



Algeria

**Administrative Reform,
Innovation and Maintenance**

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*The views expressed do not imply the expression of any opinion whatsoever
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CHAPTER I – THE ALGERIAN HISTORICAL CONTEXT

Algerian history and institutions were profoundly influenced by the Arab invasion that started in the 7th century, and by the French colonisation that began in 1830.

In 1879 Algeria fell under the complete control of the French, who used it as a launching pad for the colonisation of the rest of North Africa, and encouraged French settlements on lands confiscated from the local population.

The first Algerian nationalist movements, whose aim was autonomy, created the National Liberation Front in 1954. Initially, guerrilla tactics were able to disorient the numerically superior French forces. French repression was extremely harsh, and culminated in the Battle of Algiers in 1957.

The situation in Algeria, along with the crisis of the Fourth Republic in France, led to the return to politics of General Charles de Gaulle in 1958. In the following year, De Gaulle granted Algeria the possibility of choosing between integration with France and independence. Extremist French settlers openly rebelled against De Gaulle in 1960, and in the following year a group of French generals, who had created the Secret Armed Organisation, made a failed attempt to overthrow French government authorities in Algiers.

The Algerian war ended in 1962 with the signing of the Evian Accords, which called for Algeria's independence.

At Evian, the two countries also stipulated an agreement to regulate the restitution of land occupied by France as well as special aid to make up for the devastation caused by eight years of war. In exchange, representatives of the National Liberation Front (FLN) pledged to protect the civil rights of European citizens, who were granted three years to choose between Algerian or French citizenship. In spite of internal divisions, nationalist leaders approved the resolution that proclaimed Algeria an independent socialist republic, and recognised the FLN as the government authority. A Constitution was adopted in 1963, Ahmed Ben Bella was elected as the President of the Republic, and Houari Boumedienne as Minister of Defence and Commander-in-Chief. The latter deposed Ben Bella with a coup d'état in 1965. During his rule, he nationalised the petroleum sector, launched agrarian reforms, encouraged self-management in private sector firms and the development of heavy industry. Boumedienne was officially elected President in 1976, and he adopted a new constitution that further stressed the socialist character of Algerian politics.

When Boumedienne died in 1978, Chadli Bendjedid became president. He abandoned policies stressing accelerated industrialisation, decreased state control over the economy, and tried to dismantle the FLN's monopoly on politics. Bendjedid was re-elected in 1984.

In 1988 a series of violent protests led to the abolition of the single party regime and the adoption of a new Constitution in 1989 that introduced a multi-party system and enshrined the separation between party and state. In 1988, the fundamentalist Islamic Salvation Front began to assert itself.

In 1992, once it became clear that the Islamic Salvation Front would have achieved a parliamentary majority, Bendjedid was forced to resign by a group of military officers. Elections were annulled, a state of emergency was declared, the constitution was suspended, the Islamic Salvation Front was banned, and the government was entrusted to a High State Committee. This committee was replaced in 1994 by a High Security Council controlled by the Army, and headed by General Liamine Zéroual, who was subsequently appointed President of the Republic. In the following years, elections were boycotted by the opposition parties and Zéroual was re-elected, leading to a harsh reaction on the part of the fundamentalists and aggravating the civil war. In 1996 Zéroual made some changes to the constitution that strengthened the powers of the head of state, giving him the power to nominate one-third of the members of the lower house.

In 1998 Zéroual resigned, and Abdelaziz Bouteflika won the elections in 1999 with the support of the Army. Opposition parties boycotted the elections, and their candidates withdrew in protest on the eve of the vote.

In 1999, the Parliament approved a National Reconciliation Law, aiming to grant amnesty to Islamic activists not involved in massacres, rapes, or attacks in public places. For other members of

armed groups that took part in similar crimes, the law calls for reductions in sentences and parole, on the condition that once the law is officially accepted they should turn themselves in to police and furnish a detailed account of their past activities.

Bouteflika also had to face popular revolts in Kabylia in 2001, a Berber-majority area that also saw strong tensions during the 2002 elections.

Algeria pursued Arabisation by passing numerous laws¹, although the public administration had to face the problem of the 100 000 French-trained Algerian officials, who represented the technical and scientific elite in almost all administrative sectors.

Algeria is a member of several regional organisations such as the Arab Maghreb Union (UMA) along with Libya, Morocco, Mauritania, and Tunisia, and of the Organisation for African Unity (OAU). Under Bouteflika's presidency in 1999-2000, the OAU pursued a policy of African pacification, both in Congo and in the Ethiopia-Eritrea war. The latter ended after the agreements signed in Algiers in 2000.

Franco-Algerian relations improved in recent years: during an official state visit to France in June 2000, Bouteflika managed to obtain the cancellation of US\$ 60 million's worth of Algerian foreign debt, as well as a large share of investment on the part of French firms in Algeria in exchange for a reduction on the restrictions on the entry of French nationals in Algeria.

¹ Decree of May 22, 1964; Decrees 66-154 and 66-155 of June 8, 1966; Decree of April 26, 1958; Interior Ministry Memorandum of July 1976; Law 91-05 of January 16, 1991; Decree 96-30 of December 21, 1996, which modified Law 5-91. See also Law 90 of April 3, 1990 on the press, which states that each periodical publication dealing with information must be published in Arabic, and that the Superior Council for Information can ban the use of foreign languages.

CHAPTER II – THE ALGERIAN POLITICAL AND ADMINISTRATIVE SYSTEM

The government programme adopted in July 2002 includes a section dealing with administrative innovation that refers to programming actions and to the administrative levels that will be affected by reform².

