The Reality and Causes of Poverty in Algeria, 1999-2019: An Evaluative Study

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Abstract:

This study aims to analyze the reality of poverty in Algeria and its causes during the period (1999-2019) by examining the statistics of poverty rates, identifying its multiple causes, and exploring its effects on Algerian society based on economic and social indicators. The results revealed that at the turn of the millennium, poverty rates recorded relatively low levels despite achieving high growth rates, mainly due to the uptake of the benefits of growth as a result of the unequal distribution of wealth and income, high unemployment rates resulting from ineffective employment policies, and high inflation that created disparities in real incomes, which in turn led to a deterioration in living standards. The study concludes that eradicating poverty requires addressing school drop-out rates at the secondary level, increasing government spending on the education and health sectors, improving infrastructure, and achieving greater social justice by addressing the disparity in the distribution of development gains between rural and urban areas

Keywords: Poverty, causing factors, economic growth, Algeria.

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Introduction:

Algeria is a country rich in natural resources (the third-largest oil reserve in Africa and the tenth-largest gas reserves in the world). It is also the largest country in the Arab world, Africa, and the Mediterranean Basin. However, despite this, certain segments of the population are facing continuous declines in purchasing power and various livelihood difficulties. These include social marginalization, deliberate exclusion, and an unfair distribution of wealth and income (based on class and region). This is reflected in the rising poverty rate (between 20-25 percent of Algeria's total population), which highlights the stark contrast of the "rich country, poor people" dichotomy (zoubir, 2020).

The issue of fighting poverty was the focus of the Nobel Prize in Economics in 2019. Alongside this, poverty became a serious issue in Algeria, particularly with the increasing awareness and public debate in the media and on social networks about the multidimensional aspects of poverty (such as eating from garbage bins, widespread drug use in poor areas, the growing percentage of child street vendors, and children leaving school due to their families' inability to support them despite free education, alongside rising inflation and violence). This debate intensifies after periods of "oil downturns" (such as the drop in oil prices in 1986 and 2014). As often happens in rentier economies (where hydrocarbons account for more than 90 percent of the country's revenues), a drop in prices typically leads to suffering for the middle class and the impoverished.

The failure to diversify the economy and shift from a rentier system to a productive one over decades has led governments to resort to cutting budgets, raising the prices of goods and services, and reducing imports. This occurred after the oil price drop in 1986, which led to riots in 1988, and the country then entered a decade of bloodshed. Following the collapse of oil prices in 2014, the challenges worsened due to widespread factors such as corruption and a lack of accountability. The previous regime under President Abdelaziz Bouteflika (1999-2019) failed to build a truly productive and diversified economy, instead sustaining a single-product economy that worsened the situation. The first spark that ignited protests across the country in February 2019 was the accumulated grievances of the Algerian people against a kleptocratic regime whose corruption reached alarming levels, contributing to increasing feelings of injustice, deprivation, inequality, social marginalization, and poverty, especially in rural and desert areas. (Haouas & Zoubir, 2021).

Given the widespread deterioration in the welfare of the population and the increasing prevalence of poverty in Algeria during the previous regime's period, there is now an urgent need to map poverty in Algeria to better address this phenomenon and provide valuable information to policymakers, especially with the government's program to eliminate "shadow areas." This article aims to create a detailed profile of the current poverty crisis in Algeria as an important and serious issue, considering Algeria's complex history. Therefore, studying its reality and causes from a multidimensional perspective (politically, economically, and socially) will help unravel some of the complexities of this phenomenon and explain the roots of the current events experienced by Algerian society.

In this context, we will attempt to describe the phenomenon of poverty and the general concepts of relative poverty, absolute poverty, and multidimensional poverty, focusing on its economic, social, and political causes in Algeria during the period 1999-2019.

1. The reality of poverty in Algeria

In this section, we examine the development of poverty in Algeria in its different forms: absolute and relative. After the crisis period (the "black decade"), the state aimed to rebuild the economy and improve living conditions. However, the results remained uneven due to structural imbalances in the distribution of wealth and opportunities.

Over the course of these two decades, there was a slight decline in the relative poverty rate, with a stark disparity between urban areas (such as Algiers and Oran), where investments are concentrated.

1.1. Relative poverty

Relative poverty is defined as inequality in the distribution of income and opportunities in comparison to the prevailing standard of living in society. People who are at risk of relative poverty are those "living in households whose available disposable income is less than the poverty risk threshold, which is set at 60% of the national average disposable income" (World Bank, 2014). Relative poverty refers to an individual's inability to live at the same standard as the majority of people in their community (Hulme 2015; Ravallion, 2016). It indicates the individual’s position in the income distribution, belonging to the group with the lowest income in society.

When measuring economic poverty, it is necessary to determine a specific monetary threshold for the poverty line. As such, several countries have chosen to measure poverty levels using a relative threshold, a reference point based on the overall income or consumption distribution in the country. This measure is relative because it is usually defined as a portion of the national average income, which changes depending on the country’s income levels. It is calculated using the mean of total income or expenditure, typically determined using the following formula (Bakir, 1989):

$$Z= 2/3\ S$$

Where:

- **Z** is the relative poverty line.
- **S** is the average monthly household expenditure.

