

COUNTRY PROFILE



Algeria

GLOBAL RANK: 66th of 104



Algeria ranks similarly on Comparative Liveability and Economic Competitiveness, at 67th and 65th respectively, registering high levels of capital per worker, and strong religious faith. However, its score is constrained by the low reported freedom of choice and poor environmental conditions.

● BACKGROUND

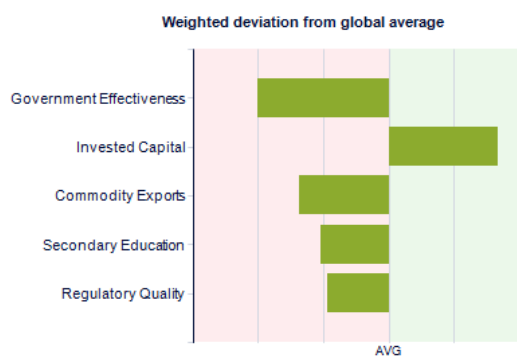
This North African country emerged in 1999 from a civil war that killed up to 200,000 Algerians and wiped out most of the gains in living standards made since independence in 1962. Today, partly as a result of booming oil exports, Algeria's foreign debt has been largely repaid, and government finances have stabilised. However, despite efforts to encourage diversification of exports, the economy remains dependent upon the energy sector. Algeria's telecommunications, transport and power infrastructures have seen little investment in the past two decades. Business confidence has been weakened by Islamic terrorist attacks, including an al-Qaeda bus bombing in Algiers in December 2007.

FAST FACTS

Population:	33.77 million (2008 est.)	FDI (net inflow):	1.06% (2005 est.)
Life Today	5.8 (2007 est.)	Exports	48.06% (2006 est.)
GDP (PPP)	\$224.7 billion (2007 est.)	Imports	18.16% (2006 est.)
GDP (Growth)	4.6% (2007 est.)	Unemployment:	13% (2007 est.)
GDP (per Capita)	\$6,500 (2007 est.)	Life Expectancy	73.77 years (2008 est.)
Political System:	Republic		
Foreign Aid:	0.16% (2006 est.)		

● KEY SCORE DRIVERS

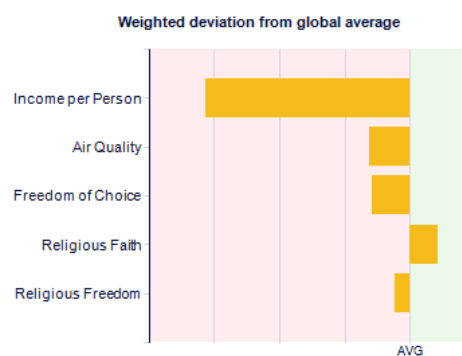
ECONOMIC COMPETITIVENESS



Algeria's economic growth is mainly driven by investments in the energy sector, and the key challenge remains the diversification of the economy to escape this extreme dependence on commodity exports. Almost 98% of exports are mineral products, which constitute almost half of GDP. The \$10 billion stock of foreign direct investment is concentrated in the energy sector, although this produces an exceptionally high capital investment score for this level of Economic Competitiveness.

The effectiveness of governance and quality of regulation are also rated poorly; tax rates are high, but collection efficiency is weak, limiting government spending. Openness is low, and there are

COMPARATIVE LIVEABILITY



In terms of Comparative Liveability, Algeria ranks lowest in the region, suffering in part from low incomes. Although the violence has subsided over the last few years since the bloody civil war of 1992--99, acts of terror by militant groups still take place. The government relies heavily on the army and security services, and violations of human rights continue to occur. Perhaps unsurprisingly, Algerians report low levels of satisfaction with their freedom of choice under a repressive regime.

The implementation of the Charter for Peace and Reconciliation, which aimed to reinforce the rule of law and the government's credibility, has had a limited impact, and a lack of social trust still

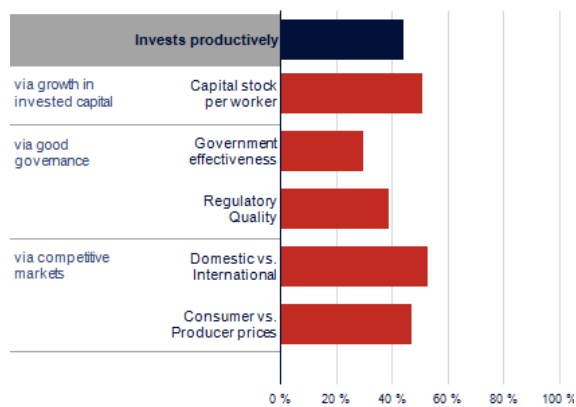
further problems with banking restrictions, corruption, and political interference in the judiciary. All these factors lead to a reliance on foreign aid.

Although mass education levels are above the regional average, enrolment rates are low and the low number of researchers suggests a serious weakness where highly-skilled workers are concerned. Public spending on education is 5% of GDP and the adult literacy rate is under 70%. Consequently, the country exports virtually no high-tech products and scores for commercialisation of innovation are poor. This does not bode well for diversification.