II.1. The government system

The first democratic elections in Algeria took place in September 1962, a few months after independence, when a first Assembly was elected with a one-year mandate to draft the first Algerian constitution, promulgated on September 10, 1963, which sanctioned the principle of a single-chamber Parliament. From 1965 to 1976, after the President of the Republic assumed full powers, the Assembly became inactive and was replaced by the Revolutionary Council³. Article 126 of the new Constitution promulgated on November 22, 1976 created once again a single chamber called the National Popular Assembly, elected to a five year term on February 25, 1977 and in charge of exercising legislative power.

The constitutional revision of February 28, 1989 maintained a single-chamber system and the National Popular Assembly, although it separates legislative power from judicial and executive powers⁴. The renewal of the Assembly after the first five years was interrupted by the resignation of the President of the Republic, and the resulting judicial void was filled by transitional structures (the High State Committee and subsequently the High Security Council⁵) until the 1996 constitutional revision. A bi-cameral parliament was thus created, made up of the National Popular Assembly and the National Council, which met for the first time in January 1998.

These institutions are accompanied by the High Islamic Council, a consultative authority made up of 15 members and a President appointed by the Head of State. Its functions include promoting Islamic law and expressing opinions on religious regulations that are submitted to it. It also presents a periodic report on its activities to the President of the Republic.

The President of the Republic and the government hold executive power, the Parliament holds legislative power and the courts hold judiciary power.

The Prime Minister is appointed by the President of the Republic, and is in charge with identifying government members in concert with the President, who then officially appoints them.

The central administration includes the following Ministries:

Ministry for National Solidarity	Ministry for Small and Medium-size Firms
Ministry for Universities and Scientific Research	Ministry of Energy and Mining
Ministry of Labour and Social Protection	Ministry of Finance
Ministry of Health and Population	Ministry of Transportation
Ministry of Industry and Restructuring	Ministry for Specialised Training
Ministry of Foreign Affairs	Ministry of Tourism
Ministry of Defence	Ministry of Youth and Sports
Ministry of Justice	Ministry for Veterans (mujehaddin)
Ministry of Culture and Communication	Ministry of the Interior and of Local
Ministry of Posts and Telecommunications	

² Available at: www.cg.gov.dz/gouvernement/programme.htm

³ July 10, 1965 Decree.

⁴ Art. 92.

⁵ See Chapter I.

Ministry of Commerce Ministry of Agriculture and Fisheries	Administration Ministry for Religious Affairs Ministry for National Education Ministry of Housing
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The Parliament includes a lower chamber and an upper chamber, respectively the 389-member National Popular Assembly (*Assemblée Populaire Nationale/ Al-Majlis al-Sha'abi al-Watani*), and the 144-member National Council (*Conseil de la Nation / Al-Majlis al-Umma*).

All of the members of the lower chamber and 2/3 of the members of the upper chamber are elected directly. The remaining National Council members are appointed by the President of the Republic and chosen among national experts in science, culture, and economics⁶.

The members of the National Assembly are elected to five-year terms through a secret, direct vote. The President of the Republic, after consulting with the President of the National Assembly, the President of the National Council, and the Prime Minister, can decide to dissolve the National Assembly and call for anticipated legislative elections.

Laws are promulgated by the President of the Republic thirty days after the date of approval.

Over the entire course of their mandate, representatives cannot be arrested nor subjected to any civil or penal procedures arising from opinions, comments, or votes made while serving in the legislature.

The nine-member Constitutional Council⁷ guarantees the respect for the Constitution and the legality of legislative and presidential elections as well as of referendums. The Council's members include:

- Three members appointed by the President of the Republic, one of whom is the Council's President;
- Two members elected by the National Assembly;
- Two members elected by the National Council;
- One member elected by the Supreme Court;
- One member elected by the State Council.

The President of the Constitutional Council serves a six-year term⁸, while half of the remaining members, who also serve for six years, are replaced every three years. Apart from the tasks the Constitution directly attributes to the Council, it also provides opinions on the constitutionality of laws and treaties.

The judicial system is based on French and Islamic law. The death penalty is in effect for acts of terrorism.

First-degree jurisdiction belongs to the courts, who are responsible for all civil, commercial, or social procedures.

Second-degree jurisdiction belongs to 48 Appeals Courts. First-degree sentences can be appealed in all of the fields indicated above. Second-degree jurisdictions are also able to furnish first-degree judgements in certain cases that include controversies with the State or one of its districts.

The highest degree of judgement rests with the Supreme Court, and there are in fact several supreme courts.

⁶ On the Council's website, under Publication, one can download the July 2000 document called *Le Conseil de la Nation. Deux années après sa mise en place*, which illustrates the Council's composition, activities, prerogatives, and relations with other institutions, and outlines the history of unicameral and bicameral parliaments in Algeria. The Council's journal is also available at this website.

⁷ Instituted thanks to Article 153 of the 1989 Constitution. The composition of this institution is detailed in Article 164 of the Constitution, after the November 1996 revision.

⁸ Art. 164, commas 3 and 4.

Administrative courts are competent for controversies regarding relations with public administrations.

There is also a recently created State Council⁹, which regulates administrative justice, holds judicial power, guarantees the uniform application of administrative justice in the country and the respect for the rule of law. It is responsible for:

- appeals;
- annulling decisions taken by central administrative authorities, national public institutions, and national professional organisations;
- interpreting and controlling the legitimacy of acts in cases of administrative appeals.

Finally, the State Audit Court is responsible for controlling public spending as well as local authority and public service agency spending¹⁰. It is also in charge of encouraging the efficient, effective use of public funds, in part through promoting obligatory transparent management¹¹.

II.2. Local administration

Local communities are divided into three administrative levels, Departments (*Wilaya*), Sub-departments (*Daira*), and Communes (*Communes*), which mirror in part the French local administration model: the *Wilaya* is the equivalent of a French department and the *Daira* is the equivalent of the *arrondissement*. Each Commune is further subdivided into *Douar*, which do not have their own juridical status.

