

# **ESS Extension of Social Security**

## **Towards the universalization of social security: The experience of Tunisia**

Mohamed Chaabane

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# Contents

Executive Summary .....	iv
Introduction.....	1
1 Demographic and social data.....	1
2 Brief review of the development of social protection in Tunisia.....	2
3 The current system of social protection.....	4
3.1 Social security .....	4
3.1.1 Coverage of the statutory social security schemes.....	4
3.1.2 Who runs the social security system?.....	5
3.1.3 Two categories of risks covered.....	5
3.1.3.1 The branches found in all schemes.....	5
3.1.3.2 Insurance branch of limited scope.....	7
3.1.4 Exceptions to the usual principle of correspondence.....	8
3.1.5 Contributions.....	8
3.2 Social development and social assistance programmes.....	9
3.2.1 Forms of state intervention.....	9
3.2.2 Associative sector.....	10
4 Assessing the impact on the extension of social security.....	10
4.1 The extent of statutory coverage.....	11
4.2 The degree of participation in social security schemes.....	13
4.2.1 Social coverage in the formal sector.....	13
4.2.2 Social coverage in other sectors.....	15
5 The future programme for extending social security.....	18
5.1 The medium-term objectives.....	18
5.2 The means to be implemented to achieve these objectives.....	18
5.3 Progress made towards the achievement of objectives.....	20
5.3.1 The fisheries sector.....	21
5.3.2 The agricultural sector.....	22
6 Conclusion.....	23
Annex I: Projection of the Tunisian population by age group – (low growth scenario).....	24
Annex II: Comparative table of social security schemes.....	25
Annex III: Development of coverage rate* in the social security schemes.....	28
Annex IV: Contribution rate distributed between employer and employee.....	29

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## Executive Summary<sup>1</sup>

Statutory social security schemes currently cover the vast majority of the working population in employment. Social development and social assistance programmes are intended for low-income categories and persons who are not covered by any social security schemes. These include of programmes of aid for needy families, programmes targeting the elderly and disabled, the granting of an allowance to families who agree to take in an elderly person and free medical assistance.

The number of persons liable to be covered under a social security scheme was estimated in 1999 as 83.5 per cent of the population in employment. The 16.5 per cent of the employed population not yet covered by social security legislation include the following:

- Casual and seasonal agricultural labourers
- Workers on development sites (unemployed persons employed in community work)
- Domestic employees
- Home helpers
- Religious officials
- The unemployed.

The reasons that these categories are not covered include their marginal nature, their limited ability to pay contributions and their reliance on alternative forms of social protection.

The two social security schemes governing the formal sector, i.e., the public sector scheme and a scheme for income earners in the non-agricultural private sector, have registered the best social coverage. However, coverage of other sectors such as self-employed, agricultural and non-agricultural workers and agricultural labourers have not experienced equal success.

To an extent these factors are compounded by the fact that the conditions for determining and recovering contributions and granting benefits are ill-suited to the special features of the populations concerned.

In order to increase coverage in these schemes measures have been taken with varying success: inspection and compulsory affiliation procedures; free medical assistance subject to verification that the applicant was not insured under a social security scheme; and schemes being adapted to the needs of injured persons such as fishermen employed on small boats and self-employed fishermen.

The objective is to extend and improve coverage of social security by conducting studies and adapting schemes to the needs and financial capacities of the categories of persons; modifying the conditions for determining and recovering contributions taking into account the specific characteristics of the populations concerned; and consulting the representatives of the target population and of employers at all stages during the establishment of the system.

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# Introduction

One of people's main concerns is to protect themselves against life's hazards. For a long time a solution to this was found either in the family context - the family in general and children in particular were regarded as an insurance for the future - or in a religious or in a corporatist context.

The forms of this coverage varied from one era and culture to another. But the range of such needs subsequently led to the development of other forms of social protection based on broader solidarity such as social security, although the traditional forms of protection did not die out completely.

Tunisia has made considerable efforts in promoting people in general and social protection in particular. But before examining the various aspects of this subject it would be of advantage to recall a series of demographic and social data on the basis of which we can place social protection and its extension more effectively in context.

## 1 Demographic and social data

Tunisia had a population of 9,443, 000<sup>2</sup> in 1999; of which 62.44 per cent was urban. This population is relatively young, since the average age is 28.1 years(1) and the proportion of the total population under 15 years of age is 30.8 per cent, whereas persons over 60 years of age account for only 9 per cent. However, with the steady decline in birth rate, radical changes are taking place, and the proportion of persons under 15 years of age is expected to continue to decline, dropping to 18.9 per cent<sup>3</sup> by the year 2030, by which date the persons over 60 years of age will account for 16 per cent of the population. This sector of the population of working age (15 to 59 years) will continue to increase until 2015 and will then begin to decline (see projections of the structure of the population of Tunisia up to the year 2030 in Annex 1).

It is interesting to examine the characteristics of the trend in the working population over the past few years in the following table :

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<sup>2</sup> Source : National Human Development Report - 1999 - issued by the Government of the Republic of Tunisia and the UNDP

<sup>3</sup> The poverty rate is determined on the basis of surveys of household budgets and consumption conducted by the National Statistical Institute; these surveys provide a basis for estimating how household incomes are distributed and identifying the population living below the poverty line. This poverty line is the minimum income below which a person cannot cover his most basic needs; it is determined on the basis of the annual monetary and non-monetary expenditure of households.

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**Table 1. Trends in the labour force, 1984-1997**

Description of population	Year		
	1984	1994	1997
Working (in 1,000)	2,137.2	2 772.4	2 978.4
In employment (in 1,000)	1 786.4	2 320.6	253.6
Covered by a social security scheme (in 1,000)	-	1 951.7	2 040.8
Unemployed (in 1,000)	245.2	378.4	416.2
The employed:	28.1	21.9	22
Share of agriculture (%)	36.7	34.9	34.1
Share of industry (%)	35.2	43.2	43.9
Share of the services (%)			

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In 1999, the number of workers covered by a social security scheme was estimated at 2,141,000 for an employed population estimated at 2,565,000, i.e., a statutory coverage rate of 83.5 per cent. It is pointed out that this rate does not reflect the real coverage of the employed population since part of the population liable to social security coverage - particularly amongst the self-employed and agricultural wage earners - does not contribute to such a scheme.

Furthermore, the proportion of persons of 60 years of age and over in receipt of an old age or survivor's pension reached 40 per cent in 1999. This proportion is rising steadily due to the maturing of the social security schemes.

In the social insurance and health field, total health expenditure amounted to 5.6 per cent of GDP, and life expectancy at birth was 72.4 years in 1998 (70.6 years for men and 74.2 years for women). The poverty rate was 6.2 per cent.

## **2 Brief review of the development of social protection in Tunisia**

Forms of collective protection developed at a very early date in Tunisia. The institution of "Zakat" was already established with the introduction of Islam, being a form of tax paid by those who have assets or incomes (shopkeepers, farmers) in the form of a percentage of agricultural output, livestock, trading capital or the sums hoarded in cash or the equivalent. The product of this tax goes towards supporting the poor and needy. The rate of this "tax", the minimum quota on which it is payable, and the rules stipulating how it is to be used are laid down in very specific terms. Although the "Zakat" is a religious obligation, as with any religious act its payment depends on the goodwill of the "debtor". The role it plays in social security has now become secondary as the importance of the non-religious forms of social assistance and solidarity have increased.

Individual or collective charitable organizations developed later. "Habous" played an important role in this field until they were abolished towards the end of the 1950s.

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A “Habou” was the legacy of the usufruct of one or several assets for the benefit of a charitable organization. The focal areas of these “Habous” were as varied as the needs of society: construction and maintenance of schools, providing of board and lodging for poor pupils, orphanages, creation of hospitals, etc.

