

INVESTMENT REPORT



Algeria

2017



ALGERIA 2017

Algeria Investment Report is the first in the new Investment Reports Series, which will provide privileged up-to-date insights and business intelligence from around the world with the aim to spark interest and dialogue with global readers.

These carefully researched features are distributed alongside strategic events in the financial and economic calendar around the world for countries and organizations to communicate their strengths and availability for growth.

As Algeria sharpens its quest for development, it continues to engage with the international community in key issues encompassing the country's serious will to shape a new strategic context by diversifying its economic production away from hydrocarbons, attract FDI and generate wealth and employment.

The time is ripe to set new priorities for trade and investment and secure reform that benefits all stakeholders. Economic dynamism, high quality of life, national identity and transformation into a continental hub are on the front burner.

This feature has been produced for distribution at the Algiers Meeting, host to the African Investment & Business Forum that takes places in Algiers from December 3 to 5, 2016.

This publication has been produced by True Media Reports Ltd.

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index

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Special Thanks
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H.E. Ambassador Abdelaziz Benali-Cherif
Embassy of Algeria in the US,
H.E. Ambassador Madjid Bouguerra
Consulate of Algeria in Madrid
USABC, Dr. Ismael Chikhouné
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Country Profile



Algeria, Energy Source



A force for peace



Production Values



Breathing life into the economy

Housing

Concrete Policy

Transport & Public Works

Busy building a hub

Energy

Q&A with Minister of Energy, Nouredine Bouterfa

Tourism

Ultimate diversity



Algeria, Energy Source

How to talk about Algeria without being captivated by its energy? With 70% of its population under the age of thirty-five, the largest country in Africa, the Mediterranean Rim and the Arab World has more than enough energy to channel and to sell. At what price? Since 2014 oil prices have plummeted by as much as 50%. Highly dependent, the country indicators may be struggling but spirits are high.

“In Algeria, we believe in the virtues of pragmatism and common sense, and we affirm that the economy of our country and its laws guarantee proper business conditions for any operator.”

Abdelaziz Bouteflika
President of Algeria



For every \$1 drop in the median price of a barrel, \$600m worth of revenue evaporates from the country’s coffers every year. For the 18th largest producer in the world, these drops in the price of oil could mean a catastrophe, as more than \$80 billion of Forex reserves have been lost over the last 2 years. Nevertheless, Algiers absorbed the loss and refused to cut its development programs or social policies

Its growth potential and its stability make it a noteworthy case in the MENA region. But with 97% of its GDP being derived from hydrocarbons, how does the country manage?

Nothing here is the same. One is often compelled to talk about difficulties and adverse circumstances, but it’s a matter of resilience. If you see the obstacle as a barrier instead of a launch pad, you don’t see Algeria clearly, “to manufacture remains a difficult commitment” summarizes Ali Boumediene, CEO of Bomare Co., leader in electronics manufacturing.

“It’s not easy at the beginning. But from beginning to end, we’ve learned the ropes of the job in this environment. Our determination has become greater, as our ambition and expertise continue to grow,” states Boumediene, who manufactures Algeria’s second largest brand of mobile phones.

The private sector contributes around 80% of the GDP and puts pressure to be allowed to invest in new niche positions and state monopolies like aviation, or even hydrocarbons.

“We are in a country of free trade, but the economy is mainly under state control. If you want to do business you don’t need authorization unless you produce or manufacture something. To have that

authorization isn’t easy. So it means there are very few of us,” suggests the Chairman of Arcofina Holding, Abdelouahab Rahim.

Population	40,4 million	2016
Life Expectancy	76,4 years (men) 77,8 years (women)	2016
Access to Education (6 years)	98,5%	2016
Representation of women at the assembly	31%	2016
GDP (2015)	\$ 172,278 billion	2015
GDP growth	3,9%	2015
Inflation	4,8%	2015

Source: ONS, FMI, WB

WHAT’S HOT

- Energy costs amongst the lowest in Africa and Mediterranean
- 40 million consumers
- Proximity to principal international markets
- National transportation network and high-performance communication
- Qualified labor, very competitive remuneration levels
- Strategic opening on the African market
- Political stability
- Active PME fabric
- Politics of encouragement and investment

WHAT’S NOT

- The 51/29 law
- Bureaucracy
- Legal instability
- Repatriation of dividends
- Real Estate deficit
- The informal sector

Everything is possible

Alger Marina Bay, the future business district on the outskirts of the capital, is coming off the ground over 75 hectares at Pins Maritimes, in an alluring project that will completely change the eastern face of the city. Abdelouahab Rahim intends to make this seaside urban complex a landmark attraction that includes an aquatic park, a marina able to hold up 700 boats, restaurants, boutiques, a shopping mall, upscale apartments and hotels. The entrepreneur strives to make it the greatest real estate project in the Maghreb region. "Alger Marina Bay is proof of what we are capable of doing." To relaunch productive investment and growth, Arcofina creates 3,500 direct hires and 500 jobs a year.

Now, what about the crisis? Algerian entrepreneurs don't complain about it. Their biggest nightmare is bureaucracy and the informal economy; the whole of the private sector suffers from it although it remains dynamic and the greatest supplier of jobs, as it continues to absorb an ever-growing working force.

A new model for growth

At less than 50 dollars a barrel, income is shrinking. Today black gold doesn't generate more than 21 billion dollars net profit a year for Sonatrach, the national hydrocarbons company.

The energy transition cannot wait any longer. Even as the largest gas producer in Africa, and 9th largest

in the world, the country foresees \$60 billion of investment over the next 14 years in solar and wind power. As well as the environmental benefits, this has a lot to do with saving and stockpiling some 300 billion m³ of natural gas between now and 2030, in order to prepare for future domestic consumption.

The State plans to put foreign investors in competition with each other in order to build large-scale electrical infrastructures. Active diplomatic efforts are being made to service the economy and are already playing a role in negotiations to aid stability in the continent. Algeria can count on its army as one of the best prepared and best equipped in the region. Its experience in the fight against terrorism and radicalization makes them a key partner for the United States and the rest of the world.

Along the Trans-Saharan road, Algeria will become an economic engine on the continent and a platform for exports to Africa. It will complete its part of the continental highway in 2018, when 9,500 kilometers of road will link 6 African countries. A massive project for a mega-port will add to this powerful development: El Hamdania, the largest port on the Mediterranean Sea, will connect Algeria to Africa, South-East Asia and the two Americas.

Our entrepreneurs dream with their eyes open... they know that there are no economic miracles. They know the importance of private investments and they've come to believe in the boom of their capital investments.

The government is aware that the time when a barrel traded at 107 is over; the new budget suggests that it may spike in 2019, at 60 dollars.



Q&A with Prime Minister, Abdelmalek Sellal

A member of the first generation to be educated in an independent Algeria, the head of the Algerian government considers public service to be a 'sacred issue'.

"Africa is today in motion, and in many areas it will fashion a future for the world"

Abdelmalek Sellal, Prime Minister

Can you explain your administration's political trend and how this translates into the decision-making process?

We are for a strong state, regulator of a society free in its initiatives and supportive of those who are the weakest. Our economic patriotism doesn't prevent us from seeking out expertise where it is found, and foreign investments should not only be welcome, it should be encouraged.

