

# The Social Protection System

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Algeria

## **Associations contributing to the enrichment of the report**

Algerian Network for the Defense Children's Rights - The National Association of educators and specialized teachers for the blind – The National Association for the Defense of mine victims - The National Association Rashida – The National Association and school vocational integration of people with Down syndrome - the National Federation of the Algerian Deaf - National Union of Higher Education Teachers- “Noor” Association to protect and promote Family rights of (Constantine) – “Hope” Association to protect and take care of the Disabled (Tizi Ouzou) - Algerian National Organization of the Blind and the Federation of the Blind: jurisdiction of Blida – “Mercy” Association for Childhood and Motherhood

## Social protection policies in Algeria:

The social and economic situation in Algeria was characterized by poverty and poor health care in the wake of independence. Therefore, both the new authorities and the population worked on how to deal with these situations toward better development programs adopted mainly on the combination of support from the State Treasury and institutions that are available at that time in the field of social security. This established for the policies of economic development with a social dimension to respond to the aspirations of the liberation revolution.

These factors have contributed to the formulation of citizens' vision, and that of the authorities, and to the design and development of social protection in Algeria. So, various efforts have been made in this regard not to discriminate between the limited activities of social insurance institutions and the activities of State social protection in general.

Algerian State Social Protection policies include a wide range of activities and institutions which can be divided into two main parts: the social security, and state social activity.

Part I covers the total beneficiaries and those who have the rights to benefit from social protection funds raised from employee's share of standard monthly contribution and non-salaried employees. While the second part relies on the principle of national solidarity which is guaranteed by the State in the form of cash or permanent or temporary selective support to institutions and social groups. It is paid on state public treasury account (state social activity).

We will deal with both parts to highlight several fundamental points, including: legislative frameworks and key systems of social protection, the size of spending and the extent of coverage of social protection system for all classes of society. Then we will move in Part III to evaluate the system, depending on the statistical data available and the views of many civil society organizations.

## Part I: the social security system

The social protection system of any country reflects its economic and social development. It was often the direct outcome of the relation of power and conflict between the various actors in the economic, social and political life. It is clear from the historical development of social protection systems across the world; it has always been linked to social movements that characterized the history of humanity. The labor movement bloody struggles and sacrifices are to establish and consolidate social protection, a fair social policy and to challenge the cruelty of economic policies that are looking for profit only.

### First: the legislative and regulatory development of the social security system in Algeria

#### A. pre-independence phase:

The social protection systems in Algeria were founded in the colonial era. The Labour bloody struggles have been able paved the way towards the enactment of social protective laws. Within this historical context, the French laws regarding social security were issued in 1945. Whereas, the situation in Algeria was characterized by the struggle for social rights, conflicts between workers and employers and political struggle for freedom and independence. This characterized the first phase up to independence which took place in 1962 as the phase of dual struggle.

Despite the fact that Algeria was considered as a French mandate, the French colonial authorities delayed the application of social security laws issued in France until 1949. They decided to get them adjusted to the Algerians context for they were very conscious of the political dimensions of the social demands at that time. The colonial authorities applied these social security laws in Algeria particularly in the strategic sectors of the economy with clear distinction between a European worker and an Algerian one deliberately to weaken all forms of solidarity of Labour. As a result employers and colonial authorities escaped from applying the basic social security system which is based mainly on solidarity among participants from various sectors and organizational unit and on the principles of equality before the law.

## B. 1962-1970 phase:

In the wake of independence Algeria had 11 different systems in the field of social security providing very different services. They were structured and organized administratively within about 20 institutions interested especially in dealing with non-agricultural sector; 29 funds for the agricultural system; and 13 funds for the Mining Corporation sector, and it also interested in managing private funds.

In this regard, the law 62/157 was issued on December 31, 1962. It was the first action to continue using previous legislation, with the exception of clear infringement upon national sovereignty. The issuance of the Decree 64/364, on December 31, 1962 which came up with the establishment of the National Social Security Fund was one of the most important features of this period.

## C. 1970-1983 phase:

The Executive Decree No. 70/116 regarding administrative management of the social security bodies was issued in 1970 where it set up the background for social security system. It established 06 sectorial funds which enjoyed their legal status and financial independence, and are subject to guardianship and administrative control of the Ministry of Labour and Social Affairs, and they are as follows:

1. National Social Security Fund,
2. Regional social security funds,
3. Insurance Fund on the aging of the action,
4. Social Security Fund for employees,
5. Social Security Fund for miners, and
6. Insurance Fund on aging for non-salaried.

Many of the regulatory legislation were released at this particular phase and they are listed as follows:

1. Decree 70/215 dated December 15, 1970 which established insurance fund on aging for non-salaried employees in the non-agricultural sector.
2. Order No. 74-87 dated October 17, 1974 which expanded the coverage of social security for salaried employees in non-agricultural

- sector to the non-salaried employees,
3. Publication 74-08, dated 30 January 1974, which dictated that most of the social security systems were to be under the tutelage of the Ministry of Labour and Social Affairs, except the agricultural system, which remained under the control of the Ministry of Agriculture.
4. Basic Labour Law No. 78/12 dated 05 August 1978 was issued and stated the right of workers to social security.

Though these regulatory actions constituted specific urge for the services provided for beneficiaries, and a shift phase in the general reform of the social protection system in Algeria they remained scattered and disorganized. Therefore since the early eighties of the last century efforts have been made to reform considerably the social security system.

