mechanisms put in place to ensure that local populations, especially rural ones, are consulted, particularly with regard to projects known as the so-called proximity projects that concern them. The report provides examples of development projects to illustrate this approach.
1040. The CRM's observation on this mechanism is that a distinction needs to be made between (1) the consultation of the population by a given level of public authority on what the latter wishes to do in a given locality, and (2) the participation of the population in the decision and choice about that which the same authority and other players wish to do, or must do. This is a fundamental distinction as to substance. In the first case, there is a kind of process of providing information about, or legitimising the decision by the state; whereas in the second case, there is participation in decision-making, with a definition of the respective roles of the players and partners involved, thus leading to ownership of the decisions and their implications, and to a sense of co-responsibility. There is also, in the second case, a sense of accountability by the government or the authority vis-à-vis the populations concerned. The government therefore is required to account for the implementation of policies and for the expected results that were defined by mutual agreement. This is part of, and contributes to, reinforcing the sustainability of the action and, therefore, of socio-economic development.
1041. Moreover, the system of participation, as it is practised in the country, is essentially limited to "consultations" with elected officials, who are in turn supposed to consult their respective communities, or to meetings the Wali has with the population as he tours the wilaya. This means that, to some extent, the mode of "consultation" depends on the style of leadership of the Wali or of any other authority under him. In certain cases, outside of the consultation visits of the Wali, there are village committees in certain wilayas (as in the particular case of Tizi-Ouzou). Together with elected officials in the Popular Assemblies of the Communes, these committees take part in the process of consultation on proximity projects for rural development. In such cases, there is a level of participation that goes beyond the "consultation for legitimisation of decisions" carried out at the top, and that is much closer to the village population. It is therefore not an institutionalised system of consultation, even less a system of participation that is applied on a national level. This approach of the "consultation" of communities limits the possibilities of participation, ownership and co-responsibility by actors and partners in the socio-economic development process.

1042. Nevertheless, the CRM noted that, through the new rural development policy that was recently defined, the country intends to make efforts for broad-based participation in the process of identifying and implementing proximity projects for rural development. This constitutes a first genuine attempt that deserves to be encouraged and continued. It is also true that the process of developing proximity projects to be included in the commune or wilaya investment budget is done in consultation with elected officials at both levels. The arbitration is carried out at the level of the state authority of the wilaya that has the final say or takes the final decision in the matter. The CRM considers that this also represents a first significant step in participation, even if it is only indirect participation in local and regional socio-economic development. The approach is nonetheless strictly limited to what can be termed “consultations” with the community in the case of some selected development projects, especially as regards local development in the rural area.
1043. The CNES is part of the institutional mechanism for people’s participation in the socio-economic development process. The Council, even if it is composed of representatives from the socio-professional groups that make up Algerian society, is primarily a consultative body. In addition, it only gives an advisory opinion at the request of the President of the Republic, the head of the government or on its own submission.
1044. It was noted that there are no functional or professional relationships between the political “forum” of citizens (the parliament) and the social “forum” of citizens (the CNES). It is necessary to find a mutually enriching relationship for the two bodies, and especially for the “people’s social forum” to provide the “people’s political podium” with analyses and other contributions to legislative decision-making.
1045. The origins of the Algerian state, characterised by the adoption of the socialist model of centralised development, still dominate through a form of state interventionism and continue to influence the approach of the authorities, in spite of the adoption of the liberal development model a number of years ago. The value system, the culture of power of the state and its management mode are based on the enduring culture of the socialist state, which is still very much alive in the minds of the country’s leaders. This is true in the case of socio-economic development and constitutes an obstacle to the democratisation of the development process and to people’s participation. There would therefore appear to be a need for a younger leadership at certain levels of responsibility.
1046. Even so, the CRM noted an original form of partnership between the principal players in socio-economic development: the public authorities, employers and workers. On 30 September 2006, this partnership was concretised through the signing of the National Economic and Social Pact, thus establishing the principle of the triad of government, private sector and workers. This Pact is a significant breakthrough in constructing national cohesion and harmony, and shared social responsibility across the three socio-economic development actors. The CRM considers it to be an example of good practice that should be encouraged.

1047. The participation of citizens as partners in the formulation of policies and programmes does not seem to have been considered in depth; in any event it is not fully integrated into the government's approaches and implementation. This means that there is a low level of ownership of policies by the population and no sense of responsibility for them. This situation also leads to lack of accountability by the government towards the population, whether its policies and programmes are beneficial to them or not. As far as the government is concerned, it would have done what it wanted to do for the country or for the people, in accordance with its own ideas on the subject. As for the population, the government is perceived to be the only entity in charge of development, with its successes as well as its failures. For its part, the government seems to be happy to play this role that gives it full control as the only "captain of the ship". The final result is that democratisation of the process of socio-economic development is weak, if not totally absent.
1048. The participation of citizens in the socio-economic development processes has another important dimension: it is an exercise in national consensus-building and in popular mobilisation and, therefore, in building national cohesion. Although the issue of national cohesion is discussed elsewhere in this report, especially its political dimensions, it has particular relevance to socio-economic development. The CSAR refers to social cohesion as an important aspect of the country's sustainable development and is quite correct in doing so. However, the CSAR does not discuss the nature of social cohesion in Algeria, or the problematic forms it takes, such as social justice in wealth distribution, ideological and political differences, religious ideologies, ethno-regional or cultural frustrations, or perhaps a combination of some of these.
1049. It is in the light of this analysis of the fault-lines in the social fabric that it is possible to appreciate the relevance of the strategies adopted to resolve such problems and of those responsible for their solution. These issues have not been addressed in the CSAR, even though Algeria has, for at least ten years, experienced an acute crisis and suffered, even in its very existence as a state, from the violent actions of extremist religious or politico-religious movements that led the authorities to advocate a policy of national reconciliation. The question of the nature of national cohesion as an objective or outcome to be achieved, and as a factor in sustainable development, is exceedingly important because it provides a possible measure of the extent to which social forces have been mobilised in the construction of the nation, and of sustainable development. This is not simply a political issue (the Algerian state sees itself as republican, democratic and popular), but also a question of socio-economic development. If the latter is not addressed, there is a danger of merely using simplistic remedies without fully understanding the problems, which might resurface at any time, thus deepening the fissures in society or widening the gap between real or virtual Algerian societies. Such a situation would also favour unpredictability.

iii. Recommendations

1050. On the basis of the preceding analyses and findings, the APR Panel would like to make the following recommendations:
1. Strengthen and generalise the practice of consulting with the elected representatives of the wilayas and communes in the process of elaborating on proximity projects for rural development to be included in the commune or wilaya's investment budget. Adopt mechanisms for bringing the government closer to the people, so that this practice becomes one of real participation and ownership of socio-economic development by the people, in keeping with the spirit of the recently adopted policy of renewal. (Attention: the government)
 2. Implement and strengthen mechanisms for democratising and taking ownership of socio-economic development, by going beyond consultations to legitimise the decisions taken at the top; instead, institutionalise and promote mechanisms for popular participation, for example, through village committees and structures for dialogue between the authorities and other stakeholders in society. (Attention: the government; civil society)
 3. Through regular review, improve the CNES's focus outside of its function as a think-tank and/or observatory on socio-economic development, which is currently limited to self-assessment. In this spirit, extending the power of review to the parliament would facilitate fruitful interaction (such as the development of functional and/or professional relations) between the citizens' political podium (the parliament) and the citizens' social forum (the CNES). It would also strengthen the way in which preparations are made for decision-making in terms of the law. (Attention: the government)
 4. Promote and institutionalise the practice of national self-assessment of the country's performance in governance and socio-economic development, as this contributes to reinforcing the democratisation and peoples' ownership of the socio-economic development process, and to the development of a sense of shared responsibility and mutual accountability between the state and its partners in the private sector and civil society. An observatory or other form of institution on monitoring governance would be appropriate for this task. (Attention: the government; private sector; civil society)

CHAPTER SEVEN

7. OVERARCHING ISSUES

1051. Overarching or cross-cutting issues, according to the APRM questionnaire, are general issues which, although they have been analysed under a particular theme, cut across the other thematic areas and require a holistic approach when the APRM assesses the country concerned. Within the framework of this report, the cross-cutting issues affecting all governance programmes in Algeria are obstacles to the reform and modernisation of the state and creates problems of corruption, gender inequality, youth unemployment and land development.

7.1 Reforms and modernisation of the state

1052. The matter of the modernisation of the state is undoubtedly one of the major challenges facing Algeria, as is evidenced by the impressive array of ongoing reforms. The project to create a state that is politically strong and modern, in all respects, open to the region and capable of assuming the leadership role for which it is qualified, has frequently been impeded and even resisted by various factors. These include the following:

- A delay arose due to the material, identity and cultural dispossession during the protracted colonial period.
- The Republic was forced to employ activism and dogmatism in its national reconstruction project over some three decades, in an international context of ideological rivalries that were not consonant with the critical distance required for lucid self-assessment of the policies put in place. This was particularly evident as successes at the economic and social levels (e.g. maintenance of oil prices, transition to urbanism, education and health) and indebtedness specifically masked the errors and delays in adjustments necessitated by the crisis facing the system and the rapidly changing social dynamics.
- A harsh multidimensional crisis (relating to security and to economic, social and political life), the intensity of which was almost responsible for bringing down the government, contributed to delays and even regression in the course of a decisive decade in which the whole world experienced rapid acceleration in its transition to pluralist democracy, globalisation and market liberalisation.

1053. These delays therefore find their origin in the history and social dynamics specific to Algeria. They can only be overcome through the ingenuity of the Algerian peoples and their capacity to effect the changes necessitated by modernity without renouncing their identity.

1054. In light of this situation, and fully aware of the challenges it presents, the public authorities have embarked on institutional and structural reforms and policies of unequalled vast magnitude and scope.
1055. The first set of reforms aims at modernising the government, in the strict sense of the word, with the ultimate objective of strengthening democracy and improving the efficiency and effectiveness of public services. They deal with the organisation of the state and the redefinition of its missions, the judicial system, penitentiary system, public service, and administrative and financial decentralisation and deconcentration, with the announcement of, or expression of the desire for, reform of the constitutional and electoral systems.
1056. The second set of reforms pertains to the macro-economic framework, whose objectives are to give fresh impetus to growth and sustainable development, partnership with the European Union and membership of the WTO. These reforms involve a transition from a centralised to a market economy and relate to economic regulation, infrastructure (roads, electricity, telecommunications, etc.), market transparency, taxation, and incentives or support measures for investments.
1057. The third set of reforms targets the many different aspects of society and deals with public policies and sustainable development at the socio-economic level. Education, health, housing, employment, salaries, recruitment of highly skilled managers, land, family and gender are some of the components. These are also the areas in which contradictions and dangers emerge.
1058. The question of Algeria's future and of its future generations is courageously and clearly articulated in the context of this important project of modernising the state and society. No doubt, it is around this key issue of reforms that the broadest possible consensus should be established between those who consider the implementation of reforms urgent and those who fear them or reject them outright.
1059. Although it must be emphasised that neither the pertinence of the content nor the appropriateness of these reforms can be questioned, given the obligatory nature of modernisation, it is nonetheless true that the pace, modalities and simultaneous implementation of the latter constitute a problem relating to the capacity of society to effect such reforms and, consequently, constitute a problem relating to the probability of success.
1060. The time for reform is certainly right and this is supported by a number of other factors, including restored political stability, return to peace and social stability, despite incidences of Islamist terrorism, healthy public finances and sustained oil prices. Nevertheless, the success of the projected modernisation is subject to a set of contradictions characterising the Algerian society being resolved. We cite, in particular:
- the obvious contradiction between the pressing international demand for reforms and the internal need to consolidate regained stability;

- the triple heritage of Algeria within the Euro-Mediterranean, Arab-Muslim and asserted Pan-Africanist identity;
 - intergenerational conflict pitting the historical legitimacy of the “People’s Moudjahidin” demanded by the FLN forces, on the one hand, against emerging social forces bearing new visions, dynamics and projects for society, on the other hand;
 - the position of the army in society and politics, or better still, in the dynamics of modern Algeria;
 - the strong expression of Algerian-ness as a specific identity versus its necessary modernisation;
 - the new role of religion and multi-secular traditions and practices that constitute the foundation of a society proud of its identity and culture;
 - the inhibitive trauma of the “dark decade” of national tragedy; and
 - the ever-increasing gap between the enlightened elite as the promoters of reform, and the vast majority, who are only marginally involved in the reform process and suffer reforms rather than taking active responsibility for them.
1061. The problem, therefore, is the pace and modalities of the reforms, which are indispensable to the modernisation of the state and the society. Here, the issue is both the methodology used to achieve social change and the institutional capacities to lead the reforms. These two issues are central to modern Algeria at this critical point in its history. The challenge is the social dissemination of engines of good governance and social change with a view to achieving more effective implementation of ongoing reforms by society at large.
1062. The APR Panel would like to suggest several courses of action by way of recommendations:
1063. (i) *The prioritisation of reforms.* Should institutions and structures be given priority as opposed to public standards and policies, or vice versa? Should they be implemented concurrently and can political reforms (strengthening the rule of law and multiparty democracy), economic reforms (speeding up the transformation to a market economy) and social reforms (education, health, employment, salaries, land, etc.) be conducted simultaneously? The solution involves choosing between the “big bang” model and progressive reforms based on sequencing and planned implementation. The Algerian context and environment seem to lean more towards the latter.
1064. (ii) *The pace of reforms.* Reforms should be accelerated on the basis of identified priorities so as to achieve improved results. However, it is possible that some reforms would strategically follow others, or come much later in the sequence in order to facilitate the implementation of other reforms and thus yield the anticipated outcomes.

1065. *(iii) The modalities of reform.* Considering that success will depend on the relevance of the procedures adopted, it is imperative that they transcend the question of “enlightened and visionary leadership” and adopt a participatory approach to guide the decision-making processes that are to be implemented. This approach involves consultations on practice; development of the ability to listen and engage in critical dialogue, meetings, transparent exchanges and joint decisions. These are processes through which the public authorities will renounce the status of the state being the *deus ex machina* or sole guardian of the “truth”, to become a partner of civil society and other stakeholders while remaining at the forefront of the process. This should be done within the dynamic of mutual enrichment and an understanding that “the state cannot do everything” and that it would be unrealistic to expect it to do so. It is essential that there should be an adequate number of well-informed, trained and skilled persons, as well as the requisite resources to assume this role. The issue of rebuilding institutional capacities should also be addressed.
1066. It is through these actions and through this change in mindset that the Algerian nation, which has sacrificed so much – first, in regaining its independence and second, in surviving the threat of terrorism – will win the battle for reform and modernisation of state and society. Discussing multiparty democracy, liberal reforms and governance is in itself a victory in the light of the peoples’ recent history. However, do discussions on implementing reforms and modernising society not constitute a message of hope and confidence in the future, thus heralding the “awakening of one of Africa’s giants”?

7.2 Corruption and money laundering

1067. Stating the problem of corruption in Algeria, as is the case elsewhere, implies raising questions on the evolution of the rule of law or, more precisely, on the balance to be established between the rights of the state (both public and private) and those of private individuals. Corruption affects governance in all its political, economic, social and business aspects. Whether big or small, bribing is a practice that is still omnipresent in Algeria and is perceived as a major challenge by public opinion and the authorities, as stated in the CSAR.
1068. The CRM noted that very few studies on corruption had been conducted in Algeria and it is difficult to access accurate data on the subject. Statistics on the impact of corruption provided in the CSAR are taken from one of the rare studies commissioned by an international institution in 2005. During its investigations, the CRM was not able to access results of systematic surveys on the impact of corruption in the political arena.
1069. The opinion survey the CSAR conducted on this theme confirms the sentiment of stakeholders, who formulated recommendations that can be summarised as follows: Corruption has become a major problem that is rife in all sectors, including establishments such as schools. Among the respondents of the survey, 20 per cent considered the level of corruption to be very high or high, while 41.1 per cent were of the opinion that it was moderately high and 37.2

per cent felt it was low. Despite efforts made by the authorities, there is a prevailing general sense of impunity and no real fear for supervisory organs.

1070. During the single-party era, corruption was underground and often invisible. Today, however, it is a visible, public and well-known vice, and ministers, Walis and citizens alike are aware of its existence. Some claim that, except in the case of settling political scores, which may lead various groups or factions to sacrifice an element in the chain, “business” goes on as usual.
1071. Algeria scored 2.8 out of 10 on Transparency International’s corruption index in 2005, compared with 2.6 in 2003 and 2.7 in 2004, placing it among the countries whose incidence of corruption is high. With the limit at 4 out of 10, Algeria occupied the 97th position among 159 countries. According to the report of Transparency International, the amount of Algerian funds illegally transferred to foreign banks is approximately US\$500 million per annum. Transparency International confirmed in 2006 that corruption is still the main obstacle preventing foreign direct investment in Algeria. The report also confirms that, despite commitment by the authorities to eradicate the scourge, which is undermining the national economy, things are moving very slowly.
1072. In addition, between 2004 and 2005, financial infractions increased from 1600 to 1800 businesses, with some of the offences involving white collar fraud and money laundering. The scandal by the El Khalifa Group is an example of poor management and corruption, on the one hand, and the obvious will of the authorities to fight corruption, on the other hand. Documents disseminated by the French Court indicate that the Group illegally transferred 689 million euros abroad.
1073. There are a number of reasons underlying the magnitude of the phenomenon:
1074. (i) ***A new public phenomenon.*** The transition from a centralised economy to a market economy often coincides with the passage from a government that is the patron of society to a situation where the latter is helpless (because it is not accustomed to these) in the face of uncontrolled forces of agents or groups. The multidimensional crisis experienced by the country in the 1990s created an environment that was conducive to the spread of corruption. This situation was characterised, in particular, by the crisis of confidence experienced by institutions, the priority given by the government to the fight against terrorism, and the fragility of institutions in a transitional phase.
1075. (ii) ***Institutional and organisational gaps.*** Deficiencies in institutions meant to serve citizens and enable them to enjoy certain rights are the main breeding grounds for corruption. They facilitate the confiscation of these rights by some and permit favouritism. The economy of corruption is largely an economy of services rendered, of rights that become favours, and of public services being exploited for personal interests in one form or another. There are those that resort to corruption simply to benefit from “intermediation” with a view to gaining time, avoiding the maze of bureaucracy or exploiting the flaws of the latter. When the phenomenon becomes trivialised and subsequently culturally

accepted in society, it creates two forms of governance-related problems: (1) the fundamental problem of the relationship citizens have with the rule of law and the government, and (2) that of the relation of the institution to its role, and therefore the management and organisational operations of the latter.

1076. *(iii) Corruption and the sense of impunity that is commonplace* in all sectors have become “the norm” and could easily result in a real reversal of values, where trustworthy persons become those who pay their dues and remain silent to the extent that, in some cases, denouncing or rejecting corruption could mean running the risk of having to pay dearly for one’s temerity in one way or another.
1077. *(iv) Competition and business ethics.* The CRM observed deterioration in the business environment and a number of anticompetitive practices. In the young market economy emerging from centralised socialist planning, a number of business owners are of the opinion that corruption can speed up and facilitate their business operations despite the additional costs. So they “play the game” as they wait for the practice to be exposed by others and effectively combated.
1078. *(v) A banking system outside the expectations and needs of the Algerian economy.* One of the key causes of, or opportunities for, fraud is that there is too much liquid cash changing hands in Algeria. Delays in the payment system and biased analyses of credit files are also breeding grounds for corruption.
1079. The public authorities, who are fully aware of the existence of this vice, have made the fight against corruption a priority in Algeria and adopted a series of measures to curb the phenomenon. However, the resources and effectiveness of these mechanisms remain prohibitive, given the particularly complex nature of the phenomenon.
1080. From a legal perspective, Algeria subscribed to the United Nations Convention against Corruption in 2004, and to the African Anticorruption Convention in 2006. At the domestic level, law on the prevention of, and the fight against, corruption was promulgated by Act 06-01 on 20 February 2006.
1081. The CSAR notes that a good number of persons holding elective and non-elective positions of responsibility, as well as public agents falling under the central and local administration, have been the subject of suspension from duties and legal proceedings which, in most cases, have resulted in penal sanctions.
1082. During 2005–2006, the courts dealt with 8300 corruption cases (favouritism in awarding government contracts, influence-peddling, misappropriation, gross waste of public funds, etc.) Among these cases, those related to the banking sector have caused a sensation, not only due to the huge amounts involved but, more so, for the number of persons accused (e.g. 289 in the BDL case, 124 in the Khalifa Bank case and 68 in the BCIA case), the status of the offenders (senior government officials, businesspeople and heads of large public and private companies), and the level of complicity involved.

1083. Concern for the prevention of, and fight against, corruption has also been concretised by Presidential Decree 02.250 of 24 July 2002, which relates to the regulation of government contracts that defines the rules governing tenders in the context of government procurements over DA4 million. The decree also determines the provisions to be included in contracts, as well as the content of some of them.
1084. Commissions seek to ensure that procedures for tenders and the selection of co-contracting parties are complied with. In the event of non-adherence, supervisory organs (Government Procurement Committee, Financial Control Unit, and the treasury) intervene to reject the commitment that is the subject of the expenditure. In addition, codes of ethics define the operations of the administration, particularly with regard to tax and customs. The government insists that persons holding senior positions complete a wealth declaration form at the time of their appointment and the end of their term of office.
1085. Because of its harmful effects on the national economy and on society, money laundering is a matter of ongoing concern to the government. The centralised economic system of the past three decades gave rise to economic and financial crimes, primarily characterised by breaches relating to government contracting and misappropriation of government funds. For its part, the market reform process has led to new forms of economic crimes.
1086. Changes in the economic system in a crisis situation may explain the poor functioning of some institutions that govern economic activities. The situation has been exploited by criminals who are familiar with all manner of illegal dealings and invest in key sectors to expand their criminal activities to the detriment of economic, financial and banking institutions and organisations.
1087. The anticorruption mechanism has strengthened its capacity through:
- creating a financial information processing unit (Executive Decree 02-127 of 7 April 2002);
 - lifting bank secrecy in respect of the aforementioned unit (sections 104 to 110 of the Budget Act of 2003);
 - incriminating money laundering through amendment of the Criminal Code in 2004; and
 - promulgating the Framework Law on the Prevention of and Fight against Money Laundering and the Funding of Terrorism (Act 05-01 of 6 February 2005).
1088. Algeria also approved recommendations of the Financial Action Task Force on Money Laundering and the Funding of Terrorism. The Framework Law on the Prevention of and Fight against Money Laundering and the Funding of Terrorism (Act 05-01 of February 2005) ensures:

- that national legislation is harmonised with international standards and the country's treaty engagements regarding money laundering and the funding of terrorism, including the United Nations Convention against the Illicit Trade of Narcotics and Psycho-chemicals, the International Convention on the Prevention of Funding of Terrorism, the International Convention on Organised Transnational Criminality, as well as the Arab and Africa Conventions on the Prevention and Fight against Terrorism; and
- the establishment of a legal arsenal for the detection, prevention and fight against new forms of crime with a view to protecting the national economy and the financial and banking system.

1089. In addition to the anticorruption and anti-money laundering efforts that are being deployed, the government is conducting other actions to improve the effectiveness of the measures undertaken, such as:

- improving coordination among administrations, some advisory institutions, employer associations and trade unions;
- bringing the administration's performance up to standard; and
- promoting business ethics through training seminars, one-day conferences and training sessions that are organised to encourage the requirements of integrity, transparency and responsibility in business transactions and management.

1090. Given the acuteness and magnitude of the phenomenon, the APR Panel, while also cognisant of the harmful consequences to governance and at the political, economic, business, economic and social development level, would like to recommend the following:

- (i) Professional representatives should discuss and revise standards of conduct and codes of ethics, duty and obligation with a view to adapting them to the current context.
- (ii) Representatives of employers' associations should emphasise business citizenship. It is the duty of citizenship towards the community as well as a moral and loyal imperative to the business world and the international community.
- (iii) The government should accelerate improvement in the performance of the administration and companies through training, incentives to officers and reduction of red tape, which encourages corruption.
- (iv) The government should commission an independent, exhaustive study on the phenomenon of corruption so as to obtain statistical data on its magnitude and characteristics in Algeria. The study should contribute to developing a coherent policy, identifying key institutions that should be created or strengthened, and organising a national debate on the issue with a view to building consensus and the commitment of citizens in the

fight against this problem. Within this framework, the government could review the most appropriate legal framework for this battle.

- (v) The government should ensure the effective implementation of the legal provisions on the fight against corruption, strict adherence to provisions for declaration of wealth, and strict monitoring of the veracity of these declarations.
- (vi) Public authorities should build the capacities of the independent and public press in respect of investigations and denunciations of corruption cases, so that the press becomes a stakeholder in improving business ethics.
- (vii) Legislative and judicial authorities should make reports of the Auditor-General's Office public, as well as any other report from government supervisory bodies, and ensure the enforcement of any legal effects.
- (viii) All stakeholders should launch a massive awareness campaign on the economic, financial and moral threats caused by corruption in Algeria.
- (ix) The government should strengthen and consolidate the National Organ for the Prevention and Fight against Corruption by making the necessary resources available for its operations and success of its mission.
- (x) The government should ensure that the National Public Procurement Commission is indeed open to the public, and should include members of the civil society in its representation.

7.3 Gender equality

1091. Although the various successive constitutions have constantly reaffirmed the principle of gender equality, problems with social disparities and inequalities between men and women are still very much present in Algerian society. Gender equality is a constitutional principle that is constantly reaffirmed, and legal equality covers all civil, political, economic and social domains. The implementation of these principles has facilitated significant progress, particularly with regard to education, where the ratio of girls to boys in primary schools in 2003/2004 stood at 88 to 89 girls for every 100 boys. In secondary education, the girl to boy ratio stood at 136 girls to 100 boys in 2004/2005 and at university level, girls represented over 61 per cent of graduates in 2004.
1092. Progress made in education and training has triggered significant changes in some professions. Women represent 37 per cent of magistrates, 50 per cent of teachers, 53 per cent of doctors and 32 per cent of senior managers. However, other than in the aforementioned professions, there still are great disparities. Women who currently constitute the majority of the educated elite are a long way from participating equally in the governance of their country, be it at the

economic or political level. There are glaring inequalities in most decision-making structures and political leaders have not yet given priority to gender equality in their development plans and programmes. Women remain under-represented in the parliament, ministerial posts, provincial assemblies and communes, as well as in other senior public service positions. They only represent 14.6 per cent of all employed posts.