What is your 'new economic model' and how do you intend to boost a productive economy?

Our strategy is simple: growth as a permanent priority and entrepreneurship as a means of accomplishment. Everything is done to encourage investment and a better business environment. Algeria is among the rare oil producers that continue to create growth and employment. The number of declared investments in the last 3 years represents 70% of activity since 2002 (24,386 projects launched between 2013 and 2016). The oil crash was sudden and brutal. It considerably reduced our currency income by more than half, but thanks to our prudent monetary policies and to the decision to anticipate debt reimbursement we can manage these treasury difficulties and maintain a growth rate over 3%.

What can you tell us about Algeria's new investment code?

It is simple and it works. It enshrines the freedom to invest in Algeria, makes the granting of automatic and preset benefits, and redevelops the powers of the bodies responsible for investment. We have also established a simplified procedure to oversee the management of industrial land, which is now open to private investment and can be controlled locally.

What is your regional and African vision?

To bring peace in Northern Africa and in the Middle East is today the first priority. To think otherwise would be a serious mistake with disastrous consequences. All good will must work together to stabilize the conflict zones while respecting the in-



tegrity of all countries and the sovereignty of their people. Algeria continues to work to bring peace and stability to Mali and in the Sahel region. The Algiers Agreement constitutes a solid basis for national consensus for reconciliation, political dialogue, fight against terrorism, criminality and the strengthening of the efforts made in the framework of the Northern Mali recovery plan.

On a continental level, it is essential to escape clichés and accepted ideas. To reduce Africa to a simple reservoir of raw materials would be a grave error. I am one of those who thinks that Africa is, today, in motion and in many areas, this cradle of humanity will fashion a future for the world. Moreover, many partners worldwide begin to take account of its formidable human, natural and strategic potential. In the mechanical framework of NEPAD, of which President Abdelaziz Bouteflika was one of the originators, Algeria works to promote the South-South partnership and for the emergence of Afro-American development models. The future of Algeria will also be built in Africa.

What is your most audacious project?

To firmly establish the country on the path to long-lasting development and prosperity, and to successfully change some of our society's mindsets and old habits.

A force for peace

Amidst a troubled region, Algeria plays a key role in the stability of North Africa and the Sahel region. Algeria has undeniable assets that enable it to become a regional power.



“While remaining attached to the ideals that have always guided our diplomacy, this latter will continue to prove its capacity of adaptation and creativity.”

Ramtane Lamamra,
Minister of State, Minister of Foreign Affairs
and International Cooperation

evil groups elsewhere” explained the minister of Foreign Affairs, Ramtane Lamamra.

Is the country equally immunized against Arab springs?

For the head of Algerian diplomacy, it’s “a phenomenon of destabilizing transition, if not violence, not only for the country and the people who were targeted, but the fake “spring” has equally favored the birth and expansion of a terrorist monster that attacks all countries and all its people” the Algerian minister argues.

Be it for Iraq, Syria, Libya or even Yemen, the Algerian position maintains the same: no foreign interference; that would exacerbate tensions and drag a great part of the region into a series of unending sectarian conflicts.

Security-related issues constitute a top priority in Algeria foreign policy’s agenda (the 5+5 Western Mediterranean Dialogue, the EU, Mali, Libya, France, etc.) Algiers has always been against an interventionist, hegemonic or conformist diplomacy.

The fight against terrorism requires a “multidimensional approach” to eradicate it, the head of diplomacy repeats incessantly. In Libya, the solution “cannot be anything but political,” Ramtane Lamamra reaffirms. Algeria plays a crucial role in Mali with the signature of the Algiers Agreement for Peace and reconciliation in Mali; Algeria works to bring together the Libyan protagonists, and brings financial aid to Tunisia and other neighboring countries, namely in the Sahel. Its recent victory has

Becoming an essential and powerful speaker for all African and Maghreb affairs is an old ambition from when the capital was “the Mecca of [independentist] revolutionaries”. Renowned leaders paraded there.

The words of Amilcar Cabral are recorded in collective memory: “If Muslims pray in holy places and Christians in the Vatican, revolutionaries do it in Algeria”, said the father of Guinée-Bissau independence. In a popular gathering before imprisonment, Nelson Mandela had announced, “I left for Algeria, where I was trained... Algeria is my second country”, he declared. Pan-Africanism was on the rise and the world knew nothing of watertight boundaries.

During the 1990s, Algeria had to fight on its own against the scourge of terrorism. Ten years later, only after the 9/11 attacks, the world paid attention to this transnational threat.

“This challenge that we were able to overcome thanks to our own sacrifices and the merit of our people and our armed and security forces, applies today like an individual and collective antidote against any adventurism elicited by obscure and

been the banning of ransom payments to terrorist groups by the European States in exchange for the freeing of their hostages. Its active campaign with international bodies allowed its universalization at the UN in 2014, a major blow in an important niche of terrorism, its financing.