D post-1983 phase: Re-establishment of a comprehensive and unified social security system

The social security laws issued in April 1983 are considered a quantum leap in the comprehensive legislation on social protection in Algeria. They were looking to achieve four key objectives to provide social protection and to ensure the right to benefit from. They are listed as follows:

1. Unification of social security systems and the adoption of a unique social security system, based on the principles of solidarity and distribution.
2. Unification of contributions and benefits, through the unification of the rules regarding beneficiaries' rights and duties.
3. Broadening the social protection beneficiaries to include new wide-ranging categories.
4. Affiliation in the social security is compulsory for all employees, salaried, non-salaried, quasi employee, as well as people who are classified under special categories
5. Uniqueness of the funding source These goals were declared in five laws dated 07/02/1983. These laws were issued at once and they are:
  1. Law No. 83/11 regarding social insurance.
  2. Law 12/83 regarding retirement.
  3. Law 13/83 regarding accidents and

occupational diseases.

4. Law 14/83 regarding the obligations of taxpayers in the field of social security.

5. Law No. 15/83 regarding disputes

These objectives and laws detailed the future of the social protection system and were considered as a large social protection system against the various risks of life. This social security system fixed previous discrepancies and it includes the total branches of social security specified in international treaties, namely: Health Insurance, Maternity insurance, Disability Insurance, Death and Accidents at work and Occupational Diseases, Retirement, Unemployment and Family Services

Just two years later, precisely in 1985, the legislative system regarding social security was developed. The Decree 223/1985 integrated the various existing social security funds since the independence into two main funds and they are:

1. The National Social Security Fund, work accidents and occupational diseases (NSSF)

2. National Pension Fund (NPF)

In early 90's of the 20th century, the social security system witnessed new reforms that aimed at: granting privileges and special services for certain categories of subscribers (contributors), creating new social protection funds to cover new social groups (non-contributors).

The following funds have been created:

1. National Social Security Fund for non-salaried (NSSFNS) pursuant to an executive decree issued on 04.01.1992.

Two new funds have been created in response to social pressures and to the structural adjustment scheme to social security system.

1. The National Fund of Unemployment Insurance (NFUI) dated 06.07.1994 was considered as a public social security under the tutelage of the Ministry of Labour, Employment and Social Security. The aim was to alleviate the social impact of the demobilization of salaried workers in the economic sector.

2. National Insurance Fund Holiday Pay (NIFHP), which was established on 04.02.1997 to respond to seasonal

conditions of construction, public, and irrigation workers and carrying out various compensation.

## **Second: Responsibilities and funding**

The Algerian social security system is composed of five funds namely:

A. National Social Security Fund:

The Fund plays a pivotal role in the social insurance system, especially for being the only institution eligible to collect the total contributions and distribute them in specific proportions to the rest of the funds. According to the Executive Decree Number: 92/07 dated 04 January 1992 the strategic aims of the fund are to:

- handle financial matters for Social Security and accidents at work and occupational diseases,
  - collect and control the allocated contributions,
  - Facilitate family compensation grants funded primarily from the state public treasury.
  - assign national registration number to the socially affiliated users,
  - provide various social services related to salaried and non-salaried people,
  - ensure comprehensive health care and social welfare for everyone at all stages of life,
  - contribute and afford costs of many sectors and institutions such as the costs of: accredited pharmacies, health institutions, institutions of crenotherapy and rehabilitation clinics.
  - establish effective prevention policy against workplace accidents and propose solutions and implement them to insure the victims in case they occur.
  - establish and manage comprehensive a medical supervision program
  - facilitate people's compensation or from international conventions.
- Fund financing:

The aim of Algerian social security is to provide financial assistance, to ensure to take account of all citizens: salaried and non-salaried and non-activists. The social security system is financed partly by

A: finances from taxes: The public treasury ensures that certain compensations, such as: family grants since January 1st, 1995, allowances for the disabled, students, workers

at the private sectors, and the self-employed and State contributions for the Social funds in case of fiscal deficits, and partly by

24 percent in 1985 to 35 percent in 2011 - The evolution of Contribution Rate to the social security fund:

B: finances from contributions paid by employees and employers with varied rate level in accordance with their income. This percentage significantly evolved over the past years: from

1985	1991	1995	1998	2011
24	29	31,5	33	35

Source: National Social Security Fund.

It is noticeable that the highest rate of social security costs is paid by the employees by 25 percent and the employers by 09 percent as shown in the table below:

Branches	Payment of employers contribution by %	Employee's share %	The share of social services fund %	Total
Social Insurance	12.5	1.5	-	14
Work Accidents and occupational diseases	01	-	-	01
Retirement	9.5	6.5	0.5	16.5
Unemployment insurance	1.25	1.5	-	03
Pre-retirement	0.5	0.5		01
Social housing fund				0.5
Total %	25	09	01	35

Source: Health insurance financing in Algeria. In: <http://www.coopami.org>

The social security contribution ratios decline for other social groups in line with their particular conditions. The State Treasury ensures and contributes to certain social groups such as: building, public and irrigation sectors, the disables (0.5), students (2.5), workers at the private sector and the self-employed (0.6) and craftsmen (0.1).

The Social Security Fund is to ensure the protection of the beneficiaries from a number of risks namely:

**Maternity care:** mothers are entitled to maternity allowance while on maternity leave. The benefits cover the medical care costs and pharmaceutical incurred to pregnancy and childbirth. They also include the hospitalization expenses of mother and infant. They also cover the reimbursement of both sick and maternity leave.

**Health insurance:** All workers and their family members are covered by national health insurance. Health insurance provisions comprise medical treatment insurance and regular allowance insurance. It

includes medical treatment and related expenses for unemployed breadwinner, school children up to 12, adoptive children, third degree collateral kinship, females with no income whatever their age, boys with disabilities whatever their age, people with chronic illness and the beneficiary's parents. Health insurance includes a long list and some very costly services. It covers medical care, hospitalization, pharmaceuticals, dental care and dentures, equipment, medical optics, medical imaging, biological analysis, rehabilitation and vocational rehabilitation, and thermal or specialized treatments in institutions of crenotherapy.

