

# Fighting Corruption in Algeria: Turning Words into Action

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## Brief Analysis

In November, Secretary-general Haba El-Okb gave a speech on behalf of the Algerian President acknowledging Algeria's widespread issue of corruption at a provincial governors' conference held in Algiers. Through his proxy, Bouteflika warned that "bribery, nepotism, suffering, and iniquitous bureaucratic maneuvering—these ills have festered in the body of our society, and become crippling parasites."

Independent agencies have also argued that corruption in Algeria has worsened recently. Transparency International's recent Corruption Perceptions Index 2017 shows Algeria has fallen sharply to 112th place in 2017, down from 88th place two years earlier. This increasingly pervasive corruption has had significant disruptive effects on its economy; Algeria had experienced a significant economic upsurge after 1999 due to rising oil prices, but prices have declined since 2014.

The resulting revenues of the earlier period had allowed for an investment of nearly a trillion dollars in development programs over the course of Algerian president Bouteflika's four terms. Yet these programs have failed to lift the country out of its cycle of underdevelopment and have provided no solution to Algeria's oil dependence problem. The oil and gas sector remains the backbone of the Algerian economy, accounting for a quarter of its GDP and 95 percent of export earnings.

Part of Algeria's failure to advance its economy lies in the country's struggles with corruption. Indeed, anti-corruption efforts have revealed the prevalence of a rentier culture in Algeria, which has in turn contributed to rampant corruption within state agencies. Among the most prominent corruption cases, Algeria's 2002 "scandal of the century" concerned 49-year old billionaire Rafik Khalifa, accused of engaging in illicit money-making schemes through the El Khalifa Group—a massive corporate structure that included both a bank and an airline. After attempting to escape to England, Khalifa was extradited by British authorities to Algeria in December 2013 and subsequently condemned to 18 years in prison in 2015 for embezzlement from his own bank.

Further scandals have erupted since the Khalifa affair. Most notable is the East-West Highway scandal, an infrastructure project with total costs that bloated from a projected \$6 billion to \$17 billion. Here too, an Algerian court sentenced fourteen people to prison for corruption on the construction project in 2015, charging them with money laundering and embezzlement of public funds. In addition, seven foreign firms were fined in connection to the highway's funds.

Sonatrach, one of the world's largest hydrocarbon companies in the world guaranteeing 98 percent of Algeria's hard currency and reached exports worth 72 billion dollars in 2012, also descended into scandal in 2015, resulting in charges being held against six defendants including corruption and money laundering to counter declining oil prices. Earlier in 2013, "Sonatrach 2" investigated corruption-tainted contracts between Italian oil & gas Eni group and Sonatrach, in which Minister of Energy Chakib Khalil was implicated.

Given these examples from the past several years, the Algerian government has, to some extent, succeeded in settling corruption scandals by ensuring those involved have been charged and, in most cases, imprisoned. And following reports emphasizing Bouteflika's intolerance towards corruption regardless of rank or position, Algeria has seen a new wave of arrests. The Blida provincial military court's investigating judge placed five retired generals in pre-trial detention on charges of unjust enrichment and abuse of office. In November, Bouteflika ordered the temporary and conditional release of the detained generals while they awaited trial. Yet only a few weeks before, these generals were among the most powerful military leaders in the country.

Despite the apparent willingness of the courts to prosecute, the discussion of rampant corruption has now reemerged in light of Algeria's upcoming presidential elections scheduled for April 2019. Concern has emerged over whether the recent anti-corruption campaign could become a means to ensure loyalty to Bouteflika in the wake of next year's election. In other words, the anti-corruption campaign could become a method of removing all officials opposed to Bouteflika's candidacy for a fifth term and exclusion of anyone seeking to succeed to the presidency, most notably Major-General Abdelghani Hamel.

Feeding these credible fears is the selectivity of previous corruption cases; the majority of those who have been targeted so far are military leaders, excluding other sectors that have seen high levels of corruption such as businessmen, parliament members, and various officials at different levels of government. Furthermore, the majority of corruption cases have targeted smaller targets while ignoring the main perpetrators.

This concern is also fueled by the role that Algeria's institutional anti-corruption measures have played historically. The Algerian government has established several anti-corruption agencies—including the Central Office for the Suppression of Corruption (OCRC), the Council of Accountability, and the National Organization for the Prevention and Fight Against Corruption. However, these institutions have failed to carry out their stated goal of fighting corruption, and most agencies and bodies with more than five members have become inactive. Algerian Minister of Justice Tayeb Louh's July announcement that a task force would be established to reform the Central Office for the Suppression of Corruption points to the current ineffectiveness of anti-corruption agencies in dealing with this issue.

Corruption is considered one of the most serious and widespread threats to national stability, security, and societal well-being since it can destabilize the pillars of the state such as health care, education, and other institutions of governance. Yet Algeria cannot eliminate corruption as long as it lacks a strong legal system that promotes justice independent from the executive and governmental apparatus.

Moreover, corruption cannot be fought solely through law and legislation; it also requires a strong political will to uphold the rule of law by adopting the principle of separation of powers which includes an independent judiciary, a strong parliament, an independent press, improvement of the legal system, better oversight of the government, improved transparency and accountability, and an increased awareness about the true dangers of corruption. Most importantly, anti-corruption campaigns cannot be circumstantial, rather they must be part of an ongoing process

and sustained effort to empower different agencies to fulfill their roles in society with full freedom and independence. ❖

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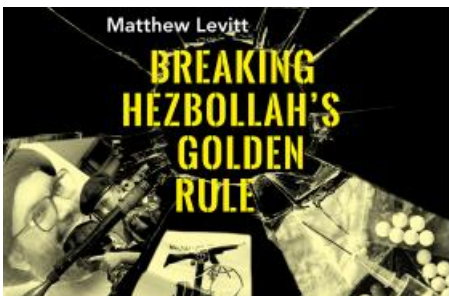
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