

Tourism Infrastructure as a Vehicle for Sustainable Development in Algeria

البنية التحتية للسياحة من أجل دفع عجلة التنمية المستدامة في الجزائر

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الملخص

هدفت هذه الدراسة إلى تشريح واقع البنية التحتية لقطاع السياحة في الجزائر من خلال التركيز على المتغيرات المستعملة في تقرير التنافسية للسفر والسياحة، لغرض الوقوف على مدى تأثير ذلك على التشغيل والتنمية المستدامة ككل. كما هدفت الدراسة أيضا إلى تحديد العناصر الواجب التركيز عليها لإعطاء دفع قوي لقطاع السياحة.

وأكدت نتائج الدراسة إلى أنه رغم الخصائص الفريدة التي تتمتع بها الجزائر من الناحية التاريخية والثقافية إلى جانب تنوع التضاريس، فإن السياحة بقيت تراوح مكانها بالنظر إلى الإيرادات المتأنية منها. وتقتصر هذه الدراسة أن تتبنى الجهات المعنية في الجزائر إصلاحات جذرية لتشجيع القطاع الخاص وجلب المستثمرين الأجانب للمساهمة في تطوير البنية التحتية للسياحة في السنوات القادمة.

الكلمات الدالة: السياحة، البنى التحتية، والتنمية المستدامة.

Abstract

This study aims to provide a snapshot of the current situation of the tourism infrastructure in Algeria by using the variables adopted in the Travel & Tourism Competitiveness Report, and how that has affected employment and growth in the tourism sector as a whole.

The results show that despite the unique natural, historical, and cultural characteristics of Algeria, the country still lags behind in tourism regarding to its revenues. In order to promote the tourism in this country, the government of Algeria must embark on radical reforms to encourage the private sector as well as foreign investors to partake in improving tourism infrastructure in the years to come.

Keywords: Tourism, Infrastructure, Sustainable Development.

Introduction

Tourism represents an integral component for most Mediterranean economies. The countries situated around the Mediterranean basin attract more international tourists than any other place on earth. Like most emerging economies, South Mediterranean Countries (SMC's) which are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia and Turkey have remarkably increased their share of international tourist flows and this trend is expected to continue in the future despite the threats of political instability in the region such as the turmoil and political instability caused by the overthrowing of dictatorial regimes which led to the Arab Spring.

Unlike most SMC's, Algeria hasn't been so successful in taking advantage of its enormous tourism potential, so even though international tourist inflows rose slightly over the past few years, tourism in the country is still struggling to catch up with neighboring countries. Algeria's long socialist approach until the late 1980's has crippled vital economic sectors like tourism and left the country's economy almost entirely dependent on the carbohydrate sector which generates no less than 97% of total revenues. This study seeks to draw a global picture of tourism in Algeria through a descriptive analysis of available data in order to come up with an understanding of the main factors that have led to this unique and puzzling situation in the North African region.

1. Research Problem

According to the literature, there are a plethora of interrelated variables that shape tourism in any country. But the most common determinants of tourism performance are the 14 criteria set forth by the Travel & Tourism Competitiveness Index made by the World Economic Forum. In this paper, however, we choose only the tourism infrastructure element for thorough evaluation in order to delineate its effect on tourism in Algeria. That is true because tourism infrastructure forms the backbone of tourism in any country, hence should receive a great deal of attention in similar endeavors. In retrospect, the study aims to provide answers to the following three questions:

1. What is the current situation of tourism in Algeria compared with other SMC's?

2. To what extent has the tourism infrastructure impeded the development of tourism in Algeria?
3. What measures could be taken by Algeria's government in order to revive the tourism infrastructure and boost the tourism sector?

Firstly, the study seeks to provide a review of the literature followed by an overview of tourism potential in Algeria from different perspectives i.e., natural, historical, and cultural. Then we investigate the competitiveness of the tourism infrastructure factor and its effect on the development of the tourism sector. Finally, according to this analysis, recommendations are presented in order to help Algerian policy makers as well as local and foreign entrepreneurs make sound decisions when it comes to investing in the tourism sector in the country.

2. Literature Review

The subject of tourism and its effect on development has widely been explored by previous studies. However, the contexts of these studies and the frameworks used varied substantially. Early studies in the post-Cold War era focused on the general dynamics of developing and integrating tourism into transition economies. For example, Francoise (1995) studied the Cuban case and found that infrastructure and embargo conditions hampered tourism development and cost the economy billions of dollars a year.