**Accidents at work:** Accident insurance entitles employees to compensation for financial loss caused by a workplace accident or occupational disease. It covers all categories of employees, pupils, students from different educational institutions and orphans. The process is subject to control and a medical follow-up, especially if the accident was fatal or causes impediment. Occupational diseases are related to activities and conditions at workplace. Hence, employees are entitled to be reimbursed for their occupational health expenses in specific deadlines.

**Family allowance:** family allowance is a payment that helps eligible families with the cost of raising children and it is granted in accordance with the beneficiaries' income. It is paid to all married beneficiaries with children less than 17 and up to 21 in case they are carrying their studies.

**Death Insurance:** the purpose of death insurance is the payment of a death benefit to the relatives of the deceased. It is offered as a single payment straight after the death. The beneficiaries either receive their compensations for medical and surgical expenses, pharmacy and hospital, biological tests, as well as the expenses on thermal or specialized treatments in institutions of crenotherapy, or money compensation in case of temporary and/or permanent disability determined by Social Security Fund's doctors according to the seriousness of the impediment.

## **B. National Pension Fund:**

The current National Pension Fund was

established on 02 July 1983 after several amendments to the system. The basic tasks of the Fund are to ensure social protection and financial security in old age for a class of retirees in later life. Statistics, however, indicate that a significant decline in contribution revenues to the national pension fund from 90 percent in 2003 to 82 percent in 2009. This is especially when they adopted a considerable increase in pensions which has reached for some categories up to 40 percent since 2005. This financial deficit is constantly compensated from the state public treasury.

The pension system witnessed significant changes in 1994, 1996, 1997 and 1999 with the implementation of legislation to cover a wide range of retired and to allow them to retire on a pension flexibly with respect to the earnings-related pension system. Within the framework of the earnings-related pension scheme three categories of old aged people can get pension: early retirement pension, being retired by the employer, and finally relative retirement without considering age.

These regulations guaranteed old-age pensions in general and provided social protection and security for a large number of employees who were threatened to be unemployed and have not reached the retirement age yet.

These regulations, however, led to a sudden and large increase in the number of retirees. This caused a serious fiscal deficit and the pension fund almost went bankrupt unless the state intervened and made transfer from public treasury.

C. National Social Security Fund for non-salaried:

The National Social Security Fund for non-salaried employees was founded in 1992 to provide universal coverage while at the same time enhancing people's functional capacity to ensure full access to the national social security fund. It covered a wide range of non-salaried employees such as private traders, drivers, artisans, private and liberal professions, industrialists, farmers, etc. Their annual contribution to the NSS fund was estimated 15 percent of their annual taxable income which is divided into two sections: social protection and pension. The social security system for non-

salaried is to ensure national social solidarity for the contributors and their families. The Fund has financial autonomy and legal personality.

D. National Insurance Fund for unemployment: Since the early 90s of the 20th century the social security policy has tried to implement legislation to cope with the changes taking place in the field of employment and unemployment. These regulations aimed at covering new risks. In this context, the National Insurance Fund for unemployment was established in 1994 as a public social security under the tutelage of the Ministry of Labour, Employment and Social Security. The main objective was to help unemployed people who lost their job involuntarily, without receiving compensation and especially being affected by the structural adjustment agreement with the International Monetary Fund program.

The National Fund for unemployment has gone through numerous amendments to provide compensation for workers who have lost their jobs for economic reasons, including: when laid off from an enterprise recognized as being in difficulties, be made redundant, and be registered as a job-seeker with the competent employment service and reply to every suitable job offer, and training offer.

The national fund encouraged the unemployed to get rehabilitated and trained to get jobs again. From 1998 to 2004, the Fund has embarked on the implementation of the precautionary measures to integrate the unemployed in the world of business by: guidance and assistance especially by founding their own business and becoming self-employed under the auspices of advisers. Since the number of subscribers in the unemployment insurance system has declined since 2004, the Fund insisted upon training and rehabilitating the unemployed who are to have their own projects by providing them with loans.

E. National fund for the paid holiday and seasonal unemployment for construction, public work and irrigation employees.

The fund was established in 1997 to help seasonal unemployed people who suffer from seasonal unemployment due to deadlines and climate to ensure a continuous income. In accordance with detailed guidelines, the fund covers specific paid holidays and temporary unemployment. Due to the nature and the delicateness of seasonal employment the policy of the fund simplified and shortened the legal regulations. The beneficiaries should provide a proof contribution payment, and provide a statement of being stopped working, have worked a minimum number of 200 hours of work in the previous two months before being redundant .

### Third: Characteristics of the social security funds

I		Cash transfers
1		Support of Education
	1.1.	scholarships and salaries of students
	1.2.	School canteens
2		Activities assistance and solidarity
	2.1.	Activities for the benefit of the blind, the disabled and children ministering (Assisted Childhood)
	2.2.	Social Network
	2.3.	To compensate victims of terrorist acts funds
	2.4.	State support of the National Endowment for housing
	2.5.	State support of the National Endowment for the job promotion
	2.6.	Special Fund for National Solidarity
3		other transfers
	3.1.	The bonus pay for employees.
	3.2.	Pensions Mujahideen of the liberation war
	3.3.	Cultural and sporting activities (financial support for the associative activity)
	3.4.	Direct cash services
		-Family Grants
		- Compensation for the difference to the owners of small pensions
		- Compensation for the difference of the Mujahideen of the Liberation War
		- National Fund for retirement benefits.
		- Compensation for the difference in interest on loans.
II		Non-cash transfers:
		Price support fund.
		Health Support sector
		Support for specialized institutions of social protection.
		Travel costs Compensation fund.
State Social Budget (1) + (2)		

### Part II: Social Activity of the State

#### How Far Has Social Insurance Reached ?

The social insurance levels are considered as major indicators to measure people's life conditions and social development in any country. Within this framework, it is worth noting that Algeria has deployed a considerable quantitative effort in developing the different constituents of the social insurance system branches at the level of legislation, services, compensation and grassroots structures.

