

**Poverty alleviation policies in Algeria:
The Importance of Social capital and governance**

by

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The concept of social capital which is the store of relationships and conventions that create trust, mutual assistance and social solidarity, is actually being instrumentalised by the new metaeconomy in the pursuit of equal opportunity or the perfecting of the meritocracy that can be achieved through the implementation of policies aimed at overcoming inequalities of social capital.

"Participation", "Development from within", "Good governance", "Social capital building", "Enabling environments" are now in vogue. As Neo liberalism declines and attacks on the welfare state recede, dealing with poverty and social costs of reforms has become a matter of political priority for both government and international community. It is no longer a simple by-product of macroeconomic growth. There is now a shift in thinking to more decentralisation and participation of the poor, hence consolidating the role of civil society, i.e the institutional dimension of social capital, as far as poverty alleviation is concerned. This will be dealt with in the first part of the paper.

The national Algerian strategy to reduce poverty for the period 2001-2005 stems mainly from a synergy approach that covers communitarian, network and institutional dimensions that allows for strengthening the bridging relations. In addition, a better understanding can be reached on the functioning of the different service providers and stakeholders in a diverse and poorly understood context. And in this case we shall present five pilot projects that appear to be more performant in the way that they may help the poor manage risk and vulnerability. The second part of this paper will be an attempt to evaluate the performance of the schemes.

Evidence from our examination suggests that this strategy based on effective decentralisation can achieve some poverty reduction with fewer resources in this period of greatly constrained budgets for expenditure.

Our findings, moreover, stresses the importance of civil society that triggers for the springing up of voluntary associations and fosters empowerment among the poor and, finally, lobbies central government to pursue pro-poor policies efficiently. It is in this context that the new strategy, especially the pilot projects can transform the poor into an active agent by inducing him to act with more awareness, participation and responsibility, that is by an encouragement out of dependency by engaging him in self-reliant development.

D) SOCIAL PROTECTION POLICIES AND SOCIAL CAPITAL

Compensation⁽¹⁾ and poverty alleviation programmes are generally developed from one of the three following dimensions: the technocratic, the institutional and the synergy dimension.

- 1) The first, which is associated with economists, focuses on targeting⁽²⁾ and direct public intervention (health, education and food to the poor).

- 2) The second is the institutional dimension that recommends developing institutions, improving government performance, changing political structure and attitudes toward the poor "Besley 1997".
- 3) The third is the synergy dimension which attempts to integrate community networks and state-society relations "Woolcock & Narayan 2000".

Compensation of the losers in the transitional period can be defended on many grounds that are not mutually exclusive "Miller 1999". As in the case of Algeria we may set three grounds:

- **The instrumental and implementation grounds** are needed to achieve large values or goals to which compensation is a means (securing political support, increasing demand and hence economic growth, and strengthening social capital and social contract).
- **Moral grounds** are advanced by the well known UNESCO study on adjustment with "Human face" in order to defend compensatory programmes for the poor "Cornia and Al 1987".
- Moreover, a **third ground** that is receiving greater attention relies on **local self-governing institutions**, Participatory schemes and community involvement in order to combat poverty.

So "participation", "Development from within", "Good governance", "Social capital building", "Enabling environments" are now in vogue. As Neo liberalism declines and attacks on the welfare state recede, dealing with poverty and social costs of reforms has become a matter of political priority for both government and international community. It is no longer a simple by-product of macroeconomic growth. In this case, "Joshi and Moore 1999" advance a conceptual framework to better think about the conditions under which public anti poverty interventions can be successful. While sharing with neo liberalism the "leakage problem" in many countries- of which Algeria is an example- and the "enabling environment necessity", they suggest three requirements for positive poverty alleviation interventions: Trustworthiness, programme stability and formal entitlement. Examples of the water supply programme in Nepal along with the Kgotla in participatory scheme in Botswana " Arnon Bar-On 1999" offer many similarities with the Algerian Participatory Community Service Scheme.

1.1) THE STRUCTURAL ADJUSTMENT PROGRAMME AND SOCIAL PROTECTION POLICIES

Over the past decade a number of factors (inappropriate policies, fall in oil exports earnings, political factors and weather fluctuations) have had adverse effects on the economic performance in Algeria. Economic reforms, therefore, have been undertaken, enabling the country to reform policies aimed at boosting the structure incentives and achieving an economic restructuring, supposedly conducive to higher and sustained growth, without putting up with unduly high reductions in consumption per capita and thus increasing the number of the poor during the initial stages of the programme

This programme assisted by the International Monetary fund (IMF) and the World Bank consists of stabilisation and adjustment policies that cover macroeconomic, exchange rate, financial sector, public enterprise and agricultural sector reforms. The results of such programme may be summarized as follows: As regards the balance of payments, if changes in the current account and the trade balance are viewed as indicators, they generally exhibited improvements. However, the achievement of such improvements was mainly due to cuts in imports.

