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Reforming Algeria's social protection system

Public policies, community
participation and the potential
for universal basic income

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Summary

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- The social protection system in Algeria is facing critical funding issues and increased demand from the population. To date, Algeria has introduced social protection programmes in a reactionary manner, leaving a patchwork of measures and mechanisms but without a considered overall long-term strategy. The coverage and adequacy of benefits provided by the current system are stretched. As a result, the system is in dire need of a far-reaching review and reforms that enable it to meet the basic needs of citizens.
 - This research paper offers the first comprehensive mapping of the social protection space in Algeria, highlighting the broad activities led by government entities, but also the important role of homegrown civil society organizations (CSOs) and community-based organizations. The paper provides a snapshot of public opinion on key social protection-related issues. The analysis here illustrates the richness and the diversity of both formal and informal CSOs and community networks that work in Algeria's social protection and voluntary sector, while also highlighting their fragmentation, which engenders lost opportunities around the pooling of resources.
 - As laid out in the country's constitution and its acceptance of the Sustainable Development Goals (SDGs), Algeria is committed to addressing inequality and social exclusion. However, certain aspects of the current welfare state are not functioning well enough to achieve these objectives. For instance, the quality and availability of specialized healthcare are strained and unable to meet current demand, which risks leaving large portions of the population behind. However, when compared to peers across the Middle East and North Africa (MENA) region, Algeria is performing relatively well on SDG progress.
 - Universal basic income (UBI) could offer an alternative to blanket food and energy subsidies in Algeria, but such an approach would require additional fiscal space and would be most effective if it were complementary to social welfare rather than a direct replacement. The cost of implementing UBI in the least generous scenario outlined in this paper would be approximately 9.3 per cent of Algeria's GDP. In 2019, Algeria's social transfer expenditure accounted for 8.6 per cent of GDP. However, in a scenario with higher benefit levels, the cost could escalate to around 32.3 per cent of GDP. The government is yet to consider UBI as a policy instrument, but relevant policymakers could undertake a pilot study to gauge its costs, feasibility and effects.

- To enhance Algeria's social protection system, policymakers need to explore various options to increase fiscal space. This includes raising contributory revenues through the expansion of social security coverage, increasing tax revenues, combating illicit financial flows, improving expenditure and revenue-collection efficiency, utilizing fiscal and foreign exchange reserves, managing debt, and adopting a different macroeconomic framework to allow for higher budget deficit paths and higher levels of inflation. These options have the capacity to expand financial resources, administrative capacity and policy bandwidth. Such decision-making should be aided and determined through a comprehensive social dialogue that engages all relevant stakeholders. However, increases in global energy prices – across hydrocarbon exporters – tend to stifle reform appetite, which may defer policy experimentation and innovation in the social protection space.

01

Introduction

Algeria's social protection system aims to support vulnerable households, empower the population and promote equity. However, without funding reforms and a comprehensive strategy, the system risks becoming unsustainable.

Defining social protection in the Algerian context

Since it won independence from France in 1962, Algeria has developed and maintained an active social protection system. However, this arrangement is under severe strain and, without reforms to its funding model, is at risk of becoming unsustainable. While there is no single, widely accepted definition of social protection,¹ this term usually consists of social assistance² and social insurance³ programmes. These programmes are used differently depending on the nature of the welfare state in each country.⁴

According to the World Bank, 'Social protection and labor systems, policies, and programs help individuals and societies manage risk and volatility and protect them from poverty and destitution – through instruments that improve resilience, equity, and opportunity'.⁵ For the United Nations Development Programme (UNDP), 'social protection is defined as a set of nationally owned policies and instruments that are organized around systems providing income or in-kind support and facilitate access to goods and services to all households and individuals at least at minimally accepted levels'. The goal of these

¹ See Mahon, A. and Heymann, J. (2012), *The Review of Social Protection Indicators in Early Childhood*, Paris: United Nations Educational, Scientific and Cultural Organization, <https://unesdoc.unesco.org/ark:/48223/pf0000215740>; Bender, K. (2013), 'The Political Economy of Social Protection Reforms in Developing Countries', in Bender, K., Kaltenborn, M. and Pfeleiderer, C. (eds) (2013), *Social Protection in Developing Countries: Reforming Systems*, London: Routledge.

² Social assistance refers to benefits provided without consideration of contributions, typically funded by the state budget and donors.

³ Social insurance encompasses programmes in which individuals contribute through regular payments, and in return, they are entitled to receive benefits during specific life events or circumstances, such as illness, unemployment or retirement.

⁴ Esping-Andersen, G. (1990), *The Three Worlds of Welfare Capitalism*, Princeton: Princeton University Press.

⁵ World Bank (2012), *The World Bank's Social Protection and Labor Strategy 2012–2022*, <https://documents1.worldbank.org/curated/en/443791468157506768/pdf/732350BROCODE200docOversion0REVISED.pdf>.

policies is to protect vulnerable households, and to provide fairer opportunities across society. Social protection systems are there to assist vulnerable individuals in case of shocks or periods of insufficient income, incapacity or inability to work. These systems aim to empower citizens by increasing their productive capacities and enhancing their capabilities.⁶ More broadly, social protection has the potential to transform society by promoting the principles of equity, equality and social cohesion.

In accordance with the UNDP, this paper defines social protection as a set of policies, programmes or instruments that provide a population with social services. At the programmatic level, social protection consists of social assistance, social insurance and labour policies.

Today, Algeria's social protection system is composed of both social assistance and social insurance. The Algerian constitution, which contains the fundamental texts defining the country's essential values, emphasizes the role of social protection for improving population welfare and strengthening resilience.⁷

It is worth noting that Article 25 of the UN Universal Declaration of Human Rights enshrines social protection as a fundamental human right.⁸ The Algerian constitution declared the country to be a 'social state', as reaffirmed in each of the country's constitutional texts.⁹ In its most recent constitutional reform, Algeria further underlined its social commitments as the country responded to popular protests by the 'Hirak' movement, which sparked a political and social crisis in 2019 continuing through to the first quarter of 2020.¹⁰

Poor management of public finances – through the misallocation of funds, inefficient spending and insufficient revenue generation – has impacted the country's fiscal capacity and capability in recent decades. Despite these challenges, social protection interventions have continued, although they cannot be maintained at the current levels on a long-term basis without further jeopardizing the sustainability of national budgets. Accordingly,

⁶ United Nations Development Programme (2022), *UNDP's Social Protection offer 2.0*, New York: United Nations Development Programme, <https://www.undp.org/publications/undps-social-protection-offer-20>.

⁷ Article 51: 'All citizens have the right to health protection. The State shall ensure the prevention and control of epidemic and endemic diseases'; Article 52: 'All citizens have the right to work. The right to protection, safety and hygiene at work is guaranteed by law'; Article 55: 'The family enjoys the protection of the State and society'; Article 56: 'The living conditions of those citizens who cannot yet, who can no longer or who will never be able to work, are guaranteed'. In addition, the Algerian Constitution of 2020 guarantees health protection especially for the poor, and the prevention and control of epidemic and endemic diseases. It also guarantees access to housing, particularly for disadvantaged categories. According to Article 64, 'The citizen has the right to a healthy environment within the framework of sustainable development. The law determines the obligations of natural and legal persons for the protection of the environment'. Article 65 reads: 'The right to education and teaching is guaranteed. The State shall constantly strive to improve the quality of education. Public education is free of charge under the conditions established by law'. See Algerian constitution (2008), 'Algeria's Constitution of 1989, Reinstated in 1996, with Amendments through 2008', https://www.constituteproject.org/constitution/Algeria_2008.pdf.

⁸ Article 25, paragraph 1: 'Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control'; paragraph 2: 'Motherhood and childhood are entitled to special aid and assistance. All children, whether born in or out of marriage, enjoy the same social protection'. See, UN (undated), 'Universal Declaration of Human Rights', <https://www.un.org/en/about-us/universal-declaration-of-human-rights>.

⁹ Algerian Constitution (1989), Article 51: 'All citizens have the right to the protection of their health', <https://mjp.univ-perp.fr/constit/dz1989.htm>.

¹⁰ Algerian government (2020), 'Constitutional reform of 1 November 2020', *Journal Officiel de la République Algérienne Démocratique et Populaire* [Official Journal of the People's Democratic Republic of Algeria], No. 82, 30 December 2020, <https://www.joradp.dz/TRV/FCConsti.pdf>.

some political parties and economic actors have highlighted the need for reform of social protection and subsidies. As this paper demonstrates, social protection in Algeria is made up of a complicated web of various government institutions, the benevolent Zakat fund (see Chapter 3) as well as the services offered by charities (see Chapter 3).¹¹

Key social protection challenges in Algeria

The current worldwide economic and political context, in part due to the COVID-19 pandemic, inflationary pressures and the war in Ukraine, has had an impact on the Algerian welfare state and limited its fiscal space. As a result, it is imperative that the Algerian government re-examine the configuration of its social protection policies and, for the first time, implement a strategy to adapt to the country's current socio-economic situation. The formal system of social protection cannot continue without innovative new sources of funding and far-reaching reforms. In order to avoid hampering job creation efforts, a new model is unlikely to increase social security contributions from employers, as this would impact businesses that are already struggling with high labour costs. Employers in the formal sector complain of unfair competition from the informal sector, which neither pays taxes nor social security contributions (and in turn is able to significantly undercut those in the formal sector).

The current worldwide economic and political context, in part due to the COVID-19 pandemic, inflationary pressures and the war in Ukraine, has had an impact on the Algerian welfare state and limited its fiscal space.

The combination of a welfare state and the existence of universal and non-contributory benefits can potentially encourage the expansion of the informal economy, as workers and businesses in the informal sector can continue to receive social benefits even if they do not pay contributions and taxes. Research shows that a large proportion of informal workers in Algeria receive non-contributory or universal social benefits. Partly as a result of the relative ease of access, limited efficiency of targeting mechanisms and a high presence of informality.¹² In Algeria, in 2019, 42 per cent of workers were employed informally and did not contribute to social insurance funds.¹³ If they were to contribute, such workers may be a viable source of funding for future social insurance programmes.

¹¹ The Zakat Fund is regulated by the Ministry of Religious Affairs and Endowments. It is optional for citizens, unlike in other countries such as Saudi Arabia, Pakistan, Yemen and Malaysia. Hence, many people skip the Zakat Fund and instead pay *zakat* directly to the needy among their family members and neighbours.

¹² Merouani, W., El Moudden, C. and Hammouda, N. E. (2021), 'Social Security Enrolment as an Indicator of State Fragility and Legitimacy: A Field Experiment in Maghreb Countries', *Social Sciences*, 10(7), p. 266, <https://doi.org/10.3390/socsci10070266>.

¹³ Office of National Statistics (unpublished), *Labour Force Survey 2019*.

Algeria has faced numerous macroeconomic challenges in recent years. For instance, the country's current account balance decreased from 26 per cent of GDP in 2006 to -12.5 per cent in 2020 and -2.8 per cent in 2021.¹⁴ Caught between the growing social needs of the population and the constraints of limited fiscal space available for the social protection system, the government has been unable to carry out essential reforms. Furthermore, the government has tried to solve its internal debt problem through quantitative easing and the use of foreign exchange reserves to manage its external debt and address the exponential growth of its negative balance of payments.

In 2017, public authorities embarked on a quantitative easing programme. However, at the time, experts highlighted the temporary nature of the measure and the imperative to devote this currency to the recovery of the economy and investment. This operation was repeated for two years in order to repay the internal debts of the public treasury, such as salaries owed to civil servants.

While Algeria's finances have been constrained in recent years, the increase in oil and gas prices has boosted the government's budget and social protection programmes have benefited as a consequence. Moreover, in 2023, the government increased unemployment allowance benefits as well as pensions and civil servant wages.¹⁵ Despite the short-term improvement of the financial situation, it is still necessary to explore other options to ensure the long-term sustainability of social protection. In 2019, the International Labour Organization and UN Women provided a handbook for achieving additional fiscal space for social protection and the Sustainable Development Goals (SDGs). This tool could provide useful guidance for the Algerian government.¹⁶ Additional fiscal space would help solve Algeria's two other main social protection challenges: the expansion of coverage and improved social protection benefits.

¹⁴ World Bank (2021), 'World Development Indicators > Current account balance (% of GDP) – Algeria', <https://data.worldbank.org/indicator/BN.CAB.XOKA.GD.ZS?locations=DZ> (accessed 7 Jan. 2023).

¹⁵ Algérie Presse Services (2022), 'Les augmentations importantes des salaires toucheront 2,8 mns fonctionnaires' [Significant salary increases will affect 2.8 million civil servants], 26 December 2022, <https://www.aps.dz/economie/149266-les-augmentations-importantes-des-salaires-toucheront-2-8-mns-fonctionnaires#:~:text=Chorfa%20a%20indiqu%C3%A9%20que%20la,les%20augmentations%20dans%20le%20secteur>; Algérie Presse Services (2023), 'Augmentation de l'allocation chômage: près de 2 mns de bénéficiaires à compter de janvier' [Increase in unemployment benefits: Nearly 2 million beneficiaries from January], 5 January 2023, <https://www.aps.dz/economie/149724-augmentation-de-l-allocation-chomage-pres-de-2-mns-de-beneficiaires-a-compter-de-janvier>.

¹⁶ Ortiz, I. et al. (2019), *Fiscal Space for Social Protection: A Handbook for Assessing Financing Options*, Geneva: International Labour Organization, https://www.ilo.org/secsoc/information-resources/publications-and-tools/books-and-reports/WCMS_727261/lang--en/index.htm.

02

An overview of the welfare state in Algeria

The Algerian social protection system has significantly changed since its creation in 1945. Today, it is comprised of various components such as social assistance, social insurance, employment programmes and community-based social protection.

The history of social spending in Algeria

The Algerian social security system was created in 1945, shortly after the establishment of the French social protection system. During the colonial period, the system focused on the local French population while only limited benefits were available to Algerian citizens. After independence in 1962, Algeria made numerous reforms to the system it had inherited from France, including the expansion of coverage to vulnerable populations and the introduction of numerous social welfare laws. As a result, Algerian citizens now benefit from several non-contributory social protection programmes, some of which are universal while others are targeted programmes.

However, at no point has a government implemented an overall social protection strategy. Instead, governments have largely established policies reactively and as emergency measures. With health and education being the priorities of the Algerian population after independence, the government introduced two major laws: the free healthcare law of 1974, which provides all citizens with free

healthcare in public hospitals,¹⁷ and the education law of 1976.¹⁸ At the time of Algeria's independence, only 20 per cent of school-age children (between 6 and 16 years old) were enrolled in schools. This rate increased to 47.2 per cent in 1966, to 70.4 per cent in 1977 and to 80 per cent in 1987.¹⁹

Today, the Algerian government also provides its citizens with food and energy subsidies. While time-series data on subsidies are not available, some sources estimate that the total budget for subsidies was 3.2 trillion Algerian dinar (DZD) in 2021, or \$23.7 billion.²⁰ Of this figure, 85 per cent went towards energy, 13 per cent to food and 2 per cent to water.²¹ Since 2010, the government has been incrementally reducing energy subsidies, which has in turn gradually raised fuel prices. There is an ongoing debate on subsidy reform taking place inside Algeria. The Office of National Statistics conducted a 'light' household budget survey in 2021 to inform the analysis of the subsidies reform working group:

In Algeria, there are two types of subsidies and social transfers: implicit subsidies and explicit subsidies. Implicit subsidies represent, on the one hand, the difference between the average unit cost of production and the average selling price of certain products and, on the other hand, the waiver by the state of certain internal and external duties and taxes. These subsidies do not appear in the state budget and are not expenditure items in the budget. Unlike explicit subsidies, also known as social transfers, which appear as budgetary expenditure (being a direct financial cost) made directly by the state for the benefit of households or companies.²²

After independence, the social insurance system extended coverage of work-related risks to Algerian workers and their families. In 1983, the country passed a social security law to unify the social insurance schemes and ensure that all Algerian workers equally benefited.²³ Today, affiliated workers are covered against sickness, work injury, maternity, invalidity and death, and also receive state pensions.²⁴ While all categories of workers are included in legislation, the effective coverage remains low and, in 2019, was estimated at only 58 per cent of the population, according to available data.²⁵ As mentioned earlier, this means that 42 per cent of workers are not affiliated with social security and are at risk of losing their income if any social risks were to occur.

¹⁷ Algerian government (1974), 'Journal Officiel de la République Algérienne Démocratique et Populaire' [Official Journal of the People's Democratic Republic of Algeria], 25 January 1974, <https://www.joradp.dz/FTP/jo-francais/1974/F1974008.PDF>.

¹⁸ Ordonnance N° 76-35 du 16 avril 1976 portant organisation de l'éducation et de la formation [Ordonnance No. 76-35 of April 16 1976 on the organisation of education and training] (1976), 16 April 1976, https://www.axl.cefam.ulaval.ca/afrique/algerie_ordonnance-76-35-1976.htm.

¹⁹ Sadeg, M. (2018), 'Evolution du système éducatif de l'Algérie de 1830 à 2012 : Origines historiques des disparités régionales' [Evolution of the Algerian education system from 1830-2012: Historical origins of regional disparities], *Revue des Sciences Commerciales et de Gestion*, 10(1), pp. 15-59, <https://www.asjp.cerist.dz/en/downArticle/716/10/1/155550>.

²⁰ Mansouri, N. (2022), 'Subvention des produits énergétiques : 85% du budget consacrés au soutien des prix en 2021' [Subsidies for energy products: 85% of the budget devoted to price support in 2021], *Maghreb Emergent*, 19 June 2022, <https://maghrebemergent.net/subvention-des-produits-energetiques-85-du-budget-consacres-au-soutien-des-prix-en-2021>.

²¹ Ibid.