After independence, social assistance for the destitute and vulnerable classes was organized by the State within the framework of a social solidarity fund, which was financed in part by public “dénias” and in part by individual and corporate donations. Other programmes were set up such as those for needy families (aid grants), the disabled (aid grants, providing of care and appliances), and old people without incomes (aid for care in families or accommodation in old people’s homes).

In addition, a medical assistance system was established for persons who were destitute or had low incomes and were not covered by a social security scheme. Under this system the destitute were given care in public health establishments free of charge, and persons whose income did not exceed an amount determined according to the composition of the family were given care in the same establishments at reduced rates. The system provided proper coverage of the needs of the populations concerned in the field of health.

It was in the public sector that social security first emerged. In 1898 a provident society was set up for Tunisian civil servants and employees and was responsible for managing the retirement schemes for civil servants. Subsequently, a system of family allowances was set up in the same sector in 1918, and this was followed by the creation of a supplementary benefit for single-income households in 1944. A provident scheme was created in 1951 covering long-term sickness and surgery. The social security scheme in the public sector, which originally only covered established civil servants, was gradually extended to all public officials irrespective of their status, form of remuneration or nationality.

In the private sector, the development of social security was more tentative prior to independence, being limited to compensation for occupational injury (1921), the introduction of a family allowances scheme in the sectors of industry, trade and the liberal professions (1944), and the creation of a mutual benefit retirement fund essentially for employees in the banking sector (1949).

It was not until the 1960s that a major development took place in the private sector in particular, as regards both the personal and the substantive scope of social security.

The first scheme in the private sector set up in 1960 concerned employees in industry, trade and the services. Coverage was subsequently extended in 1965 to students (health care and family allowances component), full-time agricultural labourers (1981), self-employed agricultural and non-agricultural workers (1982), and Tunisian workers abroad who are not covered by a social security agreement (1989). With regard to substantive scope, it must be pointed out that an old age, disability and survivors’ pensions scheme was introduced in the private sector in 1974.

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## **3 The current system of social protection**

The system is structured around two components:

- Social security, which is gaining importance and currently applies to 83.47 per cent<sup>4</sup> of the employed population and over two-thirds<sup>5</sup> of the working population;
- Social development schemes, which are intended for persons who do not have social security coverage.

### **3.1 Social security**

#### **3.1.1 Coverage of the statutory social security schemes**

Statutory social security schemes currently cover the vast majority of the working population in employment. They apply to the following socio-occupational categories:

- Public employees whether employed by the State, local authorities or public establishments.
- Employees in the non-agricultural private sector governed by the labour code: those employed in industry, trade, the services of the liberal professions and associations, as well as categories of workers with similar characteristics to employees such as members of cooperatives or sales representatives.
- Employees in the agricultural sector with the exception of those employed for less than 45 days per quarter by the same employer.
- Self-employed workers in the agricultural and non-agricultural sectors: the concept of a self-employed worker is very broad, covering any person who works in a private capacity; this ranges from company managers to petty traders, from medical practitioners to craftsmen.
- Students, to whom special rules apply to enable them to receive health care benefits in return for a symbolic contribution, and, in the case of those who have children, family allowances.
- Tunisian workers abroad, irrespective of their status, who do not have social security coverage within the framework of a social security agreement or special scheme. Contrary to the other schemes mentioned above, participation in this scheme is optional and covers health care received in Tunisia as well as the class of insurance covering disability, old age and death.

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<sup>4</sup>) This rate is obtained by expressing the number of persons liable to contribute to a social security scheme as a percentage of the population in employment.

<sup>5</sup> This rate is obtained by expressing the number of persons liable to contribute to a social security scheme as a percentage of the working population including unemployed persons.



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Furthermore, entitlement to benefits under these schemes is also open to a spouse and dependent children in addition to the insured person himself. As far as survivors' pensions are concerned, benefits are paid in the event of death and health care to dependant relatives in the ascending line, provided that they are not covered by any social security scheme and that they are effectively dependent on the employee.

Dependent children include those who are minors (up to the age of 20), children in higher education (up to the age of 25), disabled children and daughters as long as they not earning their own income or are not married, irrespective of their age.

### **3.1.2 Who runs the social security system?**

The Tunisian social security system is essentially State-run. There are two funds under State supervision which manage the statutory social security schemes: the Caisse Nationale de Retraite et de Prévoyance Sociale (CNRPS - National Pension and Social Contingency Fund) for the public sector and the Caisse Nationale de Sécurité Sociale (CNSS - National Social Security Fund) for the private sector. The boards of administration of these funds are composed on a tripartite basis (State, employers and employees).

Private sector intervention (insurance companies and mutual benefit organizations) remains very limited and takes the form of complementary and optional management of health care coverage (see section 3.1.2 for further information on group insurances and mutual benefit organizations.)

The private life insurance and supplementary pension market is still embryonic, despite tax incentives. This is due, *inter alia*, to the high replacement rate guaranteed by the statutory pension schemes.

### **3.1.3 Two categories of risks covered**

With regard to the substantive scope of the Tunisian social security schemes, a distinction must be made between two categories of insurance branches, as follows:

- the branches which are found in all schemes - i.e., the insurance branch which covers sickness and maternity and which comprises cash benefits (sickness allowances and maternity benefits) and benefits in kind (health care).
- the insurance branch of limited scope, which covers family allowances of various kinds, supplementary allowance and the death allowance.

#### **3.1.3.1 The branches found in all schemes**

The sickness allowance in the public sector amounts to full pay during the first two months and half pay for the following periods; maternity benefit is granted at the full wage/salary rate for the first two months and can be complemented by four months post-natal leave on half pay.

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In the private sector, sickness allowance amounts to two-thirds of the declared wage or income within the limit of the ceiling of twice the inter-trade minimum wage in most cases. Maternity benefit is granted for one month and can be renewed fortnightly on the basis of a doctor's certificate. It is calculated on the same basis as the sickness allowance.

As regards benefits in kind, the social security schemes provide a full range of health care for the insured person and dependent family members (non-insured spouse, dependent children and parents), including costly care such as haemodialysis, cardiovascular surgical operations or organ transplants.

Insured persons in the public sector have the choice between either receiving a refund of expenses incurred for health care (limited to long-term illness and surgery or extended to all illnesses), or receiving free care provided in hospital and health institutions under the responsibility of the Ministry of Health.

In the case of insured persons in the private sector, health care is provided in the hospital and health institutions under the responsibility of the Ministry of Health or in the polyclinics of the National Social Security Fund. In all cases, a co-payment is required from the person receiving care; the amount to be paid is reasonable in most cases and does not constitute an obstacle to access to care. For instance, the patient's contribution in the event of admission to the intensive care unit of a university hospital does not exceed 60DT<sup>6</sup>, irrespective of the period spent in hospital.

The system of statutory social security schemes is complemented by optional coverage either within the framework of group insurance policies taken out by companies for their employees (1,000 policies for almost 200,000 members) or by a mutual benefit organization (some 50 mutual benefit organizations operating mainly in the public sector).

Presently the health insurance system both public and private is undergoing radical reform, which will result in the creation of a unified basic scheme applicable to all persons with social insurance coverage, covering the benefits necessary for preserving and restoring health and supplemented, as the case may be, by optional complementary insurance.

The branch responsible for granting disability and old age pensions or survivors' pensions in the event of the death of the insured persons involves certain qualifying ages and periods. These are determined according to how long the insured persons have been paying contributions and the amount of declared wages or incomes, with a guaranteed subsistence minimum (half of two-thirds of the SMIG<sup>7</sup> or of the SMAG<sup>8</sup>, as the case may be).