In addition, due to the deflationary policy and the shortage of international means of payments, the cuts of imports had serious repercussions on economic growth.

Furthermore, rising inflation - the results of bottlenecks and repetitive devaluations -coupled with increasing unemployment resulting from the laying off of 630000 workers following the restructuring of public enterprises, led to a real decline in consumption level and an increase in poverty. From 1988

to 2000, the number of poor jumped from 5.5 million to 14 million people.

The burden of poverty has many implications for the macro variables such as unemployment, health, education and income.

1-1-1- Poverty and unemployment

In general, employment has worsened as Gross Domestic Product⁽⁷⁾ stagnated (see table 1).

Table 1: Employment/Gross Domestic Product

	1994	1997	2000
Unemployment rate %	24.40	28.6	30.5
GDP Growth %	1.38	3.5	3.4

Source : - Benhabib & Ziani 1998 - ONS, various issues - CENEAP, 1998.
-Rapport du CNES 2001

The rise in unemployment may be explained by the following reasons:

- 1- the decline in government spending;
- 2- the fall in productive capacity;
- 3- the change in the population structure (demographic transition);
- 4- the increasing number of school dropouts;
- 5- the lay off of an increasing number of workers from state owned companies: the latest estimates are 630000 people;
- 6- the mismanagement of unemployment. In fact the social management of unemployment is founded on the presumption of flexibility in employment sharing (Boyer 1987).

1-1-2- Income and poverty

The change of income can best be plotted in a *Lorenz Curve like* which shows the concentration of income in the hand of a small stratum of the population (see figure 1). Figure 1 shows that 20% of the richest possess around 50% of income. The ratio doubled from 1989 where it was 25 % of income. This has great significance as far as income distribution is concerned as it shows above all that 20% that represents the poorest earn only 2.8 % of income.

The arrows show as in the case of *Lorenz curve* that the curve moves off the equality line. Actually, data from a 1998 survey show that 20 % of the poorest relate to 534401 households. Moreover, the poorest spend about 64 % of income on food -on the basis of the maximum poverty line- while, on the other side, the 20% (the richest) spend 34% only with an income per capita of (Algeria Dinar) AD 28085 which represents nine fold the mean per capita income of AD 3042.

The heads of the poorest households belong to the working class (small farmers, farm workers, workers). This SPC (socio-professional category) accounts for 52% of total household. Income disparities in the hands of upper strata of the Algerian society as indicated by the Lorenz curve show some resemblance with Sri Lanka 1996 case "Singh 1999".

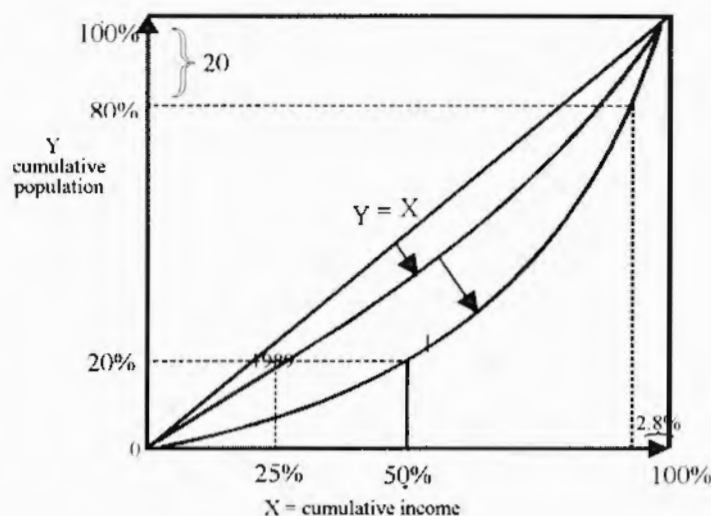


Figure 1: change in the concentration of income

I-1-3-Social indicators

As far as social indicators are concerned, the following observations can be made from table 4 where infant mortality rate as well as child malnutrition are still high. Although there is some sign of rate stabilization for the major indicators, the extent of such variables remains considerably high particularly when we attempt to assess the impact of the 40% illiteracy rate and the Human Development Index value (HDI) of 0.693 which places Algeria on the 100th world rank (CNES) in 2001. Moreover the Human Poverty Index (HPI) sets Algeria on the 40th place among the 90 developing countries. Social indicators may be grasped more clearly through education and health aspects.

Table 4: Poverty & social indicators

	94	97	2000
Life expectancy at birth (years)	67.5	69.5	69.9
Infant mortality rate %	5.07	4.4	3.6

Source: - ONS - Ministry of health - A.N.D.S (Agence Nationale de Développement de la Santé)- CNES 2001

I-1-3-A- Education and poverty

With regards to education, the following assessment can be made (table 5):

Table 5: Expenditure on education

	94	97	2000
Public expenditure on education as % of GDP	6.3	5.8	5.1
Secondary school enrolment rate	57	55	52

Source: - ONS Various issues - Ministry of Education.

