

ADMINISTRATIVE REFORM IN THE MEDITERRANEAN REGION

Summary of Algeria



**Lello Esposito, an important contemporary Neapolitan artist, created and donated the cover artwork, which revolves around the colours of the Mediterranean featured in the web site: blue, green, and yellow*

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Algeria's colonial past, starting with the French invasion in 1830, profoundly impacted the country's history and its institutions, up to independence in 1962, through the years of single-party regime, and finally through the latest constitutional reforms and the election of the current President.

This analysis pays proper attention to the roles played by Islam and by the so-called Arabisation (the expansion of Arabic language and culture). Since the 7th century, Islam has played an extremely important role in the Arab world, by guaranteeing the preservation of an Arab identity. For over 300 years, starting in the 16th century, Algeria was a province of the Ottoman Empire, with Algiers as its capital.

Historical analyses – necessary in order to understand the framework within which an attempt is being made to introduce radical changes in the Algerian state and public administration – have shown that Algeria has long been characterised by the absence of a democratic state, and that the first attempt to create one met with considerable challenges. To this day, it has not yet been completed. The precarious state of the national economy, along with numerous internal difficulties, has not helped create a fertile environment for democratic reforms, which are still far from being fully implemented.

The current Algerian government system – borne out of the 1996 reforms – is a presidential republic with a separation of powers that includes the division of tasks and responsibilities among various institutions typical of such systems, with the added twist of the peculiarities associated with the fact that Islam is the official state religion.

The President of the Republic and the government holds the executive power, the Parliament holds legislative power, while the Courts hold judiciary powers. The last presidential elections were held in June and December 1997. The 1996 constitutional amendment replaced the 200-member Conseil National de Transition (National Transition Council) with a bi-cameral legislature. The latter includes a lower chamber and an upper chamber, respectively the 389-member Assemblée Populaire Nationale (*Al-Majlis al-Sha'abi al-Watani*), and the 144-member Conseil de la Nation (*Al-Majlis al-Umma*).

The State Council, created in 1998, is in charge of regulating administrative justice. It is the seat of judiciary power, and guarantees the uniform application of administrative justice in the country as well as respect for the rule of law.

With regards to local communities, Algeria is divided in three administrative levels: Departments (*Wilaya*), Sub-departments (*Daira*), and municipalities (*Communes*). Because of Algeria's colonial past, these divisions match in part those of the French colonial administration. Indeed, *Wilayas* are the equivalent of French departments, while *Dairas* are the equivalent of French *arrondissements*; furthermore, each municipality is divided into Douars, which however do not have legal status.

Since 1969, each of the 48 *Wilayas* has its own Popular Assembly (APW) made up of 30 representatives elected every 5 years – its deliberative body – and an Executive Council. These administrative districts of the state enjoy financial autonomy, and their responsibilities include the territorial organisation of state services, the regulation of agriculture, tourism, school systems, road networks and medium-size industries, as well as all activities related to private sector development. The Municipal Popular Assemblies (APC) are the governing bodies for Municipalities. They are made up of 10 to 80 members elected every five years, and are responsible for local administration, economics, finances, social and cultural activities, and planning.



There are several reasons for paying close attention to Algeria's economic context. One of the main reasons is the deep economic crisis that has characterised Algeria's recent history, leading to widespread poverty and degradation and enhancing political and ethnic conflicts. Furthermore, a significant share of public administration reform efforts, especially in the past, have focused on sectors such as foreign trade and economic development. Another reason is that Algeria is trying to join the global economy on even terms and thus improve internal growth, thanks in part to the significant role it plays in the hydrocarbon sector. Finally, numerous international organisations have long supported efforts to favour long term sustainable development in Algeria, through direct and cross-cutting programs that often overlap with those aiming to reform the administrative system.

After independence in 1962, Algeria launched a nationalisation process involving its petroleum resources and most of the industry and service sectors, while agrarian reform efforts focused on the dominant role played by large state farms. The adoption of a socialist economic model gave good results in the short term, but they were short-lived. The first decade of industrialisation, from 1965 to 1975, saw the creation of huge industrial centres, with some of the highest investment rates in the world: 40% of GDP, rising to over 50% in 1977. The first sectors to show inefficiencies in production were agriculture and light industry, and by the late 1970's priority sectors such as public industry and infrastructure began to encounter increasing difficulties, despite the boom in public earnings caused by the oil shocks of 1973-74 and 1979-80.

When oil prices fell by 50% in 1986, the Algerian economy began a crisis that even today, 18 years later, has not yet completely ended. The current economic recovery plan aims to put a final stop to this crisis. The crisis' effects have been dramatic: per capita GDP dropped from 2800 dollars in 1986 to 1800 dollars in 2000. After the fall in oil prices, Algeria reformed its agricultural sector, broke up its collectivised industries, and granted managerial autonomy to large public-sector firms. The violent clashes of 1998 led to a process of increased political openness and accelerated economic reforms.

Between 1989 and 1992 Algeria obtained credit from the International Monetary Fund, and in the late 1980's payment of external debt used up 80% of the income earned from the sale of hydrocarbons, while the prices of consumer goods soared.

After a brief interruption, economic reforms resumed in 1994, following a new agreement with the IMF, accompanied for the first time by the multi-lateral re-adjustment of foreign debt. This led to some good results, due chiefly to a flourishing hydrocarbon sector, which accounted for 40% of the GDP and made up 80% of national fiscal revenue, and 95% of foreign revenue.

