

AFRICA RISK CONSULTING

Algeria Monthly Briefing November 2020

Algeria Summary 30 November 2020

President Abdelmadjid Tebboune (2019-present) is hospitalised in Germany after contracting Covid-19. His absence has hampered the coordination and implementation of government activity amidst criticism that the presidency has failed to be transparent about the state of Tebboune's health. A national constitutional referendum sees 66.8% of voters accepting the adoption of the new constitution despite questions surrounding the legitimacy of the poll in which 23.7% of 23.5 million eligible voters participated. The International Monetary Fund (IMF) concludes its annual review mission and encourages Algerian authorities to pursue structural economic reform and implement stronger budgetary expenditure discipline.

Déjà-vu? A power vacuum as President Tebboune treated for Covid-19

President **Abdelmadjid Tebboune** (2019-present) has been hospitalised in **Germany** since the end of October, after contracting **Covid-19**.¹ The government's lack of transparency about the president's health and Tebboune's prolonged absence have hampered government activity and led to comparisons with the power vacuum that ensued when former president **Abdelaziz Bouteflika** (1999-2019) suffered a heart attack in 2013.

The presidency has given sporadic updates on Tebboune's health without providing details. The presidency issued a communiqué on 24 October stating that Tebboune would go into five days of 'voluntary' self-isolation, following confirmation of several Covid-19 positive results amongst high-ranking presidency officials.² Tebboune followed up with a post on social media **Twitter** saying he was in good health.³ However, the presidency announced on 27 October that he had been transferred to the military hospital at **Ain Naadja** in the capital, **Algiers**, adding that the president was carrying out his duties despite his hospitalisation.⁴ According to local media reports, Tebboune had in fact been admitted to Ain Naadja, widely regarded as Algeria's best hospital, on 22 October.⁵ Despite official assurances about Tebboune's health, the presidency revealed on 28 October that he had admitted to **Cologne University Teaching Hospital** in Germany for further treatment, on the advice of his Algerian medical team.⁶ The presidency only revealed on 3 November that Tebboune's hospitalisation was necessitated by his testing positive for Covid-19.⁷ Tebboune issued a personal statement on 8 November echoing previous assurances about his health, while the presidency declared a week later that although Tebboune had completed his treatment, he was undertaking further medical tests on the advice of his medical team.⁸

The presidency has released six communiqués since Tebboune's health troubles began, without providing details early on of what is afflicting the 75-year-old president or releasing any public images of him during his hospitalisation in Algeria and Germany.⁹ Tebboune's last public appearance

¹ Le Temps, 28 Nov 2020

² Arab News, 24 Oct 2020

³ Arab News, 24 Oct 2020

⁴ Le Monde, 28 Oct 2020

⁵ Jeune Afrique, 28 Oct 2020, El Watan, 31 Oct 2020

⁶ El Watan, 31 Oct 2020

⁷ Jeune Afrique, 3 Nov 2020

⁸ El Watan, 15 Nov 2020

⁹ El Watan, 15 Nov 2020

was on 15 October, when he received **France's** foreign minister, **Jean-Yves Le Drian**.¹⁰ The ambiguous information provided by the Algerian authorities has led to unverified rumours, including an article published by **Morocco**-based online news site **Le360** stating that Tebboune had experienced a heart attack.¹¹ The lack of transparency is reminiscent of the secrecy surrounding the health of former president Bouteflika after medical treatment for his heart attack in 2013 kept him out of Algeria for several months.¹²

While prime minister **Abdelaziz Djerab** is coordinating government activity in Tebboune's absence, the president's health issues come at a time when Algeria is facing several domestic and external challenges.¹³ The newly voted constitution (see below) can only be enacted and published in the state gazette after the president has signed it.¹⁴ Djerad on 17 November suspended the nomination and termination of government appointees, as these also require the president's signature for validation.¹⁵ The recently adopted 2021 budget and management of Algeria's second wave of Covid-19 cases are other urgent domestic issues that claim the president's attention.¹⁶ On the international front, the recommencement of hostilities between Morocco and Algeria's ally in the contested **Western Sahara** region, the **Polisario Front**, as well as violent extremist activity in Northern **Mali**, also call for the president's direct involvement.¹⁷

Algeria adopts new constitution despite low voter participation in referendum

Algerians voted in a national constitutional referendum 1 November. Although the new constitution received approval from 66.8% of those who voted, only 23.7% of eligible voters cast their vote in the referendum.¹⁸ The government had hoped to derive legitimacy from the referendum, but the low voter turnout highlighted a lack of national consensus on the content of the new constitution.¹⁹ President Tebboune had hoped that the adoption of a new constitution would signal a definitive break with the Bouteflika regime, ushering in a "*New Algeria*" and neutralising the demands of the anti-government protest movement **Hirak**, which played a leading role in the ousting of president Bouteflika in April 2019.²⁰ The organisation of the referendum on 1 November, celebrated as the start of the Algerian war of independence, was symbolic of Tebboune's desire to enshrine the vote as an event of national historical importance.²¹