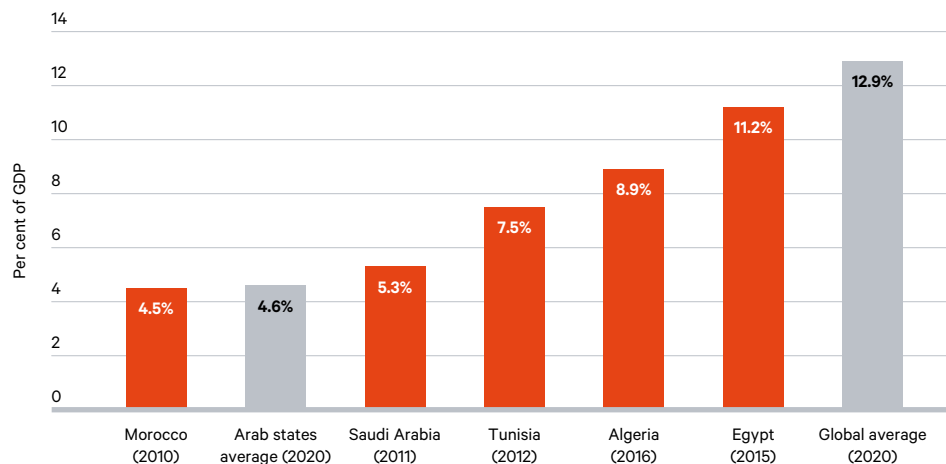
²² Research interview, under the condition of anonymity, with a professor of economics at an Algerian university, 22 April 2022.

²³ Before 1983, the Algerian social security system was supervised by several departments, such as the Ministry of Health, the Ministry of Agriculture and the Ministry of Finance. This was mainly due to the plurality of funds, which resulted in the fragmented nature of social security.

²⁴ Regarding the issue of maternity, only salaried workers are eligible for maternity leave, while self-employed women cannot benefit from this provision.

²⁵ Office of National Statistics (unpublished), *Labour Force Survey 2019*.

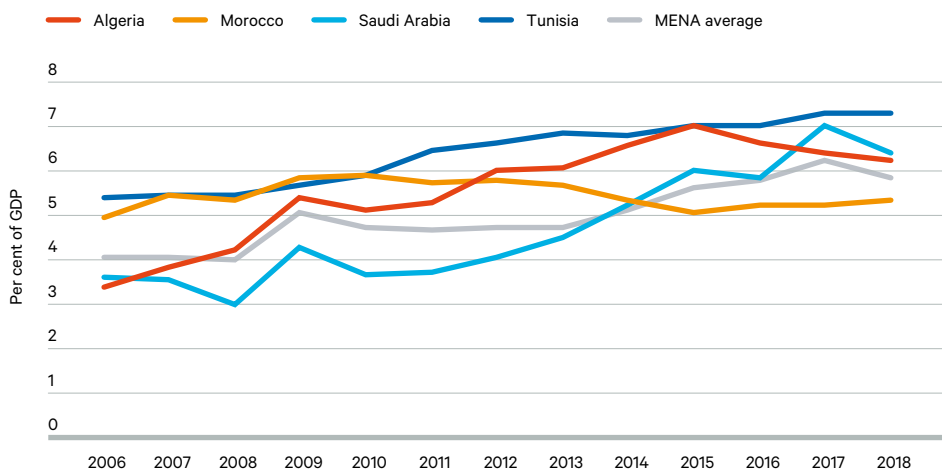
Figure 1. Public expenditure on social protection excluding health (latest available data for each country) (% of GDP)



Source: International Labour Organization (2023), 'World Social Protection Data Dashboards', <https://www.social-protection.org/gimi/WSPDB.action?id=19> (accessed 17 Feb. 2023).

Figure 1 shows that Algeria spent 8.9 per cent of its GDP on social protection in 2016. This figure is higher than Saudi Arabia, the world's largest oil exporting country, and also higher than the average for the Arab states (4.6 per cent). However, Algeria spends less than Egypt and the global average, at 11.2 per cent and 12.9 per cent of GDP, respectively. Given the unmet needs of vulnerable populations, there is room for improvement in Algeria to increase social protection expenditure and investment in human well-being and development.

Figure 2. Health expenditure (% of GDP) since 2006



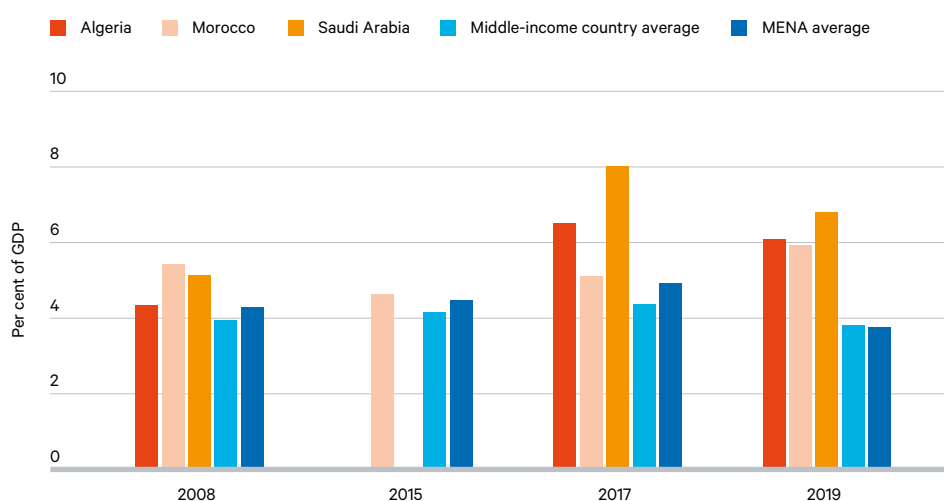
Source: World Bank (2022), 'World Bank Open Data > Current health expenditure (% of GDP) – Algeria', 30 January 2022, <https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=DZ>.

Figure 2 shows that Algeria's current health expenditure represented around 5 per cent to 6 per cent of GDP in the decade up to 2018. This estimate is higher than the average expenditure in the Middle East and North Africa (MENA) region. Although compared to Saudi Arabia and Tunisia, for example, Algeria spent less

on health in 2017 and 2018. Algeria spent more than Morocco during the same period. The level of expenditure may reflect the Algerian government's priorities in terms of social policy budgets. However, it is possible that Algeria may increase its investment in the healthcare system in order to improve population health and well-being in accordance with SDG 3.

Algeria's spending on education, as a percentage of GDP, is high compared to other countries and regions, including the average for the MENA region and for middle-income countries (see Figure 3). Algeria's education expenditure as a share of GDP is lower than Saudi Arabia's in 2017 and 2019, while Algeria's spending is higher than Morocco for the same period.

Figure 3. Total government expenditure on education (% of GDP)



Source: World Bank (2022), 'World Bank Open Data > Government expenditure on education, total (% of government expenditure) - Algeria', 24 October 2022, <https://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS?locations=DZ>.

In addition to those introduced in the health and education sectors, Algeria has launched a number of other social assistance programmes and employment policies. In the early 1990s – the beginning of Algeria's so-called 'black decade' – the country faced a difficult economic situation where numerous firms were forced to close or went bankrupt. This dramatically increased the unemployment rate and the vulnerability-to-poverty ratio among the general population. Under the guidance of the World Bank and the International Monetary Fund's structural adjustment programmes, the government implemented cash transfers, cash-for-work and employment programmes, as well as entrepreneurship support programmes as measures to support unemployed people to enter the labour market or to prevent people already employed from losing their jobs. These included various measures, from training to job search assistance programmes, subsidies, supported employment opportunities and programmes to support entrepreneurial activities.²⁶ The Social Development Agency (ADS), supervised by the Ministry of Solidarity, Family and Women's Affairs, administered the majority of

²⁶ For more details, see Merouani, W. (2021), 'The Three Worlds of Welfare Capitalism: A Lesson from Algeria', in Tajmazinani, A. A. (ed.) (2021), *Social Policy in the Islamic World*, London: Palgrave Macmillan.

these measures. The Ministry of Labour, Employment and Social Security also administered some programmes through its National Employment Agency (ANEM). While data are not available for the cost of all of these programmes, the statistics in Table 1 highlight the evolution of the budgets of the ADS's employment programmes:

Table 1. Budgets for ADS employment programmes (\$ million)

Year	IAIG	ESIL/DAIS	CPE/PID	TUP-HIMO	Blanche Algérie (White Algeria)
1997	31.24	0	0	8.61	0
1998	36.43	0	2.04	9.78	0
1999	37.96	17.52	11.83	11.53	0
2000	36.79	14.60	6.64	0.29	0
2001	42.34	17.52	3.29	19.13	0
2002	49.13	15.99	2.19	27.89	0
2003	53.58	16.42	4.45	23.21	0
2004	57.96	16.50	56.72	20.59	0
2005	59.06	14.67	60.88	11.97	2.85
2006	69.93	24.46	42.49	27.81	10.80
2007	84.68	29.57	69.42	28.84	15.84
2008	87.52	32.34	64.46	21.97	11.17
2009	85.48	33.58	23.80	23.65	13.50
2010	89.28	113.88	76.14	22.48	15.77
2011	89.35	79.13	66.58	42.49	55.92
2013		289.45			
2014		289.45	65.63	24.16	117.68
2015		290.03			
2016		208.93	36.65	107.60	45.99
2017		142.79			0
2018		163.01		7.42	0

Source: Agency of Social Development and Office of National Statistics (2018), unpublished internal documents. Note: IAIG = indemnity of participating to general activities (l'indemnité pour participation aux activités d'intérêt général); ESIL/DAIS = seasonal employment of local initiative/programme of activity and social insertion (emploi saisonniers d'initiative locale/dispositif d'activité et d'insertion sociale); CPE/PID = pre-employment contract/programme of graduate placement (contrat pre-emploi/programme d'insertion des diplômés); TUP-HIMO = work of public utility with high employment intensity (travaux d'utilité publique à haute intensité de main d'œuvre); Blanche Algérie is a programme of cash for work that focuses on public infrastructure cleaning activities. Table 1 uses the exchange rate of 17 February 2023, where DZD 1 equals \$0.0073.

Expenditure has increased for all programmes. While no impact evaluation has been completed for these programmes, the data show the creation of a considerable number of jobs.²⁷ For instance, the number of jobs created by the programme for graduate placement (PID)²⁸ grew from 7,054 in 1998 to 44,626 in 2011 and 54,000 in 2014, before decreasing again to 33,879 in 2016.²⁹ However, since 2019, all employment programmes ceased, and were replaced by unemployment cash transfers in 2022. While the government aimed to facilitate current beneficiaries to find permanent jobs, today the country faces the problem of a skills mismatch – a problem that has not been solved.³⁰ Employment programmes did not evaluate beneficiaries' skills and the suitability of their education to new jobs. As a result, beneficiaries of employment programmes often do not possess the specific skills required by employers.

While figures show that Algeria has achieved considerable progress in social protection, by some indicators Algeria's welfare state system is insufficient compared to the global average.

In summary, while figures show that Algeria has achieved considerable progress in social protection, by some indicators Algeria's welfare state system is insufficient compared to the global average (see for instance social protection expenditure as a percentage of GDP in Figure 1). Moreover, such a macro-overview of the welfare state obfuscates inefficiencies across social protection programmes.

Mapping social protection in Algeria

Today, the Algerian social protection system encompasses several fragmented programmes that are administered by different institutions. Since Algeria's independence, successive governments have implemented various social protection policies with the aim of responding to Algeria's social and socio-economic problems such as poverty, unemployment and food security. But, as mentioned earlier, no government to date has implemented a forward-looking and long-term social protection strategy. As a result, Algeria's social protection system has become incoherent and disjointed. In order to provide a comprehensive picture, Table 2 maps the Algerian social protection system with all its components. The table also provides an overview of the three main components of social protection, namely social insurance, social assistance, and informal and community-based social protection. Financial data are not available for all programmes.

²⁷ Agency of Social Development (unpublished), 'Annual Activity Reports, 1997–2016', internal document.

²⁸ Programme d'Insertion Sociale des Jeunes Diplômés (PID).

²⁹ For more details about the evolution of jobs created see Merouani (2021), 'The Three Worlds of Welfare Capitalism'.

³⁰ Research interview, under the condition of anonymity, with a representative of the Ministry of Labour, Employment and Social Security, April 2022.

Reforming Algeria's social protection system

Public policies, community participation and the potential for universal basic income

Table 2. Mapping of the social protection system in Algeria

Category/ instruments	Benefits	Targeted population	Financing	Institution	Budget/expenditure (latest available data)	Additional information/ challenges
1. Social insurance						
Social insurance for salaried workers	Sickness, maternity, invalidity, death, work injury	Salaried workers	Worker contributions and state subsidies	National Social Insurance Fund for Salaried Workers (CNAS)	Income: estimated at DZD 440 billion (\$3.2 billion). Expenditure: DZD 414 billion (\$3.06 billion) in 2018 ³¹	42 per cent of workers were not covered in 2019 (Labour Force Survey); 5 million workers were insured in 2013 ³²
Social insurance for non-salaried workers	Sickness, invalidity, death and pension	Self-employed and employers	Worker contributions	National Social Insurance Fund for Non-Employees (CASNOS)	Income: DZD 35.5 billion (\$262 million) in 2013. Expenditure: DZD 31.6 (\$233 million) billion in 2013 ³³	Coverage is low and estimated at 24.4 per cent in 2014 (Labour Force Survey); 1.2 million workers enrolled in 2013 ³⁴
Retirement/pension	Subsidies to pension and survivor pension	Salaried retirees	Worker contributions and state subsidies	National Fund for Retirement		Maximum replacement rate of 80 per cent
Unemployment insurance	Unemployment benefit	Unemployed person	Worker contributions	National Fund for Unemployment Insurance (CNAC)	Income: DZD 24 billion (\$177million) in 2013. Expenditure: DZD 20 billion (\$147 million) in 2013 ³⁵	Restricted access: only workers with permanent contracts are eligible for unemployment insurance; 1 million workers enrolled in 2013 ³⁶
Bad weather leave/unemployment programme	Leave and unemployment allowance	Employees in the building, public works and hydraulic sectors		National Fund for Paid Leave and Unemployment due to bad weather in the building, public works and hydraulic sectors (CACOBATH)		Very low coverage of workers due to the high informality in those target sectors
2. Social assistance						
2.1. Inactive social policy						
Unconditional cash transfers						
Cash transfer: allocation forfaitaire de solidarité (AFS)	Cash transfer of DZD 3,000 (\$22.15)/month	Elderly and people with chronic diseases	State budget	Social Development Agency (ADS)		959,000 beneficiaries in 2019 ³⁷
Ramadan allowance	Lump sum of DZD 10,000 (\$73.85)	Poor households	State budget	Ministry of Solidarity, Family and Women Conditions		

³¹ Algeria Press Service (2019), 'Les arrêts de travail ont coute 16 milliards de dinars en 2018' [Work stoppages cost the fund 16 billion dinars in 2018], 17 January 2019, <https://www.reporters.dz/cnas-les-arrets-de-travail-ont-coute-16-milliards-de-dinars-en-2018>.

³² Office of National Statistics (2014), 'Statistical Yearbook of Algeria no. 31, Chapter X: Social Security', https://www.ons.dz/IMG/pdf/securite_sociale.pdf.

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Algeria Press Service (2019), 'L'allocation forfaitaire de solidarite une enveloppe de plus de 47 milliards de dinars pour 2019' [The flat-rate solidarity allowance envelope of more than 47 billion dinars for 2019], <https://www.aps.dz/societe/84275-l-allocation-forfaitaire-de-solidarite-une-enveloppe-de-plus-de-47-milliards-de-dinars-pour-2019> (accessed 25 Oct. 2022).

Reforming Algeria's social protection system

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Category/ instruments	Benefits	Targeted population	Financing	Institution	Budget/expenditure (latest available data)	Additional information/ challenges
Disability benefits						
Cash transfer: AFS	Cash transfer of DZD 10,000 (\$73.85)/month	People with 100 per cent disability rating (as decided by a doctor)	State budget	ADS		200,000 beneficiaries in 2018; ³⁸ 334,000 in 2019 ³⁹
Disability allowance	Cash transfer DZD 4,000 (\$29.54)/month	People with disabilities	State budget	Ministry of Solidarity, Family and Women Conditions		
In-kind social assistance	Equipment for disabled people	People with disabilities	State budget	Ministry of Solidarity, Family and Women Conditions		
Child and orphan protection						
School allowance	Cash transfer	Children in schools	State budget	Ministry of Education		
Free education and free books	In-kind benefit	Children in school	Ministry of Education	Ministry of Education		
Childcare for orphans	Childcare	Orphans under 18 years	State budget	Ministry of Solidarity, Family and Women Conditions		
Mujahideen pension	Pension	Mujahideen	State budget	Ministry of Mujahideen	While it was DZD 196 billion (\$1.45 billion) in 2021, the state budget allocated to social transfers in support of the Mujahideen increased slightly to DZD 196.05 billion (\$1.45 billion) in 2022 ⁴⁰	
Programmes for the protection of women						
In-kind social assistance	Legal and social aid	Women victims of gender violence	State budget	Ministry of Solidarity, Family and Women Conditions		
Healthcare						
Free healthcare	Healthcare (general and specialized) in public hospitals	Universal	State budget	Ministry of Health, Population and Hospital Reforms		Low supply pushes people to go to private hospitals that are not covered by social insurance

³⁸ Algeria Press Service (2018), 'Actualisation des listes des personnes démunies: plus de 944.000 bénéficiaires de l'AFS' [Updating the lists of deprived persons: More than 944,000 beneficiaries of the AFS], 24 May 2018, <https://www.aps.dz/societe/74453-actualisation-des-listes-des-personnes-demunies-plus-de-944-000-beneficiaires-de-l-afs> (accessed 25 Oct. 2022).

³⁹ Algeria Press Service (2019), 'Généralisation de l'allocation de 10 000 DA à tous les handicapés à 100% : Près de 32 milliards de dinars mobilisés annuellement' [Generalisation of the allocation of 10,000 DA to all those disabled at 100%]: Nearly 32 billion dinars mobilised annually], 5 October 2019, <https://www.aps.dz/algerie/95134-generalisation-de-l-allocation-de-10-000-da-a-tous-les-handicapes-a-100> (accessed 25 Oct. 2022).