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<sup>6</sup> 1 DT = 0.7 US\$

<sup>7</sup> SMIG: inter-trade minimum wage (approximately 180 DT per month)

<sup>8</sup> SMAG: minimum agricultural wage (5,809 DT per day and 145,225 DT per month)

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The replacement rate varies from 35 per cent for 15 years to 90 per cent for 40 years of contributions in the public sector, and from 40 per cent for ten years to 80 per cent for 30 years of contributions in the private sector.

There were 271,438 pension beneficiaries in 1999 (163,266 drawing old age pensions, 7,358 drawing disability pensions, 61,824 drawing surviving spouses' pensions, and 38,990 drawing orphans' allowances).

Employment injury and occupational diseases insurance covers all categories of income earners without any restriction whatsoever, including those who are not covered by the other classes of insurance such as seasonal agricultural workers or domestic workers. It also covers other categories which are not considered to be income earners such as students in technical and vocational training and apprentices. Self-employed workers can subscribe to the employment injury insurance voluntarily.

This system of compensation for employment injury and occupational diseases makes provision for the granting of the following benefits:

- Health care required by the state of health of the victim;
- Daily allowances granted throughout the period of temporary incapacity, which amount to two-thirds of the wage/salary of the victim;
- The provision, repair and replacement of orthopaedic appliances, artificial limbs etc., needed by the victim;
- Pensions in the event of permanent incapacity of 15 per cent or more: the amount is calculated according to the previous wage/salary of the insured person and his level of incapacity: the pension rate is equal to the rate of incapacity reduced by half for the band below 50 per cent and increased by half for the band above 50 per cent;
- Survivors' pensions in the event of the death of the victim, the amounts thereby ranging from 50 per cent of the wage/salary for one single survivor (spouse or child) to 80 per cent of that wage/salary for four survivors or more.

### **3.1.3.2 Insurance branch of limited scope**

This category covers family allowances which concern only public employees, income earners in the non-agricultural private sector, and income earners in the formal sector (agricultural enterprises and cooperatives and large farms).

Family allowances comprise in particular:

- Allowances granted exclusively for the first three children. The amounts of these allowances are tapered on a sliding scale depending on the position of the child and ranging from 7,320 DT per month for the first child to 5,693 DT per month for the third child.

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- Supplementary allowance for single-wage households (only one income from an occupational activity). The amount of this supplementary allowance varies according to the number of children qualifying for family allowances - from 3,125 DT per month for one child to 7,815 DT per month for three children.
  - The death allowance, which is a non-recurrent benefit paid once to the eligible survivors of a deceased insured person and can amount to 30 times the monthly wage/salary. This benefit is provided for public employees, income earners in the non-agricultural private sector and self-employed workers.

The table in Annex 1 provides more details on the Tunisian social security schemes.

On the other hand, unemployment insurance has not yet been introduced in the Tunisian social security system except for selective aid which is limited in time and can be granted to workers in the private sector if they lose their jobs unexpectedly for reasons beyond their control (in cases of lay-offs, for example).

### **3.1.4 Exceptions to the usual principle of correspondence**

The benefits provided by these various schemes generally obey the principle of correspondence between the level and duration of contributions paid and the level of benefits. However, there are exceptions connected with the will to preserve solidarity amongst insured persons.

A ceiling of six times the SMIG has thus been placed on the incomes taken as a basis for calculating old age, disability, and survivors' pensions for income earners in the private sector. On the other hand, the return on the first pension units is increased and a minimum pension equal to one-half or two-thirds of the SMIG or SMAG has been introduced. The latter two measures are intended to benefit low-income insured persons and those whose jobs are unstable and are thus unable to achieve many years of contributions.

Likewise, although family allowances are related to the amount of wages declared, a ceiling of a very low amount (122 DT per quarter) has been placed on the wages concerned, which the vast majority of insured persons can reach. Finally, entitlement to health care is not related to the amount of income declared.

### **3.1.5 Contributions**

The social security schemes are financed almost exclusively by the employers' and workers' contributions, whose rates vary from one sector to another depending on the consistency of the benefits guaranteed and the ability of the populations involved to pay contributions. This rate thus amounts to 23.25 per cent of wages/salaries in the case of income earners in the non-agricultural private sector, whereas it does not exceed 6.45 per cent of a flat-rate wage in the case of agricultural workers.

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The employees' contributions are deducted at source by the employer and transferred along with the employer's own contributions to the social security fund concerned. The recovery rate of these contributions<sup>9</sup> can be considered high, since it exceeds 90 per cent<sup>10</sup>. It is fairly low, however, in the case of self-employed persons: between 47 and 66 per cent.

The yield on invested reserves is another important source of funding, although its share is decreasing due to the slowdown in the increase of reserves and the drop in interest rates on the financial market.

As regards financial balances, the Tunisian social security system is still generating surpluses on the whole, although there is a deficit in the agricultural schemes. Furthermore, it is anticipated that there will be a risk of deficit, in the medium or longer term, in the class of insurance covering disability, old age and survivors, where expenditure amounts to 68 per cent of the technical expenditure of the social security system.

## **3.2 Social development and social assistance programmes**

These programmes are intended for low-income categories and persons who are not covered by any social security schemes; they are run essentially either by the State or by associative bodies. They are financed through the State budget and by donations.

### **3.2.1 Forms of state intervention**

State intervention takes the following forms:

- A programme of aid for needy families, which targets families below the absolute poverty line (currently 109,000) and makes provision for the granting of permanent aid of 109 DT per quarter;
- A similar programme targeting the elderly and disabled persons in need;
- An allowance to families who agree to take in an elderly person;
- Free medical assistance intended for underprivileged groups of the population who are not covered by any social security system (old people without support, the unemployed, seasonal agricultural labourers, etc.) and which comprise two categories of aid:
  - 1) Free health care in the public health structures for needy families (150,000 beneficiaries), selected according to a poverty record drawn up on the basis of in-depth social surveys;

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<sup>9</sup> The recovery rate of contributions is the ratio between the sums actually paid by employers and other self-employed workers as contributions and the contributions due from those persons.

<sup>10</sup> Source: *Statistical Directory of the National Social Security Fund* (1998)

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- 2) Health care at reduced rates in the same structures for families with limited incomes (a maximum of double the SMIG, depending on the composition of the family) who are not covered by any social security scheme (500,000 beneficiaries). In order to benefit from this form of assistance applicants must meet two conditions. Their incomes must not exceed:
- the SMIG, if the family comprises at least two persons;
  - one and a half times the SMIG, if the family comprises three to five persons;
  - twice the SMIG, if the family comprises more than five persons;
  - They must not be affiliated to or insurable under a social security scheme.

The free medical assistance programme has been completely revised with a view to targeting beneficiaries more efficiently in the light of the national poverty register and the surveys conducted to verify the actual situation of applicants, particularly as regards their means and whether or not they are insurable under a social security scheme. After the social survey, applications for benefits are examined by local committees set up at district level. The allocation of entitlement to free medical assistance falls within the competence of regional committees, which decide on the applications forwarded by the local committees, thereby referring to the fundamental criteria and guidelines defined by a national committee established within the Ministry of Health.

The system described above enables the persons who are allocated entitlement to receive the full range of care provided by the health and hospital structures under the responsibility of the Ministry of Health. (The public health system has 25 hospitals and university institutes at its disposal as well as 32 regional hospitals, 113 district hospitals and 1,951 basic health centres; there is one basic health centre per 4,889 inhabitants).

### **3.2.2 Associative sector**

The associative sector is gaining increasing importance in the promotion and management of social assistance programmes. It intervenes in a wide variety of fields such as distributing aid to the needy, protecting the elderly, running old people's homes, looking after patients with low incomes who have to travel to receive special care, and providing training and rehabilitation for the disabled.

## **4 Assessing the impact on the extension of social security**

The extent of social security coverage can be evaluated at two levels:

- 1) The extent of statutory coverage; and
- 2) The degree of actual participation of the persons concerned by statutory coverage.