- A stagnant public expenditure on education, which represents 16.4 % of public spending;
- A declining secondary school enrolment ratio ;
- An alarming number of dropouts (8% at the primary level; 5% arrive at the baccalaureate level);
- And non-adjustment between education and occupation (this may be the reason behind the non-employment of some graduates).

1-1-3-B- Poverty and health

Data on health show a decline in the overall public expenditure, which falls, from 4 percent of 1994 GDP to 2.6 in 2000 (see table 6).

Table 6: Expenditure on health

	94	97	2000
Expenditure (annual 10 ³ AD)	59 970	96 100	106 000
Total expenditure % GDP	4.00	3.80	2.60

Source: - ONS various issues - Ministry of health - CNES 2001

Also, the overall State expenditure diminishes compared to social security and household spending. This is coupled with a considerable increase in the cost of drugs and medicine. Some generic medicine have seen their price soaring to 44 times their initial price (Benhabib & Ziani, 1999).

Actually, there is a substantial deterioration in health and care prevention measures. Supply of public care remains over dimensioned, misallocated and very costly vis-à-vis a high protection requirement generated by crises, unemployment and social pressure.

To alleviate this ever-increasing burden, Algeria has been experiencing some social protection policies. We present hereafter two fundamental safety net policies.

1-2- Safety net policies

From the beginning of 1991 Algeria has been experiencing some social protection programmes in order, firstly to bring an immediate help to the poor and, secondly to help them reintegrate socio-economic life by way of reemployment.

This system comprises two types of measures:

- The Solidarity Basic Allowance (S.B.A) and
- The Allowance for Community Work (A.C.W)

1-2-1- The S.B.A

The S.B.A is offered to the heads of households aged 60 years and more, without income, as well as to the handicapped and those unable to work.

The amount of the allowance is fixed at AD 900 per month with a premium of AD 120 for each member of the household. Over 406000 people benefited from this scheme (see table 7).

Table 7: change in the number of safety net beneficiaries

	1995	1997	2000
S.B.A			
Number of beneficiaries	512758	423570	406285
A.C.W			
Beneficiaries number	588212	125223	135653
S.B.A+A.C.W	1100970	548793	541958
Budget (10⁹ Dinars)	11.5	12.37	18.91
(Budget/GDP) %	0.58	0.45	0.46

Source : C.E.N.E.A.P 1998 , 1999. (*Centre National d'Etudes et d'Analyses pour la Planification*) CNES 2001

I-2-2- The A.C.W

This allowance is paid to active people with no income, in return for community work within workshops organised by local authorities.

The value of the allowance is AD 2800 / month, which represents half the Algerian minimum wage. More than 135000 people are involved in such programme.

Despite its benefits, this system shows however some drawbacks.

I-2-3- Drawbacks of the S.B.A & A.C.W

A- the S.B.A:

There are some difficulties in targeting the deserving.

- Close record examination has allowed to disqualify the non-eligible. The latest study "CENEAP 1999" reveals that 64.4% of all beneficiaries are not eligible, with 11% for retired people. The study shows that there still exist some disparities at the disadvantage of the female gender: 35.8% against 64.2% for male.

B- the A.C.W

There are some difficulties to set up workshops within communes that are under-staffed and struggling to perform their daily duties. The CENEAP study reveals that 40% of all beneficiaries are not poor and, thus brings to light a somewhat relative inefficiency of the policies, which cannot, on their own, contribute to alleviating poverty, and should, therefore be supplemented by other policies like the participatory community service scheme

I.3)- the participatory community service scheme:PCSS

The participatory community service scheme is a multidisciplinary team involved in alleviating poverty in a targeted district. Its programme comprises four modules: hygiene and health, social rights assistance, education, and sports and cultural activities. Its appeal lies in the fact that it can minimize the cost of achieving poverty alleviation objectives.

In addition, the PCSS work is designed to inform decision-makers on the factors responsible for poverty, such as: social distortions, school dropouts, and deficiencies in social and health protection (Benhabib&Ziani 2000)

1.2) SOCIAL CAPITAL & GOVERNANCE: SOME ARGUMENTS FOR THE IMPLEMENTATION OF THE CONCEPT OF " FACILITATORS OF DEVELOPMENT".