1093. This paradoxical status of women reflects the ambivalence of the Algerian society, which is torn between modernity and traditions, as well as the lack of will on the part of some public actors to address the problem of women's participation in politics and their integration into the economy.
1094. Pressure exerted by women's organisations and public opinion, as well as the ratification of the CEDAW in 1996, has led the government to propose amendments to the Family Code. However, amendments on the creation and functioning of the family unit, particularly conjugal relationships, divorce and parental relationships, have drawn mixed reactions. Whereas some people consider them a catalyst in the change in attitudes needed to eliminate gender disparities, others claim that the Code contradicts the constitutional principle of gender equality, particularly with regard to divorce and inheritance. Some provisions are also being contested by associations, as well as a large swathe of public opinion, specifically on the issue of guidance during signing of marriage contracts, which is considered the symbol of infantilisation of Algerian women.
1095. Inequality in the status of the sexes, compounded by very strong stereotypical behaviour associated with the roles and responsibilities of women and men in the family and society, has negative consequences and hinders the full participation of women in the country's political, economic and social life.
1096. The CRM is of the opinion that the remarkable breakthrough in the number of girls in schooling, as well as attitudinal and economic changes that the country has experienced and continues to experience, requires Algerian authorities to adopt measures for promoting real equality of opportunity for both sexes in the country's political, economic and social life. For this to be feasible, it is imperative that a national gender policy be developed and adopted to serve as a reference and guiding framework for all development sectors. Sensitisation and education strategies are necessary, as well as the creation of a conducive environment allowing women to reconcile their professional life with their family life. It involves promoting initiatives such as outreach services to care for small children, the elderly, the sick or persons with disabilities, means of transport that will facilitate women's access to their workplaces, domestic electrical appliances at affordable prices, and efficient measures against sexual harassment, which despite being punishable by the penal code, is still widespread.
1097. On the whole, the government would benefit from engaging in a national dialogue to seek appropriate measures for banning all forms of discrimination against women. Any steps aimed at attaining this goal could be implemented,

including those defined as “affirmative action measures”. When all is said and done, socio-economic development in general, as well as good performance in the area of political and economic governance, requires the full participation of women and can only become a reality when women are considered fully fledged actors and not merely objects of development.

7.4 Youth employment

1098. According to surveys conducted by the National Employment Agency in 2006, 85 per cent of unemployed persons were in the age group of 16 to 39 years. The figure dropped to 32 per cent for the category of unemployed persons aged 16 to 24; 28 per cent for those aged 25 to 29, and 25 per cent for those aged 30 to 39. Among these youth, women represent a significant percentage. Among job seekers the majority of persons hold degrees, with 33 per cent being skilled staff, 8 per cent senior technicians and 2 per cent highly skilled staff. Further, 35 per cent of job seekers have no formal qualifications.
1099. Unemployment among the youth constitutes a major economic, political and social challenge in Algeria. It is first and foremost an economic challenge, in the sense that unemployed youth can be readily available labour for terrorist and extremist groups challenging the current political order. The security and political crisis of the 1990s was partly due to an increase in unemployment, particularly among the youth. A solution needs to be found urgently to resolve this problem.
1100. Unemployment presents an economic challenge because youth represent the majority of the active population and therefore of domestic demand. Unemployment limits the ability of the youth to contribute to the country’s economic development. In addition, from a micro-economic point of view, the strong economic growth that Algeria has experienced in recent years has not caused the reduction of unemployment among the youth. It is important to underscore that, in recent years, unemployed youth have been engaged in the parallel market that generally receives smuggled goods and practises its trade in open spaces. Sometimes they occupy the main roads of large cities, as is the case in the capital city.
1101. Lastly, unemployment constitutes a social challenge because it exposes the youth to social ills such as the consumption and trafficking of drugs, AIDS, prostitution and violence which, in turn, threaten the country’s social stability.
1102. Aware of this danger, the government has taken aggressive measures for resolving the problem of unemployment among the youth and integrating them into society without discriminating between genders. The government strategy has been three-pronged: education, an active job creation policy, and the establishment of a database for and about the youth.
1103. Particular emphasis has been laid on education. Education is compulsory for youth and is free at all levels, irrespective of the type of public institution.

Education is guaranteed for all and attained a rate of 93.62 per cent among youth. Young drop-outs are taken care of through specific mechanisms in order to ensure their socio-professional integration.

1104. The government has put in place a national employment policy that is underpinned by a national strategy aimed at fighting poverty and exclusion. In this regard, alternative employment mechanisms that are essentially managed by a network of specialised agencies have been set up for the youth.
1105. The level of unemployment has been reduced through innovative measures such as micro-credit, business culture, public works requiring high-intensity labour, pre-employment contracts, employees whose salaries are paid through local initiatives, and allowances for public interest activities. Many youth have been able to acquire professional experience and skills that make them more marketable.
1106. In addition, Algeria conducted a survey that enabled the creation of a database on young men and women based on various professional categories, age groups and level of education, but focusing on themes pertaining to their needs and aspirations, in areas such as family relationships, school and teachers, the streets, youth institutions, health, languages, the status of women, sports, leisure, ICT, their relationship to politics, and the future.
1107. The CRM noted that mechanisms relating to job creation managed to raise approximately DA100 billion between 2001 and 2005, thus partially resolving the problem of unemployment among the youth. The National Employment Commission, mechanisms like ANSEJ and micro-credit facilities contributed to their professional integration and strengthened the employability of young unemployed persons who previously were marginalised and frustrated. According to the analysis conducted by the CNES in its 2006 report on human development, the efficiency of these mechanisms could be greatly improved if local governments took greater responsibility in their management and implementation, especially if a monitoring and assessment tool for these mechanisms is put in place.
1108. The CRM also noted that, to date, the government mechanism has essentially focused on job creation for, and education of youth. However, employment is only one of the ways to enable the youth to be integrated into society and fulfil their aspirations. Therefore, other ways need to be developed to involve the youth and facilitate their participation in the economic and social life.
1109. Although they represent a significant percentage of the population, the youth are not involved in legislative or budgetary processes and the government does not have a mechanism for consulting them systematically on decisions that affect them. It is worth noting that youth organisations seriously lack the human and material resources to enable them to be legitimate stakeholders in government institutions. In addition, the Ministry of Youth and Sports, which coordinates government actions for youth, lacks human, technical and material resources to play its role effectively. The survey conducted by the government

in 2005 and the creation of a database on the youth are steps in the right direction. It is important to go further in order to make the youth legitimate stakeholders in public policy dialogues.

1110. As mentioned, inter-generational conflict and the effects of a hierarchical model of society serve to suppress the ingenuity of the youth in their demands for full participation in decision-making. The same applies to their fear for, or disinterest in politics and especially the establishment of negotiation structures in job creation strategies, making many youth give up for the benefit of older generations.
1111. In this regard, the APR Panel specifically recommends:
- (i) the establishment of a real mechanism for dialogue with the youth, in order to involve them in the decision-making process, especially about issues that affect their lives;
 - (ii) strengthening the human, material and financial capacities of youth organisations and civil society; and
 - (iii) allocate additional resources to the Ministry of Youth and Sports to ensure that government initiatives in all sectors of economic and social life take into account the concerns of the youth.

7.5 Territorial and environmental development

1112. With a population of 33 million inhabitants distributed over an area covering one of the largest countries in Africa after Sudan, Algeria is one of the heavyweights on the African continent and is likely to play a more significant role in the continent's economic integration in future. However, Algeria first needs to resolve its multifaceted and multidimensional contrasts. The latter are due to land planning and also involve environmental and land issues, be they agricultural, industrial, tourist or residential. These problems negatively impact on the performance of governance in the country.
1113. The first contrast or imbalance observed in Algeria is related to the occupation of space by its population. The narrow coastal band in the northern part of the country between the Mediterranean and the chain of the Atlas Mountains covers an area that represents 7.5 per cent of the country but accommodates 66 per cent of the population, whereas the rest of the country, which represents 92.5 per cent of mainly arid or semi-arid land, only houses 34 per cent of the population. If the coastal strip is slightly increased to 13 per cent, the people residing here represent 90 per cent of the total population. This constitutes spatial, geographic and demographic imbalances and is a reflection of the large socio-economic gap.
1114. The other contrast is illustrated by the level of development in general, and by industrial development in particular, in northern cities that are economically more developed, modern and prosperous, and in rural areas in the central and

southern parts of the country, which generally are poorer. These imbalances cause migration towards the northern industrialised region, mainly by job-seeking youth, for whom there is unfortunately not sufficient employment. This migration exacerbates these spatial and socio-economic imbalances. However, it is important to note that due to the presence of gas extraction activities in Hassi Messaoud and development programmes initiated by the government in the past, pockets of development and prosperity in the South do exist, particularly in Ghardaïa and Ouargla, although these are not as strong as in the North.

1115. It is worth noting the existing contrasts between the immense mineral riches in the South, dominated by gas and petroleum deposits, and the poor, desert landscape in which they are located. The desert is inexorably advancing towards the North, threatening green spaces in the South of the chain of the Atlas Mountains. However, the South abounds in significant underground aquatic resources that have already been identified, but partially exploited, and has the potential of other aquatic resources that could be identified.
1116. The stability of the country's ecosystems is threatened by environmental destruction linked to the effects of previous programmes, particularly those related to industrial development. Indeed, since independence, the country has embarked on an industrialisation policy intended to establish industries not only on the coastline, but also in the south of the country, where gas and petroleum resources abound. However, in its attempts to make the country less dependent on petroleum, the industrialisation process has resulted in the production of solid and liquid wastes by industries, most of which subcontract the by-products of crude oil.
1117. The CSAR notes that environmental degradation causes a loss of 7 per cent of national riches in terms of the GDP. According to the Ministry of Planning and Environment, "Algeria is faced with a major environmental crisis which constitutes a threat to public health, the sustainability of fragile ecosystems, the country's sustainable development and the ability of future generations to have the necessary resources to satisfy their socio-economic needs."⁷⁰
1118. In fact, only very recently has the industrialisation process been conducted in conditions that have not always taken ecological imperatives into account. This explains the nature, scope and gravity of the environmental problems in Algeria, as well as the government's concerns. Between 2003 and 2005, several industrial accidents (explosions, toxic emissions, fires, etc.) were recorded in industrial plants located in Skikda and Arzew, which are the main petroleum industrial centres in the country. Of the 487 beaches that make up the Algerian coast, 213 have banned swimming and the majority have been closed due to environmental pollution. Wastes from industrial areas and the mining of hydrocarbons are directly channelled into the sea (in the Skikda,

⁷⁰ Democratic People's Republic of Algeria, Ministry of Planning and Environment. Report on the State and Future of the Environment, 2005, p. 20.

Arzew and Ghazaouet regions, in particular). It is feared that the health of populations in other regions of the country will also be affected as a result of these wastes.

1119. Closely linked to this is the issue of land at the economic and residential level. Throughout history, land in Algeria has been the subject of a series of legislations: customary law, Muslim law, the colonial system and many other post-independence laws. Since the change from one system to another has not always been successful, a complex situation has arisen. The current situation regarding agricultural land needs to be clarified in order to ensure that the implementation of the rural renewal policy and the sustainable rural development strategy is a success. The diversity of legal texts on government land and the lack of legislation on private land, which represents over half of the agricultural areas in use, do not facilitate the overall exploitation of this land, in order to contribute to the development of agriculture and other economic activities.
1120. There is a kind of prevailing “anarchy” in terms of ownership of land, which could constitute a hindrance to the implementation of the policy on access to land for economic purposes, such as housing. Lack of a global, coherent vision that is publicly known to all is increasing imbalances and leading to a kind of “obstacle” to housing policies and those relating to access to land for economic purposes.
1121. Algeria is badly off in terms of industrial and commercial land. In fact, among the factors that hinder the implementation of investment programmes for numerous projects, land is undoubtedly a major handicap that often goes beyond the usual constraint of unavailable resources. For companies, access to land in the form of hire or allocation is not easy. The problem is even more acute in many Mediterranean coastal provinces where there is high demand for land. These provinces are characterised by high populations, economic density and private land owners.
1122. In view of these numerous challenges, the government has put in place, or is in the process of developing, a number of policies, strategies and actions such as:
 - the Land Development Plan of 1987, which already suggests addressing the phenomenon of regional disparities through the development of basic and structural infrastructure to ensure that marginalised regions make up for lost time; and
 - the new Land Development Plan, which is currently being developed and whose implementation should be complete by 2025. It includes 15 sectoral master plans that are almost finalised and focus on key sectors such as the environment, industrial strategy and transport infrastructure.
1123. Among the most important themes that are likely to exert a positive influence on the implementation and results of this future plan, and to provide positive

solutions to the aforementioned problems and result in the country's sustainable development, we cite the following, in particular:

- (i) The National Environmental Strategy and the National Action Plan on Environment and Sustainable Development, whose objectives include:
 - giving a fresh impetus to economic growth on a structural and wider basis with a view to attaining poverty reduction and job creation;
 - protecting fragile and limited natural resources (water, soil, forests and biodiversities) for long-term sustainable development; and
 - improving citizen's public health through better waste management, sanitation and air emissions.

1124. In order to attain these objectives, a number of specialised institutions have been created: the National Observatory on the Environment and Sustainable Development, the National Conservatory of Environmental Training, and the National Council for Land Planning and Sustainable Development. Similarly, an important legislative and regulatory mechanism has been put in place to accompany the implementation of these plans and programmes.

- (ii) The National Agricultural and Rural Development Plan, which also contributes to creating the necessary technical, economic, organisational and social conditions with a view to making agriculture play a more dynamic role in sustainable economic and social growth and development. It aims at revitalising rural areas, particularly in remote and marginalised zones;
- (iii) the housing policy that projects the construction of 1 million houses in urban and rural areas, as well as the rehabilitation of existing houses; and
- (iv) Algeria's industrial strategy that was recently finalised and defines the reference framework, strategic choices, and industrial and accompanying policies, and in which issues pertaining to restructuring of the economy and space are also addressed. With regard to the latter issue, there are some weaknesses, given that the strategy is not placed within a context of a well-defined vision on structured and integrated construction space.

1125. In view of the above, the APR Panel recommends that:

- (i) the process of defining the national vision on structured and integrated construction space, as well as the strategy for implementing this vision, together with the National Land Plan being developed, be accelerated;
- (ii) the environmental surveillance and quality assurance network be strengthened;

- (iii) a solution to the land problem, particularly in rural areas, be found as soon as possible, so as to overcome barriers to private and modern land use; and
- (iv) the status of farmers be clarified through a legal mechanism that defines the rights and duties of the farmer, in order to protect agriculturalists from all manner of land speculation.

CHAPTER EIGHT

8. GENERAL CONCLUSION: CONSTRAINTS AND PERSPECTIVES

8.1 Introduction

1126. In closing this report, the APR Panel would like to reiterate its appreciation of Algeria's efforts, those of its people and its leadership, to build a modern Algerian nation that is responsive to the exigencies and expectations of its citizens, while taking into account its African, Arab and Mediterranean character in a world that is in a constant state of globalisation. The APR Panel also appreciates the efforts that Algeria has made, and continues to make, to put an end to the period of political crisis and its consequences in a spirit of national reconciliation and governance that includes all the disparate forces of the country, in spite of repeated Islamist terrorist assaults, such as that in April 2007. It is in this spirit of acknowledgement for the efforts deployed by the country and its leaders that the APR Panel would like to conclude this report by briefly examining the Programme of Action (PoA). The PoA is Algeria's response to the shortcomings noted in the self-assessment exercise. It will need to be enriched by the APR Panel's recommendations in during the implementation phase.
1127. In general, Algeria can be proud of the advances and achievements in its history as an independent country and, in particular, in the last ten years. Some of these advances and achievements represent exemplary practices and others are simply good practices that the APR Panel feels it necessary to emphasise and to urge Algeria to continue to pursue these with tenacity. Furthermore, the Panel invites all Algerian stakeholders, and the government in particular, to lead the way in providing the appropriate responses to the weaknesses and deficiencies recorded and so improve the country's performance in the four areas of governance considered in the present exercise. The process of democratisation and socio-economic development still needs to be finalised, and the reforms undertaken still have to be completed, before Algeria will be in a position to reap the benefits that it is entitled to expect.
1128. The APR process, voluntarily initiated by Algeria, provided an opportunity for stakeholders to examine the performance of their own country in the area of political and economic governance and socio-economic development. It also provided an opportunity for them to define their own PoA as a means of improvement. This momentum should be maintained and strengthened through the implementation of a permanent monitoring and assessment structure. The four themes of the report, as well as the overarching issues, should not be seen in isolation but as parts of a whole. The responses, in the form of the PoA, should also form a coherent whole, allowing stakeholders to work together in synergy. In this regard, the APR Panel calls on the Algerian authorities to lead

the way in implementing the PoA with a view to further improving the country's performance in the area of governance, and also to address those issues "where it hurts", as President Bouteflika put it so admirably.

8.2 Obstacles to implementation of the PoA and recommendations

1129. In spite of numerous political, economic and social advances made, Algeria still faces a number of challenges and obstacles to governance in terms of shared universal principles and norms. The PoA should meet some of the major challenges identified in this exercise to improve governance in Algeria. Its implementation, however, could face a number of obstacles, even risks, which the Panel feels it necessary to bring to the attention of the stakeholders and Algerian authorities.
1130. **Peace and stability.** The implementation of reforms to achieve governance based on universally shared principles and norms requires a peaceful and stable environment, the principal component of which is socio-political order. Although macro-economic and political stability may have been restored, recent regional developments and the widening crisis in the Near East, as well as the high incidence of graduate unemployment at the national level, could give rise to renewed tensions and demands. It is true that certain measures have been taken to create employment, but the level of unemployment remains high and is unequally distributed across the territory and across the population. This shortage of employment, combined with the problem of poverty and marginalisation in urban areas, especially among the youth, could trigger a socio-political crisis, either hidden or in the open, which could lead to overturn of priorities in terms of the government's structural reform programmes. This constraint is also associated with the twofold dialectic referred to in Chapter Two of this report: (1) the conflict between the modernist trend of renewal and the conservative trend, which is strongly influenced by radical Islamism; and (2) the debate on the construction of a united Algerian nation as opposed to need for inclusiveness in relation to social, ethno-linguistic, cultural and regional diversity.
1131. **Inclusion and adherence to reform, initiated and to be initiated by the government.** The reforms under way and those envisaged for the future are extensive in scope and include aspects of increasing complexity. Such reforms necessarily give rise to fear of the unknown and of loss of identity – potential triggers of the resistance that could manifest itself at any time. Acceptance of the principles of governance and of universal principles and norms, as well as ownership of these reforms by all the stakeholders, is important. The Algerian government's acknowledgement thereof in the administration and at the highest levels of office in the Republic is encouraging. Despite the constraints in decision-making and delays in execution noted in the implementation of the reforms, the political will to carry these to term remains strong. Having due regard for its international commitments and desired success of the reforms, the Algerian authorities are aware that the process has to be pursued. In this

context, the PoA on governance represents an instrument that will allow achievements in the policy of national reconciliation to be strengthened by consolidating adherence to, and effective ownership of, these reforms by all political parties, political classes, unions, the private sector and civil society. It therefore provides the opportunity for mobilisation around a minimum of consensus.

1132. **Sequence and rhythm of reforms.** Institutional reforms that are structural in nature, like those that are being implemented, are extremely complicated and necessitate a gradual approach, as they cannot all be implemented at the same time. It would be preferable for profound political reform to precede economic reform, thereby avoiding instability and the invisibility of the outcomes of such reforms. However, thanks to socio-economic reforms, it also becomes possible to redistribute the benefits of such reform to the people, and to ensure the peace and political stability of the institutions of governance. It is therefore important for the government to be judicious in its application of the various reforms, so as to avoid excesses that would impede the rhythm of the reforms and their expected outcomes.
1133. **Loss of rhythm in the implementation of reforms.** Another factor that could hamper the government's efforts is a slowdown in the rate of implementing the structural reforms in progress. Indeed, the complex nature of such reforms calls for a prolonged period of enormous sacrifice, given the time it takes for practicing to adjust to the texts. This could lead to "fatigue" being experienced by some, or frustration by others. In addition, in order to ensure the continued and sustained implementation of reforms, it is important that their timeframe be carefully managed. The government will be called on to manage different kinds of pressures: the impatience and urgency of some, and the resistance and confusion of others.
1134. **Reasons for retaining senior managers and containing the brain drain in Algeria.** The CRM observed a shortage of managerial competencies and qualified staff in government institutions and the private sector. This situation is exacerbated by the massive flight of senior managers and the significant brain drain, which has serious implications for continued reform. For example, it is estimated that 90 per cent of computer scientists⁷¹ leave the country each year. The brain drain also affects universities, especially lecturers⁷² and researchers in all scientific disciplines. From 1992 to 1996, the number of Algerian businesspeople who established themselves in Europe rose to 99 000. It is therefore urgent and necessary to understand this loss of human resources from the country in all its dimensions, in order to respond adequately to the increasing demand for the skills required to ensure the sustainability of reforms and to modernise the economy and Algerian society.

⁷¹ *L'Expression*, Brain drain, p. 3, Monday 12 March 2007.

⁷² The University in Algeria records a shortage of 25 000 trainers. Over the past ten years, 40 000 Algerian researchers left the country. This caused a financial loss of US\$40 billion from 1992 to 1996.

1135. **External shocks.** The hydrocarbon sector remains the driving force of the Algerian economy and is responsible for more than 25 per cent of the growth achieved.⁷³ This sector also generates 97 per cent of export receipts.⁷⁴ With the good performance of hydrocarbon prices, Algeria currently holds substantial reserves with which to finance reforms and provide itself with major economic and social infrastructure for modernising the country. It is nonetheless important to manage the country's assets judiciously so as to avoid repeating the experience of 1986, which was caused by the plummeting of hydrocarbon prices. That crisis demonstrated the structural weaknesses of an economy that was far too dependent on internal factors and therefore vulnerable to outside factors.
1136. **Environmental constraints.** Environmental problems could become a major constraint in the implementation of the PoA for improving governance in Algeria. The authorities recognise the problems of drought and desertification and/or shortage of water as being natural constraints. They call for increased capacity in forecasting and managing these risks, certainly through the emergency disaster plan (the ORSEC plan), but also through other instruments for the management and prevention of natural disasters, and the strengthening of the empowerment and capacity among grassroots communities and citizens.
1137. **Degree of commitment of various political, economic and social forces.** Current reforms, although carried out by the government, affect the entire Algerian nation, both present and future. They therefore call for the adherence and commitment, as well as a sense of sacrifice (however limited), on the part of the forces of the nation. This is why the building of consensus around Algeria's vision of the future and what this requires is an important challenge, one which could also become a constraint if not managed successfully. The National Economic and Social Pact is a first step, but the political consensus and the consensus of citizens are also necessary.
1138. **Cultural constraints on the advancement of women in political office or in management in general.** The social dynamic in Algeria reveals that the country has made enormous progress, which is to be commended, in the sphere of the education of women and especially young girls. This has resulted in the latter taking a stand for what they believe to be their legitimate rights, including political office and positions in management. The performance in terms of governance in the four spheres covered by this exercise is clearly dependent on the extent to which Algerian women participate in the political, economic and socio-economic development process, including their positions of power or management. The current reforms could be disrupted in terms of their rate of implementation if this question is not resolved in time and in an appropriate and proactive manner.

⁷³ OECD, African Development Bank, Economic Outlook in Africa, Edition 2005–2006.

⁷⁴ UNDP, Algeria 2006 –National Report on Human Development.

1139. **Making governance a requirement of society in the four spheres assessed by the APRM.** The implementation of the PoA and the APR Panel's recommendations could be constrained if they are the sole concern of governmental institutions and are not borne by Algerian society as a whole. It is therefore necessary to carry out awareness and mobilisation campaigns, so that the exigencies of governance in its different dimensions and of the reforms required, become those of the majority of Algerian society and not simply of the government.
1140. **The role of the army in the socio-political dynamic of modern Algeria.** The People's National Army has played a historic and exemplary role in the attainment of independence and the management process of modern Algeria. This is also true of the fight against terrorism, in which the army has remained the backbone of power. It has participated actively in historic political decision-making and has been conscious of the role attributed to it, even if only tacitly. However, in the process of institutionalising the values of democratic governance at the political level, as well as those of economic reform, the role of the army must continue to evolve in order to become the true guarantor of the stability of institutions and of the country.

8.3 Perspectives: looking towards the future

1141. The challenges and constraints mentioned above are not insurmountable. On the contrary, they form part of the obstacles inherent in the construction of a modern Algeria, one which is open and responsive to the objectives of socio-economic development and to its vocation in Africa and the world. Algeria has within it the strengths and resources to enable it to face up to these challenges.
1142. The country's first major asset in confronting its current challenges is both the Algerian people, with their depth of political understanding, and the high level of political commitment on the part of the leadership and the various political, economic and social forces in the country's current context. The glorious history of modern Algeria bears testimony to this. Notwithstanding a certain heaviness in decision-making and slowness in execution observed during the implementation of structural reforms, the political will to carry these reforms to term remains strong, and this constitutes a major advantage for Algeria. The choice to entrench democracy and ensure ongoing openness to dialogue, especially through the consolidation of the policy of national concord and reconciliation and despite the threat of terrorism, provides the basis for cementing and building an Algerian nation of the future.
1143. Algeria's second major asset is the deep political sense that the leadership has of its responsibility in matters of sustainable development and its keen determination to preserve its political autonomy in the definition and implementation of national democratic and socio-economic strategies. This determination makes Algeria stand out as a model in a continent that has not yet been able to find an African response to the problems of poverty in countries that are rich in natural resources.

