



Economy First: Assigning Ayman Ben Abdel Rahman to form the new Algerian government

Future Briefs

Issue 556, 7 Jul 2021

Finance Minister Ayman Ben Abdel Rahman (60 years old) has been assigned to form the new Algerian government, as he is a technocrat who is not affiliated with any political or ideological currents. This is in addition to his economic and financial expertise, which will be critical in handling the internal challenges, particularly with respect to dealing with the Hirak movement, tackling economic crisis and facing security threats.

On June 30, 2021, Algerian President Abdelmadjid Tebboune issued a decree appointing Ayman Ben Abdel Rahman as Prime Minister to succeed Djerad, who submitted his resignation on June 24, following the announcement of the final results of the latest parliamentary elections. Abdel Rahman was assigned to consult with the winning political parties to form a new government as soon as possible. Abdel Rahman was assigned as the country's Prime Minister, in accordance with the provisions of the 5th and 7th paragraphs of Article «91» of the Algerian constitution, which grants the Algerian president the authority to assign a person to form a national government to manage the country's affairs.

Economic Expertise:

President Tebboune assigned Ayman Ben Abdel Rahman as Prime Minister due to a number of

considerations that can be illustrated as follows:

1- An Independent personality: Tebboune views Abdel Rahman as a technocrat, an efficient caliber and a trusted man who has no political or ideological affiliations.

2- Accumulated Expertise: Abdel Rahman held the position of Minister of Finance in the Djerad government for about a year (June 2020 - June 2021). He also held the post of Governor of the Central Bank in 2000. This allowed him to gain financial and economic experience that equips him to face the internal hindrances and financial crisis, which the country is presently facing . He is also known as the man of financial reforms, since during his tenure as Minister of Finance, he drafted a number of laws targeting an economic reformation. He also featured the pattern of Islamic banking, which is in

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line with the reform program that Tebboune seeks to implement on economic level.

3- A loyal majority: The assignment of Abdel Rahman came after the pro-government political parties and independents, who won the elections, announced their support for the formation of a government that is loyal to the President. These parties are represented in the National Liberation Front (98 seats), the Independents (84 seats), the Movement of Society for Peace (MSP) (65 seats), the National Democratic Rally (58 seats), the Future Front (48 seats) and the National Construction Movement (40 seats). It is noted that the latter party is one of the dissident parties from the MSP, the political arm of the Muslim Brotherhood in Algeria.

Anticipated challenges:

The new government headed by Abdel Rahman is anticipating several internal challenges, which can be drawn as follows:

1- The Movement of Society for Peace's refusal to participate: President Tebboune offered MSP to participate in the new government. However, it refused to participate or nominate its candidates to take over the five (unspecified) ministerial portfolios that were offered to it. The refusal is attributed to MSP being offered marginal ministerial portfolios, which was confirmed by its leader, Abdul Razzak Mukri. He affirmed the refusal to partake without a substantial partnership in governance.

2- Dealing with the Hirak movement: The new government is anticipating a special challenge in dealing with the Hirak forces, as their relations with the head of state have been strained during the recent period, especially as the movement declined to participate in the elections, and called for boycotting them. Moreover, the voter turnout dropped to about 23%.

The Hirak movement also expressed their rejection of the return of the National Liberation Front, which was loyal to former President Bouteflika, to lead the political scene by ranking first in the

recent parliamentary elections. Thus, dealing with the HIRAK movement will occupy a particular priority on the agenda of the new government.

Endeavors of stifling the HIRAK forces and preventing the organizing of weekly rallies are expected to continue under the slogan of preserving the country's national security.

3- The aggravated economic crisis: The country is suffering from severe economic turmoil that have escalated over the past two years due to the repercussions of the COVID-19 pandemic, which caused a decline in the gross domestic product by 5.5% during 2020, as well as other economic difficulties including the following:

- A drop in global oil prices: The Algerian economy depends on oil export revenues, which represent about 60% of the country's budget, and 94% of its total export revenues. During 2020, these revenues reached about \$24 billion, which exacerbated the economic conditions in the country.

However, these negative conditions are expected to change quickly, as the price of a barrel is expected to reach about \$100 by 2022, in addition to the return of natural gas exports to Spain since last year. An improvement has been witnessed since economic growth rate reached about 4.2% during the first quarter of this year.

- A drop in the cash reserve: The government resorted to withdrawing from the foreign exchange reserves, which caused its noticeable decrease. The foreign exchange reserves dropped from \$60 billion during the first quarter of 2020 to about \$44.2 billion in 2020, and reached about \$42 billion during 2021. Moreover, inflation also rose and the purchasing power of citizens declined, in addition to the decrease in the exchange rate of the national currency (134 dinars at the Central Bank and 180 dinars on the black market).

- An increase in unemployment rates: Unemployment is expected to rise from about 11.5% in March 2021 to about 17.2% by the end of this year, as 500,000



people lost their jobs due to COVID-19. Meanwhile, the minimum wage for workers in government institutions dropped (about 20 thousand dinars or 125 euros), which is not sufficient for meeting basic needs.

Perhaps the first statements made by Prime Minister Ayman Ben Abdel Rahman after assuming his duties were about his commitment towards implementing President Tebboune's electoral program, particularly with respect to achieving economic development, significantly reducing imports, and reducing the state's administration budget.

4- Containment of COVID-19 The country is recently experiencing an unprecedented rise in the number of COVID-19 infected cases, reaching about 140,000 cases last June. Despite the acquisition of the vaccine and the launch of citizens vaccination campaigns, this does not seem to be sufficient so far, considering the deterioration evident in the medical and health sectors. Thus, Abdel Rahman is expected to give top priority to addressing the deteriorating health conditions over the coming period.

5- Combating Terrorism and the separatist challenges: Confronting terrorism and separatist movements is a key security challenge ahead of the new government, especially after the authorities

classified the Rachad Movement and Movement for the self-determination of Kabylie (MAK) as terrorist organizations. The government accused both movements of plotting to commit terrorist acts amidst the Hirak's weekly gatherings.

Algeria is also concerned about the transfer of terrorist organizations to it from Libya. This was expressed by Saïd Chengriha, Chief of Staff of the Algerian Army, who stressed in an official statement in June 2021 the need to adequately comprehend the perils and threats surrounding the fragile and chronic security situation in Algeria. This has been further exacerbated by international competition for influence and foreign military interventions in the region. Consequently, this has worsened the already deteriorating regional security situation, particularly by sponsoring and availing the appropriate conditions for terrorism and transnational organized crime to thrive.


Finally, it could be established that the new government is expected to be formed with a presidential majority which is loyal to the policies and directions of President Tebboune. Its top priority will be improving the economic situation and dealing with Hirak as well as terrorist and separatist movements. Therefore, such a new government will be able to handle these constrains facing limited challenges.

ABOUT FARAS

Future for Advanced Research and Studies (FARAS) is an independent think tank founded on April 4, 2014 in Abu Dhabi, U.A.E. FARAS seeks to enrich public dialogue, support decision-making and enhance academic research pertaining to future trends that currently constitute a real problem in the Middle East region. In light of instability and unpredictability, the overarching goal of FARAS is to help ward off future shocks regarding these developments.

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