The neo liberal critique charges the welfare state with undermining the civil institutions that presumably organise everyday life and meet its needs and consequently with creating a culture of dependency, which its regards as a distinct social, economic and moral disvalue. So pervasive is this critique that social development worldwide is shifting from a paradigm of " Development from without" to a paradigm of "development from within", that is to the idea that communities must take greater responsibility for their own welfare. The belief is that if civil organisations were given genuine opportunities to act, then development would receive a better response than with public policy solutions. Underlying this belief are at least three conditions:

- Participatory schemes are willing and able to make informed choices and have sufficient resources to implement them together with external resource providers.
- An ethos and capacity exist among producers to provide good enough services.
- Institutional mechanisms ensure the quality of the services and monitor their delivery.

A critical question is whether these conditions exist in most poor participatory units.

Actually, the Participatory Community Service Scheme remains heavily dependent on national government (Wilaya) not only for funds but for technical know-how, and therefore " the partnership approach " with the poor must not remain a short term programme. Despite the partial success in technical terms relatively to targeted achievements, it remains that the limited success of the poverty alleviation programmes may be attributed to several determinants, mainly dependence of poor and disadvantaged strata on both donor agencies (developed countries and international NGO's) and also on national government which is an important factor in any poverty alleviation programme.

Though, the PCSS programmes are comprehensive in nature, they still remain programmes that are designed from the top. All the performance of the PCSS is constrained by such dependency within the framework of a welfare scheme. This strategy seems to suffer from some problems whilst the best alternative appears to be based on an encouragement out of dependency by engaging in self-reliant development.

It is, therefore necessary to redesign the participatory Community Service Schemes to combine poverty alleviation with self-reliance and self-management for which skills of the poor must be improved to such an extent that in the long run the dependency of the poor on the State as well as foreign agencies may be reduced at a considerable level. This cannot be sustained without an adequate social capital formation⁽⁸⁾, which, by rephrasing "Reslakis 1998", is the store of relationships and conventions that create trust, mutual assistance and social solidarity. It is the capital that allows society to undertake collective actions. In this way, it is the capacity of the society that has profound political and economic ramifications, creating and sustaining democratic institutions and establishing the norms and conditions. It is therefore imperative that poverty alleviation must be in consonance with the social capital formation exercise. The latter may be instrumentalised "Miller 1999" in the pursuit of equal opportunity or the perfecting of the meritocracy that can be achieved through the implementation of policies aimed at overcoming inequalities of social capital. This can be really achieved through the enlarging of civil society that has become highly demanding. In this context some important egalitarian issues emerge if we assume that civil society includes expanding voluntary associations and displacing or reducing the role of government. Evidence from underdeveloped countries shows that strong social solidarity does not necessarily tend towards economic welfare. "Woolcock & Narayan 2000".

Until now, performance of the PCSS is relatively satisfactory, but as the system is still based on a top-down model, citizen participation may go to some sort of disillusionment as a whole and reduce its efficiency as a result of increasing cost and lower people's involvement. Consequently, it fosters passivity among the beneficiaries that restrict their role to producing list of requests that are harder to meet and create a syndrome of dependency on government. Conversely, the bottom-up model can provide some of the leverage required to change three critical elements:

- The staff's communication with, and attitudes, towards their constituents.
- Their horizontal interservice connectivity.
- Their connectivity with Wilaya services.

Each of these relations must be modified if service providers are to be reoriented from being "benefactors of development" to becoming "facilitators of development". This can be applied when incorporating the whole concept of social capital with its positive and negative outcomes "Woolcock & Narayan 2000".

Actually, part of Social Capital may be lent (monetised) to allow an individual to obtain social benefits (Coleman), such as transfer of good or money, loans, access to information, access to job etc... This social investment may be measured by the anticipated social return over a time period. Social Capital is one of the pillars of Human capital accumulation in its inter and intragenerational transfer. Its measure may be difficult in a way that it could be positive in the case of an advantageous partnership and negative through the diffusion of mafia systems (Ballet & Maticu). In this context, It is argued that the synergy view based on complementarity and embeddedness between government and citizen, integrates dynamics from institutional and network approach.

The Top-down approach which refers to PCSS has produced some disadvantages which can be overcome by the implementation of a more comprehensive somewhat synergy approach as in the case of the national strategy with the five pilot projects. Figure 3 inspired from Woolcock & Narayan and applied to Algeria, shows three types of situations:

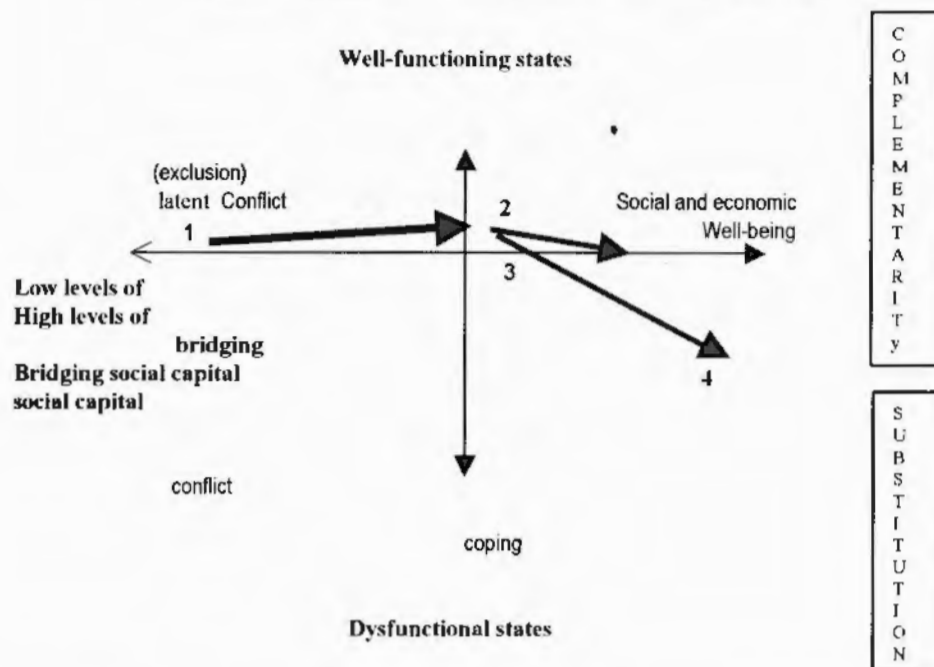
Situation 1 before the implementation of the national strategy, may be characterised by the following elements: rich state with ever increasing number of poors.

Situation 2 with the implementation of Participatory community service schemes may be described as follows: high bonding, low bridging and dependency on the state.

Situation 3 a somewhat a simultaneous coupled model: bottom-up and top-down, as in the case of planned pilot projects for communitarian social and economic development which are part of central and local poverty reduction strategy.

Situation 4: case of a somewhat had governance with unsuccessful implementation of local poverty reduction strategy.

Figure 3

Relationship between bridging social capital & governanceII/ CENTRAL AND LOCAL POVERTY REDUCTION STRATEGY

The new poverty reduction strategy is based on the implementation of national programmes and pilot projects. These stem from the configuration of thirteen objectives.

II.1/ OBJECTIVES:

1. Fostering economic growth with reforms at the minimum social cost.
2. Financial sector reforms and providing the poor with access to credit;
3. Encouraging the private sector and privatization;
4. Agriculture development (by increasing the production of basic commodities; diversification, increasing productivity, encouraging semi- arid agriculture and fishing, and enlarging the role of civil society in rural development);
5. Human development (nutrition, education, subsidies for education, health, reinforce the PCSS, and the NGOS, special help for the handicapped, the elderly and the sick...)
6. Gender strategy (reinforce school of girls, education of women, associations for women, maternal and infant health)
7. Enlarge the labour market (encouraging investment, and service industry, rural development, training of the poor.
8. Housing (credit and tax policies to encourage the development of a moderate rent housing for the poor, and housing subsidies for the needy)
9. Better project appraisal (terms of profitability, employment)

10. Safety nets and social aid to the very poor.
11. institutional, legal and regulatory framework for poverty reduction policy (ministry of solidarity, more decentralization in decision making, special body for micro-credit, encourage local associations)
12. social participatory development (increase the resources of local authorities, more transparency in elected bodies, deliberations on spending and projects, and participation of citizens in decision making at the local level)
13. monitoring poverty (the creation of an independent monitoring body for the evaluation of poverty and assess the poverty reduction strategy, and improve data bank on poverty and welfare).

the implementation of these objectives will be carried out through two levels: national and local.

II.2/ MECHANISMS FOR IMPLEMENTING POVERTY REDUCTION STRATEGY

The formulation of the strategy is due to be implemented at two levels:

II.21/Government (central) level with the launch of the communitarian programmes, based on the experience of the five pilot projects, the evaluation of all policies, strategies and laws related to poverty reduction, and the overall impact of

the five national programmes that comprise:

- agriculture diversification and productivity programme
- youth training programme
- housing programme
- micro-credit programme for the poor;
- health programme

II.22/Local level, where the execution and the follow-up of the five national programmes are overseen by the Wali (governor) at the Wilaya level and commune president (mayor) at the commune level.

The execution of the pilot projects will be overseen by the ministry of solidarity.

II.3 / THE NATIONAL PROGRAMMES 2001-2002

The five mentioned programs are interdependent and strategically linked to all sectors of the national economy.

The cost of the programs are planned to be borne by the beneficiaries and the central government (see appendix 1). In what follows, a brief description of each program is presented.