Labor and Social Affairs Ministry statistics and the National Bureau of Statistics reveal that 85 percent of Algerians benefit from social security coverage i.e 31 million of the total population (38 million). Beneficiaries include 9.47 million socially covered besides those who have the right to social coverage. The socially covered include five million active employees and 2.42 retired whose



pensions are paid by the National Pension Fund and the National Fund for the socially covered non-employers. [1]

In addition to the previous rates, the social security system has included for nearly 20 years a new mechanism allowing the expansion of protection for a considerable proportion of the elderly called lump-sum grants of solidarity. The number of elderly beneficiaries of this system amounted to 306.140 thousand in 2005 (of which: 141.710 men and 164.430 women), which will increase the percentage of coverage for the elderly over 60 years in 2005 to 43 percent for women and 62 percent for men. It should be noted that the beneficiaries are covered by the state and paid this pension by the public treasury and consequently are not listed in the social security system statistics.

Category	Male	Female	Total	Percentage %
Earners	3827780	846 288	4674068	53.61 %
Retired	873 653	5185727	1392380	15.97
disabled	180 013	115 366	295 379	3.39
Unemployed	51 680	2883	54 763	0.61
Students	649 968	588 699	1238667	14.21
Mujahideen/army	29 003	82 679	111 682	1.28
Special categories	2896004	329 139	618 815	7.10
Other social pension beneficiaries	246 004	86 658	332 662	3.82
Total	6147777	2570439	8718216	100 %

Table of National Population Distribution classified by category and sex. (October 2005) **Source:** Social Security: [www.cnas.org.dz](http://www.cnas.org.dz)

As can be clearly gleaned from the table above the wage earners category is the largest socially covered one in Algeria (53.61 percent), followed by the retirees and students (15.97 percent and 15.97 percent respectively). It can also be deduced directly from this table that the pension system in Algeria is socially expanded. In fact, nearly half of the pensioners are not wage earners, that is, they do not pay subscriptions. The ratio of subscribers has reached 28.84 percent i.e. a third of the total population, but the laws aiming at expanding the pension to those who are under the responsibility of the subscribed, assuming that their number is 4 (wife and 3 children), raises this ratio to 85 percent[2].

At another level and aiming at facilitating the reach of the social pension agencies and ameliorating them, the social pension system and private health sector witnessed the adoption and implementation of an ambitious scheme for the development of neighborly agencies by the total funds, increasing thus, their number considerably in a short period of time through the completion of 579 new health units during the past decade (2000-2011). This is equivalent to one-third of completed institutions reaching 1.431 units in 2011 since the independence. Moreover, communication and hearing cells were established at the level of the various social security agencies.

The Ministry of Labour statistics also indicate a significant increase in the number of social security agents in recent years from 2000 in 1963 (in the aftermath of independence) to 28 thousand in 2000,

reaching 35 thousand in 2011. This increase was accompanied in the last decade by a wide formation and re-formation scheme involving about 20 thousand agents who received training in the use of modern technologies. This has contributed to the improvement and popularization of services with regard to the introduction of automated intelligence in management.

Starting from 2000 the reorganization and modernization of 1450 neighboring social security agencies was launched. In the same vein, institutions and pharmacies have been linked gradually to a central network leading to significant results, including:

- Improved performance in services and rationalized costs.
- Fight against fraud and embezzlement which damaged many of the financial balances of the Fund ..... etc, through the establishment of new mechanisms for the collection of social security contributions and the structural reform of funding, as well as developing a strategy for drug compensation aiming basically to rationalize sickness insurance expenses and cutting back on expensive drug prescriptions by upgrading “generic” [3] medicine production and encouraging the manufacturing of pharmaceutical products locally.
- Medical Card popularization: the adoption and popularization of the medical card have started since 2005 within the framework of the modernization of the social security sector and the improvement of the quality of medical services aiming at the adoption of a system of third party payment to the socially insured when it comes to pharmaceutical materials. The insured including those with rights will obtain an electronic card to get drugs directly without charge. The pharmacy will then collect dues from the Social Security Fund.

The treatment card has emerged as a new revolutionary service since April 2007 and went into effect as a first experience at the level of 5 states (provinces). It was, then, popularized throughout the whole national territory. The

employment and social insurance minister confirmed that more than 5 million and 600 thousand medical cards have been distributed to practically 18 million citizens including those with rights, of course. According to the ministry in charge, all the insured will benefit from this service by the end of 2013 [4].

It can be concluded from the trends above in the field of social protection in Algeria that the liberal orientation of the political system since the adoption of the 1989 Constitution and abandoning the socialist approach has not been reflected in a radical retreat from social protection laws and the gradual abandoning of the previous gains. The legislature was contended in this new phase with some amendments from time to time in order to harmonize some of the laws with labor and employment policies and introduce new systems in social protection as a completion of previous ones, or as a guarantee for a better functioning of the sector.

We cannot actually talk about a significant advantage of the public social protection system within the liberal orientation of the economic policy. No radical legislative ratification contradicting the previous ones has occurred. It seems right now that the major challenges include:

- Ensuring the continuity of the legislative basis of the social protection system approved between 1983 and 1987 and later consolidated by the legislative texts related to unemployment insurance, job loss, early retirement and seasonal unemployment.
- Protecting the total gains mentioned in the previous legislation in the form of guaranteed services for the insured and those with rights ([5]) and considering its expansion in line with maintaining the social aspect of public policies ([6]).