Today, the Algerian economy is still dominated by two sectors – agriculture and hydrocarbons – that account for about 40% of GDP (up to almost 50% in 2000 thanks to a significant increase in the production of hydrocarbons and an increase in their international price). Development strategies based on heavy industry clearly failed (the manufacturing sector today only accounts for 7-9% of GDP). The Algerian economy therefore remains closely tied to fluctuating petroleum prices.

Algeria is currently trying to launch comprehensive structural reforms that take into account all the aspects of development: political, administrative, structural, and economic.

These reforms are included in current President Bouteflika's programme, as part of the so-called "reform construction" (judiciary reform, reform of public administration structures and tasks, reform of the educational system). There are also policies to support economic reforms (banking



and financial reforms, investment promotion, development of agriculture), reforms of the cultural and health care systems, and in more general terms the improvement of infrastructure and all the other factors that are pre-requisites for long-term sustainable development in Algeria.

This is a vast, ambitious programme that includes actions that impact every aspect of the country's political and administrative framework. It has only recently begun taking its first steps, and is far from complete, with the exception of a few specific cases, such as management control and relationships with the private sector.

In fact, an initial phase of reform had been launched with the 1996 Constitution, which introduced notable innovations, both with regards to the role of the administration – such as the introduction of impartiality criteria – and with regards to the role of administrative officials, whose status is now governed by law and no longer subordinate to executive power

A few sporadic initiatives were then launched in specific sectors, especially with regards to activities tied to economic and territorial development (foreign trade, customs, etc.). In 1998 the State Council was created. Its goal is to valorise the role and tasks of administrative justice. Furthermore, the Algerian ISC (State Audit Court) has played an important role in planning and implementing functional and structural administrative reform, in particular with regards to the training of staff who can act as agents for change and for the diffusion of modern know-how. The Court has also played an important role in administrative reforms through the appointment of staff members as experts working in various commissions.

Among the economic reform initiatives we would like to underline the creation of the National Investment Council (CNI) whose general secretariat is entrusted to the National Agency for Investment Development. This has led to the creation of one-stop-shops and of customs reform, which began in 1994.

At the institutional level, various institutions have been entrusted with administrative reform since 1962, when the *Direction Générale de la Fonction publique* (General Directorate for Public Administration) was first created. It was then put under the control of the Presidency of the Republic in 1977, and of the Prime Minister's Office in 1984, with alternating fortunes.

A General Directorate for Public Administration is still part of the Prime Minister's Office, and it is in charge of public administration management and reform.

The economic recovery strategies and systemic actions launched by the country are an integral part of the government's programme, and they aim to intensify the socio-economic reform process and the liberalisation of the national economy. They are closely connected to state and administrative reform since "good government", equality, transparency, and human rights have been recognised by the Algerian government as the basic principles behind any development strategy.

Algeria has also received valid support from international institutions – especially the EU and the United Nations – through specific programmes aiming to help the country's recovery.

Since 1994, the United Nations Development Programme (UNDP) has helped Algeria in all its structural adjustment programmes.

The UNDP, through a multiple partnership between government, the private sector, trade associations, and the donor community, has been able to implement programmes to modernise the banking and financial systems as well as the public administration, to privatise and restructure industry, and to create a favourable climate for national and foreign investment promotion.

The current cooperation framework (CCP- *Cadre de Cooperation de Pays 2002/2006*) is quite wide-ranging, and is the product of joint planning between the government and the UNDP.



It is mostly based on the action programme presented by the government in September 2000 and on the mid-term economic recovery support programme launched in April 2001.

In accordance with the government's official programmes, the CCP identifies the following three key problems as the priority areas for intervention:

- Fighting poverty and stabilising incomes;
- Protecting the environment and improving the quality of life in Algeria;
- Completing ongoing administrative and economic reforms.

The CCP will implement programmes to decentralise and modernise local public administrations through the use of new communication and information technologies (ICT), in particular by linking different administrative levels in a single ICT network.

Specific activities launched with UNDP support include those sponsored by the Ministry of Justice. Their goal is to institutionalise the protection of human rights by improving citizens' access to justice and by modernising the judiciary system.

EU programmes are implemented through MEDA, the main financing instrument for the Euro-Mediterranean Partnership, which offers technical and financial support to the socio-economic structural reforms launched by the countries that signed the Barcelona agreement in 1995.

The current MEDA programme (2000-2006) has identified the following priorities:

- Economic support for economic liberalisation and transition processes through increased competitiveness and private sector development in order to achieve long-term sustainable development.
- Strengthening the social welfare structure through taking appropriate social policy measures to cut the short-term costs of economic transition.

Algeria has undergone profound economic, political, and social changes, not just in the last twenty years.

A public administration that was conceived to serve a centralised state characterised by a centralised, planned economy is incapable of responding to the economic, political, and social needs of a changing society, and is unable to rapidly change into a tool for a democratic state whose priorities include the needs of the citizenry, a free market economy, and overall development. Only a thorough, profound, and coherent administrative reform could have supported and facilitated the political changes that have happened in Algeria, through a renewal of the public administration that remained inextricably tied to state reform, starting with the definition of the public administration's role and tasks.

The current government has indeed undertaken a profound and unified reform process, in contrast with the efforts undertaken in previous years, which often lacked an organic approach and focused on tackling urgent problems, almost exclusively in the economic arena (customs, foreign trade, etc.), in order to favour Algeria's integration in the global economy, with the belief that only economic growth could have encouraged the country's development.