1144. The country's third important asset is the extraordinary development of human resources achieved thanks to proactive policies in the spheres of education, health and access to basic services. Notwithstanding the shortcomings that have yet to be overcome, progress achieved in these spheres makes Algeria a country with a solid developmental base, ready and prepared to respond to the challenges of political and economic governance and of socio-economic development within the regional and global context.
1145. Algeria's fourth asset in meeting the challenge of improving its governance and socio-economic democracy lies in its immense natural resources, particularly its resources in hydrocarbons. Since independence, and throughout its post-independence developmental trajectory, the country has consistently sought to establish development on the basis of its national resources, and to own and control the enhancement of their value. This appropriation and control have made Algeria the standard-bearer of the demands of developing countries in terms of a New International Economic Order.
1146. Modern Algeria's fifth asset lies in the solid and prudent management of its financial resources, within the context of a vision to implement a system for building the present by integrating it with management of the future, including inter-generational relations. Algeria is also a model in Africa, thanks to the establishment of the Oil Stabilisation Fund from hydrocarbons.
1147. Finally, Algeria's commitment to the causes of Africa and of the Maghreb – in the form of active and perceptive diplomacy, the signing and ratification of conventions and codes, both African and international – constitutes another category of the country's assets in dealing with the problems of the day with the assistance of appropriate political, legal, economic and social instruments and mechanisms.
1148. Given all its assets, which are the strength of modern Algeria, the Panel is optimistic about the country's future, especially in the context of NEPAD's vision for a new Africa. Algeria can already be seen to be a driving force in achieving this.
1149. For this reason, the Panel encourages the Algerian authorities to persevere with their projects of democratisation and liberalisation; to pursue the process of peace and national reconciliation despite recent terrorist attacks; and to accelerate and sustain the rate of the reform process. There is no other road open to them. In this context, the PoA on governance, prepared within the framework of the CSAR, represents an essential instrument for improving achievements, for consolidating the policy on national reconciliation, and for consolidating adherence to, and effective ownership of reforms by political parties, civil society and the private sector, so that Algeria and its people may go on to further historic victories.
1150. Following the example of a number of African countries, Algeria must take the road to democracy, public freedom and liberalisation of the economy. This often complex and politically risky process is an imperative in the world

today. Hence the importance of enlightened leadership, capable of leading the citizens towards achievements that will enable them to raise their standard of living and ensure peace and security. This is the challenge facing the Algerian authorities.

APPENDIX I

PROGRAMME OF ACTION OF ALGERIA

	<p>APRM</p> <p>African Peer Review Mechanism</p> <p>Promoting democracy and good governance</p>	 <p>African Peer Review Mechanism</p>
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<p>PROGRAMME OF ACTION TO IMPROVE GOVERNANCE IN ALGERIA</p>	
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3.	Section I: Democracy and good political governance
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INTRODUCTION

The self-assessment national report on the socio-economic development policy of the country has highlighted the important strides made by Algeria in bolstering democracy and building a market economy, as well as the breakthroughs achieved in the area of socio-economic development. Indeed, within a few years only, changes of great magnitude have been introduced due to a global approach whose guiding principle has been the transformation of political, economic and social modes of organisation and management.

Algeria has thus restored the security of its people and property, endowed itself with institutions that have been the outcomes of free and transparent elections, and irreversibly taken the path of national reconciliation.

In addition, Algeria has polished and established its macroeconomic framework, laid the foundations of a modern economy, reactivated investment and boosted growth.

At social level, Algeria's record is one of notable decrease of unemployment and poverty, growing participation of women in the national sphere, as well as intensified action of the associative movement.

The changes achieved and the progress made testify to the pertinence of the vision Algeria has adopted for development. This development is conceived through a multidimensional and integrated approach taking in its stride the interactions between the roles of the state and the market on one hand, and the logics of society and the logics of economy on the other hand.

This self-assessment has also identified governance-related issues, constraints and shortcomings **which, once lifted, may enable the reforms to yield optimal results and valorise Algeria's growth and development** potential.

It is the ambition of the present 2007–2009 Programme of Action to provide for the current efforts needed to take up these challenges. The aim is also to supplement such efforts through specific actions whose nature has been affirmed by the exercise of self- assessment.

The Programme of Action is the outcome of an extended consultation that has allowed a synthesis of the reviews and inputs of the elect, the civil service, civil society, the economic and social players and, as such, constitutes a framework for taking charge of priority objectives towards accelerating growth and development.

The foundation of the methodology adopted for mapping out the Programme of Action has been an approach of including involved parties and the different spheres of activity at both central and local levels. The members of the National Commission on Governance paid visits to several wilayas (provinces) to disseminate and collect opinions and proposals, developing a thorough dialogue with the population and the elect. Technical institutes and resource individuals have also brought a valuable contribution to the development of this Programme. It is worth emphasising that opinions were investigated by technical research institutes on each of the four spheres: Political Governance and Democracy; Economic Governance; Corporate Governance; and Socioeconomic Development. Thus, the proposals submitted by

the various involved parties have been taken into consideration in drafting this Programme of Action, whose hallmark has been a broad inclusiveness.

Discussions with the whole spectrum of involved parties have highlighted Algeria's commitment to good governance and socio-economic development through the various reform projects initiated by President Abdelaziz BOUTEFLIKA. Based on a lucid report, these discussions have made it possible to refine the instruments for broader mobilisation of all strata of society towards a more effective appropriation of the spirit of the reforms and the development strategy, as well as bolstering the values of work, responsibility and solidarity. By pooling together all the existing perspectives around the objectives of good governance and global and equitable development, Algeria is underscoring its faithfulness to the ideals inherent in social justice and in building the rule of law, as well as its confidence in its own future and that of Africa.

NB: The global budget for the implementation of the current Programme of Action is roughly estimated at US\$2.8 billion, totally financed by the state from its own resources. It may be recalled that Algeria is planning to allocate over US\$140 billion for 2005–2009 as part of its Plan for Sustaining and Consolidating Growth.

STRATEGIC AXES OF THE PROGRAMME OF ACTION

The Programme of Action as outlined as part of this APRM assessment exercise is founded on a strategic vision of Algeria's economic and social development. This vision is founded on a process of democratising the running of institutions, a broader opening up to international standards for economic freedoms, human development and good governance, as well as on a larger involvement of the various economic and social players in process management and the carrying out of reforms.

Moreover, this vision is conceived as part of a sustainable development problematic anchored in three elements: optimal and self-maintained economic growth, a balanced distribution of the outcomes of such growth at both spatial and categorical levels, and inter- and intra-generational solidarity. It also rests on an effective consideration of preserving existing environmental assets and their valuation within a perspective of increased reproducibility.

The National Commission on Governance believes that the referential nexus of such an approach refers back to the principles enshrined in the foundational constitutional norms, as well as to the strong political will of the President of the Republic to build a society governed by values, justice, progress and solidarity, and as a corollary, internationally, to establish cooperative action pre-eminently dedicated to the African continent through the ideals and provisions promoted by NEPAD/APRM.

In addition, it should be pointed out that Algeria is experiencing a particularly singular systemic transition. It is starting a move away from modes of management and governance that prevailed in the past. This is certainly a conventional situation, yet the transition has been made more complex due to certain stigmas that have overburdened it with the impact of some negative external factors. The result is that the organisation of transitional processes and mechanisms is being carried out on an extremely narrow, "critical" path that impels us to be more wary in envisaging the

“fording of the stream”, having to see to it that we safeguard the centrality of the balances underpinning society in its advancement towards greater progress and well-being.

Obviously, in such a perspective, the action of the state should be such as to ensure further that all civil society, particularly its most organised offshoots – those endowed with greater awareness – accept and become actively involved, thus operating in line with the good practices of governance as universally enshrined.

Certainly, the financial improvement currently enjoyed by Algeria is an opportunity that needs to be taken advantage of in order to organise its economic development more methodically, while meeting the numerous social needs generated by a collective aspiration for better living conditions following the negative turn the country took in the 1990s.

The Plan for Sustaining Economic Growth and the Plan for the Consolidation of Growth Support crystallise such choices by bringing to the fore major strategic challenges geared towards sustainable development and aimed at involving Algeria in an effort to meet requirements in terms of technical, instrumental, institutional, political, participative and democratic upgrading. Such stakes, forcefully highlighted in the National Self-Assessment Report, constitute the natural sphere of, and basis for, the construction of the current Plan of Action.

The key principles underlying this programme converge towards good governance at all action levels – social, representational, participative, management and programming – actions that will thus be embedded in the various compartments and polarities that host the whole range of constitutionally guaranteed social, economic, political and civil rights.

SECTION I: DEMOCRACY AND GOOD POLITICAL GOVERNANCE

Political pluralism, freedom of the press, free exercise of citizenship in all its forms constitute the foundation democracy. These are some of the intangible achievements reached and attainments reaped by the Algerian people and society as the result of a multitude of sacrifices.

Algeria has already launched major projects involved in the reform of justice, notably through the revision of the civil, criminal, family and nationality codes, which henceforth are consistent with the principles that should guide the construction of a society governed by justice and equality of rights. In addition, some of the major practical and operational provisions of the justice reform plan consist in the facilitation of citizens’ access to justice by establishing offices of judicial information and consultation in all the jurisdictions; in legal assistance in favour of plaintiffs who normally cannot afford legal fees; as well as in a more diligent processing of legal cases and execution of court decisions through strict compliance with procedural requirements.

The revision of the Family Code stems from the will to empower women through civil, juridical and economic emancipation. Progress recorded in regard to the conditions of women’s participation have been spectacular at educational, employment and

professional skills levels and at the level of participation in a variety of areas. Algeria is resolute to foster such progress at every level so as to eradicate all forms of gender discrimination. The separation and independence of powers already enshrined in the previous Constitutions will have to be especially consolidated with the forthcoming constitutional revision.

Under democracy and good political governance, the major challenges and stakes inscribed in the Programme of Action focus in substance around the following strategic perspectives:

1. Completion of the national reconciliation;
2. Consolidation of institutional stability and access of all citizens to justice without discrimination;
3. Improvement of the relationship between the administration and the citizens;
4. Combating of corruption in all its forms;
5. Promotion of gender parity through the consolidation of female political, economic and social rights; and
6. Recognition and expansion of the strategy developed to secure the integration of vulnerable segments of the population.

SECTION II: ECONOMIC GOVERNANCE AND MANAGEMENT

The development process being carried out is based on strategic medium and long-term strategies, within a framework involving land management, the creation of growth poles, specialised land functions, and the reconstruction of a productive system geared around industry and agriculture. Significant efforts are under way to ensure consistency between public policies and the broadest citizens' participation, in order to guarantee an interface between economic, social and environmental concerns that constitute the foundation of the problem of sustainable development.

Along such lines, Algeria must take great care to work out economic processes at business and sector-based levels so as to:

- a) accelerate economic/financial/budgetary reforms, by particularly targeting a better programming of public expenses;
- b) combat every form of corruption; and
- c) improve lands through full, active participation of local authorities in the development process, notably by reinforcing decentralisation and widening participative processes founded on the responsiveness of citizens in grassroots communities, and by enhancing corporate capacities for autonomy.

In regard to economic governance and management, the major challenges and stakes inscribed in the Programme of Action focus in substance around the following strategic perspectives:

- Upgrading bank, financial and budgetary practices to ensure their compliance with international standards and carrying through the reforms already initiated in this field;
- Giving an impetus to economic growth targeting a rate of at least 7 per cent, by extending investments and improving the business environment;

- Broadening private sector participation;
- Reducing dependence on hydrocarbons as part of sustainable and self-productive development;
- Mastery of public spending and the establishment of budgetary arbitration mechanisms embracing the requirements of economic and social efficiency;
- Multiplying regulatory entities in order to optimise the intrinsic capacities of a strategist state that will hasten its own withdrawal from the direct market sphere at an accelerated pace; and
- Establishing coherence between public policies and consolidation of spaces between areas of responsibility.

SECTION III: CORPORATE GOVERNANCE

Accelerating corporate reform is the focal concern of the transition process. It is the *sine qua non* of the Algerian economy's capacities for redeployment and competitiveness. The development of partnership in all its forms and the modernisation of management systems are ranked as priorities by the public authorities and are thus on a par with the concerns related to efficiency and transparency inherent in the processes of reconfiguring economic structure.

The objective sought is to improve the business environment, reinforce investment attractiveness, and integrate more efficiently into the world economy. The latter aspect is backed by the political will to promote African cooperation – a good reflection of the meaning of the strategic choices that have been made and are a part of the President of the Republic's Programme.

In regard to corporate governance, the major challenges and stakes inscribed in the Action Programme focus in substance around the following strategic perspectives:

1. Carrying through corporate reforms in their twofold dimension of privatisation and opening up of capital;
2. Streamlining management instruments and developing information systems;
3. Improving the investment environment;
4. Increasing the participation of private enterprises and taking steps towards adjusting their legal statuses towards the emergence of joint stock companies;
5. Introducing the maximum possible number of enterprises into the stock exchange;
6. Integrating enterprises into their business environment and ensuring compliance with environmental and consumer protection standards in order to promote the concept of a citizen-friendly enterprise;
7. Setting up efficient supervision mechanisms in anticipation of management-related risks, particularly the risk of corruption in the business environment;
8. Complying with labour legislation and corporate involvement in the protection of workers' rights and the control of informal business; and
9. Effective implementation of the National Economic and Social Pact.

SECTION IV: SOCIO-ECONOMIC DEVELOPMENT

The social dimension of development is an essential factor in determining the related choices, modalities and finalities. It breaks down into a multitude of components, founded on the principle of the need to guarantee to all male and female citizens equal terms for accessing and exercising their constitutional rights, and to future generations the means and capacities for them to flourish.

Among the top challenges Algeria is determined to address are the following:

- Encouraging broad participation of involved parties at every level of development;
- Easy access of all citizens, particularly the poor in rural areas, to basic services such as water and energy;
- Enabling all segments of the population to access employment and decent housing; and
- Promoting the pertinent levers that would enable citizens to enjoy better and greater accessibility to such basic public services as health care and transport.

The excluded, underprivileged or disadvantaged categories are taken charge of by a great variety of entities in health care, education and the economy. This is done on the basis of an existing active principle of solidarity to which the state devotes more than 12 per cent of its GDP.

The participative dimension is one of the core features of good governance. Ever since the state issued the Law on Peace and National Reconciliation, it has keenly undertaken the reconstruction of devastated areas, given assistance to the needy populations and, above all, reconstructed local economies of which a major part had been wrecked. This effort reflects one of the central, sustainable concerns of the rural development strategy, which involves giving much assistance to enable populations to reintegrate with their regions after fleeing terrorism, establishing community-based development programmes, and supplying services to revive rural spaces. Such efforts have a considerable impact, considering that this country has for a long time suffered from the agony of terrorism, which particularly struck the isolated rural areas and their very vulnerable population.

The participative facet also involves the capacities of administrative processes to adjust to the requirements for change made mandatory by participation itself.

The recent signing of the National Economic and Social Pact between employers and workers' trade unions under the aegis of the public authorities is one of the landmarks enshrining this will to "live collectively and in solidarity". Social stability and a refocus on development matters, strict respect of legislation and of the deregulation of labour, as well as systematisation of hotlines and spaces for dialogue created to improve working relationships – all these should be the catchwords of this freely shared will.

The growing awareness of environmental issues is a special dimension of socio-economic development. Thus, in the National Land Management Scheme up to the year 2025, a key position is devoted to the environment and sustainable development. The various forms of imbalance affecting the national territory call for an organised social, economic and political response. This response should merge

the means adopted to involve populations through enlisting participative processes, as well as measures geared towards reducing the major special shifts recorded (e.g. excessive concentration on the coastline, depopulation of the hinterland, heavy pressure on resources and biotopes, etc.).

The High Plateaux and South Special Programmes intend to provide egalitarian living conditions for, and development to the populations of these areas and reverse tendencies observed in terms of the uncontrollability of numerous change aspects. In this regard, 2006 has been declared Desert Year by the United Nations and Algeria is greatly honoured to be entrusted with chairing its related events.

Yet, the environment is still suffering multiple aggressions, which has impelled the authorities – in partnership with the environmental protection associations (which are otherwise very active) – to initiate a certain number of measures. These include the rehabilitation of polluted water treatment plants or the closing of polluting enterprises (mercury, zinc, paper, etc.), in addition to moving some activities (such as the phosphate fertiliser complex at Annaba) to reduce their impact on the environment. Protecting the environment is one of the targets highlighted in the Corporate Charter, which endeavours to enhance the concept of a citizen-friendly enterprise. Economic operators accessing this Charter have been rewarded with many demonstrations of interest which, however, remain short of what is being sought.

In regard to economic and social governance, the major challenges and stakes in the Programme of Action focus in substance around the following strategic perspectives:

1. Promotion of sustainable development at all levels and diversification of the sources conducive to economic growth;
2. Eradication of poverty;
3. Reduction of regional imbalances;
4. Reduction of disparities in terms of income distribution between social categories and the setting up of more balanced redistribution mechanisms;
5. Improvement of the quality of services geared towards the people, particularly in the areas of health, education and social welfare;
6. Improvement of the living conditions of rural populations (especially access to housing, energy and water);
7. Increasing the level of women involvement in the economic and social life of the country;
8. Consolidation of the role and place of civil society in the economic and social processes;
9. Generalisation of the environmental management system; and
10. Reinforcement of the pertinent legislation, setting up environmental standards, and instituting an environment-geared taxation system.

CONCLUSION

The efforts undertaken in various fields should be continued both to enshrine a culture of sustainable development, and to consolidate the principles of a participative democracy. This is one of the major challenges of Algeria in the years ahead. This is a continuing task, requiring constant watchfulness, based on a shared conviction and involvement of the various economic and social players.

Addressing this problem requires sensitisation and training starting at school level, which needs to be relayed through many other areas. To this end, the role to be played by information remains strategic and its development calls for the full participation of all players at all levels.

The other challenge of sustainable development refers us back to the necessity of streamlining management and governance structures and systems. In this regard, Algeria lags behind current standards and has a great deal of catching up to do. This necessitates that the government ensures the upgrading of all economic and social players and the setting up of normative programming, follow-up and assessment of normative instruments, and the exercise of the APRM, while cooperating in periodical assessments. It also makes it possible to integrate specific related objectives. However, such an exercise should not make one overlook the chain of manifold solidarity existing between the various entities whose common denominator is the appropriation of all processes of governance improvement by the various targeted people, namely the populations.

The guarantee of the appropriation objectives sought consists in more active involvement of the populations, including women and youth; the definition and implementation of development programmes; and compliance with the principle of continuous consultation between populations and authorities.

One should not fail to conclude this brief presentation without mentioning the cooperation existing as part of NEPAD, in which Algeria is one of the most determined involved parties. Algeria's determination to work for the inter-African cooperation development has been reiterated many times and made concrete on the ground in many instances. Algeria's full and unreserved adoption of the APRM is one of the most significant forms of this commitment. Whenever possible, the country will take the African dimension of development projects in its stride as a choice variable whose value lies in its strategic nature.

SECTION 1: DEMOCRACY AND GOOD POLITICAL GOVERNANCE

Standards and Codes

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODIES
Standards and codes : Algeria has ratified all the conventions relating to this section	Completing steps to bring the legislative system into full compliance with the international instruments	Standards and codes.	Ratification of the international conventions in JORADP (Algerian Official Gazette)	Finalise revision of related laws Establish the regulatory system required for the implementation of these laws	Continuation of steps taken to ensure conformity of legislation and regulations to the standards and codes ratified by Algeria	2007-2009	Government ; Ministry of Justice ;	Associations and corporations of the judiciary chain legally authorized) CSOs/NGOs striving for the promotion of political, economic and social rights	Cost-free Immaterial measure (CFIM)	National Popular Assembly (APN) Council of the Nation (Senate) Council of State

OBJECTIVE 1:

Prevent and reduce intra and inter-state conflicts

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Taking charge of the outcomes of the national tragedy	Completing the National Reconciliation.	Provisions of the national Charter of Reconciliation and its implementation decrees	Periodical inventory of the processing of the cases of the victims of the national tragedy Extended information provided to	Facilitating terms for drafting and submitting cases Information to the potential beneficiaries of provisions related to the national	Implementation of steps already under way	2007	Ministry of Interior and Local Authorities Ministry of Finance Ministry of Justice	National Consultative Commission for the Protection & Promotion of Human Rights (CCNPPDH) CSOs /NGOs activating in the	100.000	National Commission for the follow up of National Reconciliation

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
			citizens	reconciliation Neighbourhood action				field of human rights		
Situations of precariousness and social exclusion	Easing access to employment, housing and incomes	Programme to realize 1 million housing units Programme for the creation of million jobs Realization of 300 commercial premises per district	National progress statistics related to employment and the percentage of active population	Continued implementation of these programmes	Supplementary programme for the bolstering of growth Specific programmes for High Plateaux and South	2007-2009	Local Authorities Social ministries	Economic and social sectors as well as Civil Society	Subsidizing as part of PCSR (Supplementary for the Support of Growth)	Government ; Parliament
Relieving social tensions	Consolidating social stability	Labour legislation National Economic and social Covenant Tripartite (Government, trade union, employers) Bipartite (Government, trade union),	Strikes and work stoppage figures Demonstrations Riots	Implementation of the National Economic and Social Covenant Outline a new Labour Code. Reform continuation and modernisation of bodies monitoring the implementation of the Labour legislation	Consultations within a framework bringing together State, trade unions and employer's organisations towards the signing and enforcing respective the conventions as per branches and sectors Covenant signed on the meeting of the September 30th 2006 tripartite regrouping State, trade unions and employers'	2007-2009 2007	Ministry of Labour and Social Security	Trade union and employers' associations Ministry of Labour and Social Security Labour Supervision Social partners	Cost-free Immaterial measure (CFIM)	Government

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					organizations Periodical meetings programmed					
Preservation of relationships with neighbour countries	Broadening and bolstering of relationships of good neighbourliness, friendship, and cooperation	Bilateral and multilateral instruments of cooperation		Intergovernmental consultation and development of economic operators' forums t	Periodical meetings are scheduled	Continuous	Government	Employers' organisations. OSC/NGO	Cost-free Immaterial measure (CFIM))	Ministry of Foreign Affairs
Early warning systems and conflict forecast and reduction mechanisms	Peace and stability at regional and continental levels	Protocol of the African Union Peace and Security Council	Major activities undertaken to maintain peace Participation in Reconciliation activities related to conciliation	Ongoing processes at work under the under African Union	Algeria brings its contribution to such efforts, notably in terms of peace and security restoration in some African regions	Continuous	Ministry of Foreign Affairs; Ministry of National Defence		Cost-free Immaterial measure (CFIM)	Ministry of Foreign Affairs;

OBJECTIVE 2:
**Constitutional democracy, including periodical political competition and opportunity for choice,
the rule of law, human rights and supremacy of the Constitution**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Consolidation of constitutional democracy	Consolidating the rule of law	Reinforcement of fundamental rights and freedoms Consolidating the clear separation of powers; Reinforcing constitutional control	Organisation of a referendum Publication of the new amended Constitution in the JORADP	Submission of the draft revision of the constitution Parliament Vote Organizing a national referendum Sensitizing citizens	Organisation of contradictory debates Meetings to be organised by Political parties	2007-2009	Ministry of Interior Ministry of Justice	Civil Society Organisations Media Political parties	50.000	Constitutional Council National independent election monitoring Commission (CNISEL)
Holding periodical elections	Renewal of the National Popular Assembly (APN) and of the Council of the Nation (CN) People's assemblies at wilaya (province) level (APW) People's assemblies at local district level (APC) Presidential elections	The Constitution The Electoral law Publication of ballot results Publication of the opinions of the Constitutional Council	Publication in the JORADP of the results issuing from the holding of the elections	Annual revision of the electoral lists Convening the electoral body Citizens' consciousness raising	Preparing the needed material conditions for the sound conduct of electoral operations Launching the electoral campaign	17th May 2007 (APN) and October 2007 (local elections: popular assemblies at local and wilaya levels (APCs and APWs) April 2009	Ministry of Interior Ministry of Justice Electoral commissions	Political parties Medias	200.000	CNISEL Administrative Jurisdiction, Constitutional Council
Reinforcing decentralization.	Optimizing local authorities 'contribution to	Division into electoral districts	Issuing new wilaya and local district codes	Revision of laws relative to district and	Government mapping out of	2007-2009	Ministry of Interior and Local	APCs APWs	Cost-free	Ministry of Interior and Local

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	the development process and improving the rendering of public services	Taxation system ; Clear definition of missions Human resources and training Renovation of the management modus operandi in the public service	through the JORADP	wilaya	draft bills		Authorities	Local and/or regional associations Dairas (communal district) Government General Secretariat	Immaterial measure (CFIM)	authorities Ministry of Finance General Administrative Reform Department General Department of the Civil Service

OBJECTIVE 3:

Promotion of economic, social, cultural, civil and political rights and liberties

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Preservation and promotion of economic and social rights	Promotion of employers' capacities to ensure compliance with Labour regulations Control reinforcement through rigorous compliance with labour legislation and regulation	Reports of the Labour Supervision Number of social cases processed in courts Number of strikes and sit-ins Periodical National statistics on housing creation,	Quantitative/qualitative periodical assessment of petitions submitted by citizens through the media Number of cases recorded in courts Periodical reports submitted by National Consultative Commission for the Protection and Promotion of Human	Rigorous follow up of compliance with mandatory procedures relating to social conflict prevention and treatment Making effective preliminary conciliation procedures Consistency between the	Popularisation of legal and regulatory provisions pertaining to the labour environment Adequate trainings for trade union managers Convening of national meetings on the	2007 2007-2009 2007- 2009	Employers Walis (governors operating at wilaya level)	Trade unions Public employers Private employers (legally authorized) CSOs/NGOs Media	Cost-free Immaterial measure (CFIM)	Ministry of Employment & Social Security General Department of the Civil Service Ministry of Employment & National Solidarity Ministry of Education &

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
	<p>Systematization of hot lines and spaces for dialogue geared towards the improvement of working relationships</p> <p>Initiating pertinent levers allowing for the citizens optimal access to health care, housing, education, and employment</p> <p>Combating all forms and practices of haggling over manpower</p> <p>Adoption of charters pertaining to patients, student and social welfare beneficiaries</p> <p>Reinforcing programmes devoted to combating social precariousness and exclusion</p>	<p>employment creation and establishing new pedagogical positions in general teaching and training</p> <p>Social security membership</p> <p>Statements by employing bodies</p>	<p>Rights (CCNPPDH)</p> <p>Publication of the number of fee-paying members of social security bodies</p>	<p>educational/training system and employment</p> <p>Intensification of controls by the social security supervisors</p>	<p>educational /vocational training system</p> <p>Restructuring of social security bodies and creation of a separate agency for the recovery of social security dues</p> <p>Meting out more rigorous sanctions in the case of failures to pay</p>	<p>2007- 2009</p> <p>Continuous provisions</p>		<p>(legally authorized) CSOs/NGOs Press professionals trade unions</p> <p>Algerian Red Crescent</p>		Vocational Training