In 1966 the Revolutionary Council decided that the role of local communities had to be re-evaluated, and therefore launched numerous legislative reforms: in 1967 the first *Code Communal*¹² set the principles of communal autonomy, and in 1969 the first *Code de Wilaya*¹³, was approved, creating 48 departments.

Reform efforts coincided with the return of European administrators and bureaucrats to their countries of origins, a problem that was compounded by the absence of qualified Algerian administrative officials.

In following years, Algeria launched training programmes for local administration staff, and the state intervened with increasing frequency in local autonomy matters, due to the difficulties faced by the latter.

In 1984 Algeria approved a new framework law on the country's territorial organisation. The number of *Wilaya* did not change, while the number of Communes rose to 1540. Some of the latter were transferred to other *Wilaya*¹⁴.

The most recent *Code de la Commune* was approved with law 90/08 of 7/4/1990. On the same date, the law on *Wilaya* (Law 90/09) was also approved.

Algeria is still divided into 48 *Wilaya*¹⁵, each with their own Popular Assembly (instituted with the first code in 1969), made up of 30 representatives elected every 5 years and an executive council. Three permanent commissions are present within the Popular Assemblies: for economics and finance, for territorial management, and for social and cultural affairs. Both local government units report to the local governor (*Wali*), appointed directly by the President. The governor

⁹ Law of May 30, 1998.

¹⁰ Instituted thanks to Article 160 of the 1976 Constitution, it is also included in the 1989 Constitution and regulated by Law 80/05 of March 1, 1980.

¹¹ Decree 95/20 of July 17, 1995.

¹² Decree 67/24 of January 18, 1967.

¹³ Decree 69/38 of May 28, 1969.

¹⁴ Law 84/09 of February 4.

¹⁵ Adrar, Ain Defla, Ain Temouchent Alger Annaba, Batna Bechar, Bejaia Biskra, Blida Bordj BouArreridj, Bruira Boumerdes, Chlef Constantine, Djelfa El Bayadh, El Oued, El Tuf, Ghardaïa, Guelma Illizi, Jijel Khenchela, Laghouat Mascara, Medea Mila, Mostaganem M'Sila, Naama Oran, Ouargla l'et di Oum Bouaghi, Relizane, Saida, Setif, Sidi Bel Abbes, Skikda, Souk Ahras, Tamanghasset, Tebessa, Tiaret Tindouf, Tipaza, Tissemsilt, Tizi Ouzou, Tlemcen.

represents the state and the government at the local level and is in charge of implementing *Wilaya* and central government decisions.

Each *Wilaya* has financial autonomy and is an administrative district of the state. Its competences and functions are related to the territorial organisation of state services, the regulation of medium-size industries, agriculture, tourism, the road network, schools, and all activities related to private sector development.

In order to meet collective needs, each *Wilaya* can activate public services at the local level only in the following sectors: road networks, assistance to the elderly and the disabled, local public transportation, hygiene, and quality control. Funds for these activities come from local taxes, cultural heritage management, state subsidies (granted for specific goals or in function of inequalities in local tax revenue), and loans.

Each *Wilaya* also has a medium-term action plan, adopted by each Popular Assembly, which refers to programmes for local economic and cultural development reached thanks to collaborative efforts on the part of the central government and local communities.

The Communal Popular Assemblies (APC) are the governing bodies for Communes. 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. The three commissions present in each *Wilaya* (economics and finance, territorial management, social and cultural affairs) are also present at the communal level.

Because they have limited political and economic autonomy, Communes manage and implement central government programmes rather than their own, and are subject to the control of the territorially competent *Wali*. Two state funds, the Solidarity Fund and the Guarantee Fund, are meant to fill any gaps in communal revenues.

Since 1970, communes have adopted a Communal Development Plan, which is the project document for local development, conceived as a tool for planning integrated activities that include environmental and territorial management, economic growth, and solutions to social problems. Areas of intervention include: agriculture, water management, economic infrastructure, social infrastructure, administrative infrastructure, means of implementation .

At the local level, administrative districts (*Dawair*) are intermediate units between *Wilaya* and Communes, and are in charge of releasing permits or licences that communal authorities do not release.

CHAPTER III - ECONOMIC ANALYSIS

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.

Strong population growth and the limited availability of land made economic recovery difficult. In fact, the industrialisation process that had just been launched had evidenced a contradiction with regards to raw material provision, of which Algeria itself was a producer. Nationalisation therefore took place in steps, starting with iron mines, and following with medium size firms in 1975-76.

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.

In order to support economic growth, increasingly high levels of investments were needed, culminating in the unsustainable levels reached in 1978, when investments were equal to 52% of GDP. Revenues from the petroleum sector – which were increasing - were still not enough to finance such exorbitant investments and Algeria had to rely heavily on foreign credit. The failure of development plans was further marked by the fall in petroleum prices in the mid-1980's.

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.

Between 1989 and 1992 Algeria turned to the International Monetary Fund (IMF) and adopted liberal economic measures with IMF support: public sector firms were incorporated into a series of holdings, foreign investment was liberalised, public sector monopoly in foreign trade was abolished, and the currency was significantly devalued.

In 1994, a new agreement with the IMF for the first time called for the multilateral restructuring of foreign debt. Reforms sped up the re-structuring of public sector industry with the closure or sale of hundreds of small and medium size firms and the liberalisation of prices and of foreign trade.

Macro-economic stabilisation, reached thanks to a structural adjustment programme in 1994-1998, led the economy to grow once again, though at rates that remained insufficient to reduce the high rates of unemployment, keep inflation below 3% and lower the interest rates to 20%.

These positive results were 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. Agriculture and industry only made up 8% and 7% of GDP, respectively.

