

AFRICA RISK CONSULTING

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State-owned media service Algeria Press Service (APS) surprisingly announces on 21 March that elections will take place on 7 September, three months ahead of schedule. The International Monetary Fund (IMF) says on 29 March that Algeria's near-term outlook is broadly positive, with economic growth forecast to reach 3.8% in 2024, but that inflation, which reached 9.53% in March, remains a concern. The Algiers Stock Exchange (ASE), expands sevenfold on 26 March, approaching a \$4 billion market capitalisation after the initial public offering of the state-controlled bank Credit Populaire d'Algerie. APS reports on 7 April that France's plans to use its development agency, Agence Française de Développement (AFD), to fund projects in the disputed Sahrawi regions is a "provocative" step.

Algeria to hold early presidential elections on 7 September...

Citing a decision by President **Abdelmadjid Tebboune** (2019-present), state-owned media service **Algeria Press Service (APS)** announced on 21 March that Algeria will hold elections on 7 September, three months ahead of schedule.¹ APS did not provide further details on the surprising announcement which came shortly after a meeting chaired by Tebboune and attended by lawmakers, constitutional court officials and the army's chief of staff, **Saïd Chanegriha**.² Tebboune was elected as president for a five-year term with 58% of the vote in a sparsely attended December 2019 election. The election came after pro-democracy protests, known as the **Hirak Movement**, broke out in February 2019 and forced long-term president **Abdelaziz Bouteflika** (1999-2019) to step down.³ The movement ended in early 2020 due to the **Covid-19** pandemic and a government ban on protests. Since his election, Tebboune's government has also launched several legal proceedings against opponents, journalists, activists, and academics.⁴ In February, global human rights organisation **Amnesty International** reported that five years after the movement erupted, Algerian authorities are still clamping down on peace assembly and the right to freedom.⁵

Per the constitution, Tebboune is eligible to run for a second and final term. Last year, parliamentary members urged Tebboune, who turns 79 in November, to run for re-election, however, he has not officially indicated whether he contest again.⁶ Thus far, only **Zoubida Assoul**, a lawyer and member of the opposition **L'Union pour le changement et le progrès (UCP)**, has announced her intention to challenge Tebboune for the presidency.⁷ Assoul, 67 years old, is known for defending political prisoners and said in February that she felt "*confident in the possibility of changing the course of things*".⁸ Assoul is not expected to mount a serious challenge to Tebboune and his military-supported regime that overwhelmingly dominates Algeria's political system.

In a move widely interpreted as an electoral tactic to sway voter opinions, the Algerian government on 5 December approved plans to ramp up spending by 11% in 2024, allocating more funds toward state salaries and affordable housing as the North African country (*See ARC Briefing Algeria Jan 2024*). The 2024 budget draft, which parliament approved on 5 December, will see total state expenditure

¹ Algeria Press Service, 21 Mar 2024; France24, 21 Mar 2024

² France24, 21 Mar 2024

³ France24, 21 Mar 2024

⁴ France24, 21 Mar 2024

⁵ France24, 21 Mar 2024

⁶ Reuters, 21 Mar 2024

⁷ Africa News, 22 Mar 2024

⁸ Africa News, 22 Mar 2024

increasing to 15.3 trillion dinars (\$114 billion) from 13.7 trillion dinars (\$102 billion) in the previous year.⁹ Tebboune informed government ministers in October that the priority of 2024's budget is to protect citizens' purchasing power, and ordered the construction of 250,000 new housing units this year.¹⁰ However, major frustrations over high living costs, poor job opportunities and a stagnant political leadership could lead to low voter turnout and fiery anti-government protests as was the case in 2019 during the Hirak movement.

With Algerians struggling with even tougher economic challenges, it would not be surprising if this year's election could be chaotic. Tebboune has not yet indicated whether he will run again; however, it is widely expected that he will be on the ballot. This was the view of a local resident who told **Africa Risk Consulting Briefing (ARC Briefing)**,

"Barring any shocking developments, Tebboune will compete for re-election and is fully expected to win".¹¹

IMF says near-term outlook is positive, economic growth to reach 3.8% in 2024...

The **International Monetary Fund (IMF)** concluded its **Article IV** consultation with Algeria on 27 March, releasing its mission statement on 29 March.¹² It noted that the country's near-term outlook is "*broadly positive*", with economic growth forecast to reach 3.8% in 2024, but that inflation which reached 9.53% in March, remains a concern.¹³ Growth will be supported in part by the government's large fiscal spending, as outlined in the 2024 budget.