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Right to information	Reinforcement of press Freedom Better accessibility of journalists and citizens to information Enshrining ethics and deontology for information professionals	Free access to information	Number of periodicals, weeklies and monthlies Degree of newspaper internet site consultation Number of local radios Freedom of the press	Pertinent increase of the support fund for assisting the press Popularization of the New Technologies of Information & Communication and extension of the Ousratic programme (a programme securing 01 computer per household)	Protection of citizens against all infringements upon their honour and dignity Mapping out of a draft bill towards Revising the 1990 law on information	June 2008	Ministry of Information	Media (legally authorized) CSOs/NGOs press professionals trade union CCNPPDH.(National Consultative Commission for the Protection and Promotion of Human Rights)	Cost-free Immaterial measure (CFIM)	Government APN CN
Access to the judiciary system	Extending access to the judiciary system, and making it more diligent in processing disputes and carrying out court decisions Facilitating citizens' access to the judiciary system by setting up offices of legal consulting and information in every jurisdiction seat Consolidating the judicial assistance of	Judiciary system with nationwide coverage Time required for the processing of dispute cases Availability of legal services in neighbourhoods and districts Effectiveness of the presence of ex officio appointed lawyers in the courts	Number of petitions submitted to the Ministry of Justice National judiciary map showing new jurisdictions (courts, tribunals) established, particularly in the regions of the High Plateaux and in the South Ministry of Justice web site Reports made by prosecutors, courts, and tribunals Reports of prosecutions and chair courts	Implementation of the master plan of redeployment of the judiciary structure Enhancing training and human resources Carrying on the implementation of judiciary reforms and of actions undertaken as part of consultancy and bilateral and multilateral cooperation in the field of training	50% increase of judges staff Realisation of new jurisdictions, new Courts of justice, tribunals and rehabilitation establishments Draft code of civil and administrative procedure merging the two codes and renovating rules and procedures Training; Programme for the dissemination of legal	2007-2009 2007-2008 2007-2008	Ministry of Justice Ministry of Justice Ministry of Justice	CCNPPDH (legally authorized) CSOs/NGOs. Government general Secretariat Judiciary staff associations and	100.000	Ministry of Justice

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	low-income plaintiffs				information					
Development of culture	Valorisation of the material and immaterial cultural heritage, Supporting literary and artistic creation and encouraging	State of play in regard to artistic and cultural production Books and publications distribution networks	Ministry of Culture website Wilaya websites	Construction of libraries and acquisition of documentary stocks Financial support to edition and artistic production Creation of new museums Rehabilitation of cinematographic professions trainings Renovation of cinema halls Financial support to film production Realisation of a network of cultural halls Intensification of the fight against counterfeiting and pirating Support to the associative movement	Issuing of a Bill on books Creation of a National Library network and of municipality libraries Bolstering culture through the creation of an arts and Culture Fund Projected: • Creation of museums covering: • Modern and contemporary art, • Miniature and illumination, • The Maritime history of Algiers • Colonial segregation Creation of an Institute of Audiovisual skills and show business arts Rehabilitation of	2007- 2009 Ongoing projects // // // // By 2009	Ministry of Culture Ministries of Culture and of the Interior and Local Authorities Ministries of Culture, Ministry of culture of Ministry of Culture. Ministry of Culture. Ministry of Culture.	Publishers and bookshop owners professional associations Ministry of Culture CSOs/NGOs National and local associations dealing with culture Trade unions of professionals In the area of culture Local authorities : APCs and Wilayas National Copyrights Office (ONDA)	100.000	Ministry of Culture National Audiovisual Authority Ministry of Culture. Ministry of Trade

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
					120 cinema halls Establishing the Funds for cinema support Extending the protection of copyright and neighbourly rights to the new technologies (Internet, mobile phone sector). Extending encouragements to cultural associations	2007-2009	Ministry of Culture. // // // //			

**OBJECTIVE 4:
Upholding the separation of powers, including the protection and independence
of the judiciary and of an effective legislature**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Prevent any interference between powers.	Consolidation of the separation of the three powers Clarifications on Parliament, Government	Judicial provisions pertaining to Constitution changes and amendments	Publication on the JORADP State official Publications JORADP	Revision of the Constitution through a national referendum followed by a	Debates initiated by the political parties Consciousness raising meetings Organization of	2007 2009 2007-2009	Ministry in charge of relations with the Parliament Government General Secretariat	Legally authorized CSOs/NGOs Political parties Media Political parties	Cost-free Immaterial measure (CFIM)	Constitutional Council Council of State

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
	relationships, APN - Senate relationships and the prerogatives of each institution in respect to the preservation of their respective mandate and/or mission.	Organic law relative to Parliament and its relationship to the Government		revision of the Organic Law providing for the organisation and running of the Popular National Assembly (APN) and of the Council of the Nation (Senate) (CN) as well as the functional relationship between the two chambers of Parliament and the Government	workshops aimed at producing comparative studies of organization systems with the cooperation of national and international experts		Ministry of Interior and Local authorities Ministry in charge of relations with the Parliament	(legally authorized) CSOs/NGOs Media		Constitutional Council Constitutional Council
	Making judges accountable as per legal procedures Making mandatory the duty to inform parties of prosecutor decisions without follow up and of the possibility to lodge appeals Freeing the investigating judge from subservience to the general prosecutor and undertaking a	Upgrading to international standards	Issuing a new code of ethics	Involvement of all the Judiciary organizations and corporations	Periodical seminars organized by the Ministry of Justice in partnership with specialised United Nations and European Union Institutions Programme for the modernization of the judiciary system	2007-2008	Higher Council of Judges (CSM) Ministry of Justice Organisations and corporation of the judicial network CNM	Judiciary chain organisations and corporations	Cost-free Immaterial measure (CFIM) Cost-free Immaterial measure (CFIM) incur costs (CFIM)	Ministry of Justice Ministry of Justice

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
	<p>new scrutiny of the prosecutor's exercise of withdrawal</p> <p>Drafting of a code of ethics for judges and other professions enlisted in the carrying out of justice (lawyers, notaries, bailiffs, court clerks, registered experts)</p>									

OBJECTIVE 5:

Ensure accountable, efficient and effective public office holders and civil servants

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
An administration in the service of economic development	Adjustment of the Public Office to the new requirements of the rule of law and of market economy	<p>New status of the civil service issued in July 2006;</p> <p>New legal apparatus providing for the relationships</p>	<p>New statute of the civil service</p> <p>Administration of the economy</p> <p>CGPP(General Commissioner's Office for Planning and</p>	Drafting and/or passing the new legislation for the implementation of the new status of the Civil Service	<p>Collection and review of draft bills by the Government</p> <p>General Secretariat</p> <p>Study workshops organised by the</p>	2007-2009	<p>General Department of the Civil Service.</p> <p>General Department of Administrative Reform</p>	<p>All the ministries</p> <p>Local authorities,</p> <p>Public employers</p> <p>Private employers</p> <p>Trade unions</p> <p>Academic , experts</p>	Cost-free Immaterial measure (CFIM)	<p>Parliament</p> <p>National Economic and Social Council</p>

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		between the Administration and economy	Forecast studies)		General department of the Public Service (DGPP) With the cooperation of experts			Research centres		
Alleviating the bureaucratic cumbersomeness in the rendering of public service	Improvement of the relationship between Administration and citizens	Effective respect of the citizen rights as recognised under Constitution, legislation and regulations	Citizens' right to lodge appeals Questioning of the established procedures applied to users – public civil service customers	Boosting appeal bodies available to the citizen; Launch a study meant to create mechanisms of observation and assessment of the civil service and relations between Administration and citizens ;	Simplification of proceedings	2007-2009 2007-2009	Local authorities National and local institutions and bodies General Administrative Reform Department	CSOs/NGOs Client organisations	Cost-free Immaterial measure (CFIM) 50 Cost-free Immaterial measure (CFIM)	Ministry of Interior and Local Authorities Other ministries involved with the civil society
Participative role of the Civil Society	Enhancement of citizen-gearred practices Taking better charge of community needs	Revision of the law on Associations Putting in place new procedures conducive to the creation of spaces for consultation	Legal instrument to be published in the JORADP	Reorganisation of Associations' modus operandi and of conditions for enabling them to respond Compliance with obligations laid down for holding statutory meetings of the various bodies and requiring the communication of managerial changes	Consultation with the associative movement, particularly users' associations	2007– 2009	Ministry of Interior and Local Authorities Walis	Associative movement	Cost-free Immaterial measure (CFIM)	Government National Economic and Social Council (CNES)

**OBJECTIVE 6:
Fighting corruption**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Assessment of the corruption situation	Accurate acquaintance with the scope and nature of corruption Identification of the loci of corruption Configuration of the forms of corruption Typology of corruption practices	2006 Ratification by Algeria of the international conventions on presenting and combating corruption Law of February 20th 2006 on preventing and combating corruption	Investigations Opinion polls Analysis of statistical data Contributions of the involved sectors, i.e. the police, the judiciary, the media, the civil society and the citizens	Working out matrixes and guidelines for assessing the state of play in regard to corruption Mapping out pertinent questionnaires Training staffs entrusted with making investigations and opinion polls Involving competent security services Ordering studies to be made by polling institutes Utilizing the files provided by national and international sources - banks, NGOs, observatories, specialized institutes	Making compulsory statements of patrimony by senior civil servants Making accountability mandatory	2007– 2009	Judiciary authorities Involved professional organisations Involved ministries; National agency for preventing and combating corruption Ministry of Justice	Legally authorized CSOs/NGOs Media Associations and corporations the judiciary chain Involved Security services – banks and financial institutions	100 Cost-free Immaterial measure (CFIM)	Ministry of Finance Ministry of Interior and local authorities Ministry of Justice

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Prevention of corruption	Reduction of the prevalence of corruption Enhanced protection of society against corruption More transparency in the management of the public and private sectors and of relationships with the citizens.	Issuing of enforcement legislation for Law 06-01 of February 20th 2006 on preventing and fighting corruption	Audits Investigations Opinion polls Conduct of verifications with administrations, enterprises, local authorities and citizens	Mapping prevention programmes at sector level and at the level of all administrations, public or private enterprises, and local authorities. Adoption of rigorous measures in regard to the recruitment and career management of civil servants Specific modes of selection of staff meant to hold public positions exposed to corruption (customs, taxation department, judiciary .) Devising appropriate and adequate salaries Training public and private sector staff in matters of corruption risks Instituting for subjects statements of patrimony as per the law		2007-2008	Ministry of Justice Public Institutions Enterprises.	Legally authorized CSOs/NGOs Banks and financial institutions Organisations of the judiciary chain Legally authorized CSOs/NGOs	Cost-free Immaterial measure (CFIM)	Government, Parliament Ministry of Justice Ministry of Finance Ministry of Interior and local authorities
						2007-2008	All ministries		Cost-free Immaterial measure (CFIM)	//
						2007-2009	IGF (General Department of Finance Supervision), General Accounting Office, police, gendarmerie, customs, taxation department,			//
						2007-2009	Banks, financial intelligence treatment unit Competent services subservient to the State or to any authority invested by the law			//

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				<p>In all administrations, institutions and enterprises , working out a code of conduct fostering staff integrity, honesty, and accountability</p> <p>Devising procedures for the drawing up of public contracts based on optimal transparency, fairness of competition, Stringent and verifiable criteria for the drawing up of public contracts</p> <p>Rationalized public finance management</p> <p>Developing standards and procedures conducive to integrity in the operations conducted by private entities (companies, professions, commercial practitioners)</p> <p>Within public and</p>		<p>2007 – 2009</p> <p>2007</p> <p>2007-2009</p>	<p>// Media public and private employers</p>	<p>(legally authorized) CSOs/NGOs Contract Commissions Media Local authorities</p>		

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				<p>private sector enterprises , developing accounting and auditing standards that contribute to the prevention of corruption</p> <p>Fostering the participation of the civil society and of all the social entities (mosques, schools, universities, media ...) in the prevention of corruption.</p> <p>Developing internal control systems in banks and in institutions bound to make statements of suspicion in regard to doubtful transactions (such as postal services, lawyers, notaries, chartered accountants, auctioneers, stockbrokers, estate agents, dealers in jewellery, gold and precious metals)</p> <p>Introducing in the</p>		2007-2009				

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				<p>justice and security systems a specialized line geared to combating corruption.</p> <p>Bolstering investigations, prosecutions and suppression of all forms of corruption-based crime (passive and active corruption, trafficking with influence, abusing one's position, insider trading, misappropriation of public funds, unlawful interest taking, forged statement of assets, unlawful enrichment, gifts, covert financing of political parties and media, corruption in the private sector</p> <p>Protection and encouragement of witnesses, experts, denouncers and victims in their denunciation of corruption.</p>						

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			Statement of patrimony	<p>Prosecuting and suppressing non denunciation of corruption, as per the law</p> <p>Freezing and confiscating unlawfully gained, corruption-generated incomes and assets .</p> <p>Multiplying, in conformity with the law, special investigating techniques such as infiltration, monitored deliveries, telephone tapping, electronic monitoring.</p> <p>Developing international cooperation in the field of combating corruption (conclusion of bilateral mutual agreements on judicial mutual assistance, criminal cooperation, exchange of information, extradition ...)</p>						

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				Organizing and establishing procedures towards the recovery of corruption generated assets available in Algeria or abroad Associating all the segments of society (teachers, religious people, the civil society, trade unions, journalists, workers, citizens) in the fight against corruption.						

**OBJECTIVE 7:
Promotion and protection of the rights of women**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODIES
Ratification of the protocol on the rights of women in Africa	Issuing of the ratification Decree	Constitution and laws in force	Publication in the JORADP	Popularisation of the amendments introduced to the Family Code and civil society	Perfecting training and organizing refresher courses for associative movement leaders	2007-2008	Government General Secretariat Ministry in charge of the Family and	Civil Society Media	Cost-free Immaterial measure (CFIM)	Ministry of Foreign Affairs,

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODIES
				consciousness raising on this matter			the condition of Woman			
Definition of the institutional framework for the treatment of gender" issues	Better monitoring of efforts at integrating the "gender" dimension in its multiple aspects, including representation in institutions	Progress curve of percentage of women employed and occupying positions of responsibility	Installation of the Consultative Council on the family and childhood.	Short and medium terms operational measures and strategies	Consultation with civil society organisations	2007– 2009	Ministry in charge of the Family and the condition of Woman	CSOs/NGOs involved public institutions and ministries personalities selected for their expertise	100	Ministry of Health
Remedying the under-representation of women in political institutions	Greater participation of woman in the management of public affairs at local and national levels	Promotion of women candidates in all elections Occupation by women of executive positions at local and national levels, including within public and /or private institutions and bodies	Number of women candidates in elections Number of female Elected representatives Number of women occupying high positions and executive functions	introduction in the electoral law of the obligation imposed to the political parties to promote the presence of woman in their lists of candidates to legislative and local elections	Amendments to the electoral law	2007– 2008	//	Political parties Employing bodies Trade unions CSOs/NGOs	Cost-free Immaterial measure (CFIM)	Ministry of Interior and Local Authorities Ministry of Health, Population and Hospital Reform Delegate Ministry to Family and Woman Condition
	Intensification of female literacy		Percentage of illiterate women	Participation of OS/NGO		2007-2009	//	Ministry of National Education National Council of Family and Woman CSOs/NGOs	Cost-free Immaterial measure (CFIM)	Ministry in charge of family and the condition of woman
Preventing and combating Violence against	Eradicating violence against women	Number of complaints lodged with the	Access to the sites of the General	Finalising the draft national strategy for	Consciousness raising in the various family-	Continuous actions	Ministry in charge of family and the condition of	OS/NGO National Consultative	200	Ministry of Health; Ministry of

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODIES
women		police structures Number of cases processed in the judiciary	department of National Security and of the Ministry of Justice	combating violence against women ; Polls to be regularly conducted	involved environments and in training structures through joint efforts associating media and sermons in mosques		woman - General Department of National Security Judiciary authorities	Commission for the Protection & Promotion of Human Rights		Interior and Local Authorities
Promotion of female employment	Banishing every form of gender-based discrimination	Equal access to employment	Female employment progress curve	Installing sector-based observatories on the pattern of that of the Ministry of Energy and Mines	Moral incentive for employing entities	2007-2008	Employers. Ministry of Labour and Social Security Ministry in charge of the Family and the condition of Woman	CSOs/NGOs National employment observatory National Council on the Family and on Woman	500	Ministry of Employment and National Solidarity
Preschool education and home child minding Structures	Removing constraints experienced by mothers	New preschool institutions Child minding structures	Number and capacities of kindergartens and day nurseries	Carrying on the ongoing initiative on preschool education; Encouraging the development of both public and private kindergartens	Administrative and tax incentive for efforts to take charge of kindergartens on the basis of private initiatives	2007	Ministry of National Education; Ministry in charge of the Family and the condition of Woman	CSOs/NGOs Local authorities private sector	100	Ministry of National Education; Minister in charge of the Family and the Condition of woman

**OBJECTIVE 8:
Promotion and protection of the rights of children and young persons**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Promotion and Protection of the rights of children and young persons	<p>Passing of the law on the children protection of children</p> <p>Installing a monitoring and response agency</p> <p>Organising children guardianship</p> <p>Promotion of vocational training and employment for young persons</p>	<p>Rate of school failure</p> <p>Number of students registered in education al and vocational institutions</p> <p>Annual figure of Kafala (Sharia based system of care for orphans) cases</p> <p>Annual number of young persons benefiting from micro credits</p>	<p>Law on Child protection</p> <p>JORADP</p>	<p>Finalisation of the procedure for the government's passing the related draft bill</p> <p>Adjusting existing provisions relating to the granting of micro credits</p> <p>Rehabilitation and substantial taking charge of qualified manpower through its integration in vocational training structures</p>	<p>Revision of the terms of f micro credit granting</p> <p>Holding national level meetings devoted to vocational training</p>	<p>2007-2008</p> <p>2007-2008</p> <p>2007-2009</p> <p>2007-2009</p>	<p>Ministry of Employment and National Solidarity</p> <p>Ministry of Justice - Ministry in charge of the Family and the condition of Woman Condition</p> <p>Ministries of Post and information technology and of Communication</p> <p>Banks</p>	<p>Legally authorized CSOs/NGOs</p> <p>Local authorities</p>	10.000	<p>Government</p> <p>Parliament</p>
Legislative framework	<p>Reinforcement of childhood protection</p> <p>Reinforcement of the fight against children employment</p>	<p>International Convention on children rights</p>	<p>JORADP</p>	<p>Passing of the draft bill on the reinforcement of children protection</p> <p>Drafting a legislation</p> <p>Organising control of illegal labour</p>		<p>2007-2008</p> <p>2007-2008</p>	<p>Ministry of Justice</p> <p>Ministry of Labour and Social Security</p>	<p>(legally authorized) CSOs/NGOs</p> <p>National consultative Commission for the protection and promotion of human rights</p>	<p>Cost-free</p> <p>Immaterial measure (CFIM)</p>	<p>Government</p> <p>Parliament</p>

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Control of violence against children	Reduction of violence exercised against children	International Convention on children's rights	ORADP	Disseminating and implementing the national strategy for combating violence against children	Consciousness raising in families, and in preschool and school structures	2007-2009	Ministry of Justice Ministry of Employment and Solidarity	Associations Local authorities Associative movement Ministry of Education and Vocational Training	50 Cost-free Immaterial measure (CFIM)	Ministry in charge of the Family and the condition of Woman //
Drafting a national strategy geared towards the child	Childhood safeguard and promotion			Integrating families and associations in this scheme and raising their consciousness		2007-2008	Ministry in charge of the Family and the condition of Woman	Ministry of Youth and Sports (legally authorized) CSOs/NGOs	Cost-free Immaterial measure (CFIM))	Ministry of Health Ministry of Youth and Sports
Drafting a national plan geared towards adolescents	Teenagers safeguard and promotion			Neighbour hood action connected with schooling and training environments		2007-2008	Ministry in charge of the Family and the condition of Woman	Ministry of Youth and Sports Ministry of Education (legally authorized) CSOs/NGOs	1.000	Ministry of Health, Population and Hospital Reform
Juvenile delinquency	Decreasing rate of offences	Drawing up statistics of offences		Reinforcing the policy of prevention and involvement of the Civil Society		2007-2009	Ministry of Youth and Sports	Ministries and public institutions (legally authorized) CSOs/NGOs	1.000	Ministry of Justice Ministry of Youth and Sports Ministry of Employment and National Solidarity
Role of the associative movement	Contribution to the improvement of the efficiency of solidarity policies	Dialogue and consultation with civil society organizations		Establishing a platform of partnership between state institutions and		2007	Ministry of Youth and Sports Ministry of Education	(legally authorized) CSOs/NGOs Local authorities	Cost-free Immaterial measure (CFIM)	Ministry of Interior and Local Authorities Ministry of Solidarity and

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
				the civil society						Employment.
Taking charge of the elderly	Provisions adjusted to the specific needs of the elderly	Number of homes for the elderly Number of cases of elderly people taken in charge in family environments Introducing a geriatrics module in medical and paramedical training	Health map National map of homes for the elderly	Finalisation of the draft bill on the elderly	Ensuring finalisation of this draft bill to ensure its conformity with the treaties ratified by Algeria	2007–2008	Ministry of Employment and National Solidarity Ministry of Health, Population and Hospital Reform Ministry of Higher Education	(legally authorized) CSOs/NGOs Consultative Commission for the Protection & Promotion of Human Rights	5.000	Ministry of Health and Hospital Reform

**OBJECTIVE 9:
Promotion and protection of the rights of vulnerable groups' rights**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Solidarity Policy	Effective implementation of the process of social and professional integration of the handicapped	Rate of accessibility to public spaces, housing, schools, leisure activities and information.	Finance Law	Necessity to realize inter-sectoral coordination	Impact and feasibility studies	Continuous	Ministry of Employment and National Solidarity	Concerned ministries and (legally authorized) CSOs/NGOs	(PCSR)	Ministry of Health, Population and Hospital Reform Ministry of Employment and National Solidarity

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
	Assessment of efforts towards rationalising and reinforcing policies for the social integration of vulnerable groups	Updated list of individuals experiencing difficulties to be drawn up periodically by APCs in conjunction with the wilayas (Department of Social Action)	Ministry of Employment and National Solidarity website	Allocating the necessary means to the district services Neighbourhood action to secure a reliable census		Continuous	Ministry of Employment and National Solidarity Economic & Social Research Institutes APC Wilayas	Ministry of Interior and Local Authorities (legally authorized) CSOs/NGOs	500	Ministry of Employment and National Solidarity
Passing of a framework law on the promotion and protection of vulnerable groups	Taking charge in all respects of persons and families victims of the national tragedy pursuant to the provisions of the Peace & National Reconciliation Charter		Protection of children, teenagers, elderly and disabled people			2007-2008	Ministry of Interior Ministry of Employment and National Solidarity Walis Associations.		1.000	Ministry of Employment and National Solidarity
	Completing the implementation of the law on the protection and promotion of disabled people	Nature of regulatory provisions	Decrees and implementation legislation JORADP	Finalizing remaining draft decrees	Inter-sectoral consultation	2007-2008	Ministry of Employment and National Solidarity Ministry of Health Ministry of Labour	(legally authorized) CSOs/NGOs	Cost-free Immaterial measure (CFIM)	Ministry of Employment and National Solidarity
	Seeing to the strict compliance of employers with the obligation for them to allocate 1% of employment positions to disabled people	General labour supervision reports and wilaya social action department reports	Statistics of the National Employment Observatory	On site control by competent authorities	Consciousness raising geared to Public and private employers	2007-2009	All ministries, public institutions, economic public and private sectors bodies	(legally authorized) CSOs/NGOs	Cost-free Immaterial measure (CFIM)	Ministry of Labour and Social Security
	Promoting the activities of the	Holding meetings	Minutes of	Updating rules of		2007-2009	Ministry of Employment and	Ministry of Health (legally	Cost-free Immaterial	

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
	National Council of Disabled People	on a regular basis Nature of the recommendations	meetings	procedure			National Solidarity	authorized) COs/NGOs	measure (CFIM)	
	Creation of the special Fund for financing activities for the protection of the disabled and their promotion	Finance Law	Financial operations under the Fund	Mapping out a draft law	Impact study	2007-2008	Ministry of Finance, Employment and National Solidarity		(PCSR)	Ministry of Employment and National Solidarity
	Granting subsidies or encouragements to employees involved in fitting and equipping working positions for the disabled	Sector-based budget chapter on« assistance and subsidizing »	State taking charge of social security fees for the disabled Strategy for the professional integration of the disabled	Establishing a census of structures Assessment of the subsidized	Establishing bases for working out the estimated budget	2007-2009	Ministry of Employment and National Solidarity.	(legally authorized) COs/NGOs	50.000	Ministry of Labour and Social Security Ministry of Employment and National Solidarity
	Granting pensions for the heavily disabled and payment by the State of the social security fees of the handicapped	Number of pensions Number of social security affiliates	File of social security bodies Budget of the Ministry of Employment and National Solidarity.	Determination of levels of financing	Procedures for obtaining the required credits	2007-2009	Ministry of Employment and National Solidarity and Ministry of Labour and Social Security.	Social Security Fund Local authorities	50.000	Ministry of Employment and National Solidarity
	Promotion of the activities of neighbourhood units in charge of providing health care, education, employment and social aid to underprivileged persons	Nature of action undertaken by ADS (Agency for the development of social action) and the DAS (social assistance department)—a quantitative and qualitative assessment	Reports by the neighbourhood ADSs	stabilising and reinforcing multidisciplinary action by the CDP providing substantial means for action	Rehabilitating terms for ADS subservient CDPs	2007-2009	Ministry of Employment and National Solidarity and local authorities (wilayas and districts)	Social Development Agency (ADS) Local authorities Red crescent (legally authorized) CSOs/NGOs	50.000	Ministry of Employment and National Solidarity