⁴⁰ Algeria-Watch (2021), 'Transferts sociaux PLF 2022 : le budget des Moudjahidines en hausse, celui de l'habitat en baisse' [Social transfers PLF 2022: The budget of the Mujahideen on the rise, while that of housing declines], 9 November 2021, <https://algeria-watch.org/?p=80300>.

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Category/ instruments	Benefits	Targeted population	Financing	Institution	Budget/expenditure (latest available data)	Additional information/ challenges
2.2. Active social policy						
Active labour market policies for employees						
Programme of graduate placement (PID)	Temporary job and cash for work	Young graduate	State budget	ADS		Programme cancelled
Programme of social integration (DAIS)	Temporary job and cash for work	Young people with and without qualification	State budget	ADS		Programme cancelled
Work of public utility with high employment intensity (TUP-HIMO)	Temporary job and cash for work	Unemployed persons regardless of age	State budget	ADS	DZD 4 billion (\$29.54 million) in 2018 ⁴¹	
Blanch Algérie (White Algeria)	Temporary job and cash for work	Unemployed persons regardless of age	State budget	ADS		
Community Development programme	Temporary job and cash for work	Targeting regions with need for infrastructure	State budget	ADS		
National Employment Agency (ANEM) employment programme	Temporary job and cash for work	Young unemployed (there is a sub programme for each education level)	State budget	Ministry of Labour, Employment and Social Security		Programme cancelled
Unemployment allowance	Unemployment allowance: DZD 15,000 (\$108) per month ⁴²	Youth unemployed	State budget	Ministry of Labour, Employment and Social Security		A new policy was implemented in 2022, offering a monthly amount of DZD 13,000 (\$96) to eligible beneficiaries. Since January 2023, more than 1.9 million people are benefiting from the unemployment benefit revised upwards to DZD 15,000 (\$110.78) per month ⁴³
Microcredit programmes						
Entrepreneurship promotion and enterprise creation	Microcredit and technical support for young entrepreneurs	Vulnerable young unemployed	States budget, beneficiaries and banks	National Agency of Microcredit (ANGEM)		

⁴¹ Algeria 360 (2018), 'Prise en charge des catégories nécessiteuses: plus de 80 milliards DA pour créer de nouveaux projets' [Support for needy categories: more than 80 billion DZD to create new projects], 15 April 2018, <https://www.algerie360.com/prise-charge-categories-necessiteuses-plus-de-80-milliards-da-creeer-de-nouveaux-projets>.

⁴² Algeria 360 (2023), 'Hausse allocation chômage à 15.000 DA : appliquée dès janvier 2023' [Increase in unemployment benefit to 15,000 DZD: applied from January 2023], 26 January 2023, <https://www.algerie360.com/hausse-allocation-chomage-a-15-000-da-appliquee-des-janvier-2023>.

⁴³ Ibid.

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Category/ instruments	Benefits	Targeted population	Financing	Institution	Budget/expenditure (latest available data)	Additional information/ challenges
Enterprise creations/programmes for entrepreneurship						
Entrepreneurship promotion & enterprise creation	Microcredit	Youth unemployed		ANAD (National Agency for Support and Development of Entrepreneurship)		This programme was previously administered by the Ministry of Labour through its National Agency of Support for Youth Employment (ANSEJ)
		Unemployed		CNAC		
Education						
Free education	Education at all levels	Universal	State budget	Ministry of Education, Ministry of Higher Education and Scientific Research and the Ministry of Vocational and Educational Training		
Subsidies						
Food subsidies		Universal	State budget		Total budget of subsidies estimated at DZD 3.2 billion (\$23.6 million) in 2021;	
Energy subsidies		Universal	State budget		85 per cent of the subsidies go to energy, 13 per cent to food and 2 per cent to water ⁴⁴	
3. Informal and community based social protection						
3.1. Zakat						
The Zakat programme	Support for enterprise creations and cash transfer		Community	Zakat fund		
Informal/ community Zakat	Lump sum for poor population		Community	Community		
3.2. Associations and humanitarian programmes						
CSOs and associations	Assistance to vulnerable population (people with disabilities, chronic disease)		States and donors			

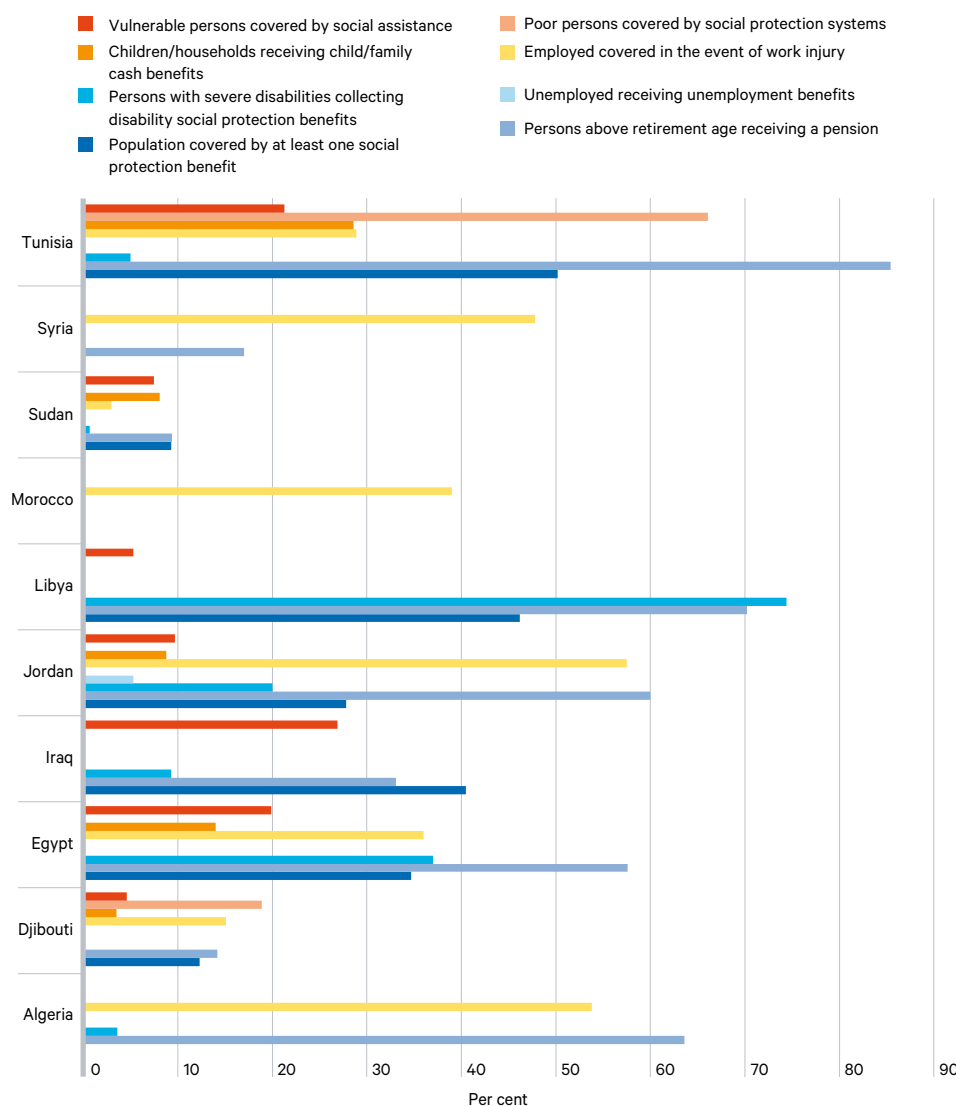
Source: Based on various sources (see references inside Table 2).

Note: Table 2 uses the exchange rate of 17 February 2023, where DZD 1 equals \$0.0073.

⁴⁴ Ouest Tribune (2022), 'Selon le directeur général du budget au ministère des finances: 5.000 milliards de DA ont été dépensés en subventions' [According to the Director General of Budget at the Ministry of Finance: 5,000 billion DA were spent on subsidies], 20 June 2022, <https://ouest-tribune.dz/103558-2>.

While Table 2 shows the existence of different types of social protection programmes targeting all categories of the vulnerable population, many of these programmes leave behind a considerable number of people. The main challenge identified in the above programmes is their low level of coverage, in terms of the general population as well as geographically, inadequacy and unsustainable financing.⁴⁵ This creates inequalities of opportunities, the exclusion of vulnerable populations and a lack of social cohesion. Data on the proportion of the population that is covered by the social protection system is scarce, as exemplified by the International Labour Organization's Social Protection Inquiry Database, which shows low coverage in Algeria as well as in other Arab countries.⁴⁶

Figure 4. Share of population covered by social protection (%)



Source: International Labour Organization (2023), 'World Social Protection Data Dashboards', <https://www.social-protection.org/gimi/WSPDB.action?id=19> (accessed 17 Feb. 2023).

⁴⁵ Merouani (2021), 'The Three Worlds of Welfare Capitalism'.

⁴⁶ International Labour Organization (2022), 'Social Protection Inquiry Database', <https://ilostat.ilo.org/topics/social-protection> (accessed 29 Nov. 2022).

Figure 4 shows that social protection across different categories of the population in Algeria is relatively low. Indeed, only 63 per cent of the elderly population is covered by contributory and non-contributory pension provision – lower than in neighbouring countries Tunisia and Libya, but higher than in other countries listed in the figure. Additionally, the share of employed workers covered for injury at work is estimated at 53 per cent – lower than the coverage rate in Jordan but higher than that of other countries. Unfortunately, only 3.6 per cent of people in Algeria with severe disabilities are collecting disability social protection benefits, which is remarkably low compared to other countries with available data.

In addition to these low levels of coverage, observers have also questioned the adequacy of the benefits. One method to evaluate these social benefits is to compare them to the national minimum wage. Another approach, used by the World Bank, is to evaluate the proportion of social benefits in the total welfare of beneficiaries, measured by income or expenditure. In the absence of data on population income and expenditure, the former method is more feasible. For instance, the Allocation Forfaitaire de Solidarité (AFS) – a cash transfer programme targeting the poor and vulnerable – provides a benefit of DZD 3,000 (\$22.15) per month, representing merely 15 per cent of the minimum wage.⁴⁷ In addition, social insurance benefits are also low. For instance, there is a high number of medicines that are not reimbursed by the social insurance fund.

While the law stipulates that out-of-pocket costs for the price of medicine should only be 20 per cent, insured people often pay more than this percentage. This is because the social insurance system reimburses 80 per cent of the reference price, which is lower than the real sale price.⁴⁸ This process of basing compensation on reference prices allows the social insurance fund to reduce its health insurance expenditure and instead potentially allocate more resources to the pension fund. The contribution rate to pension schemes has increased several times in the last two decades.⁴⁹ This view was supported in an interview with Nacer Haddad from the Algerian Social Insurance Fund for Non-Salaried Workers:

While we want to stay fair, we need to qualify [Table 2], as in terms of medical acts and services related to healthcare, in particular with respect to ear and dental care, the level of reimbursement is certainly 80 per cent. However, this number is calculated on the basis of an evaluation of these acts and has not been updated for almost 40 years. Efforts to reassess these acts have been made as part of a contractual mechanism between social security and care providers and acts related to care, unfortunately, have not had the desired effect. With the rate of inflation experienced by the country during this long period, in other words, with regard to acts of care, the level of reimbursement is insignificant.

Furthermore, there exists a long list of non-reimbursable medicines. While the social insurance fund aims to make savings in the short term on health insurance by limiting benefits, this can have an unforeseen negative effect on the system as a whole. For example, when patients are not financially supported, they are more

⁴⁷ For more details on the criteria of eligibility, see ADS (undated), 'Agence de Développement Social' [Social Development Agency], <http://www.ads.dz>.

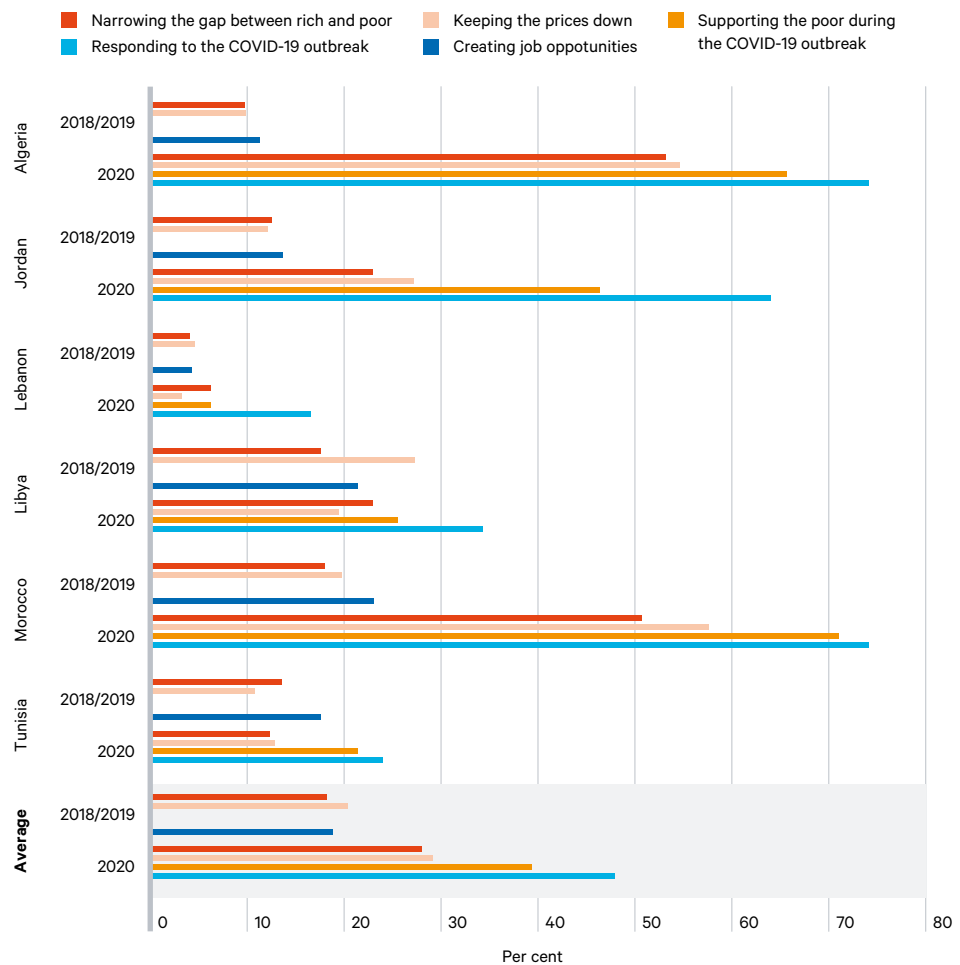
⁴⁸ Merouani, W., Hammouda, N. E. and El Moudden, C. (2014), 'Le système Algérien de protection sociale : entre bismarckien et beveredgian' [The Algerian system of social protection: Between Bismarckian and Beveredgian], *Les cahiers du Cread*, 30(108), pp. 109–147, <https://www.asjp.cerist.dz/en/article/2015>.

⁴⁹ Pension contribution rates increased to 18.25 per cent in 2015, up from 17.75 per cent previously.

likely to relapse and spend more time in public hospitals, which costs the social insurance fund more money overall, thereby making the social insurance system inefficient and less able to respond to shocks.⁵⁰

Another way to evaluate social protection programmes is through population and opinion surveys. Figure 5 uses the Arab Barometer surveys to compare the performance of the Algerian government with that of other governments.⁵¹ The Arab Barometer surveys thus offer a unique opportunity for cross-country comparison by asking respondents various questions relating to their socio-demographic and -economic characteristics.

Figure 5. Percentage of people reporting that government performance is good or very good in different areas



Source: Arab Barometers surveys (2022), 'Data downloads > Arab Barometer Surveys > Wave 5 (2018–2019) and Wave 6 (2020–2021)', <https://www.arabbarometer.org/survey-data/data-downloads>.

Note: Data on government performance were only available for narrowing gaps, keeping the prices down and creating employment. In 2020, data on government performance in creating employment were not available.

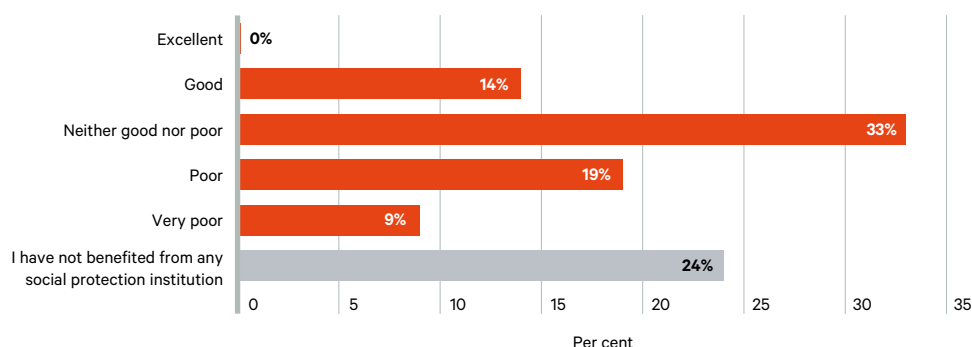
⁵⁰ The Social Insurance Fund (CNAS) finances are a part of the public hospitals' expenditures through the 'forfait hopitaux'.

⁵¹ For more details, see the Arab Barometer (2022), 'Homepage', <https://www.arabbarometer.org>.

Figure 5 shows that government performance has improved between 2018 and 2020. For instance, in the 2018/2019 period only 9.73 per cent of respondents in Algeria reported that the government's performance in narrowing the gap between rich and poor was 'good' or 'very good' – that figure increased to 53 per cent in 2020. Meanwhile, the percentage of respondents who reported that the government had performed well in keeping prices down increased from 9.86 per cent in the 2018/2019 period to 54 per cent in 2020, which shows that Algeria is doing better than other countries in the region. However, the government could still improve its performance by expanding social protection coverage and increasing the adequacy of benefits.

In late 2022, Chatham House conducted an online survey in Algeria with 300 respondents sharing their level of satisfaction and perception of the country's social protection services. The survey primarily focused on individual views on social protection services, including a test question to gauge whether the population would be in favour of the removal of energy and food subsidies. The results show that 33 per cent of respondents were indifferent, while 28 per cent reported that the social protection services were 'poor' or 'very poor' (see Figure 6).