Today, after 15 years of reforms the Algerian economy is still dominated by two sectors – agriculture and hydrocarbons – that account for about 40% of GDP¹⁶. 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.

¹⁶ up to almost 50% in 2000 thanks to a significant increase in the production of hydrocarbons and an increase in their international price

CHAPTER IV – THE CONTENTS OF REFORM

The reform programme proposed by President Abdelaziz Bouteflika includes:

- Reform of the justice sector
- Reform of public administration structure and tasks
- Reform of the school system¹⁷.

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 order to implement these reforms, the government created the Commission for State Reform and the Commission for Justice Reform, both in charge of identifying the strategic guidelines along which reforms in each sector should be structured. Two different bodies have been created in order to deal with education reform.

IV.1. Reform of the structure and mission of the State

The General Secretary for Public Administration was entrusted with reform efforts that were launched in 1982 and that aimed to harmonise public employment regulations. These efforts also including local and state administrative personnel training and specialisation programmes, and the internal subdivision of the Secretariat for Public Administration into three General Directorates (Public Administration, Training and Reform, Central Administration) each of which headed other sub-directorates¹⁸.

In 1984 the Secretariat was replaced with the Commissary's Office for Administrative Innovation and Reform, under the authority of the Prime Minister, whose administrative structure remained centralised and essentially identical to what it had been in 1982. In the mid-1990's, the Commissary's Office became a General Directorate, with General Directorates for Public Administration, for the Regulation of Public Sector Employment, for Organisation, for the Regulation of Statistics, for the Valorisation of Human Resources and for Co-operation, Inspection, and Auditing¹⁹. A new transformation took place in 1996, when the Directorate became a Ministry under the control of the Head of Government, and with only three General Directorates (General Directorate for Reform, General Directorate for Administrative Development, and General Directorate for Studies and Documentation). There is still a General Directorate for the Public Administration in the Prime Minister's Cabinet, which is in charge of managing the public administration and its reform processes²⁰.

¹⁷ See the institutional web sites for details on legislative bills. The following website: <http://www.majliselouma.dz, nella sezione Archivio travaux parlementaires/page travaux parlementaire.htm> includes the laws passed by the Parliament starting with the spring 1998 sessions, as well as legislative bills being discussed (although the website does not appear to have been updated since 2001!). Furthermore, the Journal Officiel's website <http://www.joradp.dz/>, includes the texts of all legislation and can be searched by thematic areas.

¹⁸ Decree 82-199 of June 5, 1982.

¹⁹ Decree 95-123 of April 29, 1995 and Decree 96-212 of June 15, 1996.

²⁰ Some sites also refer to a Ministry for Public Administration and Administrative Reform, which however does not have a website and for which no other information is available. Furthermore, the 2000 INSEAD also refers to a Ministry for

The main goal of the state reform promoted by the current Algerian government is the improvement of the relationship between the administration and the citizenry, and is a part of the complex democratisation process taking place in Algeria in order to transform it into a state based on the rule of law.

The current government has set three goals in this regard: the modernisation of the state through management practices based on efficiency and efficacy, the strengthening of the state's capacity for intervention, and the widening of the decentralisation policies that began in previous years.

The current government programmes identifies the following responsibilities for a modern and democratic state: economic regulation, development of social cohesion, promotion of efficient, decentralised, and transparent public services that are based on the principle of equity.

Reform efforts also aim to improve the relationship between the administration and the citizenry by guaranteeing the following:

- The right to security and to a healthy environment;
- The right to information and transparent administrative acts;
- The improvement and simplification of administrative procedures;
- Equal access to public services;
- The humanisation of the relationship between citizens and the public administration;
- The protection of citizens from abuse, in part through appeals against the failures of the public administration;
- The development and safeguarding of citizens' rights and interest groups through a permanent dialogue with the administration and thanks to changes in laws on associations.

In the last few years, there have been significant efforts to moralise the public administration, and many people – including administrative officials - have been sentenced for corruption, embezzlement, abuse of powers, and aiding and abetting.

The current government also intends to implement a rationalisation policy for the mission of the public administration, due in part to the new role that the state should assume in the field of economic regulation. This rationalisation should take place thanks to a series of reforms that will redefine the administration's tasks, organisation, and modalities of intervention by creating homogenous poles in terms of skills and by modernising instruments and infrastructures.

The 1966 General Statute²¹, despite some partial changes, remains the main source of authority in terms of public administration. This statute came into being a few years after independence, after an initial massive recruitment of Algerian administrative personnel, and was borne out of the need to systematise the public employment sector, which was characterised by low skill levels, anomalous working relationships, and extremely uneven regulations for the various sectors. It was only in the 1960's that Algeria set up entrance exams to access public sector jobs, and adopted the principle of equal salaries for equal professional levels, and of a uniform, universal career system.

State reform will thus have to be accompanied by the revision of public employment regulations through the institution of an integrated system to train staff, efficiently manage human resources and train executives through setting standards that need to be met in order to become executives, and through performance evaluation systems based on objective criteria.

There are on-going initiatives to improve the quality of public service and to increase managerial autonomy, by suppressing or decreasing a priori controls (for example, there are no longer mandatory background checks for newly recruited public sector personnel, as these have been

Public Administration and Administrative Reform. The composition of the government as of May 2003 did not include this ministry.

²¹ Decree 66-133 of June 12, 1966.

replaced by staff management criteria) and introducing contract-based relationships between the administration and public entities in charge of service management instead of unilateral measures.

There are also plans to introduce specific measures to prepare certain administrations for the promotion of innovation and best practices through staff training initiatives.

Initial attempts to reform the administration's relationship with the private sector took place through the creation of an ad hoc agency and a customs reform and modernisation process launched in 1994 in order to encourage foreign trade.

