

## The role of the Banque de l’Agriculture et du Développement Rural (BADR) in reducing poverty through the “Companion Loan” facility: A case study of a sample of BADR Bank Customers — Case of the Guelma Agency

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**Abstract---**This study examines the role of the ‘Al-Qard al-Rafiq’ facility in meeting the financial needs of customers of the Guelma agency of the Banque de l’Agriculture et du Développement Rural (BADR), and assesses customer satisfaction with the facility. The study also seeks to identify the role this programme plays in creating employment opportunities and contributing to poverty reduction. The dimensions of this facility were operationalised as follows:

The first: Access to the loan, including usage/transactions, legal procedures, difficulties encountered and file preparation.

The second: dimension is related to financing, including solving financing-related problems, developing business activity and bank monitoring, among others.

The third: dimension is related to repayment and includes the specified repayment period, repayment conditions and difficulties customers faced during repayment.

The fourth: dimension is related to loan development in Algeria, including whether it is considered the most important means for farmers, whether it helps to develop production and whether it meets all financial needs.

The study targeted the BADR bank in Guelma. A questionnaire was used as the data collection tool. It was administered to a sample of 70 customers. The Statistical Package for the Social Sciences (SPSS) programme was used to analyse the data and test the validity of the study’s hypotheses. The results showed that the ‘companion loan’ facility contributed to poverty reduction to a moderate degree, mainly by providing employment opportunities, given that unemployment is one of the most important causes of poverty.

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## **Introduction**

Poverty is widely regarded as one of the most serious problems facing many countries around the world, particularly those in the developing world. It is reflected in an individual's inability or insufficient capacity to meet essential life needs, whether relating to spending on food and drink or education, health and other necessities.

The fundamental cause of poverty in these countries is the low level of per capita income. Often, an individual's daily expenditure exceeds their daily income, creating a situation where their need for money surpasses what they actually have. The increasing rate of inflation and the spread of unemployment in these countries have also contributed significantly to the emergence and widespread nature of poverty. This has prompted countries to search for solutions that can eliminate poverty and limit its spread.

This leads us to pose the following research question:

Does the 'companion loan' facility implemented by the Banque de l'Agriculture et du Développement Rural (BADR) help to create employment opportunities and reduce poverty?

## **Importance of the study**

This study is important because it attempts to:

- Draw attention to the 'companion loan' facility and its importance in supporting farmers in financing their projects.
- Clarify the concepts related to this facility and identify its main characteristics.
- Define some key concepts related to poverty and the reasons for its spread.
- Enrich knowledge of this phenomenon and highlight some of the mechanisms adopted by Algeria to reduce it.

## **Research Hypothesis**

This study is based on the following main hypothesis:

The companion loan facility implemented by the Banque de l'Agriculture et du Développement Rural (BADR) does not contribute to job creation or poverty reduction.

## **Research Methodology and Its Tools**

In order to study the research problem, determine its dimensions and test the validity of the proposed main hypothesis, this study adopts an analytical descriptive approach, as this is considered the most suitable method for identifying facts, understanding the components of the subject matter and thoroughly examining and analysing its dimensions.

To this end, the study relies on some statistical methods using the Statistical Package for the Social Sciences (SPSS), along with statistical analysis tools, to present and analyse the results of the field study.

## **First: The concept of poverty:**

### **1- Definition of poverty:**

There are multiple definitions of poverty due to the various forms of deprivation experienced by poor individuals. Moreover, these definitions differ according to the perspectives of researchers. To clarify this, the study presents a selection of definitions, as follows:

- Poverty is defined as a lack of sufficient resources to live in a socially decent manner, consistent with the standard of living in a given society. These standards vary from place to place and over time. (Azouz, Ahmed & Dayf, Ahmed, June 2017, p. 325).