Figure 6. Public satisfaction with the level of social protection services



Source: Unpublished Chatham House survey (late 2022).

While Algeria has a broad and relatively comprehensive social protection system – made up of several programmes that target a wide proportion of the vulnerable population – the analysis in this chapter shows that there is room for all programmes to improve in terms of coverage and adequacy of benefits. Further research would be critical in order to analyse both the effectiveness of social protection programmes as well as their impact on beneficiaries.

03

Non-state social protection and welfare

Social protection from non-state actors provides different forms of solidarity in Algeria including social, religious, community-based or traditional configurations, and the diversity of these networks is expanding.

Social solidarity

While the Algerian state has traditionally been responsible for the provision of social protection, non-state actors have a long-established and important role in supporting people in need. The nature and number of non-state social protection actors has grown exponentially. These range from extended family members and friends – including transfers and remittances from overseas – to non-governmental organizations and local and national civil society initiatives. The most important non-state actors are religious organizations such as the Kafil el-Yatim (Orphans' Sponsor) Association, Al-Baraka Association for Charitable and Humanitarian Work, el-Irchad wal-Islah (Guidance and Reform) Association and the Association of Algerian Muslim Scholars. In addition, there are national organizations such as the Algerian Muslim Scouts, the Association of Old Scouts, the Algerian Red Crescent, the Ness El Khir (Good People) Association, as well as local associations based in different cities. It is difficult to capture the nature and extent of all these non-state actors as quantitative data on aid delivery are largely unavailable.

According to an interview with a former legal technical adviser at the Ministry of Labour, Employment and Social Security and an assistant adviser to the director general of the National Social Security Fund for Non-Employees (CASNOS):

In the first place, there is family solidarity, which is based on a cultural sub-stratum, then the village or neighbourhood communities and finally the social associations. These different forms of expression of non-state solidarity manage to compensate quite effectively for the inconsistencies of the public system.

While there are different, targeted social protection programmes, not all poor households and intended beneficiaries receive state support. Instead, many rely on transfers from non-state sources known as 'non-state social protection actors', such as family and kin members, friends, neighbours and traditional community-based organizations such as the *djema* (*tadjmaat* in the Berber language) in Kabylia. These organizations can be religious or non-religious and are based on traditional forms of solidarity. They are frequently linked to mosques or civil society groups. Non-state social protection is generally based on relationships and varies in terms of organization, sources of funding, activity and duration. This makes it challenging to quantify the contributions of non-state and informal social protection actors such as family, friends and neighbours, who do not typically quantify nor keep track of the amounts of transfers donated.

However, formal non-state social protection actors such as community-based, religious and civil society organizations *do* tend to keep records of their activities, mainly because of moral obligations towards their donors or legal accountability. This activity must comply with the agreement permitting this work issued from the government – usually the Ministry of the Interior and Local Authorities.

In addition to non-governmental social service agents, many households depend on remittances from economic migrants that are part of the diaspora. There is a long-established connection between non-state social protection and remittances from emigrants. Certain regions such as Kabylia and Aurès have a strong tradition of emigration and a resilient and well-structured civil society. This obligates emigrants to pay a kind of quasi-mandatory contribution imposed by a traditional village or a social or local association like *djema*, which contributes to utility works and protection and social redistribution activities.

According to World Bank statistics on remittances, the Algerian diaspora transferred \$1.8 billion in 2019 – around \$300 million less than the amount that was transferred in 2018, when remittances were estimated at more than \$2.16 billion. In 2019, inflows totalled \$6.7 billion for Morocco, \$2 billion for Tunisia and \$1.8 billion for Algeria – equivalent to 6 per cent, 5 per cent and 1 per cent of national GDP for the three countries, respectively. It is worth noting that these remittances are sent and received through 'formal' transfer channels, while those that are sent and received through 'informal channels' tend not

to be recorded or quantified.⁵² In 2021, remittances to the MENA region grew by 9.7 per cent to \$62 billion, with an average rise of 15.2 per cent in Algeria, Morocco and Tunisia.⁵³

The economic downturn caused by the COVID-19 pandemic has affected remittances from abroad, which is likely to exacerbate poverty levels in Algeria. These statistics are based on transferred funds that are traced via bank accounts. They do not include transfers made directly via travellers, which are exchanged in the informal market.⁵⁴ The informal market operates in parallel to the official banking system used to exchange foreign currency into local dinars and vice versa, with a significant difference between the official exchange rate and informal black-market rates. The outsized role of the informal exchange (a de facto exchange for many) and its preferential rates prompt flows to enter the non-official realm at the expense of liquidity circulating through official channels.

Religious solidarity

The *wakf* or *habous*, under the rules of Islamic Shariah, are pious endowments that allow individuals to offer their assets such as property, jewellery and goods to charitable causes. By transferring ownership or bequest, these endowments serve the intention of doing good and helping the needy, thereby promoting community well-being. In Islamic societies, *wakf* or *habous* have traditionally been viewed as a powerful tool for social welfare. The institution of the *wakf* or the *habous* has existed in Algeria since the Ottoman Empire and survived throughout the French colonial period until the present day. These endowments are often used to provide social services such as schools, water fountains and wells, orphanages, hospitals and charitable organizations. In terms of property, as of 2022, the Algerian Ministry of Religious Affairs and Endowments identified 12,274 contributions that included housing, commercial and professional premises, and agricultural and urban lands.⁵⁵

However, the Ministry of Religious Affairs and Endowments also invests in these properties through the endowment account or with national funding. Hence, the support endowments provide can be characterized as state social protection. According to a former director general of the National Social Security Fund for Salaried Workers (CNAS), 'the *wakf* also includes the inalienable property kept within a family which becomes a public *habous* after lineage extinction'.⁵⁶

⁵² Kalantaryan, S. and McMahon, S. (2021), *Remittances in North Africa: Sources, scale and significance*, Luxembourg: Publications Office of the European Union, <https://publications.jrc.ec.europa.eu/repository/handle/JRC123516#:~:text=Remittances%20represent%20an%20important%20tool,and%20communities%20in%20other%20countries.>

⁵³ World Bank (2021), 'Remittance Flows Register Robust 7.3 Percent Growth in 2021', press release, 17 November 2021, <https://www.worldbank.org/en/news/press-release/2021/11/17/remittance-flows-register-robust-7-3-percent-growth-in-2021>.

⁵⁴ Litamine, K. (2020), 'Faute d'un système bancaire efficace, les transferts des fonds des Algériens vers le pays reculent en 2019' [Due to the lack of an efficient banking system, transfers of funds from Algerians to the country fell in 2019], *Algérie Eco*, 3 May 2020, <https://www.algerie-eco.com/2020/05/03/faute-dun-systeme-bancaire-efficace-les-transferts-des-fonds-des-algeriens-vers-le-pays-reculent-en-2019>.

⁵⁵ Algeria Press Service (2022), 'Une nouvelle loi sur l'investissement des biens wakfs en préparation' [A new law on the investment of wakfs assets in preparation], 7 April 2022, <https://www.aps.dz/societe/138283-belmechdi-une-nouvelle-loi-sur-l-investissement-des-biens-wakfs-en-preparation>.

⁵⁶ Research interview, under the condition of anonymity, with a former director general of the National Social Security Fund for Wage Earners (CNAS) in the years 1990–2000, April 2022.

Zakat is the third of five pillars of Islam – the religious obligations of Muslims. It is a means of social financing and is a type of solidarity based on the concept of equity. It is a form of spiritual purification as well as an economical mechanism allowing for a redistribution of wealth in order to reduce poverty. There are two types of *zakat*. The first is the *zakat ul-fitr*, which signifies a sum paid before the end of Ramadan to purify the fast. This amount is equal to the cost of an average meal paid for each member of the household. The second type is the *zakat al-mal*, which is a tax payable on savings, business revenues and assets, as well as gold and silver at the basic rate of 2.5 per cent. When *zakat* is collected and managed by individuals or non-state actors, this is considered non-state social protection. However, once the Zakat Fund was set up in Algeria in 2013 by the Ministry of Religious Affairs and Endowments, and people started to donate *zakat* to this fund, it became part of the state's social protection system; the performance of *zakat* funds managed by the Ministry of Religious Affairs and Endowments increased sharply during the period from 2003 to 2013.⁵⁷ In fact, the proceeds of the Zakat Fund continued to increase, reaching DZD 1.54 billion (\$11.4 million) in 2019. In 2020, the funds decreased to below DZD 730 million (\$5.4 million) because of the closing of mosques during the COVID-19 pandemic.⁵⁸

Community-based or traditional solidarity

Community-based or traditional solidarity has existed in Algeria for centuries. Village associations are traditional or religious organizations with forms of participatory governance, such as the *djemaa*, or *tajmaat* in the Berber language, in the region of Kabylia. The *djemaa* is a type of a village assembly or association, which operates within a traditional 'arsh association that covers many villages in a specific ancestral area.⁵⁹ These local 'arsh associations are informal non-state social protection actors rooted in the community. This localization enables them to understand and respond to the needs of the targeted population, and address economic, social, cultural, political and environmental grievances. In recent years, many of these 'arsh associations have sought official status through the Ministry of the Interior and Local Authorities and began to work in close collaboration with local authorities to address needs that are frequently overlooked by the state. A lack of data on these community-based associations is due to the fact that they are counted with other types of organizations within the category of neighbourhood committees. According to the Ministry of the Interior and

⁵⁷ Sayah, F. and Khaitunnisa, M. (2021), 'Reviving Zakat for Micro-Financing and Socio-Economic Development in Algeria', *International Journal of Zakat*, 6(3), pp. 23–40, <https://ijazbaznas.com/index.php/journal/article/view/356>.

⁵⁸ Ibid. Conversion made using Algeria Central Bank exchange rate of 20 June 2023 (\$1 = DZD 135.4)

⁵⁹ The 'arsh in Algeria in general and in Kabylia, in particular, signifies a sovereign political community collectively possessing and controlling a definite territory. See Roberts, H. (2014), *Berber Government: The Kabyle Polity in Pre-colonial Algeria*, New York: I. B. Tauris, p. 46.

Local Authorities, out of the existing 108,940 associations, 21.45 per cent are neighbourhood committees, including community-based associations.⁶⁰ According to an interview with a former director of CNAS, community-based solidarity is:

A system of mutual aid and traditional cooperation which makes it possible to help a member of the community who is occasionally in need or difficulty (illness for example) or to carry out ploughing or a harvest or to build and carry out [works on] mosques, schools, ploughing, harvesting. These forms of solidarity, religious or community, play an important role in strengthening ties and protecting against poverty, precariousness and exclusion in general. As examples, we can cite Touiza [...], a form of free collective work that is usually done upon a call emanating from the authorities of the village or the village association (*tajmaat*) or the local community. It is basically volunteer work and service done by and for the community members. It is still practised in several regions of Algeria. These forms of communal solidarity are coordinated by a central tribal body (*tadarth* in Kabylia) called *djema* or *tajmaat*.⁶¹

National and local civil society organizations

According to the Ministry of the Interior and Local Authorities, members of associations pool their expertise, knowledge and resources on a voluntary and non-profit basis in order to promote and encourage activities in the fields of science, religion, education, the environment, charity and sport, among others. These activities aim to serve the general interest and must align with national values, while not disrupting public order, good morals, or any provisions of the laws and regulations currently in place. Of the 108,940 associations operating nationwide in Algeria, 48,957 (45 per cent) are registered with the Ministry of the Interior and Local Authorities and compliant with respect to the law, while 59,983 (55 per cent) are non-compliant (see Table 3).

Table 3. Typology of civil society organizations registered with the Ministry of the Interior and Local Authorities

Domain	Total	Per cent
Professional	4,618	4.24
Religious	15,974	14.66
Sports and physical education	18,032	16.55
Arts and culture	13,134	12.06
Students' parents	16,631	15.27
Science and technology	1,052	0.97

⁶⁰ Associations now have legal status and are registered with the Ministry of Interior and Local Authorities. However, it should be noted that there is little information on the impact of these associations on social solidarity. See Ministère de l'Intérieur (2015), 'Associations', 6 October 2015, <https://www.interieur.gov.dz/images/pdf/Thematiquedesassociations.pdf>.

⁶¹ Hacherouf, H. (2010), 'Le mouvement associatif en milieu rural. Le cas de la wilaya de Bejaia [Associative Movements in Rural Areas. The Case of the Wilaya of Bejaia]', *Insaniyat*, 49, pp. 19–39; Research interview with Abdelmadjid Bennacer, a former director general of the National Social Security Fund for Wage Earners (CNAS) in the years 1990–2000, April 2022.

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Domain	Total	Per cent
Neighbourhood committees	23,371	21.46
Environment	2,505	2.29
Disability	1,746	1.60
Consumers	142	0.13
Youth and children	3,634	3.34
Tourism and entertainment	1,086	1
Retired and old people	155	0.14
Women	1,140	1.06
Solidarity and charity	4,304	3.95
Relief	339	0.31
Health and medicine	945	0.87
Alumni and students	132	0.12
Total of compliant	48,957	44.94
Total of non-compliant	59,983	55.06
General total	108,940	100

Source: Based on figures from the Ministry of the Interior and Local Authorities, <https://www.interieur.gov.dz/images/pdf/Thematiqdesassociations.pdf>.

Despite the fact that these associations vary in terms of their vision and mission, most offer social services throughout the year or during crises regardless of their original focus – with peak activities during the holy month of Ramadan, including the so-called ‘Ramadan basket’ and during Eid-ul-fitr that celebrates the completion of Ramadan, and Eid-ul-Adha that follows the completion of the annual Hajj (pilgrimage).⁶² These activities include, for instance, providing clothing during winter or stationery for children at the beginning of the academic year. Many civil society organizations, acting as non-state social protection actors, have developed formalized and transparent eligibility criteria and administrative procedures. However, despite the internal organization system of non-state actors, they still have less bureaucracy than state actors and non-state actors are more able to quickly respond to requests for aid. Another reason for the popularity of non-state social protection actors is the fact that they tend to guarantee anonymity and thereby protect the dignity of beneficiaries, unlike formal state social protection, which is less sensitive to the needs of beneficiaries. This situation means that beneficiaries often end up queuing for long hours in order to receive services or are required to provide elaborate documentation in order to be able to register.

⁶² The ‘Ramadan basket’ is an in-kind benefit food basket provided by the government to poor populations during the month of Ramadan.

Among the leading formal non-state social protection actors are the Algerian Muslim Scouts, the Old Algerian Muslim Scouts, the Red Crescent, as well as civil society organizations such as Ness El Khir (Good People) Association, Kafil el-Yatim (Orphans' Sponsor) Association, and el-Irchad wal Islah (Reform and Guidance) Association. Some of these organizations operate at a national level, while others work at a local level in specific cities or areas; some, like Kafil el-Yatim Association and el-Irchad wal Islah Association, are religious organizations and in some cases are linked to political parties, while others are secular. It is worth highlighting the work of the Winnelka (Where to Find) Association, originally a Facebook group, which during the COVID-19 pandemic launched a website bringing together volunteering health professionals from different speciality areas who offered medical advice.⁶³ The organization collected donations and purchased 192 oxygen concentrators during the peak of the pandemic.⁶⁴ Many formal non-state social protection organizations have started as social media campaigns and then developed into civil society organizations specializing in offering various social services, from medicines and medical aid to furniture and clothing.

Different civil society organizations and non-governmental organizations played a key role in Algeria during the COVID-19 pandemic, fulfilling complementary functions to the measures that were enacted by the government.

Thus, different civil society organizations and non-governmental organizations played a key role in Algeria during the COVID-19 pandemic, fulfilling complementary functions to the measures that were enacted by the government. According to Dr Achir Mohamed, a medical doctor working during the peak of the pandemic, the village committees (known as *tajmaat* in the city of Tizi Ouzou, in the Kabylia region) were highly proactive, organizing village assemblies to agree on an emergency code of restrictions and obligations of solidarity.⁶⁵ They regulated confinement on their own terms while carrying out multiple emergency activities, including health awareness and disinfection campaigns, regulation of people's movements, the establishment of food banks in villages, the supply and free distribution of food to the needy, the development of treatment and healthcare rooms and the acquisition of medical equipment for public health institutions. Financial contributions from emigrants and the diaspora have enabled

⁶³ The website was called <http://www.stopcorona-dz.com/> but discontinued its services after the COVID-19 pandemic (accessed 1 Jun. 2022).

⁶⁴ La Nation (2021), 'Face à la forte demande sur l'oxygène médical: Les sites d'annonce pris d'assaut' [Faced with the high demand for medical oxygen: Advertisement sites taken over], 4 August 2021, <http://journal-lanation.com/site/face-a-la-forte-demande-sur-loxygene-medical-les-sites-dannonces-pris-dassaut>.

⁶⁵ Achir, M. (2022), 'Pratiques socioéconomiques et solidarités non institutionnelles des communautés villageoises de la Kabylie' [Socio-economic practices and non-institutional solidarity of village communities in Kabylia], presented at the Chatham House Virtual Roundtable Workshop: The Future of Social Safety Nets in Algeria: Design, Reform, Innovation, 14 July 2022.

the purchase of an oxygen generator for the price of €106,816 and another funded by village committees, 50 oxygen concentrators funded by emigrants and the provision of medicines, face masks, medical equipment and an ambulance for the price of €150,000.⁶⁶

Similarly, in July 2021, Dr Merouane Messekher, a young Algerian intern in pneumology in France, launched a call for solidarity with an association called the Algerian Medical Network (AMN) as well as a network of students and doctors called Algerian Students and Executives in France, which raised €627,000 in 11 days.⁶⁷ The funds were intended to purchase oxygen concentrators, medical equipment and medicines. The International Committee of the Red Cross (ICRC) also played a role through the Algerian Red Crescent (ARC), providing a special fund to help deliver food to populations living in areas heavily affected by COVID-19. The ARC also donated medical equipment, oxygen concentrators, consumables like hygiene kits including masks and hydro-alcoholic gel and food kits throughout especially remote areas while contributing to the manufacture of face masks. Numerous other UN agencies and international institutions were also active contributors in the fight against COVID-19, closely collaborating with Algerian authorities. UNICEF, for instance, has been involved since the beginning of the pandemic and continues to be so, working closely with the Ministry of Health through local institutional partners and civil society organizations.