Recent studies, however, have taken the subject a step further by investigating new determinants. Lee & Chang (2008) re-examined the effect of tourism development on GDP in selected countries in Asia, Latin America and Africa from 1990 to 2002, and found that the effect is greater in non-OECD countries, except when tourism was measured only by tourism receipts the effect was found greater in Africa. Croes and Vanegas (2008) found a direct relationship between tourism development, economic growth and poverty reduction in Nicaragua. Richardson (2010) investigated the effect of tourism development on GDP, food security, and employment in Mali. He found that Mali has benefited from increased figures of international visitor arrivals in the period between 1997 and 2007, and forecasted a continuation of that trend providing a brighter economic outlook in the following years.

In a similar endeavor to this study, Belwal&Belwal (2010) conducted a strategic analysis of the economy in Oman and underscored the importance of ending oil dependency, urging the Omani government to invest in tourism infrastructure to use it as an engine for sustainable economic vitality. Also, Kim &Phakdisoth (2007) evaluated the determinants of inbound tourism in Laos and found that demand for tourism was relatively price and income inelastic concluding that infrastructure was the main determinant. Further, Lincoln (2013) studied the socio-economic and cultural effects on tourism in Bangladesh. His study accentuated the importance of tourism on growth, employment, and the balance of payments on one hand, as well as its effect on the cultural life, on the other. He also suggested that tourism infrastructure should form the backbone for the diversification of the economy and be a steppingstone for the development of other related industries in Bangladesh. Based on the literature it is clear that learning about tourism infrastructure in any country is fundamentally crucial and that, in turn, vindicates the relevancy of the study in hand.

3. Overview of Tourism in SMC's and Algeria

Since its independence in 1962, Algeria's economic choices had taken a different path compared to other economies in the region; so while Tunisia and Morocco embarked on relatively opened economic systems from the early stages after gaining their independence, Algeria's leaders chose an extreme form of socialism that has proven to be nothing but disastrous on virtually every major pillar of what any modern economy constitutes i.e., industry, agriculture, and the services sector especially tourism. This, in addition to the abundant natural resources in Algeria's desert, had instilled a sense of inertia and complacency about relying on oil and natural gas exports indefinitely. The latter is a farfetched possibility because aside from the obvious fact that oil reserves are constantly being depleted, there is also a good chance that Western economies may soon be shifting towards renewable energy sources, particularly in Northern European countries and North America.

Those factors only explain to some degree why the tourism sector has been underestimated in Algeria. Looking at how tourism in Algeria has evolved over time compared with other SMC's highlights further perspectives regarding the issue in hand. In 2012, SMC's have

attracted 76.576 million international tourist arrivals, representing 7.4% of the world market (Lanquar, 2013). Table 1 shows the overall increase in the number of tourists in SMC's during the period between 1990 and 2012.

Table 1
Number of Tourist Arrivals in SMC's in the Period Between 1990 to 2012

Countries	1990	1995	2000	2005	2010	2011	2012
Algeria	137	520	866	1,443	2,070	2,395	3,200
Egypt	2,411	2,871	5,506	8,608	14,051	9,497	11,200
Israel	1,063	2,215	2,672	1,916	2,803	2,820	2,900
Jordan	572	1,075	1,427	2,987	4,557	3,975	4,290
Lebanon	210	450	742	1,140	2,168	1,655	1,300
Libya	96	56	174	170	271	26	104
Morocco	4,024	2,602	4,420	6,077	9,288	9,342	9,450
Palestine	/	/	105	88	522	446	482
Syria	562	815	3,015	5,838	8,546	5,070	2,000
Tunisia	3,204	4,120	5,244	6,975	6,902	4,782	5,950
Turkey	4,799	7,083	10,428	21,125	27,000	31,456	31,782

Units: Thousands

Source: Lanquar, Robert. (2013), Tourism in the Mediterranean: Scenarios up to 2030, *Mediterranean Prospects Project*, p. 2, No. 1, July 2011 (updated May 2013)

The data of the table shows that Turkey had the lion's share of tourists in the region with over 31 million international tourists in 2012 reflecting the Turkish government's intentions to make tourism a national priority. Egypt had a steady increase from 1990 to 2010 but the overthrowing of Hosni Mubarak's totalitarian regime and the subsequent instability had a negative impact on tourism due to security risks. This explains the drastic drop from a peak of 14 million tourists in 2010 to 9.4 millions in 2011, but the figure slightly rebounded in 2012. Tunisia had a similar scenario with a drop in tourist arrivals in 2011, then a rebound in the following year. Morocco experienced more stability and was immune from security risks expect for the terrorist bombing in Marrakesh in 2011 which had not affected the number of tourists flowing into the country.