- A 2001 report by the Organisation for Economic Co-operation and Development (OECD) defines poverty as ‘the different forms of deprivation; generally, it is people’s inability to satisfy their economic and social needs or to achieve well-being’. (Mergad, Lkhader & Hadji, Fatima, June 2013, p. 161).
- Poverty is defined as a condition in which individuals have an income that is lower than what is required to obtain the minimum level of basic necessities. Accordingly, any person whose income and/or consumption falls below this minimum level — often called the poverty line — is considered poor. (Houchine, Kamal, p. 269).
- Towards the end of the nineteenth century, Rowntree defined poverty as the amount of money that was socially accepted as the minimum necessary for life, in order to ensure survival and maintain physical efficiency. (Kerrouch, Salah Eddin et al., September 2018, p. 269).
- According to UNICEF, poverty is the deprivation of the material, spiritual and emotional resources necessary for people to live, develop and prosper, thereby preventing them from enjoying their rights, reaching their full potential or participating in society as full members. (“The impact of impoverishment in Estrie”, p. 6).
- Molee Orhansi (Addae-Koranky) states that, according to the government’s poverty measures in the United States, poverty is the deprivation of those necessities — as well as pleasures — that other people take for granted. (Addae-Koranky, A., December 2014, p. 148).

Based on the above definitions provided by researchers, it can be concluded that poverty is the deprivation of individuals of essential elements and their inability to meet economic and social needs such as health, education, standard of living and income.

## 2- Causes of poverty

There are many reasons why poverty has emerged and spread. The most important of these are listed below:

- **Failure to properly utilise available resources:** The improper use of available resources in sectors and areas that do not generate adequate returns, or poor management and the concentration of resources in other fields, can result in insufficient production of goods and services to meet people’s needs—thereby leading to poverty. (Sahnoun, Mohammed, December 2003, p. 208).  
Additionally, failing to utilise the available natural resources in society (such as oil, agriculture, and rivers) rationally leads to a situation where consumption exceeds production. This imbalance contributes to the spread of poverty. (Haj, Gwaidqorin, June 2014, p. 18).
- **Decline in the Rate of Economic Growth:** A low annual growth rate of Gross Domestic Product relative to the annual population growth rate leads to a deterioration in the population’s standard of living. Therefore, each country must increase its economic growth rate to raise the level of social well-being and reduce poverty, particularly when the gains from this growth are distributed fairly and population growth rates are low. This is because higher economic growth can provide those in need with the goods and services they require. (Azouz, Ahmed & Dayf, Ahmed, June 2017, p. 326)
- **Lack of employment opportunities:** Unemployment is one of the most significant and dangerous causes of poverty. Being excluded from the labour market means that individuals cannot fully participate in material exchanges due to low income, no income at all, or an income that is insufficient to meet basic needs. This all contributes to the rapid spread and intensification of poverty. (Addae-Koranky, A., December 2014, p. 150)
- **Poor distribution of income and wealth:** The absence of fair distribution of national income and wealth results in some becoming wealthy while others become impoverished. Thus, pockets of poverty continue to grow within society. (Mergad, Lkhader & Hadji, Fatima, June 2013, p. 165).

This is linked to the unequal distribution of national wealth, and to the limited opportunities available to certain groups — including the poor — to obtain productive assets, benefit from financial resources and public services, and manage their own affairs. This has had a negative impact on social cohesion and has contributed to the spread of poverty in society. (Mehallel, Abdelmalek, 2013, p. 114).

- **The high cost of military expenditure and internal/external wars:** Colonialism, global oppression and the looting of resources at an international level, along with wars and internal conflicts, consume most of the available funds and wealth. This can lead to the suspension of development plans, a decline in production, rising prices and unemployment. Consequently, many people are unable to obtain sufficient goods and services, contributing to the spread of poverty. (Hattab, Mourad & Mansouri, Hajj Moussi, June 2013, p. 308).
- **Corruption and bureaucracy:** A lack of rigour and transparency in the use of resources, as well as the waste of resources, administrative corruption and economic corruption, indirectly hinder poverty reduction. Corruption obstructs economic growth, reinforces inequality and impairs the allocation of public spending. (Mehallel, Abdelmalek, 2013, p. 115)

Bureaucracy hinders the desired economic renaissance projects due to slow decision-making processes, complicated procedures and indifference to societal and citizen interests. These outcomes greatly affect infrastructure and consequently the cost of services for the poor by increasing the cost of capital. Therefore, bureaucracy indirectly harms the poor by delaying economic growth, entrenching inequality and harming society and its citizens. (Mehdid & Hadji, 2016, p. 8).

