

A stylized world map composed of a grid of grey dots, with several dots highlighted in red. The map is centered behind the title text.

# Social Security for All: A Call for Social Solidarity in Tunisia

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- Tunisia is often showcased as a prime example of how social protection was universalized by extending social security coverage to all socio-professional groups.
- Even if the success in extending social protection and social development in Tunisia is hardly deniable compared to other countries in the MENA region, demographic trends will harm the financial equilibrium of the social security funds.
- The economic strategy of »structural adjustment« initiated in the 1990ies in connection with a government tolerated non-compliance of employers with their obligations towards social security organizations has in effect led to the financial failure of the social security system.
- Trade Unions in Tunisia encourage the state and the social security organizations not to confuse social security and social solidarity. Social solidarity is a form of assistance among social categories with very different profiles. Only the state is able to achieve social solidarity through various mechanisms, which levy the rich in order to help the poor.

## Achievements in the field of social politics in Tunisia

Tunisia is often showcased as a prime example of how social protection was universalized by extending social security coverage to all socio-professional groups. While this achievement is usually explained by its average income level and its robust economic growth alone, which allowed for the funding of social security contributions and for the development of the portfolio of social services, the extraordinary story of the Tunisian social protection system suggests that the feasibility of social security extension in this country cannot be reduced to economic factors alone.

### The pillars of social protection in Tunisia

The ingredients for this Tunisian success story are to a large extent of political nature: the legacy of a colonial model that had become too cumbersome to legitimize those in power, trade unionism, the implicit negotiation of social peace by granting social rights, while political rights are denied or restricted, and economic rights are compromised.

The Tunisian social security system is built on an occupational model, very much like the French model from which it was inspired. Starting from the protection net for civil servants, it extended gradually to other salaried and non salaried occupational categories.

As a matter of fact, employment, key in the nation's economic development, has been a major driving force behind the implementation of social security. Tunisia is a country where salaried employment is relatively widespread: in 1999, two thirds of the working population are salaried workers, of which one fourth are women. This facilitates considerably the collection of mandatory social security contributions.

In 1999, the rate of statutory coverage was estimated to be at 83 per cent of the total employed population, that is, two thirds of the population in working age. This rate has improved again since the adoption of the 2002 legislation on marginal categories of the labour force that had hitherto been left out of the system. Actual coverage tends to be weaker, particularly for the

self-employed, mobile and part-time workers and so on.

Parallel to the extension and enhancement of social coverage, numerous steps were taken to improve the benefits offered by the social security schemes, including the creation of a new health insurance scheme.

By opening up the private health sector to deliver health care and outpatient services to ordinary patients, the reform made progress on numerous health indicators possible, for instance:

- The number of persons insured increased from 1,079,615 in 1987 to 3,391,367 in 2008;
- The rate of coverage of categories affiliated to social security schemes went up from 54,6% in 1987 to 93,3% in 2008;
- The value of the services provided by social security institutions to the insured and their relatives grew from 286 million in 1987 to 3,470 million Tunisian dinars (TND) in 2008.

Moreover, it should be noted that health care expenditure has risen dramatically jumping from 48,6 million TND in 1987 to 793,3 million TND in 2008, that is, 22,9% of the total expenditure of all social security schemes.

### Mechanisms of social advancement

To improve of the situation of categories with specific needs, Tunisia's social development policy was based on solidarity measures to fight poverty, exclusion and marginalisation. It led to the creation of specialised social mechanisms and social institutions. The prevention and integration dimension were also elaborated on in various social programmes.

Close attention was given to bettering the standard of living and supporting the purchasing power of poor families. As from 1 January 2007, the allowance paid to low-income families with children attending school was raised. Moreover, 1997 saw the creation of a national register, as well as regional lists, of low-income households. This comprehensive statistical basis provides de-

tailed data on the situation of poor families and, thus, facilitates a more precise targeting of actions and programmes on priority social groups. This way allowances and other mechanisms for employment, vocational training, and enhancement of employability for those able to work, benefit those who need it most.

In order to ensure the extension of universal health coverage to poor and low-income households, the number of holders of the health insurance card giving access to free health care services or at preferential rates has been increasing continuously. For instance, in May 2009, the number of households benefiting from this arrangement reached 171,757 for the first category (free health care) and 550,500 for the second category (preferential rates).

In addition, efforts to combat illiteracy and enhance adult literacy were bolstered by the national illiteracy eradication programme launched in 1992. Since the start of the programme for the periods 2000–2001 and 2007–2008, 768,000 persons (both men and women) received literacy certificates, and 461,000 graduated in an adult education programme.

On the other hand, Tunisia's commitment and will to implement the principles of human rights at all times mean that disabled persons enjoy special support. This has led to many achievements for people with disabilities, including schemes for prevention and care.