In November 2020, Japan contributed approximately \$820,000 to UNICEF's COVID-19 response supporting children and vulnerable populations, including in Sahrawi refugee camps in Algeria. This aid covered 'promoting infection and prevention control (IPC) and providing critical medical and water, sanitation and hygiene (WASH) supplies, strengthening risk communication and community engagement (RCCE), supporting data collection and analyses for public health decision making and supporting access to continuous education'.⁶⁸

Despite the efforts of numerous organizations, data availability is a major challenge facing researchers today. According to a professor of economics at an Algerian university interviewed for this study, 'the main challenge is having reliable data on the population's standard of living, such as the social registries'.⁶⁹ In addition to the contribution by the government of Japan, in January 2022, the US government and UNICEF renewed their partnership through a programme worth \$1 million to strengthen the vaccination programme and the purchase

⁶⁶ Ibid.

⁶⁷ Fraisse, L. (2021), 'Un interne en médecine de Toulouse lance une cagnotte pour aider l'Algérie, sinistrée par le Covid' [A medical intern from Toulouse is launching a fund to help Algeria, devastated by Covid], actuToulouse, 28 July 2021, https://actu.fr/occitanie/toulouse_31555/un-interne-en-medecine-de-toulouse-lance-une-cagnotte-pour-aider-l-algerie-sinistree-par-le-covid_43747884.html.

⁶⁸ United Nations Children's Fund (2020), 'The Government of Japan contributed with nearly USD 820,000 to UNICEF's COVID-19 response in Algeria', 24 November 2020, press release, <https://www.unicef.org/algeria/en/press-releases/government-japan-contributed-nearly-usd-820000-unicefs-covid-19-response-algeria>.

⁶⁹ Research interview, under the condition of anonymity, with a professor of economics at an Algerian university, 22 April 2022. Social registries are information systems supporting outreach, intake, registration and determination of potential eligibility for one or more social programmes. They have both a social policy role as inclusion systems, as well as an operational role as information systems. See Leite, P. et al. (2017), 'Social Registries for Social Assistance and Beyond: A Guidance Note & Assessment Tool', Washington DC: The World Bank, <https://documents1.worldbank.org/curated/en/698441502095248081/pdf/117971-REVISED-PUBLIC-Discussion-paper-1704.pdf>.

of medical equipment.⁷⁰ The European Union, through the EU Delegation in Algeria, contributed more than €79 million to address healthcare and socio-economic needs in Algeria.⁷¹ The EU has redirected €75 million from existing programmes to a programme that included a set of measures aimed at tackling COVID-19 by providing medical equipment as requested by the Algerian authorities. In this vein, the EU has provided medical equipment worth €43 million.

The above examples of the mobilization of civil society and non-governmental organizations show how these actors usually receive funding through state budget donations and international contributions. As a matter of fact, they are required to prepare annual activity reports and financial statements. The former keeps track of the final beneficiaries in categories such as the elderly, disabled and orphans, while the latter track expenses and show how funds were spent. However, access to these reports is restricted, since many civil society and non-governmental organizations prefer not to share them. During the COVID-19 pandemic, these civil society organizations and non-governmental organizations played an instrumental role in protecting populations at risk.

The relationship of non-state social protection actors with the state can be cooperative, non-competitive and collaborative, or conflictual and overlapping. This was the case at a certain time during the COVID-19 pandemic, when both state and non-state institutions were providing the same social services. While some households received double the benefit, some poor households were left behind. However, this perception quickly dissipated as the role of both state and non-state actors became complementary and had a common aim: saving lives.

In conclusion, there is the potential for positive impact if state and non-state social protection actors work together more effectively. The social protection programmes regulated and managed by the state are reinforced by non-state social protection actors that can reach needy populations more quickly, as state-based programmes often lag behind due to lengthy and bureaucratic procedures. The infrastructure of social protection in Algeria exists, but it could be more effective and responsive by setting up registers that are constantly updated as the conditions of the beneficiaries change. Increasingly, more households are living below the poverty line. Identifying these needs requires extensive research, improved data collection methods and access for non-state social protection actors to data held by state social protection services. Both state and non-state social protection agents need to put into place processes that ensure anonymization, transparency and inclusiveness in order to mitigate against corruption and the misallocation of resources. They also need to improve coordination across the various state and non-state social protection agents that can only be achieved through ongoing consultations and collaboration.

⁷⁰ United Nations Children's Fund (2021), 'U.S. Government renews partnership with UNICEF to strengthen COVID-19 response in Algeria', press release, 12 January 2021, <https://www.unicef.org/algeria/en/press-releases/us-government-renews-partnership-unicef-strengthen-covid-19-response-algeria>.

⁷¹ European External Action Service (2021), 'La réponse de l'UE à la pandémie de coronavirus dans le voisinage Sud' [The EU's response to the coronavirus pandemic in the southern neighbourhood], January 2021, https://www.eeas.europa.eu/sites/default/files/reponse_de_lue_a_la_pandemie_dans_le_voisinage_sud.pdf.

04 COVID-19 social protection responses

Algeria implemented several measures to respond to the COVID-19 pandemic, which have inevitably had an impact on the social protection system.

The COVID-19 pandemic accentuated the need for reform of Algeria's social protection system – particularly in terms of how the system is financed. The first few months of 2020 were accompanied almost everywhere in the world by a series of policy measures whose purpose was to confront the pandemic. In Algeria, the speed with which the measures and policies were formulated and implemented highlighted the state's capacities in terms of expanding the reach and the level of social benefits. In March 2020, Algeria's High Security Council decided to implement a total lockdown of the city of Blida as a preventive measure against the spread of COVID-19. Other cities were also locked down as the number of cases rose.⁷² This resulted in the isolation of whole cities, as was the case in Blida.⁷³ The emergency measures also allowed for a relative improvement in terms of the protection of populations against the economic shock.

While the efficiency of the hurried COVID-19 policy responses and measures are debatable, they were successful in partially absorbing the economic shock. For example, the government emergency programme of cash transfers of DZD 10,000 (equivalent to approximately \$75) to support the poorest people reached

⁷² Executive Decree No. 20–70, 24 March 2020, relating to the implementation of containment measures, restriction of movement and the supervision of trade and supply activities for citizens.

⁷³ The example of the city of Blida, located 45 km from the capital, is an unfortunate illustration. For a few weeks, the city was isolated with limited supplies, including oxygen to hospitals.

approximately 2.2 million families.⁷⁴ Another measure consisted of wage support for those unable to work in the pandemic. While this was publicly financed, the administration encouraged private sector companies to use their own finances to fund absent employees. This decision damaged both the production apparatus and caused losses for enterprises.

The pandemic and lockdown had a disproportionate impact on workers in the informal sector,⁷⁵ particularly daily labourers or workers, waiters in the tourism sector, transport workers, domestic workers and cleaners, as well as construction workers.⁷⁶ Furthermore, the closures and lockdowns severely impacted street vendors and their dependents. These individuals could neither benefit from paid leave schemes granted by the government nor from other social services.⁷⁷

In order to apply social distancing rules, administrations and public institutions were obliged to put at least 50 per cent of their staff on exceptional leave, giving priority to women, chronically ill people and those whose presence in the workplace was not imperative.⁷⁸

Additionally in 2022, in order to strengthen the population's purchasing power, the government increased the minimum wage to DZD 20,000 (\$147) and introduced an income-tax exemption for those earning less than DZD 30,000 (\$221).⁷⁹ The government also provided an income top-up for healthcare workers, including medical physicians, nurses and technicians.⁸⁰ Furthermore, the government strengthened national grain stocks by providing significant financial support to the Algerian Interprofessional Cereals Office (OIAIC), estimated at more than DZD 900 billion (\$6.65 billion) in 2021 and 2022.⁸¹

Although the government's efforts to address the socio-economic fallout of COVID-19 may have helped the beneficiaries of state measures, it is evident that it was challenging to identify certain vulnerable groups, such as informal

⁷⁴ Direction générale du Trésor (2020), 'La Lettre économique d'Algérie N° 91' [The economic letter of Algeria, Number 91], March–April 2020, 28 April 2020, <https://www.tresor.economie.gouv.fr/PagesInternationales/Pages/c0f80aa9-c916-43c1-ad74-3e84b03f201a/files/f2c32202-f9c2-4cca-9165-481fffd7abe3>.

⁷⁵ Office of the Prime Minister of Algeria (2021), 'Economic Recovery Plan 2020–2024', June 2021, pp. 53–54, tables 10 and 13, <https://www.energymagazinedz.com/wp-content/uploads/2021/12/Plan-de-relance-economique-2020-2024-fr.pdf>.

⁷⁶ Algeria Press Service (2020), 'Covid-19: les travailleurs journaliers de Souk Ahras durement affectés par la suspension de leurs activités' [Covid-19: Daily workers of Souk Ahras hit hard by suspension of their activities], 19 April 2020, <https://www.djazairss.com/fr/apsfr/504176>.

⁷⁷ Algeria Press Service (2020), 'Le confinement aggravera davantage la vulnérabilité des travailleurs informels' [Confinement will further exacerbate the vulnerability of informal workers], April 2020, <https://algerie-medinfo.dz/archive/index.php/monde/7926-oit-le-confinement-aggravera-davantage-la-vulnerabilite-des-travailleurs-informels>.

⁷⁸ Executive Decree No. 20–69, 21 March 2020, relating to the measures taken to prevent and combat the spread of Coronavirus relating to social distancing and to working from home. This decree granted also exceptional paid leave to 50 per cent of the staff of public administrations and institutions. Decree No. 20–70 of 24 March 2020 extended the provisions of the previous decrees to workers in the public and private economic sectors. The personnel prioritized for this leave were pregnant women, those raising children as well as the chronically ill.

⁷⁹ The measure covered more than 5 million people, including 2.6 million retirees, representing more than DZD 84 billion (\$621.40 million) per year, according to Minister of Finance Aymen Benabderrahmane. See Algeria Eco (2022), 'Réduction de l'IRG: une augmentation des salaires de plus de 14%' [Reduction of the IRG: a salary increase of more than 14%], 16 February 2022, <https://www.algerie-eco.com/2022/02/16/reduction-de-lirg-une-augmentation-des-salaires-de-plus-de-14>.

⁸⁰ It is worth noting the delays in the delivery of this top-up because of bureaucratic measures in some hospitals. Algeria Press Service (2020), 'Covid-19 la prime exceptionnelle pour le personnel de la santé pratiquement versée' [Covid-19 exceptional bonus for healthcare staff practically paid out], <https://fibladi.com/news/fr/la-prime-exceptionnelle-pour-le-personnel-de-la-sante-pratiquement-versee>.

⁸¹ Reporters (2022), 'Importation de céréales : L'OAIC poursuit ses achats massifs' [Import of cereals: The OIAIC continues its massive purchases], October 2022, <https://www.reporters.dz/importation-de-cereales-loaic-poursuit-ses-achats-massifs>.

sector workers. Some of those who missed out on government pandemic support benefited from the services provided by non-state actors, such as local and national associations. The Algerian government issued numerous executive decrees during the pandemic in support of the population and businesses, including:

- The extension of the deadline for social security contributions to 30 days. This measure provided relief to employers, giving companies more time to manage their finances without compromising their legal obligations to contribute to the social security system;
- The postponement of social contribution payments for non-employees by 90 days, from 30 June 2020 until 30 September 2020;
- The suspension of penalties for a period of six months and the extension of deadlines, from August 2021 until 31 January 2022 for the CNAS and CASNOS schemes;
- Tailored payment schedules according to the case and the situation of each company in respect of previous debts to the CNAS and CASNOS social security schemes; and
- The granting of annual leave in advance for construction, public works and hydraulics workers affiliated to CACOBATH, in proportion to the number of months worked during the period from July 2019 to February 2020.

In terms of healthcare, Abdelmadjid Bennacer, a former director general of the National Social Security Fund for Salaried workers (CNAS), noted that:

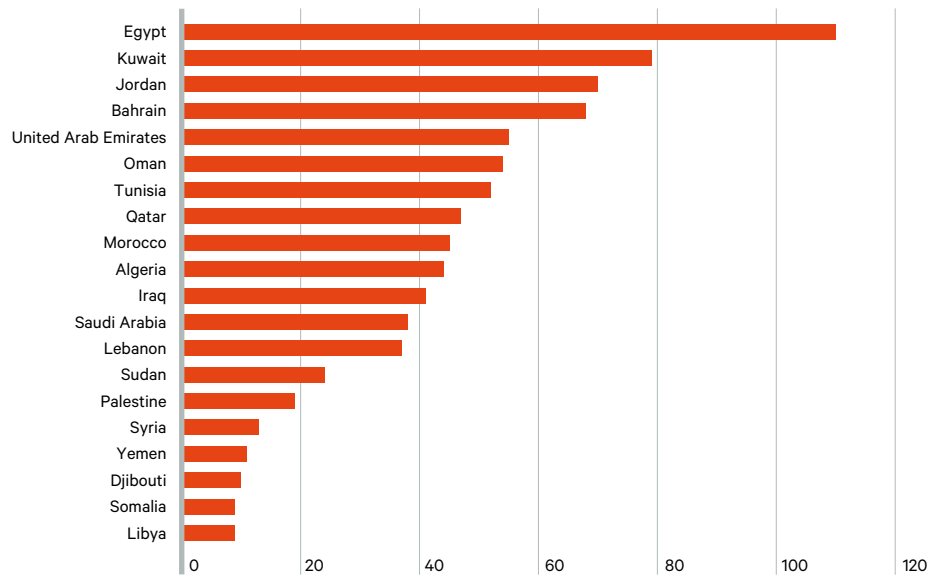
It must be emphasized that the health system has shown its resilience through its ability to provide care, thanks to a network of hospitals and clinics throughout the national territory, but also and above all thanks to the mobilization and courage of all health personnel. Let us also emphasize the fact that health personnel have been the most exposed to the risk of the virus and that they have unfortunately paid the price. Finally, it should be noted that it is women who hold the majority of jobs in the health sector [...]. All social assistance schemes such as fixed solidarity allowances, allowances for disabled people and others have been maintained. In terms of social security, a number of decisions adapting and extending the protection of social security recipients and their families have also been taken, in particular reimbursement of medical procedures related to COVID-19 screening, i.e. DZD 5,000 [\$36.92] for the costs incurred for the examination of the chest scan, DZD 3,500 [\$25.85] for the PCR test, and DZD 1,500 [\$11.07⁸²] for the rapid antigenic test.⁸³

To assess Algeria's COVID-19 response compared to other MENA countries, a useful tool is the United Nations Economic and Social Commission for West Asia (UNESCWA) COVID-19 stimulus tracker, which contains standardized data on policy responses to the pandemic worldwide. By using these figures, it is possible to evaluate and compare Algeria's COVID-19 policy performance.

⁸² Conversions made using Algeria Central Bank exchange rate of 20 June 2023 (\$1 = DZD 135.4).

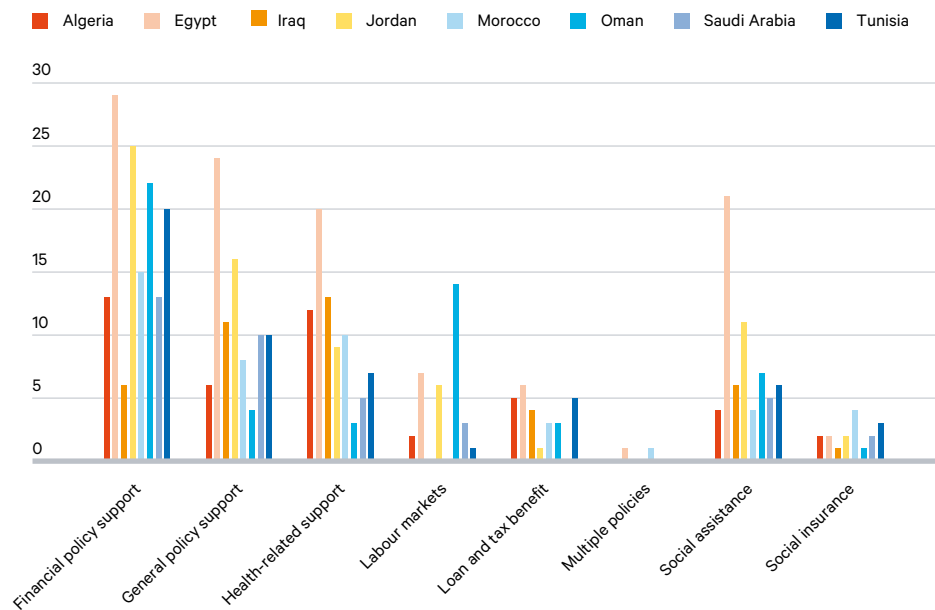
⁸³ Research interview with Abdelmadjid Bennacer, a former director general of the National Social Security Fund for Wage Earners (CNAS), April 2022.

Figure 7a. The number of total COVID-19 policy responses in the Arab region



Source: United Nations (2022), 'The COVID-19 Stimulus Tracker', <https://tracker.unescwa.org/> (accessed 29 Nov. 2022).

Figure 7b. The number of COVID-19 policy measures by category



Source: United Nations (2022), 'The COVID-19 Stimulus Tracker', <https://tracker.unescwa.org/> (accessed 29 Nov. 2022).

Figure 7a shows that Algeria implemented 44 policy measures in response to COVID-19. While this number is considerable, it is less than Egypt and Kuwait, which implemented 110 and 79 measures, respectively. The figure also shows that conflict-affected countries were not able to implement as many measures as non-conflict countries, highlighting the negative impact of conflict on social protection delivery.

In terms of types of policy measures, Figure 7b shows Algeria has given priority to financial policy support (13 measures) and health-related support (12 measures). While the pandemic significantly impacted the labour market, Algeria has implemented only two social insurance and two labour market policy responses. The difference in the number of measures taken by each MENA country could indicate their various capacities to launch reforms, respond to unexpected shocks and mobilize funding. However, as the impact of those policies has not been assessed, this research paper is not able to provide conclusions about their effectiveness.

