



ALGERIA

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

January 12, 2023

Prepared By

Middle East and Central Asia Department in consultation with the
Statistics Department

CONTENTS

RELATIONS WITH THE FUND	2
RELATIONS WITH THE WORLD BANK GROUP	6
STATISTICAL ISSUES	7

RELATIONS WITH THE FUND

As of December 31, 2022

Membership Status: Joined September 26, 1963; Article VIII.

General Resources Account	<u>SDR</u>	<u>Percent of</u>
	<u>(million)</u>	<u>Quota</u>
Quota	1,959.90	100
Fund holdings of currency	1,397.01	71.28
Reserve position in Fund	562.90	28.72

SDR Department	<u>SDR</u>	<u>Percent of</u>
	<u>(million)</u>	<u>Quota</u>
Net cumulative allocation	3,076.66	100.00
Holdings	3,184.22	103.50

Outstanding Purchases and Loans None

Financial Arrangement

Type	Approval Date	Expiration Date	Amount Approved (SDR million)	Amount Drawn (SDR million)
EFF	5/22/1995	5/21/1998	1,169.28	1,169.28
Stand-by	5/27/1994	5/22/1995	457.20	385.20
Stand-by	6/03/1991	3/31/1992	300.00	225.00

Projected Obligations to Fund

Forthcoming

	2022	2023	2024	2025	2026
Principal		0.00	0.00	0.00	0.00
Interest/Charges		0.04	0.04	0.04	0.04
Total		0.04	0.04	0.04	0.04

Implementation of HIPC Initiative Not applicable

Implementation of Multilateral Debt Relief Initiative Not applicable

Implementation of Catastrophe Containment and Relief Not applicable

Exchange Rate Arrangement

From January 21, 1974, to October 1, 1994, the exchange rate of the dinar was determined on the basis of a fixed relationship with a basket of currencies, adjusted occasionally. On October 1, 1994, the Bank of Algeria introduced a managed float for the dinar through daily fixing sessions that included six commercial banks. This system has been replaced by an interbank foreign exchange market as of January 2, 1996. On January 3, 2023, the average of the buying and selling rates for the U.S. dollar was US\$ 1 = DZD 137.43, equivalent to SDR 1 = DZD 182.78. No margin limits are imposed on the buying and selling exchange rates in the interbank foreign exchange market, except for a margin of DA 0.015 between the buying and selling rates of the Bank of Algeria for the dinar against the U.S. dollar. The de jure exchange rate arrangement is managed floating, and the de facto exchange regime is classified as a crawl-like arrangement. Algeria maintains an exchange system free from restrictions on the making of payments and transfers for current international transactions.

Article IV Consultation

Algeria is on a 12-month consultation cycle. The last Article IV consultation was concluded by the Executive Board on November 19, 2021 (IMF Country Report 21/253). The discussions for the 2022 Article IV consultation were held in Algiers from November 6-21, 2022.

Technical Assistance

MCM	Financial stability and macroprudential policy framework	April 2016
MCM	Liquidity management	May 2016
FAD	Public financial management	July 2016
FAD	Tax administration	October 2016
MCM	Debt market development	October 2016
FAD	Tax administration	November 2016
MCM	Upgrading banking regulations	March 2017
MCM	Forward market development	March 2017
FAD	Tax administration	April 2017
MCM	Collateral framework	July 2017
METAC	Banking supervision	October 2017
FAD	Tax administration	November 2017
FAD	Medium-term budget framework and fiscal risk management	November 2017
MCM	Forward market development (workshop)	November 2017
FAD	Custom administration	December 2017
STA	External sector statistics	January 2018
FAD	Tax policy (local government)	March 2018
METAC	National accounts	March 2018
MCM	Monetary policy and risks to financial stability	March 2018

FAD	Tax administration	September 2018
FAD/MET AC	Implementation of organic budget law	January 2019
FAD	Tax policy (local administration)	July 2019
STA	Government Finance Statistics	July 2019
LEG	Anti-money laundering regulations	September 2019
METAC	Tax arrears management	October 2019
FAD	Pension reform	November 2019
FAD	Tax administration (IT systems)	January 2020
FAD	Tax administration and Covid-19	June 2020
FAD	Fiscal risk management and program budgeting	November 2020
METAC	Public investment management	January 2021
METAC	Tax arrears management	January 2021
METAC	Program budgeting	March 2021
METAC	Post-crisis tax administration	June 2021
METAC	Program budgeting	July 2021
METAC	Management of PPPs	October 2021
METAC	Tax arrears management	October 2021
MCM	Monetary policy operations and liquidity management (long-term expert resident)	October 2016-October 2018
METAC	Follow-up mission on Supervisory Review and Evaluation Process	November 2019
METAC	Follow-up mission on SREP	April 2020
METAC	Implementation of Basel II & III standards	May 2020
METAC	Implementation of Basel II & III standards	June 2020
METAC	Implementation of Basel II & III standards	October 2020
MCM	Analysis of domestic government securities markets	August 2021
MCM	Debt Management Framework	October 2021
FAD	Workshop on energy subsidies	November 2021
MCM	Liquidity forecasting	March 2022
FAD/ METAC	Medium-Term Budget Framework and Program-Based Budgeting	February 2022
METAC	Regulation on Accounting and Valuation of Financial Market Instruments	July 2022
METAC	Program-Based Budgeting	July 2022
MCM	Parallel FX Market	July 2022
MCM	Emergency Liquidity Assistance	July 2022
METAC	Enhancing the risk rating framework	November 2022
FAD	Program-based budgeting	July 2022
FAD	Implementation of program-based budgeting	October 2022
FAD	Cash and debt management	October 2022
FAD	VAT tax expenditures and implementation in the digital sector	November 2022
FAD	Strengthening mining tax administration	November 2022
MCM	In-house Credit Assessment System	February 2023

Financial Sector Assessment Program

Algeria first participated in the FSAP in 2003. The FSAP was updated in 2007 and in 2013. A Financial System Stability Assessment was conducted in 2019 and 2020 and was concluded by the Executive Board on a lapse-of-time basis in July 2020 (Press Release 20/316).

