



# ► ILO Brief

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## Relevance of ILO *Social Security (Minimum Standards) Convention, 1952 (No. 102)* to Strengthen the Social Security System in China

### Key points

- Convention No. 102 is the only international Convention, which defines the nine classical branches of social security and prescribes key principles to meet the minimum standards.
- Convention No. 102 guides social security reforms that respond to China's policy objectives under the 14<sup>th</sup> Five Year Plan (2021-2025) to promote a consumption driven and inclusive growth, to integrate equitably workers in new forms of employment, to strengthen the social contract and reinforce economic and social stabilizers in times of crisis and to establish a gender equitable multi-tier pension policy framework.
- The ratification by China of Convention No. 102 would be an opportunity for the country to become one of the forerunners in the region and set the pace for other countries in the Global South, that wish to emulate China in their efforts to extend and improve their social security systems.

This Brief provides an overview of the main provisions and minimum requirements found in ILO's Social Security (Minimum Standards) Convention, 1952 (No. 102). The importance for China ratifying Convention No. 102 is presented in the light of the national context.

## The International legal framework

### Main ILO social security standards

The first generation of social security standards corresponds to the instruments adopted since the creation of the ILO until the end of the Second World War. These standards aimed at establishing compulsory social insurance systems for specific branches and at covering the principal sectors of activity and the main categories of workers. The second generation of standards corresponds to the era of social security. The new approach consisted in unifying and coordinating the various social protection schemes within a single social security system covering all contingencies and extending social security coverage to all workers.

This new conception is reflected in the flagship social security Convention, namely the Social Security (Minimum Standards) Convention, 1952 (No. 102). The third generation of standards corresponds to the instruments adopted after Convention No. 102. Modelled on the latter, they offer a higher level of protection in terms of the population covered and the level of benefits and revise first-generation standards.





Source: 123RF.COM

## Main parameters for each social security scheme

Convention No. 102 is the only international Convention, which defines the nine classical branches of social security. The nine branches for which Convention No. 102 make provision are: medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivors' benefit. The Convention prescribes minimum standards for five parameters for each contingency:

### Contingency covered

It refers to the scope of social risks that protection programs can cover, for example the contingency covered for unemployment benefit shall include suspension of earnings due to inability to obtain suitable employment in the case of a person protected who is capable of, and available for, work; and that for old-age benefit shall be survival beyond a prescribed age.

### The scope of protected persons and population protected

Each contingency may have two to four options of scope of protection, such as prescribed classes of employees, prescribed classes of economically active population, residents of income up to a prescribed level, and workplaces that employ 20 or more employees. For different coverages, the minimum requirement for the scale of protected persons varies.

### Qualification for receiving benefit

The purpose of qualification for receiving benefit is to establish the qualifying conditions for receiving benefit or allowance. For old-age benefit, it is to prescribe a qualifying

period of employment or residence.

### Minimum level of benefits

The minimum benefit level focuses on the amount of benefit payment, sets minimum levels for every contingency. The minimum standard for replacement is 40% for long-term benefit (such as old-age, invalidity, and survivors' benefit), 45% for short-term benefit (such as sickness, unemployment and maternity), and 50% for employment injury.

### Minimum period of payment

The minimum period of receiving benefit may cover the whole period of contingency or can be a minimum period in light of specific circumstances.

## Principles prescribed by the Social Security (Minimum Standards) Convention, 1952 (No. 102)

These minimum standards should be reached by the application of the following basic social security principles anchored in Convention No. 102, which must be complied with irrespective of the type of scheme established. The Convention prescribes the following principles:

### The State responsibility

This means that the State assumes a general responsibility for the due provision of the benefits and the proper administration of the administration and services, which requires that the social security system is based on a proper legal frame, and that the sustainability of the systems is ensured through i.e. regular actuarial valuations.

### The collective financing of social security

Social security shall be collectively funded by employers and employees or by taxation, or by a way that combines both in a manner which avoids hardship for people of small means. The total of contributions paid by workers must not exceed 50 per cent of the total resources of the schemes.