05

Social protection performance against the SDGs

Algeria has made consistent progress towards the Sustainable Development Goals (SDGs), but there is still much to do in the country and across the region.

Algeria committed itself to the Millennium Development Agenda in 2000 and adopted the Sustainable Development Goals (SDGs) in 2015. Since then, the country has been working to fulfil its sustainability requirements, all the while staying focused on its priorities and mobilizing the necessary resources to achieve these goals. To facilitate this process, Algeria established an inter-ministerial coordination committee under the Ministry of Foreign Affairs to monitor and evaluate the implementation of the SDGs. In 2019, the Ministry of Foreign Affairs issued a report on the progress made towards achieving the SDGs. One of the main learnings from this report was the challenge of obtaining sound data. This chapter will evaluate Algeria's current social protection system and the country's COVID-19 policy responses against the SDGs, focusing primarily on goals 1.3, 3.8 and 8.

Algeria has taken several steps to implement the SDGs, including defining sustainable development in the 2016 constitutional amendments and engaging a variety of stakeholders – from government bodies to civil society organizations. The inter-ministerial coordination committee includes members of parliament representing all ministries as well as the National Economic, Social and Environmental Council, the National Statistics Office and various other agencies. Furthermore, the committee formed six working groups to coordinate efforts towards the SDGs. Algeria also included the SDGs in its 2017 Development Plan and organized various awareness-raising and capacity-building activities for ministry officials.

Table 4. SDG dashboard

● Goal achieved ● Challenges remain ● Significant challenges remain ● Major challenges remain
● Insufficient data

	Country/ region	MENA region	Saudi Arabia	Egypt	Morocco	Tunisia	Algeria
2022 SDG Index Score							
SDG1: No poverty		●	●	●	●	●	●
SDG2: No hunger		●	●	●	●	●	●
SDG3: Good health and well-being		●	●	●	●	●	●
SDG4: Quality education		●	●	●	●	●	●
SDG5: Gender equality		●	●	●	●	●	●
SDG6: Clean water and sanitation		●	●	●	●	●	●
SDG7: Affordable and clean energy		●	●	●	●	●	●
SDG8: Decent work and economic growth		●	●	●	●	●	●
SDG9: Industry, innovation and infrastructure		●	●	●	●	●	●
SDG10: Reduced inequalities		●	●	●	●	●	●
SDG11: Sustainable cities and communities		●	●	●	●	●	●
SDG12: Responsible consumption and production		●	●	●	●	●	●
SDG13: Climate action		●	●	●	●	●	●
SDG14: Life below water		●	●	●	●	●	●
SDG15: Life on land		●	●	●	●	●	●
SDG16: Peace, justice and strong institutions		●	●	●	●	●	●
SDG17: Partnerships for the goals		●	●	●	●	●	●

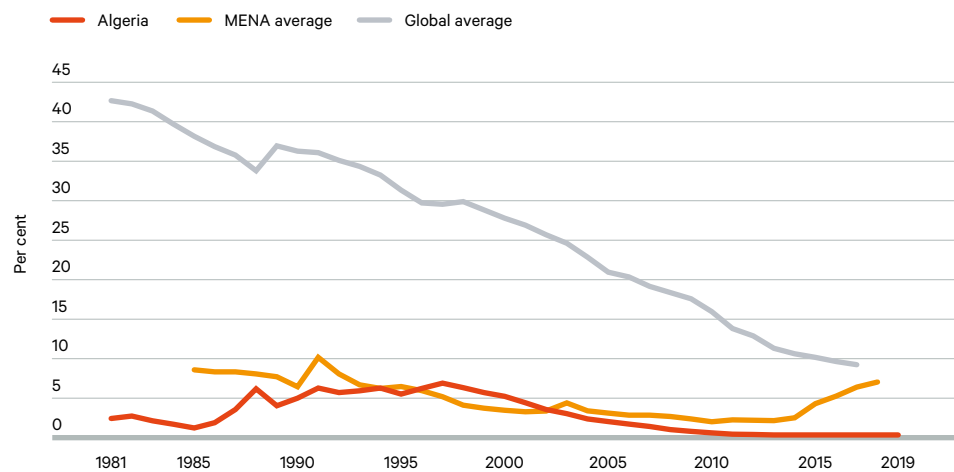
Source: Sachs, J. et al. (2022), *Sustainable Development Report 2022 – From Crisis to Sustainable Development: the SDGs as Roadmap to 2030 and Beyond*, Cambridge: Cambridge University Press, <https://s3.amazonaws.com/sustainabledevelopment.report/2022/2022-sustainable-development-report.pdf>.

Algeria also engaged non-governmental stakeholders such as associations and foundations to take ownership over SDG implementation and integrate the SDGs into their business plans. Thus, since the early 2000s, Algeria has made significant progress on development goals. In its overall SDG performance, the country ranked 64 out of 163 in 2022, with a score of 71.5 per cent. This is better than the MENA average of 66.7 per cent.⁸⁴ However, with the exception of SDG 10, Algeria has not yet achieved any other SDGs, as illustrated in Table 4.

⁸⁴ The overall score measures the total progress towards achieving all 17 SDGs. The score can be interpreted as a percentage of SDG achievement. A score of 100 indicates that all SDGs have been achieved. See Algeria (2022), *Sustainable Development Report 2022*, <https://dashboards.sdindex.org/static/profiles/pdfs/SDR-2022-algeria.pdf>.

Table 4 indicates that while SDG 10 has been achieved, ‘significant challenges remain’ for eight SDGs, while four face ‘major challenges’. In comparison to other countries in the region, Algeria has the lowest number of SDGs that face ‘major challenges’. However, according to the *Sustainable Development Report 2022*, most SDGs in Algeria remain unchanged, with only slight improvements for SDGs 9 and 14, which are now facing ‘significant challenges’ instead of ‘major challenges’.⁸⁵ Unfortunately, SDG 15 has worsened from facing ‘significant’ to ‘major challenges’. To provide more evidence-based context, Algeria’s SDG progress can be compared to the average MENA region and the global average using the SDG tracker. With regard to eradicating extreme poverty (SDG 1), Algeria has made considerable progress as displayed in Figure 8.

Figure 8. Share of population living in extreme poverty, (1981–2019)



Source: World Bank (undated), ‘Poverty and inequality platform’, <https://pip.worldbank.org/#home> (accessed 24 May 2022).

Figure 8 shows that Algeria is doing better than both the MENA and global average at reducing extreme poverty, with the share of Algeria’s population in extreme poverty falling from 6.83 per cent in 1997 to 0.32 per cent in 2019. However, the COVID-19 pandemic and the war in Ukraine have had an impact on this progress and, in turn, the data are expected to show that more people will fall into extreme poverty in the future.⁸⁶ According to UNESCWA, estimates of extreme poverty rates in Algeria were equal to 0.4 per cent in 2020 and 0.5 per cent in 2021.⁸⁷

⁸⁵ Sachs, J. et al. (2022), *Sustainable Development Report 2022 – From Crisis to Sustainable Development: the SDGs as Roadmap to 2030 and Beyond*, Cambridge: Cambridge University Press, <https://s3.amazonaws.com/sustainabledevelopment.report/2022/2022-sustainable-development-report.pdf>.

⁸⁶ At the same time, Russia’s war in Ukraine has contributed to high oil and gas prices, which increased government incomes. This allowed the government to increase wage bills and subsidies for goods and energy, stimulate investments and raise employment levels.

⁸⁷ These figures rely on a projected scenario. For more details on other scenarios, see UNESCWA (2020), ‘Impact of COVID-19 on Money Metric Poverty in Arab Countries’, 9 June 2020, https://www.unescwa.org/sites/default/files/pubs/pdf/impact-covid-19-money-metric-poverty-arab-countries-english_1.pdf.

SDG 1.3: Social protection

SDG 1.3: 'Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable'.⁸⁸

Official government sources claim that 80 per cent of the Algerian population is covered by the social protection system, but this figure is disputed.⁸⁹ The 2019 labour force survey shows that 42 per cent of workers are not covered by the social security system.⁹⁰ However, there is an ongoing government effort to expand social protection and progress towards SDG 1.3. For instance, in 2022, the government launched an unemployment benefit programme expanding coverage to eligible young people allowing them to benefit from an unemployment allowance and free healthcare insurance.⁹¹ Other social protection programmes and policies have been implemented aiming to expand coverage. The challenges for those programmes are discussed in Chapter 2.

SDG 3.8: Good health

SDG 3.8: 'Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all'.⁹²

Algeria provides free universal public healthcare to its citizens. The population is entitled to social security benefits and is therefore eligible to receive a reimbursement of up to 80 per cent of the cost of any prescribed medicines. This payment increases to 100 per cent when dealing with chronic diseases and hospitalization. In addition, citizens can be reimbursed for using certain private clinics that have agreements with social security funds. While the population can readily access healthcare, the quality of the service they might receive is not guaranteed due to a lack of equipment and low wages for doctors. This has led to a medical brain drain. In 2022, for instance, at least 1,200 doctors had left Algeria for France.⁹³ Yet, regarding progress towards SDG 3, Algeria is ranked 42 in the world. The COVID-19 pandemic has highlighted the limits of the Algerian healthcare system and where capacities need to be further strengthened through

⁸⁸ Sustainable Development Solutions Network (SDSN) (undated), 'Indicators and a monitoring Framework: Launching a data revolution for the Sustainable Development Goals', <https://indicators.report/targets/1-3>.

⁸⁹ Ministry of Labour, Employment and Social Security (undated), 'Politique nationale et législation de la sécurité sociale' [National policy and social security legislation], <https://www.mtess.gov.dz/fr/politique-nationale-et-legislation-de-la-securite-sociale>.

⁹⁰ Office of National Statistics (unpublished), *Labour Force Survey 2019*.

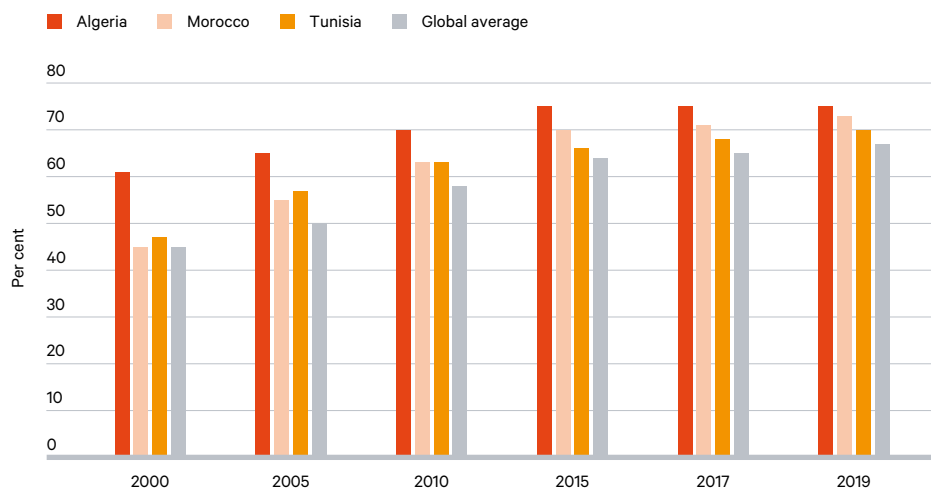
⁹¹ According to the Ministry of Labour, Employment and Social Security, 1.9 million unemployed people were expected to benefit from the programme in January 2023. For more details about the eligibility criteria, see Algerian government (2022), *Journal Officiel de la République Algérienne Démocratique et Populaire* [Official Journal of the People's Democratic Republic of Algeria], N° 11, 27 February 2022, <https://www.joradp.dz/FTP/jo-francais/2022/F2022011.pdf>. It is worth noting the need for better governance and transparency to ensure the success of this programme.

⁹² WHO (undated), 'The Global Health Observatory', [https://www.who.int/data/gho/data/themes/topics/indicator-groups/indicator-group-details/GHO/sdg-target-3.8-achieve-universal-health-coverage-\(uhc\)-including-financial-risk-protection](https://www.who.int/data/gho/data/themes/topics/indicator-groups/indicator-group-details/GHO/sdg-target-3.8-achieve-universal-health-coverage-(uhc)-including-financial-risk-protection).

⁹³ Aomar, A. (2022), '1200 médecins vont quitter l'Algérie pour rejoindre la France' [1,200 doctors are leaving Algeria for France], *observAlgerie*, 5 February 2022, <https://observalgerie.com/2022/02/05/societe/1200-medecins-france>.

increased government spending.⁹⁴ Figure 9 displays the universal healthcare service coverage index as defined by the SDG tracker, it shows that Algeria is doing better than the global average.

Figure 9. Universal healthcare service coverage index (2000–19)



Source: World Health Organization (undated), 'The Global Health Observatory', <https://www.who.int/data/gho/indicator-metadata-registry/imr-details/4834>.

Figure 9 shows that Algeria's universal healthcare coverage has increased from 61 per cent in 2000 to 75 per cent in 2019. Those figures are consistently higher than the global average. The 2019 universal health coverage index gave a higher score to Algeria (75 per cent) than neighbours Morocco (73 per cent) and Tunisia (70 per cent). However, Algeria's speed of progress in healthcare provision slowed from 2000 to 2019, with the country gaining only 14 percentage points over the period, compared to Morocco (28 percentage points), and Tunisia and the world average (22 percentage points each). This progress has focused attention on the debate over the efficiency of the Algerian healthcare system and policies. Again, the available data do not cover the impact of COVID-19, but one could expect that those figures must be significantly affected.

SDG 8: Decent work and economic growth

SDG 8: 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.⁹⁵

To strive for this goal, Algeria has chosen to develop and implement a youth employment strategy, which is intended to be in line with the Global Jobs Pact of the International Labour Organization.

⁹⁴ United Nations Development Programme (2020), 'An assessment on the Socio-Economic Impact of COVID-19 in Algeria', 2 November 2020, <https://www.undp.org/arab-states/publications/assessment-socio-economic-impact-covid-19-algeria>.

⁹⁵ United Nations Department of Economic and Social Affairs Sustainable Development (undated), 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all', <https://sdgs.un.org/goals/goal8>.

Algeria is still facing major challenges in regard to this SDG despite the government's initiatives and mechanisms for the integration and employment of young people. These include initiatives by the National Unemployment Insurance Fund and the National Agency for the Management of Microcredit, which aim to encourage young people to start their own businesses. Indeed, the unemployment rate was estimated at 11.4 per cent in 2019 – 9.1 per cent for men and 20.4 per cent for women.⁹⁶ Young people ranging from 16 to 24 years old are more likely to be unemployed, which can be seen in the 2019 figures, where 26.9 per cent of young people (23.6 per cent of men and 45.1 per cent of women) were unemployed.⁹⁷ Furthermore, over the same period, the rate of young people who are neither in education nor employment or training (NEET rate) is estimated at 26.2 per cent (20.4 per cent for men and 32 per cent for women). This indicator is important as it reflects the share of young people discouraged from participating in the labour market as well as education and training institutions. A large share of workers is employed in the informal sector without any social protection and legal coverage. Indeed, the labour force survey of 2019 shows that 42 per cent of workers were employed informally.⁹⁸

Algeria is still facing major challenges in regard to SDG 8 despite the government's initiatives and mechanisms for the integration and employment of young people.

SDG 10: Reducing inequalities

SDG 10: 'Reduce inequality within and among countries'.⁹⁹

Chatham House survey data provided valuable insights into the remaining challenges for Algeria in achieving SDG 10. Notably, the findings indicate that persistent issues continue to contribute to the widening gap between the rich and poor. Of the survey's respondents, 69 per cent said that over the last two years the wealth gap had grown significantly. This trend, clearly illustrated in Figure 10 below, is concerning and highlights the urgent need for action.

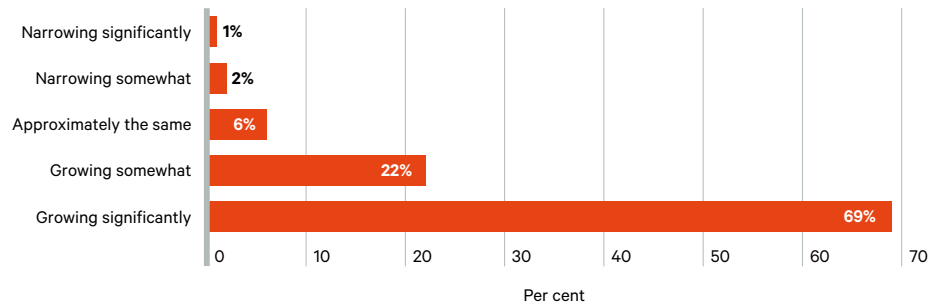
⁹⁶ Office of National Statistics (unpublished), *Labour Force Survey 2019*.

⁹⁷ Ibid.

⁹⁸ Ibid.

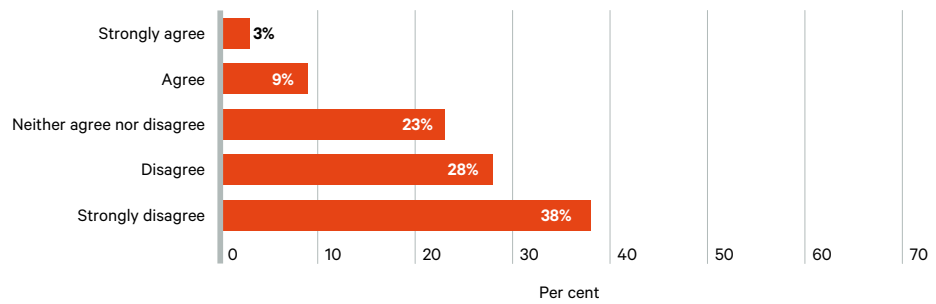
⁹⁹ United Nations Department of Economic and Social Affairs Sustainable Development (undated), 'Reduce inequality within and among countries', <https://sdgs.un.org/goals/goal10>.

Figure 10a. Responses on the gap between rich and poor since 2020



Source: Chatham House survey primary research (2022), unpublished.

Figure 10b. Reactions to the statement: 'I am confident that the state equitably redistributes the collected resources to those most in need'.

