

Report of the the Inclusive Social Security Policy Forum (ISSPF) week in Tunisia

As part of the ISSPF Mena project to promote social protection in Tunisia and the MENA region, the Tunisian Observatory of the Economy in partnership with Development Pathways, the Center for Research and Action in Social Sciences (Lebanon), and Arab Renaissance for Democracy and Development (Jordan) launched the "Inclusive Social Security Policies Week".

Two days of training sessions took place on November 15 and 16, 2021 in Tunis and online, with the aim of strengthening the participants' capacities on inclusive social security policies through different modules

The National Day of the Inclusive Social Security Policy Forum (ISSPF) took place in Tunisia on November 17, 2021.

The national conference brought together 22 guest participants, representatives of civil society and official authorities such as the CRES CNAM CNRPS CNSS and the Ministry of Social Affairs, bringing various perspectives to the reflections and solutions to current issues relating to social security policies in Tunisia.

The conference aimed at presenting an OTE study of the Tunisian social security system to further discuss its results and the topic and general in order to finally suggest some actions to be taken to make social security more inclusive. Following the presentation of the study, the participants contributed spontaneously to the dialogue, with questions, definitions or comments expanding and strengthening the thinking. The covered topics included for instance the legal framework, the categories of beneficiaries and contributors for the funding of social security schemes.





1. Introduction of the study and its results

No structural reform regarding social security took place in Tunisia for decades – except the shifting of the retirement age in the CNRPS. The purpose of this study is therefore to reach a better understanding of the state of affairs, to identify the major challenges and have the tools to design reforms towards a more inclusive social security system in Tunisia.

This quest of inclusiveness primarily implies identifying all risks. To this end, lifetime can be divided in different phases (childhood, working life, retirement) to take under consideration the specific risks of each stage and the ones shared by several.



In order to design a more inclusive system, we must first identify the people who are excluded. The study shows that the affiliation rate depends according to the age (young people are less affiliated) and resources (the rich are more likely to be covered). It is also relevant to distinguish between the poor and the non-poor, those in the formal sector and those in the informal sector. In this context, it seems that the current system is more targeted towards the poor in the informal sector and the rich in the formal sector. In addition, it is necessary to take into account inclusion and exclusion errors within existing programs in order to address them: some who should be receiving assistance are not getting it and vice versa.

When considering the Tunisian specificities, the figures show that in terms of coverage and level of investment, Tunisia is in a rather good position compared to other countries. Some weaknesses remain nonetheless, such as the lack of an unemployment insurance system. Tunisia is also affected by structural challenges (such as aging of the population) that lead to a deficit in the social security system and a deterioration in coverage.



The legislation and the existing programs (the CNSS and the PNAF) are problematic in that they encourage informality. In fact, the CNSS and the PNAF are not cumulative, which means that a poor person can benefit from similar rights if he or she moves from formality to informality. The new social security program, Amen Social, which aims to lift people out of poverty and is expected to benefit those currently excluded from social security, seems to be on standby since the law was passed.

The Amen Social program was activated during the covid-19 pandemic (2020-2021) to help the most vulnerable. This program has two limitations: on the one hand, some people benefit unduly from the program because they work in the informal sector, and on the other, a lack of sufficient resources. The government has not been able to invest funds and has therefore only resorted to the World Bank fund, which is not sufficient to lift the most vulnerable citizens out of poverty.

With regard to the beneficiaries of programs, and particularly pensions, there are different possible approaches. Pensions can be granted to the whole population in a universal way or be specifically allocated to those who need it the most according to their level of resources.

The study provides estimates of the social impacts of different pension levels. It is shown that the higher the amounts, the more the welfare of the poorest deciles increases significantly - without this being observable for the richest deciles. This also has a positive impact on poverty and inequality. Thus, benefits must be substantial enough to be effective. However, it should be kept in mind that for higher pensions, the budget required is also necessarily higher. It is argued that this should be seen as an investment rather than a cost, since there are long-term payoffs. This also justifies the need to invest as soon as possible, because the longer we wait, the worse the situation becomes and the more expensive and difficult it becomes to address the then widespread social problems.

In designing solutions, it is necessary to keep in mind budgetary constraints, especially given the current Tunisian context. For example, programs can be implemented in a gradual and incremental way, in order to start acting as soon as possible while gradually increasing spending to allow the system to adapt. It is proposed to extend the scope of coverage year by year. The social security system can be financed through taxes on the whole population and/or through contributions.





2. Participants highlighted various issues regarding the social security framework in Tunisia.

- The inadequacy of the current social security system has been stressed, as it does not guarantee coverage for all, while the amounts of benefits are decreasing and are insufficient.
- These gaps in coverage can also be attributed to employers seeking to limit their expenses, providing pensions only to those who have a certain seniority.
- In addition, in self-employed schemes, declarations frequently do not reflect actual earnings, in order to contribute less to contributions, and then change category when approaching retirement age and receive a higher pension. This implies shortfalls in contributions. At the same time, many beneficiaries working in the informal sector do not pay taxes nor contributions.
- In parallel to the above, there is also a lack of transparency in the finances of the ministries, particularly regarding how social contributions are distributed. The lack of transparency regarding the national funds (CNSS, CNAM) makes auditing difficult.

3. Actions recommended by the participants for the improvement of social security policies in Tunisia



- The use of a single identifier would allow access to people's incomes, identify social classes, and group individuals together into households and family clusters, thus moving beyond the social framework to address the issue from a broad scale by combining databases for greater efficiency and more inclusive systems.



- A human rights approach to social protection as a right and not as charity, would allow for a better understanding of the need for its inclusiveness.
- The current crisis, subsequent to the pandemic, underlines the relevance of designing a complementary protection system in case of a specific crisis, so that the model is not powerless when faced with these unforeseen events, which require the mobilization of significant aid funds.
- The framework should also introduce a guaranteed "safety net" against poverty, to ensure support for the poorest.
- In order to overcome the lack of financing, the extension of the retirement age combined with an increase in the level of contributions is a possibility, especially since pensions represent a large proportion of the pensions paid out. In a separate matter, the taxation of all products that are highly detrimental to health could ensure that those who increase health risk-taking contribute analogously to the social fund.
- The establishment of a social protection floor must take into account the Tunisian context where the system is dual. The rich turn more to the private sector for services (education, health), while the poor mainly use the public sector. The introduction of a social protection floor would have two objectives in this context: to develop an inclusive public service and to promote equality of opportunity.
- In addition to formal coverage, special attention must be paid to inequalities in access to services, not neglecting differences in the development of these services between regions, for example. We need to be able to work on all the components of the system to ensure an inclusive scheme.
- To make the transition from a Bismarckian to a Beveridgian model, one can opt for a hybrid system, providing a pension to all while paying a supplement to those who make a sufficient contribution, thus introducing the possibility of combining different types of subsidies.
- We need to discuss another development model; this is an eminently political issue that requires dialogue between all stakeholders. We must also be careful about reform proposals, because there is a risk of populist takeover of this major issue.
- To address the lack of transparency, it is necessary to explain the fees that are paid by citizens and clarify the redistribution process.