Autorité Nationale Indépendante des Elections (ANIE) (national independent elections authority) president **Mohamed Charfi** announced the result of the referendum on 2 November.²² Charfi said 5.5 million of 23.5m eligible voters had participated in the referendum, the lowest electoral turnout since the return of multiparty politics to Algeria in 1988.²³ Charfi reported that the referendum process was transparent,²⁴ while the presidency described it as the expression of "*a real desire*" for the president to pursue his promises.²⁵

Despite the presidency's positive spin on the referendum and its results, the government received strong criticism about its initiative leading up to the referendum. Following the adoption of the draft constitution in September by Algeria's two legislative chambers (see *ARC Briefing Algeria September*

¹⁰ La Croix, 22 Nov 2020

¹¹ El Watan, 15 Nov 2020

¹² La Croix, 22 Nov 2020

¹³ Jeune Afrique, 24 Nov 2020

¹⁴ Jeune Afrique, 24 Nov 2020

¹⁵ Jeune Afrique, 24 Nov 2020

¹⁶ Le Temps, 28 Nov 2020

¹⁷ Le Temps, 28 Nov 2020

¹⁸ Jeune Afrique, 2 Nov 2020

¹⁹ Jeune Afrique, 1 Nov 2020

²⁰ RFI, 2 Nov 2020

²¹ Jeune Afrique, 2 Nov 2020

²² Jeune Afrique, 2 Nov 2020

²³ Jeune Afrique, 2 Nov 2020

²⁴ Algerie Eco, 2 Nov 2020

²⁵ Algerie Eco, 2 Nov 2020

2020), critics suggested that the lawmakers, whom they claimed had been elected through rigged elections or by paying bribes and who supported the former regime, could not approve such a document.²⁶ Tebboune in September acknowledged the high level of public mistrust in state institutions but ignored suggestions that both houses be dissolved ahead of a referendum, insisting that parliamentary approval was necessary and that new parliamentary elections would be organised after the approval of the constitution.²⁷ While the new constitution has reinstated the two-term presidential term limit that Bouteflika abolished in 2008, there are claims that the new constitution centralises power in the presidency (see *ARC Briefing Algeria September 2020*).²⁸

Despite the efforts of government members and political parties close to the government to drum up support for the referendum, there was strong backing for the Hirak movement's call to boycott the process.²⁹ Algeria-based sociologist **Fatma Oussedik** says this shows the Hirak movement is still very relevant to Algerian politics³⁰ despite not having been able to hold protests for most of 2020 as a result of the government's Covid-19 preventive measures.³¹ Switzerland-based **Centre d'Etudes et de Recherches sur le Monde Arabe et Méditerranéen (CERMAM)** (Arab and Mediterranean centre for research) director **Hasni Abidi** described the referendum as a blow to Tebboune, who sought to use the referendum to legitimise his presidency.³² Tebboune received 58.13% of the vote in the December 2019 presidential election, which recorded 39.38% voter participation.³³ The referendum was Tebboune's landmark political project for his first year in power. **Abderrazak Makri**, president of Algeria's leading Islamist party, the **Mouvement de la Société pour la Paix (MSP)**, said the low voter turnout confirmed the failure of Tebboune's political project and his inability to establish a national consensus with respect to constitutional matters.³⁴ The government responded to opposition accusations of low voter turnout by saying the Covid-19 pandemic, as well as Tebboune's absence during the voting exercise as a result of his hospitalisation in Germany, may have discouraged voters from heading to the polls.

The ruling elite faces an uphill struggle to establish a bond of trust with the Algerian population and convince it that the government is attempting to establish a clean slate from the previous regime. Engagement with the Hirak leadership will be instrumental in making this happen.³⁵

IMF calls for structural reform

The **International Monetary Fund (IMF)** concluded its annual overview mission of Algeria on 23 November. The two-week review mission was carried out virtually, due to Covid-19 restrictions on movement.³⁶ **Middle East and Central Asia** division head **Genevieve Verdier** led the mission and held discussions with finance minister **Ayem Benabderrahmane**.³⁷ The main points of interest centred on Algeria's macroeconomic situation and its economic priorities heading into 2021.³⁸ The double effect of the oil and gas price shocks and the Covid-19 pandemic has seen Algeria slip into recession, with the IMF projecting the economy will contract by 5.2% in 2020.³⁹ According to Algeria's 2021 finance law, which the **Assemblée Populaire Nationale (APN)** (lower assembly) adopted on 17 November, the budget deficit will reach 14.6% of gross domestic product (GDP) or \$17.6 billion in

²⁶ APS, 10 Sep 2020

²⁷ Jeune Afrique, 9 Sep 2020

²⁸ Jeune Afrique, 9 Sep 2020

²⁹ Jeune Afrique, 1 Nov 2020

³⁰ RFI, 3 Nov 2020

³¹ RFI, 2 Nov 2020

³² La Croix, 2 Nov 2020

³³ France24, 29 Oct 2020

³⁴ La Croix, 2 Nov 2020

³⁵ ARC Algeria Analyst

³⁶ El Watan, 28 Nov 2020

³⁷ El Watan, 28 Nov 2020

³⁸ El Watan, 28 Nov 2020

³⁹ El Watan, 28 Nov 2020

2021.⁴⁰ This is a slight increase from the 13.57% budget deficit recorded in 2020.⁴¹ The 2021 finance law projects Algeria will achieve 4% growth in 2021, with non-hydrocarbons growth set to reach 2.4% in 2021.⁴²