II.3.1/Agriculture Diversification and Productivity Programme:

The objective consists in increasing productivity, investment, diversification and the creation of 585 000 jobs so as to reduce poverty especially in rural areas. The following instruments are proposed:

- extending credit (U.S \$ 3 billions), for the three types of agriculture areas: plain, mountain, and steppe)
- new financial instruments such as the national Mutual fund, the national regulatory fund;
- natural resource protection;
- new irrigation techniques
- encouraging small and medium plantations, and the introduction of new crops;
- extending the production of the existing potential so as to encourage agro-industries
 - subsidies to the program (25%) and credit from specialized institutions for the rural poor.

II.3.2/Unemployed Youth Training Programme:

The targeted groups (16 – 30) include: dropouts, and those without any qualification, about 2 400 000 to be trained during the program (2001-2005), with 30% in the private sector. Two modes of training have

been set, training by doing, and training in specialized institutions. The cost of the program is estimated at A.D 50 billions.

II.3/Housing programme:

A large part of this national programme is intended for the lower social strata of the population mainly in rural areas and semi urban areas . The 520000 housing units planned within the five years programme (2001-2005) is based on two important pillars:

- **communitarian participation**, which is set up on local resources raising, on partnership decision making, and know-how;

- **proximity action** which comprehends all actions inherent in participation communitarian schemes (see the previous section) ;

the success of this programme will depend on joint action of three actors:

- local authorities
- civil society (public, private, NGO associations)
- beneficiaries

The objectif of the programme is aimed at housing renovation and development as far as utilities are concerned (drinking water, sewage, electricity and gas)

The total cost of the national programme is estimated around A.D300 billions (=USD 4.28 billions) which is shared evenly by the state (no income beneficiaries), credit from financial institutions (with advantageous terms), and contributions from the beneficiaries, depending on their incomes. As for the employment impact, the programme will create one million jobs.

II.34/Micro credit programme for the poor:

This micro credit programme is destined for better access to credit by the poor by overcoming existing constraints laid out by the banking system (personal guaranties). The programme prioritizes the development of productive activities that are undertaken by the following:

- the young unemployed whose age group is 16 to 30 (705 000 micro enterprises are planned to be created)
- agricultural workers, small farmers, breeders and other rural workers(585 000 micro enterprises)
- small craftsmen and small businesses (360 000 micro enterprises)
- small and medium-sized enterprises (48 000 micro enterprises)

The overall planned number of micro enterprises is 1 698 000 which corresponds to 42% of the unemployed as for the cost of the programme, it is estimated at around US \$5.283 billion covering micro credit (US\$ 3.9 billion), training and participatory communitarian schemes.

II.35/Health programme:

As a result of adjustment policies, mainly public spending reductions, the poor have seen their health conditions worsened, by inadequate and decreasing daily food ration that increases the exposure to infections, over crowding, poor housing conditions ... etc.

This has had serious repercussions on physical and mental state of individuals.

The programme is in line with proximity actions whose aim is to strengthen the national programme of prevention, especially for women, children and the aged poor categories, estimated to represent 20 percent of the population.

The actions of the programme focus on:

- drugs, medicine and vaccines needs at a cost of A.D1.6 billion a year (that is A.D 800 person a year)
- the implementation of nutritional programmes which was hampered by targeting difficulties especially for school meals (with rations richer in milk) and pregnancy (with an E M O programme; eggs, milk and orange which has been successfully implemented in Canada, but its very high cost limits the efficiency of targeting)

- school health programme, with additional intake of fluor, costing A.D 12 500 per pupil/ year
- more investments on clino-mobiles to allow more and rapid intervention in scattered and remote areas;

II.4/THE PILOT PROJECTS

As mentioned earlier, pilot projects programme is one of the elements of the national strategy for poverty reduction. The experience can be extended to other regions in the country. The selection of the projects was undertaken by a technical committee. Five Wilayas were selected (Algiers, Oran, Oum-El Bouagui, Relizane and Souk-Ahras). The technical committee consists of national and international experts representing international institutions; the world bank, PNUD, UNICEF...).

The five pilot projects are :

Ramka (Relizane)

Les planteurs (Oran)

Djazia (Oum el bouagui)

Sidi Fredj (Souk ahras)

Baraki (Alger)

Targeting was made on the basis of the following criteria:

- low income;
- deprivation and exclusion;
- weak coverage of safety net, and public services;
- low bonding and bridging relations;
- loss of human lives and destruction of infrastructure;
- prospects of development (favorable environment)
- prospects of contributions by the private sector, beneficiary contributions (See appendix 2)
- compatibility of projects to government priorities and potential donors.

The study went through the following steps:

- a questionnaire on resources, activities, services, socio-economic and socio-psycho logic profiles of the targeted population .
- a survey was made on a sample of 100 households in order to assess the level of poverty;
- interviews with the NGOS, associations and the representatives of the communities;
- selections of facilitators for each pilot project to help the committee and execute the questionnaire;
- long interview sessions with officials, NGOS actors ,village leaders;
- visits to the sample households by members of the expert committee;
- visits for fact finding (resource potentials and infrastructure);
- data from primary and secondary sources collected and analysed;
- visits by psychiatrics to the targeted areas;
- preliminary programme with the participation all stakeholders
- final programme adopted

Appendix 1 shows some selected characteristics of the targeted households and Appendix 2 exhibits the planned budget for these pilot projects.