A Presidential Decree in November 2000 created the Committee for the Reform of the Mission and Structure of the State.

IV.2. Decentralisation and reform at the local level

Local administrative reform is one of the government's goals in the field of decentralisation. This should take place through the re-definition of organisational structures and of the tasks and distribution of power between the state and local communities.

The Committee for the Reform of the Mission and Structure of the State performed an initial analysis on local communities. This analysis once again stressed the fundamental role of local administrative reform, as local administrations are where the relationship between the administration and the citizenry is solidified. Reform efforts will thus have to confer greater autonomy and responsibilities on local administrations.

The law that regulates the role and the internal organisation of each *Wilaya* will be revised and will regulate the relationship between decentralised services and the *Wali* by strengthening the latter's authority, as the government's sole representative, with a statute for the *Wali* corps.

In parallel, Algeria would like to re-evaluate the role of the *Daira* as an intermediate unit between the *Wilaya* and communal administrations.

Algeria will also implement regional structures, such as integrated development poles, in charge of managing all aspects related to planning, territorial development, and environmental issues.

The government also aims to improve the relationship between local administrations and the citizenry by elaborating regulations that modify electoral laws for local communities, and by defining a high-priority modernisation plan for local public services such as police, urban planning, health care, etc...

These measures will be implemented alongside local financial reform and the reform of the system to grant funds to local communities, thus conferring greater responsibilities upon local governments and granting them the power to set and collect local taxes.

Public service reform also plays a key role in the changing relationship between the state and local communities, especially the recognition of the principles of continuity, equality, and transparency in assessing public services.

IV.3. Justice reform

One of the key goals of the new Algerian government is to consolidate a state based on the rule of law, in keeping with international norms. After years of civil war, Algeria has begun to reform its state system within an overall effort to change the role that the state and its institutions play with regards to the citizenry.

The first goal is to revise the Emergency Plan adopted by the government in October 2000. This plan was considered a necessary preliminary step in order to begin a justice reform process, since the plan was designed to meet the immediate needs of reconciliation and fairness, while setting the groundwork for proceeding with justice reform.

Follow-up on this plan focuses on the training of magistrates and on launching measures such as strengthening the independence of judges, redefining the role of the magistrature, and revising the law on the Superior Council of the Magistrature.

The National Commission for Justice Reform currently being created is in charge of identifying the necessary reforms for protecting citizen rights and public liberties through the adoption of new legislation and the adaptation of the current legal framework to constitutional provisions. In particular, the Commission will have to verify whether individual laws conform to international norms, and it will have to re-order existing legislation in order to ensure the coherence of the national legal system and the fairness of public powers.

The government will pay particular attention to improving judicial infrastructure and the conditions under which magistrates work, and it will focus on ensuring their independence by revisiting the roles and tasks of the magistrature and of the Superior Council with the help of adequate training activities.

Reform efforts will try to make the career paths of magistrates and other professional figures more transparent, and it will try to modernise infrastructures and promote the use of ICT.

Algeria is paying particular attention to the moralisation of its judicial system, through well-defined ethical rules and personal responsibilities for magistrates.

Justice reform also includes the revision of the penal code - especially with regards to the prison system – by diversifying re-education efforts, improving prison security and conditions, and encouraging the use of alternative methods of punishment.

IV.4. Education reform

The government entrusts schools with the important task of developing democratic culture, a spirit of tolerance and dialogue, and the promotion of national values.

The reform of the educational system is based on the involvement of all the actors in the system through a gradual transformation whose mid-term and long-term goals revolve around four issues: the improvement of the teaching corps, the reformulation of the pedagogic approach, the general re-organisation of the educational system, and the implementation of specific measures to support scientific research and university teaching.

With regards to the first issue, the government's goal is to improve the teacher training system, paying particular attention to recruitment and permanent training, and implementing incentive-based system to improve skill levels.

With regards to the reformulation of the pedagogic approach, the government will focus on including three languages in basic compulsory education (Arabic – the official language – along with French and English), teaching a third foreign language in upper level schools, creating an Arabic-language scientific module for medical, scientific, and technological disciplines, and the adaptation of contents to the principles of Islamic education.

Other planned innovations include a stronger focus on new technologies, physical education and sports at all levels, artistic education, adult literacy and the re-habilitation of professional schools.

The re-organisation of the educational system will take place through a series of successive steps. In 2002-2003, the government's main goal was to integrate private schools into national education programmes and to encourage the creation of kindergartens. In 2003-2004 the main goal is to reform the compulsory school cycle, while in 2004-2005 the government will focus on the re-organisation of the educational sector beyond the compulsory cycle, sub-divided as follows:

- a) Secondary education, which is compulsory in order to access higher education;
- b) Technical and professional education;
- c) Professional training.

In the field of university teaching, Algeria's main goal is to train over one million university students by 2008 through activities that should offer increasing performance level through the valorisation of teaching and research as a way to mitigate the effects of the emigration of professors. The government is planning to continue the revision of university teaching, especially in relation with the economic, social, and cultural needs of the country. The government also aims to improve the efficiency of university administration through modernising its organisation, functioning, and management.

Significant attention will have to be paid to scientific research, which is currently the focus of mid-term and long-term development policies. Development will take place both through programming research activities relevant to the country's socio-economic development, and through the creation of "poles of excellence" entrusted with carrying out the largest national research projects. Spending on research will amount to at least 1% of the country's GDP.

The government created two units in charge of launching and implementing reform: the National Council for Education and Training and the National Observatory on Education and Training.

CHAPTER V – REFORM INITIATIVES

V.1. The diffusion of best practices and training of human resources

In a report to the International Organization of Supreme Audit Institutions (INTOSAI)²² Algeria describes the role of its State Audit Court in planning and implementing administrative reform, with a particular focus on the training of its staff.

