



Stagnation or Growth? Algeria's development pathway to 2040

Poverty and Equality

Jakkie Cilliers and Stellah Kwasi

Last updated 28 June 2022 using IFs v7.53

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]

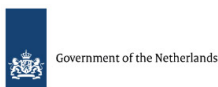
IFs estimates that about 2% of Algeria's population currently lives on less than US\$3.20 per day. This represents fewer than 1 million people. According to the UN Development Programme, roughly 5.5% of Algerians are surviving on an income below the national poverty line.[6]

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](#)

Donors and sponsors



Reuse our work

- All visualizations, data, and text produced by African Futures are completely open access under the [Creative Commons BY license](#). You have the permission to use, distribute, and reproduce these in any medium, provided the source and authors are credited.
- The data produced by third parties and made available by African Futures is subject to the license terms from the original third-party authors. We will always indicate the original source of the data in our documentation, so you should always check the license of any such third-party data before use and redistribution.
- All of our charts [can be embedded](#) in any site.

Cite this research

Jakkie Cilliers and Stellah Kwasi (2024) Stagnation or Growth? Algeria's development pathway to 2040. Published online at futures.issafrica.org. Retrieved from <https://futures.issafrica.org/special-reports/country/algeria/> [Online Resource] Updated 28 June 2022.

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.

About African Futures & Innovation

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.