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
	Reinforcement of facilities for family-less elderly people	Number of the created and/or reinforced structures	Map pertinent to of this sector	Recording of creation and/or extension projects	Procedure obtaining for obtaining required authorizations to conduct programmes	2007-2009	Ministry of Finance Ministry of Employment and National Solidarity Local Authorities	(legally authorized) CSOs/NGOs Private sector	50.000	Ministry of Employment and National Solidarity
	Reinforcement of capacities for hosting homeless children Deinstitutionalisation Prevention against child abandonment Taking adequate charge of these children	Number of created and/or reinforced structures	Map pertinent to this sector	Reinforcement of kafala through the implementation of the circular related to registration of any child under Kafala ("mekfoul") in the family record book with the mention "without biological link" Rehabilitation of the "maternal assistance" function for the children ineligible to kafala Creation of skilled psychological assistance units in the SDAs and in specialised hosting facilities devoted to accompanying and supporting parenthood	//	2007-2008	Ministry of Employment and National Solidarity Ministry of Interior and Local Authorities	CSOs/NGOs private sector	10.000	Ministry of Employment and National Solidarity Ministry of Interior and Local Authorities Ministry of Employment and National Solidarity Ministry of Finance Ministry of Employment and National Solidarity

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
				<p>Establishing a watchfulness mechanism to identify risk situations</p> <p>Assistance and support programme notably for isolated mothers</p> <p>Implementation, extension and adaptation in favour of single mothers wishing to bring up their child of the recourse procedure for tracing paternity</p> <p>Adaptation and/or creation of (life INGO) facilities for abandoned and severely handicapped children</p> <p>Specialized staff training</p> <p>Developing and promoting researches/ actions</p>					<p>Supplementary Programme for Support to Economic Recovery f (PCSR)</p>	<p>APN (National People's Army)</p> <p>Ministry of Justice</p> <p>Ministry of Employment and National Solidarity</p> <p>Ministry of Employment and National Solidarity</p>
	Palliative measures to take charge of			Creation of sections and/or		End of the 2nd semester 2009	Ministry of Health,	Associations of patient families	PCSR	Ministry of Health,

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
	individuals suffering from chronic mental diseases			outpatient clinics Training specialised paramedical staffs			Population and Hospital Reform Ministry of Employment and National Solidarity	Associations of the mental health professionals		Population and Hospital Reform APN
	Drawing up a social map for taking efficient charge of the categories of people with specific needs	Requirements in kind			Launching of a study	2007-2009	Ministry of Employment and National Solidarity Consultancies	Local Authorities CSOs/NGOs Social Development Agency	PCSC	Ministry of Employment and National Solidarity

SECTION II: ECONOMIC GOVERNANCE AND MANAGEMENT

STANDARDS AND CODES

Upgrading standards and codes to universal standards

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	VERIFICATION MEANS	ONGOING INITIATIVES	REQUIRED MEASURES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
Level of ratification, and implementation of International standards and codes	Upgrading to international standards of regulatory structures for the running of national economy.	Treaty Ratification	Publication in the JORADP Legislation and practices more in line with international Standards	Drafting implementation legislation Implementation of actions planned in pursuance of codes and standards for preventing and combating corruption and money laundering	Implementation of ratified international standards and codes	Sem II - 2008	Ministry of Foreign Affairs	Ministries in Charge	Cost-free Immaterial Measure	Parliament and Council of the Nation (Senate)

OBJECTIVE 1:
Promote macroeconomic policies that support sustainable development

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
Efficiency, transparency and predictability in financial, budgetary and economic Management	Upgrading sound budgetary financial and monetary practices to match International Codes and Standards Improvement in the presentation of the Budget Laws. Mapping out and Establishing a New System of Public Accountancy	Adoption and implementation of international standards for the mapping out follow-up and assessment of the State Budget	Budget presentation as per Standard Lay out defined by IMF Manual	Draft Organic Law and corresponding Implementation legislation	Mapping out of a new Organic Law on financial laws and of corresponding implementation legislation Upgrading professional skills and Management systems	End of 2 nd Semester 2009	General Budget Department	General Commissioner for Planning and Forecast studies (CGPP) Association of Auditors, National Chambers of Auditors	100	Ministry of Finance General Accounting Court General Finance Supervision Division (IGF)
	Upgrading to International standards of the National Accountancy Plan and of Monetary, Financial, and Banking Practices	Level of Implementation of rules for the Control of Banks and Insurances (Basel 2 Protocol on Control of Banks and Insurances) Integration and Adjustment to IFRS and IAS	Observed conformity to Basel 2 Protocol Coming into Force of the new National Accountancy Plan	Adjusting to International Standards of the payment system, of the running of the Financial Market, of the management and of budget management, follow-up and regulation Specialized	Specific Opinions of the Bank of Algeria and of the Council of Currency and Credit Opinions and Regulations to be issued by the Bank of Algeria Progressive and Concerted Setting Up of the new National	1st semester 2008	Bank of Algeria Concerned professional organisations and professional associations	Banks and Insurance Companies of all Types and Statutes CNA (National Insurance Fund), ABEF (Association of banks and financial establishments), Union of Insurance and	100	Ministry of Finance Bank of Algeria National Council of Accountancy

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
		standards		training institutions Dissemination of Information to sensitize involved players	Accountancy Plan			Reinsurance companies (UAR) Union of Auditors' Chambers Institutions specialized in the training of financial professionals		
	Granting public contracts in compliance with the principles of transparency and competition	Actual Compliance with the new Code of Public Contracts	Publication of the Proceedings of the National Commission for Contracts (NM) according to the predefined format	Generalization tat the level of all sectors of the practice of issuing an Advertisements Newsletter (BOAL and BOASEM type) Generalization of announcements of tenders opened to national and international parties	Seeing to the strict and diligent compliance with practices conducive to : • Publicity • Systematic exercise of the right of recourse • Actually involving bidders in the official opening up of the bids • Publishing the results of such in national dailies	SEM II - 2009	Local organizations Public administrative establishments (EPA), Public industrial and commercial establishments (EPIC), Public economic establishments (EPE) Specialised Management Agencies	National Public Contracts Commission Sector-based Commissions Concerned institutions and agencies	Cost-Free Immaterial Measure (CFIM)	IGF Auditing Court State Financial Controllers Parliament Concerned Ministries
Improving Public Debt Management.	Transparency in the management and definition of the scope of responsibility of financial institutions in	An institutional framework clear in its definition of the roles devolved on concerned institutions	Adoption of the debt follow up strategy Increase in the number of circulating bonds	Debt relief with the Paris and London Club Reduction of Budget deficit Existence and effectiveness of	Setting up a Joint Bank of Algeria / Ministry of Finance Committee.	SEMII - 2007	General Treasury Department	Bank of Algeria NGOs/CSOs Private sector	Cost-free Immaterial Measure	Ministry of Finance Bank of Algeria

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP ASSESSMENT AND REGULATORY BODIES
	charge	Formalized Debt Management Strategy Development of the market of public bonds		the Fund for REGULATORY Assets (FRR)						

OBJECTIVE 2:

Implement sound, transparent and predictable government economic policies

OBJECTIVE	EXPECTED RESULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING BODY	STAKEHOLDERS	ESTIMATED COST (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODY
2.1. Cleaning up the macro-economic policies framework with a view to making it conducive to sustainable development	Increasing credit geared towards economy Lessening recourse to public spending.	Improving the ex-hydrocarbon growth rate	Publications of the National Office of Statistics (ONS) Publications of the Bank of Algeria	More efficient encouragement of International Direct Investments (through the setting up of ANDI (National Agency for the Development of Investments) Facilitating access to the Guarantee Fund Improvement of the business environment	Budget cleaning up Upgrading enterprises Formalizing an industrial strategy in line with market economy requirements Stabilization of the rate of exchange and inflation Increasing the capital of the Private Sector Investment Guarantee Fund	MID-2009	CSCSO/NGOs Private Sector	Organisations of Entrepreneurs Trade Unions	10.000	Ministries Concerned

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OBJECTIVE	EXPECTED RESULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING BODY	STAKEHOLDERS	ESTIMATED COST (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODY
	Increase private sector share in growth	Double increase of ex-hydrocarbon exports	ONS publications	Stepping up of privatisations and restructuring of the industrial offer ((public/private partnership)	Boosting of SGPs Doubling of number of meetings with national and international investors	SEM II - 2008	SGP(Management and shareholding company) Public and Private research consultancies	Trade Unions Exporters' Associations Private sector entrepreneurs' Associations Banks and CCI	500	Ministry of Finance Customs Ministries Concerned Council of State Shareholding (CPE)
2.2. Drawing up Economic Forecasts	Reduction of the margins of difference in forecasts Improved Availability of economic information	Budget balance Positive global Treasury balance Surplus Balance of the ex-hydrocarbon balance of payments	Budget and Financial statistics Publications of the Algerian Banks	Increasing the ONS capacities for action Reinforce the forecast capacities of the CGPP Boosting the Assessment staff of the National Economic and Social Council (CNES) Working out an EGC model	Effective Establishment of the General Department of Commissioners for Planning and Forecast Studies (CGPP) Setting up macroeconomic forecast models (World Bank, European Union)	SEM II - 2008	National Office of Statistics (ONS) General Department of Commissioners for Planning and Forecast Studies Trade Unions	Ministry of Finance Ministry of Shareholdings and Promotion of Investments CSOs/NGOs Private Sector	1.000	Ministry of Finance National Council of Statistics National Economic and Social Council (CNES)
2.3 Conception and implementation of sector-based or macro-economic policies to foster economic growth and sustainable development	Mean sector-based growth of 5% per annum. 50% increase of public and private investment partnership increase Development of the private sector	Increase of the ex hydrocarbons growth rate Increase of the share of industry and exports in the GDP Increase of the annual agriculture and services growth rate. Creation of 100.000 SMEs.	ONS Publications Statistics of the Trade Register Statistics - Services position Factors relating to balance of payment	Petrochemistry Implementation of Industrial Strategy Implementation of the agricultural sustainable development strategy Mapping out of a national land management scheme Development of	launching of international partnerships Adjustment of the industrial strategy. Earmarking and boosting incentive funds and legislation.	SEM II - 2009 SEM II - 2009 SEM II - 2009	Ministries concerned Public and Private Banks	Local authorities Organisations of Entrepreneurs Professional Associations Trade Unions NGOs// CSOs Private Sector	50.000	Ministries concerned

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OBJECTIVE	EXPECTED RESULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING BODY	STAKEHOLDERS	ESTIMATED COST (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODY
		Increase of the national production capacity		services geared towards enterprises						
2.4. Mobilization of domestic and external resources and reduction of capital exodus.	Increase of private savings Investment increase Reduction of need for financing through external debt generating resources	Improvement of the savings and investment pair in relationship to GDP. Convergence between the official and parallel rates of exchange	ONS Publications Bank of Algeria statistics	Continuation of the fiscal policy aimed at reducing the taxation and taxation-related pressure on enterprises Reinforcement of the financial market Establishment of private exchange agencies	Setting up of the Guarantee fund for credits to SMEs (FGAR) Setting up the Fund for credit support to SMEs Consolidation of the Fund for Asset regulation (FRR) Reinforcement of the action capacity of CRTF	SEMI – 2008 SEM II – 2009 SEM II - 2009	Customs, Bank of Algeria Banks	Trade Unions Civil Society <Organizations(CSO)/NGOs Professional associations	1.000	Ministry of Finance Bank of Algeria
2.5. Management of income volatility	Reducing budget dependence vis-à-vis the hydrocarbon sector Reducing the food import bill.	Production increase of ex-hydrocarbon sectors and branches Cereal production increase Improvement of the food balance of payments	ONS Statistics Agriculture Department statistics	Increased ex-hydrocarbons exports. Increase of strategic storage capacities Production of drought resisting cereal strains	Economic Reforms. Realization of a programme of dams and collinear infrastructures	SEM II - 2009	CGPP Office of the Director General of the Treasury	CSO/ONG Private Sector	1.000	Ministry of Trade Ministry of Industry Ministry of Employment and National Solidarity
Establishing efficient and transparent governance.	Better preparation, implementation and assessment of the Finance Law Clear definition of the responsibilities of Civil Servants	Reduction of cases of conflicting responsibilities Doubling of the number of inter-ministerial training seminars	Reports of the National Assembly committees Reports of Inter-ministerial Councils	Budget Reform Decentralization in the budget preparation and management	Mapping out of a new legislation pertaining to Finance. Implementation of the new Civil Service statutes	SEM II - 2008	Decentralization of the Office and Services of the General Director for Budget	All Public Authorities authorized to effect Payments NGOs / SCOs	100	Ministry of Finance

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OBJECTIVE	EXPECTED RESULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING BODY	STAKEHOLDERS	ESTIMATED COST (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODY
Predictability of Economic Policies	Dependable anticipation regarding local and international economic and social players Continued setting up of regulatory instruments	Reduction of discrepancies in expenditure forecast Reduced number of social conflicts Improved quality of social dialogue	Statistics relative to implementation of public investment Statistics of the General Labour Supervision Department	Reinforcing the National Competition Council Developing concentration among economic players	Government Communication on the State of the Nation at closer intervals Installation of Communication Units in all Public Institutions	SEM I - 2009	Office of the General Commissioner for Forecasts and Forecast studies (CGCC)	Trade Unions Enterprises under all existing statutes NGOs / CSOs Professional Organizations	1.000	Ministry of Finance

**OBJECTIVE 3:
Promote sound public finance management**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
Cleaning up public spending	Creation of an environment conducive to realizing : Quality in planning public expenditure on a multi -annual basis; A meaningful measurement of the efficiency of public spending through impact indicators	Reduction of discrepancies in budget forecasts and achievements High rate of implementation of equipment expenditure in relationship to budget forecasts as well as in terms of gratifying social and economic needs	Reports on coordination meetings between Walis (governors) and Ministry of Interior and Ministry of Finance	Streamlining the budget system towards more transparent economy financing operations Improved identification of projects related to population requirements	Implementation of the Budget Reform Programme	SEM II - 2009	General Finance Supervision	Local authorities NGOs / SCOs Private Sector	10.000	Government Accounting Office Financial Intelligence and Processing Unit (CRTF)

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OBJECTIVE	EXPECTED OUTPUT	I VERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
Decentralization of fiscal services	Simplification of the tax base More Inland Revenue services in neighbourhoods Streamlining local tax administration Improvement of the rate of tax recovery	Reduced scope of tax evasion	Reduction of the number of cases of taxation and dispute related adjustments	Reduction of the time limit for making payment credits available Cutting down procedures relating to commitment and to payment Generalization of lump sum payments to include all artisans and professionals Doubling the number of tax offices handling SMEs	New codes for wilayas and communes	SEM II - 2008	General Revenue	Technical Ministries Local authorities Association of Chartered Accountants National Chamber of Auditors Private Sector	50.000	Ministry of Finance (General Finance Supervision (IGF, Government Accounting Office

**OBJECTIVE 4:
Combating corruption and money laundering**

OBJECTIVE	EXPECTED OUTPUT	I VERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
5.1. Conception and implementation of a programme for the prevention of corruption	Working out a national sector-based and individual programme of prevention of corruption	Number of cases submitted to the Courts Number of cases submitted to the disciplinary	Ministry of Justice Statistics Statistics of concerned public services (Customs, Revenue Service,	Extending the duty of making property statements to all civil servants Encouraging statements on suspected	Working out anticorruption sensitization and training programmes Setting up codes of conduct in all	SEM II - 2008	Financial Intelligence and Processing Unit	Security Services Local authorities Associations for Combating corruption CSOs/NGOs	1.000	National Observatory for Preventing and Combating Corruption (ONPLC)

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OBJECTIVE	EXPECTED OUTPUT	IVERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
	<p>Reduction in the prevalence of corruption</p> <p>Moralising economic,, commercial and administrative activities</p> <p>Fostering ethics, integrity, and accountability among public and private economic sector employees at all levels.</p> <p>Reduction of the number of averred cases of corruption in the public areas and sectors most at</p> <p>Risk:</p> <p>Public contracts</p> <p>Customs</p> <p>Public and private banks</p> <p>Public real estate</p> <p>Justice</p>	bodies in the sectors most exposed to corruption	Real Estate...)	practices Protection of denouncers	<p>public and private entities</p> <p>Organising stringent procedures in the selection and recruitment of public and private sector employees</p> <p>Ensuring implementation of the legal obligation of patrimony statement</p> <p>Rigorous regulatory control and controlling the implementation of public finance programmes</p> <p>Bolstering the capacities and role of the Government Accounting Office, of the general finance supervision , of financial examiners, of boards of directors and of supervising bodies</p> <p>Developing internal audits</p>			Private Sector		

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OBJECTIVE	EXPECTED OUTPUT	I VERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
					and ethical practices within private sector entities Encouraging, associating, and fostering the participation of the civil society in the prevention of corruption Reinforcing supervision within banks, financial institutions, and over the operations of all the physical and moral entities entrusted by law with detecting doubtful operations or acts suspected to be related to corruption or money laundering Improvement of the statutes and salaries of senior civil servants and judges Making regulations clear Ensuring the mobility of officers in executive					

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
					positions More supervision					
5.2. Introducing programmes for combating corruption					Boosting the role devolved on such institutions as the judiciary, the police, the gendarmerie, the revenue service, the customs, in investigating and cracking down on corruption-related crime Protecting informers, denouncers, witnesses, experts, and victims Making use of the enquiry techniques specially pertaining to tracking and combating corruption, viz. : infiltration, monitored deliveries, phone tapping ,video and electronic monitoring Actively involving the civil society, the media, the private sector, the					

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OBJECTIVE	EXPECTED OUTPUT	I VERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
					<p>concerned</p> <p>Make sure that subjects submit statements of suspicion as required by the law in regard to suspicious financial dealings and convey them to the financial intelligence processing unit for analysis and subsequent pertinent legal and judicial proceedings</p> <p>Make sure that the bank secrecy principle may not be invoked to oppose against the financial intelligence processing unit</p> <p>In the banks, financial institutions, and with those subjected to making statements of suspicion, organizing continued training programmes in the area of combating money</p>					

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OBJECTIVE	EXPECTED OUTPUT	I VERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
					laundering promoting Specialized training for judges, security, revenue, customs and other related services in the area of combating money laundering Training of specialized financial investigation bodies as well as of police inspectors and judges Reduction by 50% of the time limit needed for the creation of an enterprise.					

OBJECTIVE.5
**Participation in the matching of monetary, commercial
and investment policies geared towards regional integration**

OBJECTIVE	EXPECTED OUTPUT	I VERIFIABLE INDICATORS	VERIFICATION MEANS	REQUIRED MEASURES	CURRENT INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST IN THOUSAND USD)	FOLLOW UP ASSESSMENT AND REGULATION BODIES
Development of regional Integration	Building a Maghrebien Common Market. Integrating the national economy into the world economy	Harmonizing tariff systems Added consultation towards integration in new regional economic spaces	Increasing the volume of inter-Maghrebien and interregional exchanges	External trade Statistics	Creation of a Maghrebien electricity market integrating Egypt Coming to maturity of the transcontinental NIGAL gas pipe project linking Nigeria to Spain through Niger and Algeria Modelization of the TransSaharan Road	SEM II - 2009		CSOs/NGOs Trade Unions Private Sector	10.000	Ministry of Foreign Affairs – Ministry Delegated to African and Maghrebien Affairs Ministry of Trade

SECTION III: CORPORATE GOVERNANCE

OBJECTIVE 1:

Creating a friendly environment and an efficient supervision framework for economic activities

OBJECTIVE	EXPECTED RÉSULTS	VÉRIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	INITIATIVES UNDER WAY	IMPLEMENTATION TIMELINE	IMPLEMENTATION BODIES	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND RÉGULATORY BODIES
Improving the business environment and the attractiveness of investments	<p>Increasing ex-hydrocarbon foreign investments</p> <p>Developing the system of competitive preferences</p> <p>Developing partnership cooperation through fostering technology transfer</p> <p>Furthering private sector involvement</p> <p>Fostering the return of capitals invested abroad</p> <p>Scaling down from 14 to 10 the number of procedure operations for the creation of enterprises and for setting up a business</p>	<p>Activities of the Competition Council</p> <p>Continued adjustment of legal instruments governing business to make them coherent</p> <p>Procedures regarding the management of industrial real estate</p> <p>Improvement of the business environment</p>	<p>Increase of Direct Foreign Investments</p> <p>International Statistics</p> <p>Time frame required for administrative formalities</p>	<p>Simplification of registration procedures</p> <p>Fitting and equipping of Industrial Zones (ZI) Commercial Activity Zones (ZAC) , Zones for Tourist Enterprises, and Zones of Industrial and Investment Activities (ZAI)</p> <p>Cleaning up and ensuring the security of industrial sites</p> <p>Improving information geared towards investors</p> <p>Enhancing single desk efficiency</p> <p>Further valorising the country's image</p>	<p>Reducing formalities and time required for the creation of enterprises.</p> <p>Revision of Investments Code provisions</p> <p>Readjustment of the regulatory and legal provisions governing real estate</p> <p>Decentralization of the management of industrial real estate</p>	End of 1st semester 2008	<p>ANDI</p> <p>Management and shareholding companies (SGPs) Real Estate</p> <p>National centre of the trade registry (CNRC)</p> <p>Algerian exhibits company (ALGEX)</p> <p>Banks</p> <p>Algerian Standardization Institute (IANOR)</p> <p>Bodies in charge of managing industrial and operational zones</p> <p>Concerned sectors</p> <p>Customs</p>	<p>MPPI</p> <p>Chamber of Commerce and Industry</p> <p>Local Authorities (Wilaya level)</p> <p>Private employers</p> <p>Trade unions</p> <p>Agricultural Chambers</p>	50.000	<p>Ministry of Shareholding and Promotion of Investments (MPPI)</p> <p>Ministry of Interior and Local Authorities</p> <p>Sartorial Ministries (Agriculture, Tourism....)</p>

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OBJECTIVE	EXPECTED RESULTS	VÉRIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	INITIATIVES UNDER WAY	IMPLEMENTATION TIMELINE	IMPLEMENTATION BODIES	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND RÉGULATORY BODIES
Improving the current requirements related to the organization and running of enterprises	Increase of enterprise competitively Outsourcing activities of limited yield	Level of labour productivity Technological obsolescence Capacity loss Level of obsolescence of staff qualifications	Level of ex-hydrocarbon exports Progress of imports Corporate Structure	Generalizing enterprise access to NICT and Internet. Training managers Realizing a study of constraints experienced by enterprises. Committing actions for the training and upgrading of staff skills	Enterprise upgrading Opening up the capital of some public enterprises Improving the conditions for the management environment of industrial zones	End 2009	ANDI (National Agency for the Development of Investments) ANSEJ (National Agency for Support to Youth Employment) SGP and ANGEM CNAC (National Unemployed Insurance Fund) Banks	Chambers of Commerce and Industry. National Institute on Productivity and development (INPED) Associations of Entrepreneurs Trade unions	50.000	Ministry of Shareholdings and Promotion of Investments Ministry of Industry Ministry of Employment and National Solidarity Ministry of Labour and Social Security
	2-Creating corporate networks and associations	Level of exchanges between enterprises Generation of scale economies Level of dependence vis-à-vis foreign countries	Progress of the family status towards Spas	Establishing a public-private partnership Organizing crossholdings Getting better acquainted with enterprises and national production Taking steps towards upgrading the legal status of enterprises Consolidating the subcontractors' exchange Publishing directories and catalogues	Reforming public enterprises through re-centring around basic trades and sifting out ancillary activities Boosting the stock exchange market Streamlining the payment system	End of the 1st semester 2008	SGP Banks Insurances	Trade unions Associations of Entrepreneurs		Ministry of Shareholdings and Promotion of Investments Ministry of Industry Ministry of Labour and Social Security National Competition Council

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OBJECTIVE	EXPECTED RESULTS	VÉRIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	INITIATIVES UNDER WAY	IMPLEMENTATION TIMELINE	IMPLEMENTATION BODIES	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND RÉGULATORY BODIES
	3-Securing better Integration of enterprises to their environment	Level of segmentation of corporate markets Efficiency of publicity Quality labels and deep anchoring in the market	Level of corporate exchanges Quality of local products (« consume Algerian products ») Enterprises taking charge of environment issues	Organizing open doors to introduce enterprises Organizing a study of the context of public dispute settlement Generalizing Charter of Enterprises accessing	Exhibits-cum sales of national products Corporate participation in social activities Increasing sponsoring activities Emergence of the notion of enterprises geared towards the citizen	2007-2009	SGP Agency for the promotion of rationalizing energy (APRUE) Certification Bodies Research Centres	Trade unions Associations of Entrepreneurs	30.000	Ministry of Industry Ministry of Labour and Social Security Ministry of Higher Education and Scientific Research Ministry of Land Management and Environment
	4-Fostering the emergence of enterprises endowed with rapid growth capacities in the new economy	Level of adjustment of financings ICT as promising market New capacities for the creation of new processes	Number of start-ups Quotation on the Stock Exchange Extent of ICTs and software in operation	Support to micro and medium size enterprises. Effective establishment of investment capital and risk capital Improving information from and to enterprises. Improving terms for granting credits to enterprises. Types of financing adjusted according to projects with great potential	Credit Development through : ANSEJ ANGEM and CNAC Creating Incentives for innovating investments by establishing the risk capital formula	End of the 1st semester 2008	ANSEJ, ANGEM CNAC, Research Centres ANDI Banks	Trade unions Associations of Entrepreneurs	50.000	Ministry of Industry Ministry of Labour and Social Security National Competition Council Ministry of Higher Education and Scientific Research Ministry of Land Management and Environment Ministry of Employment and National Solidarity

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OBJECTIVE	EXPECTED RESULTS	VÉRIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	INITIATIVES UNDER WAY	IMPLEMENTATION TIMELINE	IMPLEMENTATION BODIES	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND RÉGULATORY BODIES
Increasing land transport efficiency	Reducing transport costs and duration Developing and integrating communication networks. Improving the living conditions of populations Developing public transport Increasing the density of exchanges between regions	Level of urban traffic jam Scope of extension of the multimodal transport system.	Infrastructure grid Preference for group transport Quality of transport service Smooth transport flow Operational fleet	Committing a study on transport Improvement of road signals. Developing road network maintenance Establishing policies and measures geared towards reducing urban pollution	Setting up of the road and highway scheme as well as the SNAT (Algerian National Road Strategy) Building of the east-west highway Programme for the streamlining of secondary road networks and of urban thoroughfares .Reinforcement of the road signalling scheme	2007-2009 et min term	Enterprises and public and private corporate research consultancies	Banks Local Authorities Private Employers Associations of Transport users	100.000	Ministry of Transport Ministry of Public Works Ministry of the Interior and of Local Authorities
Improving the current state of maritime transport	Improving port management Improving services in fishing ports Increasing maritime traffic smoothness through sounder distribution of operations between ports and lessening of the traffic load of the port of Algiers Reorganizing unloading according to established	Duration of ship rotations. Scope of cases of penalties for demurrage Transport offer Availability of mooring facilities for the fishing fleet Level of competition in maritime transport	Ship loading/unloading time Development of back-up services	Reorganizing port activities Developing coastal traffic Privatizing auxiliary port facilities Conducting a study on container transport Organizing and extending the dry dock grid	Partial renewal of ships under national pavilion Scrapping of boats in a dilapidated state More involvement of national ships in the freight and transport of passengers to and from Algerian ports Study on the privatization of services in fishing ports	2 ^{ème} semester 2008	Port platform management companies CNAN(national shipping company) Banks Enterprises in charge of the management of industrial zones	Trade unions Private and public employers	50.000	Ministry of Fisheries and Fishing Resources Ministry of Public Works Ministry of Land Management and Environment