The 2005 Framework Act on the welfare and protection of the disabled lays down the policies, plans, programmes and mechanisms put in place by the State in this sector. In particular, with regards to the rights of the disabled persons as human beings and full blown citizens, public policy must ensure full participation in the country's development efforts without excluding or marginalizing anyone. Several non-governmental organizations work with disabled persons to improve their quality of life and employment conditions.

### Age distribution

Age distribution in Tunisia has undergone important changes. On the one hand, the population is growing younger, while, on the other, a large group is growing older.

In fact, according to the most recent statistical data, the number of elderly people previously amounting to nine per cent in 2003, reached 9,5 per cent in 2009 and will reach 17 per cent in 2029. This growing figure is the outcome of improved life expectancy rates explained, among others, by progress made in the medical treatment of certain diseases.

In parallel to the extension of social coverage to the elderly, the bill on the protection of senior citizens (n°94-114) was passed on 31 October 1994. This legislation aims at strengthening family solidarity vis-à-vis the elderly, and improving standards of care and services provided by the relevant institutions.

The overall aim of this legislation and accompanying measures is to initiate activities which will insure greater empowerment and integration of senior citizens in our society, promoting better conditions for their personal development, and safeguarding their dignity.

A series of programmes were initiated in order to provide assistance to those elderly persons living at home with a view to maintain, among others, their emotional and psychological balance.

## Challenges to social policy in Tunisia

However, even if the success in extending social protection and social development in Tunisia is hardly deniable compared to other countries in the MENA region, one can forecast some challenges ahead. Some demographic trends will harm the financial equilibrium of the social security funds, namely the ageing of the population and the decrease in people in working age. The rise of unemployment, the slowdown in recruitment of salaried workers, a trend toward job insecurity which feeds the informal labour market are all obstacles to the extension of social security cover and further deepening the gap in employment status of workers.

### Impact of the structural adjustment programme

At this juncture, it is useful to recall that from the year 1986 onwards, a programme of so-called »structural

adjustment« has been under way which radically broke with the strategy pursued during the previous decades (1971–1985). This programme served three main purposes. First, it aimed at dismantling protectionist barriers surrounding the national economy by opening up the borders to foreign goods and services. Secondly, it pursued the privatisation of the State-owned productive structures, and, thirdly, the gradual downsizing of the regulatory role of the State in economic, social and planning matters. The »structural adjustment programme« was consolidated when Tunisia joined the WTO in the middle of the 1990's and, more so, when it signed the »free-trade agreement« with the European Union.

These socioeconomic developments could not but have a marked negative impact on the resources of the social security funds. Among those repercussions, for instance:

- The large-scale increase in precarious, often low-paid jobs such as jobs on fixed-term contracts, or part-time subcontracted jobs. «Justified» by the necessity for a greater flexibility of labour in a situation where competition is getting increasingly fierce, this trend has largely contributed to the slowdown in total payroll growth, and, consequently, a decrease in contributions to the social security funds.
- The speeding-up of the privatisation process of a great number of State-run companies from the middle of the 1990's onwards. This privatisation process has triggered a sea change in the structure of waged labour at the expense of workers in State companies, often much better remunerated than those in the private sector. This, in turn, had an adverse effect on total payroll and the contributions to social security organizations.
- The adoption of «recovery» plans in State enterprises prior to proceeding to their privatisation. This policy has enhanced the financial imbalances in the funding of the social security system as a large number of workers from these companies are either made redundant (i.e. reducing the number of wages on which the social security contribution is based), or encouraged to go for early retirement (i.e. premature growth of old-age pensions to be paid).

## Perverse political measures

These new constraints generated by socioeconomic developments since the middle of the 1990's are not the single cause for the financial problems faced by social security funds. Other measures, political in nature, have aggravated these imbalances, for instance:

- The multiplication of schemes addressing very-low-income pockets of the working population, introduced gradually in the social security funds, in particular, in the CNSS (Caisse nationale de sécurité sociale). This is especially true for the »scheme for non-salaried agricultural workers« (set up in 1983) and the »scheme for low-income workers« (set up in 2002).
- Support schemes for the poor funded, at least in part, by social security organizations. This is the case, for instance, of the »National support programme to the needy families«, which is a clear demonstration of political populism: the near-poor supporting the poor.
- The extension, from the mid-1990's onwards, of «health insurance» involving costly medical treatment and chronic diseases (such as dialysis) to pensioners. This step generated heavy additional costs for the social insurance funds.
- Excessive tolerance of a large number of employers not complying with their obligations towards social security organizations (non-payment or partial payment of employer's share of social security contributions). Justified by the economic downturn, this tolerance has impacted dramatically on the financial situation of social security funds.