Resident Representative

None.

RELATIONS WITH THE WORLD BANK GROUP

Algeria collaborates with the World Bank Group. Further information can be obtained at:

World Bank: <https://www.worldbank.org/en/country/algeria>

STATISTICAL ISSUES

I. Assessment of Data Adequacy for Surveillance
<p>General: Data provision has several shortcomings but remains broadly adequate for surveillance. Key shortcomings pertain to data on budget execution and outturns as well as to the real sector.</p>
<p>National Accounts: National accounts broadly follow the 1993 SNA recommendations. However, nonprofit institutions serving households are not included in the published estimates. Annual national accounts are available since 1980 and quarterly national accounts since 2000. Volume measures are derived at prices of the previous year, then chain-linked. Quarterly data has been published with substantial delay in recent years.</p>
<p>Price Statistics: The monthly consumer price index was published with a delay of less than one month prior to the pandemic but delays have substantially lengthened. The index reference period is 2001 with weights from 2000; as such, Algeria's CPI is severely outdated which could lead to errors in the measurement of inflation. The quarterly producer price index was published with a delay of less than one quarter prior to the pandemic but delays have lengthened. The weight reference period for the PPI is 1989, which is severely outdated and likely not representative of current production.</p>
<p>Government finance statistics: Key shortcomings include insufficient institutional coverage (coverage is limited to the central government), classification problems, long lags for production of statistics, and lack of reconciliation of financing with the monetary accounts. Key factors behind these weaknesses include the lack of financial resources allocated to the compilation of statistics, insufficient interagency coordination, and concerns about accuracy that give rise to reluctance to publish provisional data. The authorities have not reported GFS data for publication in the Government Finance Statistics Yearbook since 2011.</p>
<p>Monetary statistics: The central bank of Algeria (BA) submits the monetary statistics for the central bank, other depository corporations (ODCs), and other financial corporations to STA on a timely basis. Monetary statistics are published in the International Financial Statistics. The monetary data are based on the Standardized Report Form (SRF) following the methodology of the Monetary and Financial Statistics Manual and Compilation Guide (MFSMG). BA reports data on some key series and indicators to the Financial Access Survey, including two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) of the United Nations Sustainable Development Goals.</p>
<p>Financial Sector Surveillance: BA reports Financial Soundness Indicators (FSI), which are published on the IMF's FSI website. However, the periodicity and timeliness of the data need to be improved as the FSIs are currently reported only on a yearly basis.</p>
<p>Balance of payments: Balance of payments statistics are of relatively good quality. The data collection system appears comprehensive in terms of payments measurement but has incomplete coverage of transactions other than settlements (e.g., reinvested earnings) and some position data. A January 2018 TA mission worked with the compilers to address several weak areas, including (i) recording of construction projects as FDI vs. services; (ii) trade statistics; and (iii) FDI position data. Balance of payments and IIP statistics are transmitted to the IMF for dissemination in the IFS</p>

II. Data Standards and Quality	
On April 21, 2009, Algeria began participation in the General Data Dissemination System (GDDS; that replaced with the enhanced framework, e-GDDS, in 2015) and disseminates only metadata.	No data ROSC is available.

Algeria: Table of Common Indicators Required for Surveillance
As of December 15, 2022

	Date of latest observation	Date received	Frequency of Data ⁷	Frequency of Reporting ⁷	Frequency of publication ⁷
Exchange Rates	10/2022	11/2022	M	M	M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	10/2022	12/01/2022	M	M	M
Reserve/Base Money	10/2022	12/07/2022	M	M	M
Broad Money	10/2022	12/07/2022	M	M	M
Central Bank Balance Sheet	11/2022	12/07/2022	M	M	M
Consolidated Balance Sheet of the Banking System	10/2022	12/07/2022	M	M	M
Interest Rates ²	11/2022	12/11/2022	M	M	M
Consumer Price Index	10/20/22	12/07/2022	M	I	I
Revenue, Expenditure, Balance and Composition of Financing ³ —General Government	NA	NA	-	-	-
Revenue, Expenditure, Balance and Composition of Financing ³ —Central Government ⁴	08/2022	11/2022	I	I	A
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	2022Q3	11/2022	I	I	N.A.
External Current Account Balance	Q3 2022	11/2022	Q	Q	Q
Exports and Imports of Goods and Services	Q3 2022	11/2022	Q	Q	Q
GDP/GNP	2022Q1	10/31/2022	Q	I	I
Gross External Debt	Q2 2022	10/09/2022	Q	I	Q
International Investment Position ⁶	Q2 2022	12/2022	Q	Q	Q
¹ Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means. ² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes, and bonds. ³ Foreign domestic bank, and domestic nonbank financing. ⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments. ⁵ Including currency and maturity composition. ⁶ Includes external gross financial asset and liability positions vis-à-vis nonresidents. Data are partial, because of shortcomings in the compilation of FDI. ⁷ Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A); Irregular (I); and Not Available (NA), Partially available (PA)					