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## 4.1 The extent of statutory coverage

As has been stated above, the personal scope of social security has been extended progressively to the vast majority of the population in employment, whether employed or self-employed. Tunisian social security legislation is also targeted at a large fringe of workers in the informal sector (craftspeople, petty traders, small farmers, fishermen including small boat owners and beach fishermen, etc.).

The number of persons subject to coverage under a social security scheme was estimated at 2,141,000 in 1999, i.e., 83.47 per cent<sup>11</sup> of the population in employment. The categories which are not yet covered by social security legislation constitute 16.53 per cent of the employed population and include the following:

- Casual and seasonal agricultural labourers (working less than 45 days per quarter for the same employer): it is estimated that there are 124,000 such workers.
- Workers on development sites: these are unemployed persons employed in community work schemes and paid out of public funds; it is estimated that there are 53,000 such workers.
- Domestic employees: it is estimated that there are 50,000 such workers.
- Home helpers: it is estimated that there are 128,000 such workers.
- Religious officials with the exception of those who carry out an occupational activity covered by a social security scheme: it is estimated that there are approximately 8,000 such workers.
- The unemployed - of whom there are 416,000.

It must be underlined, however, that casual and seasonal agricultural labourers, development site workers and domestic employees are covered as regards compensation for industrial injury and occupational diseases. Likewise, religious officials or their eligible survivors receive an annuity covered by the State, in the event of incapacitation or death. The fact that these categories are not covered by any social security scheme is due to several factors set out below:

- The dispersal and marginal nature of the sectors concerned, which make it very difficult, if not almost impossible, to follow up membership and ensure compliance of a scheme. Casual and seasonal agricultural labourers generally work for small farmers for short periods - hence the difficulty in locating them.

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<sup>11</sup> This rate represents the ratio between the number of persons covered by a social security scheme and the total number of persons employed in an occupational activity. It reflects the efforts to be made to extend the scope of social security to the entire population in employment (an objective which has been set for around 2004). This concept is different to that of real coverage developed in section 4.2 and in Annex IV, which measures the number of persons liable to coverage under a social security scheme who are actually contributing.

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- The same applies to domestic workers, whose recruitment, working conditions and pay are still outside any organized system, despite regulations dating from 1965 which govern their employment. The fact that domestic workers are employed by individuals in their private homes makes it difficult to investigate or monitor the situation. What is more, the special conditions of employment of the above-mentioned categories make it very difficult to obtain the accurate fundamental data required for designing and establishing a social security scheme (employment density, pay, distribution by age group, etc.).
  - The limited capacity of the people concerned to pay contributions: although no quantified data is as yet available on their incomes, it is commonly accepted that wages in the sectors in question are low in view of the irregularity of employment and low skills of the persons employed.
  - The same applies to employers, particularly in the agricultural sector, where the small size of farms and the climatic hazards have a marked impact on farmers' incomes.
  - In these circumstances a contribution, even at a low rate, would be hard to bear by either the employer or the wage earner. This constitutes a serious obstacle to the effective extension of social security to these categories. It is a well-known fact that most people aspire to meeting their essential needs first and foremost. The need for security or the need to provide for contingencies are secondary to these essential needs.
  - The existence of additional forms of social protection: coverage by a social security scheme is not felt to be an urgent need by the people concerned; the reasons for this are as follows:
    - The survival of traditions rooted in family solidarity, particularly in relations between parents and children. It is generally accepted that children continue to live with their parents and to depend on them until they find employment and even longer - until they have a family. In return for this, it is the duty of children to cover the needs of their parents whenever the latter are no longer able to earn a living. Furthermore, this obligation for children to support their parents is laid down in Tunisian personal law.
    - The existence of social assistance programmes for the destitute: programmes of aid for needy families, social solidarity mechanisms and the granting of an annuity to religious officials who are unable to work and, in the event of their death, to their spouse.
    - Free medical assistance which enables all persons with low incomes who are not covered by a social security scheme to receive an acceptable level of care either free of charge or at a very modest cost.



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## 4.2 The degree of participation in social security schemes

The establishment of social security schemes is certainly an essential element for extending social protection, but it is ineffective unless the persons targeted join these schemes and pay their contributions - hence the importance of evaluating the real coverage of the categories of the population covered by social security schemes.

The results recorded in Tunisia in this field are mixed. Whereas positive results have been achieved in the formal sector, those registered in other sectors fall short of expectations.

See Annex III for the development of coverage rate per sector.

### 4.2.1 Social coverage in the formal sector

The two social security schemes governing the formal sector, i.e., the public sector scheme and a scheme for income earners in the non-agricultural private sector, have registered the best social cover results.

Virtually all public employees including those working under contract, contingent workers and employees on secondment are indeed enrolled in the scheme which applies to them. Likewise, the coverage rate in the scheme for income earners in the non-agricultural private sector was 97.15 per cent<sup>12</sup> in 1999, whereas it was only 73.15 per cent in 1989. The average declared wage/salary in the non-agricultural private sector has increased by an average of 6.59 per cent per year over the last ten years.

The results achieved are due to a number of factors, which include the following in particular:

- A change in mentality: protecting oneself against the risk of illness by preparing to cover the cost of care, which is becoming more and more expensive, and guaranteeing income security in old age has become a priority for the majority of employees in companies, particularly since the bulk of the cost of contributions is borne by the employer - 15.5 per cent as against 7.75 per cent paid by the employee in the non-agricultural private sector.
- Awareness campaigns and the educational role played by trade unions have contributed a great deal towards this development, but it is the exemplary value of the benefits provided by social security which has been decisive in the change of workers' attitude to it. Workers see from their family experiences that their health insurance covers even costly treatments such as haemodialysis, cardiovascular surgery or organ transplants is covered by the sickness insurance. They see that their elders who are drawing old age pensions are financially independent. Thus workers have generally become

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<sup>12</sup> Source: CNSS (National Social Security Fund) statistics

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more demanding as to their social security rights and are anxious to ensure that their periods of insurable employment and their contributions are taken into account.

- The inspection system established within the CNSS (National Social Security Fund) is carried out at two levels: on-the-spot inspections and audits of large enterprises with a view to detecting under-declaration and fraud. These controls are facilitated in the non-agricultural sector because the enterprises which employ a large number of employees are concentrated in the big cities. Legislation makes provision for heavy financial penalties to be imposed on employers in the event of infringement:
  - a) A three-year limitation of claims;
  - b) Recovery of up to three years arrears of contributions;
  - c) Penalties at least equal to the amount of contributions unpaid;
  - d) Late payment penalties of 27 per cent of the outstanding arrears and 18 per cent for the periods over and above the first quarter.
- Other legislative and regulatory measures have contributed to the general application of social cover in the formal sector. The following measures can be cited in this context:
  - a) A link has been established in the public sector between membership to the CNRPS, which manages social security in this sector, and the payment of the employee's wages. The membership number allocated by the CNRPS to every newly recruited public employee constitutes his identifier in the administration in which he is employed. Consequently, every ministry, local authority or public establishment must first register its employees as members before it can remunerate them.
  - b) A mechanism was introduced in the social security schemes in the private sector in 1988, which enables the income earner to take action against his employer within one year of the date on which his employment relationship has ceased in order to claim payment of social security contributions which the employer has not paid to the CNSS. The employee enjoys the benefit of legal aid for this action.

The introduction of this mechanism aims to meet the need of certain income earners who hesitate to demand that their employer pay contributions during their period of employment or to denounce their employer for fear of retaliation, which can go as far as dismissal. Their right to take action is deferred until after their employment relationship has come to an end.
  - c) The CNSS notifies income earners periodically of the wages/salaries that have been declared and the contributions that have been paid in their name. This enables income earners to compare what has been declared by the employer with what they have actually been paid.

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- d) The CNSS has been managing the scheme for compensation for industrial injury and occupational diseases since 1995; this task was formerly entrusted to insurance companies.