Diplomacy that serves the economy

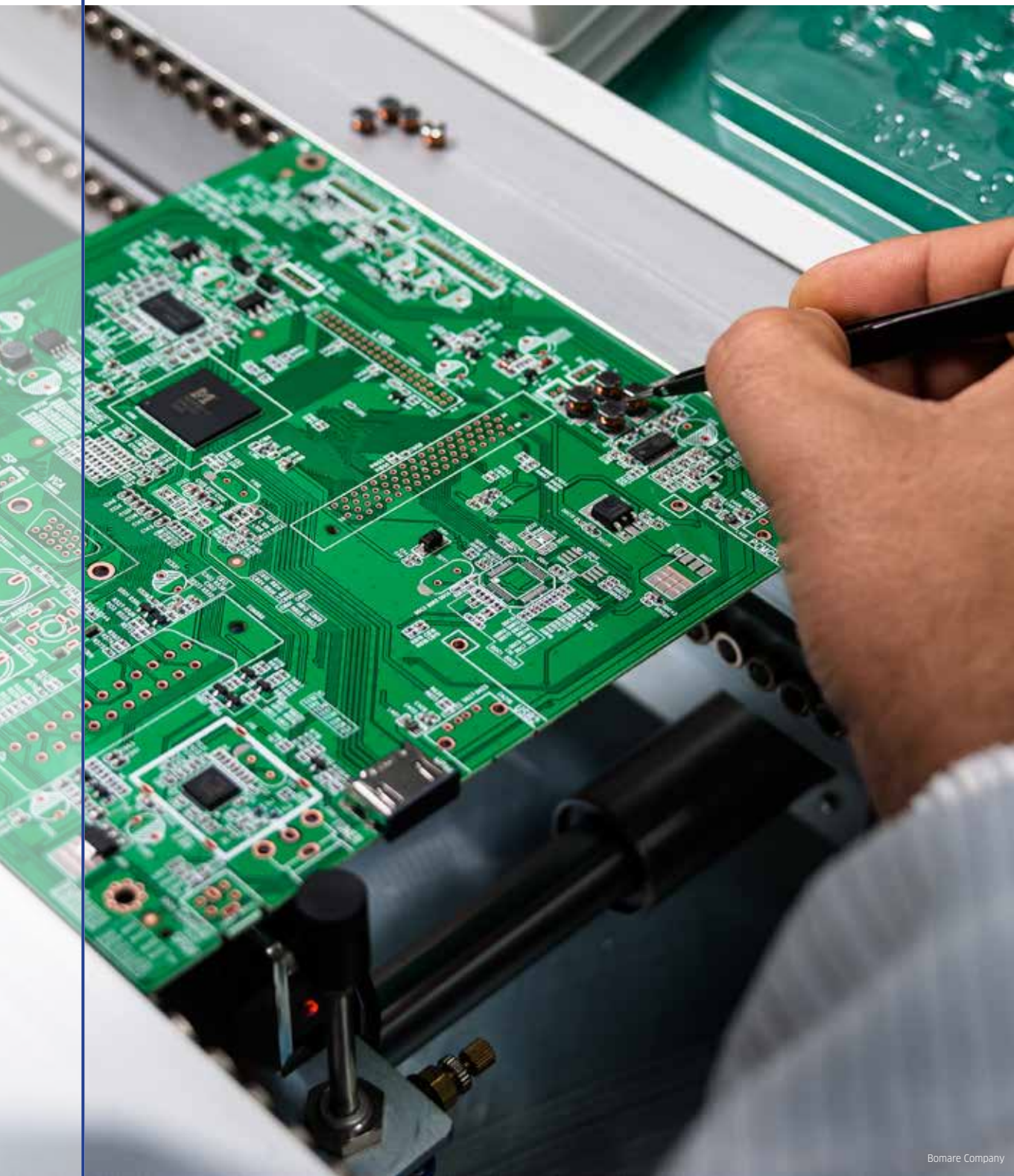
To reduce Algeria’s dependence on oil, the Algerian diplomatic apparatus is mobilized to promote Algeria’s destination and to attract foreign direct investments. The use of diplomacy to serve the economy is an integral part of the Algerian foreign policy. He is convinced that “Africa constitutes an attractive economic hub that could be an important source of worldwide economic growth,” he says. Algeria wants to be a part of these emerging countries and continue to play a role in leadership, in anointing itself a pivoting country in its sub-region, the African continent and the Arab world. Moreover, Algiers wants to have a voice for Africa.

Since he took office, the Algerian President Abdelaziz Bouteflika had one priority: to give Algeria

back its place both at the regional and international levels. Under his influence the Algerian government quickly engaged in the NEPAD project (the New Partnership for Economic Development in Africa), launched in July 2001 under his leadership.

The country doesn’t abandon either its Maghreb dream: “If today the Arab Maghreb Union is struggling to succeed, it is certainly not because of Algeria” the Minister of Foreign Affairs maintains. “This is reflected in the large number of important agreements and conventions signed and ratified by Algeria in the framework of its construction. This is not the case with our Moroccan brothers”. Algeria demanded and obtained from its Maghreb partners, including Morocco that the question of Western Sahara rests outside the context of Maghreb integration but the Moroccan decision to no longer abide by the kingdom’s engagement in favor of a referendum of self-determination in Western Sahara has mortgaged the Maghreb union. Western Sahara is the last African colony occupied by Morocco since 1975. Its solution lies with the United Nations, concludes the Minister of Foreign Affairs.





Production Values

To achieve 7% growth in non-oil sectors is the short-term objective and the strategy relies largely on industry. At the head is Abdesselam Bouchouareb, who has several tools at his disposal.



“A national drive to improve food security and ongoing reforms to boost domestic production unveil a promising new sector.”

Abdesselam Bouchouareb
Minister of Industry and Mines

In order to strengthen the new approach to growth, the Ministry of Industry presents his roadmap for growth and structural activities, “we want to boost collaborations within and between activities likely to support a move towards higher value market segments” explains Abdesselam Bouchouareb bearing in mind the two main performance indicators, ie employment and the balance of payments.

Growth activities cover: energy which includes renewables –the country wants to evolve from supplier of crude oils to producer and exporter of refined products, chemical and petrochemical industries, as well as the digital economy. Strategic structural activities are steel and metal industries.

\$13bn stimulus to boost production

The first measure taken by Bouchouareb targeted public sector organisations. These companies have been transformed into 12 independent industrial groups recognised and trusted by major global firms. The Minister names Massey Fergusson, Liebherr, Sampo, General Electric, Alstom, Renault, Deutz, Mercedes Benz, ZF and more. Some noteworthy examples of re-structured industrial groups :

Algeria Mechanical Group (AGM) which aims to reach \$1bn turnover by 2020, from \$600m currently. It operates in mechanical subcontracting, construction and agricultural machinery, industrial and agricultural equipment. Over the last three years the company has been operating at highly integrated levels with Ferguson, eighth industrial partnerships amounting to \$470m investment and new projects proposed to american partners.

Algeria Chemicals Specialities (ACS) is a smaller group which aims to produce the raw materials needed to substitute imports, and to become an in-

cubator for start-ups. It has already started to do so by investing in grass root companies. The group has six operational segments and is exporting glass, paint and raw materials, cardboard, waste recycling and hygiene and parapharmaceutical products.

The pharmaceutical industry is amongst the most vibrant sectors with investments of \$1.12bn and more than 400m units produced locally. Growth in this sector builds on strong partnerships with foreign pharmaceutical companies. Five years from now, Algeria will cover 100% of its medication needs. Saidal is the leader in the manufacture of generic products and 7th in terms of sales. It is 80% owned by the State and floated in the Algiers Stock Exchange, focuses on bio-technology and runs the only bioequivalence centre on the continent.

2016 indicators	
Annual growth	4%
Unemployment rate	9.9 %

Source: Prime Minister

Non oil-based exports	
6.27%	of total volume exported
Value	\$1.25bn

Source: Customs, Jan-Sep 2016

GDP growth rate (excluding oil)	
4.7%	

Source: ONS, Q2 2016

GDP growth rate by sector (in terms of volume)	
Construction & public works	8.3%
Agriculture	5.3%
Forestry and fishing	5%
Market services	5%
Manufacturing	3.4%
Non-market services	3.3%

Source: Ministry of Industry

Growth rates	
Public sector industry	+4.9%
Private sector industry	+6.5%
Textiles	+11%

Source: Ministry of Industry, Jan-Jun 2016

Mines, an untapped resource

Algeria wants to double this sector’s added value in 2017. The total amount of investments projected for the next 5 years is around \$15bn according to the Ministre of Industry whose strategy relies on the processing of mineral products. The National Agency for Mining Activities (ANAM) manages these assets and oversees mining activities from the prospection stage, through exploration and extraction to reclamation.

The CEO, Hacene Hariati, explains “There are many deposits around the country but the main one is in the south west. Algeria’s main mineral resources are phosphate, gold, and iron. We are in contact with foreign firms to have them come and prospect for tin through a joint-venture”. He highlights that “national phosphate production is currently at 1m tons, several projects have been launched to process and exploit it in order to reach 10m tons, 8 of which will be processed here in Algeria by creating local processing facilities and the rest will be exported.”