Algeria is ranked amongst the least chosen tourist destinations (Bouadam, 2011). This is demonstrated by the data provided in Table 1,

so even though there has been a gradual and steady increase in tourist flows into the country, the numbers are still amongst the lowest in the region. The data can be divided into two stages in the case of Algeria: The first between 1990 and 2000 during which the country witnessed a wave of violence that crippled tourism and scared away international tourists for years. The second stage started in 2001 with the number of tourists peaking at 914 thousands then increased in the following years until reaching 3.2 million tourists in 2012. Despite this dramatic increase over the second period, the country seems to still have a long way to go when compared with Tunisia and Morocco for instance.

Further, roughly 80% of tourists coming to Algeria are in fact Algerian nationals living abroad especially in France (Lanquar, 2013). This suggests that in 2012 there were only about 640,000 tourist arrivals of non-Algerian origin. Threat of terrorist attacks still hovers over Algeria's vast Sahara desert and causing a major security risk that turns off potential international tourists. But security matters are by no means the only problem nor are they the main hindrance to attracting more tourists.

Investment in tourism infrastructure has long been neglected by successive governments, and that has long impeded local tourists from enjoying their country, never mind international ones. Also, the marketing efforts of Algeria's successive governments have always targeted international tourists coming from Europe only (Achi, 2011). It is irrefutable that turning a blind eye on other potential sources of tourists' inflows from elsewhere in the world was a grievous miscalculation that deprived Algeria's economy from invaluable opportunities of sustainable development and growth.

4. Potential of Tourism in Algeria

Algeria is situated in North Africa and is bound by the Mediterranean Sea to the north, Tunisia and Libya to the east, Morocco and Western Sahara to the west, and Mali and Niger to the south. Algeria is the largest country in the African continent with a land area of 2,381,741 square kilometers. The country is abundant with different forms of tourism potential both natural and historical/cultural

4.1. Natural Tourism

- **Mediterranean Coastline:** Algeria has a long Mediterranean coastline of approximately 1200 Kilometers, mostly covered by sandy beaches and sometimes with rocks or forested mountains. The country enjoys a temperate Mediterranean climate along the coastline attracting millions of domestic tourists despite insufficient infrastructure and services. The number of international tourists is negligible compared to local ones, however. This accentuates the need for the government to find efficient ways to be more competitive in attracting international tourists who usually end up vacillating only between Moroccan and Tunisian beaches despite the fact that Algeria too has comparable famous beaches particularly in Wilayas (provinces) like Jijel, Annaba, Bejaya, Oran and Mostaghanem.
- **Sahara Desert:** In the vast southern part of the country which comprises about 80% of the total area (about 2 million KM squares), the sands and dunes of the Sahara desert stretch out endlessly forming spectacular views and attracting both local and foreign tourists for sightseeing all year long, tempted particularly to watch the breathtaking views of sunset. Also, this immense Sahara desert comprises oases and palm tree forests in places like Oued Souf, oued Mzab, Oued Saoura, Ziban, in addition to scattered rocky hills and a range of high mountains such as Tahat peak at 2918 meters high (Achi, 2011). Other invaluable distinguishing features of this region include the fossils of animals and plants that had lived there thousands of years ago. These fossils can be found mainly in the Ahggar and Tassili regions, and they are considered by paleontologists, along with the drawings and sculptures found on rocks, as an evidence of the rich flora and fauna life that existed there in ancient ages.

Unfortunately, some parts of Algeria's Sahara desert were contaminated and for millions of years to come due to French nuclear tests in the 1960's. France became one of the few countries in the world to possess nuclear arsenal yet that was achieved at the expense of virtually all forms of life in a place spanning over 700 km between Reggane and Tamanrasset in the Sahara. The nuclear radiations affect the atmosphere and

water in this region causing the extermination of biological life as well as the suffering of indigenous groups of Tuareg from fatal diseases like cancer and physical deformity from birth (Khellaf, 2006). Experts believe that this unfortunate reality is expected to last for so many generations in the future, thus making development of tourism in this specific region practically infeasible.

- **Mountains:** Mountains are considered to be an integral part of the natural tourist portfolio of Algeria. Mountain ranges include the Tell Atlas, Saharan Atlas, and Aures Mountains. These mountain ranges harbor the famous Chelia Mountain in the Aures (Wilaya of Batna) with a height of 2328 meters, Jurjura (2308 meters), and many others. Also, snowy forested heights of Charia in the Wilaya of Blida, Tikejda in the Wilaya of Bouira, and Taghilaf in the Wilaya of Tizi Ouzo are all currently being modestly exploited for skiing, hiking, camping, and other outdoor activities, as the number of tourists in these places is still very small due to government's indifference to stimulate tourism there or to even be willing to adopt a laissez-faire approach towards private investors to do that instead.
- **Natural Springs:** Algeria is abundant with natural water springs (Hammam in Arabic) particularly hot springs which are counted to at least 202 springs spread out all over coastal and inner Wilayas (Achi, 2011). The most famous springs are: HammamDebbagh and Shelala both in Guelma, Rabbi in Saida, Essalihine in Khenchla, Essalihine in Biskra, Bouhanifa in Mascara, Guergour and Sokhna both in Setif, Bouhadjar in Ain Temouchent, Boughrara in Tlemcen, and Righa in Ain Defla (El-Massa Journal, 2008). The natural thermal springs attract tourists who seek either pleasure or therapy. The therapeutic characteristics of these hot mineral springs can be helpful in purifying the skin and reinvigorating the human body. They are also believed to treat or at least alleviate the symptoms of certain skin conditions, arthritis, obesity, and kidney-related diseases (Middle East Journal, 2007).