After the 2014 oil crisis, the government reduced spending on social subsidies by 30%, which increased relative poverty. Table 1 shows the evolution of the relative poverty rate in Algeria from 1999 to 2019. It can be observed that poverty rates peaked in 1999 at 17%, with approximately 3 million Algerians living in poverty. The rate then decreased to 14% in 2000, primarily due to the security situation during the 1990s, which negatively impacted both the country’s economy and the population’s well-being. By 2005, the poverty rate had decreased significantly to 11%, equating to 2.2 million people. At that time, the state of Tiaret was classified as the most impoverished, with 36% of its households living in poverty, followed by Tissemsilt, Adrar, and Relizane with 32%. In contrast, the poverty rate in Oran, Tipaza, Medea, and Tlemcen was just 5%, reflecting large regional differences and the existence of poverty pockets in certain provinces. Between 2011-2013, poverty levels decreased from 5.5% to 5.03%, reaching their lowest point in 2019 at 3.3%. This reduction was largely due to a surge in oil revenues, with oil prices reaching $109 per barrel (Ben Amar, 2020), which bolstered efforts to combat poverty through the adoption of national strategies and the implementation of economic reform programs.

Tab (1): Relative poverty rates in Algeria, 1999-2019

Year	1999	2000	2002	2005	2008	2009	2010	2011	2012	2013	2018	2019
Rate (%)	17	14	15	11	12	9.8	6.2	5.5	5.2	5.03	3.4	3.3

Source: UNSAD. (http://unstats.un.org).

1.2. Absolute poverty

The state began to strengthen support programs (such as the National Solidarity Fund) and direct the increased oil revenues (due to rising global prices) towards improving infrastructure, which reflected in a decline in absolute poverty levels.

According to Morrison (2003), absolute poverty means the inability to meet basic needs such as food, clothing, shelter, drinking water, healthcare, education, and public transportation. It refers to the minimum level of consumption for an individual, which varies according to age, gender, and individual health conditions. As a result, an individual is considered poor if they cannot meet their basic needs (both food and non-food) due to a lack of resources. According to Mariniès (1999), the poor are defined as households that fall below the poverty line or those deprived materially due to the lack of the minimum necessary income to achieve socially acceptable living conditions (Pressman 2023; Tawfik & Abd Al-Majid, 2008).

The simplest definition of extreme poverty is living without an income, which also means the deprivation of human dignity and other rights, including social, cultural, and political rights. According to the World Bank's definition, "it is the line below which existence becomes a matter of severe deprivation, hunger, premature death, and suffering" (Tawfik & Abd Al-Majid, 2008, p. 41)

The United Nations coined the term "absolute poverty" in 1995 to describe the severe deprivation of basic needs. It is measured by the monetary value of a person's basic needs (both food and non-food). The absolute poverty line, or general poverty line, refers to the level of income or expenditure necessary for an individual to meet the basic food and non-food needs related to housing, clothing, education, health, and transportation. The poverty line is a numerical estimate measured by the minimum expenditure needed to cover an individual's basic needs (Tawfik & Abd Al-Majid, 2008, p. 148).

Reducing absolute poverty and hunger was one of the first objectives of the United Nations' Millennium Development Goals, adopted by 189 countries in 2000. The goal was to reduce extreme poverty by half by 2015 and eradicate it completely by 2030 (World Bank, 2014).

The poverty line is used for international comparisons and is calculated based on essential consumption goods such as food, clothing, shelter, health, education, and other basic needs according to the following formula (Tawfik & Abd Al-Majid, 2008, p. 149):

$$ZU = A\,(B/C) - 1$$

Where:

- **ZU** is the absolute poverty line
- **A** is the calculated cost of the food basket
- **B** is the expenditure on food
- **C** is the total consumption expenditure

This section discusses the development of absolute poverty rates in Algeria over the two decades. It is observed that the poverty rate decreased from 5.8% in 1999 to around 0.09% in 2019. After the 2014 oil crisis, the government reduced social subsidy spending by 30%, which increased relative poverty.

For further details, the following table shows the levels of absolute poverty in Algeria until 2019:

Tab (2): The Absolute Poverty Rate in Algeria, 1999-2019.

Year	1999	2000	2002	2005	2007	2009	2011	2013	2017	2018	2019
Rate (%)	5.8	1.68	1.05	0.6	0.41	0.24	0.14	0.11	0.1	0.09	0.09

Source: UNSAD. (http://unstats.un.org).

It is evident that the 1990s were the most impoverished years for the Algerian population, with a rate of 5.4%. During this period, Algeria’s economy faced structural imbalances that affected both the economic situation and the labor market, as well as the onset of the economic crisis due to falling oil prices and the black decade. Data from 2010-2011 shows that the average Algerian citizen spent approximately 262.86 DZD or 8.16 USD per day (according to purchasing power parity in 2011). Around 0.5% of the population lived in absolute poverty (World Bank, 2017).

With the advent of the new millennium and the rise in oil revenues, which were closely tied to Algeria's economic performance, the hydrocarbons sector contributed significantly to the GDP, reaching a peak of 45% in 2008. As a result, Algeria began adopting comprehensive sectoral development programs at both the economic and social levels, implementing four major development programs between 2001 and 2019 (Haji, 2013-2014, p. 137). This led to improvements in social indicators and human development by providing better healthcare and education services. As for economic indicators, the private sector showed a revival, foreign investments increased due to security stability, and the labor market improved with growth in national output, which reflected on individual income. Consequently, absolute poverty rates began to decrease, reaching their lowest level of 1.68% in 2018, and by 2019, the rate stood at 0.09% (Mehllal, 2022).