It can be observed that this general moderate trajectory of social protection legislation is reflected in the associations’ attitudes and answer when asked about the extent to which the Algerian social legislations have kept up with international legislations. The answers differed from one speaker to another. “The comparison between them, says Ms. Baghdadi

champion (Noor Association ....) does not hold in all cases, but we must recognize the significant progress in many areas, to mention recently the divorced woman grant bill. In the same vein, some others (Association ...) believe “that the legislation concerning the protection of the disabled, though somewhat late with regard to the World Health Organization recent recommendations ,are good”. Meanwhile, others see (Jamal Zeit, member of “Hope” Association for the Protection and Care of the Handicapped ....) “that Algeria is still very far from the international level in the field of social protection, and it is in bad need for reviewing its very old legal system not responding to the nature of the current challenges.”

A comparison with samples of social protection systems in the world reveals that the Algerian system is relatively advanced when compared with the regional level and average when compared with the international one. UN figures provide that Algeria is blessed with a broad social protection system compared to North African countries and with acceptable specifications, including: early retirement system, high employers contribution to financing social protection with a high rate of participation reaching 34 percent, while the ratio is only 25.2 in Tunisia, 20.39 in Morocco and 18.2 in Libya.

Countries	Retirement System Subscription			Whole Social Insurance System Subscription		
	Individuals Contribution (%)	Employers Contribution (%)	Total %	Individuals Contribution (%)	Employers Contribution (%)	Total (%)
Libya	3.75	10.5	<b>14.25</b>	5.25	12.95	<b>18.2</b>
Morocco	3.96	7.93	<b>11.89</b>	4.29	16.12	<b>20.39</b>
Tunisia	7.74	7.76	<b>11.89</b>	10.37	14.88	<b>25.25</b>
<b>Algeria</b>	<b>7</b>	<b>10</b>	<b>17</b>	<b>9</b>	<b>25</b>	<b>34</b>

**Comparative table of the rates of subscription in social insurance systems in the Maghreb countries for the year 2005.** (Based on the United Nations report on social protection programs for the year 2005).

But at an international level, the Algerian social insurance system falls under the category of the middle-income countries in terms of the volume of expenditures. In the European Union, social insurance expenditure rate reaches 28 per cent of the Gross Domestic Income. This rate drops in Central and Eastern Europe to 10-20 percent. In Turkey and Tunisia this expenditure represents 6.9 percent and 7 percent of the GDI [7] .

Country	The rate of individuals' subscriptions (%)	The rate of employers' (%) subscription	Total (%)
Italy	10.69	45.16	55.85
France	15.66	34.05	49.71
Belgium	13.07	24.6	37.67
Portugal	11	23.75	34.75
<b>Algeria</b>	<b>9</b>	<b>25</b>	<b>34.50</b>
Turkey	14	19.50	33.50
Tunisia	6.25	17.50	23.75
Morocco	3.48	16.36	19.84

**- Comparative table of samples of subscription ratios to social security at an international level.**( World Work Report : Income Security and Social Protection in a Changing World, the International Labour Office, 2000).

### Part III: Required Reforms and Prospects:

The components and activities of the social insurance system in Algeria are considered as very important. This system is subject to public policies having as objective to reach out to the various targeted social categories throughout the whole national territory. Meanwhile, it suffers from imbalances and alarming indicators, including:

#### A. Ambitious but Unbalanced Sector:

It can be concluded from the number of categories benefiting from social insurance, both at the level of the social security funds or the government social activity, that this system aims to a comprehensive protection of the population going, thus, beyond the traditional forms of social insurance (illness, unemployment, old age, disability and work accidents) to include the government social budget which includes the various forms of social transfers, free education and health care, which allows for the disadvantaged and vulnerable social categories to easily take advantage of the total social **services**.

The general orientation of government policy since the year 2005 has corroborated a sturdy determination to expand social insurance to various social groups who are not classified by the current laws. These categories include a wide range of citizens affected by the liberal reforms carried out by the State at the forefront of which guaranteeing the care of those who were laid off from work by continuing to take advantage of social insurance. The expansion policy has also included the category of the newly employed (between the ages of 18 and 35) who have been integrated within the pre-employment (Prêt-emploi) policy. The expansion has also included young graduates who were framed within *general interest activities under* the social integration policy [8].

Despite the efforts mentioned above, the issue of social insurance universality remains dissimilar from one sector to another, sometimes weak in some sectors, and imbalanced as far as gender and regions are concerned (especially

between the North and the South). In fact, the agricultural sector witnesses an acute weakness in social coverage reaching 13 percent in 2003 and 16 percent in 2010. The construction and public works sector witnessed a decline in social insurance during the same period from 25 percent to 23 percent. The trade and services sector has also declined from 74 percent to 67 percent [9]. Reports have rendered this phenomenon to the spread of undeclared employment by the employers in the private sector and parallel economic activities.

The stark disparity in social security coverage between the public and private sector is worth mentioning as well. The National Statistics Bureau figures reveal that non-insured wage earners belong to the private sector. It is worth noting that this phenomenon varies according to the organization size, where insurance does not exceed 38 percent in small enterprises, but increases to nearly 80 percent in major institutions [10]. Actually, employers do not declare the employee to the social insurance agencies to evade additional social burdens ([11]). Meanwhile, all permanent and temporary employees in the public sector benefit from social insurance.

A comparative social insurance study between the two sexes and age groups reveals also salient differences according to 2010 family national investigation figures about employment. They show that social insurance is estimated at 54.2 percent for female workers and 49.1 for males. Yet, the difference between the sexes increases for the age group over 60 years for whom guaranteed social insurance from the National Retirement Fund has reached 40 percent for men in 2005 and up to 46 in 2011. Conversely, social insurance remained between around 29-32 percent, a very high rate reaching 77 per cent in 2005 and 71 in 2010 of women are paid "movable" pensions (Une Pension de reversion) [12] and not direct pensions. This situation is due to the low percentage of working women [13] in general within the total number of women who have reached employment age [14].