4.2. Historic and Cultural Tourism

Algeria has accumulated a significant historical and cultural heritage from the different colonizers throughout history starting from prehistoric Berbers, Phoenicians, Romans, Ottomans, and the French. The UNESCO classifies 7 properties in Algeria on the list of World Heritage. These are: Al Qal'a of BeniHammad, Djemila, Kasbah of Algiers, M'Zab Valley, Timgad, and Tipasa (UNESCO, 2014). This made the country rank 45 worldwide in terms of the number of World Heritage natural sites (Blanke& Chiesa, 2013: 460).

- **Al Qal'a of Beni Hammad:** This ancient fortress is a remarkable archeological site in the Wilaya of M'Sila. It was constructed in the early 11th century during the rule of the Hammadids to be their capital, then was abandoned at the end of same century after threats of Hilalian invasion. The monument testifies to the strong Hammadid civilization and its influence particularly in architectural development in the Maghreb, Sicily, and Andalusia (UNESCO, 2014).
- **Djemila:** Located in the Wilaya of Setif, Djemila was a colony of the Roman Empire established circa 100 A.D. The site bears a testimony to the strong presence of one of the greatest civilizations in history in the North Africa region, and it is considered to be one of the most beautiful Roman monuments in the world (UNESCO, 2014).
- **Kasbah of Algiers:** The capital Algiers combines an old Islamic architecture with a modern European style. Kasbah is located in the heights of Algiers and was built by the Ottomans in the 16th century. It comprises old Ottoman mosques, palaces, and narrow streets that signify the traditional Islamic urbanization in the Mediterranean region as well as the strong sense of community the Islamic culture is known for (Achi, 2011).
- **M'Zab Valley:** Built by the Ibadis in 1053 A.D. in the heart of the Sahara Desert, the site comprises of five "Ksours" which are fortified villages with palm groves (Ghardaia, Bounoura, Melika, Beni-Isguen, and El-Atteuf). These ancient villages still retain their charming simplistic desert-adapted architecture, and they are a testimony to the Ibadis culture and its influence on contemporary Arab and Western architects like Andre Raverau, Fernand Pouillon and Le Corbusier (UNESCO, 2014).

- **Timgad:** Used to be known as “Thamugadi” and is located in the Wilaya of Batna. These Roman monuments were a strong Roman military colony founded in the year 100 A.D. to attract mainly veterans of the Roman army (Achi, 2011). The site comprises of houses, paved streets, temples, baths, a market, a public library, and a theater. Timgad represents an archetype of Roman urban planning and an excellent example of the efficient transfer of ideas from the central government in Rome to its colonies in North Africa.
- **Tipasa:** Located in the Wilaya of Tipasa (about 70 km to the west of Algiers), the site was a Carthaginian trading center built between the 6th and 2nd centuries B.C., then was invaded by the Romans who used it as a military base to control the Mauritanian kingdoms taking advantage of its strategic location. The monuments comprise of private houses, cemeteries, ancient industrial sites and warehouses (UNESCO, 2014).

Algeria also has a number of museums that exhibit valuable antiquities found in different regions representing a manifestation of the historical roots of Algeria which date back thousands of years ago. The most famous museums are: National Museum of Cirta, Ahmed Zabana National Museum, Timgad Museum, and Hippone Museum (Achi, 2011).

In a nutshell, there is a considerable natural and cultural potential for tourism development in Algeria. The captivating Mediterranean coastline, the forested mountains, and the vast Sahara, along with the historical monuments of the Romans, Ottomans, and other ancient civilizations can provide a major source of wealth, employment, and hard currency for the Algerian economy. Nonetheless, instead of acting as the catalyst for economic growth, these unique touristic privileges are faced with staggering indifference, to say the least. Infrastructure is by all means a crucial factor that sets the benchmark of the tourism in any country, and in this sense, it is being evaluated in the next part of this paper.