. These improvements contributed to the reduction of poverty and unemployment rates, the absorption of labor, and the creation of new job opportunities (Khiyari, 2018, p. 179)

1.3. Multidimensional Poverty

Sustainable Development Goal 1 aims to eradicate poverty in all its forms and dimensions. While poverty is often defined in terms of income, it can also be defined in terms of deprivation faced by individuals in their daily lives. The Global MPI is classified by age group and geographic region to reveal poverty patterns within countries. The MPI was developed in 2010 by the Oxford Poverty & Human Development Initiative (OPHI) and the United Nations Development Program (UNDP) (Alkire et al. 2015).

The MPI is the most prominent application for measuring multidimensional poverty. It includes three dimensions at the household level: health, education, and living standards (or wealth). Each of these dimensions has corresponding indicators, and the MPI provides a highly accurate lens for identifying both the poor and the degree of their poverty. It complements the international poverty line of \$1.90 per day by illustrating the nature and extent of overlapping deprivations for each individual (Alkire and Santos, 2010).

The OPHI developed a new international measure, launched by the UNDP, which goes beyond the traditional income focus to reflect the level of deprivation individuals and households experience in terms of health, education, and living standards. The Multidimensional Poverty Index evaluates the nature and severity of poverty for individuals facing overlapping deprivations at the household level.

OPHI created the MPI using a technique developed by Sabina Alkire and James Foster, where the Alkire-Foster method measures outcomes on the individual (person and household) level using multidimensional criteria and indicators (Leal Filho, 2021).

The MPI includes three dimensions: health, education, and living standards, using ten indicators. A household is considered multidimensionally poor if it is deprived of a set of indicators whose weighted sum exceeds 30% of all forms of deprivation. The indicators and criteria for considering deprivation in each index are:

Tab (3): Dimensions and indicators of multidimensional poverty

Dimension	Indicator	Deprived If	Relative Weight
Health	Nutrition	If any adult or child is malnourished based on available nutritional data	1/6
	Child Mortality Rate	If any child under 18 died in the household in the last 5 years	1/6
Education	Years of Education	If no family member has completed at least five years of schooling	1/6
	School Attendance	If any child of school age is not attending school until completing grade 8	1/6
Living Standards	Cooking Fuel	If the household cooks with dung, wood, or coal	1/18
	Sanitation	If the household does not have improved sanitation or shares with others	1/18
	Drinking Water	If the household cannot access safe drinking water within 30 minutes walking	1/18
	Electricity	If the household has no electricity	1/18
	Flooring	If the floor is made of earth, sand, or dung	1/18
	Assets	If the household does not own more than one radio, TV, phone, motorcycle, refrigerator, or car	1/18

Source: Alkire and Santos. (2010).

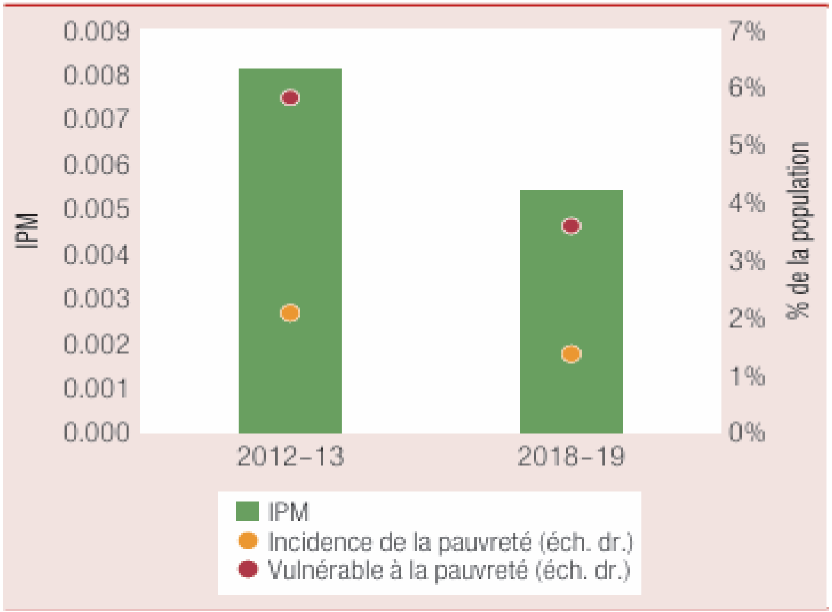
This is a non-monetary approach to measuring deprivation levels, where the dimensions are aggregated into a single index ranging from 10 to 100, with 100 representing the maximum level of total deprivation. An individual is considered multidimensionally poor if their deprivation level exceeds 33, while individuals with an MPI between 20 and 30 are considered at risk of poverty. The index mainly uses data from three household surveys: the Demographic and Health Survey, the Cluster Survey, and the Multi-Indicator Cluster Survey. OPHI has analyzed data from 104 countries, with a total population of 5.2 billion people, using Alkire-Foster indicators. Around 1.7 billion people, or a third of the total population, live in multidimensional poverty, and more than 1.3 billion people are estimated to live on less than $1.25 per day, the World Bank's measure of "extreme" income poverty. Half of these individuals live in South Asia (51%), and more than a quarter are in Africa (28%) (Alkire and Santos, 2010).