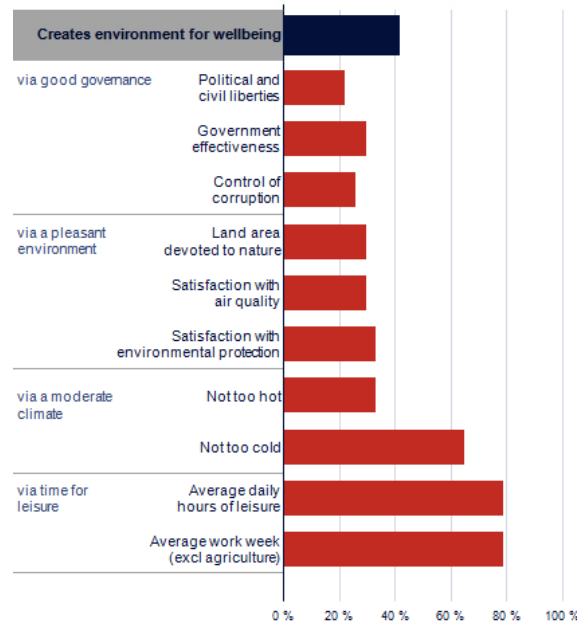
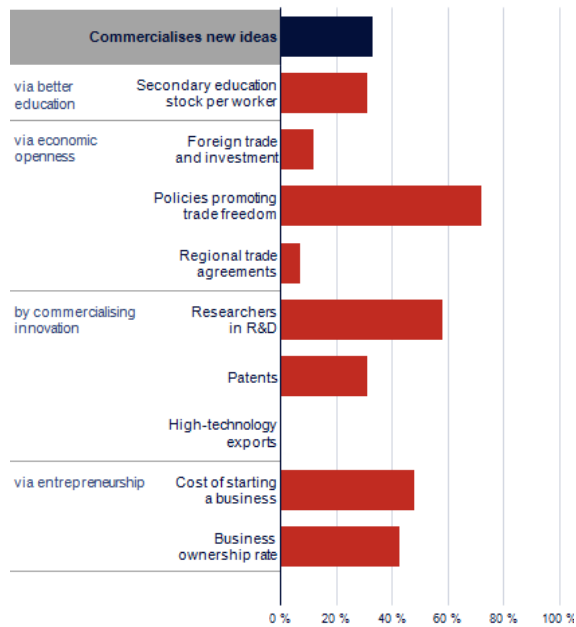
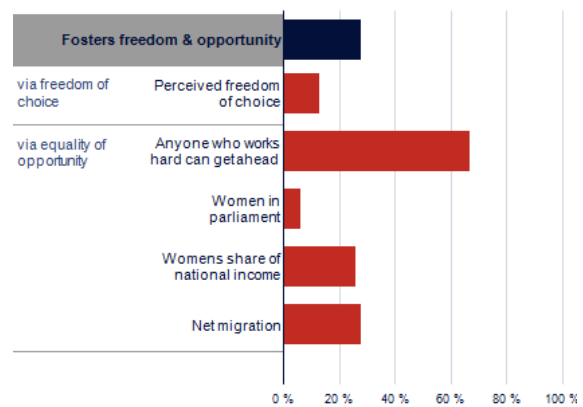
reflects the disintegration caused by the civil war. A mere 11%^w of the population believe that people can be trusted, according to the World Values Survey.

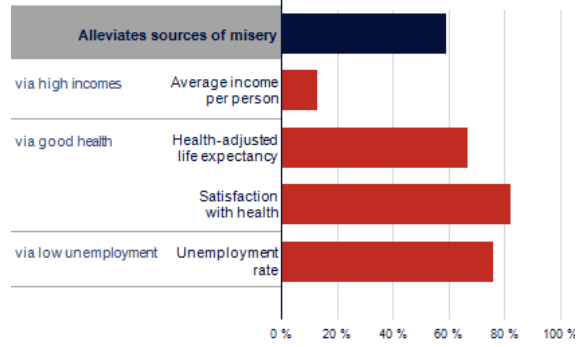
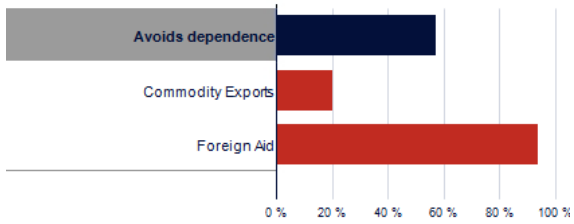
More positively among the indicators, satisfaction with personal health is high, and religious faith is strong in Algeria, with Muslims making up a significant share of the population and 98%^w of people reporting that religion is important in their lives. However, religious organisations remain restricted, with some Islamic parties banned by the government and mosques monitored in order to prevent political activity, at the expense of both political and religious freedom. The Gallup World Poll also highlights environmental concerns, particularly in terms of the poor air quality, as being particularly detrimental to Algeria's Comparative Liveability scores.

ECONOMIC COMPETITIVENESS: SCORECARD

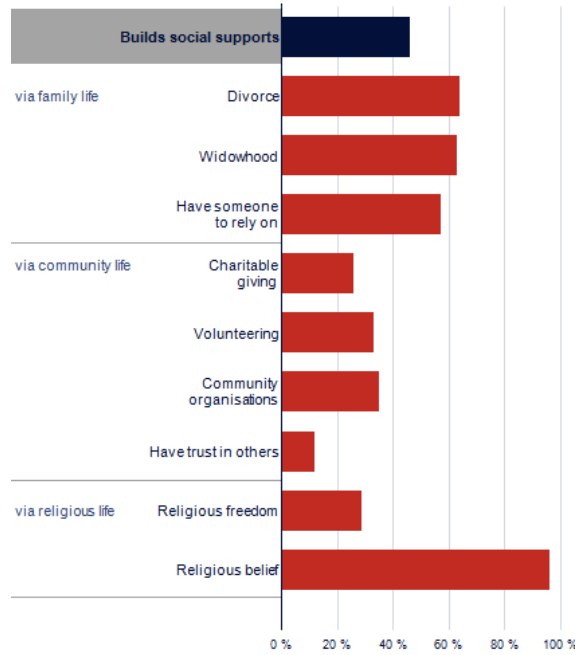


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.