The fact that the workers employed and the wages/salaries they have been paid is declared to the CNSS serves both for the industrial injury compensation scheme and the other schemes. Any omission or non-registration could have serious financial and even penal consequences if an unregistered worker is the victim of an industrial accident or contracts an occupational disease, for he would have to bear the full expenses incurred by that accident or disease.

#### **4.2.2 Social coverage in other sectors**

Despite the progress made in the last few years, results registered in sectors other than the formal sector are still mixed.

The table in Annex III shows that 51 per cent of the self-employed in the non-agricultural sector who were covered by the social security legislation were actually registered under the scheme in 1999, against 14.7 per cent in 1989. In the case of self-employed workers in the agricultural sector in 1999, the coverage rate was 56.1 per cent against 13.9 per cent in 1989.

In the case of agricultural labourers coverage increased from 20.7 per cent in 1989 to 46.6 per cent in 1999, but the rate remained very low in the case of labourers employed by small farmers (20.7 per cent) and fishermen employed on small boats (31 per cent).

The reasons for these poor results lie in the factors cited in section 4.1 above, which have been an obstacle to the general extension of social security coverage. These relate to the geographical dispersal of the people concerned, the difficulty in controlling compliance, the low ability to pay contributions, and the existence of alternative forms of social protection.

In certain cases these factors are compounded by the fact that the conditions for determining and recovering contributions and granting benefits are ill-suited to the special features of the populations concerned. As can be seen from the examples quoted in the following chapters, this mismatch of the method for calculating contributions or of the unattractive nature of benefits can constitute a serious obstacle to the application of the schemes and consequently to the efficacy of social cover.

In order to improve the coverage rate of the schemes, measures have been taken over the past few years with varying degrees of success.

The main consequence of the transitional measures introduced when these schemes were set up enabled persons over a certain age (50 or 55 years) to draw a retirement pension after a reduced qualifying period (from 2 years in the case of the oldest persons concerned).

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These provisional measures enabled people who were older when the schemes concerning them were introduced to gain benefits which they would not otherwise have enjoyed, but the solidarity rule underlying this type of measure, which should have been manifested in the equally massive affiliation of young people, did not work. Consequently, the demographic balance of contributors was disrupted and the schemes in question soon found themselves financially in deficit, and this deficit had to be made good by using the surpluses from the general scheme.

Inspection and compulsory registration procedures have their limits in the geographical dispersal of the people covered by the schemes, with the result that any systematic control operation is costly and the results are uncertain. Furthermore, these operations can have a negative impact and can exacerbate the feeling of the persons concerned that membership of a social security scheme is much more like the forced collection of taxes than a social protection mechanism.

In 1999, free medical assistance was made subject to verification that the applicant was not insured under a social security scheme. This measure resulted in the complete revision of the list of beneficiaries entitled to free care and of persons enjoying care at reduced rates depending on their social situation and on whether they were able to join a social security scheme. The objective was to orient those who statutorily come under a social security scheme towards membership of the relevant scheme. Since this revision operation has only been completed very recently it is not yet possible to measure its impact on membership of the social security schemes.

The schemes have been adapted to the needs of the insured persons concerned. Two experiments can be cited in this context, with differing results:

- 1) At the level of the social security scheme for self-employed workers, following the analysis of the system in force and consultations with the representatives of the categories concerned, amendments were made in the legislation in 1995 with regard to unification of the social cover of self-employed workers within one single scheme.

There were formally two schemes, one applying to non-agricultural self-employed persons and the other to agricultural self-employed persons, with differences concerning both the scope and the amounts of benefits, the level of contribution rate and the basis taken for calculating contributions. This unification resulted in an increase in the membership rate in the case of the agricultural self-employed, and the scope and level of benefits were improved as well.

- 2) The second experiment was the extension of the bracket of flat-rate incomes on which contributions were calculated. Before these changes the income brackets serving as a basis for calculating contributions and benefits ranged from two-thirds of the inter-trade minimum wage to ten times that wage in the case of the non-agricultural self-employed, and from once to twice the minimum agricultural wage for the agricultural self-employed.

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The insured persons concerned can now contribute on the basis of one of the ten income brackets which are spread over one to 18 times the inter-trade minimum wage or the minimum agricultural wage, depending on the sector to which the insured person belongs.

In order to avoid under-declaration of incomes and to counteract a previously observed tendency of contributing on the basis of the lowest income brackets, a scale has been laid down determining the minimum income bracket. This scale takes account of the occupation of the insured person (physician, shopkeeper, architect, craftsman, etc.) and the size of the firm or farm. It has been drawn up on the basis of the evaluation of average incomes for each occupation, and the insured person must contribute on the basis of the income bracket which is at least equal to the bracket provided on the scale. They can of course contribute on the basis of a higher income bracket, just as they can request to be classed in a lower bracket if they can prove that their real income is lower than the ceiling set for their category by the scale.

These measures, accompanied by a campaign conducted in 1996 with the collaboration of employers' and workers' organizations to explain the setup and raise awareness, led to almost 70,000 new memberships within a space of two years (1996 and 1997), and to an appreciable improvement in coverage rate.

As regards social cover for fishermen, on the other hand, several adjustments were made but no tangible results achieved.

When the scheme was introduced in 1997 the plan was simply to extend the scheme for employees to fishermen, self-employed fishermen and small boat owners with the same benefits and the same contribution rate but with a flat-rate basis contribution depending on the worker's specialisation (fisherman, mechanic, net mender, mate or chief mate and skipper). The contributions of the fishermen are paid in the form of a share of the catch from general expenditure before the distribution of the shares. It was also planned that the contributions would be collected through the mutual benefit organizations by means of stamps to be stuck on a document designed for that purpose.

As soon as this scheme was put into effect the formula for recovering contributions proved inoperative, since the fishermen did not set up mutual benefit organizations, and it was abandoned for direct recovery through the National Social Security Fund (CNSS).

In 1982, the basis taken for calculating the contributions of share-fishermen and persons employed on boats of less than 30 tonnes was brought down to two-thirds of the inter-trade minimum wage for two years in order to encourage people to join the scheme.

Finally, in 1989, fishermen employed on small boats, self-employed fishermen and small boat owners were integrated into the agricultural social security scheme. Those employed on boats of over 30 tonnes continued to come under the scheme for non-agricultural income earners. Despite all of these measures, no

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improvement was achieved in the coverage rate of fishermen employed on small boats.

It can be stated in conclusion that considerable progress has been made in extending social security cover, the ultimate objective being for social security to replace social assistance to a large extent in the satisfaction of the essential needs of the population. A great deal remains to be done, however, in order to achieve this objective. The task is all the more arduous since it relates to the sectors which represent the most difficult to cover but which must be taken into account.

## **5 The future programme for extending social security**

### **5.1 The medium-term objectives**

Two objectives have been set at the political level for the next four years:

1) This implies that the existing schemes be extended or that new schemes be installed for the benefit of the categories quoted in section 4.2.1, which are not currently covered by any social security scheme: casual and seasonal agricultural labourers, domestic employees, workers on development sites, religious officials, etc.

It is thereby understood that the Tunisian social security system will conserve its occupational nature at this stage and will not concern persons who do not carry out an activity, such as the unemployed, who for the moment will remain excluded from the scope of social security and will continue to fall under the mechanisms of social assistance.

2) Efforts will focus mainly on the schemes for agricultural labourers and self-employed persons.

If these two objectives are achieved, social security coverage can be extended to at least 85 per cent of the Tunisian population, but it must be pointed out that the persons counted as unemployed include those who are eligible dependants of persons with social insurance and who thus enjoy social security (spouses, children who are minors and unmarried daughters).

### **5.2 The means to be implemented to achieve these objectives**

The approach adopted to extend social coverage takes account of the lessons drawn from previous experience in order to avoid the errors of the past and to correct them.