In 1995, when its competences were reformulated, the role of the State Audit Court was to apply control mechanisms on the behaviour of the public administration in order to improve its performance. Nevertheless, even today the role of the court is limited to accounting and financial controls.

In the past, there were numerous interventions in the public economy sector and in the regulation of the national economy (privatisation of public sector firms, reform of the customs code and of the norms to protect competition). The State Audit Court's contribution to reforms was of a consultative nature, and aimed to draft legislation on public finances and economic reform.

The assistance provided by the State Audit Court to the public administration reform process also included assisting the commission entrusted with reform in evaluating management instruments and organising the tasks of the various actors involved in the national public control system.

With regards to the first point, the Audit Court undertook a preliminary analysis of public service quality and control, and set up extensive training activities, based in part on the analysis of foreign experiences, aimed at local at state administration officials, whose theme was the evaluation of public sector performance.

In the last two decades, Algeria has launched reform initiatives aiming to change its accounting system into a competence-based system, in light of this latter system's greater efficiency and efficacy²³. In Arab countries, the adoption of a competence-based accounting system and the use of preventive budgets is a way to fight corruption, meet international organisation requirements, and co-ordinate and integrate various planning processes.

V.2. Reform initiatives dealing with relations with the private sector and the development of foreign trade: the ANDI and customs reform

Algeria achieved important results in the fields of foreign trade and private foreign investment, thanks to customs reform and the creation of the National Investment Council.

The National Investment Council, whose general secretariat is entrusted to the National Investment Development Agency (Agence Nationale de Developpement de l'Investissement - ANDI), is a public agency with legal personality and financial autonomy, under the stewardship of the Ministry for Participation and Reform Co-ordination.

The Investment Code (created by legislative decree n.12 of 1993) was annulled with Ordinance n. 3 of 2001 on investment development, which becomes the new relevant norm on both national and foreign capital investments, on the production of goods and services, and on investments made through granting concessions or licences, with the exception of those reserved to the state or to other juridical persons.

²² The report for the 2001 Annual convention is available at the State Audit Court site: <http://www.ccomptes.org.dz>, the INTOSAI site: <http://www.intosai.org>, and the European Court of Auditors site www.eca.eu.int.

²³ Much has been written on the needs and advantages of introducing management control and competence-based accountability in the public sector. For an analysis focusing on the Arab world, see *Public Sector accounting and budgeting reform: the main issues involved with special focus on the Arab world*, published by ESCWA – Economic and Social Commission for Western Asia – United Nations.

The National Investment Council is headed by the Head of Government, and is made up of the Ministers in charge of economic and financial issues, and by interested Ministers on a case-by-case basis. Furthermore, the President of the Board of Directors and the General Director of the National Agency for Investment Development also take part in the Council²⁴, which meets every three months with the following goals:

- Proposing strategies and priorities for the development of investments;
- Adapting investment incentives to new conditions;
- Evaluating conventions signed between investors and the ANDI;
- Establishing the conditions for the concession of incentives as directed by Ordinance 3/2001;
- Proposing to the government all the necessary measures to implement the investment development and support plan;
- Encouraging the creation and development of new financial institutions and instruments for investment financing;
- Setting the share of the budget that can go to the Investment Support Fund, and listing the expenses that can be attributed to it.

In the field of investment and relations with the relevant administrations and institutions, the National Agency for Investment Development is in charge of:

- Ensuring investment promotion and development;
- Welcoming, informing, and assisting national and foreign investors in implementing investment projects;
- Facilitating the completion of formal procedures for firm creation, and the concrete implementation of projects through the use of centralised one-stop-shops;
- Granting incentives to investment, in accordance with existing laws;
- Ensuring that investors fulfil their commitments;
- Managing the Investment Support Fund;
- Managing land and real estate portfolios destined towards investment.

The National Investment Development Agency is in charge of:

- Instituting one-stop-shops;
- Identifying investment opportunities and building an economic database that will be made available to potential investors;
- Gathering, elaborating, producing, and diffusing all necessary documentation to improve awareness on investment opportunities both in Algeria and abroad, thus favouring their realisation;
- Identifying all possible obstacles to investments, and presenting competent administrations with proposals to overcome them;
- Drafting reports for the National Investment Council and for relevant ministries indicating all relevant proposals in the field of investment development.

The National Agency for Investment Promotion is Managed by a Board of Directors, made up of a representative of the Head of Government, who presides over the board, and by representatives of the Ministries involved in the agency. Members of the Board of Directors serve renewable, three-year terms. The General Director, with the support of the Secretary General, is in charge of the Agency. The Board of Director meets every three months, but it can also be convened on an extraordinary bases upon request from the president or from two-thirds of its members.

Each Wilaya has its own one-stop-shop, which assembles local representatives of the Agency, the National Centre for Commercial Registries, the Committees for Local Assistance and Investment Promotion, local treasury and tax offices, as well as representatives of sectors including

²⁴ Executive Decree n.281 of 2001

customs, urban planning, labour, territorial and environmental management, and institutions in charge of managing investments.

In terms of investment development the Agency is in charge of: assisting investors in their dealings with relevant administrations and institutions; monitoring investment projects that benefited from incentives; ensuring that investors respect the commitments they made with regards to incentives, including their obligation to present a report to the Agency each year detailing the fulfilment of these commitments.

Trade liberalisation in the early 1990's led to a pressing need for reform and modernisation of the customs system.

The customs reform programme focuses on two priorities: the needs arising out of the transition towards a market economy and the creation of a flexible organisation that can adapt to the evolution of the national and international contexts. The main goals of the reform include:

- The development of the economic and partnership roles of the customs system;
- Human resource training and development;
- Increase in fiscal revenues;
- Fighting commercial fraud;
- The promotion of ethical behaviour in the customs system;
- The modernisation of customs infrastructure and management methods.