Until now , we do not know how performant are these pilot projects as far as poverty alleviation is concerned.

CONCLUSION

At this transitional stage to market economy, the State is, more than ever called for a subtler but difficult intervention as far as the management of social constraints is concerned. On equity and economic efficiency grounds the state should endeavour to preserve and reinforce social cohesion through income distribution, human capital building and public participation in the development process.

The evidence from our examination suggests that Participatory community work can achieve the basic requirements for a permanent poverty reduction; health improvements, education achievements, and a decline in criminality.

Besides, this approach makes targeting simpler because of the concentration of the poor, hence, increase the efficiency of poverty reduction policy.

There are additional roles Participatory schemes can perform; firstly, they can be a vehicle for fund raising relying on their performance, credibility and judgement of donors whether national or foreign; secondly, there can be an increase in efficiency due to complementarities and synergies with other poverty reducing policies.

Thirdly, Participatory units, like NGO's, can act as pressure groups by mobilising local populations to influence Policy process with regard to poverty alleviation since the costs are small and do not entail macroeconomic imbalances.

And finally, they can offer a paradigm for other Third World countries with similar conditions to follow. A common complaint about PCSS has been that they mask poverty elsewhere and so divert attention from other regions.

While the PCSS offer an opportunity for increasing social capital in its bonding form, they cannot address the issue of better targeting and increasing social capital in its bridging and linking dimensions. It is therefore, to that end, that the new poverty reduction strategy offers better perspectives for re-targeting and consequently, overcoming inequalities in social capital.

APPENDIX 1 :Sample of targeted households: selected characteristics

Characteristics	Ramka	Les planteurs	El-Djazia	Sidi-Fredj	Baraki
1- Population	5215	73660	4063	7949	95247
2- Sample					
Sample size	110	108	129	161	189
House holds	646	11000	724	1258	14578
Sample percentage	17.03%	0.98%	17.82%	12.80%	1.30%
3-Areas	Ramka centre, Achouche, Ksar, Hessainia, Ouedadoua, Ouled Benaouda, Ouled- Adda	Rais-El-Ain Rais-El-Ain Nouvelle Cité, Fontaine Zouaoua, El-Halib, Terrain Hadj-Hassan, Terrain Guelloui	Bir-Essatla, Zouabi, El-Forn, BirMekhlouf, Hensir, Oulad-Arama, Ras-Nini, Drah, Lamkhazen, Lef-Zizet, Fez-Attene, El-Djazia Markhez Gabal El-Forn	Koudiat Lâassa, Bouharaoua Sidi-Fredj, Mridef Ouled-Abbas	Baraki centre cité Dise El-Baraka, El-Merdja, cité 2004 logements Hai Ben-Gazi Haouch Mériem, Haouch Mihoub Bentalha
4- Sample (number of people)	942	748	1213	1112	1481
5- Households size					
1 - 5	15	36	17	41	25
6 - 8	34	28	22	30	39
8-	51	26	61	29	35
Size of household	8.56	6.93	9.4	6.91	7.84
6- Age of house hold head (%)					
19 - 40	29	21	28	42	19
41 - 49	25	32	27	15	21
50 - 64	33	26	23	22	40
65 -	14	21	22	20	21
Average age of house hold head	49.25	51.55	50.03	48.17	53.32
7- Education of household head (%)					
None	72	44	61	58	38
Coranic	7	19	16	12	13
Other school primary	0	4	1	1	1
intermediary	13	17	13	17	22
secondary	5	13	7	7	14
high	4	4	2	4	11
	0	0	0	0	2

Sample of the targeted households: selected characteristics (cont)

Characteristics	Ramka	Les planteurs	El-Djazia	Sidi-Fredj	Baraki
8- employment situation of household head (%)					
employed	40	37	12	7	32
self-employed	15	26	30	59	18
unemployed	26	4	43	9	11
retired / handicapped	14	31	14	24	37
housewife	5	3	2	0	3
9- Sex					
male	92	87	87	94	92
female	8	13	13	6	8
10- Terrorism victim (%)					
yes	55	6	53	0.6	44
no	45	94	47	99.4	56
11- Losses Due to Terrorism (%)					
loss of belongings	66	16	45	0	27
house	69	16	28	0	40
other effects (forced migration and/or psychological)	39	33	23	0	51
death (number of families affected)	8	5	18	0	15
death	15	5	19	0	40
injured (number of families)	2	0	21	1	11
number of injured	2	0	23	1	15
12- source of income %					
agriculture	5	0	43	25	1
small / medium company	6	13	1	0	5