According to the majority of associations, the considerable imbalance in the equitable distribution of social insurance lies in the geographical disparities, between the north and the south mainly, when it comes to taking advantage of the services and social protection. Mrs. Amal Bahadi (Al Rahma Association for Childhood and Motherhood Minietering ) said that there is a clear ill-distribution in structures between regions, especially the North and the South ..... For example, patients diagnosed with cancer from the South ... have to travel long distances to the North. Obstetric and child care clinics are very rare in the South ... where a lot of women still die due to the scarcity of specialist doctors and the long distance to clinics, “with all the resulting health and material suffering of the patient and the family in charge. Mrs. Amel Bahadi confirms that “the southern regions come at the bottom of the health, education and solidarity ladder”.

In the same context, Mrs. Nasira Baghdadi (Noor Association to protect and promote Family rights) champions the various efforts deployed by the government starting from the great interest, in recent years, attached to the stability and protection of the family and the passing of legislations and laws that allow for achieving those goals and making the list of the social categories entitled for obtaining financial aid longer. However, she confirms on the other hand, the limitations of this aid and its failure to keep up with rising prices and living costs. For this reason, Mrs. Baghdadi is calling for the need to direct the government’s public effort towards supporting employment and development because they are the only guarantee for family upgrading. «

## **B. Social coverage “Clientelism”**

The 1983 Social Protection System reforms in Algeria were considered as much as a historical qualitative and quantitative development as the underpinning of a codified “political Clientelism”. This is due to the special privileges granted generously to two categories: “Al Moujahidoun”, liberation war fighters ([15]) and the senior government and the (previously) one-party executives . Al Moujahidoun category has

benefited from many exceptional privileges spilling over the general system of retirement including: the reduction of the retirement age by 5 years, the double counting of revolution years, and full retirement pension once reaching the required years without specifying the age.

As for the category of government and the previously one-party executives, it has benefited from the establishment of a special fund financed by contributions and Treasury support. Those falling under this category will benefit from full retirement without the age condition. They are only required to have 20 years of work, including 10 years as senior executives ([16]).

At the field level, the “clientelism” phenomenon is quite widespread. Civil society activists believe it to be on the rise threatening, thus, equality in taking advantage of the many social services. For this reason, some of them, including Mr Jamel Zaiet (“Hope” Association for the Disabled Care and Protection in the city of Tizi Ouzou .....) says “Talking about social justice in Algeria in benefiting from social security coverage is a not-yet-reached level. Getting a date for your scanner still needs mediation, interest relationships or friendships”. He adds:” the field is dominated by all aspects of “al maarifa” which means all forms of mediation including health services, in addition to the pervasive corruption in hospitals and the immigration of competencies abroad or shift to working in private clinics. «

## **C. The Issue of People with Disabilities and Rare and Chronic Diseases:**

Several associations’ members admit the aquis in favor of these categories. In fact, there is “considerable interest from the Algerian government - according to Mrs Nassira Baghdadi -(Noor Association to protect and promote Family rights in kosontina) in the social aspect of the Algerian family especially in the field of education, health, housing. ... reflected in the improvement of the Algerian family living standard in cities and rural areas.” In the same context, Mrs. Amel Bahedi (Al Rahma Association for Childhood and Motherhood Minietering) believes that “the government pays a great attention to the social aspect of

the disadvantaged categories and pumps the millions in favor of these categories". Mr Jamal Ait Said ("Hope" association for the protection and care of the disabled in Tizi Ouzou) praised the important government efforts deployed for this group especially free medication and a lump sum 3000-dinar pension. But the association complains from the administrative complexity, the poor management and the poor care provided for the disabled ... etc. In this regard, Mr. Muammar Sahraoui (head of the Algerian National Organization for the Blind), believes that the social protection of this category is in a steady decline compared to previous years. At the forefront of this decline in the disability pension considering that it is a compensatory grant for visual deficiency and not a social assistance. For the judicial review of this issue it is recommended that the visually impaired category be treated separately from the chronic diseases category and the 02-09 law (May 8, 2002) concerning the protection and promotion of the disabled amended. Mr. Sahraoui also emphasizes the fact that the 3000-dinar pension for the blind does not cover their needs for more than 5 days. He claims that it is a big insult to these people whose daily needs exceed those of a healthy person. What is adding insult to injury, to his mind, is the" closure of the factories and workshops that were dedicated to this category in convergence with the process of dismantling the public sector and overlooking its revival despite the government's repeated promises".

This situation applies sharply to other categories in urgent need for care. In fact, the number of patients falling under the category of those having rare diseases is estimated to be 35 thousand. These people are undoubtedly leading difficult living conditions putting them out of the health system without enjoying their rights like the other citizens. The patient and his family very often find themselves lost between different clinics and hospitals without a decent guarantee. In this context, the generally accepted rules in the medical community refer to the classification of the disease within the category of rare diseases when it affects one in every 2,000 people. Thus, the Algerian case seems to be lagging far behind. At an international level, 8 thousand rare disease have been detected to date, with 5 diseases identified daily, while in Algeria the

known number does not exceed 200. This is due to several reasons, including:

The general lack of interest in this category by decision-makers in the field of health care by not considering it a priority as no precise statistics of the phenomenon exist. The health system also lacks laboratories and sophisticated equipment to follow up these patients and care for them. With the spread of the phenomenon of "medicine going into business", very few doctors are willing to search for answers requiring focus, effort and time. Thus, the majority of drugs and related checking dependent on the patient's purse due to the lack of knowledge about them or not being subsidized by the Social Security Fund.