The geographic distribution of multidimensional poverty in Algeria is characterized by a clear disparity between different regions, with higher poverty rates observed in rural and mountainous areas compared to urban areas.

Regarding Algeria, the Multidimensional Poverty Index (MPI) declined between 2013 and 2019, according to the latest available data. This shows improvements across all three main dimensions of Algerians' well-being: education outcomes, health, and living standards. Algeria performed relatively well within the North Africa and Middle East region, but significant gaps and disparities remain between regions and between rural and urban areas. However, the poorest areas improved at a faster rate between 2013 and 2019.

The latest 2019 Cluster Survey update showed that the percentage of people at risk of multidimensional poverty dropped from 5.8% to 3.6%. Algeria's multidimensional poverty rate stood at 1.4%, compared to Egypt (8.2%), Morocco (6.1%), and Tunisia (0.8%) (La Banque mondiale, 2021, pp. 34-36)

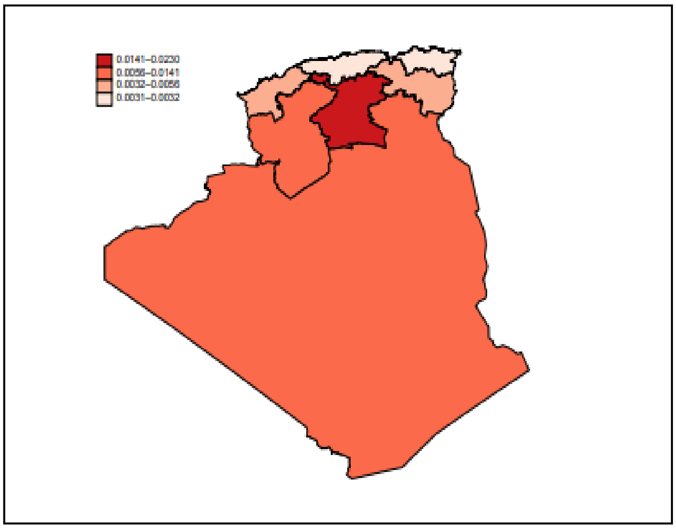
Fig (1): Multidimensional Poverty in Algeria



Source : La Banque mondiale. (2021, p. 34).

There are still significant differences across regions. The central highlands face a higher level of deprivation (0.0230-0.0141), while the eastern, central, and northeastern regions have lower deprivation levels compared to the rest of the country (0.031-0.056). The multidimensional poverty rates in these regions were 4.4%, 2.6%, and 2.3%, respectively, showing a notable decline in poverty levels.

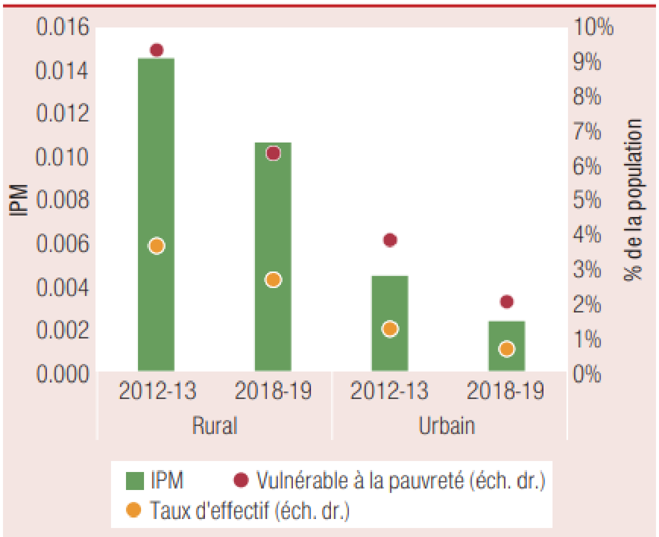
Fig (2): MPI Distribution by Region in 2019



Source: La Banque mondiale. (2021, p. 35).

Moreover, the poverty rate is four times higher in rural areas compared to urban areas, with significant disparities between the two, as illustrated in the following figure:

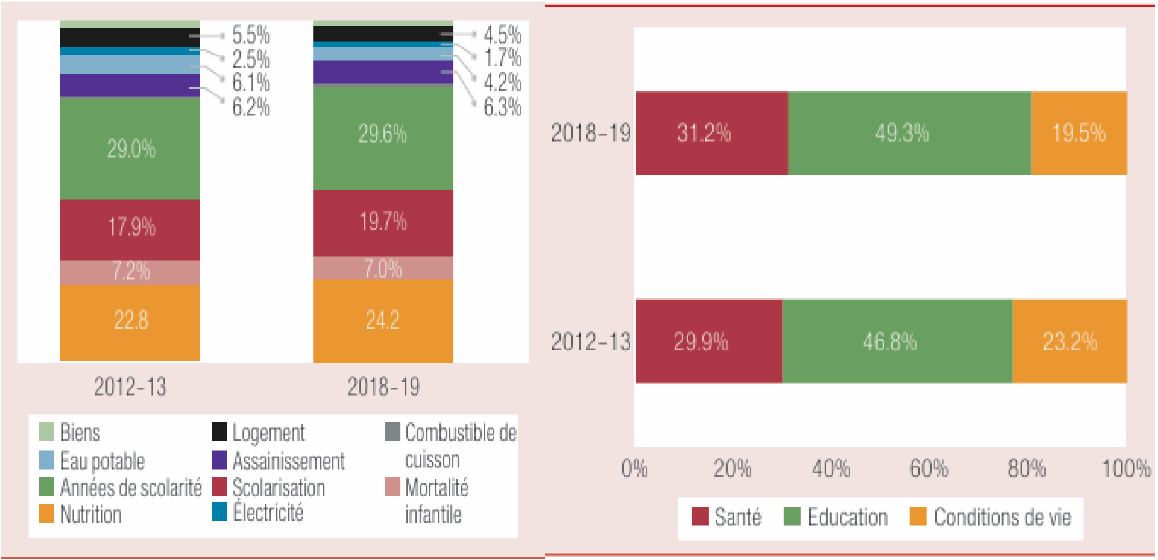
Fig (3): MPI by region: Rural vs. Urban



Source: La Banque mondiale. (2021, p. 35).

There have been significant improvements in the MPI, reflecting progress across all its dimensions: education, health, and living conditions. The overall level of deprivation is increasingly linked to education and health. In 2019, lack of education contributed to 49.3%, while health deprivation accounted for 30%, and living conditions contributed 20%. The contributing indicators to the MPI include: years of schooling (30%), school attendance (20%), and nutrition (24% (La Banque Mondiale, 2021, p. 36), as shown in Figure 4.

Fig (4): Contribution of Indicators to the MPI in 2019



Source: La Banque mondiale. (2021, p. 36).

Additional indicators were included in the Algerian MPI, as shown in the following table:

Tab (4): Dimensions and indicators of the Arab MPI

Dimension	Indicator
Education	- Secondary school completion rate - Early childhood education - Ability of children aged 36–59 months to: recognize ten letters, read four common words, recognize numbers 1–10
Health	- Under-5 child mortality rate - Child malnutrition: stunting, wasting, or obesity - Prevalence of at least one infectious disease
Living Conditions	- Households owning a car or truck - Overcrowding: number of people per room - Access to the internet at home

Source: La Banque mondiale. (2021, p. 36).

- **Education**: Completing secondary education is an indicator of the workforce's skill level. Most school dropouts occur between the end of primary education and the beginning of secondary education. At the national level, 55% of individuals aged 19-23 had completed secondary education in 2019, a 20-percentage point increase from 2013. However, significant gaps remain between rural and urban areas, with school dropout rates in rural areas reaching 15% during the intermediate education stage. In early childhood education, the number of children receiving education at age five increased, with urban and rural areas converging in this regard. In 2019, 75% of children aged five were enrolled in formal educational institutions. Additionally, 14% of Algerian households had children aged 3-5 who demonstrated advanced capabilities. Despite this, Algeria still falls short of global educational standards, ranking 68th out of 70 participating countries in the 2015 Program for International Student Assessment (PISA). (La Banque mondiale, 2021, p. 36).
- **Health**: While the under-5 child mortality rate has decreased, the southern regions experienced higher infant mortality rates than the national average. The prevalence of non-communicable chronic diseases has become a major concern for the government. Approximately 52% of households have at least one family member aged 15 or older suffering from a chronic illness. Although child malnutrition has decreased, rural areas still face slower improvements. The prevalence of chronic diseases is 55% in urban areas and 47% in rural areas, with hypertension and diabetes increasing by 5-6 percentage points. The southern regions also face a shortage of healthcare facilities.
- **Living Conditions**: Living conditions in Algeria have improved due to ongoing efforts to enhance daily life over the past decade, despite slow economic growth. Algeria has made modest progress in reducing multidimensional poverty. The percentage of households owning cars increased to 44% in 2019, compared to 37% in 2013. Overcrowding also decreased, with the average number of people per room dropping from 2.8 to 2.4. However, access to the internet remains slow, with only 26% of households having internet access at home in 2019. The western highlands and central highlands recorded the lowest access rates, at 19%. Algerians also face particular deprivation in access to water (19.5%), followed by overcrowding (18.5%) and sanitation (12.9%). Additionally, 5.9% of the population suffers from nutritional deprivation (La Banque mondiale, 2021, p. 37).

2. The Causes of poverty

Poverty in societies arises as a result of the interaction of several different causes, the most significant of which are economic, social, and political factors, along with their subsequent impacts on individuals and communities. In this context, we will try to identify the main causes of poverty in Algeria as a result of the interplay of multiple factors.

2.1. Economic causes

These are the factors that have a direct impact on the national income per capita and the pattern of income distribution. There are four primary direct economic factors:

- **Economic growth**

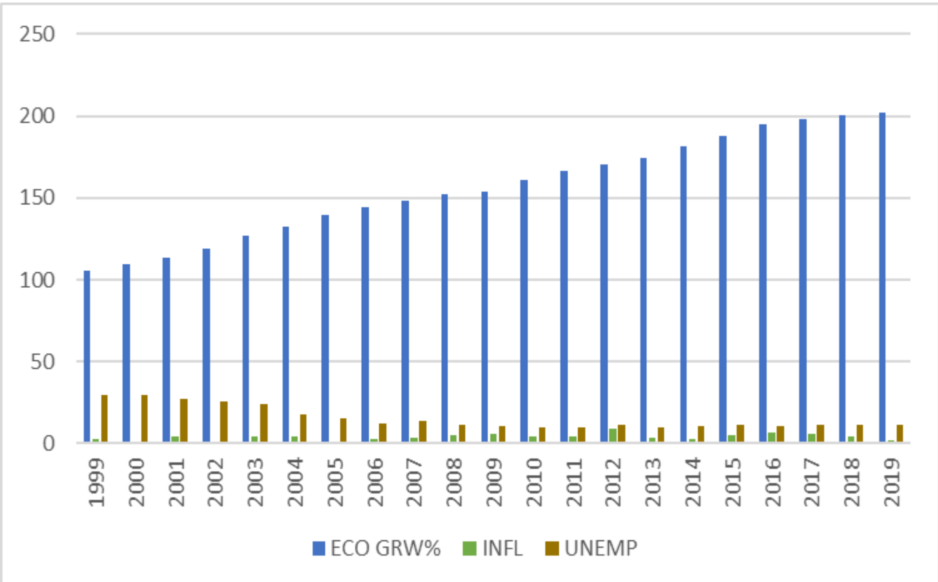
The development of per capita GDP is an indicator of living standards. An increase in GDP per capita signals an increase in production and the generation of income. One of the major external factors influencing the national economy and its changes is oil prices

(Jassas, 2016) Per capita GDP reflects the amount of goods and services an individual can purchase with their income. It also measures economic growth, linking wealth with population growth in a country. Income is a key determinant of poverty, and it is reflected in the living standards of households. For Algeria, the annual average GDP growth rate during the period 2000-2016 remained high at 3.23%. The increase in GDP during this period positively impacted per capita income, which rose from $1,779 per person in 2001 to $2,624 in 2004. It continued to rise until 2014, reaching a peak of $5,516.20 per person. However, in 2019, it dropped to $4,000, reducing households' ability to save and invest in education and health (Bank of Algeria, 2020).

- **Unemployment**

Unemployment reflects the extent of unused economic and human resources in the economy, which leads to economic and social damages and exacerbates disparities within society. Since employment is a major source of income and a key factor of production, unemployment corresponds to lower or absent individual income, thus contributing to overall poverty. Various studies indicate that the implementation of development programs in Algeria helped reduce unemployment between 2005 and 2012, from 15.3% to 9.8%, respectively. This reduction was primarily due to the strong contributions of the agriculture, public works, and industrial sectors, which created new job opportunities (Bank of Algeria, 2020). However, from 2007 to 2017, unemployment rates ranged from 9% to 11% due to low levels of growth, which recently reached 3.7% in the first quarter of 2017, due to the decline in growth in the non-hydrocarbon sectors from 4% to 2.8% in 2016 (Jilleli & Boulenouar, 2022),but the positive effect was temporary and unsustainable, as most jobs were short-term contracts with a lack of qualified labor, resulting in a mismatch between training outputs and the skills needed in the labor market. According to the National Statistics Office, the number of permanent jobs was 9,053, compared to 366,367 temporary jobs (National Statistics Office, 2015).

Fig (5): Economic Growth, Unemployment, and Inflation from 1999 to 2019



Source: Based on UNSAD. (http://unstats.un.org).

- **Inflation and economic reform programs**

Inflation is defined as the continuous rise in the general price level in a country's economy, which affects the purchasing power of money, causing it to decrease. As a result, real incomes are affected, leading to an inability to meet the essential needs of the poor, thereby increasing poverty levels and economic instability. Literature suggests that the relationship between inflation and poverty occurs through three main channels: first, through inflation's impact on economic growth rates and unemployment; second, through income distribution levels; and third, through the effect of inflation on the real income of those with fixed incomes (Ben Jelloul , 2015).

After the year 2000, the annual inflation rate in Algeria reached higher levels compared to the 1990s, and it continued to rise for several years. This was due to the monetary factor, which is one of the main inflationary gaps in Algeria. The annual growth rate of the consumer price index continued its sharp decline, but following the oil crisis, inflation accelerated in 2015, from 4.80% to 6.40% in 2015-2016, due to issues in controlling consumer goods markets and a 0.2% increase in food prices (Filali & Ben Aicha, 2021).

In 2019, the national index growth rate was 2%, compared to 4% in 2018 and 5% in 2017, marking its lowest level in 20 years. In terms of product categories, the slowdown in price inflation was observed in food products, non-food consumer goods, and services, with a contraction of -0.6%. In contrast, inflation in 2018 was 4.30%. The contribution of food products to total inflation decreased by 50 percentage points in one year, after a significant increase of 11.1% in 2018 and 8.4% in 2017. The downward trend in inflation continued for the third consecutive year (Bank of Algeria, 2020).

- **Dependency ratio**

The dependency ratio refers to the average number of individuals supported by each worker (3 to 4 people), which means that the per capita income is low in countries with high dependency ratios. There is a direct relationship between the level of poverty and the dependency ratio. This ratio is also influenced by three indirect causes of poverty: unemployment rate, the low participation of the labor force, and the participation of women in the labor force, where female employment does not exceed 20%.

The World Bank reports that the dependency ratio in Algeria was 49% in 2007, decreasing to 46.7% in 2010, and slightly rising again to 47.9% in 2013. The dependency ratio is the inverse of the employment rate, indicating the number of individuals supported by one person on average. A decrease in this ratio reflects an improvement in living standards, greater consumption, and, consequently, a higher quality of life (Bouakfa , 2017).