The IMF delegation and Benabderrahmane spoke about the need to undertake structural economic reforms,⁴³ which President Tebboune had indicated would be a pillar of his presidency. Potential reforms discussed include the development of alternative mechanisms to finance the economy, such as the banking sector, capital market and tax reforms.⁴⁴ The IMF called on the finance ministry to ensure that besides pursuing structural economic reform, it also practises budgetary expenditure discipline.⁴⁵ The IMF promised to provide technical assistance to stimulate growth and reduce the budget deficit.⁴⁶ Discussions also included Algeria's desire to establish a new economic development model based on promoting economic diversification.⁴⁷ Algeria's continued reliance on the hydrocarbons sector will see it continue to be exposed to the external shocks that characterises the industry.⁴⁸ Algeria may be compelled to seek financial relief from multilateral institutions such as the IMF, which it has historically avoided (see *ARC Briefing Algeria May and October 2020*).

Planner

2021 (TBA) **Algiers (Algeria)** Legislative elections;
 2021 (TBA) **Istanbul (Turkey)** Turkey-Africa Economic and Business Forum;
 2021 TBA **Algiers (Algeria)** Algeria Oil & Gas Summit & Exhibition;

Chronology

25 Nov 2020 **Algiers (Algeria)** *APS*. Industry minister **Ferhat Ali Braham** says the national investment code will be formulated before the end of 2020;

24 Nov 2020 **Algiers (Algeria)** *Agence Ecofin*. Energy minister **Abdelmadjid Attar** says Algeria will experience a 4.7% drop in gas exports in 2020 to 41 billion cubic metres compared to 43 billion cubic metres in 2019;

24 Nov 2020 **Algiers (Algeria)** *Sputnik France*. The defence ministry has signed an agreement to purchase 14 Su-57 combat jets from **Russia** at a cost of \$2 billion;

24 Nov 2020 **Algiers (Algeria)** *El Watan*. **Turkey's** ambassador to Algeria, **Mahimur Goktas**, has called for the establishment of a free trade agreement between Algeria and Turkey that will help increase the current \$5 billion annual bilateral trade;

15 Nov 2020 **Algiers (Algeria)** *Algerie-Eco*. Local media tycoon **Anis Rahmani** is sentenced to five years' imprisonment for recording and broadcasting a telephone conversation he had with a high-ranking army officer;

9 Nov 2020 **Algiers (Algeria)** *Agence Ecofin*. State-owned hydrocarbons firm **Sonatrach** intends to commission three gas compression stations during the first quarter of 2021, which will have an estimated treatment capacity of 43 million cubic meters per day;

5 Nov 2020 **Algiers (Algeria)** *El Watan*. Transport ministry sources suggest that state-owned **Air Algérie** will record a \$500m deficit in 2020;

⁴⁰ El Watan, 18 Nov 2020

⁴¹ El Watan, 18 Nov 2020

⁴² El Watan, 18 Nov 2020

⁴³ El Watan, 28 Nov 2020

⁴⁴ El Watan, 28 Nov 2020

⁴⁵ El Watan, 28 Nov 2020

⁴⁶ El Watan, 28 Nov 2020

⁴⁷ El Watan, 28 Nov 2020

⁴⁸ El Watan, 28 Nov 2020

4 Nov 2020 **Algiers (Algeria)** *El Watan*. Energy minister **Abdelmadjid Attar** states oil revenue fell by 41% to \$14.6 billion during the first nine months of 2020;

4 Nov 2020 **Algiers (Algeria)** *RFI*. The **Cour d'Appel d'Alger** (Algiers court of appeal) sentences **Ali Haddad**, founder of Algeria's largest private business, **ETRHB**, to 12 years' imprisonment for corruption;

3 Nov 2020 **Algiers (Algeria)** *Jeune Afrique*. The presidency reports that President **Abdelmadjid Tebboune** is receiving medical treatment in **Germany** after testing positive for **Covid-19**;

2 Nov 2020 **Algiers (Algeria)** *Jeune Afrique*. **Mohamed Charfi**, president of the **Autorité Nationale Indépendante des Elections (ANIE)** (national independent elections authority) announced that 66.8% of voters accepted the new constitution during the constitutional referendum, which reported a 23.7% voter participation rate;

1 Nov 2020 **Algiers (Algeria)** *APS*. Algeria holds constitutional referendum;

27 Oct 2020 **Algiers (Algeria)** *Daily Sabah*. The presidency's office announces President **Abdelmadjid Tebboune** has been hospitalised but is stable after testing positive for **Covid-19**;

About Africa Risk Consulting:

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