### Adequacy and predictability

Benefit levels are in line with the level of economic development of the country, and regarding the overall situation of the social security system. They are provided throughout the contingency in respect of each scheme. They are established at minimum guaranteed levels in application of the Convention minimum requirements. Long-term periodical payments are predictable. Benefits in payment are adjusted according to reflect substantial changes in living costs.

### Participation by protected persons

Protected persons shall participate in the management of the social security system or be associated in a consultative capacity according to prescribed conditions.

### Right of appeal by protected persons

It refers to the right of appeal in case of refusal of the benefit or complaint as to its quality or quantity. Protected persons shall have the right of appeal when their right to protection is deprived or infringed upon.

### Equality of treatment for non-national residents

Non-nationals shall enjoy the same treatment as nationals.

### Flexibility

Convention No. 102 contains several clauses which allow member States a high degree of flexibility in reaching its objectives. This is done first by allowing ratifying States to accept as a minimum three out of the nine branches of social security, with at least one of those three branches covering a long-term contingency (i.e. old age, invalidity, loss of breadwinner or employment injury) or unemployment and with a view to extending coverage to other contingencies at a further stage (Article 2). In addition, the scope of personal coverage under Convention No. 102 provides alternatives that consider differences in the employment structure and in the socioeconomic situation of member States, as well as between the different categories of residents within a State.



Source: 123RF.COM

## Relevance of C. 102 today

In June 2021, the International Labour Conference (ILC) adopted a Resolution that invites governments, employers and workers to build and maintain universal, comprehensive, sustainable and adequate social protection systems pursuant to the vision and principles expressed in ILO up to-date social security standards, including the Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Social Protection Floors Recommendation, 2012 (No. 202).

To achieve the effective realization of the right to social security, the Resolution indicates that the ILO should launch a campaign to systematically promote the ratification of the Social Security (Minimum Standards) Convention, 1952 (No. 102). In November 2021, the 343rd Session of the Governing Body adopted the plan of action on social protection for the period 2021-26 that ILO will design and implement a 5-year campaign with the aim of reaching at least 70 ratifications of Convention No. 102 by 2026, from 60 ratifications in 2021.

## Why ratify C. 102?

Over the years, Convention No. 102 has had, and continues to have, substantial influence on the development of social security in various regions of the world. Ratification of Convention No. 102 contributes to achieving Global Sustainable Development Goals and China's social security policies:

### ***A contribution to the 2030 Agenda for Sustainable Development and SDGs***

The ratification and implementation of social security standards contribute to attaining the 2030 Agenda for Sustainable Development, namely SDG target 1.3 on building social protection systems and measures for all, including floors, with a view to achieving universal social protection. It is also instrumental in achieving other SDGs related to good health and well-being (namely through universal health coverage), gender equality, decent work and reduced inequalities.

### ***A path for a highroad to common prosperity and quality development***

Convention No. 102 guides social security reforms that respond to China's policy objectives under the 14<sup>th</sup> Five Year Plan (2021-2025) to promote a consumption driven and inclusive growth, to integrate equitably workers in new forms of employment, to strengthen the social contract and reinforce economic and social stabilizers in times of crisis and to establish a gender equitable multi-tier pension

policy framework. These form the basis of a high road to strengthening social protection, as proposed by the World Social protection report 2021-2022.

**An international legal framework for fair and stable globalization and for ensuring a level-playing field**

When ratifying Convention No. 102, a country demonstrates to the international community that it accepts these minimum standards and the basic social security principles prescribed by the Convention. International experience proves that ILO social security Conventions and Convention No. 102 more particularly, serve as a means for preventing the levelling down of social security systems worldwide.

**A tool for the development of a coherent social security system that ensures portability of benefits**

The principles of C. 102 offer important practical guidance to reduce fragmentation and improve coherence of social security design and administration between national and local spheres of government.

**Setting the pace for the Region of Asia and the Pacific, and the Global South**

The ratification by China of C. 102 would be an opportunity

for the country to become one of the forerunners in the region and set the pace for other countries in the Global South, that wish to emulate China in their efforts to extend and improve their social security systems.



Source: World Social Protection Report 2020-2022



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