- **Unequal distribution of income and wealth**

Inequality in income and wealth, and the severe disparity in their distribution, both within the local and international communities, is a direct cause of poverty and the concentration of capital. This leads to increased unemployment, the widening of poverty and deprivation, and the unequal distribution of financial and material assets. Insufficient social transfers to the poor further exacerbate the gap between the rich and the poor (Al-Fares, 2001, p. 56). According to the National Statistics Office, income from the independent economic sector was significantly higher compared to wage blocks. It increased from 1,224 billion DZD in 2002 to 3,049 billion DZD in 2010, continuing to rise until it reached 6,393 billion DZD in 2019. This reflects state support for economic activity, the establishment of private enterprises, and free trade businesses (Bouazem, 2018, p. 344) In contrast, wages, whether in the private or public sector, remain very limited. The total wage mass in 2009 was about 1,229 billion DZD, increasing to 3,071 billion DZD in 2018 (Bank of Algeria, 2020, p. 35) This disparity demonstrates the unequal distribution of income and wealth, particularly among high-income workers in the hydrocarbons sector and those in the informal sector, which comprises 40% of the workforce. This sectoral imbalance increases the deprivation of both the middle and lower classes.

- **Structural adjustment programs**

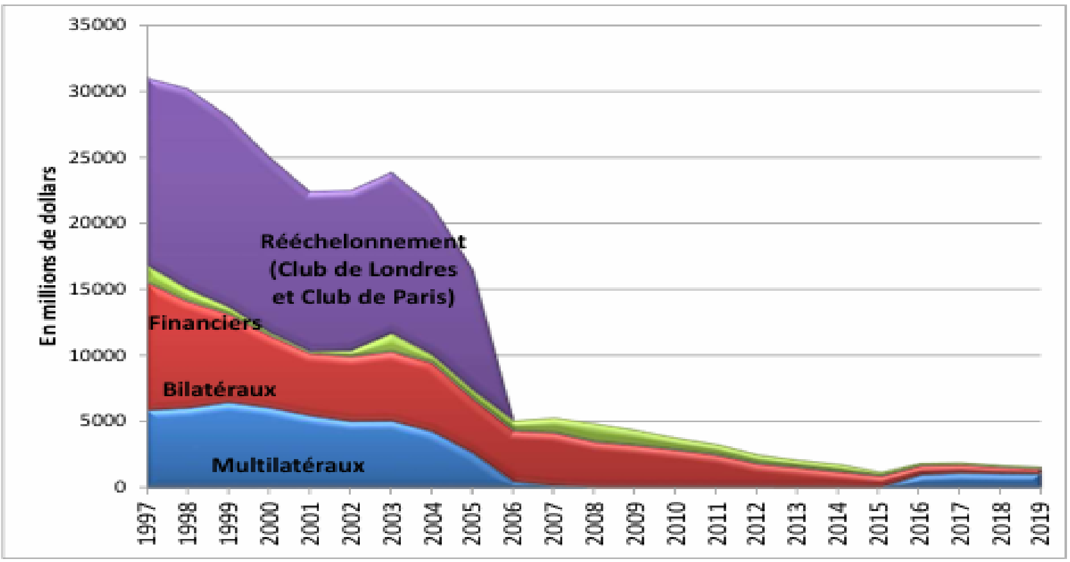
The structural adjustment policies adopted by many developing countries, often imposed by the International Monetary Fund (IMF) and the World Bank, required these countries to reduce overall spending to repay debts. These policies aimed to restore macroeconomic balances through contractionary policies, reducing public spending and investment, which subsequently reduced demand and led to increased unemployment rates due to worker layoffs and the privatization of public sector institutions. This resulted in lower living standards, fewer social services, and an increase in poverty. In the 1990s, Algeria implemented austerity measures to address its debt, such as cutting subsidies for essential goods and laying off workers in the public sector. These measures caused structural poverty that persisted for decades (Abbas, 2015).

- **External debt**

The presence of external debt burdens the state, diverting part of the available resources to repay the debt and its service rather than using them for investment spending, increasing production, and creating jobs. Algeria has relied on external sources of borrowing to finance failed projects that did not achieve their intended objectives. In 2013, Algeria's external debt was approximately $3.39 billion (Ben Darou, 2009, p. 116) Although it decreased relatively (15% of GDP in 2019 compared to 35% in 2000), debt servicing continues to drain resources that could be directed towards health or education.

The following figure shows the structure of medium- and long-term debts by type of loans. It is evident that multilateral loan obligations dominated at the end of 2019, totaling $1.009 billion, compared to $1.030 billion in 2018. These loans accounted for 64% of Algeria's total medium- and long-term external debt, while bilateral loans represented 24%. The cost of servicing external debt was above $1 billion before 2009, but it sharply decreased thereafter, reaching $144 million by the end of 2019, compared to $178 million in 2018 (Bank of Algeria, 2020).

Fig (6): Medium- and long-term debt by loan type



Source: Bank of Algeria.(2020).