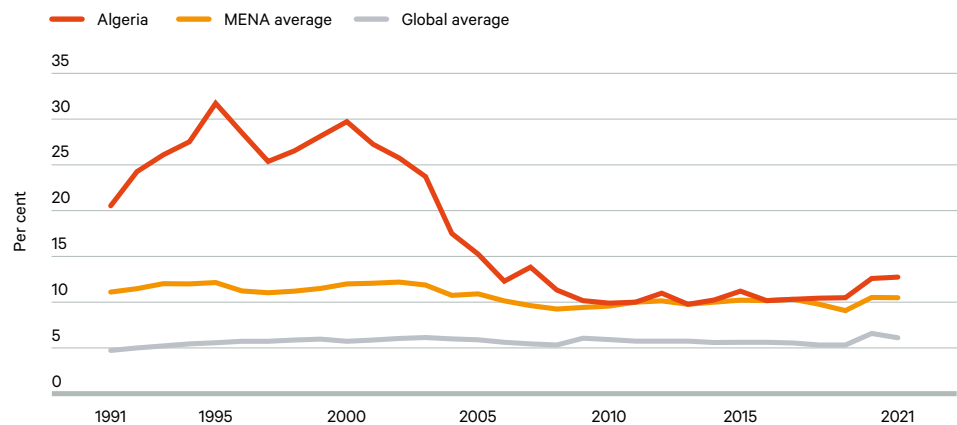


Source: Chatham House survey primary research (2022), unpublished.

A second question asked respondents to react to the statement: 'I am confident that the state equitably redistributes the collected resources to those most in need'. The results show that only 12 per cent of respondents agreed or strongly agreed with the question (see Figure 10b).

The SDG tracker data are also useful for comparing unemployment in Algeria to other regions (see Figure 11).

Figure 11. Unemployment rate, from 1991 to 2021



Source: World Bank (undated), 'Unemployment, total (% of total labor force) (modeled ILO estimate)', <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>.

Figure 11 shows the unemployment rate in Algeria to be high when compared to both the global and the MENA average. While Algeria has made significant progress to reduce its rate of unemployment, from 30 per cent in 2000 to 12 per cent in 2021, greater effort is needed in terms of employment creation, for instance through the development of active labour market policies and support for enterprise creation.

As mentioned above, Algeria has committed itself to the SDGs since 2015 and included the goals in the 2016 constitution as well as in the government's 2017 Development Plan. Data available throughout the SDG report¹⁰⁰ show some improvement across the different SDGs but more needs to be done. The Algerian entrepreneur and consultant Mohamed Skander stated:

The system is covering part of the [2030 Agenda for Sustainable Development] but it is disputed because of its inefficiency. Given the unavailability of data and the absence of social registries, the vulnerable population is not accurately identified, and the many exclusion and inclusion errors are [due to] the social protection system. The current government's efforts to establish targeted grants will improve the situation.¹⁰¹

Social protection programmes, such as universal basic income (UBI), could accelerate Algeria's progress towards achieving the SDGs by providing income security to individuals and improving access to education, healthcare and other essential services. In addition, the introduction of UBI has the potential to stimulate economic growth by enabling individuals to invest in their education or skills development, as well as to start businesses (as is discussed further in the next chapter). Ultimately, social protection systems, including UBI, play a crucial role in achieving the SDGs by promoting sustainable and inclusive economic growth, reducing poverty and inequality and enhancing overall well-being.

¹⁰⁰ UNESCWA (2019), *Algérie Rapport National Volontaire 2019: Progression de la mise en oeuvre des ODD* [Algeria Voluntary National Report 2019: Progress in the implementation of the SDGs], https://sustainabledevelopment.un.org/content/documents/23441MAE_rapport_2019_complet.pdf.

¹⁰¹ Research interview with Mohamed Skander, entrepreneur and consultant, 5 May 2022.

06

Social protection reform

Universal basic income (UBI) is an option that could potentially provide a comprehensive safety net, reduce poverty and promote economic stability. However, more work is needed to evaluate UBI's feasibility and implications.

Despite the economic downturn faced by Algeria in recent years, the government has been reluctant to implement more structural reforms of the social protection system. However, in light of the post-pandemic economic context and potential for future financial crises, it is imperative that the government consider more far-reaching reforms to boost the sustainability and resilience of the economy.

Government options

Cognizant of its inability to afford social transfer programmes, the Algerian government opted for a gradual approach to reform, including measures such as the unemployment allowance programme that targets those between the ages of 19 and 40.¹⁰² This approach enables the government to progress reforms while limiting the potential for social unrest and political conflict.

Government subsidies provide critical support for energy (electricity and fuel). Algeria's subsidies result in low domestic natural gas prices that rank second only to Iran globally. While the world average price was around at \$0.1 per kilowatt hour (kWh) for household users and \$0.085/kWh for business users in June 2022, the natural gas price in Algeria was approximately \$0.003/kWh for households over the same period.¹⁰³ Also, the export price of oil is seven times higher than its domestic price in Algeria, while the price of natural gas is 30 times higher

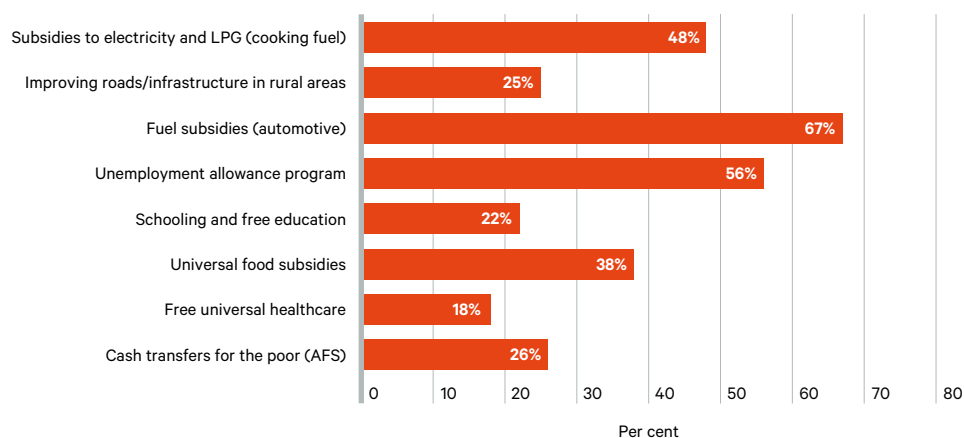
¹⁰² Article 190 of law n. 21-16 of 30 December 2021 related to the 2022 finance law and creating an unemployment allowance and the subsequent texts, <https://www.joradp.dz/FTP/jo-francais/2021/F2021100.pdf>.

¹⁰³ Global Petrol Price (undated), 'Real energy price data', https://www.globalpetrolprices.com/natural_gas_prices.

on international markets than domestically.¹⁰⁴ The subsidies are negatively affecting the government budget and are inefficient as a form of support as the group that benefits most is the richest 20 per cent of the population.¹⁰⁵ Hence, there is an ongoing subsidy reform debate at the governmental and policymaking level.

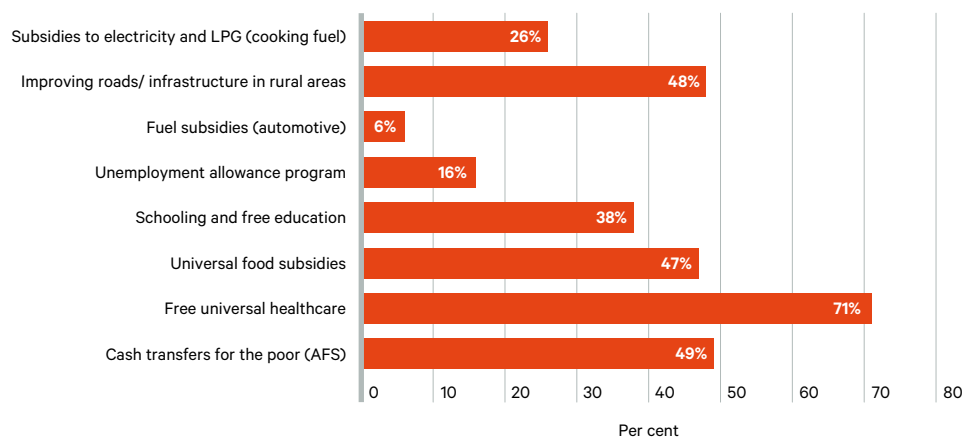
To gauge the Algerian population's perspective on the reduction and phasing-out of subsidies, Chatham House's 2022 survey asked respondents to choose three government programmes from a list of eight that they believed should have more funding and three that should have less funding.

Figure 12a. Public opinion on which areas of government budgets should decrease



Source: Chatham House Algeria Social Safety Nets survey (2022).

Figure 12b. Public opinion on which areas of government budgets should increase



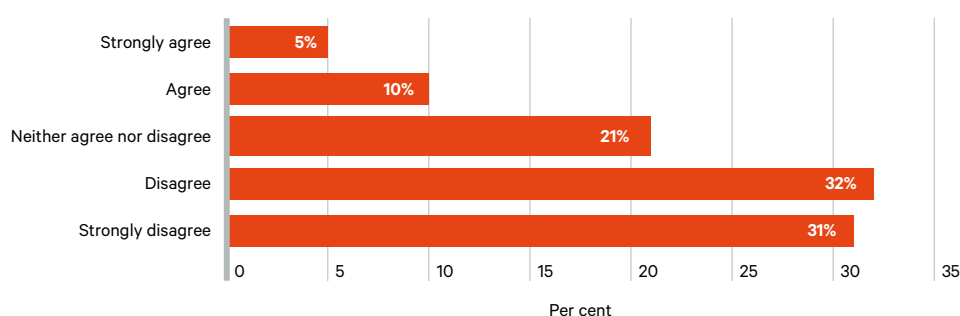
Source: Chatham House Algeria Social Safety Nets survey (2022).

¹⁰⁴ Statement by Faïd Abdelaziz, director general of the budget at the Ministry of Finance, during a seminar organized on the policy of reforming social assistance at the National People's Assembly, 19 June 2022.

¹⁰⁵ Coady, D., Flamini, V. and Sears, L. (2015), 'The Unequal Benefits of Fuel Subsidies Revisited: Evidence for Developing Countries', working paper, Washington DC: International Monetary Fund, November 2015, <https://www.imf.org/external/pubs/ft/wp/2015/wp15250.pdf>.

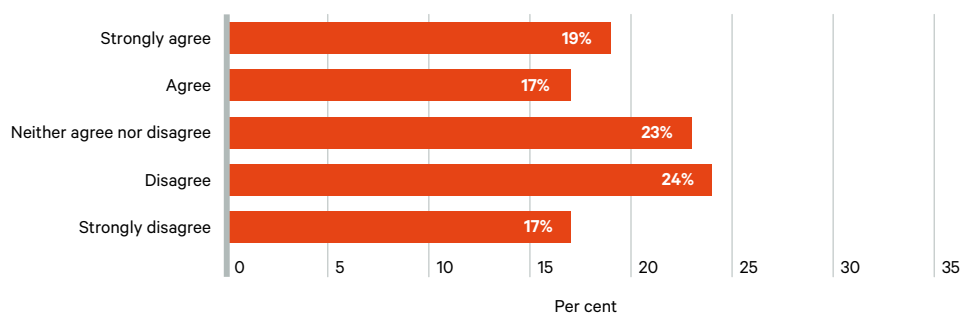
According to the survey results, respondents would like to see budget decreases for automotive fuel subsidies (67 per cent), unemployment allowance (56 per cent) and domestic electricity and gas subsidies (48 per cent), indicating that, overall, the sampled respondents favour the removal of fuel and energy subsidies. Simultaneously, survey respondents believed that budgets should increase for universal healthcare (71 per cent), cash transfers for the poor (49 per cent) and infrastructure improvements in rural areas (48 per cent). As demonstrated in figures 13a and 13b, the survey also asked respondents for their opinion on who should benefit from subsidies.

Figure 13a. Survey responses to the statement: 'subsidies should benefit wealthy households as they pay for it through their taxes'



Source: Chatham House survey primary research (2022).

Figure 13b. Survey responses to the statement: 'subsidies should not benefit wealthy households, as they don't need it to live well'



Source: Chatham House survey primary research (2022).

The results in figures 13a and 13b confirm that respondents prefer a more targeted subsidy system rather than one that benefits the rich and the poor equally, this could take the form of targeted cash assistance rather than universal subsidies. However, since the survey sample was relatively small (300), these findings cannot be extrapolated to the wider population. Nevertheless, they demonstrate the need for increased data collection through household surveys conducted by the Office of National Statistics.

Analysis of the cost and affordability of universal basic income in Algeria

There is a limited amount of available research on UBI in the Algerian context. However, more general studies into the feasibility of UBI have demonstrated a number of potential wider benefits. According to the Institute for Policy Research at the University of Bath,¹⁰⁶ social protection reforms that consider the implementation of UBI have numerous and significant advantages over conventional – i.e. means-tested, contributory and conditional – social security systems. This is due to their simplicity, adaptability, impact on poverty and inequality, as well as their positive impact on labour market outcomes.¹⁰⁷ Finally, UBI can be a useful tool to address future challenges such as automation and the changing nature of work. With automation and artificial intelligence expected to displace jobs in the coming years, UBI can provide a safety net for workers who are displaced by technological change.

Conceptual analysis of UBI

UBI is an income paid by the government to each individual citizen regardless of their labour participation, wealth and income, and independently from household characteristics.¹⁰⁸ Some types of UBI target a specific range of the population with a UBI programme. In fact, some proposals have suggested targeting specific groups such as low-income households, people with disabilities or those who have lost their jobs due to automation or other factors. This approach is referred to as a 'targeted basic income' or a 'partial basic income' – concepts that are contentious but affordable in many countries according to the International Labour Organization.¹⁰⁹

This paper argues that in light of Algeria's socio-economic challenges, UBI could be a potentially transformative policy intervention in order to effectively address poverty and inequality, improve social protection and promote economic development. Furthermore, this section shows how UBI can be incorporated within the existing social protection system or used as an alternative to existing programmes.

In research studies, the UBI concept has been variously proposed as a solution to reducing poverty, inequalities and job insecurity, or as a way to improve the general well-being of households. While some proponents support the implementation of UBI, others disagree with the proposal due to economic, political and social

¹⁰⁶ Martinelli, L. (2017), *Assessing the Case for a Universal Basic Income in the UK*, policy brief, Institute for Policy Research, September 2017, <https://www.bath.ac.uk/publications/assessing-the-case-for-a-universal-basic-income-in-the-uk/attachments/ipr-assessing-the-case-for-a-universal-basic-income-in-the-uk.pdf>.

¹⁰⁷ For instance, in theory, UBI eliminates the need for intrusive and costly bureaucracy and potentially replaces (or at least supplements) a complex range of targeted and conditional benefits with a single, uniform transfer. For more details on the effects of UBI on labour markets, see Martinelli (2017), *Assessing the Case for a Universal Basic Income in the UK*.

¹⁰⁸ Raventós, D. (2007), *Basic Income: The Material Conditions of Freedom*, London: Pluto Press, https://uberty.org/wp-content/uploads/2015/10/Daniel_Raventos_Basic_Income.pdf.

¹⁰⁹ Ortiz, I., Behrendt, C., Acuña-Ulate, A. and Nguyen, Q. A. (2018), 'Universal Basic Income proposals in light of ILO standards: Key issues and global costing', ESS Working Paper No. 62, Geneva: International Labour Office, https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_648602.pdf.

reasons, arguing that UBI lacks the capacity to reduce poverty and inequality or to encourage people into employment.¹¹⁰ Critics point to the cost of UBI as the major obstacle to its implementation.¹¹¹ However, it should be noted that UBI systems vary significantly in terms of levels of benefit, objectives, cost, mode of financing, social services they would replace as well as the expected impact on the well-being of beneficiaries. UBI is also often confused with other social protection programmes, such as social protection floors – the first level of protection in a national social system – and cash transfer schemes. It is worth mentioning that while some supporters of UBI perceive it as a complementary programme that enhances social protection of the population, neo-liberal or libertarian studies propose it as a means to replace the welfare state with a minimum safety net.

The cost of UBI depends on the level of benefit offered, which varies in different contexts. While some researchers propose that UBI be set at the equivalent of the national poverty line, others propose that it should cover only a proportion of that amount.¹¹² Proposals further differ in terms of benefit provided to children: while some are against providing benefits to children on the grounds that they are already covered by other programmes, others propose providing children with the same benefits as adults, or as a proportion of the adult benefit. Ortiz et al. estimated the cost of UBI for 130 countries using two scenarios: the first scenario assumes a UBI at 100 per cent of the national poverty line for all adults and children, while the second proposes a UBI at 100 per cent of the national poverty line for adults and 50 per cent to children up to 15 years. The results showed that, for the MENA region, the UBI would cost up to 20 per cent of GDP in the first scenario and 17 per cent of GDP in the second. While the study did not estimate costs for Algeria, it did calculate costs for comparable countries. For Egypt, it was estimated at 16.4 per cent of GDP in scenario one and 13.7 per cent in scenario two; for Morocco it was at 13 per cent and 11 per cent, respectively, while for Tunisia, it was 17 per cent and 15 per cent, respectively.

The arguments against UBI in Algeria tend to focus on cost and affordability, as well as the negative impact it could have on labour participation rates, especially among women, for which participation is already low, at 17.3 per cent in 2019.¹¹³ Another constraint would be the potential increase of inflation, especially in a country like Algeria, which imports a significant percentage of goods and where local production is insufficient to meet demand, leading to increased inflation and a decrease in the value of the local currency. The advantages, however, would be a more comprehensive system that does not exclude eligible poor people and reduces inequality in wealth distribution. Finally, Algeria could consider UBI as a way to reform energy and food subsidies that currently disproportionately benefit wealthier segments of society.

¹¹⁰ For an argument in favour of UBI, see Hertog, S. (2020), 'The Case for an Arabian Universal Basic Income', *Project Syndicate*, 9 December 2020, <https://www.project-syndicate.org/commentary/gulf-states-case-for-universal-basic-income-by-steffen-hertog-2020-12>; for an argument against, see Bergmann, B. R. (2004), 'A Swedish-Style Welfare State or Basic Income: Which Should Have Priority?', *Politics and Society* 32(1), pp. 107–118, <https://journals.sagepub.com/doi/10.1177/0032329203261101>.