- **Inflation:** Inflation reduces the purchasing power of money. As a result, households' real incomes are affected, leaving them unable to purchase everything they need. They then become part of the group classified as poor, regardless of the severity of their poverty. (Mergad, Lkhader & Hadji, June 2013, p. 165).
- **Neglect in paying and collecting zakat:** Zakat is one of the most important mechanisms for combating poverty, as it distributes its proceeds to the members of society who need it most. However, when those with wealth fail to pay zakat, poverty increases and its impact is intensified. Additionally, many parents and guardians neglect their responsibilities towards the poor, as supporting those in need is the duty of those in authority in the state. Therefore, the state has a duty to ensure that the wealthy pay zakat, so that its proceeds can be distributed to the poor. (Chebila, Aicha, p. 45)

## Secondly, the 'companion loan' facility is a mechanism to reduce poverty.

### 1. Definition of companion loan:

The companion loan facility is defined as a loan that is permanently exempt from interest and intended to finance farmers and breeders, either individually or collectively through cooperatives, associations or unions. (www.badr-bank.dz, 2019, p. 2).

It may also be defined as a seasonal loan granted for the benefit of farmers and breeders. Under this arrangement, the Ministry of Agriculture and Rural Development pays the interest due on the loan. Specifically, each beneficiary of a companion loan facility must repay the amount borrowed within a single year. The beneficiary has the right to receive interest paid by the Ministry of Agriculture and Rural Development on the loan, and to obtain another loan under the same terms the following year. If the beneficiary does not repay the amounts due within one year (extended by six months) due to force majeure, they lose the right to have the interest paid by the Ministry of Agriculture and Rural Development, as well as the possibility of receiving new loans.

**2. Loan sectors (use areas):** According to Decree No. 08-02, relating to the Supplementary Finance Act for 2008, Rafik lending may be used in the following sectors:

- The purchase of necessary inputs for agricultural investors' activities, including production factors and resources (seeds, seedlings, fertilisers, plant health materials and potatoes).
- Purchase of livestock and animal feed (chickens only) and veterinary medicines.

- Construction or renovation of animal-rearing and storage structures at agricultural holdings, and construction of multi-span plastic greenhouses.
- Purchase of agricultural products for storage within a system for regulating widely consumed agricultural products.

### 3. Characteristics of the companion loan facility

This type of loan is distinguished by several characteristics, including:

- Short-term loan: the repayment period ranges from six months to one year, meaning it is linked to harvesting the crop for which the loan was taken.
- Totally interest-exempt loan: i.e. the Ministry of Agriculture and Rural Development pays the interest due on this loan.
- Personal contribution rate of 0%, i.e. the beneficiary pays nothing to obtain the loan.
- Loan value range: between 1,000,000 and 1,000,000,000 DZD. (Order No. 08-02 includes the distribution of allocations devoted to the Ministry of Agriculture, dated 24 July 2008, p. 76).

### 4. Companion Loan Facility File (Required Documents):

- A written request indicating the loan amount.
- A land ownership contract, concession contract or lease contract for agricultural land.
- A farmer's record/card.
- A pro forma invoice.
- A certificate of no indebtedness issued by the National Fund for Agricultural Cooperation (CRMA). (www.badr-bank.dz, 2019, p. 5).

Table (01): Statistics on companion loan facility for the BDAR agency branch in Guelma.

Season	Number of Files	Granted Amount (Billion Centimes)
2008 - 2009	345	27
2009 - 2010	702	54
2010 - 2011	819	68
2011 - 2012	974	109
2012 - 2013	1695	133
2013 - 2014	1724	150
2014 - 2015	2139	153
2015 - 2016	2019	118
2016 - 2017	1616	180
2017 - 2018	2159	208

Source: Compiled by the researcher using information provided by BADR Bank.