Iron, zinc, lead, marble, non ferrous alloys, granite, salt, aggregates, gold and tungsten deposits... The Algerian Geological Service Agency (AGSA) and its

US counterpart Geological Services (USGS) are working on a strategic cooperation agreement which will help to better assess this mineral potential.

Public group Manal undertakes mineral surveying, prospection, development and extraction. It comprises of 9 companies. The main one is Somiphos, specialised in phosphate, with a turnover of \$95m. It is committed to moving onto processing and to capture part of the international fertilizer market by collaborating with indonesian firm INDORAMA. The Office for Mining and Geological Research (ORMG) which is part of the group is in charge of prospection, exploration and development. Messaoud Houfani, Manal’s CEO, explains “the country is 2,380,000km2 large and remains largely unexplored. There are numerous geological formations and therefore a range of metals and minerals. We have identified several structures of interest and deposits to be explored. We support partnerships, particularly with US companies which have the technical know-how and experience in prospection for new deposits.”

Algeria has gold deposits in the Hoggar mountains, tungsten deposits and some positive signs for diamond which Manal wants to explore further with technology partners, “we want to start preliminary

exploration for diamond.” Manal CEO adds, “today USGS can help us undertake focused aerial mapping in order to look for these diamonds, these kimberlites” and confirms that “all the projects will start production by the end of 2017/18.”

Proven Mineral reserves	
Phosphate	2bn tons
Iron	5,100bn tons
Gold	100 tons
Tungsten	20,000 tons
Lead-zinc	80m tons
Bentonites	10m tons
Baryte	4m tons
Ornamental rocks	25m cube meters
Pozzolana	20 to 30m

Source: Manal

SMEs, a dynamic ecosystem

83% of the total economic base is made of small services and shops. The industrial sector accounts for less than 5% of GDP, and 95% are family businesses. Two years ago, Bouchouareb’s ministry launched a clustering programme to support around ten poles of excellence covering: industry, car manufacturing, pharmaceuticals, building materials, mining and agri-tech aiming to substitute local production to imports. Algeria wants to welcome industrial investments and delocalisations. The Minister of Industry stresses that “Algerian law does not mention privatisation, but opening the capital to other shareholders including through the capital market – the priority is to generate added value”.

In order to facilitate investment, the Investment Development Agency (ANDI) provides support to local and foreign investors, 98% of investors go through this channel. The more the investment relates to a strategic sector, the more support it gets from the State. The National Agency for Property Intermediation and Regulation (ANIREF) provides the largest offer on the continent, 50 business parks on 12,000 hectares across the country available to concession agreements, a budget equivalent to \$3m in land development. The fees are paid



Messaoud Houfani, CEO, Manal

over 33 years with unrivaled discounts available, from 50% to a token price of 1 dinar.

Agriculture: a strategic priority

In agriculture, several investment contracts are under development including with US group AIAG which partnered with Lacheb Group last year to implement ‘El Firma El Asria’ (the modern farm), a \$300m investment in this strategic sector. The farm covers 20,000ha and will have an annual production potential of 245m litres of milk, 10,000 tons of red meat and 100,000 tons of animal fodder. The expected impact is huge : 1,500 direct jobs, not to mention the transfer of technological know-how. Dr Ismael Chikhoune, CEO of the US Algerian Business Council (USABC) was one of the most vocal supporters. He says “We have a lot of success stories as a result of our trade missions.



“Food security has always been assured and its level has even improved considerably over the years.”

Abdesselam Chelghoum
Minister of Agriculture,
Rural Development and Fisheries

STRENGHT FROM WITHIN

THE ALGERIAN MINING GROUP WELCOMES INTERNATIONAL PARTNERS IN ITS COMMITMENT TO YIELD ALL THE HIDDEN TREASURES BENEATH ITS SOIL BY MEANS OF EXPLORATION, DEVELOPMENT, PRODUCTION AND TRANSFORMATION.

WITH LARGE PROVEN RESERVES AND MOST OF ITS TERRITORY STILL UNEXPLORED, MANAL HEADS A STRATEGIC INDUSTRY IN THE LARGEST AFRICAN COUNTRY TO CONTRIBUTE TO ALGERIA'S EXPORTS AND ECONOMIC DEVELOPMENT.

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Almost monthly we take US companies to Algeria and set up meetings with officials, and private and public companies. Most of them discover a hidden country and are surprised at Algeria's development level. There have been several successful joint ventures over the past two years and we are probably going to see two more JVs happening soon for the creation of dairy farms."

"We are witnessing an increasing foreign investors' interest in healthcare and agriculture"

Dr. Ismael Chikhoun, CEO, USABC

In-depth reforms have been implemented in the sector which shows an average growth rate of 11%. "We are going to develop new areas for farming; increase irrigated areas and strengthen our preserving and processing capabilities". Milk production is one of the main and most volatile activities because of its place in the food chain.

The private sector, a stable force

The Algerian private sector accounts for 80% of GDP, creates 2 out of every 3 jobs and acts as a stable economic force. "I prefer to see this context

Securing businesses with Algerian technology

Geir Security Engineering has been the national leader in security and perimeter protection for the last twenty years. "We secure state institutions, including all public and private banks in Algeria, we were the pioneers in this high-tech niche," explains CEO Nouredinne Yebdri. Geir's know-how revolves around the supply of fire doors, access control systems, armored doors, windows and bank counters. "We can innovate in this area because security, whether electronic or mechanical, is a question of thinking and innovation," explains Yebdri. Geir plans to expand its activities internationally, offering neighbouring countries safety solutions and hospital structures such as hermetic bridges for clean and radioactive rooms, operat-



ing theaters and emergency room access. In terms of economic integration, Geir's protection systems are 80% Algerian. Some inputs are imported, particularly for electronics; until now Geir has favoured German, English and American technology. Geir Security offers layout and implementation assessments adapted to the needs of all business sectors.



Nouredinne Yebdri, CEO, GEIR SECURITY ENGINEERING



Dr. Ismael Chikhoun, CEO, USABC



Abdelouahab Rahim, Chairman, Arcofina Holding

as an opportunity to start fundamental reforms in order to enable private businesses to invest in all sectors, with no exception; large private groups are currently emerging, we need to trust them," points out Ali Haddad, the CEO of FCE. Haddad heads an association of company directors with 1,500 members and 2,500 companies with a combined turnover of \$30bn.

A number of success stories should be mentioned here, some with unusual trajectories, but all with economic patriotism as a common denominator. We have spoken to them.

Arcofina

"In 1992, Algeria was bankrupt, economic liberalisation had started at the same time as terrorism

was rising. I decided to move back from Switzerland and start my own business." Abdelouahab Rahim, CEO of Arcofina, gets involved in pharmaceuticals, insurance, and he buys the Alger Hilton hotel from Korea's Daewoo. He secures a lease for 75 hectares adjacent to the hotel from the State. He will build the Algeria Business Centre tower there before getting involved in web-based technologies (Webcom). In 2006, he signs a franchise agreement with the French chain Carrefour, continues his projects in large-scale retailing through his Ardis subsidiary which will build a first supermarket in Alger Marina Bay, a major development scheme which will change the face of the capital. The scheme will become the economic, commercial and social core of Algiers, and according to Rahim "turn the Algerian capital into a modern capital like others across the world, with its business district and a downtown area."