The IMF added that the Algerian economy was still emerging from Covid-19 when spillovers from the **Russia-Ukraine** war and recurrent droughts pushed up inflation which eventually decelerated mainly due to declining food prices.¹⁴ Algeria's economy is estimated to have grown by 4.2% in 2023 due to a robust performance in hydrocarbon production and a strong performance in the construction, industrial and service sectors.¹⁵ The IMF revealed that Algeria's external position remained solid last year, with a current account surplus registered for the year running.¹⁶ However, it expects Algeria's current account surplus to narrow further in 2024 as prices for hydrocarbons decline.

Medium-term economic prospects are dependent on government efforts to diversify the economy and on the country's ability to attract private investment, subject to various risks.¹⁷ Some of these risks include large budgetary financial needs, volatility in international hydrocarbon prices, stubborn inflation, rising public debt and fiscal risks from contingent liabilities.¹⁸ Extreme climate events could also impact Algeria's economy and the budget, while a "*disorderly energy transition*" remains a longer-term risk.¹⁹ However, on the upside, the IMF expects that the government's "*sustained, bold, and deep structural reforms*" and dedicated efforts to diversify the economy, attract investments, improve the business climate and tap new export markets could spur growth and job creation further.²⁰

Algeria bourse posts sevenfold jump in market cap...

Algeria's main stock market, the **Société de Gestion de la Bourse des Valeurs (SGBV)**, or the **Algiers Stock Exchange (ASE)**, expanded sevenfold on 26 March, approaching a \$4 billion market capitalisation after the initial public offering of the state-controlled bank **Credit Populaire d'Algerie**

⁹ Bloomberg, 5 Dec 2023

¹⁰ Bloomberg, 5 Dec 2023

¹¹ ARC Source, Local Resident

¹² Nasdaq, 29 Mar 2024

¹³ IMF, 29 Mar 2024

¹⁴ IMF, 29 Mar 2024

¹⁵ Reuters, 29 Mar 2024

¹⁶ IMF, 29 Mar 2024

¹⁷ IMF, 29 Mar 2024

¹⁸ IMF, 29 Mar 2024

¹⁹ IMF, 29 Mar 2024

²⁰ IMF, 29 Mar 2024

(CPA).²¹ The CPA listing, which was the largest in the ASE's three-decade history, raised 112 billion dinars (\$833m).²² CPA also became the fifth firm to float its shares locally in Algeria and according to data on the ASE's website, the listing took the bourse's total market cap to 532 billion dinars (\$3.9 billion) from 72 billion dinars (\$534m).²³

The country's market watchdog, **La Commission D'organisation et de Surveillance des Opérations de Bourse (COSOB)**, also revealed in state media on 26 March that retail investors bought almost 70% of the 49 million shares that were sold for 2,300 dinars (\$171.54) each.²⁴ However, earlier in the day, CPA had to reduce the maximum size of the offering, which was initially set at 60 million shares or 30% of the bank's capital. At a ceremony in **Algiers** to mark CPA's trading debut, finance minister **Laaziz Fayed** called the CPA sale a "*milestone*" for the government's efforts to reform the country's financial system.²⁵ Fayed also divulged that the government also plan on selling stock in another state-controlled lender, **Banque de Développement**, this year.²⁶

Despite CPA's major milestone, Fayed admitted that the country's stock exchanges generally suffer from weak demand.²⁷ The ASE is also far from the best performing in Africa and is reportedly one of the smallest in the world. For perspective, the 10 largest in Africa based on market capitalisation are:

- **South Africa's Johannesburg Stock Exchange (JSE)** – \$987.24 billion;
- **Morocco's Casablanca Stock Exchange (MASI)** – \$60.23 billion;
- **Egyptian Exchange (EGX)** – \$57.20 billion;
- **Nigerian Exchange (NGX)** – \$49.56 billion;
- **Botswana Stock Exchange (BSE)** – \$43.94 billion;
- **Namibian Stock Exchange (NSX)** – \$41.44 billion;
- **Cote d'Ivoire's Bourse Régionale des Valeurs Mobilières (BRVM)** – \$12.86 billion;
- **Kenya's Nairobi Securities Exchange (NSE)** – \$9.57 billion;
- **Stock Exchange of Mauritius (SEM)** – \$7.29 billion;
- **Ghana Stock Exchange (GSE)** – \$6.35 billion.²⁸

French plan to fund projects in disputed Western Sahara flams regional tensions...

Citing a statement from **Western Sahara's** information ministry, APS reported on 7 April that France's plans to use its development agency, **Agence Française de Développement (AFD)**, to fund projects in the disputed Sahrawi regions is a "*provocative*" step.²⁹ In the statement, the ministry said France's plans are not only a "*dangerous escalation*" of its hostility toward the Sahrawi people but also "*represents explicit support for Morocco's illegal occupation of parts of Western Sahara*".³⁰

The ministry also noted that the Sahrawi government calls on all governments and private entities to refrain from carrying out any activity in the Sahrawi national territory. The statement comes roughly a week after France's foreign trade minister **Franck Riester** visited Morocco and indicated that the AFD, through its private sector financing arm **Proparco**, could finance a project involving a high-voltage power line between the Moroccan port city of **Casablanca** and Western Sahara's capital, **Dakhla**.³¹ The project is expected to flame already high tensions in Western Sahara.