As can be seen from the table above, the first four seasons (2008/2009, 2009/2010, 2010/2011 and 2011/2012) had a low number of applications. This can be attributed to several reasons, including the fact that many farmers were unaware of the loan and the large number of legal procedures introduced by the Algerian state when the loan was first implemented, which discouraged farmers from taking it up.

In contrast, the number of files increased during the next three seasons (2012/13, 2013/14 and 2014/15). This increase is due to measures adopted by the state regarding the loan, such as reducing the requirements for the loan application file, and the facilities provided by the bank to grant the loan.

The decline that occurred in the 2015/16 and 2016/17 seasons is attributed to major crop losses suffered by some farmers due to drought and natural disasters. Consequently, many farmers were unable to repay the loan, necessitating rescheduling.

### **5. Contribution of companion loan facility to Reducing Poverty**

Companion loan facility reduces poverty through several economic and social mechanisms. The most important of these are:

- Providing financing without interest burdens: since companion loan facility is permanently exempt from interest, it reduces the financial burden on farmers and breeders. This enables them to invest their funds in production rather than paying additional costs, and encourages young people to invest in agricultural activities.
- Increasing production and income: Farmers and breeders can use the loan to purchase seeds, fertiliser, animal feed, equipment or livestock, raising productivity and improving incomes.
- Supporting small farmers and breeders: It enables them to obtain financing that may be difficult to secure from traditional banks. This helps them to develop their economic activities and improve their living standards.
- Creating job opportunities: The expansion of agricultural activities and livestock rearing leads to the creation of new jobs on farms and in cooperatives, thereby reducing unemployment, which is one of the causes of poverty.
- Promoting stability in rural areas: improving the income of rural households reduces migration to cities and strengthens local development.
- Encouraging collective work and cooperation: Directing loans towards cooperatives, associations and unions helps to pool resources and expertise. This increases production efficiency and raises members' income levels.

### **Thirdly, field study at the National Bank for Agriculture and Rural Development (BADR), Guelma Agency**

#### **1. Methodology and tools used**

##### **1.1 Study population and sample**

The study population consists of farmers who are clients of the National Bank for Agriculture and Rural Development (BADR). The study instrument was distributed to 95 BADR Guelma agency clients. A total of 70 questionnaires were returned, while 25 were not. The sample is considered representative of the population from which it was drawn, as an appropriate sampling method was used.

##### **1.2 Statistical Methods Used**

The selection of the appropriate statistical method was based primarily on the nature of the available data and the objective of the analysis. In this study, we relied on the SPSS (Statistical Package for the Social Sciences) program.

#### **2. Presentation and analysis of the questionnaire and evaluation of results**

After collecting the distributed questionnaires, we followed procedures including:

Validity and reliability of the research instrument

**2.1 The validity and reliability of the research instrument were tested using Cronbach's alpha.**

Table 2: Cronbach's Alpha Coefficient for Measuring the Validity and Reliability of the Study Dimensions

Questionnaire Dimensions	Number of Items	Cronbach's Alpha Value
Dimension 1	06	0.755
Dimension 2	07	0.745
Dimension 3	04	0.753
Dimension 4	07	0.747
Full questionnaire	<b>24</b>	<b>0.758</b>

Source: Prepared by the researcher using SPSS.

The Cronbach's alpha value for the entire questionnaire is high at 75.8%. This is higher than the commonly accepted benchmark of 60%, confirming the reliability and internal consistency of the questionnaire items. This indicates that the instrument can be relied upon in this study.

## 2.2 Characteristics of the study sample

To identify the distribution of the study participants according to their demographic characteristics, we calculated the frequencies and percentages. The results are shown in Table 3.