Alger Marina Bay The Place to Invest!

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The Doubletree Hilton will lend the hotel component of the scheme the prestige it deserves. This way Arcofina opens a new era in its relationship with the American group which has just renewed its agreement for 20 more years. "I place great value on partnership work and long-term development. It allows us greater visibility." The group generates its own financial resources and operates on its own funds, drawing from its real estate investments. "We do not sell, we invest," explains Rahim. This investment is worth around \$2.3bn. "With a unique family-owned capital structure, our main priority is not short-term profit, but to raise enough funds for exponential development." Arcofina creates 3,500 direct jobs, and twice this number indirectly.

The Hasnaoui Group

"I created my first business in 1974, under a socialist regime. We had to fight against the whole

system in order to continue to work; in 1974 an individual did not have the right to buy a truck, a machine... We had to get around the regulations, we grew up in this environment. When the market was liberalised, it was easy ! For us, progress has been momentous, even if it is still not enough," tells Brahim Hasnaoui, the Group's CEO who leads the second generation of GSH. Leader in construction and agriculture, its production capabilities are very large. GSH comprises of 18 companies and more than 3,000 associates across the country.

The entrepreneur wants to create new technologies and new products in seed quality. He forecasts production levels of 5m young fruit trees a year through the import of new and better varieties. For Hasnaoui, the Algerian Sahara is an endless breadbasket. There is much more [underground] water than in the North, he says, but "we have the knowledge to work small areas, whereas we need solutions for the Algerian large territories, we can do this with foreign and US investors."

The State should do this according to the entrepreneur because the private agricultural sector is completely unstructured and largely informal. "This is a major problem that needs tackling, in order to operate under more mixed arrangements." Algeria's salvation will come from the South, a deposit of wealth for all sectors, "we can implement the best technologies, deliver large-scale production and at low cost. The possibilities are endless. I'm not worried about Algeria."

Bomare Company

Ali Boumediene started off by importing and distributing household appliances in 1992. In 1997, the young director was invited to South Korea by Sam-



Ali Boumediene, CEO, Bomare Co.



Brahim Hasnaoui, Chairman, Hasnaoui

sung. Bomare Company's director remembers "while walking around their factories, I discovered a different world. It fascinated me, their know-how, attention to detail and precision." Back in Algeria, the idea matures and the company is launched in 2001. In two years, manual insertion becomes automated and the company slowly starts to export to Europe, receives ISO certification for its products and establishes a sub-contracting partnership with LG Electronics.

Bomare Company is the leader for the manufacture of electronics in Algeria. Its brand of mobile phones Stream System ranks second on the Algerian market. An exclusive contract has been signed with partner Blue Vision for the exclusive distribution of its products (TV, smartphones and tablets) on the Spanish and Portuguese markets : 250,000 units over 5

years for \$50m. "Our products are sold by the main chains, Leclerc, Carrefour, El Corte Ingles." The Algerian brand will next expand to France, Germany and the Ivory Coast. Exports account for 15 to 20% of the company's turnover. Ali Boumediene wants to increase this share to 30% in 2017 and reach a 70% value added ratio.

"We have put everything in place to compete internationally amongst industrial sub-contractors. We have expert knowledge of the technology. We have a very low rate of returns at 0.48% compared to a maximal standard of 1%, our drive has increased as has our know-how and our ambition."

In 2015, Bomare Company recorded a turnover of \$42m.



TECHNOLOGY in the service
of economic progress

BOMARE COMPANY has

- 02 high-speed SMT lines from "universal instruments" for the insertion of all types of components.
- Professional 3D quality control equipment from "SAKI".
- PIN IN PAST technology capability.
- Manual insertion line (DIP) and wave soldering.
- TV Assembly line (LED, DLED, OLED and 3D).
- 02 Smartphone and Tablet assembly lines with Rohd&Schwarz RF test equipments contained in a 100 class & 1000 class cleanroom.
- Highly equipped cleanroom for LCD screen repair.

Thanks to its know-how, **BOMARE COMPANY** is distinguished in electronic manufacturing, industrial subcontracting, home appliance, OLED & LCD panel repair and PCBs insertion for all kind of industries such as renewable energies, aeronautics, aerospace, railways, automotive...making it the right partner to export your products to Europe with Zero customs duties.

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Breathing life into the economy

Algeria is facing a major economic challenge as a result of the fall in petrol prices over the last 2 years. Painful economic and social adjustments lie ahead as forecasts expect inflation to reach 4%. The Government is committed to breaking away from the oil-based economy over the next decade.

"Thanks to these efforts and as a result of high levels of public savings, sound currency reserves and very low internal and external debt, the Algerian economy has proved resilient". Finance minister Hadji Baba Ammi is confident but realistic stating that "controlling public spending, particularly operating expenditure, calls for a review of current subsidy arrangements".

In Algeria, social welfare spending amounts to more than 25% of the State's budget, over 10% of GDP on average. The State's support policy applies to the price of mainstream consumption products as well as access to housing, education, pensions and health. State intervention is widespread and also includes measures that are not accounted for in the budget.

These cover fiscal advantages allowed by the State, land sales to deliver social housing programmes, and energy subsidies.

"These support measures amount to almost 20% of GDP and are focused on energy products which account for two thirds of the total amount spent on indirect transfers", says the finance minister.

Better targeted subsidies

Diminishing budgetary resources have pushed public authorities to set out a number of measures in the 2017 Budget review that will target low-income groups in order to reduce public spending to a manageable level. The total amount of direct subsidies

"The Government has taken a proactive approach to preserving macroeconomic balances."

Hadji Baba Ammi, Minister of Finance



included in the State budget is rising but its share of GDP dropped from 10.3% in 2010 to 9.5% in 2013 and the aim is to bring it down below 9% by 2017, according to Hadji Baba Ammi. In 2015, energy subsidies amounted to 14% of GDP; in 2014 State support reached \$15.568bn. Domestic consumption of fuel has continued to increase by +6% per year between 2010 and 2015.

The 2016 Budget introduced a review of indirect fiscal measures related to fuels, electricity and gas. Taxes on household consumption increased by 45% for gas and 35% for electricity. In 2016 prices rose by 37% for gas-oil and 36% on average for petrol compared to 2015. "These adjustments to energy prices will continue progressively".

Optimising resources and controlling spend

The Finance Minister sets out his approach as 'controlling operating expenditure, reducing imports and improving the performance of public investment schemes.'

Under the 2017 Budget, operating expenditure is estimated at \$45.91bn, and capped at \$68.832bn. In 2016, it amounted to \$70bn. With regards to

public investment, the priority is to complete projects already underway, within budget and time, and commercial projects funded by the private sector or through public - private partnership outside the budget's balance sheet. This should translate into an 11% increase in non-fuel related revenues.

The role of the Bank of Algeria

Financing the public deficit for 2016 will be guaranteed by the Revenue Regulation Fund and through national debt using Treasury bonds. According to Mohamed Loukal, the governor of the Bank of Algeria, this approach has yielded \$5bn. It was aimed at "mobilising available resources tucked away in drawers".