5. Evaluation of Tourism Infrastructure Factors

The Travel & Tourism Competitiveness Index (TTCI) was developed by the World Economic Forum in collaboration with the World Tourism Organization (UNWTO) and other organizations in

order to carry out an in-depth analysis of tourism competitiveness of economies around the world (Blanke & Chiesa, 2013). The report provides a global ranking of 140 countries with supporting data tables. Table 2 shows the ranking for the Middle East and North Africa region among which Algeria ranked 13 out of the 15 countries featured in the study, as well as 132 out of 140 countries in the overall global ranking.

Table 2:

The Travel & Tourism Competitiveness Index: Middle East and North Africa

Country/Economy	Regional rank	Overall rank	Score
U.A.E.	1	28	4.86
Qatar	2	41	4.49
Israel	3	53	4.34
Bahrain	4	55	4.30
Oman	5	57	4.29
Jordan	6	60	4.18
Saudi Arabia	7	62	4.17
Lebanon	8	69	4.04
Morocco	9	71	4.03
Egypt	10	85	4.88
Iran, Islamic Rep.	11	98	3.64
Kuwait	12	101	3.61
Algeria	13	132	3.07
Yemen	14	133	2.96
Mauritania	15	134	2.91

Source: Blanke, J. & Chiesa, T. (2013). The Travel & Tourism Competitiveness Report: Reducing Barriers to Economic Growth and Job Creation, *World Economic Forum*, p. xxv.

It is no surprise that rich Middle Eastern countries topped the list, and that is mainly attributed to their efficiency in applying modern free market strategies in the diversification process of their traditionally oil-dependent economies. On the other hand, Morocco leads North African countries in this respect, whereas Algeria outperformed only Yemen and Mauritania among the SMC's. This brings us to a realization that Algeria's economic reform programs over the past decades haven't succeeded in the effort to integrate tourism into the national economy to

the extent that even countries with less political stability in the last few years had better results like Egypt and Iran. Additionally, the report identifies three main pillars of tourism infrastructure which are: number of hotel rooms, presence of major car rental companies, and the number of Automatic Telling Machines (ATMs).

5.1. Number of Hotel Rooms:

The number of hotel rooms is probably the most important indicator of tourism competitiveness in any given country. When Algeria gained independence in 1962 there were only about 5922 hotel beds that were mainly concentrated in largest cities like Algiers, Oran and Constantine, and which served European settlers at the time of colonization (Heddar, 1988). The post-independence autonomous government implemented a program aimed at boosting tourism in the country and that required building more hotels. Until the end of 1969, the number of beds reached only 2,946, a figure which turned out to be only a fraction of the goals set forth by the government (Achi, 2011). In the 1970's, there was a noticeable improvement with new government plans that succeeded in the construction of hotels throughout the country with a capacity of 15,680 beds (Tessa, 1993). However, the private sector was totally marginalized merely due to ideological reasons dictated by socialism.

The relatively slow pace of building hotels continued in the 1980's with new government programs bringing the total number of hotel beds to 48,302 by the end of the decade, of which 46.5% by private investors (Achi, 2011). This unprecedented form of private sector involvement can be explained by Algeria's gradual shift away from the planned economy which has relaxed the government's grip over the national economy and made it possible for private investors to engage more actively in the tourism sector. Like most countries in the late 1980's and early 1990's, Algeria jumped on the bandwagon of free market economy, at least ostensibly, to cope with the new realities at the global stage. Unfortunately for the tantalized private tourism sector, during the so-called bloody decade, political instability was at its worst condition since the independence of the country as civil war and violence dominated people's lives in virtually every town in the country. Table 3 shows the progress in the number of hotel beds from 1990 until 2011 as well as the percentage change.

Table 3:
Change in the Number of Hotel Beds in Algeria from 1990 to 2010

Years	1990	1995	2000	2005	2006	2007	2008	2009	2010
Number of Beds	53,812	62,000	77,424	83,895	84,869	85,000	85,876	86,383	92,377
Percentage Change (%)	-	15.21	24.87	8.35	1.16	0.15	1.03	0.59	6.93

Source: National Office of Statistics (Algeria). (2011). *Classification of Hotels and Similar Establishments*. Retrieved on June 27th, 2014 from: <http://www.ons.dz/-Tourisme-.html>

The data in Table 3 spans a period of 20 years during which the growth in the number of hotel beds was steady yet remarkably slow with an average yearly percentage increase of just about 2.91%. Security threats characterized the first ten years with Algeria's government focusing entirely on regaining peace and stability as these factors proved crucial for any economic development whatsoever. In the 2000's, despite the reconciliation program initiated by former President Liamine Zeroual and carried on afterwards to regain peace in the country, the increase in the number of hotel beds was barely exceeding 1% on a yearly basis during this period except for the slight improvement starting in 2010 bringing the total number to 92,377 beds. These figures give a gloomy picture about tourism in Algeria especially when compared to other countries. For example, in 2008 when Algeria had only 85,876 beds, the number was 239,000 in Tunisia and 152,936 in Morocco (Achi, 2011). The bottom line here is that it takes for the Algerian government to do more than just merely ensuring peace in order to boost tourism and other vital economic sectors.