Table 3: Frequencies and Percentages Related to Demographic Variables

Variable	Statement	Frequency	Percentage %
<b>Age</b>	Less than 30 years	8	11,4
	From 30 to 39 years	30	42,9
	40 years and above	32	45,7
	<b>Total</b>	<b>70</b>	<b>100.0</b>
Nature of Agricultural Activity	Rearing of animals	11	15.7
	Cereal cultivation	59	84.3
	<b>Total</b>	<b>70</b>	<b>100.0</b>
Number of years of practicing the activity	Less than 2 years	13	18.6
	From 2 to 10 years	27	38.6
	More than 10 years	30	42.8
	<b>Total</b>	<b>70</b>	<b>100.0</b>

Source: Prepared by the researcher using SPSS.

**Age:** As shown in the above table, the majority of the study sample falls within the 30–39 age group (42.9%), and the 40 years and above group (45.7%). This suggests that most respondents belong to the youth and middle-aged adult categories. Meanwhile, the percentage of respondents aged less than 30 was 11.4%, representing the youth category. This suggests that young people are not attracted to the farming profession in large numbers.

### Type of agricultural activity

The table shows how the study sample is distributed across two categories of agricultural activity. The crop cultivation (cereals/grain crops) category accounted for 84.3%, while animal rearing ranked second at 15.7% of the total study sample. These results suggest that most farmers choose cereal cultivation due to the climate and suitability of the land for growing cereal crops compared to other crops.

### Number of Years Practising the Activity

The table shows that the largest proportion of respondents (42.8%) had more than 10 years' experience (first rank). This was followed by those with 2–10 years of experience (second rank), at 38.6%. Finally,

those with less than two years' experience represented 18.6%. This suggests that the majority of farmers are experienced and knowledgeable in their field of specialisation, enabling them to work effectively.

### 2.3 Statistical Analysis of Questionnaire Items

Table 4: Arithmetic Means and Standard Deviations for the Questionnaire Items

Response Tendencies	sig	T	Standard Deviation	Mean	Axis: (companion loan)	Item
Topic: companion loan						
Dimension 1						
Medium	0,000	139.00	0,120	1,99	The loan transactions are important and positive.	1
Medium	0,000	35,042	0,423	1,77	The legal procedures were straightforward.	2
Low	0,000	29,560	0,473	1,67	Dealing with the bank was pleasant.	3
Medium	0,000	23,500	0,478	1,34	There are complications regarding the documents for the 'companion' loan.	4
Low	0,000	23,527	0,483	1,36	It is difficult to obtain the 'companion' loan.	5
Low	0,000	25,727	0,502	1,54	Preparing the file takes a long time due to the large number of documents required.	6
Low	0.000	46.05	0.413	1.61	Total:	
Dimension 2						
Medium	0,000	139.00	0,120	1,99	The loan helped solve your financing problem.	7
Medium	0,000	30,163	0,468	1,69	The bank provided you with guidance.	8
Medium	0,000	38,754	0,392	1,81	The bank exercised poor oversight regarding the disbursement of the loan amount.	9
Medium	0,000	62,204	0,259	1,93	The loan helped you to develop your agricultural activities.	10
Medium	0,000	69,528	0,234	1,94	You believe that the loan met your financial needs.	11
Low	0,000	24,076	0,432	1,24	The bank delayed granting you the loan.	12
Medium	0,000	56,802	0,282	1,91	The loan amount is sufficient to fund your project.	13
Medium	0.000	60.075	0.312	1.78	Total:	
Dimension 3						
Medium	0,000	80,269	0,204	1,96	14. You believe that the repayment period set by the bank is sufficient.	14
Medium	0,000	52.609	0.302	1.90	15. There are difficulties in repaying the loan.	15
Medium	0,000	46.442	0.337	1.87	16. You would prefer the loan to be repaid within a specific timeframe.	16
Medium	0,000	139,000	0,120	1,99	17. You would like the loan to be repaid in line with the harvest.	17
Medium	0.000	79.580	0.240	1.93	Total:	
Dimension 4:						