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OBJECTIVE	EXPECTED RESULTS	VÉRIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	INITIATIVES UNDER WAY	IMPLEMENTATION TIMELINE	IMPLEMENTATION BODIES	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND RÉGULATORY BODIES
	itemized unloading poles									
Accelerating reforms relating to enterprises	Accelerating the process of privatization of public enterprises Developing competition Boosting of the stock exchange Modernization of the payment system Emergence of a corporate culture Investment extension	Importance of the scope of State influence over economic activities Level of participation of the private sector Level of involvement of the Competition Council	Status of public enterprise privatization Public-private partnership Level of stock exchange capitalization Emergence of shareholding companies	Accelerating the pace of privatizations Boosting the stock exchange market Introducing prosperous enterprises into the stock exchange Corporation Upgrading Setting up assessment and audit mechanisms endowed with more efficiency Consolidating the information system Improving managers' training	Issuing tenders for the opening of the capital of public enterprises and banks Assessment of the assets and patrimony of public enterprises Taking charge of the problems relating to cleaning up enterprises	2007-2009 and mean term	ANDT (National Agency for the development of tourism) SGP Banks Regulatory Agencies	Chambers of Commerce and Industry Association of banks and financial establishments Trade unions Employers' Associations	50.000	Ministry of Shareholding and Promotion of Investments (MPPI) Ministry of Finance Ministry of Tourism Ministry of Finance Ministry of Trade Bank of Algeria Council on Competition
Control and supervision of economic activities	Reduction of the informal business and improvement of the situation of competition	Density of exchanges Degree of development of markets and commercial malls Supervision of price formation	Growth curve of the informal sector Generalization of invoicing Intensification of distribution	Increasing means of combating unfair competition Developing commercial courts Adjusting taxation to the commercial	Cleaning up markets Controlling the informal business Reactivation the National Competition Council	1st' semester 2008	Fiscal Services Customs Services Labour Inspections	Consumer Associations Trade unions Private and public Employers	50.000	Ministry of Interior and Local Authorities Ministry of Shareholding and Promotion of Investments

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OBJECTIVE	EXPECTED RESULTS	VÉRIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	INITIATIVES UNDER WAY	IMPLEMENTATION TIMELINE	IMPLEMENTATION BODIES	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND RÉGULATORY BODIES
		and profit margins	networks	nature of taxed activities	Adjusting the legislation Training of controlling officers					Ministry of Trade Council on Competition
	Setting up an efficient policy for consumer protection	Degree of development of consumer associations Generalized quality control Compliance with manufacturing and preservation standards	Consumer Associations Labelling rules Consumer information	Development of the quality control network Generalization of labelling rules Consumer information Bar code Introduction Establishing quality and certification standards	Extending operational scope of control laboratories activities Introducing compliance with WTO, SPS, and OTC standards Certification and bringing enterprises up to ISO standards	End of the first semester 2008	Algerian centre for quality and packaging quality (CACQE) Centre for Information and communication techniques (CETIC) Wilaya Price control division (DCP) Quality control Laboratories	Competition Council Associations of Consumers & Associations activating for the Safeguard of the Environment	40.000	Ministry of Interior and Local Authorities MPPI Ministry of Trade Ministry of Tourism

OBJECTIVE 2:

Ensuring that enterprises are citizen-friendly and mindful of human rights, social responsibility and environment sustainability

OBJECTIVE	EXPECTED RESULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT, AND REGULATING BODIES
Contribution of enterprises in the safeguard of the environment	<p>Development of programmes for the safeguard of the environment.</p> <p>Significant reduction of wastes and pollutions</p> <p>Improvement of special industrial wastes storage, treatment and disposal measures</p> <p>Establishment of a waste treatment policy</p> <p>Sensitization of players and emergence of a the concept of citizen-friendly enterprises</p>	<p>Effective adoption of a legislation respectful of the principle of in-depth analysis</p> <p>Adoption of ISO environment standards</p>	<p>Establishing waste treatment units</p> <p>Earmarking resources for environment safeguard</p> <p>Implementation of the full range of legislations and procedures conducive to pollutant reduction</p>	<p>Purifying industrial effluents.</p> <p>Reducing nuisances</p> <p>Eliminating special industrial wastes</p> <p>Foreseeing industry and energy-related risks</p> <p>Engaging systematic studies of environment impact</p> <p>Generalizing danger studies</p> <p>Establishing follow up and warning legislation towards response organization</p> <p>Training, sensitizing, and ensuring players' cooperation</p>	<p>Setting up an environment management system</p> <p>Implementing existing legislation on discharge control and monitoring of de-polluting equipments</p> <p>Economic operators' adoption of the Corporate Charter</p> <p>Establishment of a Centre for cleaner production technology</p> <p>Reinforcement of the pertinent legislation and bringing into force environment standards</p> <p>Creation of and making effective an environment geared taxation</p> <p>Staff training</p>	End of second semester 2009	<p>Enterprises</p> <p>SGP</p> <p>APRUE</p> <p>Specialized analysis laboratories</p> <p>Local authorities</p>	<p>Environment protection Associations</p> <p>Consumer protection Associations</p> <p>Universities</p> <p>Research Centres</p>	60.000	<p>Ministry of Land Management and of the Environment</p> <p>Ministry of Shareholding and Promotion of Investments (MPPI)</p> <p>Ministry of Interior and Local Authorities</p>

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OBJECTIVE	EXPECTED RESULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT, AND REGULATING BODIES
Combating informal labour	<p>Increasing the impact of legislative provisions</p> <p>Reduction of black market labour</p> <p>Making workers enjoy their social rights</p> <p>Improving labour market visibility</p> <p>Reducing infringements upon labour legislation</p> <p>Bettering information on labour rights</p> <p>Reducing exploitation of female workers</p>	<p>Development, organization and scope of labour supervision bodies</p> <p>Enforcement of ratified child labour international conventions</p> <p>Level of private sector participation in the payment of social security dues</p> <p>Level of development of labour medicine, health and safety</p>	<p>Number of social security affiliates</p> <p>Labour supervision staff figures</p> <p>Activating health and safety units in enterprises</p>	<p>Making mandatory and systematic the submission of statements of people employed</p> <p>Reinforcing mechanisms for combating illegal labour as part of the new labour laws</p> <p>Extending social dialogue and getting social and economic partners involved</p> <p>Providing incentive for the opening of trade union chapters in private enterprises</p> <p>Improving labour statistics and opening an enquiry about salaries in the economic sector</p> <p>Establishing a system of information on incomes</p>	<p>Effective enforcement of the various facets of labour legislation</p> <p>Developing public employment programmes to enable the integration of the youth population</p> <p>Reducing taxation pressure and encouraging enterprises to hire</p> <p>Intensifying control operations</p> <p>Establishing an economic and social Covenant</p> <p>Collective labour bargaining</p>	2007-2009	<p>Enterprises</p> <p>General labour supervision divisions</p> <p>Algerian chamber of commerce and industry (CACI)</p> <p>ANGEM (national micro-credit agency)</p> <p>Social security bodies</p>		50.000	<p>Ministry of Trade</p> <p>Ministry of Employment and National Solidarity</p> <p>Ministry of Justice</p> <p>Ministry of Trade</p> <p>Ministry of Employment and National Solidarity</p>

**OBJECTIVE 3:
Promoting a code of business ethics in pursuit of the realization of corporate objectives**

OBJECTIVE	EXPECTED RESULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT, AND REGULATING BODIES
Adoption of codes of business ethics	<p>Combating corruption in the business environments</p> <p>Moralizing commercial activities</p> <p>Establishing transparent and competitive operational frameworks</p> <p>Establishing a legislation for consumer protection and enabling appeal by citizens</p> <p>Combating corporate combines</p>	<p>Level of private sector compliance with fiscal code and labour code provisions as well as with quality standards</p> <p>Integrity of private enterprises</p> <p>Compliance with legislation and good business practice</p> <p>Degree of spread of informal practices</p> <p>State of play in regard to counterfeiting and its impact on consumption.</p>	<p>Adoption of the code of ethics</p> <p>Adoption of codes of deontology for the professions</p> <p>Adoption of the Corporate charter</p>	<p>Mapping out a consumer charter</p> <p>Ensuring compliance with competition rules and combating all aspects of unfair competition</p> <p>Controlling smuggling and money laundering</p> <p>Establishing training programmes for accountants, lawyers and corporate managers</p> <p>Increasing administration control operations and making economic and social partners play their roles</p> <p>Revising accounting and auditing standards</p>	<p>Issuing legislation geared towards fostering commercial ethics</p> <p>Activating consumer associations</p> <p>Reinforcing measures for preventing and controlling corruption</p> <p>Improving transparency and traceability of transactions</p>	End of the second semester of 2008	<p>Enterprises</p> <p>SGP</p> <p>Associations and corporations of the judiciary chain</p> <p>CACQE</p>	<p>General Accounting office</p> <p>IGF, DGI</p> <p>Chamber of Commerce and Industry</p> <p>Federations of employers</p> <p>Consumer associations</p>	1.000	<p>Ministry of Justice</p> <p>Ministry of Shareholding and Promotion of Investments (MPPI)</p> <p>Ministry of Finance</p> <p>Ministry of Trade</p>

OBJECTIVE 4:
Ensuring that enterprises provide all their partners (shareholders, employees, communities, suppliers and clients) with fair and equitable treatment

OBJECTIVE	EXPECTED RESULTS	VÉRIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	INITIATIVES UNDER WAY	IMPLEMENTATION TIMELINE	IMPLEMENTING BODY	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND REGULATING BODIES
Combating Corruption	Improved conditions for accessing information. Reinforcement of measures for combating corruption Protection of shareholders' rights Reduction of economic crime Moralization of economic activities.	Access to basic information concerning enterprises Traceability of transactions Volume of contracts by mutual agreement	Presentation of accounts Adjustment of the legislation on public contracts Services specializing in combating fraud and corruption Measures to ensure banking traceability	Modernization of management instruments Upgrading and modernization of payment systems Reduction of the scope of informal business Making systematic invoicing mandatory Revision of the Code of Public Contracts Reinforcement control and follow up operations in administrations and enterprises	Cleaning and streamlining national customs services Revising terms for applying for and drawing up mutual agreement contracts Establishment of the financial intelligence processing unit	2007-2009	General finance supervision (IGF) SGP Banks Financial intelligence and treatment unit (CTRF)	Higher Council of judges (CSM) Pertinent security services	20.000	Ministry of Justice Ministry of Finance Ministry of Trade General Accounting Office
Protecting Property Rights	Reduction of technical obstacles impeding trade Improved yield Reduction of the informal market sphere Protection of the rights of	The situation of the counterfeited goods market The pirating of computer software Level of development of informal activities relating to recording and	Level of efficiency of the instruments used for combating counterfeiting Number of operations of confiscation at borders Reinforcement of	Consolidating the system of protection of rights and patents through INAPI (the National Institute for the Protection of Intellectual Property) Making for a more rigorous legislation for the protection of	Seeing to the enforcement of regional and multilateral agreements for investment protection Accessing TRIPPS agreements under	2007-2009	INAPI CETIC SGP IANOR ONDA (National copyright agency)	Consumer Association National Customs Public and Private Employers Trade Unions	100.000	Ministry of Industry Ministry of Justice Ministry of Trade Ministry of Shareholding and Promotion of Investments (MPPI)

OBJECTIVE	EXPECTED RÉSULTS	VÉRIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	INITIATIVES UNDER WAY	IMPLEMENTATION TIMELINE	IMPLEMENTING BODY	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND REGULATING BODIES
	enterprises Development of the system of contract-based transactions	distribution	border monitoring services and activities	rights. Establishing a traceability system Training agents in divisions in charge of supervision	WTO Training of Customs services					

**OBJECTIVE 5:
Providing for the accountability of enterprises, managers and executives**

OBJECTIVE	EXPECTED RÉSULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND REGULATING BODIES
Addressing the inadequacy of information from and to enterprises	Implementation of existing provisions in terms of information and of presentation of accounts Improvement of enterprise information through reliable, operational systems Increasing enterprise cooperation in the area of	The state of play in regard to the information system Consistency between frequency established as per statutes for the dissemination of information and actual practice Current situation of internal control Level of mastery	Banks and data bases Penetration of Intranet and internet in enterprises Establishing analytical accounting in enterprises Progress achieved in corporate communication capacities	Compliance with the obligation to publish accounts and status reports Training of auditors and creation of interfaces with the judiciary Reinforcement of assessment and supervision measures geared to established standards Reinforcement of	Reinforcement of the competence and control operations by the Banking Commission Improvement of risk management (central unit in charge of outstanding payments, risk unit) Establishing a general « major enterprises » division in the	End of first semester 2009	Enterprises SGP, ONS CNAS General Taxation department CNRC Banks ANDI	Bank of Algeria Chambers of commerce and industry. National Council of Statistics Employers' Organizations and federations	50.000	Ministry of Shareholding and Promotion of Investments (MPPI) Ministry of Justice Office of the General Commissioner for Planning and Forecast Studies

APPENDIX I: PROGRAMME OF ACTION OF ALGERIA

OBJECTIVE	EXPECTED RÉSULTS	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	INVOLVED PARTIES	ESTIMATED COST (IN THOUSAND USD)	FOLLOW UP, ASSESSMENT AND REGULATING BODIES
	statistical investigations Developing legal, accounting, and statistical information	over costs Integrity of documents and degree of coherence in documentation circuits.		the control of competent bodies Updating of the framework of corporate and bank accounting Revision, through the institution of settlement, of the legislation providing for penalties in the event of failures to comply with the existing provisions	taxation system Protection of shareholders' rights					

SECTION IV: SOCIO-ECONOMIC DEVELOPMENT

OBJECTIVE 1: Promoting a sustainable economic growth

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODIES
Sustainable economic growth	Increase of social impacts of policies	Unemployment rate reduction	ONS Publications	Improving quality in reviewing socioeconomic studies of public projects	Extended consultation on the rural development programme following a participative approach	SEM II – 2008	Office of the General Commissioner for Planning and Forecast studies Social Development Agency Local Authorities	Local Authorities SGP – Economic Public Enterprises ONS CSOs/NGOs Research consultancies	100.000	Ministry of Finance Ministry of Interior and Local Authorities Concerned ministries
	Lower dependence of social budget on the level of hydrocarbon exports revenues	Increase of the rate of social security affiliates	Social Welfare Funds Publications	Reforming the scaling of social subsidies and services by involving the populations involved	Development of neighbourhood units (ADS) as part of the poverty control programmes				100.000	
	Ease in consulting among socioeconomic and political players on development objectives	Decrease of disputes and greater importance given to leading personalities	Results of opinion polls	Multiplying opportunities for national and local authorities' encounters with the concerned populations and providing responses to their pleas	Extending dialogue with local associations					
	Agreement and involvement of the populations in regard to the modes of implementing and managing	Spontaneous population response to the rehabilitation and protection of the sites of projects ' and of public structures	Disappearance of rioting and acts of vandalism against official sites							

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OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODIES
	programmes Cleaning up the macroeconomic sphere Decrease in the prevalence of corruption Programmes better suited to the needs of populations Through joint consultation, taking more efficient charge of the costs inherent in the running of public equipments erected	The lack of project revalorization Compliance with schedules for the realization of public equipment Resource-based economy to secure greater social gratification Establishing population-accepted pricing of access to public services	Report on the implementation of the Finance Laws High rates of utilization of services created and public equipment installed Better price/quality ration in terms of services rendered Sector-based	Rigorous regulation and monitoring of the execution of public finance programmes Developing internal audits of projects by involving representatives of populations concerned Reinforcement of consultation towards the decentralization of economic decision making and more significant involvement of the civil society Reinforcement of the associative movement Codification of the modes of involvement set for the private sector and the	More significant development of dialogue with associations Issuing of a new organic legislation on Finance Laws Revision of the budgetary procedures Decentralisation of the fiscal services Revision of the district and wilaya codes. Greater involvement of the private sector Creation of simplified legal framework to	SEM II - 2009	Office of the General Commissioner for Planning and	CNES Trade Unions CSOs/NGOs /	100.000	Ministry of Finance Local Authorities Concerned ministries

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODIES
			reports and opinion enquiries	civil society at each stage of the development process.	facilitate the development of public/private partnership.		Forecasting APW APC	Banks CSOs/NGOs		

**OBJECTIVE 2:
Improving equity between categories and generations**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATORY BODIES
Actual inter-category and inter-generational equity	Eradication of the extreme poverty situation of people living with an income below the 1US\$ daily purchasing power parity and notable reduction of the proportion of those living with less than the 2US\$ daily purchasing power parity Generalizing access of all to education from	Available income per capita of the first decile of the population. Poverty margin index (incidence of poverty x degree of poverty)] Share of the 1st quintile in national consumption Percentage of underweight children under 5 Securing education	Statistics of the Ministry of Health ONS Publications Local Development Indicators of the Ministry of Rural Development and Agriculture (MDDRA) Increasing the net	Increasing the budget of assistance to income less households Improving the system of targeting needy people Tightening up controls related to the mode of allocating assistance subsidies to the poor	Reinforcement of resources allocated for micro credit, Effective use of the f credit guarantee funds earmarked for young entrepreneurs and SMEs Increased decentralization of structures welcoming and guiding youth and unemployed desiring to	SEM I-2009	Social development Agency Local Authorities	Office of the General Commissioner for Planning and Forecasting Studies National statistics NGO's/CSOs	100.000	Ministry of Employment and national solidarity Ministry delegated for rural development Ministry of Health, Population and Hospital Reform Ministry of SMEs Ministry of employment and

APPENDIX I: PROGRAMME OF ACTION OF ALGERIA

	primary to university levels	for all up to the age of 16 Providing certification as per international standards for all types of vocational training Increasing structure capacities in terms of welcoming rural women to professional training	rate of elementary schooling Lowering illiteracy rate Reducing the numbers of school drop outs Increase of internal productivity in terms of numbers of graduation figures Increasing the rate of professional integration of degree holders Creation of pedagogical literacy tools Developing school children's transport Increasing the numbers of school children on half-board	Direct forms of support to enterprises hiring poor , In crease of number of beneficiaries of micro credits Development of the system of job offering information system Statistics of general and higher Education Vocational training Statistics Population census Enquiries between censuses Enquiries on employment and unemployment Statistics of vocational and professional training departments	create micro-enterprises (through ANSEJ, CNAC—National Insurance Fund for the Unemployed and, ANGEM, National Agency for the Management of Micro-Credit) Securing the means of creating the necessary incentives for rural families to have a follow up towards full primary schooling of their children (girls and boys) up to the age of 16 Bringing down to 25 the figure of learners per class Putting an end to the system of schooling by shifts Increasing the capacities of school canteens Reinforcing the numbers of psychologists in	SEM II-2009	Local Authorities Observatory of Employment and control of poverty	CNES Office of the Commissioner for Planning and Forecasting studies General Budget Management ONS CSOs/NGOs	300.000	national solidarity Ministry of National education Delegated Ministry In charge of the family and the condition of women Ministry of Health Ministry of Labour and Social Security Ministry of Employment and
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	Securing a good health for the population	<p>Revaluating high ranking teachers' salaries</p> <p>Generalizing INTERNET access in all Institutes</p> <p>Health Ministry Statistics</p> <p>ONS</p> <p>Population Statistics</p>	<p>Increasing teaching staffs at executive levels</p> <p>Increasing Allocation of resources for ICT</p> <p>Introduction of the LMD System Increase</p> <p>Increasing the social welfare budget</p> <p>Generalizing the links between universities and enterprises</p> <p>Bolstering the national programme for handling perinatal cases and premature births launched in 2005 and aiming at providing global care for mothers and infants</p>	<p>schools</p> <p>Securing a better integration of higher education into the socio economic environment</p> <p>Creation of 09 Doctoral schools</p> <p>Bolstering the means available to Centres for the Protection of mothers and infants , of Family Planning centres and of neighbourhood clinics</p> <p>And extending their availability (1 per commune)</p> <p>Enhancing information on pregnancy follow-up</p> <p>Realization of the programme for the construction and fitting of hospitals,</p>	SEM II - 2009	<p>National public health institute(INSP</p> <p>Heath sectors</p> <p>University hospitals centres</p>	<p>Local authorities</p> <p>CSOs/NGOs</p>	100.000	<p>national solidarity</p> <p>Ministry of National Education</p> <p>Ministry of Health, Population and Hospital reform</p>
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	Control of HIV/AIDS	<p>use</p> <p>Rate of prevalence of HIV among pregnant women</p> <p>Increasing the number of women holding executive positions in the economic and social life of the country</p> <p>Promotion and protection of women's rights</p> <p>Girl-boy parity in primary, secondary and higher</p>	<p>Statistics of the Ministry of Health</p> <p>General and Higher Education Statistics</p>	<p>Increasing resources allocated for vaccination programmes</p> <p>Bolstering programmes for the control of diarrhoea related diseases and acute respiratory affections</p> <p>Combating pregnancy related Mortality and morbidity</p> <p>Improving birthing conditions</p> <p>Increasing family planning resources</p> <p>Reinforcing the means of precocious screening of genital cancers</p> <p>Informing populations</p> <p>Establishing a permanent</p>	<p>polyclinics, and health and maternity centres</p> <p>Training and guidance of rural midwives</p> <p>Free and systematic screening programme -national AIDS control programme</p> <p>Border epidemiological monitoring with sentry networks</p>	National Health Institute	<p>Health sectors</p> <p>University hospitals</p> <p>Information bodies</p> <p>CSOs/NGOs</p>	Delegated Ministry in charge of family and the condition of woman
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	Improving gender situation	education	Periodical statistics of the IQRA literacy association	information and sensitization agency Taking in charge sick people	Promotion and broadening of the activities of the National Council on Woman	SEM I - 2009	National Institute of Public Health	General Commissioner's Office for Planning and Forecasting Studies	100.000	
		Reduction of the literacy difference (15 to 24 years' old between men and women'	Employment statistics of ONS	Prevention on sexually transmissible diseases				Enforcement of the revised Family Code		
		Increasing the percentage of salaried women in non-agricultural sectors	Annual statistics issued by the National Assembly and the Council of the Nation	Improving parents information in rural areas	Enforcement of the revised Family Code		Delegated Ministry for the Condition of Woman and the Family	National Office of Statistics		
		Increasing the number of seats occupies by women in Parliament		Bolstering means made available to associations committed to combating illiteracy in general and with rural women in particular				CSOs/NGOs		Ministry of Housing and Urban development
		Improving the quality of public services in urban and rural areas							100	Bank of Algeria
		Reduction of the flow of rural exodus								
		Reduction of the mean number of individuals per piece of housing		Encouraging women to become politically involved						Ministry of Interior and Local Authorities
		Reduction of households not yet connected to Roads and Miscellaneous	ONS quarterly Financial and Monetary	Replacing shoddy housing by hard material		Sem II - 2009				Ministry of Finance Ministry of Land Management and Environment

APPENDIX I: PROGRAMME OF ACTION OF ALGERIA

Facilitating the access of all people to other quality public services (other than those Subservient to national education, vocational training and health departments) Sustainable improvement of regional balance	networks (VRDs) and to drinking water and gas and electricity grids Improving and harmonizing standards of living of citizens between Wilayas and communes	Statistics	housing	Developing housing creation	Sem II - 2009	Local authorities Locales	CNES	200.000	
		Annual Statistics of the Ministry of Housing	Reinforcing capacities for realizing VRDs and extending water, electricity and gas supply grids in urban and rural areas	Achieving the creation of drinking water and cleaning grids (Drilling ,water towers, dams, collinear),					
		Annual SONELGAZ Statistics	Rehabilitate obsolete urban and rural building structures	Realization of electrification and natural gas grid connection projects	SEM I-2009	Agency for the improvement of housing (AADL)	Office of the General Commissioner for Planning and Forecast Studies	500.000	
		Annual ADE statistic	Increasing the number of beneficiaries of micro credits	Operation whereby 05 million households have been enabled to access ICT		Banks	General Statistics Office (ONS)		
		Wilayas economic and social	Commune development programmes (PCDs)	South and High Plateaux Scheme		General Local Development Board	CNES CSOs, NGOs Banks		
			Special programmes to foster production	Creating 100 commercial premises per commune					
			Improved backing of local investments	Land management strategy					

**OBJECTIVE 3:
Safeguard of the environment**

OBJECTIVE	EXPECTED OUTPUT	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	REQUIRED MEASURES	ONGOING INITIATIVES	IMPLEMENTATION TIMELINE	IMPLEMENTING AGENCY	STAKEHOLDERS	ESTIMATED COSTS (IN THOUSAND USD)	FOLLOW-UP, ASSESSMENT AND REGULATING BODIES
<p>Securing conditions for efficient safeguard and valorisation of existing environment achievements</p> <p>Ensuring provisions for efficient protection and valorisation of environmental achievements</p> <p>.</p>	<p>Safeguarded environment</p> <p>population and corporate participation in valorising existing environment achievements,</p> <p>Reduction of liquid, solid, and gaseous wastes discharge level</p> <p>Developing a sustainable development culture</p>	<p>Measurement of air and water pollution</p> <p>Measurement of air and water pollution,</p> <p>Increasing the capacities for household waste waters and general waste treatment</p> <p>.</p> <p>Greater cleanliness of cities</p> <p>.</p>	<p>Publication of measurements of air quality</p> <p>Measurement of air quality</p> <p>Volume of treated waste waters</p> <p>Quantities of removed and treated household wastes</p>	<p>Reinforcing the capacities for collecting and processing liquid, solid and gaseous wastes</p> <p>Conducting studies of the environmental situation of the countries' major cities</p> <p>Popularizing and bringing into force the polluter/payer principle</p>	<p>Implementation of the National Plan of Control of all Forms of Pollution</p> <p>Streamlining existing polluted waters treatment structures</p> <p>Mapping out a master plan for the safeguard of the urban and rural environments</p> <p>Updating soil occupancy , housing, economic activity, green spaces and forests schemes</p> <p>.</p>	SEM II-2009	<p>External water and forestry services</p> <p>Local authorities</p> <p>CGPP (Office of the General Commissioner for Planning and Forecast)</p>	<p>General Forestry department</p> <p>National Agency of dam structures</p> <p>Management and shareholding companies (SGP)</p> <p>Public and private enterprises</p> <p>Trade unions</p> <p>NGOs / CSOs</p>	100..000	<p>Ministry of land management and the environment</p> <p>Ministry of agriculture</p> <p>Delegated Ministry</p> <p>In charge of rural development</p>

APPENDIX II



APRM

**African Peer Review
Mechanism**

Promotion of democracy and good governance



**African Peer Review
Mechanism**

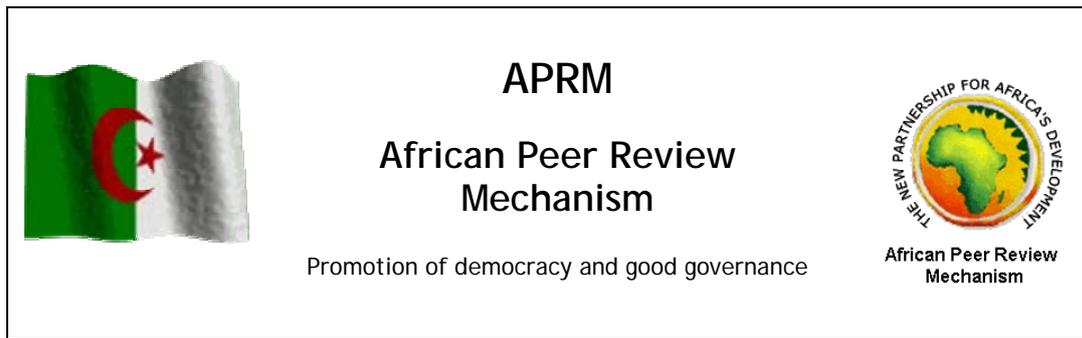
COMMENTS AND AMENDMENTS BY THE ALGERIAN GOVERNMENT

June 2007



NOTE OF THE PANEL

The APR Panel would like to thank the Government of Algeria for the useful comments sent following the reception of the Country Review Report. The Panel has corrected the factual mistakes and errors contained in the text. However, we have decided to keep some additional comments of the corrigenda which we believe, will allow the reader to better apprehend the current policies of the Government of Algeria. These comments are placed at the end of the Report.



PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

AFRICAN PEER REVIEW MECHANISM

COMMENTS AND CORRIGENDA OF THE GOVERNMENT OF ALGERIA ON THE PANEL OF EMINENT PERSONS' COUNTRY REVIEW REPORT OF ALGERIA

PREAMBLE

It is with interest that Algeria received the Assessment Report compiled by the Assessment Mission, which was entrusted with evaluating this country as part of the African Peer Review Mechanism (APRM). The report comes as a result of two assignments that the Assessment Mission undertook in Algeria, as well as a national self assessment.

Algeria wishes to express its sincere appreciation for the quality of this report. The report is distinctive in the richness of the information it provides, the variety of sources it has consulted, and the thoroughness of the analyses made – as well as the pertinence of the observations and recommendations that it has put forward.

In addition, Algeria wishes to commend the spirit of dialogue and collaboration that is evident in the Assessment Mission report, and notes with satisfaction the objectivity and depth of its treatment of the National Self-Assessment Report.

Finally, Algeria notes this report's full compliance with the principles laid down in the declaration on democratic, political, economic and corporate governance, which is the foundation of the APRM.

In conclusion, the Assessment Mission report is bound to be a platform for exchange and constructive dialogue on the ways and means of pursuing the promotion of good governance.

With this in mind, Algeria wishes to express its earnest appreciation to the APRM's Assessment Mission, and in particular to its chairperson, Ms Marie-Angélique Savané, and to each of the mission's members for their contribution to this report.

Owing to their insightful analysis – and to the thoroughness, relevance and potential impact of the report in terms of improving corporate governance in Algeria – the observations and recommendations contained in the report will be a source of inspiration and will be useful to public authorities, as well as to all other national stakeholders.

This being said, Algeria wishes to issue remarks and observations pertaining to the following:

- On the one hand, the most substantive aspects contained in some key cross-sectoral matters that are deemed to reflect the strategic components to which Algeria has committed itself (document No. 1 – *Commentaries by the Algerian Government*).
- On the other hand, the factual aspects contained in the report (document No. 2 – *Corrigenda*).

AFRICAN PEER REVIEW MECHANISM

COMMENTS BY THE GOVERNMENT OF ALGERIA

1. The strategic economic- and social-development vision of Algeria is based on an approach of sustainable development. This approach has been localised by taking into account the economic and political processes of the Algerian population.

The sustainable-development approach is founded on Algeria's historical and political commitment to build a progressive society that is endowed with social justice and oriented towards modernity. This foundation conceives of man, and his productive and participative capacities, as being the core of the development process.

The current period of transition experienced in Algeria necessitates a far-reaching and pervasive approach, which is inherent in an in-depth transformation of economic, social and political structures. Although in some regards, efforts to achieve this goal may not be evident, the objective of the approach is meant to be coherent, its content is conceived as being thorough, and its approach as being pragmatic.

2. The guiding principles of the main long-term strategy axes are:
- the promotion of sustainable development at all levels, the reduction of imbalances between regions, and the diversification of the sources of economic growth;
 - the reduction of disparities through a more equitable distribution of income between social categories, and the establishment of dynamic and balanced redistribution mechanisms;
 - the improved quality of services for the benefit of the population – particularly in the areas of health, education and social welfare – necessitating a staunch determination to ensure that poverty further decreases; and
 - the consolidation of the role and place of civil society, and increasing the participation of women and the youth in the economic and social life of the country.

The challenge accepted by the Algerian society, as articulated by its President, consists of finding a way to boost the processes inherent in addressing development matters, and proceeding towards the use of flexible and participative systems that are sustained by an adequate governance framework with the purpose of fostering political and economic transition.

I. GROWTH CONSOLIDATION AND DIVERSIFICATION: A GOVERNANCE PLEDGE OF STRATEGIC SIGNIFICANCE

3. In order for Algeria to meet the objectives that it has assigned itself for the medium and long term, sustainable growth of over 8% is required.

The growing credibility achieved at financial, political and diplomatic levels endows this country with an appreciable bargaining power that enables it to claim a new position in the world economy and, above all, the status of an emerging economy.

Its long-term growth is driven mainly by the guidelines contained in the following overarching strategies and policies:

- a land management strategy lasting until the year 2025 aimed at enabling the redeployment of growth potential. This strategy is geared towards large-scale investment in economic infrastructure (such as roads, railroads, water works and social action) and the economic rehabilitation of land through an equitable distribution of growth capacity;
- fostering the conditions required for sustainable growth through the development of standards of competitiveness and innovation. These standards will be supported by an industrial strategy developed in consultation with a wide range of economic and social partners;
- a scientific research policy that operates hand-in-hand with the initiatives of national and sector-based economic activity;

- boosting the use of natural resources – particularly hydrocarbons – by establishing petrochemical industries and diversifying supply chains used in the production of nuclear and solar energy; and
- sector-based strategies in the agricultural, small and medium enterprise (SME) and tourism areas, conceived with a view towards increasing employment levels, creating various sources of wealth, and encouraging a wider, exchange-based integration in the world economy.
- A major challenge in reaching these objectives remains the development of a coherent economic system with a strong foundation in terms of incentives, coherency and organisation based on parity. What is sought is an economy endowed with stable structures and high-level reactive capacities, and which is fully integrated in the global economy.

4. The State, as the centrifugal force, has played a historical role in the nation's socioeconomic development, as well as in addressing the needs of the population – based on rules and regulations that are guided by social justice. However, the State's historical mandate is not at an end, as Algeria is now at a watershed moment in its development. More than ever, the country now needs a strong State in order that it may be capable of actively pursuing its commitment to consolidate the nation's economic and social growth.

The State's role can no longer be seen as being critical only when spontaneous and situation-specific needs arise due to the fluctuation of resources. Rather, the challenge is to rationalise and systematise State *intervention by defining the role, areas, objectives and mechanisms by means of which and through which it is expected to act.*

Such an understanding of the role of the State is also part of a new culture based on the principles of transparency, justice and good economic and political governance – principles that must be upheld at all levels.

The State is increasingly being called upon to disengage itself from the market sphere. Its mission will need to be refocused around its role as manager and in line with regulations.

5. The land management policy is a new gauge through which to measure the guidelines set for development, housing and infrastructure realisation. The policy is also one of the factors that provides incentives for the promotion of investment.

The new awareness with regard to environmental issues is one of the socioeconomic development facets worth emphasising. Environmental awareness is a priority concern in the National Land Management Grid, which has awarded a central position to issues surrounding sustainable development.

The imbalances afflicting Algeria have made it necessary to take a consultative approach, taking into account the opinions of economic operators, social partners and the general population. The approach uses participative and

interactive processes, and takes cognisance of the growing importance of environmental safeguard associations and the need to restore the functionality of Algerian land areas and environments (addressing issues such as excessive coastline concentration, depopulation of the hinterland, major pressure on resources and biotopes, pollution and so forth).

In response to this challenge, a variety of activities have been initiated with the purpose of reducing gaps, reversing the environmental degradation process and regenerating living environments.

II. SOCIAL AND CULTURAL DEVELOPMENT AS MOTIVATOR FOR GOOD GOVERNANCE

6. The promotion of man remains the ultimate objective of economic and social development.

In comparison with the rich sociocultural diversity that characterises many other nations on the African continent, Algeria's population is unique in that it is homogenous and unified. This unification has been forged by a history spanning several millennia, and which is based on the foundations of Amazighity, Arab-hood and Islam – with freedom of worship being secured by the Constitution. Throughout the long history of the Algerian people, this unity and solidarity has enabled Algerians to oppose the many attempts to interfere with the national personality, identity and territory – despite the immensity of the latter. The country's unity constitutes the heart from which it has constantly drawn the strength and resources required to resist attempts to unhinge its land and contaminate its identity.

The institutions and laws of the independent Algeria have been established with a view towards consolidating and strengthening this important hallmark of the Algerian people. The profound value ascribed to the unity of the people has been formalised by (*inter alia*) the constitutional preservation of the equality of all citizens – without any distinction whatsoever, and of whatever nature, in terms of rights and duties – as well as by the promotion of equal opportunities in all areas of the country's political, economic and social life.

The unity of the Algerian people has also been formalised through the promotion of a unified State based on the principles of democratic organisation and social justice.

It has likewise been affirmed by the institutional safeguard and promotion of the three fundamental components of the Algerian identity, namely Amazighity, Arab-hood and Islam.

7. Algeria has achieved major progress in many fields, such as education, health and housing, let alone in the eradication of extreme forms of poverty and the significant reduction of the other forms of poverty. Underprivileged or

disadvantaged individuals are cared for by the State and, to an increasingly relevant extent, by civil society. Such efforts will be continued and consolidated as part of a strengthened social welfare and national solidarity policy, to which the State devotes over 12% of its gross domestic product (GDP). This pursuit of equality and justice constitutes the foundation of social policies grounded in affirmative action. Along the same lines, the distribution of income is at the heart of all economic policies geared towards the reinforcement of social cohesion. The organisation and approval of financial transfers will be such that they allow for the alleviation of those dysfunctional aspects noted in the distribution of the national income, as well as for the restoration of the principles of equity.

8. In order to stabilise populations and meet the increasing needs that result from the collective aspiration for better living conditions – following a general downturn observed in the 1990s – it is of utmost importance to improve the conditions under which the population can access basic services and reduce all forms of disparity. This is a political choice grounded in political will to:
- catch up with social deficits systematically;
 - instil new life in local economies; and
 - reduce disparities between the various parts of the territory – such as between the North and the South, and between urban and rural areas.

The pursuit of total fulfilment for every man goes hand in hand with the need to develop human capital and the economy through knowledge and sociable processes.

9. Access to employment is society's major concern. Many indicators testify to the acute gravity of this issue and its relevance in terms of preserving social cohesion. The issue of employment is at the forefront of the youth's needs and therefore constitutes a priority concern for public authorities. Consolidating economic growth remains the premier means to attaining sustainable employment creation. In the medium term, the support mechanisms and interim forms of employment are expected to decrease so as to make way for the benefits inherent in the creation of additional employment opportunities that come in the wake of economic growth. The significant drop in unemployment rates observed during the past few years is an important indicator of the manifold capacity of the national economy for swift and efficient redeployment.

Our national economy should take advantage of the human potential available to it – a potential that increasingly involves technical and technological capacities, as well as professional skills.

10. Human capital and a knowledge-based economy (KBE) are major prerequisites for instituting reforms and strengthening the foundations of competitiveness.

Building human capital and the skills of the population is increasingly important for countries such as Algeria, which face the double challenge of unemployment and the relative scarcity of skilled manpower. The practice of remunerating production factors according to their productivity allows for the efficient compensation of labour. Labour remains the premier source of wealth creation and, hence, of economic and social development.

The trend towards an increase in average labour productivity observed during the past few years – both in nominal and in real terms – constitutes an interesting capacity indicator that contributes towards emphasising and recognising the important efforts made in the areas of training and employment skill requirements.

The efforts made by Algeria in the fields of teaching and training urgently need to be reinforced and aligned with national economic requirements. They should be extended to ensure that systematic and generalised access to information and communication technology (ICT) – which is one of the fundamental aspects of KBE – is provided. Syllabi that encourage technical upgrading, the retraining of staff and information development schemes will contribute towards spreading skills in view of the goal of consolidating human capital.

III. THE CONSOLIDATION OF DEMOCRACY AND THE RULE OF LAW AS INSTRUMENTS OF GOOD GOVERNANCE

11. Political pluralism, freedom of the press and the responsible exercise of citizenship in all its forms are the bedrock of democracy. Today, they constitute many undeniable outcomes and achievements which the Algerian society has reached as a result of substantial sacrifice.

The population's access and contribution to the development process are considered to have a decisive role in the implementation of strategies. This is a far cry from the earlier policies, which were characterised by centralisation and bureaucracy, and which entailed much delay. Governance increasingly seems to be an agent of social cohesion, generating the growth of many activities which meet the need to:

- develop transparency in the actions of the public administration;
- foster user information; and
- strengthen the forums for dialogue and appeal available to citizens.

12. The major guidelines underlying the societal project (and the programme of action it includes) are converging to establish good governance at all social levels. This includes representation, participation, management and programming – as upheld in the various legal, institutional and technical instruments that have been established. These instruments cover a variety of constitutionally-guaranteed standards of social, economic and political rights.

Indeed, both the broader participation of the population – including that of women and the youth – in defining and implementing development programmes, and compliance with the principle of realising continued consultation between the population and the authorities, constitute assurance that the objectives sought will be met.

The Assessment Mission report could note that the participation of civil society constitutes a distinct challenge to the management of public affairs. Although it can be said that most of these associations are not adequately representative and that, to a certain extent, the means available to them are unsoundly managed, there is cause for celebration: the number of these associations has swiftly increased. There are now 70,000 local associations and 900 national ones. More than 50 of these associations can be considered to be useful to the public, and more than 10 can be regarded as being an ally and supporter of public authorities.

In this regard, both public authorities and associations are called upon to be innovative. For this reason, the programme of action includes a revised law on association, and it expects associations to be more transparent and communicative with regard to their activities.

13. Algeria is experiencing profound transformations in its environment, and must face the requirements inherent in renewing management and governance executives. It is imperative to match such a dynamic with bolder economic, political and institutional reforms – both in order to secure progress in terms of management, and to adjust the reform processes to the new socioeconomic and socio-political reality. It is through a step-by-step and interactive approach that progressive adjustments and coherent agreement can be made part of the economic, political and institutional spheres.

Reaching these objectives entails a consideration of the mechanisms underlying the various aspects of political and economic restructuring, particularly as they impact on the decision, management, supervision and participation systems. The key lies in strengthening and supporting the efforts of public authorities in terms of upgrading institutions, the economy and enterprises – and this is the core of the reforms that are to be instituted.

The strategic axes of the reform programme having bearing on:

- completing national reconciliation;
- consolidating institutional stability and access to justice for all citizens – without any discrimination whatsoever;
- improving the relationship between the administration and the citizens;
- combating corruption in all its forms;
- promoting the political, economic and social rights of women and of the vulnerable segments of the population; and
- upgrading the economy and enterprises so as to enable them to be on par with the mechanisms and rules of the market.

14. Accelerating enterprise reforms remains a central objective of the transition process, as it determines the Algerian economy's capacity for redeployment and competitiveness. The objectives sought are the improvement of the business environment, the reinforcement of investment appeal and sound integration with the world economy. The latter aspect is supported by the political will to promote African cooperation – which resonates with the strategic direction taken and which is echoed in the President of the Republic's Programme.

On the other hand, the position and role of the private sector are confirmed within the framework of the various spaces allocated to it. The national economy is dominated by ex-hydrocarbons industries and by the private sector; their capacity is growing steadfastly while the public economy is shrinking.

15. The social transformation recorded during the last decades with regard to women's role in development has translated to 1,200,000 women being employed – often in skilled positions.

Although this figure represents only 15% of the employed population, it is evident that women are increasingly becoming involved in all fields – including those traditionally reserved for men, such as the security, defence and technology sectors.

Moreover, the growing trend in female employment, which has risen by 7.4% for the period 2001-2005, fuelled the massive enrolment of girls in higher education. The ratio of female to male students currently stands at 135 to 100, which is evidence of the continuation of the process.

This transformation of the role of women has had a direct impact on the legal status of women and the necessary goal of balancing out the role of women and men within the family. The richness of the current social debate around this topic reflects the variety of viewpoints on the matter and the interest enjoyed by this seminal issue. However, it is important to bear in mind the significant breakthroughs made by Algeria in terms of promoting women's status through the Family Code, as well as through the Nationality Code.

The recently-established National Council for Women and the Family is proving to be an instrument and a forum for consultation in this regard. It also encourages social debate around the topic and forges a broader consensus among Algerians with regard to this relevant and key feature of sustainable development. Owing to the Council's mixed composition, synergy between civil society and public authorities is ensured.

Society as a whole will thus benefit from optimising all its potential by providing women the opportunity to contribute fully in all areas and at all levels.

With regard to women's level of access to positions or roles of responsibility (when based on discretionary power), some negative practices still exist at certain administrative and social levels. The State is determined to iron out these barriers. Competence, aptitude and equal opportunity are espoused as the criteria for appointment and preference, and these are the main elements that should be considered as the basis for an individual's promotion. The President of the Republic has set the precedent by nominating women to positions of high responsibility (for example as Senators, Ministers, Walis (governors), judges and so forth).

16. Since the establishment of the initiative of the President of the Republic of the National Commission for Justice Reform, many breakthroughs have been achieved with regard to consolidating the rule of law.

The Code of Ethics of the Algerian Judge, passed in March 2007, clearly defines the duties of a judge. It is inspired by an age-old Algerian tradition; the United Nations' universal principles; the national constitutional, legislative and civil law; as well as by the disciplinary jurisprudence rules of the Higher Council of Judges. The Code of Ethics is also enshrined in the Constitution's section on the power of the judiciary, in the organic laws governing a judge's status and the Higher Council of Judges, as well as in the provisions of civil and criminal law.

Although the Code of Ethics – which was drafted and passed by the Higher Council of Judges – is not all-encompassing, it nevertheless contributes towards supplementing and consolidating the general obligations and specific duties inherent in the role of a judge. Simultaneously, it also invites all the judge's partners – the legislative and executive powers, lawyers and civil society – to participate in the effort towards enshrining probity and integrity. The goal is to regulate judicial ethics and concretely support the judicial power in exercising its mission, as outlined in the Constitution – namely the safeguard of society and freedoms, while securing for each and every person the protection of their fundamental rights.

In addition to the rules and obligations provided for by the organic laws governing the function of judges, the other supplementary principles laid down in the Code of Ethics relate to:

- the independence of the judiciary as an essential prerequisite for equitable trials. In both their individual and collective behaviour, judges are expected to represent and uphold this independence;
- the principles of legality and equality. It is of primary importance that the judge guarantee equality for all before the jurisdictions, without any discrimination based on race, religion, nationality, gender or social status. Likewise, he is required to make legal decisions in rigorous compliance with the law;
- impartiality as a fundamental value. This involves acting without any prejudice or partisanship and without the intent of injuring anyone. The judge is to refrain from any behaviour that would be likely to erode the public's confidence. He is

also required to withdraw under certain circumstances (for example, when he personally knows one of the parties to a trial, or when he has an economic stake in the outcome of a trial).

- propriety as it relates to the judge. Since the judge is often under public scrutiny, he is to avoid any impropriety in the exercise of his duties – particularly when dealing with lawyers, but also in his personal relations. He shall behave in such a manner that, under all circumstances, he preserves the dignity attached to the judge’s function and does not abuse the prestige associated with his role to further personal interests or those of his family. In addition, he is to safeguard the secrecy of all confidential information he receives. Moreover, he must continually keep himself informed of developments in the law.
- other duties attached to the judge’s function. It is of paramount importance that the judge handles his files with due professional diligence and within reasonable timeframes, that he motivates his decisions, and that he drafts them clearly and in legal form so as to avoid any difficulty in the enforcement of his judgement.

IV. EMPOWERING AND REVITALISING THE LANDS: A CHALLENGE FOR LOCAL GOVERNANCE

17. The empowerment and improvement of lands through the reinforcement of their economic capacity and attractiveness stand out as major facets of the reforms to be undertaken. This objective is intrinsically linked with important stakes in terms of land management, the reduction of social and economic disparities, participation of the various parts of the territory in development, fostering participative democracy and so forth.

The issue of regional inequalities, as well as inequalities between rural and urban areas, has been the object of increased attention on the part of public authorities. This is reflected in the supplementary development programmes mapped out in favour of the wilayas (provinces) of the Higher Plateaux, which are essentially geared towards improving the population’s living conditions. Likewise, in terms of socioeconomic development, the wilayas of the deep South have enjoyed special development schemes with a view towards promoting the areas of underdevelopment inherited from the colonial period, and ironing out the imbalances ascribable both to the immensity of this region of the national territory and to the low density of its population.

18. The Sustainable Rural Development Strategy, carried out since 2004, represents a new vision for a sector that has often been marginalised – in spite of various policies carried out since independence that were devised to promote rural areas.

This strategy has an innovative vision based on neighbourhood action and incorporating a participative, bottom-up approach. It provides an adequate framework and models that are conducive to revitalising rural spaces. Its integrated vision also differs from the previous approach to rural areas, which was sector-based.

Such actions at territorial level converge in such a way as to empower the lands in the various parts of the territory to become genuine development players, adding value at both a local and national level.

It is in line with the philosophy and practice of decentralisation, whose efficacy is borne out by an environment in which energies are liberated and in which both public and private enterprises are made to contribute.

19. With regard to the progressive transfer of State competence and resources in terms of economic, social and cultural development to the authorities of decentralised local territories – as well as the embodiment of the principles of cohesion and solidarity – it is worth noting the manifold progress achieved by Algeria. The local development programmes established at communal and wilaya levels cover (amongst others) the areas of health, education, culture, sports activities, drinking-water supply grids, urban management and local development.

The territory-based approach would contribute towards the active, comprehensive and full participation of local authorities in the development process in a spirit of decentralisation and appropriation, whose active principles refer back to participative democracy. This spirit is politically and institutionally enshrined – as long as the Algerian commune remains the basic cell in charge of neighbourhood management in particular, and can therefore be regarded as being generally competent. In addition to its mission to provide services to some administrative police divisions in the neighbourhood, the commune is also active in the arena of development – either on its own behalf or on behalf of the government. It enjoys a deliberating organ elected through universal suffrage, the communal popular assembly («assemblée populaire communale» – APC), which elects its own communal executive body and the president of the APC (the P/APC).

The wilayas are considered to be institutional forums in which converge the imperative of government action coherence and the implementation of this action on the ground and within the particular context of the population. They are also an important arena for the planning of local development, as well as for assisting in developing a federal framework of action that incorporates central public authorities and local solidarity. This confers upon the wilaya genuine powers as a decentralised authority. It is endowed with an elected decision-making body, and also enjoys the benefits that come from a de-concentrated State constituency placed under the authority of the Wali as representative of the State and as executive organ and representative of the wilaya. This form of organisation is quite common in emerging countries, particularly in the Maghreb and in Africa.

20. Current thinking on the various reforms and their related projects is geared towards reinforcing decentralisation through an effective increase in the capacities of the commune and wilayas (and their organs), owing to:

- a clear-cut delineation of responsibilities and an updated definition of missions. Their missions have also been adequately matched with the applicable resources of the local authorities;
- the introduction of participative management. This reinforces participation with a view towards encouraging representational democracy and rousing the interest of citizens in the affairs of their commune;
- the enhancement of the appropriate resources of the commune. This is achieved through the adoption of a different real estate policy and a greater commitment to tax recovery and redistribution.
- the reinforcement of the status of those who have been elected, and the development of the human resources available to the communal administration.

These are some of the major axes pertaining to reform at the local-authority level. They are elaborated upon in the Programme of Action.

Representation at the Council of the Nation is the typical demonstration of the legislator's concern to secure total representation of the national territory, notwithstanding the number of inhabitants per wilaya. Each wilaya is represented by two elected officials. These officials are elected through indirect universal vote by an electoral college – which comprises the wilaya's elected officials and those of the communes it represents.

V. A STAUNCH, CONTINUED STRUGGLE AGAINST CORRUPTION

21. The Assessment Report brings into focus the relevance of combating corruption as part of good governance. It also points to the need for transparency – as broad and developed as possible – with regard to the level and instances of corruption and corrupt practices. This is in order that viable policies to combat and prevent corruption may be implemented.

The report also points to the benefits of establishing an anti-corruption authority endowed with the mandate and means to efficiently combat the scourge of corruption.

Since the beginning of this third millennium, Algeria – being aware of the negative impact of corruption on building the State and achieving development – has ranked this issue among the priority threats to be addressed. The matter of corruption has therefore been emphasised as a major concern in the governance programme conducted in Algeria by the President of the Republic, Abdelaziz BOUTEFLIKA.