5.2. Presence of Major Car Rental Companies:

The Travel & Tourism Competitiveness Report identifies seven major car rental companies to measure this factor. They are: Avis, Budget, Europcar, Hertz, National Car Rental, Sixt, and Thrifty. These companies have international locations worldwide and in the case of Algeria only Hertz Corporation (a Florida-based car rental company) operates in just three subsidiaries located in Algiers, Oran and Annaba.

This fact made Algeria earn a score of 1/7 under this indicator in the report and that is far behind Morocco, for example, which has all seven rental companies present in virtually all its metropolitan areas, thus received a score of 7/7 (Blanke& Chiesa, 2013).

There are few other branches of other global car rental companies in Algeria but the market is mostly dominated by small local inexperienced companies. This has become more prevalent in recent years with government loans dedicated to prompt unemployed youth to join the workforce and curb high unemployment rates in the country. Consequently, a lot of these novice young entrepreneurs joined the car rental business tempted by both the indispensable need for tourists to reliably move around vast parts of Algeria as well as the fact that the market is still far from being saturated. Car rental services are provided at airports or can alternatively be arranged by hotel services. And depending on the budget and requirements of tourists, different types of cars are usually available like luxury cars, sports cars, convertibles, sport utility vehicles SUV's, minivans, and trucks (Paley Media, 2014).

5.3. Automatic Telling Machines (ATMs)

Automatic Teller Machines are computerized telecommunications devices that allow clients of financial institutions to perform banking transactions in public places at any time (World Bank, 2014). Conventional wisdom is that tourists would prefer a destination where they can readily withdraw cash for their daily needs wherever they are staying, and this is particularly true in countries where cash is still the only method of payment. Algeria is one of these countries, and it receives a poor assessment for its ATMs infrastructure where it ranks 136 out of 139 in the Travel & Tourism Competitiveness Report. The report counts only ATMs that accept Visa cards based on Visa's official website, and with Algeria the number seems to be almost negligible with only 1.8 ATMs per million population in 2012, and outperforming only three countries in the list which are: Chad, Burundi, and Iran (Blanke& Chiesa, 2013).

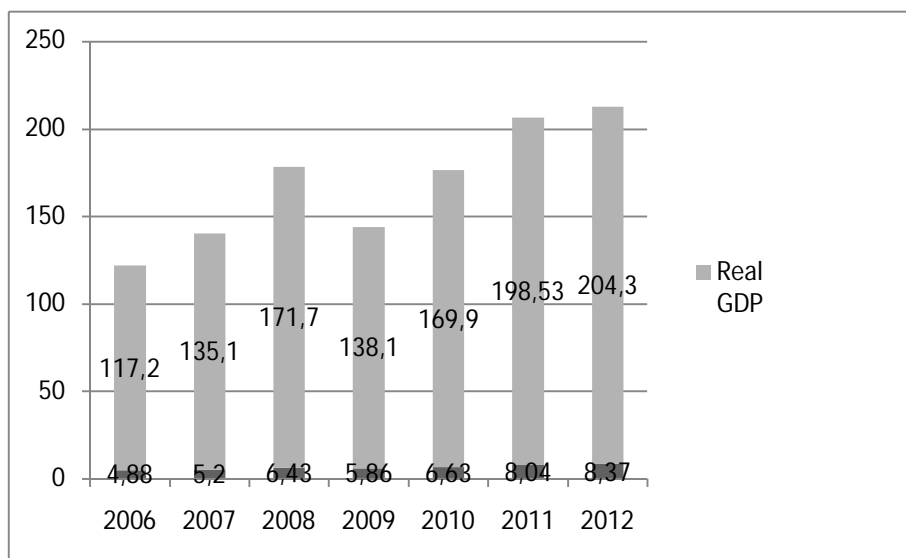
The Master Card ATM locator on the internet doesn't give a brighter picture about Algeria either; the website shows the exact number to be 72 ATMs, among which 37 are located in Algiers alone. That is so meagre compared to 1,744 in ATMs in Tunisia and 5,198 ATMs in Morocco (MasterCard, 2014). Further, the World Bank offers

a more comprehensive evaluation of ATM availability in different countries as it includes all ATMs irrespective of their kind and use. Per a hundred thousand adults, the World Bank estimated that Algeria had 5.8 ATMs in 2012 (World Bank, 2014). Most of these ATMs are provided by Algeria's national postal service for clients who work in the public sector. Local banks like Local Bank of Development (BDL), Bank of Agriculture and Rural Development (BADR), Algerian Public Credit (CPA) and (External Bank of Algeria) BEA also provide their own ATMs but they seldom use global cards like Visa, MasterCard, or American Express.