Medium	0,000	80,269	0,204	1,96	18. The 'companion' loan is the most important means of supporting agriculture in Algeria.	18
Medium	0,000	69,528	0,234	1,94	19. The development of agricultural production is linked to support through the loan.	19
Medium	0,000	34,038	0,432	1,76	20. The loan covers all needs.	20
Medium	0,000	40,302	0,380	1,83	21. The 'companion' loan is the most important means of creating job opportunities in agriculture in Algeria.	21
Medium	0,000	69,528	0,234	1,94	22. Government support in the first year provides reassurance.	22
Medium	0,000	49,233	0,320	1,89	23. The total loan value fulfils all your needs in the short term.	23
Medium	0,000	98,296	0,168	1,97	24. Your agricultural output increased significantly once these needs were met.	24
Medium	0.000	63.027	0.281	1.89	Total:	

Source: Prepared by the researcher using SPSS.

### **Dimension One: Aspects Related to Benefiting from the Loan**

As shown in the above table, items 01 and 02 were ranked first and second respectively, with arithmetic means of 1.99 and 1.77, and standard deviations of 0.120 and 0.423. The probability value (sig) for both items was 0.000, which is less than the conventional significance level of 0.05. Therefore, these mean values are statistically significant at a significance level of 0.05.

Furthermore, the calculated t-value was 139.000 for item 01 and 35.042 for item 02, indicating that the mean level of responses for these two items is higher than the conventional neutral value of 3. This suggests that respondents strongly agree with these two items, indicating that dealing with this loan is positive and provides a very comfortable experience.

### **Dimension Two: Aspect Related to Financing**

From the above table, items 07 and 11 ranked first and second respectively. Their arithmetic means were 1.99 for item 07 and 1.94 for item 11, with standard deviations of 0.120 for item 07 and 0.234 for item 11. The probability value (sig) for both items was 0.000, which is less than the conventional 0.05 significance level. Therefore, they are statistically significant at a significance level of 0.05.

Additionally, the t-values were 139.000 for item 07 and 69.528 for item 11, indicating that the mean level of responses for these two items is higher than the neutral value of 3. This suggests that respondents strongly agree with these items, indicating that the loan meets clients' financial needs and fulfils the requirements necessary to complete the project and achieve their desired objectives.

### **Third Dimension: Repayment-related aspect**

From the table above, items (17) and (14) appear to have been ranked first and second respectively, with mean scores of 1.99 and 1.96 respectively. The mean score was estimated at 1.99 for item 17 and 1.96 for item 14. The standard deviation was 0.120 for item 17 and 0.204 for item 14. The significance value (Sig) was 0.000 for both items, which is less than 0.05 (the commonly accepted level). Accordingly, both items are statistically significant at a significance level of 0.05.

Furthermore, the t-value was 139.000 for item 17 and 80.269 for item 14, indicating that the mean response score for these two items is higher than the commonly accepted neutral degree of 3. This implies a high level of agreement among the sample members with respect to these items, reflecting the fact that the periods and repayment terms set by the bank for repaying the loan, which are linked to the crop-harvesting process, have helped farmers and that most farmers do not face major difficulties.

#### Fourth Dimension: Loan development in Algeria

From the above table, items 24 and 18 appear to be ranked first and second respectively, with estimated mean scores of 1.97 and 1.96 respectively. The standard deviation was 0.168 for item 24 and 0.204 for item 18. The significance value (Sig) was 0.000 for both items, which is less than 0.05 (the commonly accepted level). Therefore, both items are statistically significant at a significance level of 0.05.

Additionally, the t-value was 98.266 for item 24 and 80.269 for item 18, indicating that the mean response score for both items exceeds the commonly accepted neutral degree of 3. This suggests a high level of agreement among sample members that the loan met their financial needs and contributed to developing their agricultural products at harvest time.