Political will – a necessary element of any process aimed at combating corruption – has been secured through the President of the Republic's commitment, in his election mandate, to combat corruption.

Although the determination to combat corruption was expressed in 2000 at the highest State level, public authorities have highlighted the fact that Algeria

was neither more nor less corrupt than other countries in the world. They maintain that corruption exists everywhere – both in developed countries and in countries in transition – and that the important factor is the country’s level of commitment to combat this scourge.

22. In this regard, from 2000 to 2003 Algeria actively participated – under the auspices of the United Nations – in the negotiations conducted *as part* of the United Nations Convention against Corruption and of the United Nations Convention against Transnational Organized Crime, which also addresses the issue of corruption. Algeria has been among the first Arab and African countries to ratify the United Nations Convention against Corruption, as well as other international and regional instruments such as (*inter alia*) the African Convention on Preventing and Combating Corruption.

In 2003, the Government issued an important principle on the non-prescriptible nature of corruption-based infringements. Also in that year, a law was passed aimed at combating money laundering – which is often used to cover corruption-related embezzlements.

In that year – and in pursuance of compliance with the United Nations Convention against Transnational Organized Crime – a financial intelligence processing unit was established. Its purpose is to detect banking and financial operations that are deemed to be suspicious or that may be linked with corruption, money-laundering or illegal capital transfers.

The purpose of this body is not to investigate all confidential or secretive banking transactions. Rather, it is concerned with processing claims of funds or operations that are suspected of being uncertain or unlawful in nature. Among those called upon to convey to this body declarations of suspicion are banks, insurance companies, post offices, public notaries, lawyers, auctioneers, dealers in art products and jewellery and so forth,.

A new public contracts law has also been passed. It includes measures aimed at promoting increased transparency and rigour in the procedure related to the issuing of public contracts.

At the same time, a thorough justice reform has been initiated, aimed at improving the performance of the judicial apparatus so as to ensure efficiency in the fight against various forms of crime – particularly corruption, money laundering, trading with one’s influence, and the embezzlement of the community’s resources and assets.

23. Due to the transnational nature of corruption offences, money laundering and embezzlement – and their related international penal consequences as a result of prosecutions, enquiries and judgments – the Algerian authorities have concluded 57 bilateral agreements in the areas of criminal justice, judicial assistance and extradition.

On the other hand, in February 2006 the President of the Republic, Abdelaziz BOUTEFLIKA – who entered the fight against corruption as part of a global process designed to promote good governance in Algeria – illustrated his commitment to this challenge by passing legislation related to the prevention and combating of corruption.

This legislation – inspired by the provisions laid down in the United Nations Convention against Corruption – covers four major axes, namely the prevention of corruption in the public and private sectors; numbering the counts of indictment attached to the various corruption offences at 22; international cooperation; and the recovery of products and assets gained through corruption and the related restitution to their country of origin.

24. With regard to the prevention facet as it relates to the public sector, this law spells out compulsory rules in terms of public officers' statements of patrimony – whether they are elected or nominated, and at whatever hierarchy level they operate. Employers are required to follow the rules of transparency, aptitude and equity in recruiting public officers and managing their careers. The law also urges the drafting of codes of conduct that encourage officers in all public institutions and bodies to act with integrity and responsibility.

With regard to public contracts and the management of public finance, the law makes it mandatory to comply with procedures based on transparency and fair competition.

25. In the area of preventive measures to be promoted in the private sector, the law emphasises the conducting of internal audits and supervision, the promotion of standards designed to secure transparency in private entities, as well as encouraging the participation of civil society. For the purposes of implementing the national anti-corruption policy, the law – together with the President of the Republic's office – has established a national body tasked with preventing and combating corruption. This body is independent and autonomous, and is mandated with wide prerogatives.

The definition of corruption indictment holds a key place in the legal system. The law has defined 22 counts of indictment in order to combat corruption, and these are all linked with heavy penal and financial consequences. Most of the indictment counts are linked with punishments involving 2 to 10 years' imprisonment and heavy fines – as well as other more severe penalties.

The counts of indictment include the corruption of national and foreign public officers; unlawful enrichment; the misappropriation of public funds; trading with one's influence; abusing one's position; the illegal charging of interest; false statements of patrimony; the offering of gifts to influence the handling of a given procedure; the covert financing of political parties; corruption in the private sector; laundering the product of a crime; receiving and concealing stolen goods; and interfering with the sound running of justice in the handling of corruption cases. In addition to this broad range of incriminations – which

the legislator has deliberately intended to act as a deterrent – the law also provides for a number of special procedures designed to enhance the efficacy of the fight against corruption, such as the protection of denouncers, witnesses and victims.

Pardon is granted to any person who, prior to prosecution, admits to having committed a corrupt act. If a person admits to the offence only after prosecution has been initiated, the law provides for halving the penalty. The law reaffirms non-prescriptibility with regard to corruption cases where the product of the crime has been transferred abroad.

In order to ensure increased efficiency in conducting the fight against corruption, the law provides for the use of special investigating techniques such as monitored deliveries of goods, infiltrations, telephone tapping, electronic monitoring and other procedures.

26. In addition to the law on the prevention and fight against corruption, the authorities, in November 2006, issued a Presidential Decree on the composition, organisation and running of the national body charged with preventing and combating corruption. It also issued a Decree relating to the modalities attached to statements of patrimony, including all moveable, immovable and financial assets held in Algeria and overseas – modalities to which all officers in executive positions, regardless of their level in the hierarchy and their activity sector, are subjected.

This compulsory, comprehensive and deterring law related to the prevention of and fight against corruption reflects the resolve of the Algerian State to combat the scourge of corruption. This determination is also reflected by the daily submission to the justice system of many cases of corruption involving executive officers from various sectors. As a result, a number of public officers subservient to the central and local administration, as well as a number of elected officials, have been suspended and subjected to judicial prosecution – in many cases resulting in criminal penalties. (1)

27. In conclusion, Algeria wishes to emphasise that it fully endorses the objectives of good governance – a key factor that challenges all states. Algeria is committed to improving and securing – to the greatest extent possible – the impact and sustainability of growth, economic progress and the social well-being of its citizens. As such, it is determined to achieve the objectives of good governance, based on the promotion of transparency, integrity and the development of ethical conduct at all societal levels.

VI. THE ASSESSMENT MISSION REPORT'S TREATMENT OF TERRORISM AND ITS EFFECTS

28. The Assessment Mission report's discussion on terrorism and its effects in Algeria emphasised the objectives of the terrorist action experienced by the country during the 1990s. These objectives involved the total demise of the

Algerian State as a republican and modern state, in favour of an obscure, totalitarian regime dedicated to the denial of the most elementary democratic freedoms.

This terrorist action was targeted at property, individuals (sparing neither women, children nor elderly people), professional entities, and national and foreign citizens. However, far from bringing about the demise of the national State – as it had intended – the terrorist action actually mobilised the people around the State security forces and army, with a view towards assisting them to fulfil their constitutional mandate. This mandate includes the safeguard of property and individuals, of national integrity and of the republic.

29. As a result, the state of emergency decided by decree in 1992 never completely infringed on constitutional liberties – even those related to the creation of parties and other associations. The only limit provided for was related to the safety and security imperatives necessary to protect individuals and property. This principle was proclaimed and notified to the United Nations Secretary-General. The struggle against terrorism was grounded on strict respect for the Constitution and on Algeria’s international commitments. Simultaneously, a number of legislative and regulatory measures were taken to prevent the denial of any rights.

By the end of 1994, the mandates of the elected local assemblies were expiring and the ex-Islamic Salvation Front was dissolved by order of the court. At local level, however, the administration never ceased to run. This is owing to the provisions laid down in the legislation governing communes and wilayas, which expressly or substantively provided for the creation of provisional councils or delegations in the event of it being impossible to renew assemblies.

Executive delegations were established at communal and wilaya levels, their prerogatives were broadened and their running was bolstered. This made it possible for certain theoreticians to appreciate the neighbourhood activities conducted by local authorities during this “dark decade”, and particularly during the years 1993-1997.

It should be noted that, far from falling into chaos, all public services were running and the local administration accepted the challenge of reconstituting in record time those infrastructures and equipment destroyed by terrorism, and without interrupting public services. This included schools, health centres, roads, drinking water, public lighting, and gas and electricity supply grids.

30. In conjunction with military action, the political handling of the crisis also reached a crescendo. This involved the lifting of the curfew in February 1996; the issuing of the Clemency Law or *Rahma* in 1995 and the issuing in 1999 of the Law related to Civil Concord. This last law was passed by the people through a referendum, and was accompanied by a diplomatic deployment explaining the true nature of the crisis to our partners. The Algerian people understood that the only way to close this painful chapter in the country’s

history was to overcome resentment, heal wounds and thus prevent the reoccurrence of such an event in the future. This realisation was the result of a powerful yearning of the people for the restoration of civil peace, and was embodied by President Abdelaziz BOUTEFLIKA. Therefore, on 29 September 2005 – and through a referendum – the Algerian people passed the Charter for Peace and National Reconciliation. This Charter, which addressed the legal, social and financial aspects of the crisis, came into force through the issuing of Presidential Order n°06.01 of 26 February 2006 and the related decrees for its implementation.

31. In spite of a few isolated and sporadic attempts to foster insecurity, the Charter for Peace and National Reconciliation – whose roots are deeply anchored in Algeria’s tradition and culture of tolerance – has generally been operating in a climate of serenity. This is testimony to the people’s eagerness to preserve peace, and their desire to transcend the outcomes of the tragedy in a spirit of solidarity and responsibility. They wish to put a complete and final end to the tragedy – demonstrating that both the methods and approach adopted by the terrorists are alien to them.
32. Algeria is in the process of healing the wounds caused by terrorism. Caring for the victims of terrorism has involved the setting up of an extensive programme of aid, involving material, medical and psychological assistance. In addition to granting financial security, the public authorities have also been active on all fronts and have set up a programme of assistance geared to the traumatised populations – particularly the worst-affected rural areas. The involvement of civil society in addressing the consequences of terrorism has been evident in the emergence and growing number of activities undertaken to assist the victims of this national tragedy.

CONCLUSION

33. Today, and after many years’ experience, the various areas of governance and the development policies are clearly outlined. This progress has been made possible as a result of the maturity of the Algerian society and the clear-sightedness of its leaders, and is sustained by the suitability of the political, social and economic choices made.
34. While the objective of governance is to create a climate of trust that is conducive to development, *it is important to note that* all economic and social players are committed, mobilised and determined to reach this objective. What is at stake is not only healing the wounds caused by colonialism and terrorism, but also enhancing the potential, the *true character and the destiny* of Algeria – a country determined to accept the new challenges of the third millennium.

It is with an awareness of these social stakes that Algeria is committed to promoting a model of good governance that contributes towards preserving and developing human and social rights, and to express its readiness for this task in all respects.

35. This programme aptly encapsulates the magnitude and scope of the challenges to be faced. These challenges are commensurate with *the values* of a country that has always cultivated the principle of solidarity, and has backed just causes and causes initiated by the people. These challenges are also on par with Algeria's aspiration to demonstrate Africa's capability of claiming a place within a process of sustainable development borne by democracy and the espousal of the rules of universal law.

CORRIGENDA

Panel's comments: *Factual errors in the text have been corrected, but the Panel considered it important to append certain comments explaining governmental policies.*

POLITICAL GOVERNANCE

DECENTRALISATION

Pages 78, 79, 80 and 81; paragraphs 188 to 197

Paragraph 188

The CRM Report correctly observes that decentralisation is one of the most debated issues, and notes that there has been significant devolution of authority to the local-government level. It is, however, necessary to be more specific and deal with each of these two local-government levels separately.

The Algerian commune is the basic unit responsible for community management and is therefore afforded general powers for this purpose. In addition to community public service and administrative policy functions, the commune has authority in matters of development and equipment – either in its own name or on behalf of the State. It has an elected body, the People's Local Assembly (APC), which elects its own communal executive, the President of the People's Local Assembly (P/APC).

The wilaya is defined as the institutional space that ensures coherence between governmental action and the way in which that action is implemented on the ground and in the communities which it targets. It is also important in providing an arena for local development planning and a federal framework for the intervention of central government and local solidarity. This ensures that it has its own authority as a decentralised community with an elected decision-making body, while also conferring on it the status of a de-concentrated district of the State under the authority of the Wali – who is the State representative, as well as the executive arm of the wilayas and their representative. This organisational structure is common in emerging countries, especially in the Maghreb and in Africa.

Paragraph 189

The CRM Report states that the power of the people's local assemblies would appear to be limited by the heavy involvement of the representatives of the State, namely the Wali and the Daira chiefs. A statistical analysis of the resolutions of the APCs in 2006 reveals that, of the 16,273 resolutions submitted to central government for authorisation, 15,551 were approved and 714 revoked – the latter figure representing less than 5 per cent of the total.

Even if State representatives are expected to advise local communities, the latter operate within a framework that is governed by laws and regulations; have the authority to delegate their powers in a wide range of spheres; and have their own resources and financial autonomy.

Often, what is seen as a limitation of the powers of local authorities is simply a call to order due to the fact that the communal executive has not adopted measures that are required of it by law or because it has exceeded its powers. Thus, certain APCs neglect their duties to such an extent as to fail to execute their primary responsibility – namely communal public service management – in favour of other duties relating more to particular interests and falling only marginally within the scope of their authority.

The revision of Acts 90-08 and 90-09 on communes and wilayas respectively, under the Programme of Action, is aimed at delimiting these areas of intervention on the basis of the responsibilities of each, as well as limiting these errors of judgement.

Paragraph 190

The CRM Report rightly observes that the Wali “wears two hats”. The Wali is the representative of the State, as well as the representative of the wilayas and the executive of the APW (People's Assembly of the Wilaya). The reasons for this have been explained above. It is nonetheless not totally accurate to state that the Wali participates in the work of the APW. The functioning of the assembly, according to Act 90-09 on the Wilaya, requires the Wali to attend the meetings of the latter, but he does not have the right to vote.

With regard to the annulment and review of the decisions of the APC and of the acts of the P/APC, the Wali ensures their validity and may decide on their rejection or annulment in those cases where they do not conform to the law. According to statistics, these rejections and annulments seldom occur.

Substitution is provided for by law where public safety and public health are threatened as a result of failure on the part of the P/APC.

Budgetary and financial matters fall within the purview of the assembly, which has sovereignty over such matters and adopts both its capital investment and its operational budgets. The Wali is nonetheless bound by law to ensure that compulsory expenditure is included in the budget. Where the assembly persistently fails to do so,

the Wali uses the authority of his office. Obligatory expenditure includes salaries and salary costs, and any expenditure required for the operation of the communes – such as electricity, telephone and so forth. Compulsory expenditure thus refers to unavoidable expenditure necessary for the proper functioning of the commune.

Paragraph 191

Paragraph 191 states that the elected members of the APCs feel that they are monitored by the Daira chiefs. In this regard, it must be remembered that, since APC members are elected, they are not always familiar with the administrative structure and its environment. What is frequently described as monitoring is therefore nothing other than a reminder that the commune – as a public institution and decentralised organ of the State – is governed by national law adopted by nationally-elected members, even if it is the decentralised seat of government.

As members of a decision-making body, rather than lamenting the status of their recommendations the elected members of the APC should take responsibility for it. Closer analysis of these claims reveals that APC members have similar complaints about the communal executive.

Paragraph 192

To state that the Wali falls outside the control of the APC and the APW is not entirely accurate. The Wali and the P/APC, when acting as representatives of the State, are not subject to the decision-making body – which is the APC in the case of the P/APW, and the APW in the case of the Wali. However, when they act as representatives of the commune and the wilayas respectively, they are fully accountable to the assemblies, which are required to endorse their action by resolution.

When it comes to the implementation of the budget, it is possible that the budget and method of expenditure proposed by the official responsible for expenditure (the Wali or the P/APC) may be rejected and a resolution passed not to adopt the administrative financial statements – a procedure which is allowed by law.

Paragraph 193

It must be emphasised that reporting on financial statements falls under the authority of the Auditor General's Office – a body which is external to the wilayas – and that this can never be done by an assembly directly concerned with these statements. It is not appropriate that members of the APW, including their President, should be viewed as being in systematic conflict with the Wali.

Paragraph 195

The Assessment Mission noted that civil society's involvement in the management of public affairs constitutes a very real engagement with democracy and development. However, it commented negatively on the poor representativeness of the majority of associations, as well as on a certain degree of bad resource-management. This

observation has some merit. However, it is also important to recognise the rapid increase in the number of associations (over 70 000 local associations and 900 national associations), of which more than 50 could be considered to be state-approved and more than 10 could be deemed to provide additional support for the public authorities. In this sphere, both the public authorities and associations need to show proof of innovation, which is why the legislation on associations is to be reviewed within the framework of the Programme of Action. Associations also need to be more transparent about their actions and to publicise them more widely.

1. Understanding of certain processes:

- 1.1** Under paragraph 504 of the draft CRM Report, it is stated that the Fund for the Regulation of Receipts (FRR) intervenes “to repay the principal of public debt and to balance the budget where there have been capital losses in receipts”.

It is important to correct this understanding. The FRR does not intervene to balance the budget in the event of capital losses in receipts. Rather, the FRR intervenes to repay the principal of the public debt and to finance the deficit of the Treasury, by virtue of section 25 of the supplementary Financial Act for 2006, which stipulates:

“Sect. 25. – Section 10 of Act n°2000-02 of 27 June 2000 on the supplementary Financial Act of 2000 shall be amended and shall read as follows:

Sect. 10. – A special allocation account n°302-103 entitled ‘Fund for the Regulation of Receipts’ shall be opened under the Treasury accounts.

This account recapitulates:

In receipts:

- The surpluses resulting from a level of oil tax receipts that is higher than those estimated under the Financial Act;
- The advances of the Bank of Algeria destined for the active management of external debt;
- All other receipts associated with the operation of the fund.

In expenditure:

- The financing of the deficit of the Treasury, without the balance of the fund being lower than 740 billion Algerian dinars;
- The reduction of public debt.

The Minister of Finance is the principal official responsible for authorising expenditure on this account.

The terms and conditions for the implementation of the provisions of the present section shall be fixed by ordinance.”

Elsewhere it is stated that the assets of the FRR are invested in American Treasury bonds. This understanding needs to be corrected insofar as the FRR assets are in national currency (the dinar), held in a sub-account of the Treasury with the Bank of Algeria. These assets, in dinars, cannot be invested by purchasing American Treasury bonds. The investment of these assets is clearly set out under section 25 above.

These are the gross exchange reserves managed by the Bank of Algeria and invested in the purchase of securities issued by institutions with triple-A (AAA) rating.

- 1.2** The way in which paragraph 491 is drafted creates the impression that the establishment of neighbourhood centres falls within the logic of local financial reform.

It is important to clarify that there is no local tax system in the sense of local tax administration for the recovery of taxes and duties due to local communities. There are taxes that revert in full to the local communities (namely standard tax, professional tax and sanitation tax), and taxes that revert in part to local communities (namely value-added tax and tax on lubricants). However, these taxes and duties are recovered by de-concentrated services falling under the General Taxation Department, a central structure within the Ministry of Finance.

The establishment of neighbourhood centres – such as those of major enterprises and taxation centres – falls within the reform of the national tax administration. The objective of this reform is to bring tax administration and tax payers into closer contact, and to modernise the recovery procedures in order to improve tax returns.

- 1.3** Under paragraph 462, it is advocated that the Bank of Algeria pursue “its current rigorous position [...] while exploring the possibility of managing public savings which promote productive investment and the creation of more jobs in the private sector”.

Public savings take the form of FRR assets, and at the end of December 2006 their level was substantial, situated at 2,931 billion Algerian dinars (approximately 40 billion US dollars). The State’s withdrawal from the production of goods and services means that it is no longer possible for the State to intervene directly in productive investments. However, public savings are used in infrastructural investment, thus helping to improve the business environment. Furthermore, consistent public savings have led the Government to reduce tax pressure on enterprises through the elimination of standard tax; the reduction of professional tax (TAP) from 2.25% to 2%; and the reduction of the tax on company profits from 30% to 25% and from 15% to 12.5% when the profits are reinvested.

2. Other comments:

- 2.1** The CRM recommends that studies on the competitiveness of national production be initiated in order to identify those segments of production which could be competitive both on the local and on the export market (paragraph 467).

Industrial strategy, which was the subject of national discussions, identified areas of production that were considered profitable in terms of three criteria, namely the knock-on effect of the particular production sector on other sectors, the energy consumption component in the manufacture of the product; and the future of the product in international trade.

- 2.2** Budgetary reform is already underway and its effective implementation date is set for 2010. This has not prevented the Ministry of Finance from initiating a pilot project with the Departments of Education, Health, Public Works, Transport and Finance.

The Medium-Term Expenditure Framework (MTEF), which is one of the components involved in modernising the budgetary system (MSB), makes projections in terms of receipts and expenditure – two components of the State budget. This is already operational. The present budgetary reform will refine the projection instruments that are currently used in order to achieve improved reliability in budgetary forecasting over a period of N+2.

The allocation of budgetary resources by sector will be supplemented by a medium- and long-term economic and social developmental vision. The General Commissariat for Planning and Forecasts has been entrusted with carrying this project forward. This vision will allow the priorities in each sector to be identified, and will facilitate arbitration in the allocation of resources to each sector.

- 2.3** Assessment of the impact of the informal sector on the creation of wealth, measured in terms of the GDP, can only be an approximate given that this sector is essentially characterised by its lack of transparency.

In order to reduce and contain informal activity, the Government is promoting measures to ease fiscal pressure on production and marketing activities, while simultaneously facilitating procedures relating to the recovery of taxes and duties and other conditions necessary for initiating additional reforms (such as the register of trade, premises, real estate and so forth).

- 2.4** The participatory approach recommended by the CRM is already in place. By way of illustration, local development programmes are decided upon and approved by the APWs and the APCs, which are locally-elected institutions. The economic and social pact is a consensual agreement between government, employer associations and the General Union of Algerian Workers (UGTA). Employer associations have participated actively in national debates on industrial strategy. All of this bears testimony to people's involvement in the

development of the nation's fundamental documents through its elected members and social partners.

Page 154 // Paragraph 451

Paragraph 451

With regard to “the underlying assumptions and the indicators used as benchmarks for defining the criteria for resource allocation in the various sectors and different expenditures in the case of similar budget lines”, the CSAR emphasised the main long-term strategies of the socioeconomic development programme, which is articulated around a vision of:

- development of the territory and reconfiguration of infrastructures;
- industrial development supported by a strategy which entrenches sectoral choices and the notion of growth centres and competitiveness;
- scientific research and its implementation, innovation and improvement in technological and managerial production factors; and
- sectoral strategies supported by programmes of sustained reform.

All of these long-term trends reflect a common endeavour to transform Algeria into an emerging economy, an investment destination and an economy governed by the principles of sustainable development. Consequently, it is not possible to speak of an “exercise that would seem to be carried out on the basis of empirical choices”.

All of these elements are covered on page 28 under paragraph 3.95.

Page 157 // Paragraph 458

Paragraph 458

The intervention of the State “takes the almost mechanical form of public and organic response [...] to problems which generally require systematic analysis...”

It is necessary to refer to budgetary planning mechanisms and other planning frameworks in order to understand the coherence of the action of the public authorities in the economic and social investment sphere.

The National Self-Assessment Report refers to the existence of significant delays in this area, which undermine the efforts aimed at achieving sustained improvement in growth. The origin and extent of these delays and the imbalances to which they give rise have been explained.

Algeria is intent on reducing these delays given that they hinder any initiative to intensify growth and to upgrade the country's economic structures – all aimed at reducing the imbalances resulting from more than a decade without growth.

Page 158 // Paragraph 462

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Page 159 // Paragraph 467

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Page 167 // Paragraph 491

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Page 187 // paragraphs 561-562 and 566

It needs to be specified that this concerns Act n°06-01 of 20 February 2006 on the prevention of and fight against corruption, and that all the implementation texts have been promulgated.

As far as the repeated recommendation for the establishment of a national commission or an observatory for the fight against corruption, it is important to specify that Algeria has dealt with this issue by opting for a national structure which covers both the aspect of prevention (provided for by section 6 of the Merida Convention) and repression (provided for by section 36). This is covered by Presidential Decree °06-413 of 22 November 2006, which sets out the composition, organisation and operational terms and conditions of the national body for the prevention of and fight against corruption. All that is needed now is for the body to be established – which should happen in the near future.

CHAPTER FIVE**CORPORATE GOVERNANCE****Page 219 // Paragraph 661**

This reference needs to be supplemented by the data from *Doing Business 2007*, although the Ministry of Justice had informed the editors of this report that it had been cut for the following reasons:

The report entitled *Business practice in 2006: to create jobs* follows on the first report produced in 2005 entitled *Business practice: to eliminate obstacles to growth* – the results of which led to reforms in a number of countries. The report was co-financed by the World Bank and the International Finance Corporation and classifies countries' eligibility for investment according to a number of indicators relating to the creation of enterprises, recruitment, dismissal, the performance of contracts, the registration of ownership, access to credit, the protection of investors, the closure of enterprises, the granting of licences, cross-border trade and the payment of taxes.

The report placed Algeria 128th out of 155 countries.

The justice sector pointed out the report's lack of objectivity *vis-à-vis* Algeria's situation, especially in relation to the five-year economic programme of His Excellency the President of the Republic and the complete reform of the justice sector, notably in commercial law. This latter aspect includes specialised jurisdictions, ordinances on application (interlocutory application in commercial matters), the training of judges sitting on commercial matters, sureties, auxiliary legal professions, the execution of legal decisions, cheques without cover, and the modernisation of the justice system (especially the electronic management of case files and the bankruptcy procedure).

Aware of this criticism, the representatives of the World Bank undertook to remedy this in their next report. This was done in the 2007 report, but not to the satisfaction of Algeria.

Page 257 and 258 // Paragraph 806

The previous complaint no longer holds since the abrogation of sections 119 and 119bis of the criminal code by Act n° 06-01 of 20 February 2006 on the prevention of and the fight against corruption (formulated in different terms under section 29, entitled: Illicit removal or use of goods by a public agent, and stipulating that “any public agent who knowingly and without due cause removes, destroys, dissipates or retains any good, any funds or securities, public or private, or any object of value that has been entrusted to him by virtue or by reason of his position shall be punished by imprisonment and a fine of between 200.000 dinars and 1.000.000 dinars”).