The programme was implemented gradually through operational plans. A periodic evaluation system allows for results to be checked and changes in course to be implemented if necessary.

The need to reconcile the simplification of foreign trade operations with the need to exercise more efficient controls can only be met through the use of ICT. As early as 1995 Algerian customs began using the Automated Customs Management System (SIGAD). This system can be applied to most of the issues related to the new organisation of the customs system: at the moment it is used to codify merchandise and for the management of tax and fee collection systems. The computerisation of the customs system has limited direct relations between customs officials and their users, thus making procedures more objective by limiting personal interference, guaranteeing the uniform application of laws and regulations, accelerating procedures, reducing costs, and facilitating the fight against fraud.

The development of international customs co-operation arose out of the need to increase the efficiency of customs controls and to closely follow the evolution of national instruments. In terms of reciprocal administrative assistance, Algerian customs officials have strengthened their collaborative ties through signing conventions with Egypt (1996), Jordan (1997), Syria (1997), Niger (1998) and southern Africa (1998). Previously, Algeria signed conventions with Spain (1970), Tunisia (1981), Mali (1981), France (1985), Italy (1986), Libya (1989), Mauritania (1991) and Morocco (1991). In 1988 Algeria also ratified the Convention of the World Customs Organisation, known as the Nairobi Convention, whose goal is to simplify and co-ordinate the customs policies of its member countries.

CHAPTER VI – SYSTEMIC ACTIONS AND ECONOMIC RECOVERY STRATEGIES

Macro-economic indicators show that despite some difficulties, Algeria's economy is growing at a satisfactory pace.

From an macro-economic point of view, the situation is characterised by improvements both in external financial equilibriums, thanks to a positive balance of payments in 2000 and a drop in the interest rate (19.8% in 2000 versus 47.5% in 1998), and in internal equilibriums, thanks to a reduction in public debt and an inflation rate that remains below 1% per year.

Nevertheless, despite high petroleum prices, the average annual growth of 3% recorded over the last five years remains insufficient in order to meet the needs of the population, especially with regards to employment.

The causes for disappointing growth rates in the employment sector can be found in the weaknesses of the productive sector, the spread of concealed labour, and the stagnation in investment, despite the 1993 law designed to promote investment.

Along with increasing unemployment rates, Algeria saw a strong increase in demand for goods that help improve the quality of life (housing, etc.).

Despite the development programme launched by the government and the favourable macro-economic situation, Algeria still faces significant difficulties in improving the quality of life of its citizens and guaranteeing economic and job stability. Strong tensions and popular movements still remain. They are favoured by the decreasing quality of life and purchasing power of the population, increasing poverty, and social discrimination.

In light of the significant difficulties that exist, Algeria has launched systemic actions aimed at creating a virtuous economic cycle that will achieve long-term, sustainable development thanks to an increase in investment. In many cases, the activities that are undertaken also serve as cross-cutting actions that interest the reform policies pursued by the current government.

VI.1. The new economic recovery strategy

All the economic intervention programmes pursued by Algeria in the last few years were oriented towards adjusting macro-economic equilibriums and transforming the national economy in order for the country to become better integrated in the international economy.

The current government has focused on the socio-economic reform process and on the liberalisation of the national economy, in order to allow Algerian firms to become the main source of the country's wealth. These policies are borne out of the country's conviction that economic reforms are to be implemented through a strategy that can encourage progress, sustain it over time, provide the population with the means to create wealth, and take advantage of every opportunity to fight unemployment.

The reform and economic liberalisation programme launched by the government aims to increase the buying power of citizens, thus starting a virtuous circle that through an increase in demand will lead to economic recovery and increased production. The government plans to increase public spending in order to support this plan. It also plans to adopt integrated programs for local development and employment promotion, improve the socio-economic infrastructure, and promote equalising measures to achieve the homogenous development of the country.

Even with economic reforms, economic recovery remains closely tied to a strong national demand and to the availability of sufficient human resources.

Given the Algerian economy's current structural situation, characterised by a reduced buying power due to stabilisation efforts and to the weakness of the productive system, an economic recovery programme based on an increase in demand could lead to an increase in imports in order

to meet such demand. Support for economic growth through an increase in consumption can have a significant impact only to the extent that needs be met by national production. The answer should therefore be to put Algerian firms in condition to quickly and efficiently respond to increases in demand. Projects that must be implemented must therefore favour the use of local products and manpower as much as possible.

The economic recovery support plan includes the following activities:

- Developing demand;
- Supporting economic activities by encouraging agriculture and the development of small and medium size firms at the local level;
- Improving infrastructure.

These interventions will keep in mind four main qualitative goals: the fight against poverty, the creation of jobs, balanced regional development, and the re-vitalisation of the Algerian economy.

The uneven distribution of wealth in Algeria means that there is a need for activities that will strengthen social collective structures in the most under-developed communes, in order to allow them to meet their public service obligations and to achieve regional balance. This process should be eased by the favourable economic conditions arising from the evolution of the international petroleum market over the last two years.

As early as 2002-2003, Algeria set up a programme that attributed a key role to the private sector through initiatives to transform the national environment and reform the public sector economies in order to allow Algerian firms to become centres of wealth creation. The recovery programme stresses the importance of cross-cutting measures to alleviate fiscal and social burdens on private firms, including those working in the banking sector. These actions, along with fiscal reforms, should have positive effects on state resources and lead to improvements in the banking system that finances the private sector.

VI.2. Main activities and areas of intervention of the government's economic recovery plan

The programme to support economic recovery in 2001-2004 focuses on four main sectors:

- Productive activities;
- Local development and welfare;
- Re-qualification of public services;
- Human resource development.