¹¹¹ Widerquist, K. (2018), *A Critical Analysis of Basic Income Experiments for Researchers, Policymakers, and Citizens*, London: Palgrave Macmillan, https://doi.org/10.1007/978-3-030-03849-6_13.

¹¹² Ortiz, Behrendt, Acuña-Ulate and Nguyen (2018), 'Universal Basic Income proposals in light of ILO standards'.

¹¹³ Office of National Statistics (unpublished), *Labour Force Survey 2019*.

Methodology and the cost of UBI in Algeria

The following section uses the International Labour Organization's methodology and the World Bank's updated poverty lines (\$2.15 per day and \$3.65 per day) and applies them to Algeria, calculating costs by multiplying the UBI amount by the total population (adult and children) according to the following formula:¹¹⁴

$$UBI = Ben_t * POP_t$$

Ben_t: the total benefit per person per year

POP_t: the total population in this given year.

Some UBI proposals also consider benefit levels differentiated by age as well as gender and other socio-demographics, instead of a uniform benefit level.

The following equation could be used for such proposals:

$$UBI = \sum_{i=1}^n \sum_{j=1}^2 Ben_{i,j} * POP_{i,j}$$

Ben_{i,j}: total benefit per year for the age group *i* and gender *j*

POP_{i,j}: total population of age group *i* and gender *j*.

For the purpose of this paper, it is assumed that the benefits provided are equal regardless of gender or other socio-economic characteristics. The authors have used the second formula to calculate the costs of each of the scenarios in Table 5.¹¹⁵

Table 5. Cost of UBI in Algeria for different scenarios

Scenarios	Cost as % of GDP
A basic income transfer at 100 per cent of the extreme poverty line (\$2.15/day) for all adults and children	19
A basic income transfer at 100 per cent of the poverty line (\$3.65/day) for all adults and children	32.2
A basic income transfer at 100 per cent of the poverty line (\$2.15/day) for adults and 50 per cent for children up to 15 years old	16.1
A basic income transfer at 100 per cent of the national poverty line (\$3.65/day) for adults and 50 per cent for children up to 15 years old	28.8
80 per cent of average household expenditure for all adults and children	32.3
50 per cent of average household expenditure for all adults and children	20.2
A basic income transfer at 80 per cent of household expenditure for adults and 50 per cent for children up to 15 years old	28.7
A basic income transfer at 50 per cent of the extreme poverty line (\$2.15/day) for all adults and children	9.5
A basic income transfer at 70 per cent of the poverty line (\$2.15/day) for adults and no benefit for children up to 15 years old	9.3

Source: Authors' calculation using data from National Office of Statistics (2018).

Note: This analysis considers poverty lines: \$2.15 per day and \$3.65 per day.

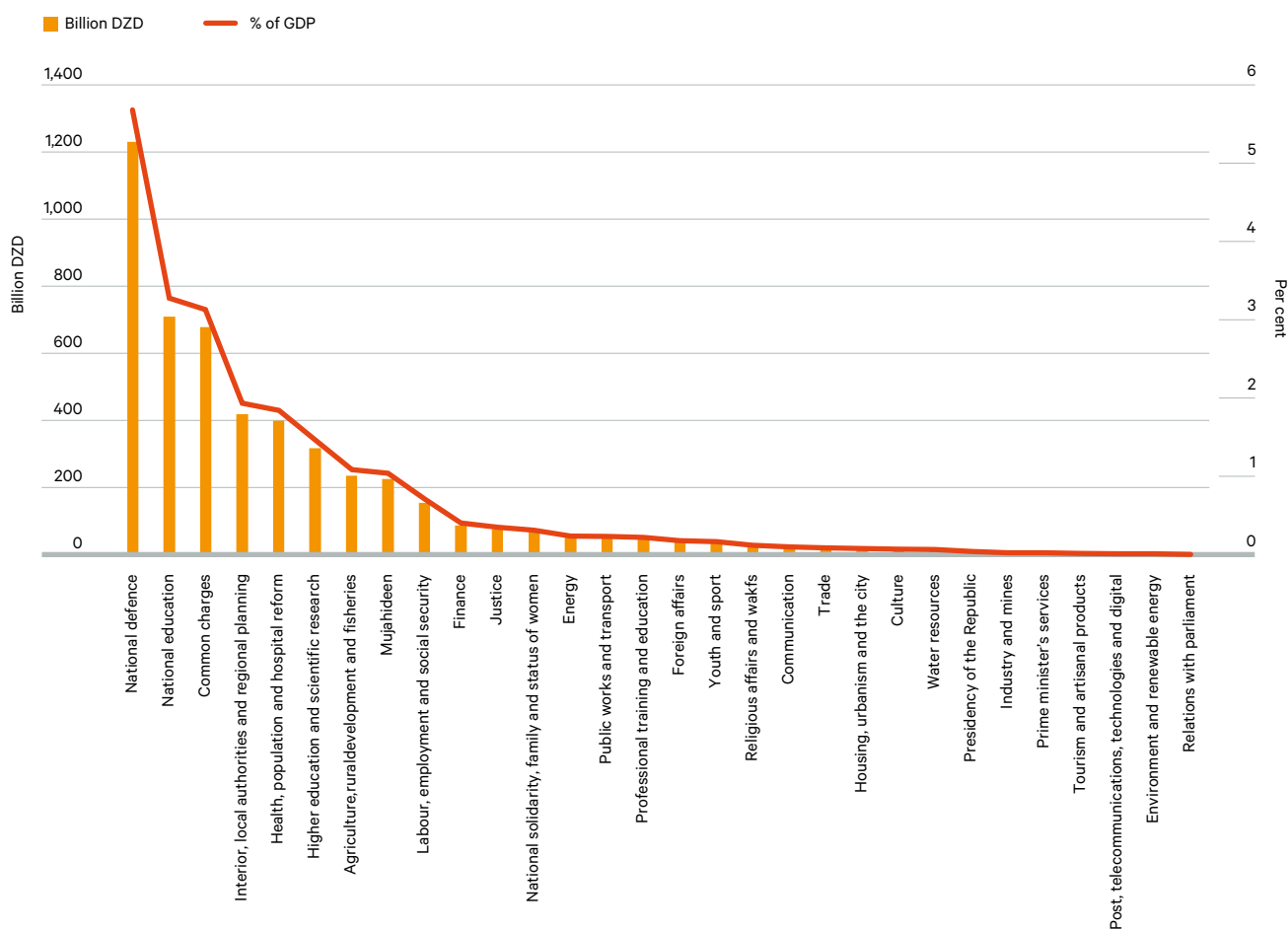
¹¹⁴ Ortiz, Behrendt, Acuña-Ulate and Nguyen (2018), 'Universal Basic Income proposals in light of ILO standards'; World Bank (2022), 'Fact Sheet: An Adjustment to Global Poverty Lines', <https://www.worldbank.org/en/news/factsheet/2022/05/02/fact-sheet-an-adjustment-to-global-poverty-lines>.

¹¹⁵ These scenarios may depend on government revenues, which are highly dependent on oil prices.

Affordability of UBI in Algeria

Table 5 shows that the cost of introducing UBI in Algeria varies significantly. However, one option could be to use UBI to cover the poverty gap, which is the amount needed for poor people to move above the poverty line. This is why the last two rows of Table 5 present ‘affordable’ UBI options. It is estimated that those two scenarios would cost 9.5 per cent and 9.3 per cent of GDP, respectively. These figures are certainly affordable given that the latest data from the Ministry of Finance show that social transfer expenditures accounted for 11 per cent of GDP in 2016 and 8.6 per cent in 2019.¹¹⁶ It may appear possible for UBI to replace various subsidies. However, the International Labour Organization notes that UBI is only efficient at reducing poverty if it complements existing subsidies. In fact, \$2.15 per day represents only 44 per cent of the national minimum wage guarantee in Algeria and is less likely to reduce poverty if existing food and fuel subsidies are faded out.

Figure 14. The Algerian government's operating budget



Source: Ministry of Finance (2019), ‘Rapport de presentation de la loi de finances pour 2019’ [Presentation report of the finance law for 2019], <https://www.mf.gov.dz/index.php/fr/rapport-de-presentation-de-la-loi-de-finances-2019>.

¹¹⁶ Ministry of Finance (2019), ‘Rapport de presentation de la loi de finances pour 2019’ [Presentation report of the finance law for 2019], online report, <https://www.mf.gov.dz/index.php/fr/rapport-de-presentation-de-la-loi-de-finances-2019>.

As a result, the Algerian government would need to find additional fiscal space to finance both UBI and social protection programmes. The International Labour Organization suggests five ways that a government can find the necessary funding.¹¹⁷ First, by reallocating public expenditure from so-called high-cost, low-reward investment – such as defence, fossil fuel subsidies and survivor pensions¹¹⁸ – to social protection programmes considered as long-term investments. Algeria spends around 6 per cent of GDP on defence, which is high compared to the other areas of government (see Figure 14).

Second, by extending certain social protection coverage to informal workers (42 per cent of the population in 2019) and collecting income contributions from them. The third option would be to use foreign exchange reserves although the use of reserves should not exceed a certain threshold, depending on the country. Fourth, by collaborating with the private sector to finance social protection. And finally, by capturing and channelling illicit financial flows – for example, money from tax evasion, laundering, trade mispricing – into funding social protection. A broader discussion is needed between government and the Algerian population to review these options, such a social dialogue should involve all sectors and representative employers and workers and civil society organizations.

Any proposal for UBI in Algeria requires careful design that accounts for the country's unique context, budgetary constraints and political realities.

Despite its potential benefits, UBI is not without its challenges. Not least the fact that the Algerian government has yet to officially discuss the concept. Critics argue that UBI could be too costly to implement, could disincentivize work and may not be politically feasible or economically affordable. Therefore, any proposal for UBI in Algeria requires careful design that accounts for the country's unique context, budgetary constraints and political realities. In light of these considerations, Algeria should consider implementing a UBI pilot programme in selected regions. Such a programme could help generate empirical evidence on the impact and feasibility of UBI in the Algerian context, while allowing for adjustments and improvements before any potential scale-up. However, it is important to reiterate research shows that UBI works best alongside other social protection measures, including investments in education, healthcare and job creation, in order to ensure a comprehensive and sustainable social protection system.

¹¹⁷ Ortiz et al. (2019), *Fiscal space for Social Protection: A Handbook for Assessing Financing Options*.

¹¹⁸ Merouani, W. (2020), *Rethinking survivor pension in Algeria*, <https://www.menasp.com/library/rethinking-survivor-pension-in-algeria>.

07

Conclusion and recommendations

Algeria needs a comprehensive strategy to review and reform its stretched social protection system. Fiscal space remains an issue but there are approaches that can have an immediate impact.

This research paper maps the current social protection system in Algeria, including the broad but often fragmented state, non-state, formal and informal services and actors. It also highlights the richness and the diversity of non-state actors including but not limited to religious endowments, local civil society organizations (CSOs), diaspora networks, and *djemaa* or *tajmaat* (village associations) in Kabylia – over 108,000 associations exist with some 45 per cent formally registered with the Ministry of Interior and Local Authorities.

SDG performance in Algeria shows mixed results. The country has achieved SDG 10 (reduced inequalities) and, according to the SDG dashboard (Table 4), Algeria has the lowest number of SDGs that face ‘major challenges’ when compared to regional peers. However, ‘significant challenges’ remain for eight SDGs. Commitment from the government to sustainable development is enshrined and defined in the 2016 constitutional amendments, with an inter-ministerial coordination committee representing all ministries and working with other relevant agencies on SDG matters.

As demonstrated in this paper, the country has a comprehensive social protection system with a considerable legal framework. However, there are significant coverage and adequacy gaps. Algeria’s social protection system compares well with similar offerings in the MENA region, but the country’s finances are under strain, and questions around sustainability remain, despite the recent uptick in hydrocarbon prices.

Reforming these mechanisms is necessary to achieve a more sustainable social protection system. While it is important for policymakers to think about effective policies and experimentation in the social protection space, it is also critical for the government to be responsive and inclusive in its approach. This requires policymakers to initiate a debate on the issue and determine short-, medium- and long-term social protection strategies. Such social protection strategies should first and foremost be informed by a risk and vulnerability assessment to avoid implementing policies that are not suitable for the Algerian context or relevant to the risks faced by its people. There is thus a need to regularly collect data in order to monitor and evaluate social protection programmes and proposals.

The development of an overarching national social protection strategy can offer some room for blue-sky thinking with a view to introducing innovative social policies.

This approach should also highlight the gap between current social protection capacities and existing risks, in particular, identifying where people are excluded or left behind. An effective strategy would implement social policies that fill these gaps, including through expanding coverage. Algerian policymakers should also pay attention to the transformative elements of social protection that enhance equity and preserve the rights of minorities, including refugees. To be effective, a strategic approach would need to go beyond the basic modest security income suggested by the International Labour Organization and propose an adequate social benefit to effectively lift people out of poverty and vulnerability. Such a strategic approach has an opportunity to consider and include environmental sustainability and gender issues.

The development of an overarching national social protection strategy can also offer some room for blue-sky thinking with a view to introducing innovative social policies. An example of this would be for Algerian policymakers to undertake a detailed study (and pilot) to evaluate the cost, feasibility and effects of implementing UBI. The authors' calculations find that the cost of introducing UBI in Algeria varies significantly. The least generous scenario in the paper, at 70 per cent of the poverty line for adults and no benefits for children, would cost 9.3 per cent of GDP, while a median scenario covering 50 per cent of average household expenditure for adults and children is estimated at 20.2 per cent of GDP.

Policy experimentation and inclusive dialogue will be key to unlocking innovative social protection policies that in turn increase adequacy, expand coverage and enhance sustainability.

Recommendations

- Policymakers in Algeria could initiate a full and comprehensive independent study on both the most effective way of implementing energy subsidy reforms and the associated impact of expanding cash transfers. The study should include behavioural change, stakeholder mapping, political economy analysis and strategic communication components. This should be administered by the Ministry of Finance, Ministry of Energy and Mines, and state-owned utility company Sonelgaz, in consortium with private sector and technical experts from multilateral organizations.
- To improve governance and enhance management and communication across social protection programmes, Algerian policymakers could develop an integrated digital information system that allows data-sharing and coordination among the different programmes. A second order benefit from such an information system could be to promote cooperation and partnerships between state and non-state actors (CSOs etc.) operating in the social protection space, and in turn enhance inclusivity and effectiveness. The relevant stakeholders that could work together on such an initiative would include the Ministry of Finance (as lead), the Ministry of Digitization and Statistics, Ministry of Interior and Local Affairs, Ministry of Religious Affairs and Endowments, Ministry of National Solidarity, Family and Women's Affairs, and various CSOs and community networks. Government incentives could be made available for CSOs that work to unify the database and pool resources.
- This paper highlights the need for additional fiscal space to expand coverage of social protection measures to all vulnerable groups. The different available options for Algeria to increase investment in social protection, include reprioritizing public expenditure, spending smart and focusing on improved revenue collection, particularly from the informal sector. The Ministry of Finance in collaboration with the Ministry of Knowledge Economy, Start-ups and Micro Enterprises, and the Ministry of Labor, Employment and Social Security can conduct a pilot study (possibly region specific) experimenting with tax reform across informal micro- and small enterprises. Experimentation in the pilot study could cover smaller single fees paid to local administrations by informal economy actors (workers and businesses), with more established micro and small enterprises benefiting from special initiatives – within the general tax regime – which consist of a lower tax rate and a simplified system.
- The lack of available social protection and household data in Algeria underscores the need for regular data collection using innovative methods, such as machine learning and big data. For instance, using satellite imagery to collect data on poverty and vulnerabilities could complement traditional costly and irregular survey data. Policymakers should prioritize accelerating progress towards digitizing administration and administrative data, enabling more efficient and effective data collection. The Ministry of Digitization and Statistics is a suitable candidate for spearheading this initiative. Collaborating with pertinent domestic and international stakeholders (such as the UN) on programmes and projects could boost this endeavour.

- The Ministry of Finance in coordination with the prime minister's office can consider implementing a study consisting of a pilot on the design, feasibility, costs and effects of UBI. This pilot study could be carried out in a specific region and/or for a specific constituency or age group (e.g. young informal entrepreneurs between 18 and 35). In global terms, Algeria performs relatively well on citizens holding official proof of identity, which enhances the prospects of such activity (were a random approach be taken). The study can also explore the capabilities, constituencies and coalitions that would be required for any potential scaling up should the results of the sample group be successful. Best practices can be taken from other similar studies in countries such as Brazil, Finland, India, Mexico, Namibia and Uganda.
- Finally, social protection reform should prioritize more active social policies instead of relying solely on passive cash transfers. For instance, active labour market policies to increase employment levels should be reactivated in Algeria to have direct impact. Social protection should also focus on enhancing equity and social cohesion within society beyond poverty reduction. This can be done through improving the adequacy of the family allowances policy and through providing childcare programmes to boost women's economic participation. By doing so, policymakers can ensure that social protection measures provide not only immediate relief to those in need but also promote social inclusion, gender responsiveness and sustainable development. The lead ministries in this space, including the Ministry of National Solidarity and the Ministry of Labor, Employment and Social Security, can work together to lead such an initiative while involving other relevant stakeholders in a social dialogue.

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Dr Walid Merouani is an accomplished economist, with dual PhD degrees in economics from the University of Caen-Normandy (France) and the High School of Statistics and Applied Economics (Algiers). Over the course of his career, Dr Merouani has dedicated more than a decade to researching topics such as pensions, social protection, informal employment and behavioural economics. He has had the privilege of visiting several research centres and international organizations in France, Luxembourg and the MENA region. Currently, Dr Merouani is involved in various projects aimed at improving social protection, labour formality and advancing progress towards the SDGs in the Arab region.

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Cover image: An event to kick off a major nationwide operation to distribute no less than 120,000 housing units in Algiers, Algeria, 15 November 2022.

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