



# Stagnation or Growth? Algeria's development pathway to 2040

## Poverty and Equality

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## Poverty and Equality

The World Bank now uses US\$3.20 and US\$5.50 (2011 US\$, purchasing power parity) per person per day to measure extreme poverty in lower middle- and upper middle-income countries, respectively.

Algeria has achieved significant income-poverty reduction in the last two decades. In terms of human development, it is among the 20 countries on the continent to have achieved the most substantial decrease in their Human Development Index deficit between 1990 and 2015.

The country now has inclusive, albeit low-quality, social services (universal education and healthcare, and subsidised food, housing and public transportation). These policies have lessened inequality, although sub-national and regional differences remain significant.[1]

Although Algeria's subsidies and transfers have reduced poverty, they have also created other social and regional inequalities owing to inefficient and poor targeting of subsidy items.[2] These disparities manifest in significant inequalities in consumption rates with a gap of nearly 28% between the rich and the poor.[3]

The benefits are also not divided fairly between regions. For example, there is twice as much poverty in provinces in the Sahara, and three times the national average among people living in the Steppe ecological region.[4] The coastal regions and the north are the hub of economic activity and experience significantly lower rates of poverty than the arid south.[5]

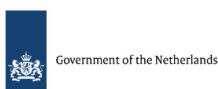
IFs estimates that about 2% of Algeria's population currently lives on less than US\$3.20 per day. This represents fewer than 1 million people. According to the UN Development Programme, roughly 5.5% of Algerians are surviving on an income below the national poverty line.[6]

The Multidimensional Poverty Index (MPI) shows that only 2.1% of Algerians were estimated to be multidimensionally poor in 2019, i.e. they were deprived of at least one-third of the weighted MPI indicators. Deprivation in education contributes the most to the index (46.8), followed by health (29.9) and standard of living (23.2). Unemployment coupled with declining oil prices will, however, make tackling poverty and inequality a serious challenge in the future.

## Endnotes

1. United Nations Economic Commission for Africa (UNECA), [Country Profile: Algeria](#), 2016
2. A Jewell, [The need for subsidy reform in Algeria](#), International Monetary Fund (IMF), 31 August 2016
3. World Bank, [Poverty has fallen in the Maghreb but inequality persists](#), 17 October 2016
4. World Bank, [Poverty has fallen in the Maghreb but inequality persists](#), 17 October 2016
5. UNECA, [Country profile: Algeria](#), 2016
6. United Nations Development Programme (UNDP), [Human development reports: Algeria 2019](#)

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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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