Car insurance is the most thriving segment in a growing sector.

“With regards to the balance of payments, the aim is to reduce the current account deficit by reducing and better managing imports whilst supporting exports”. Mohamed Loukal promises to launch ‘ambitious reforms’ to enable and support exports other than fossil fuels by extending the period for currency repatriation currently deemed too short for exporters and by creating a market for currencies to ‘allow exporters to control costs and protect imports of raw materials against a potential depreciation of the dinar’.

The Governor urges for a relaxation in currency control and promises measures to improve market operation. The dinar is stable and the Bank of Algeria expects this trend to continue. The 2017 Budget projects an exchange rate of 108 dinar against the dollar. “The dinar has depreciated against the American currency. This flexibility has allowed the exchange rate to act as a shock absorber and to limit the impact of external shocks on the balance of payments and public finances”.

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Welfare benefits		
\$16.308bn (8.4 % of GDP)		
11.4% fall in 2017		
Growth forecasts		
Growth rate	Year	Oil barrel reference price
3.9%	2017	50 \$
3.6%	2018	55 \$
4.3%	2019	60 \$



Mohamed Loukal, Governor, Bank of Algeria

According to the Governor, the Bank of Algeria will remain a lender of last resort and will ensure the necessary resources are available to ensure the financial health of the economy.

The banking sector in Algeria is dominated by six state banks and includes 14 private banks with foreign capital. The main challenge at the moment for all Algerian banks is to help and support the diversification of the national economy. This will require business creation and development. Ninety percent of the Local Development Bank’s (BDL) portfolio is made of private sector Algerian SMEs. “We are helping businesses secure the imports needed to enable production growth. In 2016 the prospects for this bank were promising, on 30th June its turnover reached \$160m and profit already equalled that achieved in the previous year i.e. \$70m. “The BDL’s 2015 business plan clearly sets out the bank’s objectives and strategy to 2020. In 2020, the BDL’s



Mohamed Krim, CEO, BDL

position will have improved on today, becoming 2nd or possibly leader in the financial and banking sector in Algeria”. CEO Mohamed Krim feels that it is essential to diversify financial instruments beyond the banking system and to stimulate other levers in the financial market as well as alternative financial products.

Loans to the private sector as a share of total loans	
2001	31%
2015	49%
Medium and long-term loans as a share of total loans to private sector businesses	
2009	49.6%
2015	60.7%

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Hassen Khelifati, CEO, Alliance Assurances



Nacer Saïs, CEO, SAA



Youcef Benmicia, CEO, CAAT

Insurance, a growth sector

The Algerian market is dominated by the public sector (almost 66% of the market). In 2015, total premiums amounted to \$1.279m compared to \$1.255m in 2014, a 2% increase. However, the rate of growth is the lowest recorded by the insurance sector in the last ten years, reflecting the country's current economic context. The sector represents around 0.7% of GDP.

The insurance market's outlook report shows total production of \$367m for the first quarter in 2016, a 7% year on year increase compared to 2015. It is a market with high growth potential but still under-represented given the size of the country's population.

Growth has been strong anyway as illustrated by Alliance Assurances, the first private company floated on the Algiers Stock Exchange since 2011. It ranked 2nd amongst private operators after only three years in operation and has remained there since. 4% market share; 430 employees; 5 branches; a portfolio of 400,000 customers.

"We are a young and flexible company, responsive to our clients' needs; we have a technological lead and every year we bring new products which match the needs of businesses and support their development" explains Hassane Khelifati, the CEO. Alliance Assurances offers a number of products to businesses "we have a re-insurance system which links us to international reinsurers. For businesses, we provide expert advice on their professional and operational cover".

Khelifati is looking forward to the implementation of the reforms currently being considered by the Finance Ministry, particularly to put an end to dumping practices which threaten the sector's solvency if left unchallenged.

"Monopolies tend to produce harmful behaviours. We still retain this attitude, even if efforts have been made to open the market over the last 20 years. With the market opening, only the best will be able to survive in the future" reckons Nacer Saïs, CEO of Algerian Insurance Society (SAA). SAA

is viewed as the engine of the insurance sector in Algeria with a market share of 24%.

In 2015, it recorded a turnover of \$270m and is the insurance sector's leader in Algeria; it has recorded double-digit growth rates over the past 15 years. Like many, it has benefited from the boom in the car market. Algeria was importing 500,000-600,000 cars per year, which has had a very positive impact on the insurance market, especially on SAA, which is also the country's second largest agricultural insurer. Today the company wants to diversify its portfolio, by developing the SME market segment.

The Algerian Insurance Company (CAAT) is also owned by the State. Until the late 80s, it was an insurance company focused on transport but has now become a leader in insurance related to industrial and enterprise risks. It has an 18% market share and is ranked second in terms of turnover, which has grown steadily reaching \$210m in 2015.

Foreign companies operating in Algeria through investments, development, or large infrastructure projects are familiar with CAAT because it has been involved in most of the major projects implemented in Algeria. "We insure the main Algerian companies such as Sonelgaz or Sonatrach. But we are looking to the future. We believe that SMEs are the economic future of the country. Agriculture and tourism have huge potential" according to the CEO Youcef Benmicia, even though he predicts an economic slowdown with consequences on the insurance sector. He concludes "I think that, even in 2016, growth will be relatively modest".

Total insurance premiums	
2015	\$1.279bn
2014	\$1.255bn
2% increase	

Insurance market outlook report	
Car	-1,7 point
Transport	- 0,4 points
Fire & Other	+ 1,9
Loans	+0,2 points
Agriculture	2,7% (stable)

Q1 2016

Concrete Policy

Never has so much been built as in the last 17 years, roads, bridges, railways, dams, ports, universities, hospitals, housing. At 65 billion dollars, public investment is colossal.

The housing occupancy rate has gone from 6.8 in 1999 to 4.3. Social housing projects will continue, regardless of the financial status of the country. This was President Abdelaziz Bouteflika's promise at the time of his election. This titanic accomplishment shouldn't be seen as a spontaneous endeavor, "we look forward to the future", explains the Minister of Housing and Urban Development, Abdelmadjid Tebboune. During the year 2016, a total of 350,000 housing units were delivered turnkey. "We are going to respond to the existing demand, and eradicate the shantytowns across the country," explains the minister.

The housing stock will reach 8,900,000 units this year. Active solidarity in the country has been taking place on every level since 1999. The state is the principal housing resource; the subsidy of housing estates represents an essential part of the budget reserved for social transfer. Many types of housing have been built in conjunction with different formulas: public rentals, AADL housing, rural housing, rent-to-buy, and subsidized housing. Everyone can find the right formula, from the most disadvantaged, to low-middle income, to higher income.

A Plan Made of Steel

Rent-to-buy is one more formula of this plan. A program intended for the middle class with a

fixed income between \$240 and \$1,080, explains Mohamed Belaribi, the CEO of the Agency for Improvement of Housing Development (AADL). AADL bears responsibility for rental management, construction, renovation and the evaluation of public lands and national heritage sites. AADL was in charge of 120,000 properties in 2016; it builds and administrates entire new neighborhoods that are "delivered with social well-being in mind, public transportation, schools, medical centers, leisure areas, commercial premises, and public areas lit with solar power is what citizens get when they get their keys to an AADL home," explains Belaribi.

