

# Situation of the Technical and Financial Assistance According to Farms Opinions in Some Mountainous Regions of Tlemcen Province (Algeria)

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## Abstract

The technical and financial assistance plays a fundamental role in agriculture in order to maintain its durability especially in disadvantaged regions. For this purpose, the present work aims to evaluate the technical and financial assistance according to the opinions of farms in some mountainous areas belonging to the mountains of Tlemcen which are situated in the north-western Algeria. The results obtained showed that to improve the relation between bank and farms, public financial institutions should review the conditions for bank credits granting according to sociological particularity of the Algerian population who is very attached to the instructions of Islam religion which prohibits interest rates generated by bank credits. In addition, strengthening these mountainous areas by qualified technical personnel is a necessary operation to improving the knowledge and the know-how of farmers which are very insufficient in these areas.

## Keywords

**Bank Credit, Technical Advices, Know-How, Mountainous Areas, Tlemcen**

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## 1. Introduction

In Algeria, with the adoption of the Rural Renewal Policy (PRR) in 2006, public intervention in rural areas in general and in mountain areas in particular, has become ascendant and participative after it was previously down

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and centralized. This innovative policy aims at an integrated and sustainable rural development, putting food security at the center of its concerns while aiming for balanced revitalization of rural areas [1]-[3].

As regards mountain areas, significant actions intended to develop and protect these disadvantaged areas, have been made until now by the PRR which aims to improving the living conditions of rural populations and reducing the rural exodus.

In order to achieve the objectives of this new policy, public authorities worked to improve two important components: funding component, and technical support component. Regarding the funding side, bank credits and various public funds were created to support agricultural and rural projects: fund of rural development and land development by the concession (FDRMVTVC); the national fund of agricultural production regulation (FNRPA); the national fund of agricultural investment development (FNDIA); the special fund to support farmers and small farmers (FSAEPEA), etc. All of these funds aim to diversify economic activities and to develop natural resources: forests, steppes, oases, mountains, coastline, and farmland [4]. Regarding the technical support component, Algerian government has created the human capacity-building and technical assistance program (PRCHAT) whose objective is to help farmers, breeders and economic operators by providing them with technical and technological assistance, training to promote knowledge through the development of the knowhow of all actors [5].

For this purpose, since agriculture is the main activity in mountain areas, the present work aims to evaluate the technical and financial assistance according to the opinions of farms in some mountainous areas belonging to the mountains of Tlemcen which are situated in the north-western Algeria.

## 2. Material and Methods

The working method adopted is to conduct surveys, during the year 2014-2015, on farms in three mountainous regions (Ain Fezza, El Gor and Sidi Djilali) belonging to the mountains of Tlemcen which are north-west of Algeria (Figure 1). So we have chosen one region located in the northern part of this mountain range and two other regions in the south, and that to see the effect of exposure on our study.

The tool of these surveys is a questionnaire which is formulated and designed in a way that the interviewee can pronounce on his opinion about the situation of the technical and financial assistance in the mountain areas in general and in his farm in particular. The appendix shows the different questions we have asked to the heads of the surveyed farms. The surveyed sample has grouped 122 farms which are distributed in the three regions studied as follows: Ain Fezza 34 farms; El Gor 53 farms; Sidi Djilali 35 farms.

These surveyed farms were chosen in a way to cover as far as possible the territory of the study regions so that the opinions of farms reflect the real situation of the technical and financial assistance in concerned region. Equally, the person to be interviewed was the head of the farm, so this is the one who takes charge of the