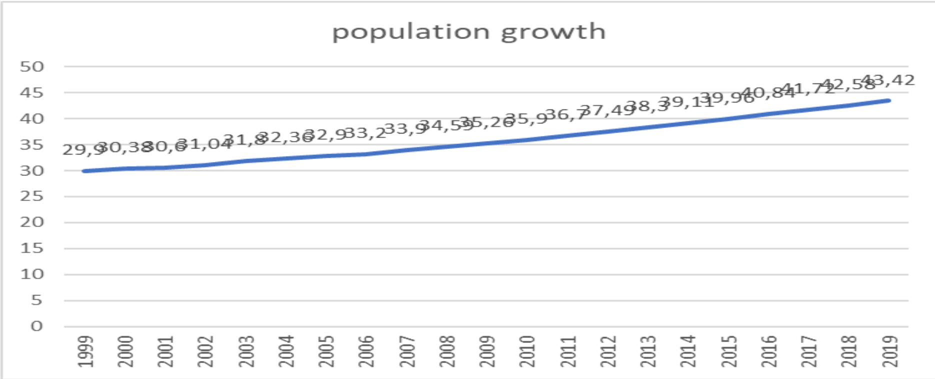
2.2. Social Causes

- **Demographic factors**

Demographic factors include the increase in the population from approximately 30 million people in 1999 to 43 million in 2019, with an annual growth rate of 1.8%. This growth has placed additional pressure on limited resources, such as water, jobs, and services. Additionally, the growth in family size has increased the dependency ratio. (Bank of Algeria, 2020).

Poverty is closely linked to demographic factors. The high population growth rate, which does not match the growth of Gross Domestic Product (GDP), is one of the main causes of poverty. This leads to a decline in economic growth rates and, subsequently, per capita income (Nelson, 2007, p. 35)). The larger family size and increased dependency ratio also lead to higher household expenses, making it more difficult to meet the needs of larger families. This increases the likelihood of poverty and deprivation. According to the National Center for Studies and Population Analysis in 2005, 27% of households were headed by a retired person, followed by 16% headed by a pensioner. Nearly 66% of households were supported by a head of household with a limited or irregular monthly income. Reports also indicate that households allocate 58% of their monthly income to food expenses, with the remaining budget divided between housing, transportation, and health costs (National Statistics Office, 2015).

Figure (7): Average Population Growth from 1999-2019



Source: Based on WDI. (2025)

- **Limited access to education, healthcare, and social services**

In developing countries, educational and training programs tend to be theoretical due to the lack of technical expertise in information and communication technologies, and the absence of professional and scientific approaches in modern research and studies. This hinders economic development, which is not aligned with the essential needs of the labor market in these countries (Kourtel, 2003). Since education is a fundamental qualification that enables individuals to secure a stable income, the prevalence of illiteracy and low school attendance rates among rural poor communities has contributed to a decline in educational and living standards, as well as inequality between urban and rural areas. Additionally, the quality of healthcare services and access to clean drinking water have deteriorated. Social service networks, whether governmental or non-governmental, are weak and fragile in developing countries, where poverty is widespread, and these networks are unable to absorb financial resources to perform their tasks effectively (Mourabet, 2019, p. 212).

In remote areas, the school dropout rate in middle education reached 15% due to the distance of schools or the poor quality of education. Additionally, the gender gap in some rural areas has impacted girls' enrollment in secondary education, with only 40% attending. The desert regions suffer from a lack of infrastructure, including limited healthcare services in places such as Tamanrasset and Adrar, where there are only 3 hospital beds for every 10,000 people (below the national average of 17 beds). (National Statistics Office, 2015).

2.3. Political and institutional causes

Political factors represent one of the central aspects in analyzing the failure of development, as they play a decisive role in shaping the fate of countries through governance systems and the policies adopted.

Non-transparent economic systems lead to stagnation, inequality, corruption, and bureaucracy, as well as internal conflicts and political exclusion. These issues have directly impacted Algeria's development incentives over the past two decades.

* **Corruption and bureaucracy:** Corruption is a matter of governance failure, where institutions fail to perform their duties with integrity and transparency, undermining those institutions and hindering economic policy and development goals, (Warith , 2013, p. 13) Bureaucracy also plays a role in delaying economic projects and complicating administrative procedures, leading to the expansion of the informal sector (which accounts for 40% of economic activity) without social protection. In Transparency International's

2010 report, Algeria ranked 105th out of 178 countries, and the corruption index for 2019 was 3.5.

*** Internal conflicts and wars:** The stability of the political system is a necessary condition for effective economic development. Algeria experienced political and security instability during the "Black Decade," which created fertile ground for corruption, internal conflicts, and the absence of democratic practices (Blila, 2015, p. 3). Provinces like Ouargla and Ain Salah saw repeated protests in 2013 due to marginalization and lack of development. The 2019 protests were a clear expression of popular resistance to corruption and social injustice, revealing governance crises.

Conclusion:

The concept of poverty has become significantly important in both developed and developing countries, with international organizations and official bodies dedicating studies and research to provide a clear explanation of the phenomenon. Poverty has evolved into a multidimensional issue, not only focusing on financial aspects but also incorporating material, economic, political, and sociological factors. These factors also include cultural, educational, and political participation dimensions, the study has concluded that there is a significant difference between relative and absolute poverty rates in Algeria, while multidimensional poverty is more prevalent in rural areas compared to urban areas. Poverty rates in Algeria were higher in the early 1990s due to falling oil prices and failed economic reforms; however, poverty indicators have decreased since the turn of the millennium, owing to successful development programs in both the economic and social sectors, resulting in comprehensive and sustainable development.

Despite efforts in sustainable development and poverty reduction, government economic policies from 2000-2019 have not adequately targeted rural and remote areas with specific programs and economic incentives, such as improving physical and social infrastructure.

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