In encouraging access to the property through the rent-to-buy promotional option these last ten years, authorities wanted to relieve themselves of recovering rent and daily management. This is OPGI's business. Mohamed Rehaïmia, the Director General of the OPGI of Hussein Dey, one of the most densely populated areas of Algiers, estimates its annual turnover at USD 8 million in 2015. OPGI manages over 87,000 housing units, almost as many commercial premises, and employs 1176 workers. The efficiency of this program enabled a rental and fees recovery rate of 80% in 2016, says Rehaïmia. Some 14,000 homes are in the process of development. OPGI Hussein Dey establishes all school infrastructures and leisure amenities within the new cities.





"Housing is an essential component of the public investment programs. We have invested \$ 65 billion between 2010 and 2014."

Abdelmadjid Tebboune

Minister of Housing and Urban Planning

and buy buildings, rehabilitates, renovates or restructures them in order to ensure the sustainability of its main activity. "Consequently, it is very interesting to envision foreign partnerships for every profitable operation" says its CEO, Mohamed Belhadi, who wants to improve the rationalization of energy consumption and respect for the environment in their projects.

A Fit Portfolio

In 3 years, the state has spent \$14bn to finance its building projects. CNL (National Housing Bank) manages all aid, "assistance and financing", summarizes its Managing Director Ahmed Belayat, "we make about \$6bn available every year". Among its

For the more demanding with a higher income level, ENPI is another state-owned company involved in commercial real estate development since 2013. Fifty thousand homes on its property portfolio, plus 6,186 homes built with materials that are manufactured in Algeria. Higher standards and solar outdoor lighting. ENPI acquires land, builds real estate, sells



Mohamed Belaribi, CEO, AADL



Mohamed Belhadi, CEO, ENPI



Salvador Ruiz, CEO, JASAL

clients there are numerous public and private operators but also citizens who benefit from aid in the rural housing sector. "Close to 1.4 million households have returned to their villages in the countryside thanks to the rural housing project."

"The state doesn't want to cut down public assistance, but it can sort and target", suggests Belayat, and adds, "CNL must restructure to become a growth model that will call on other resources, such as banking and household savings".

Two-digit growth rate

The city is an infinite source of wealth, and real estate developers have become inevitable players. The Mutual Guarantee Fund for Property Development (FGCMPI) accounted for 3,340 affiliates in 2015, of which "less than 200 are state-owned," explains its CEO Nacer Djama, "the overwhelming majority is private sector including several dozen companies with 100% foreign capital and mixed foreign-Algerian capital." FGCMPI's engagements amount to \$5.4bn. Established in 1997 as a public organization placed under the care of the Minister of Housing and Urban Development, it is a not-for-profit mutual fund that guarantees advance payments made by homebuyers as part of an off-plan sale. According to Djama, real estate development has been showing a two-figure growth rate since the 2000s.

The Ryad of Oran, a different model

Brahim Hasnaoui, CEO of the Hasnaoui Group, has a different view on social housing, "everything that's free is costly and counterproductive," says the private sector leader in construction, public works and construction materials. "One has to create hope, in obliging people to make this effort and work harder." 'El Ryad City' in Oran is a real estate project that extends over 450,000 square meters with contemporary low-density building surrounded by greenery. The project was awarded the "Energy-Climate Control" prize by "Green Building & City Solutions Awards 2016" at the behest of the R20 NGO. The Hasnaoui Group never stops looking for novel solu-

tions and suggesting them to its public partners. "The state no longer needs to intervene as it does. Its role is not to build, sell, or distribute, but to put fair play into place and to establish a judicious process that is transparent and perennial. Only the free-market can create a dynamic development. In Oran prices are nearly half those in Algiers because supply far exceeds demand."

Foreign operators

"Algeria is modernizing at an incredible pace," asserts Salvador Ruiz, President of Jasal Construction, a Spanish company specializing in hotels, residential and civil works. Founded 10 years ago with a clear international vocation, Jasal has carried out numerous works in Morocco, and currently maintains an intense activity in Algeria. "A tourist project in the city of Biskra, with 4 hotels, 100 bungalows, 50 villas, 2 soccer fields, 1 mosque, and a school; 600 housing units in Algiers, and 800 social hous-

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Hussein Dey

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ing units in Zeralda with our Algerian partner CSTB with whom we envision other future projects,” says Ruiz, who is committed to Jasal’s contribution to Algerian socio-economic development, through the purchase of locally produced construction materials, job creation, and the transfer of know-how and technology. Crews are made up of Spanish officers and Spanish and Algerian workers.

Jasal plans to open a representative office in Al-

giers to ease operations and improve communications and service to its clients, who stem from both from the private and the public sector. Ruiz is confident that “Algiers is the ideal hub in the region due to its optimal infrastructures and its equal proximity to Europe, the Arab world, and Africa.” Jasal is building housing projects in Irak, and is presently bidding in partnership with an Algerian construction company for the construction of a large-scale automobile complex in Dubai, valued at €5bn.

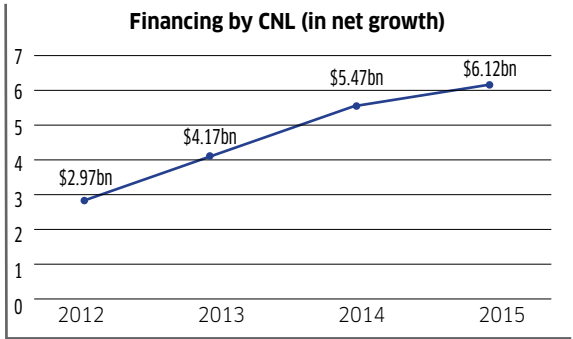


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Improving urban life

For about 20 years or so, Algeria has experienced urban instability. Terrorism, whose main consequence was a massive rural exodus toward the cities, and inappropriate legislative context, were responsible for the degradation of urban life. To make Algiers the first African city without shantytowns was another challenge taken up by the Algerian government. Now, decent housing for all is about to be attained throughout the country. “By the end of 2016 shantytowns will finally be eradicated throughout the nation,” promised minister Abdelmadjid Tebboune. Over 561,000 precarious homes on 12,000 different sites were identified throughout the country to be eradicated and replaced with public housing financed by the state.

“At this time, 190,000 families have been relocated of which 40,000 in the capital of Algiers,” says Minister Tebboune. The rhythm of relocation beats records, while rehabilitation of old buildings continues to take place in over twenty districts in Algiers. Sealed façades, consolidated staircases, wooden ramps and renovated elevators. To restore the capital’s image is to restore its ageing old quarters, the buildings from the colonial era, its gorgons, mermaids and other precious decorative motifs from the Haussmannian styles that had made Algiers one of the most beautiful cities along the Mediterranean. The buildings bordering its avenues recall the history of the city, its eclecticism – the neo-classical, art nouveau, art deco and neo-Moresque styles that exist side by side. Such is the meticulous and problematic work required by historic centers, which must be safeguarded.



