



## Meet Jean-François Dauphin, IMF Mission Chief for Algeria

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By [Jean-François Dauphin](#)

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*In our second blog of the series, Jean-François Dauphin, Mission Chief for Algeria and Chief of the Maghreb Division in the IMF's Middle East and Central Asia Department, talks about his experience working on Algeria and his recent trip to the country in July 2016.*

Algeria's economy is at a critical juncture. Ever since mid-2014, the decline in oil prices has raised concerns about economic prospects for the oil-dependent nation. To better understand the impact of the shock, remember that the hydrocarbon sector represented more than 95 percent of exports, two-thirds of fiscal revenues, and a third of GDP. Fortunately, the economy had buffers in place—in the form of fiscal savings, international reserves and low debt—that initially helped the country absorb the shock. Moreover, the authorities began implementing a number of reforms, including on gradually reducing costly and unfair energy subsidies, improving the business environment, and adopting a new investment code. But the country can still further reduce its dependence on oil revenues and diversify the economy.

### **My role as Mission Chief**

So how can the IMF help Algeria deal with this shock and preserve macroeconomic stability? As Mission Chief, I lead the team both at headquarters and when we visit Algeria, where we take stock of recent developments, assess the economic outlook, and provide policy advice. To accomplish these goals, we meet with a broad range of stakeholders to exchange views and develop effective policy recommendations.

On a recent trip to the country in July 2016, we met with a series of counterparts including from the Ministries of Finance, Commerce, Industry, Energy, the central bank, the country's largest labor union, and the main business association to discuss ways that Algeria can reshape its economy to create more jobs and foster inclusive growth.

It is important for our team to meet with as many stakeholders as we can, to ensure that we hear key perspectives on complex and multifaceted country issues. Our most important advice that we shared with the authorities on our recent trip, is that the adjustment to the shock—as challenging as it is—is not only necessary but is also an opportunity to promote a more sustainable growth model. The adjustment has to rely on two pillars. One is fiscal consolidation, aimed at bringing back the economy to health by reducing government and external deficits. And the second is wide-ranging structural reforms—measures that help unleash the potential of the private sector, diversify the economy, and promote higher growth and jobs in a sustainable way.

To elaborate more, here are our top 5 suggestions based on our assessment and recent meeting with authorities on ways to boost growth prospects for Algeria:

- Improve the business environment by cutting bureaucratic red tape
- Strengthening economic governance, transparency, and competition
- Improving access to finance and developing capital markets
- Open up the economy to more trade and foreign investment
- Improving the functioning of the labor market while adequately protecting workers and making sure that the education and vocational system produces the skills needed by companies

### What lies ahead

As previously mentioned, we just completed a trip to Algeria in July 2016 and had a productive meeting with the authorities and other stakeholders in the economy. The country has a unique opportunity to focus on implementing these key reforms and reshape its economy towards a more sustainable model—rather than relying on oil reserves that will potentially be exhausted in twenty years. Working for the IMF over many years, I have been fortunate enough to participate in missions to Asia, Central America, Eastern Europe and Africa in addition to the Maghreb. When I first took my role as Mission Chief for Algeria, over a year ago, I was struck by the beauty of this country. Upon seeing ships pass by the Port of Algiers, I saw the potential for more people to visit Algeria and experience its rich culture, stunning architecture and beautiful landscapes. But for that you need the right incentives and environment for private sector development. The authorities are very much aware that these changes have to take place, and have very recently adopted a strategy to reshape Algeria's growth model. Our goal is to help.

*Stay tuned for an upcoming blog on Algeria and energy subsidy reform to be posted in the coming weeks.*

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