Sample of the targeted households: selected characteristics (Conti)

Commerce / business	5	7	1	7	20
pension	16	26	11	37	28
Safety net	22	0.7	18	2	0
other	2	0.7	15	16	3
wage earners	45	52	11	12	45
13- Average income (AD) per year	8312	14042	6450	13673	17467
14-poverty of households					
Extremely poor	85	66	93	75	53
Very poor	0	11	3	10	12
poor	7	10	2	4	10
Non-poor	8	12	2	11	25
15- Access to drinking water (%)					
yes	43	0	12	0	69
no	57	100	88	100	31
16- access to toilets					
yes	44	99	9	29	96
no	56	1	91	71	4
17-household obtaining a loan or credit					
yes	25	11	15	16	45
no	75	89	85	84	55
18- average amount of credit (AD)	38284	NA	NA	NA	
19- source of credit (% of household obtaining credit)					
Badr Bank	18	0	0	0	1
Commercial bank	4	0	0		12
CNEP	0	0	0	0	1
CNMA	14	0	0	0	0
CNL	0	0	0	0	0
Usurier	0	0	0	0	2

Sample of the targeted households: selected characteristics (Cont)

characteristics	Ramka	Les planteurs	El-Djazia	Sidi-Fredj	Bentalha
Friends or relatives	79	50	84	89	87
Others (ANSEJ)	0	50	16	11	2
20- difficulty at obtaining credit					
yes	69	84	98	73	74
no	31	16	2	27	26
21 use of credit					
exploitation	14	6	70	38	6
investment	58	48	80	47	47
housing	42	44	78	20	32
education	8	2	40	27	2
consumption	7	10	72	20	7
others	1	2		1	2
22- adhesion to a society					
yes	0	4	1	20	13
no	100	96	99	80	87
23- housing					
poor	52	59	51	29	30
traditional	20	25	31	42	17
individual	22	12	18	33	38
flat	6	3	0	1	15

Source: première conférence nationale sur la lutte contre la pauvreté et l'exclusion.

Palais des nations , club des pins 28-29 octobre 2000

APPENDIX 2: Planned financing for the pilot projects

Project	Total cost	Source of finance		
		Beneficiaries contribution	Commune contribution	Programme contribution
Ramka, Relzen				
Total cost (AD)	1150185000	196400000	26880000	925335000
Total cost (US\$)	16431214	2805714	384000	13219071
Contribution (%)	100.0 %	17.1 %	2.3 %	80.5 %
Les planteurs, Oran				
Total cost (AD)	2864057600	61600000	21500000	2226557600
Total cost (US\$)	40915109	8800000	307143	31807966
Contribution (%)	100.0 %	21.5 %	0.8 %	77.7 %
Djazia, O.Bouagui				
Total cost (AD)	763983045	160553700	4400000	599029345
Total cost (US\$)	10914043	2293624	62857	8557562
Contribution (%)	100.0 %	21.0 %	0.6 %	78.4 %
Sidi-Fredj, Sahras				
Total cost (AD)	560439785	111185000	8800000	44045785
Total cost (US\$)	8006283	1588357	125714	6292211
Contribution (%)	100.0 %	19.8 %	1.6 %	78.6 %
Bareki, Alger				
Total cost (AD)	3721668796	926800000	28433000	2766435796
Total cost (US\$)	53166697	13240000	406186	39520511
Contribution (%)	100.0 %	24.9 %	0.8 %	74.3 %
Total cost of all pilot programme				
Total cost (AD)	9060334225	2010938700	90013000	6957812525
Total cost (US\$)	129433346	28727696	1285900	99397322
Contribution (%)	100.0 %	22.2 %	1.0 %	76.8 %

Source: première conférence nationale sur la lutte contre la pauvreté et l'exclusion.

Palais des nations, club des pins 28-29 octobre 2000

ENDNOTES

- 1) The principle of compensation is important in welfare economics, especially in the implied social contract.
- 2) For concepts and measures of poverty, the bulk of economic knowledge is found in SEN (1981a, 1981b, 1985, 1989), FOSTER and AI 1984, ATKINSON 1987, DATT and RAVALLON 1994, BOURGIGNON and CHAKRAVARTY 1998, and some articles in the Review "Economie et Statistique" N°308,309,310/ 1997.
- 3) The links between growth and poverty alleviation within medium and long term plans will greatly depend, firstly on the pace of economic growth, which in turn results as a supply response to ongoing structural adjustment human face measures, and secondly on a continued need for targeted programmes for poverty alleviation.
- 4) This loosely used term refers to family background advantages such as education and wealth of parents, living in neighbourhoods with good schools, connection to social networks that offer effective counselling and links to job.

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