In this context the approach is structured around the following principles:

- Studies will be conducted to ascertain realities in the field. The fact is that, in addition to the technical and financial aspects which condition the viability of

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any social security scheme, it is important to study the target population first of all. This is in order to adapt the type of coverage to its specific needs, habits and ability to pay contributions as well as to the specific characteristics of employment in the sector.

- The statistical surveys and censuses which are carried out periodically obviously only produce an overall picture based on averages and do not provide a basis for understanding nuances or translating the wishes of the target populations. The information provided by statistics therefore needs to be refined and supplemented with more specific surveys based on field visits and interviews with the persons concerned.
- The substantive scope of the social security schemes to be set up will be adapted to the needs and financial capacities of the categories of persons to be covered. There is no point in establishing a scheme which is as comprehensive as possible when it does not meet the needs of the persons concerned or when it proves to be too costly.
- It is preferable to start with a modest scheme which would cover the essential fields of social security (disability, old age, death, health care, industrial injury and occupational diseases), even if it subsequently needs to be progressively improved and complemented. The motto should be: 'it is better to have a scheme which is incomplete but can be applied than a scheme which is perfect but cannot be applied.'
- The conditions for determining and recovering contributions and for granting benefits will be adapted to the specific characteristics of the populations concerned. It is utopian, for example, to require a small farmer to pay contributions on the basis of the real wages paid and to produce a declaration specifying the names of the workers paid, when that farmer is sometimes illiterate, often lives at a great distance from the nearest branch of the social security fund, and generally does not keep any accounts whatsoever. It would be asking the impossible and the social security organization itself cannot provide any system of verification.

It makes more sense to simplify the method for determining and recovering contributions and granting benefits. The systems will lose in accuracy but will gain in efficiency. Systems with which this objective can be achieved will be explored in the context of studies that are already underway or have been planned. They include in particular:

- Determining the basis for calculating employer contributions not on the basis of the wages really paid, but according to a flat rate which takes account of the nature of the activity, the size of the firm or farm, the size of fishing units, the type of fishing carried out, etc. These are parameters through which the number of income earners and the total wages distributed in each of the sectors concerned can be evaluated approximately, and customary practice can be taken into account. This will save employers in the agricultural and informal

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sector the daunting task of declaring wages with a list of names; all they will have to do is to pay a sum of money, the amount of which is known in advance, according to a schedule which takes account of the cycle of their production activities.

- Determining a flat rate as the basis for calculating contributions, and adopting a system where the insured person can pay them direct.
- Assessment of entitlement to benefits on a flat-rate basis.
- Measures to bring the services of the social security fund closer to the populations concerned by setting up itinerant centres, where necessary, at locations where activities are carried out (fishing ports, rural zones, etc).

An experiment of this nature has been in practice since 1995 in the system for breaking down categories of industrial injuries and occupational diseases, and it seems to have been successful so far. It consists of setting the contribution to this scheme for small farmers, fishermen, the employers of domestic workers or private individuals using the services of casual labourers for jobs of limited duration in the form of a lump sum determined according to the acreage of the farm and the type of crop, the type of fishing carried out (inshore fishing or fire-fishing) or the provisional duration of the work to be carried out by the casual worker. Persons liable to pay contributions furthermore have the option of paying either one annual amount or four quarterly amounts.

- The representatives of the target populations and of employers would be consulted at all stages of the establishment of the system - at evaluation, when options are determined and at the specification stage. These consultations will help to improve the understanding of the system and avoid misunderstandings and will also encourage the representatives of the populations concerned to support the systems proposed. This will constitute considerable backing for the efforts to explain the systems, a necessity whenever the schemes are put into effect.

### **5.3 Progress made towards the achievement of objectives**

Three studies have been launched concerning social security for fishermen, agricultural labourers, and religious officials - to assess the extent to which the objective of extending social security to the entire working population in employment has been achieved. Two further studies concern the extension of social security to domestic employees and the evaluation of the scheme for the self-employed.

In accordance with the approach adopted, the studies concerning fishermen and agricultural labourers were preceded by prospecting and field visits on the basis of a programme drawn up in agreement with the Union tunisienne de l'agriculture et de la pêche (Tunisian Agriculture and Fisheries Union), which is the representative body in the sector.



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In the course of their visits to the various fishing ports and/or agricultural zones, the persons in charge of the studies in question held talks with the various parties concerned: local farmers' and fishermen's organizations, farmers, boat owners, agricultural labourers, fishermen, and persons in charge of the regional or local branches of the National Social Security Fund. These contacts were complemented with a questionnaire sent to a selection of persons from the target population.

This evaluation work provided several insights and a basis for explaining the modest results obtained in the social cover of these categories.

The main insights were as follows:

### **5.3.1 The fisheries sector**

- Average incomes fluctuate from one region or period of the year to another. The ratio of regions where incomes are highest to those where incomes are lowest is 2.5:1. Similarly, these incomes do not remain constant throughout the year; they are high during the fishing season and low in the off-season. On the other hand, there is no appreciable difference in incomes between inshore fishing and high-sea fishing.
- The seasonal nature of the work in the fishing industry: persons who work for more than six months a year account for only 44 per cent of this sector.
- The extreme mobility of fishermen who are recruited on the spot when the fishing boats go out.
- A fisherman can be employed by several boat owners in the course of a quarter, and this causes a problem regarding the declaration of all of the periods of work performed in the employment of the various boat owners.
- Likewise, this employment mobility does not take account of the statutory distinction between boats of less than 30 tons and those of more than 30 tons, which are subject to different social security schemes. Fishermen switch frequently from one category to another, and this makes the statutory distinction established between the two types of fishing artificial and poses inextricable problems when it comes to allocating entitlements in the social security schemes.
- The results of this evaluation were submitted to the fisheries' representatives, who approved the conclusions drawn, and a consensus was reached on the following guidelines and principles which should govern the reform of the social security scheme for fishermen:
  - One single scheme should be devised which would be applicable to the entire fishing sector, whether inshore fishing, fire-fishing or trawling, but with special provisions for fishing on small boats of less than five tons on account of this category's very low ability to pay contributions.
  - The content of the scheme to be set up should be adapted to the financial capacities of the sector and the intermittent nature of employment. For

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example, if contribution periods validated for entitlement to retirement pension are counted per quarter this is liable to be detrimental to the persons concerned, in that the number of quarters during which the period of employment is inadequate will not be taken into account.

- A simplified flat-rate system should be established for determining and recovering contributions.

Two systems are being studied in this context:

- 1) A lump sum could be applied per boat on the model of what is applicable concerning insurance against industrial injury and occupational diseases.
- 2) The employers' contributions could be deducted when the seafood products are sold in the wholesale markets by means of a tax which would be levied on the value of the sales; the product of that tax would be transferred to the National Social Security Fund.

In both cases the workers' contributions would be paid by the fishermen direct according to a simplified procedure (sticking stamps in a booklet, for example). The information collected at this level will be used to determine the fishermen's entitlement to benefits.

### **5.3.2 The agricultural sector**

The following conclusions have been drawn from evaluation work carried out in the field:

- The seasonal nature of work in the agricultural sector related to the size of farms and the climate hazards prevailing in the sector affects whether or not additional labour is recruited.
- The agricultural population is decreasing because of the accelerated urbanisation of the country and the better living and earning conditions offered in the secondary and tertiary sectors. It must be pointed out in this context that the rural population, which accounted for 60 per cent of the population in 1966, now accounts for only 37.6 per cent. It is observed that the population is ageing as the result of this situation.
- Farms are scattered and located at a distance from the regional and local branches of the social security institution. This dispersal and the low number of persons concerned per zone make it very costly to increase the number of social security offices.
- Most agricultural labourers are uninformed of their rights regarding social cover and are afraid of losing their jobs if they demand such cover.
- This study will be presented to the social partners so that conclusions can be coordinated and proposals can be put forward with a view to the general and effective extension of social cover to all agricultural workers.