Additionally, items (19) and (22) confirm that the development of agricultural products is significantly linked to government support for farmers in the form of this linked/companion loan. The table above supports this, as indicated by mean scores of 1.94 for items 19 and 22, respectively, and a standard deviation of 0.234 for each. Furthermore, the significance value (Sig) was 0.000 for both items, which is less than the commonly accepted level of 0.05. Therefore, both items are statistically significant at a significance level of 0.05.

Furthermore, as the t-value was 69.528 for both items, the mean response score for these two items is higher than the commonly accepted neutral score of 3, indicating a high level of agreement among the sample.

#### Loan's Contribution to Employment Opportunities

In addition, item 21 shows that the companion loan contributed to job creation in Algeria's agricultural sector. This implies that it helped reduce unemployment in Algeria. The table above illustrates this with a mean score of 1.83 for item 21, a standard deviation of 0.380 and a significance value (Sig) of 0.000 for item 21, which is less than 0.05. Thus, this item is statistically significant at a significance level of 0.05.

Furthermore, the t-value of 40.302 for item 21 indicates that the mean response score is higher than the neutral score of 3, meaning that sample members strongly agreed with this statement.

#### 2.3 Testing the study hypothesis

The main hypothesis is as follows:

H0: The companion/linked loan mechanism implemented by the Agricultural and Rural Development Bank (BADR) does not help to create jobs or reduce poverty.

- H1: The companion/linked loan mechanism implemented by the Agricultural and Rural Development Bank (BADR) helps to create jobs and reduce poverty.

To test this hypothesis at a significance level of 0.05, we calculated the arithmetic mean and standard deviation and performed a t-test.

Table 5 shows the arithmetic mean, standard deviation and t-test for the main hypothesis

Upper limit	lower limit	95% confidence interval of the difference	Mean difference		Statistical significance (p):	
19.68	18.09			18.886		0.000
variable		Standard deviation	Standard error	Arithmetic mean	T value	Significance level (sig)
companion loan		2.836	0.401	43.41	47.145	0.000

Source: prepared by the researcher using the SPSS program.

The outputs from the above table show that the arithmetic mean of the responses regarding the extent to which the companion/linked loan contributes to creating jobs in the agricultural sector, reducing poverty and providing sufficient financial liquidity amounted to 43.41, with a standard deviation of 2.836. This result is statistically significant, given that Sig = 0.000, which is less than the commonly accepted threshold of 0.05.

The mean difference was 18.886, with a 95% confidence interval ranging between 18.09 and 19.68. Additionally, the calculated t-value was 47.145, which is greater than the critical (table) value. The statistical significance was also less than 0.001 ( $p = 0.000$ ).

These findings lead us to reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis ( $H_1$ ). Therefore, as indicated by the previous study, the companion/linked loan helps to create job opportunities in the agricultural field and contributes moderately to poverty reduction.

### Study Results

The study reached the following findings:

- The companion/linked loan is one of the mechanisms adopted by the state to create jobs in the agricultural sector by directing the labour force towards agriculture through this loan.
- All respondents agreed that this loan was the most important means by which the state supported farmers to advance and develop the agricultural sector.
- The companion/linked loan is also considered one of the state's tools for alleviating poverty. This is reflected in the respondents' answers, which suggest that this loan is the main way in which the Algerian state creates job opportunities in agriculture, given that unemployment is a cause of poverty.
- Some individuals face obstacles in obtaining the loan due to bureaucracy, favouritism, and so on.

### Summary and recommendations

Despite the considerable efforts made by the Algerian state to reduce, or even eradicate, poverty, these efforts were insufficient to adequately meet the needs of the poor. Therefore, strict and determined action is necessary to address this phenomenon.

- Creating jobs in all sectors and fields, including the agricultural, industrial and commercial sectors, rather than limiting support to a single field.
- Addressing all the causes that lead to the spread of poverty, regardless of whether they are political, economic or social, and combatting them using all possible means.
- Implementing effective monitoring and oversight across all sectors to ensure that laws and programmes are properly applied, and that rights are granted to those entitled to them.
- Adopting sound economic policies to help increase production and enhance the population's purchasing power, especially among the poor, thereby achieving economic well-being.

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