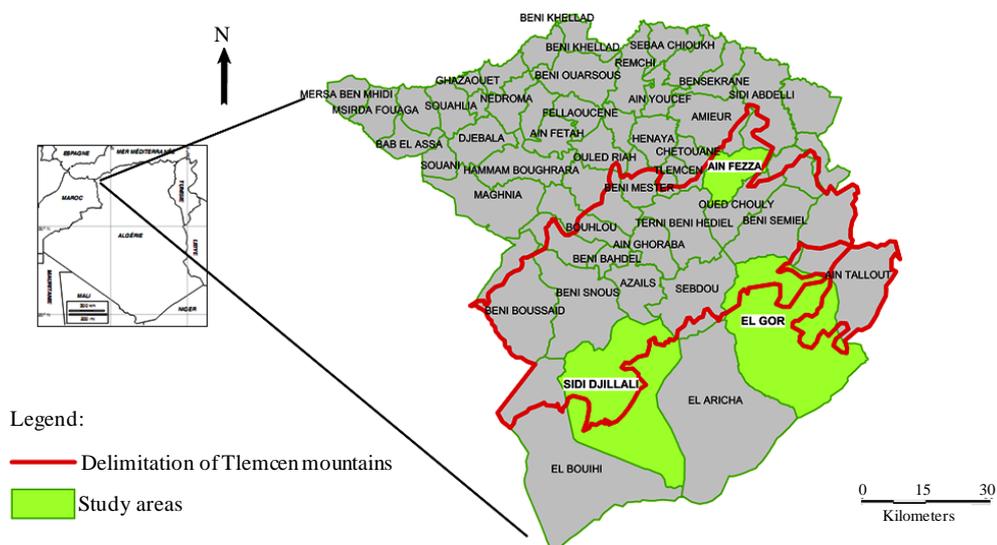


Figure 1. Location of the three study areas in the mountains of Tlemcen.

management and especially the decision about the investment.

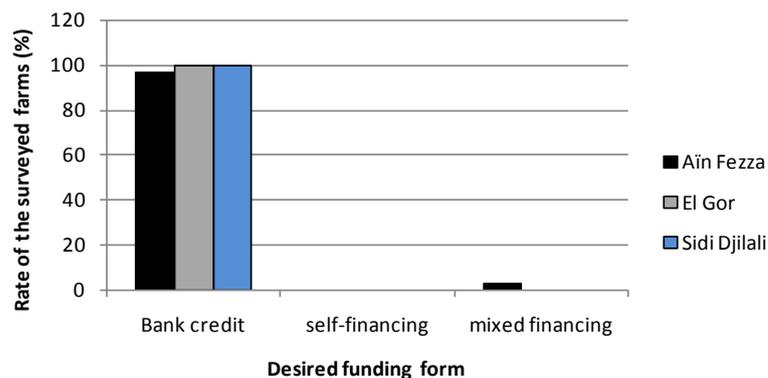
### 3. Results and Discussion

#### 3.1. Financial Assistance

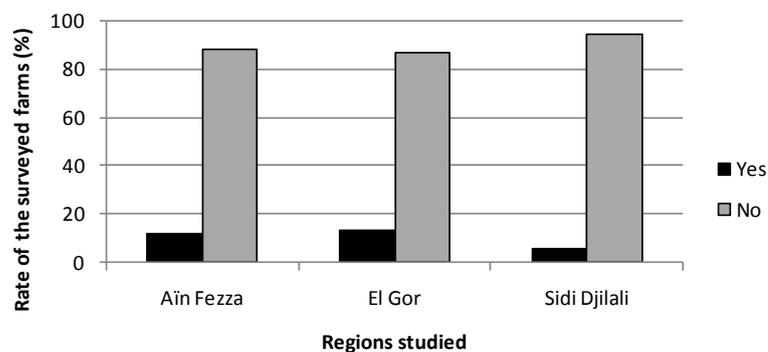
It is clear that the grant funding method surely achieves consensus for all farms. This is why we interviewed farms on other financing methods. According to **Figure 2**, the use of a financial institution for a bank credit is the only funding form desired by the surveyed farms in the three study areas. This clearly indicates that these farms in these mountainous areas are devoid of own financial resources allowing them the implementation of agricultural projects, which was confirmed by [6] [7]. For this, the promotion of agriculture in these poor and deprived areas necessarily requires, in addition to government grants, the granting of bank credit to farmers by state financial institutions.

However, it was surprising to discover that the majority of surveyed farms in the three regions studied have never benefited from a bank credit (**Figure 3**). This could be a major obstacle to agricultural development in these sensitive areas because the modernization and perpetuity of these farms are closely linked to substantial financing. The panoply of measures established in recent years in order to facilitate the financing of agricultural development projects in these mountainous areas, seem they are meeting a blockage somewhere that public authorities should solve in the nearest future.

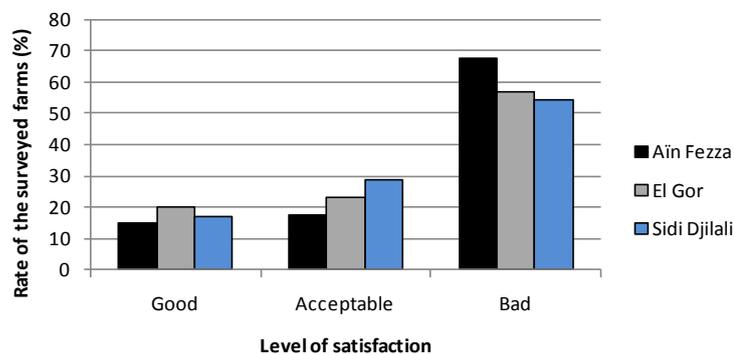
To this end, in an attempt on our part to find the causes that made most surveyed farms dissatisfied with their relation with the state banks (**Figure 4**), it was found that the main cause lies in the interest rates that can generate bank credits (**Figure 5**). In fact, all of the surveyed farms strongly desire the total elimination of interest rates of bank credits so that they can approach the financial institutions and improve their bilateral relation. For this, it was necessary that these financial institutions seriously review the conditions for granting bank credits, taking into consideration the sociological character of the Algerian population who strictly follows the instructions of the Islamic religion prohibiting interest rates even they are very small. But in reality, when we did a