Nevertheless, many doctors began to speak out in the media and medical conferences to pay greater interest in rare diseases. Chief among these demands is the conducting of an accurate count for this category of patients to know its size and found a reference laboratory to detect and follow up rare diseases ([17]).

#### **D. The issue of "Independence" in Management:**

Despite the existence of regulating laws, it seems that the function of the administrative structures is confined to voting on the management budgets which become effective only after the consent of the ministry in charge attesting ,thus, to the social protection institutions representative bodies limited resolution .This situation is highlighted by the fact that the government is the one to determine the rights of the insured and beneficiaries of social insurance, and the rate of subscriptions, increases and methods of paying family allowances .. etc.

Experience also suggests a kind of monopoly in the representation linked to the nature of the trade union organization, which has been dominant until recently. The trade union stagnation, so to speak, within the councils through imposing the "representatives" themselves and for long periods contributed strongly to the spread of some negative aspects including: clientelism, establishing individual gains and the dwindling of some social services such as family holidays and camps which became the reserve of limited circles in relation with funds (councils)

representative bodies.

### **E. Weak Oversight of the Private Sector**

There is a consensus about the poor performance of the controlling bodies whose role is supposed to be played by public authorities to control the activities of the private sector, the Ministry of Labour and the Ministry of Health in particular.

This failure is seriously reflected in: 1- the employers' evasion from insuring wage earners, not paying dues, rigging job contracts and practicing discrimination between men and women and single job applicants and those in charge of a family. 2- the emergence of salient binary health services soon after 1989 Constitution: a public and private one. In the beginning of the emergence of a binary health system, it was expected of course that the orientation of the public authorities towards an economic liberalism were reflected on the nature of the existing health system since the independence.

Actually, the rapid uncontrolled development of the private sector, in a serious absence of public authorities and even in their collusion sometimes, paved the way for the emergence of "health capitalism"[18] ) whose main objective is the volume of financial income. This threatens and may lead to reconsidering the right to health care for a broad category of citizens through the establishment of a binary selective system according to payment capabilities and the confinement of important health services in commercial private clinics and converting the public hospital to an institution providing simple first aids.

This trend has been recently reinforced by the issuance of the law of establishing private hospitals in April 2014. Considering the circumstances the country is going through and which are characterized by a sharp concentration of wealth, the arrival of the "new rich" to the level of influence in public policies and the pouring of private capital, fears from the private sector negative consequences have emerged including:

- Diminishing the right to health services due

to the prices of Health services in a commercial sector.

- Hitting the principle of solidarity which is considered the solid foundation for Social Protection
- Heading gradually towards a selection of dangers and the services provided, which threatens of reducing health protection and its drifting from the standards provided in national legislation and international conventions. On this, Mr Muammar Sahraoui (**Chairman of the National Organization for the Blind**) comments saying that rather than contributing to easing his burden, the private sector in Algeria has come to increase the citizen's suffering due to the lack of control turning it, thus, into a purely commercial operation ... «.

### **E. Negative indicators of the labor market:**

The social protection system has witnessed since the independence a wide quantitative, structural and social development. Generally speaking, until recently, this development has been based on the reconciliation of the participatory effort (based on individual contributions of employers) and the distributive one (based on the budget and social contributions of the public treasury). But the continuing decline of a wealth-producing economy on the one hand and the government's determination to deepen the dominance over society and ensure social peace, on the other hand, have led the social insurance system towards risky paths among them:

**a** - the continued shift to a system dependent mainly on the government treasury and 70% financed since 2000 by the oil tax. Still worse, the retirement system was linked to receiving fees from the oil tax starting with a 2 percent rate in 2000, and rising to 3 percent since 2010. For this reason, the social protection system has grown into a fragile one linked to oil price fluctuations not subject to internal national decision.

**b**- the serious imbalances which threaten social insurance future and continuity. Statistics indicate that since 2007 the number of non-active insured ( assurés inactifs ) has exceeded

the number of active insured ( actifs ).the rate of the non- active increased from 34 percent in 1995 to 49.5 in 2004 ( [19] ).

In fact, despite the political stability and the importance of oil resources, some deep indicators in the labor market are in a continuous deterioration which has a negative influence on the forms of financing social protection system. These indicators point to:

- a very slow development of the employed population rate compared to the big numbers of young people entering the labor market.
- a continuing decline in the rates of permanent jobs and the increase in temporary and shaky jobs.
- a decline in structured and codified work paralleled with an increase in many forms of undeclared parallel work. For instance, we mention the house maid work and doing marginal jobs in parallel economy sectors which has reached according to the Economic Council reports 40 percent of the total economic activity which is a very serious indicator.

### **G. The Rentier nature of social protection policies and their negative implications**

The question: What is the role of the civil society in the promotion of social protection in Algeria? Has collected replies which have converged around the societal organizations weakness in the formulation of public policies for social protection . Some see that the civil society is just a mediator between the family and the government. Its mission is limited to alerting and sensitizing only (Baghdadi Nasira. ....). Meanwhile, many activists show a big concern toward this marginal role assigned to civil society organizations. “Unfortunately - says Ms. Amel Bahadi (Al Rahma Association .....) - Algerian civil society has no pressure tools on guardianship to achieve a greater social protection for the disadvantaged who

are in need for care and protection”. Its role is confined to drawing the authorities’ attention to the importance of social protection because it is the characteristic of strong communities”. Others believe that the authors of the regulatory laws in Algeria did not consult the concerned. Consequently, legislation is passed without involving categorical representation in the drafting of laws which makes it inconsistent and far from reality. “

Rentier political systems have certain characteristics, including the use of social insurance as an important means to support political legitimacy. Rentier state is the one that gets its income from oil revenues and reinforces its political system through the distribution of rents, which become the source of its political legitimacy. The standing political system bestows the ruling elites with advantages to ensure their loyalty, and do the same with the various social strata to create dependency towards state institutions and ensure consequently social and political stability.