The great upheavals in economic strategy, added to these more political measures, have in effect led to the financial failure of the social security system, which is not always clearly identifiable but nevertheless very worrying.

## The trade union's recommendations


In this context, the UGTT (Tunisian General Union of Labour) has formulated in recent years a number of claims with a view to cushioning the impact of these policies. The UGTT also aimed at giving fresh impetus to the social

security »funds«, and to the social protection agenda. In essence, these amount to the following recommendations:

- Grant utmost importance to social dialogue in order to update wages. As a matter of fact, these wage increases do not merely contribute to improving the workers' standard of living. They are also the main source of funding of the social security system through the payment of social contributions.
- Tackle as far as possible the massive expansion of casual employment. Precarious employment not only undermines the interests of the workers and the financial equilibrium of the social security system. It also undermines the whole national economy (weakening of solvent domestic demand, absence of productivity gains and so forth).
- Give incentives both to employers and workers for them to stop declaring income to the social security institutions grossly inferior to their real level. This growing phenomenon of non declaration and, more importantly, under declaration may not only hasten the final collapse of the system. It may also inflate considerably an already marginalized social group: the people on very low retirement pensions.
- Encourage the State to stop granting various forms of exemptions from social security payments to a large number of employers. Investment incentives by way of such exemptions should not be detrimental to the workers' interests.
- Encourage the State to improve the rate of collection of social security contributions. In fact, since 1997, the State authorities have evidently loosened their stance in this matter.
- Call upon the State authorities to initiate a radical reform of its tax policy so that social security organizations should not be obliged to support a growing portion of public expenditure in the health, education and other sectors. Refraining from granting generous tax breaks to export companies (with the complete opening up of the local market, these exemptions simply do not make sense anymore) and lump sum tax arrangements are potential levers to reform the tax system.
- Encourage the State to reform the financing of the public health sector by reviewing the way costs are shared among the three main stakeholders: the State, private households and social security funds. Such a reform should result in a drastic cut in volume of ruinous transfers made by social security bodies to the Ministry of Health. During the transitional phase of the reform, the UGTT must tackle the reform of the »health insurance« system, which has come into force in July 2005.
- Discourage the State and the social security organizations from resorting to the practice of early retirement which increased spending on old-age pensions dramatically. Early retirement was justified by the need to offer more job opportunities to younger generations. However, experience shows that most of those who retire early remain thereafter active on the labour market for a considerable length of time. This is the more so as life expectancy is continuously on the increase.
- Encourage the State and the social security organizations not to confuse social security and social solidarity. Social security is not simply a form of mutual assistance among social categories with relatively comparable profiles. It is also a form of savings made by the scheme members in the event of difficulties (ill health, unemployment, old age, death). On the other hand, social solidarity is, in essence, a form of assistance among social categories with very different profiles. This being said, only the State is able to achieve social solidarity through various mechanisms such as taxation, donations, and so on, that levy the rich in order to help the poor. Yet, as indicated above, the Tunisian State relies increasingly on the social security funds to pay for social solidarity programmes. At this rate, the country may in the long run deprive itself of both social solidarity and social security.

## Conclusion

UGTT wishes to be a stakeholder in the United Nations' initiative for a social protection floor in order to support this effort and ensure the adoption and implementation of these trade union recommendations. This social protection floor aims at providing guaranteed access to basic services and transfers to those who need social protection in order to work their way out of poverty, or



stop them from falling into poverty. The Global Jobs Pact (2009) endorses this approach.

If the social protection floor is defined as a basic level of social protection, a set of fundamental social rights, services and infrastructure to be enjoyed by the world's citizens, UGTT cannot but join this effort. Indeed, the future of social protection as a system is assured, above all, by its role in by its role in strengthening social cohesion.

UGTT subscribes fully to the ILO's values as it is committed to the promotion of the solidarity dimension in social protection and to various means of mobilization in order to extend its benefits and develop its mechanisms. Its overriding goal is to contribute to building-up social cohesion and national solidarity. UGTT embraces the ILO's effort to promote social protection in Tunisia on the strength of its founding principles whereby social policy serves as a management instrument in economics and politics.

UGTT: Tunisian General Union of Labour

TND: Tunisian dinar



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### About us

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To strengthen the representation of interests of wage and salary earners is therefore an integral part of efforts undertaken by the Friedrich-Ebert-Stiftung towards the promotion of social democracy across the globe.

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Yet trade unions, works councils and other forms of workplace representation of interests can only achieve this if they are representative, democratic, autonomous, competent and efficient. To promote and advise trade union organisations in this process therefore constitutes an important part of support provided by the Friedrich-Ebert-Stiftung internationally.

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