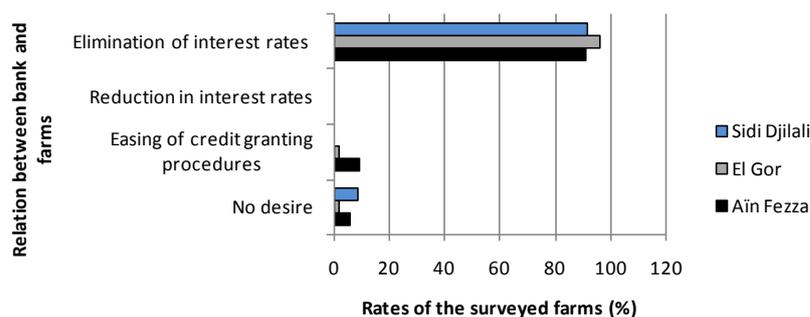
**Figure 2.** Rate of the surveyed farms according to their desired funding form.



**Figure 3.** Rate of the surveyed farms benefiting from a bank credit.



**Figure 4.** Satisfaction level of the surveyed farms about their relation with banks.



**Figure 5.** Desires of farms about their relation with the bank.

little research on the different types of bank credits for the agricultural sector in Algeria, we found two types of bank credit without interest rates called “Rfig” and “Ettahadi” which are intended especially for farms [8]-[10]. So we could conclude one of two possibilities: either the interest rate was not really eliminated from this type of credit, or it is really free of interest rate but this information has not yet reached these landlocked areas. Therefore, local authorities should make the necessary efforts in order the awareness and outreach system can play its fundamental role in these difficult areas.

### 3.2. Technical Assistance

According to [11], the term of technical assistance means the contribution to knowledge and the know-how through concrete actions based on the universally recognised methods: information and awareness days, advisory visits, onsite demonstrations, emulation demonstrations and sharing experiences, outreach campaigns, and an outreach through the national media.

The Rural Renewal Policy has created a need for intensive awareness and a solid building capacities of farmers, managers and administration officials, private and public services at all levels [12]. To this end, the launch of the human capacity-building and technical assistance program (PRCHAT) in 2006, has produced remarkable results in rural areas. According to [13], for the training component: 116,823 officials plus 162,413 farmers and pastoralists have been trained; for the outreach component: 72,923 officials plus 911,547 farmers and pastoralists plus 49,319 beneficiaries young from new farms and livestock have been popularized.

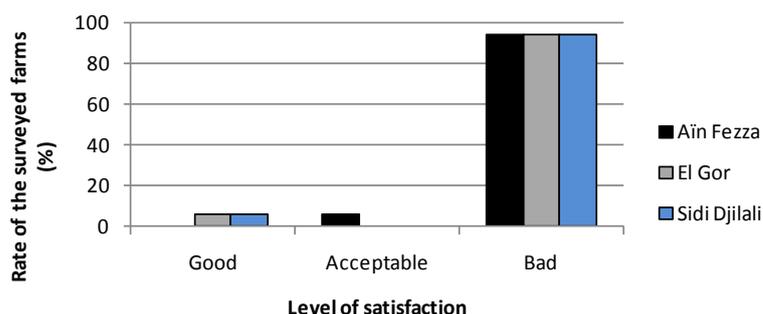
Despite these encouraging results, it seems according to **Figure 6** there are still rural areas particularly mountain regions where agriculture suffers greatly from the lack of state technical support.

However, **Figure 7** shows that the surveyed farms practice their production systems with traditional methods because they need any kind of advice concerning technical itineraries for crop and animal production. For this, in order to ensure sustainable development for agricultural projects which can be implemented in these mountain areas, it is essential to strengthen these areas by qualified technical personnel who can significantly contribute to improving the knowledge and the know-how of farmers by organizing regular training and outreach sessions in all types of technical advices.