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## 6 Conclusion

The extension of social protection, particularly in the social security context, is a determining factor for social progress since it provides a means of enabling people to meet their essential needs with dignity and avoiding a return to poverty. However, this extension must not be confined to implementing legislation - which is undoubtedly necessary - but must also ensure that the necessary conditions are created to ensure that protection is effective.

This requires imagination and effort to adapt existing schemes so that they are in keeping with the realities of the various segments of society and solutions can be found through which advancement in social protection can be achieved. It is better to be modest to begin with and to plan “inadequate” social cover than to be too ambitious and set up a system which would in actual fact be inapplicable.

Efforts must also be made to educate the population and promote awareness, particularly since providing for contingencies is not a priority for a large fringe of the population which is more concerned with satisfying immediate needs. The social partners and employers’ and workers’ organizations have an important role to play in this field.

A final aspect must also be borne in mind - the financial viability of present or future social security schemes. The resources needed for financing these schemes in the medium and long term must be identified from the outset, since otherwise it is possible that in a few years schemes would begin to show deficits which would be difficult to make good.

What is more, the development of social security schemes must not lead us to renounce all the various traditional forms of social protection which are based on mutual aid and solidarity. These traditional forms are not codified and can easily be adapted to specific situations and constitute the necessary safety net in the event that the social security system proves ineffective.

## Annex I: Projection of the Tunisian population by age group – (low growth scenario)

Age group	2000		2005		2010		2015		2020		2025		2030	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
0-4	959.7	9.9	927.2	9.0	925.2	8.4	921.5	7.9	876.3	7.2	811.2	6.5	751.8	5.8
5-9	981.0	10.2	956.0	9.2	924.5	8.4	923.1	8.0	919.8	7.6	875.0	7.0	810.2	6.3
10-14	1 071.7	11.1	978.7	9.5	954.2	8.7	923.1	8.0	921.9	7.6	918.8	7.3	874.2	6.8
S/00-14	3 012.4	31.2	2 861.9	27.7	2803.9	25.5	2767.7	23.9	2718.0	22.4	2605.0	20.7	2436.2	18.9
15-19	1 050.5	10.9	1 068.9	10.3	976.5	8.9	952.3	8.2	921.4	7.6	920.5	7.3	917.6	7.1
20-24	952.4	9.9	1 046.5	10.1	1065.2	9.7	973.4	8.4	949.6	7.8	919.0	7.3	918.2	7.1
25-29	829.5	8.6	948.0	9.2	1042.2	9.5	1061.3	9.2	970.2	8.0	946.7	7.5	916.5	7.1
30-34	753.0	7.8	825.0	8.0	943.5	8.6	1037.8	9.0	1057.3	8.7	967.0	7.7	944.0	7.3
35-39	663.6	6.9	747.9	7.2	820.1	7.5	938.4	8.1	1032.9	8.5	1052.9	8.4	963.4	7.5
40-44	564.6	5.8	657.2	6.4	741.5	6.8	813.7	7.0	931.8	7.7	1026.3	8.2	1046.9	8.1
45-49	439.0	4.5	556.5	5.4	648.6	5.9	732.6	6.3	804.7	6.6	922.3	7.3	1016.5	7.9
50-54	305.6	3.2	429.5	4.2	545.1	5.0	636.0	5.5	719.4	5.9	790.7	6.3	907.0	7.0
55-59	265.4	2.7	295.2	2.9	415.2	3.8	527.8	4.6	616.8	5.1	698.5	5.6	768.4	6.0
S/15-59	5 823.6	60.3	6 574.7	63.6	7197.9	65.6	7673.3	66.2	8004.1	66.0	8243.9	65.6	8398.5	65.1
60-64	256.0	2.6	250.9	2.4	279.7	2.5	394.1	3.4	501.8	4.1	587.7	4.7	666.9	5.2
65-69	232.6	2.4	233.7	2.3	230.0	2.1	257.3	2.2	363.6	3.0	464.4	3.7	545.8	4.2
70-74	151.1	1.6	200.0	1.9	202.3	1.8	200.4	1.7	225.6	1.9	320.0	2.5	410.5	3.2
75-79	107.2	1.1	117.0	1.1	156.5	1.4	160.1	1.4	160.1	1.3	181.9	1.4	259.6	2.0
80&+	81.3	0.8	97.1	0.9	109.4	1.0	140.0	1.2	153.9	1.3	159.7	1.3	176.9	1.4
S/60&+	828.2	8.6	898.7	8.7	977.9	8.9	115.9	9.9	1405.0	11.6	1713.7	13.6	2059.7	16.0
Total	9 664.2	100.0	10 335.3	100.0	10 979.7	100.0	11 592.9	100.0	12 127.1	100.0	12 562.6	100.0	12 894.4	100.0

Source: National Statistical Institute – Projection of the Tunisian population at national level 1995–2030.

## Annex II: Comparative table of social security schemes

HEADINGS	PUBLIC SECTOR	PRIVATE SECTOR				
		Scheme for non-agricultural income earners	Scheme for the agricultural and non-agricultural self-employed	Scheme for agricultural labourers	Improved agricultural scheme	Scheme for Tunisian workers abroad
Providing of care	Care in public hospitals for any type of illness (care booklet) or	Care in public hospitals for all illnesses (care booklet)	Idem	Idem	Idem	Idem
	Refund of the cost of care for long-term illnesses and surgery with the possibility of joining the voluntary scheme for refund of expenses concerning ordinary illnesses at a contribution rate of 4.5% (3% paid by the employer and 1.5% paid by the employee)	Care in polyclinics.	Idem	Idem	Idem	Idem
Healthcare	Care abroad Water cures Haemodialysis Appliances, aids, etc.	Idem	Idem	Idem	Idem	Idem
<i>Retiring pensions</i>						
- Normal retirement age	60 years	60 years	65 years	60 years	60 years	65 years
- Pension tax	35% for 15 years' service and 90% for 40 years' service.	40% for 10 years' service and 80% for 30 years' service.	30% for 10 years' service and 80% for 35 years' service.	40% for 10 years' service and 80% for 30 years' service.	Idem	30% for 10 years' service and 80% for 35 years' service.

HEADINGS	PUBLIC SECTOR	PRIVATE SECTOR				
		Scheme for non-agricultural income earners	Scheme for the agricultural and non-agricultural self-employed	Scheme for agricultural labourers	Improved agricultural scheme	Scheme for Tunisian workers abroad
Qualifying period required	15 years	5 years	10 years	10 years	10 years	10 years
Minimum pension	$\frac{2}{3}$ of the inter-trade minimum wage	$\frac{2}{3}$ or 50% of the inter-trade minimum wage depending on the contribution period.	30% of the inter-trade minimum wage or minimum agricultural wage.	40% of the minimum agricultural wage	50% of the minimum agricultural wage	50% of the inter-trade minimum wage
<i>Disability pension</i>						
Minimum disability rate	Total disability	Disability of at least $\frac{2}{3}$ .	Idem	Idem	Idem	Idem
Pension rate	Wage/salary. Disability rate	50% for 5 years' service and 80 % for 30 years' service.	30% for 5 years' service and 80 % for 35 years' service.	40% for 5 years' service and 80% for 30 years' service.	Idem	30% for 5 years' service and 80% for 35 years' service.
Qualifying period required	-	5 years	Idem	Idem	Idem	Idem
Pension converted to a retirement pension	-	At the statutory retirement age	Idem	Idem	Idem	Idem
Widows' pensions	From 50% to 75% of the deceased person's pension.	Idem	Idem	Idem	Idem	From 50% to 75% of the deceased person's pension.
Orphans' allowances	10% for each child up to a limit of 50% of the pension of the deceased person.	30% for each child up to a limit of 50% of the pension of the deceased person.	Idem	20% for each child up to a limit of 50% of the pension of the deceased person.	Idem	30% for each child up to a limit of 50% of the pension of the deceased person.