Social Housing completed	
YEAR	HOUSING
2014	228,000
2015	327,000
2015	350,000
TOTAL	905,000
Over 3,800,000 lodgings from 1999-2016	



Busy building a hub

Algeria's Government is currently implementing a colossal public investment program geared towards major infrastructural upgrades and expansions with the intention of becoming a new strategic hub to access the African continent.



Boudjema Talai, Minister of Public Works and Transport

Algeria's is one of Africa's big players. According to the IMF it will reach a nominal gross domestic product of \$166 billion in 2016 against \$172.3 billion in 2015, before bouncing back to \$173.9 billion in 2017. In order for its economy to keep running, it has decided to improve its communications network on the ground, at sea and on the air.

Most of Algeria's population, and hence the bulk of its economic activity, is located along the Mediterranean and the country's road connections -Algeria's main mode of transport- focus primarily on long-distance connectivity on both the east-west and north-south axis. Around 85% of goods and passengers use roads as their primary mode of transport.

The east-west 1.216 km highway project - which will connect Algeria's major coastal cities and run between Morocco and Tunisia-is Algeria's most important road project. It is considered one of the largest public works projects in the world.

The other major road project in the country is the Trans-Saharan Highway, which is intended to open up Africa to Algeria's business and commerce. According to the Minister, this highway only makes sense "if we turn Algeria into a real hub, connecting us to the rest of the continent, but also to the needs

of other continents such as Europe, Asia, America, etc. What we are to implement is a strategy implicating all of the country's transport systems. We have a coastline 1.600 km long, ten ports, and we are building one of the largest transshipment ports in the Mediterranean" with the aim of making Algeria "a real air and maritime hub". He also alluded to its rail network, which currently is being electrified and for which there are future plans for high-speed trains. Long-distance connectivity along the Mediterranean is high on the agenda and the Algerian Government will invest \$87 billion developing a 1.300 km high-speed train line that will cross the country from Tunisia to Morocco, connecting the major ports and cities.

As for air transport, the Government is currently committed to spending \$520 million on airport infrastructures and technology modernization.



Q&A with Minister of Energy, Nouredine Bouterfa

The Government's objective for 2020 is to exceed 200m TOE as production rises again despite prices halving since 2014. The Energy minister explains the rationale for this policy.



"Our need for development, industrialization and modernization is significant and requires increasing volumes of energy."

Nouredine Bouterfa
Minister of Energy

Algeria currently consumes around 60m TOE (tonnes of oil equivalent), approximately 1.5 TOE per capita per year. This remains well below the level recorded in moderately developed countries. Our GDP per capita amounts to around 10% of that in developed countries. We are still hoping to join the network of developing countries. Our need for development, industrialisation and modernisation is significant and requires increasing volumes of energy. For several more years to come, the country's economy will rely on revenues from hydrocarbon extraction in order to develop other parts of the economy and diversify it. Algeria's hydrocarbon reserves are rather modest, but there is a large potential of conventional and unconventional resources to explore and / or develop in order to increase the quantities produced and commercialised. While we cannot control the price of oil on the international market, our strategy will help mitigate the impact of price change on our revenues by increasing volumes available for export. This demonstrates the relevance and coherence of this approach.

69m TOE, an increase of 2m toe this year. For gas, Sonatrach counts on the extraction of 132.2bn m3 in 2016. That's 3.03% more than last year. The value of investments should exceed \$73bn between 2016 and 2020. How are you going to deliver these investments?

Sonatrach is in good financial health. Its development programme will mostly be carried out through self-financing. Most of this \$73bn of investment (70%) relates to upstream activities (exploration

/ production) that the company will deliver both through its own resources and with the support of partners to collaborate on the development of deposits. Sonatrach relies on its own capabilities first, without excluding the use of external finance on principle. The company and the country's interest are the sole priority in order to deliver its medium-term development programme to deadlines and at the lowest cost.

Algeria engages in low carbon transition with solar and wind power, \$60bn investment over 14 years. Saving 300bn m3 of gas by 2030, producing 22,000MW of electricity from renewable sources, in addition to 10,000 MW for export. This is twice the current capability. Who would you like to deliver this project with?

The programme was identified as a 'national priority' in 2016, demonstrating the Algerian State's commitment to this issue. In order to meet the needs of the domestic market, between 2015 and 2030, the target is to produce 27% of electricity from renewable sources, in other words around 51TWh of energy. Everyone will need to contribute, domestic and foreign, public and private. A call for investors is being prepared which include energy projects (the implementation of solar power plants based on an IPP-type agreement) to provide the capacity required as well as industry projects (material and equipment to be manufactured locally according to technical specifications to build a solar panel equipment manufacturing facility).



Ultimate Diversity

The largest country in Africa boasts a pristine Mediterranean coastline, fertile green highlands, snow-peaked mountains and the majestic Sahara down South.

Unlike its immediate neighbors Tunisia and Morocco, Algeria is not a tourism destination, yet this is a country of rare beauty. It's a continent in itself and worth exploring while on a business trip.

If you are after chic marinas, bus tours and beach resorts, this is not your kind of place. But if sleeping under the Saharan stars, roaming alone through Roman ruins and experiencing some of the most jaw dropping landscape in North Africa appeals, then Algeria may just be for you.

Alger la Blanche

"Never was town more nobly placed." So wrote Victorian novelist Edith Wharton of Algiers. This is a city of rare beauty and of thrilling, disorientating contrast. 'La Blanche' (the white one) is breathtaking to behold. It's a city that never fails to impress for its bright light, its sweeping bay, and foams of fragrant flowers. The country's history lives in the city's richly textured architecture: wide French-built boulevards and elegant apartments and villas, Ottoman palaces, Socialist-era monuments, and an enduring Islamic heart secreted in the steep, hillside Casbah, the city's UNESCO-protected, pulsing heart of market squares, medieval homes and dark and dusty cafes.

Labyrinthine streets spill down to the big blue of the Bay of Algiers, sea and sky and bougainvillea glimpsed at every step. More than monuments and museums, Algiers is a place to get lost in and absorb. Sometimes frustrating, often breathtaking, for many 'la blanche' is the most captivating city in North Africa.

Coastal Cities

Half an hour drive west of Algiers, Tipaza is a lively resort-like town with sea-facing Roman ruins that you can have literally to yourself any given day.

Oran possesses a charming French colonial city center and also a Spanish heritage visible in the city's oldest monuments. It has a dramatic sea front and an excellent choice of hotels, including the luxurious Hotel Royal.

Bejaia, where candles were invented centuries ago, is a jewel town in the Kabylia region, sitting on the ultimate Mediterranean picture of blue sea, pine trees and crisp air. Stay a few days to discover the picturesque beaches, cliffs, mountain forests and hidden waterfalls of the great Kabylia.

Uncharted Territory

Make it far inland into the lush green highlands and high mountain peaks, where some natural reserves are located with trekking paths.

Biskra is the gateway to the desert, and the town of oasis, an enchanted place where orientalist drew their artistic inspiration.

Beyond, the vast, mysterious Sahara that makes up 80% of Algerian territory. El-Haggar Mountains, Tamanrasset, Ghardaia, the overwhelming desert with its omnipresent silence, are in no rush to be discovered by mass tourism.



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