The relationship between what is social and what is political in Algeria was established within this framework over long years, and it has been strengthened in recent years since 2000. In fact, the rent distributional character of social protection has been further reinforced thanks to the considerable oil incomes with oil price exceeding the threshold of 100 \$ since 2006. This development has had a direct impact on the political and economic reactions on rentier system. They are in particular:

- the politicians’ feeling that they do not really need to work with the different political and social partners to justify their legitimacy which has led them to close all doors in front of political and societal dialogues and narrow down on public freedoms and trade unions more specifically.
- the neglect of the productive economy to the benefit of monopolizing export by a minority of “businessmen”. Thus, Algeria’s imports jumped from 9.4 billion dollars in 2001 to 39.1 in 2008, an increase of 300 percent in a matter of 7 years. By contrast, the share of the productive sectors in National income for the same period fell by 5 percent in industry



and 8 percent in agriculture ( [20] ).

- The Marginalization of social dialogue with the various political, societal and labor organizations and its transformation into formal meetings whose objective is to agree about ready resolutions mostly issued directly by the President ( [21] ). It seems that the social protection sector in Algeria is dominated by the government, and it is strongly linked to various forms of support issued by the Treasury, with a very limited margin of actual independence of the bodies. The contribution of the private sector remains weak and irregular, which drives the government to intervene constantly to cover the deficit and provide the necessary financial resources. Conversely, this situation contributes strongly to protecting the character of rent-seeking public policies in Algeria and making it contradictory with aspirations for a greater political openness along with the development of a wealth-producing economy, potentially bringing with it the possibility of the emergence of political and economic actors eligible to claim the right of participating in the public policies operations formulation .

To sum up, the rentier political system does not allow the emergence of independent and powerful political and societal centers able to rival it ( [22] ) through using the rent and orienting it toward distribution and import i.e. promoting the consumption culture and not the production one, which leads to transforming social protection gradually from being in solidarity system between employed and unemployed society segments to wide “charity” operations having as strategic goal the deepening subordination of society to the ruling authority.

[1] ) statements of Mr. Joe Edbor Cape Social Solidarity executive director at the Labor, Employment and Social Insurance Ministry.

[2] ) Considering some societal attributes associated especially with values of solidarity and family relationships such as daughters' and sons', spinster's, disabled and orphans' care ..... etc., we find that the rate of 4 members can be less .

[3] ) Generic Medicine means manufacturing Foreign medication locally under the license of the initial drug-producing laboratory.

[4] ) Minister's statements in the daily papers dating 30/03/2011. In fact, that process went well with a high national coverage yet, it has faltered since 2013.

[5] ) Laws issued by the Orientation Institute for instancethatnumber 83-11 issuedon 07/02/1983 related to social insurances ,amended and supplemented . The 83-12 law on retirement amended and supplemented . The 83-13 on job accidents and illnesses amended and supplemented . The 83-14 law on social solidarity subscriptions amended and supplemented .

[6] ) This orientation can be noted through the review of the decree No. : 94-11 on unemployment, issued on May 26, 1994 amended and supplemented - Decree 94-10 regulating the early retirement system. Order 97-01 of 11 January 1997establishing card insurance because of weather conditions.

[7] ) World Labor report : Income Security and Social Insurance , Labor World Office in 2000.

[8] ) In order to cope with unemployment among university graduates and professional training graduates, the authorities resorted to pre- employment policies which opted for a temporary employment of young graduates for a small wage during a limited period waiting for hiring him in this institution or finding a job in another . The rationale behind this policy is to gain experience, give hope and protect the youth from deviation . See decree No. : 08-126 on professional integration procedure for university degree holders : 08-127 dated April 30, 2008

[9] ) See Naseeruddin Hamouda And Walid Marwani study, previous reference .

[10] ) See same previous reference page : 9.

[11] ) We mention that declared employers social tax is 25% of the salary.

[12] ) Transmitted Pensions mean wife's benefiting from husband's salary after his death.

[13] ) Gathering of the statistics concerning working women in Algeria : 16-17 % of the total women in employment age .

[14] ) Previous Data from National Retirement Center( Centre National de Retraite = CNR ) website.

[15] ) People who prove Their participation In the Liberation War and hold cards .

[16] ) See official newspaper Decree No : 83-617 dated 31 October 1983 on government and party executives' retirement pensions.

[17] ) Participants in the world conference held in the capital central hospital on the occasion of Rare Diseases World Day dated 28 February called for a serious count of the number of Algerian patients and the establishment of a reference laboratory devoted for diagnosing rare diseases . Le quotidien newspaper dated 01 March 2014.

[18] ) For more detail about this point look at :

- Ghania Graba, the place of health system in social protection, in a transitional situation: the Algerian case, in the State and Social Protection, action of the international forum organized by LEAPPA, Alger University 3, dated 11-12 October 2012, Ps 288-301.

[19] ) See :

- National and Social Economic Council, Report about the economic and social conjuncture, 2nd semester of 2004, January 2005, P 120.

[20] ) The National Council Economic and Social report ,Prospects of Economic Development Committee entitled : Bebate Elements about Growth Pact , July 2005 Page : 22.

[21] ) President Abd El Aziz Boutaflika adopted this approach strongly i.e. Legislation through the issuance of numerous presidential decrees without any debate including the parliamentary one.

[22] ) For more information about rentier government in Algeria see :

- Rachi Ben Dib, Rentier State in Algeria in Crisis: Elements for a Transitional Economic Policy in Algeria ,Alger OPU, 2006.