²¹ Bloomberg, 26 Mar 2024

²² Bloomberg, 26 Mar 2024

²³ Algiers Stock Exchange, 26 Mar 2024

²⁴ COSOB, 26 Mar 2024

²⁵ Bloomberg, 26 Mar 2024

²⁶ Bloomberg, 26 Mar 2024

²⁷ Bloomberg, 26 Mar 2024

²⁸ Nairametrics, 8 Dec 2023

²⁹ Reuters, 7 Apr 2024; Middle East Monitor, 7 Apr 2024

³⁰ Reuters, 7 Apr 2024; Middle East Monitor, 7 Apr 2024

³¹ Reuters, 7 Apr 2024; Middle East Monitor, 7 Apr 2024

The Western Sahara is a vast disputed territory bordering Morocco, **Mauritania** and Algeria.³² The **United Nations (UN)** considers the Western Sahara a “*non-self-governing territory*”; however, 80% of it is controlled by Morocco, which envisions the region as autonomous.³³ After **Spain** ended its colonial rule over Western Sahara in 1976, Morocco and Mauritania partitioned the territory between themselves; however, in August 1979, under pressure from the Algeria-backed **Polisario Front** guerrillas, Mauritania withdrew all claims of its portion of the Western Sahara. Morocco then moved to occupy the territory and has since asserted administrative control over the whole Western Sahara.³⁴ This resulted in the outbreak of war between Morocco and the Polisario Front. The UN brokered a ceasefire in 1991 but a planned referendum on independence was never held and the final status of the territory remained unresolved.³⁵

The issue of Western Sahara remains very sensitive and will continue to impact relations between Morocco and Algeria as well as France. Algeria already has unstable relations with France and this new development will only ensure that Algerian-French relations will remain contentious. As it has done with **Spain**, it is also not unreasonable to expect Algeria to use France’s supposed support for Morocco’s autonomy plan against it should bilateral relations decline further in the future.

Planner

2024 (**France**) President **Abdelmadjid Tebboune** to visit France;
 Sep 2024 (**Algeria**) Presidential elections;

Chronology

8 Apr 2024 **Algiers (Algeria)** *Upstream Online*. **France**-headquartered **TotalEnergies** and state-owned **Sonatrach** sign a memorandum of understanding for the conclusion of a hydrocarbon contract in **Timimoun** region;

8 Apr 2024 **Algiers (Algeria)** *Middle East Monitor*. Algeria’s national carrier, **Air Algerie**, introduces new procedures to consolidate the adoption of the **Arabic** language in official correspondence with various departments and embassies;

8 Apr 2024 **Algiers (Algeria)** *Middle East Monitor*. Foreign minister **Ahmed Attaf** calls for lessons learned from **Rwanda**’s painful past to be upheld when confronting **Israel**’s “*genocidal war*” in the **Gaza Strip**;

3 Apr 2024 **Niamey (Niger)** *New Arab*. The foreign ministry denounces what it calls **Algeria**’s “*aggressive*” policy of arresting, deporting and abandoning **sub-Saharan** migrants on the **Sahara** borders;

2 Apr 2024 **Algiers (Algeria)** *Libya Observer*. Algeria, **Libya**, **Tunisia** and **Mauritania** agree to create a joint **Maghreb** entity;

29 Mar 2024 **Algiers (Algeria)** *Reuters*. **International Monetary Fund (IMF)** says that Algeria’s near-term outlook is broadly positive, with economic growth forecast to reach 3.4% in 2024, but that inflation, which reached 9.53% in March, remains a concern;

³² Middle East Monitor, 27 Sep 2023

³³ Africa News, 27 Sep 2023

³⁴ Xinhua, 30 Oct 2023

³⁵ Al Jazeera, 11 Dec 2020

27 Mar 2024 **Algiers (Algeria)** *Morocco World News*. Foreign affairs minister **Ahmed Attaf** says the issue regarding alleged expropriation of Algerian properties in **Morocco** has been resolved following an “*appropriate decision*” made by Morocco;

24 Mar 2024 **Algiers (Algeria)** *APA News*. President **Abdelmadjid Tebboune** and his **Mauritanian** counterpart, **Mohamed Ould Cheikh El Ghazouani**, inaugurate two land border crossings that will allow greater commercial mobility between the two countries;

24 Mar 2024 **Algiers (Algeria)** *Anadolu Agency*. Algeria will dispatch 150 tonnes of humanitarian aid to the **Gaza Strip** amid the deadly **Israeli** offensive on the Palestinian enclave;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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