



Stagnation or Growth? Algeria's development pathway to 2040

Purpose and Scope

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This report uses the International Futures modelling platform to analyse Algeria's current state of development and most likely development pathway to 2040. The Current Path forecast is followed by the development of four scenario components into a positive Algerian Dream (*Rêve algérien*) scenario. In the Algerian Dream, the country sets itself on a prosperous and more equitable pathway under a legitimate and democratic government.

The project is conducted by the African Futures and Innovation (AFI) programme at the Institute for Security Studies (ISS) in Pretoria, South Africa, with the support of the Netherlands Institute of International Relations, Clingendael, and the Frederick S. Pardee Center for International Futures at the University of Denver.

Our research indicates that governance issues, and the consequent policy framework that has defined the economic order, lie at the root of most of Algeria's challenges. That is where we start with our analysis.

Chart 1: Comparison groups

To create comparisons across countries and regions, the report uses the World Bank's classification of economies into low-income, lower middle-income, upper middle-income and high-income groups for 2020—2021.[1] The World Bank now classifies Algeria as one of 22 lower middle-income economies in Africa.

Where Algeria is compared to the averages for lower middle-income Africa or globally, it is excluded from the group, hence the use of the terms 'other lower middle-income countries' (OLMICs). Also, when comparing Algeria to averages for upper middle-income countries (UMICs) we have removed Libya and China because the former has unreliable data and the latter's population and economic size skew averages.

Algeria straddles various identities that complement income-based comparisons. It is at once part of Africa, North Africa, the Middle East and North Africa (MENA) region, and the Maghreb, and shares many characteristics with all of them. For this reason, we use the global upper middle-income groups for most comparative purposes but also use regions such as sub-Saharan Africa where appropriate.

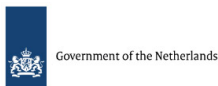
For the purposes of this report, North Africa consists of Algeria, Egypt, Libya, Mauritania, Morocco and Tunisia. The Maghreb has a similar composition but excludes Egypt. MENA consists of Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates and Yemen.

All euro numbers are in 2019 values.

Endnotes

1. IK Harb, *Challenges facing Algeria*, , Arab Center, July 2017

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About the authors

Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the ISS. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.