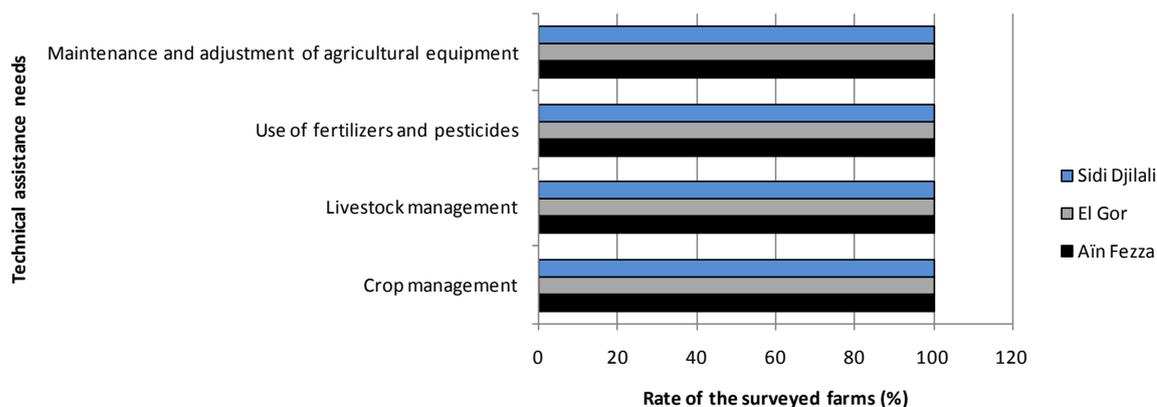
Furthermore, according to **Figure 8**, the discontent of farms as to the input supply system results in their desire to improve all the conditions of supply, which seems largely the result of mismanagement of commercial services that are dealing with input supply structures in these mountainous areas. In addition, it seems to us that the main factor that can contribute significantly to change this situation is to bring the input supply structures to farmers in these disadvantaged areas.

#### 4. Conclusions

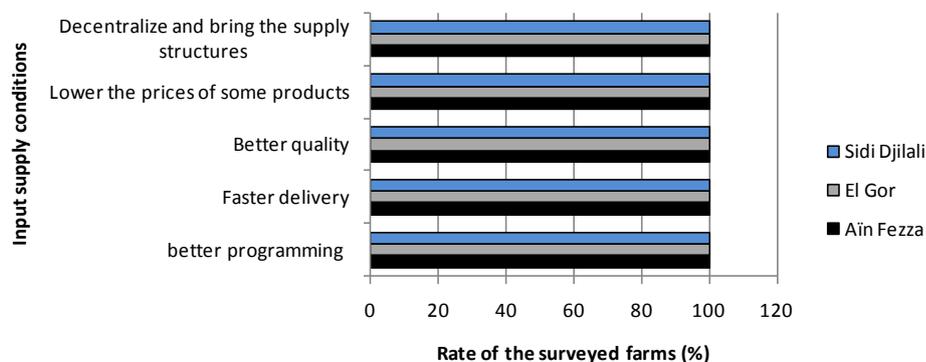
Agricultural projects inherent in the different production activities in mountain areas, could be perfectly realized only in the midst of a favorable technical and financial environment. Relying on the opinions of the heads of the surveyed farms, this environment in the three regions studied seems not conducive to sustainable agricultural development.



**Figure 6.** Satisfaction level of the surveyed farms about technical assistance.



**Figure 7.** Technical assistance needs for the surveyed farms.



**Figure 8.** Desired improvements by the surveyed farms in input supply conditions.

In terms of funding, to improve the relation between bank and farms, public financial institutions should review the conditions for bank credits granting according to sociological particularity of the Algerian population who is very attached to the instructions of Islam religion which prohibits interest rates generated by bank credits.

In terms of technical assistance, strengthening these mountainous areas by qualified technical personnel is a necessary operation to improving the knowledge and the know-how of farmers which are very insufficient.

Finally, the study we conducted near the farms should be complemented by surveys near the state institutions which have direct relation with this problem in order to find appropriate solutions.

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## Appendix

### Questionnaire about technical and financial conditions desired by farms to realizing their agricultural projects

#### 1. Financial assistance

- a) What funding form you want?  
 Bank credit       Self-financing       Mixed-financing
- b) Have you previously benefited from a bank credit?  
 Yes       No
- c) What is your level of satisfaction concerning your relation with the banks?  
 Good       Acceptable       Bad
- d) What improvements you want concerning your relation with the banks?  
 No desire  
 Easing of credit granting procedures  
 Reduction in interest rates  
 Elimination of interest rates

#### 2. Technical assistance

- a) What is your level of satisfaction about technical assistance in your region?  
 Good       Acceptable       Bad
- b) What are your technical advice needs?  
 Crop management  
 Livestock management  
 Use of fertilizers and pesticides  
 Maintenance and adjustment of agricultural equipment
- c) What improvements you want about the conditions of inputs supply?  
 Better programming  
 Faster delivery  
 Better quality  
 Lower the prices of some products  
 Decentralize and bring the supply structures