

Tripartite round table on pension trends and reforms

Overall assessment of the pension system

Tunisia (Workers)

The **General Tunisian Labour Union** (UGTT) is the main trade-union federation in Tunisia, with 650,000 members. It was founded on 20 January 1946 by Farhat Hached, and has members from the public and private sectors alike. The UGTT comprises 24 regional unions, 19 sectoral organizations and a number of trade unions. It has been affiliated to the International Confederation of Free Trade Unions since 1951 and to the International Trade Union Confederation since 2006.

The UGTT is a member of the Tunisian National Dialogue Quartet, which won the 2015 Nobel Peace Prize for its success in bringing together various political opponents and thus enabling the drafting of a new constitution in 2014 and, thereafter, the holding of presidential and legislative elections.

The UGTT is led by an executive bureau comprising 13 departments, among them the department responsible for social protection. This reflects the importance accorded by the UGTT to social protection, which, in view of its impact on the social climate, is becoming an increasingly high priority in trade-union demands.

As regards social protection, and in light of the federation's efforts over several decades, the Tunisian social protection system constitutes an undeniable achievement.

As is the case in most countries, Tunisia has opted for a social protection model based on a social security system, with related plans that are considered to be social insurance schemes, and a social assistance system, with social assistance and welfare programmes for inactive and vulnerable persons.

It is worth noting that, since independence, numerous efforts have been made to establish a social protection system capable of implementing the principles that are enshrined in the Tunisian Constitution and in international conventions, but significant challenges still remain.

These challenges include increasing coverage rates, ensuring effective governance, ensuring coverage for informal workers and the unemployed, and guaranteeing the sustainability of pension and health insurance schemes.

The UGTT has long been demanding the reform of the social protection system in order to create a system that is effective, universal, efficient, financially stable and responsive to the demands of economic and demographic change.

After the revolution, a tripartite agreement was established between the Government, the UGTT and the main employers' federation, the Tunisian Confederation of Industry, Trade and Handicrafts (UTICA). Signed in 2013, this social contract revolves around five main themes:

- economic growth and regional development
- employment and vocational training policies
- industrial relations and decent work
- social protection
- institutionalization of tripartite social dialogue

With regard to social protection, the signatories stressed the importance of developing and establishing a new social model as the cornerstone for reforming the social protection system, improving its financial and management mechanisms, and preventing social security and social solidarity from being conflated. They agreed on the following:

- the complete overhaul of social security schemes and the various branches thereof
- the need to upgrade the public and private health sectors in order to improve service quality and manage costs, and to revise the healthcare map so as to achieve greater regional balance
- the safeguarding of the financial stability of social security schemes by increasing the profitability of assets and investments and working to diversify funding sources
- the need to establish a system of good governance in the administration of social funds and to ensure that management of their boards of directors is rotated among the social partners, while respecting the principle of tripartism and ensuring an equal number of representatives in the composition of these boards and the independence of their decisions
- the commitment of the State to guarantee the right of vulnerable persons to healthcare and to ensure they have a minimum income by making sure that the various interventions are targeted towards vulnerable groups following objective criteria

It should be noted that, in the light of the assessment made by the social dialogue steering committee, the financial situation of the pension schemes managed by the CNRPS and CNSS social funds is a cause for concern.

Several factors are at the root of this situation, such as the deteriorating demographic ratio; globalization, which has caused the expansion of the informal sector to the detriment of the formal sector; unemployment; ineffective governance; the lack of control when it comes to early retirement; the budget deficit, which rose from 1.3 per cent in 2010 to 3.5 per cent in 2019; and the level of public debt, which grew from 40.4 per cent in 2010 to 65.5 per cent in 2019 – an increase of 62 per cent since 2010. The value of the Tunisian dinar has continued to plummet relative to other currencies, having lost 60 per cent of its value since 2014.

In an effort to reduce the deficit of the pension schemes managed by the aforementioned social funds, a raft of measures was agreed by the social partners and the Government in 2018, with a view to replenishing the social funds, which have hit a record deficit. These measures include:

- creating a social solidarity contribution of 1 per cent from 2018, payable by insured persons, beneficiaries of social security funds, and companies;
- raising the age of compulsory retirement by two years (age 62) and of voluntary retirement by three years (age 65), with this measure applying to the CNRPS from 2020;
- increasing the CNRPS contribution rate by 3 per cent from 2020 (1 per cent payable by the employee and 2 per cent by the employer).

Given the situation, the UGTT wishes to play a leading role in the reform of the social protection system to make sure that it covers the vulnerable population and those who do not currently have health insurance, and to ensure that the State remains in charge of running these services.

The UGTT also wishes to reiterate its commitment to establishing a social protection floor; improving public services and the private sector through large-scale investments to ensure universal access to healthcare, water, sanitation, food and accommodation; and protecting the rights of workers from the devastating effects of the pandemic.

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