6. Contribution of Tourism to GDP and Employment:

Starting from 2001, the government of Algeria has launched a series of public investment plans aimed at boosting economic growth and employment, notably in the non-hydrocarbon sectors. The first plan constituted an amount of \$7 billion in public spending, followed by a second plan (2005-2009) with an amount reaching \$150 billion, then a third plan (2010-2014) with a total package of \$286 billion (Lakehal, 2014). Figure 1 shows the irregular yet significant overall increase in real GDP along with the contribution of the tourism sector in it.

Figure 1:
Historical GDP and Contribution of Tourism
Units: Billions of US Dollars



Source: Adapted from World Travel & Tourism Council. (2012). *WTTC Travel & Tourism Economic Impact (Algeria)*, p. 3. Retrieved on August 9th, 2014 from: www.wttc.org/site_media/uploads/downloads/algeria2012.pdf

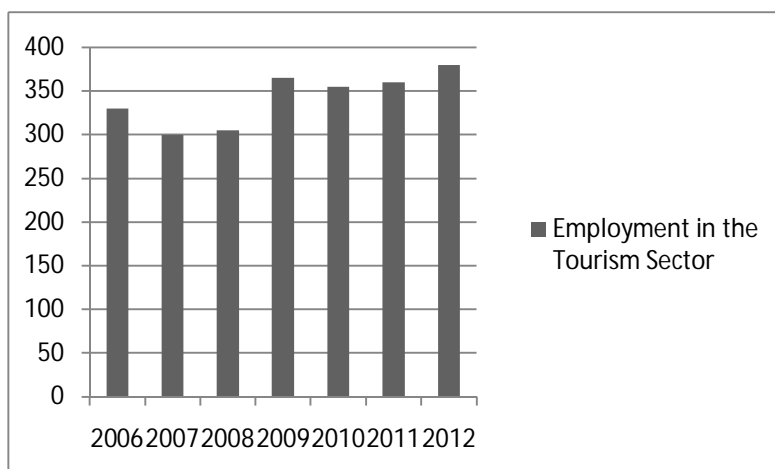
Note. Tourism values were converted from Algerian currency DZD to USD using the yearly average exchange rates according to the official website of the Internal Revenue Service (IRS).

Driven mainly by oil prices, Algeria's real GDP has shown a consistent year-to-year increase except for 2009 when the global financial crisis hit major oil importers from Algeria i.e., the United States and the European Union. The contribution of tourism in total real GDP is almost invisible as shown in Figure 1, but the slight increases starting from 2010 show some signs of hope for the sector in the coming years. Nonetheless, it is important to point out that increasing GDP induced by the hydrocarbon sector, may conceal developments being achieved in other sectors like tourism; hence, data need to be treated cautiously when making conclusions.

Furthermore, tourism is seen as a driver of employment growth. The sector currently employs one in every eleven people worldwide when including both the direct and indirect impacts (Blanke & Chiesa, 2013). However, Algeria's employment figures in the tourism sector are relatively lower than global standards as shown in Figure 2.

The bar chart shows that there have been slight fluctuations in the number of employed people in the tourism sector during the period between 2006 and 2012. The figure was roughly 330,000 in 2006, and then it dropped slightly and plateaued for two years until it dramatically increased to about 365,000 in 2009. There has been another plateau for another two years then a peak at 380,000 in 2012 which represents less than 4% of the total workforce in Algeria.

Figure 2
Contribution of Tourism to Employment
Units: Thousands



Source: World Travel & Tourism Council. (2012). *WTTC Travel & Tourism Economic Impact 2012 (Algeria)*, p. 4. Retrieved on August 9th, 2014 from: www.wttc.org/site_media/uploads/downloads/algeria2012.pdf

The percentage is very low compared to other sectors' contribution to employment in the country. However, unemployment rates are usually estimated to be around 10% according to the government even though a lot of people cast a suspicious eye on this percentage and claim that it is much higher in reality. Therefore, tourism can always be the best option available to curb unemployment rates especially with the booming population.

Overall, it can be inferred from the two bar charts that the results of government public spending over the past few years were

timid when taking into account the unequivocally low percentages of tourism in relation to the total GDP besides the low employment that the sector provides in the country. This happens at a time when the ideal alternative to the volatile sector of hydrocarbons remains to be tourism, assuming that the government is earnest about its plans in diversifying the economy. The latter concern appears to be a legitimate one given the fact that the government allocated only 0.11% of the total budget in 2011 for the Ministry of Tourism and Artefacts, and the percentage fell to 0.09% in 2012 (Lakehal, 2014).