PRIVATE SECTOR

HEADINGS	PUBLIC SECTOR	Scheme for non-agricultural income earners	Scheme for the agricultural and non-agricultural self-employed	Scheme for agricultural labourers	Improved agricultural scheme	Scheme for Tunisian workers abroad
I - LEGISLATION	Act 85-12 of 05/03/1985	Act 60-30 of 14/12/1960	Decree n° 95-1166 of 3/07/1995	Act 81-6 of 12/02/1981	Act 89-73 of 02/09/1989	Decree n° 89-07 of 10/01/1989
II - CONTRIBUTION RATE (%)	17.2	23.25	11	6.45	15	10.65
Proportion of this for retirement (%)	14.2	11.05	7	5.25	7.5	5.25
Employer (%)	9.2	15.50	11	4.40	10	10.65
Income earner (%)	8.0	7.75	-	2.05	5	-
III - BENEFITS						
<i>Family allowances*</i>	1 <sup>st</sup> child : 7d,320/month 2 <sup>nd</sup> child : 6d,507/month 3 <sup>rd</sup> child : 5d,693/month	Idem	-	-	Idem	-
Supplementary benefit for single income*	1 <sup>st</sup> child : 3d,125/month 2 <sup>nd</sup> child : 6d,500/month 3 <sup>rd</sup> child : 7d,815/month	Idem	-	-	-	-
Sickness benefit	Paid by the employer on the basis of 1 wage/salary for the first 2 months and half of the wage/salary for the other 4 months.	$\frac{2}{3}$ of the wage/salary	Idem	50 % of the wage/salary for the first 44 days and $\frac{2}{3}$ from the 45 <sup>th</sup> day onwards	Idem	$\frac{2}{3}$ of the wage/salary
Maternity benefit	Paid by the employer on the basis of 1 wage/salary for the first 2 months and half of the wage/salary for the other 4 months.	$\frac{2}{3}$ of the wage/salary for a renewable period of 1 month	Idem	50% of the wage/salary for a renewable period of 1 month	Idem	$\frac{2}{3}$ of the wage/salary for a renewable period of 1 month
Death grant	12 to 30 times the monthly wage/salary depending on past service with a reduction depending on age for retired persons and an increase of 10% per dependent child.	Idem	Idem	-	-	-

\* The family allowances and the supplementary benefits for single incomes in the public sector are paid directly by the employer.

### Annex III: Development of coverage rate\* in the social security schemes

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<i>Non-agricultural income earners</i>											
Insurable	753 603	730 215	748 296	770 086	797 298	826 739	855 637	871 796	910 695	940 589	969 892
Affiliated	551 255	594 656	601 650	624 224	645 203	670 800	748 222	778 915	855 878	906 056	942 298
Coverage rate (percent)	73.2	81.5	80.4	81.1	80.9	81.1	87.5	89.4	94.0	96.3	97.2
<i>Agricultural labourers</i>											
Insurable	109 467	153 090	152 918	153 950	154 695	156 357	156 817	157 986	159 607	155 829	156 135
Affiliated	22 610	14 892	19 298	19 759	30 335	4 276	42 848	51 541	66 612	66 736	72 787
Coverage rate (percent)	20.7	9.7	12.6	12.8	19.6	21.9	27.3	32.6	41.7	42.8	46.6
<i>Non-agricultural self-employed</i>											
Insurable	242 500	253 300	260 800	273 300	285 400	298 300	278 069	291 464	314 664	319 146	335 107
Affiliated	35 595	39 032	46 155	59 334	68 721	79 294	92 125	125 629	149 264	155 252	170 777
Coverage rate (percent)	14.7	15.4	17.7	21.7	24.1	26.6	33.2	43.1	47.4	48.7	51.0
<i>Agricultural self-employed</i>											
Insurable	222 500	222 900	223 400	233 900	224 100	224 600	160 812	160 334	166 111	160 101	159 948
Affiliated	31 005	31 744	37 656	46 433	55 231	65 054	74 321	75 693	84 931	85 432	89 704
Coverage rate (percent)	13.9	14.5	16.9	19.9	24.7	29.0	46.2	47.2	51.1	53.4	56.1
<i>Miscellaneous</i>											
Insurable	4 123	4 486	1 541	1 495	1 450	1 287	1 230	1 180	1 281	1 864	1 939
Affiliated	4 123	4 486	1 541	1 495	1 450	1 287	1 230	1 180	1 281	1 864	1 939
Coverage rate (percent)	100	100	100	100	100	100	100	100	100	100	100
<i>S/Total private sector</i>											
Insurable	1 332 193	1 363 991	1 386 955	1 432 731	1 462 943	1 507 283	1 452 565	1 482 760	1 552 358	1 577 529	1 623 021
Affiliated	644 588	684 810	706 300	751 245	800 940	850 711	958 746	1 032 958	1 157 966	1 215 340	1 277 505
Coverage rate (percent)	100	50.2	50.9	52.4	54.8	56.4	66.0	69.7	74.6	77.0	78.7
<i>Public sector</i>											
Insurable	387 407	398 208	409 845	421 269	432 658	444 418	461 316	476 653	488 417	504 218	518 134
Affiliated	387 407	398 208	409 845	421 269	432 658	444 418	461 316	476 653	488 417	504 218	518 134
Coverage rate (percent)	100	100	100	100	100	100	100	100	100	100	100
<i>Total</i>											
Insurable	1 719 600	1 762 199	1 796 800	1 854 000	1 895 601	1 951 701	1 913 881	1 969 413	2 040 775	2 081 747	2 141 155
Affiliated	1 031 995	1 083 018	1 116 145	1 172 514	1 233 598	1 295 129	1 420 062	1 509 611	1 646 383	1 719 558	1 795 639
Coverage rate (percent)	60.0	61.5	62.1	63.2	65.1	66.4	74.2	77.0	80.7	82.6	83.9

\* The coverage rate is the ratio between the number of persons contributing to a social security scheme and the number of persons concerned by a social security scheme by law. It provides a basis for measuring the extent to which the target population is affiliated to the social security schemes.



## Annex IV: Contribution rate distributed between employer and employee

	Public sector	Schemes for non-agricultural income earners	Scheme for the self-employed	Scheme for agricultural labourers	Improved agricultural scheme	Scheme for Tunisian workers abroad
Employer	9.2	15.5*	-	4.40	10.0*	-
Employee	8.0	7.75	11.0	2.05	5.0	10.65 *
Total	17.2	23.25	11.0	6.45	15.0	10.65

\* The employer's contribution to the scheme for compensation of industrial injury and occupational diseases - the rate of which varies (between 0.5% and 5%) according to the branch of activity - plus a contribution of 0.5% which is also paid by the employer to finance economic measures are added to these rates.

## Contribution rate per insurance branch

Class	Public sector	Schemes for non-agricultural income earners	Scheme for the self-employed	Scheme for agricultural labourers	Improved agricultural scheme	Scheme for Tunisian workers abroad
Family allowances	-	4.1	-	-	4,50	-
Social insurance						
Old age, disability & survivors' pensions	2	6.25	4	1.20	3	5.40
Death grant	14.2	11.5	7	5.25	7.50	5.25
ATMP levy						
FAS Industrial injury & occupational diseases	1	-	-	-	-	-
		1	-	-	-	-
		0.4	-	-	-	-
	-	0.5 to 5	-	lump sums depending on the type of farm	-	-
TOTAL	17.2	23.25*	11*	6.45*	15*	10.65*

\* The contributions paid into the industrial injury and occupational diseases scheme are not included in this figure.