VI.2.1. Support for productive activities

Planned activities in this component of the programme regard two important sectors: agriculture, for which DA 65 billion will be allocated, and fishing, for which DA 9.5 billion will be allocated.

The main objectives of interventions in the agricultural sector include increasing internal demand, increasing the exports of typical Algerian agricultural products, and stabilising the employment situation for rural populations. If these goals are met, they will have positive repercussions in the fight against poverty and marginalisation in rural areas.

Planned interventions to intensify agricultural production include modernising production systems, especially in order to better deal with problems associated with drought, optimising available water resources, and participating in projects financed by EU development programmes.

Despite its potential, the fishing sector has not yet been the subject of particular interventions and therefore constitutes an inadequately exploited natural resource. Intervention programmes to support the fishing sector will have to include the creation of shipyards, warehouses in which to stock fish, improvements in the transformation network, etc.

In order to support these specific actions, fiscal, customs, and credit incentives are planned.

VI.2.2. Local development and welfare

The intervention programme in support of local development amounts to DA 113 billion. It calls for the implementation of communal plans to encourage territorial development and valorisation through infrastructure building and improvement and a fair redistribution of resources.

Interventions regarding human development amount to DA 13 billion, and focus on job creation and the improvement of the welfare system.

VI.2.3. Re-qualification of public services

Algeria allocated DA 210.5 billion to the territorial development programme. Its most important aspects include:

- The carrying out of structural interventions on the territory, including roads, railroads, airports, and modern irrigation systems in order to improve local living conditions and facilitate the circulation of goods and people, in order to fight internal migration.
- The creation of a technological park specialised in cutting edge technologies, where the professional skills of recent Algerian graduates can be put to use in order to support the growth of local and foreign firms.
- Large scale interventions are also planned to valorise mountainous areas, protect the environment, complete the electric network, and protect water catchment basins in rural areas.

VI.2.4. Human resource development

There are many areas of intervention, aiming in particular at improved levels of schooling by improving schools and the training offer. Interventions are also planned for universities and for extra-curricular training, especially in the high technology sectors.

Spending on human resource development amounts to DA 90.3 billion.

Human resource development is tackled with a broad-based approach. On-going development programmes aim to improve the organisation and functioning of the national health system and the adoption of numerous initiatives in the fields of culture, sports, and recreation.

CHAPTER VII – THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) IN ALGERIA

The United Nations Development Programme (UNDP) has played an important role in supporting development projects in Algeria, and in particular it has assisted Algeria in all its structural adjustment programmes²⁵.

The UNDP's goal is to strengthen international co-operation in the field of sustainable human development through a greater operational contribution.

The first UNDP office in Algeria was opened in 1963 and provided the Algerian government with specialised technical assistance and training activities. These activities were sanctioned by the agreement stipulated in 1977 with the Algerian government, which established the modalities for granting aid, such as direct or indirect assistance, and the possibility of intermediation on the part of organisations entrusted with implementing specific projects. With this same agreement, the Algerian government introduced the principle of equal cost sharing, which implied that for every dollar spent on a project the government would contribute an equivalent amount.

Until 1997, co-operation took place within a specific programme, agreed upon with the government, and based on five-year plans. After this date the nature of co-operation with UNDP changed and its duration was shortened.

In June 2002 in Geneva the UNDP Board of Directors and the United Nations Populations Fund presented the Second Framework of Co-operation with Algeria (2002-2006) whose goals include:

- Poverty reduction;
- Environmental protection and the improvement of living conditions;
- Economic reforms and governance;
- Equal opportunities.

The document describes management modalities and the goals of resource mobilisation²⁶.

²⁵ www.dz.undp.org.

²⁶ <http://www.dz.undp.org/CCP/DPCCFALG2.pdf>.

CHAPTER VIII – THE EUROPEAN UNION AND THE DEVELOPMENT OF MEDITERRANEAN COUNTRIES

The Mediterranean area is a strategically important area for the European Union. The Euro-Mediterranean Partnership agreement signed in Barcelona in 1995²⁷ is the most important document linking the EU with its 12 partner countries in the Mediterranean (Morocco, Algeria, Tunisia, Egypt, Israel, Jordan, the Palestinian National Authority, Lebanon, Syria, Turkey, Cyprus and Malta; Libya has observer status). The main goals of the Barcelona Partnership and of the common strategy adopted by the European Council include:

- The creation of an area of peace and stability based on the fundamental principles of human rights and democracy;
- The creation of a Euro-Mediterranean free trade areas;
- Improving understanding between Mediterranean peoples and developing an active civil society.

In order to meet these goals, the EU launched the MEDA intervention programme, which is the main financing instrument for the Euro-Mediterranean partnership and which offers technical and financial support for structural reforms in the countries that signed the partnership.

MEDA resources in 1995-99 were used to finance structural adjustment programmes, economic transitions, private sector development, and intervention in classic development sectors such as education, health, environment, and rural development.

These types of interventions often overlap with the reforms launched by the Algerian government, and thus often re-enforce each other in the support for the reform process.

The current MEDA programme covers the period between 2000 and 2006 and reaffirms the intervention priorities of the first MEDA programme, in accordance with the Barcelona Agreement.

In accordance with MEDA regulations²⁸, the Country Strategy document identifies the EU's co-operation goals, on the basis of a complete evaluation of the partner country's political agenda and its political and socio-economic situation. The National Indicative Programme, an annex to the Country Strategy, presents the EU's response in greater detail, and highlights its goals, expected results, and the conditions that must be respected in terms of priority co-operation for the period 2002-2004.

²⁷ http://europa.eu.int/comm/external_relations/euromed/.

²⁸ CE N.2698/2000 and CE N.1488/96.

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