Additionally, lack of transparency may be another important reason why government multi-billion-dollar spending has never come to fruition in terms of creating new jobs particularly in the tourism sector. Transparency International often classifies Algeria among the least transparent countries in the world, and that is manifested in the fact that any attempt to increase GDP outside the hydrocarbon sector through government programs would be considered another opportunity of embezzlement by local authorities that usually operate with total impunity. Current employment in the tourism sector in Algeria is less than half the world average, but enforcing transparency and the rule of law would certainly bring about higher levels of employment in the sector.

Conclusion and Recommendations

Tourism is increasingly becoming a viable sector for countries to create wealth, boost employment, and ensure healthy economic growth. Unlike other SMC's where the growth of the tourism sector has been faster than other sectors, the programs of the Ministry of Tourism and Artefacts in Algeria have proven to be fruitless over the decades as they have unequivocally failed to achieve their goals. This is partially attributed to, on one hand, the traditionally hydrocarbon-dependent economy which has only been conducive to the growth of the energy sector at the expense of all other sectors including tourism. As well as the socialist approach which has generated nothing but inefficient idle factories, ubiquitous youth unemployment and disguised unemployment within the public sector.

Yet for the most part, the current status of tourism in Algeria is an inevitable outcome of the negligence by a government that

frequently emphasizes the need to prioritize tourism as an indispensable means for sustainable growth and development, yet chooses to allocate less than 1% of its yearly budget for the sector. And even if we hypothetically consider higher allocation of resources for the sector in the course of the next few years, the fact is that the improvement of certain infrastructure aspects would still be contingent on the ability to realize a drastic increase in inbound international flows. For example, currently there is only one major car rental company operating in Algeria which is Hertz, and the government is incapable of doing anything to attract other global car rental companies because these companies are driven mainly by the number of international tourists in any given market, and not government incentives per se. Therefore, this appears to be a “chicken and egg situation” in which car rental companies enter the market only in line with the gradual increase of international tourists, while the latter ones are often reluctant to visit a place which does not provide convenient car renting possibilities.

To sum up, Algeria has generated billions of petrodollars benefiting from rising oil prices and overall increased global demand. Nonetheless, the precariousness of the hydrocarbon sector poses a real threat to economic growth and prosperity in the long run, thus rendering the current Algerian government obligated to use oil rents to speed up the diversification of the country's economy into more viable sectors especially tourism. This analysis reveals that tourism infrastructure remains the main obstacle for tourism development in Algeria. Therefore, in order to tackle this issue the government should adopt the following recommendations we came up with based on the analysis in the paper:

1. Accommodation capacity is by far the most detrimental factor to the development of tourism in Algeria. The number of hotel beds is small that it can't meet local demand, let alone accommodating more international tourists. In this situation the government should work to level the playing field for private local and foreign investors to freely compete in order to eventually bring the number of accommodation establishments to an equilibrium point where the supply meets the demand.
2. The government should certainly embark on radical reforms in the banking sector. This would pave the way for the adoption of

ATM machines that accept Visa, MasterCard, and even American Express by local banks. It would also encourage the participation of reputed global banks in this modernization process.

3. The government needs to relax its tough grip and implement a laissez-faire policy to prompt local and foreign private investors engage more actively in developing the tourism sector. This starts with enacting new investment regulations and eradicating the crippling red-tape practices at the administrative level.
4. Current government spending on tourism represents less than 1% of the yearly budget, but the Ministry of Tourism and Artefacts needs more than that in order to fund programs ranging from cultural festivals to international marketing campaigns.
5. Currently the vast majority of international tourists are Algerian nationals living in a few Western countries. However, there is an enormous pool of potential international tourists in the Middle East, North America, Asia, and Europe including Eastern Europe. It would be worthwhile for the Ministry of Tourism and Artefacts to focus on these target markets with innovative marketing efforts using the English language as being the lingua franca of the world.
6. The government should facilitate the creation of small and medium-sized enterprises (SME's) by allocating more government loans for entrepreneurs seeking to participate in developing the tourism infrastructure. SME's may represent the main driving force to stimulate growth of tourism and the economy as a whole in the next few years through the establishment of more hotels, SPA centers, tourism complexes, travel agencies, restaurants, cafeterias, car rental companies, translation services, handicrafts, etc.
7. Lack of transparency stifles economic growth in Algeria and it certainly impedes the development of tourism. An independent, efficient, and quick judicial system would be crucial in reaping the fruits of government spending in the sector and other non-hydrocarbon sectors alike. The rule of law would also give local

and foreign investors a sense of trust in the existing legal system and that would in turn encourage more potential investors.

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