

<ADB Webinar>

Discussion on Social Protection Framework for Post-Pandemic Recovery

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Korea's Leading Think Tank



COVID-19 situation in Republic of Korea

Relatively mild until 2021

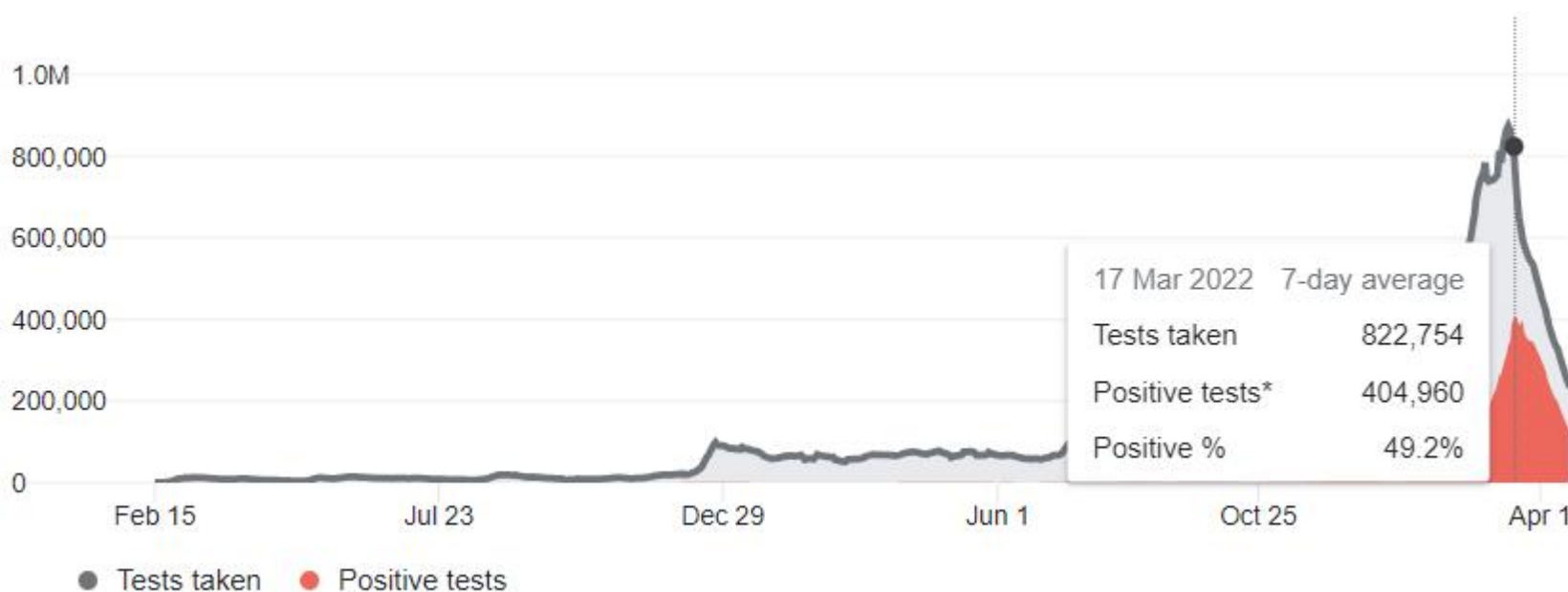
- By the end of 2021, the number of new confirmed cases was less than 5,000 (1 per 10,000 population)



COVID-19 situation in Republic of Korea

Confirmed cases soared in 2022

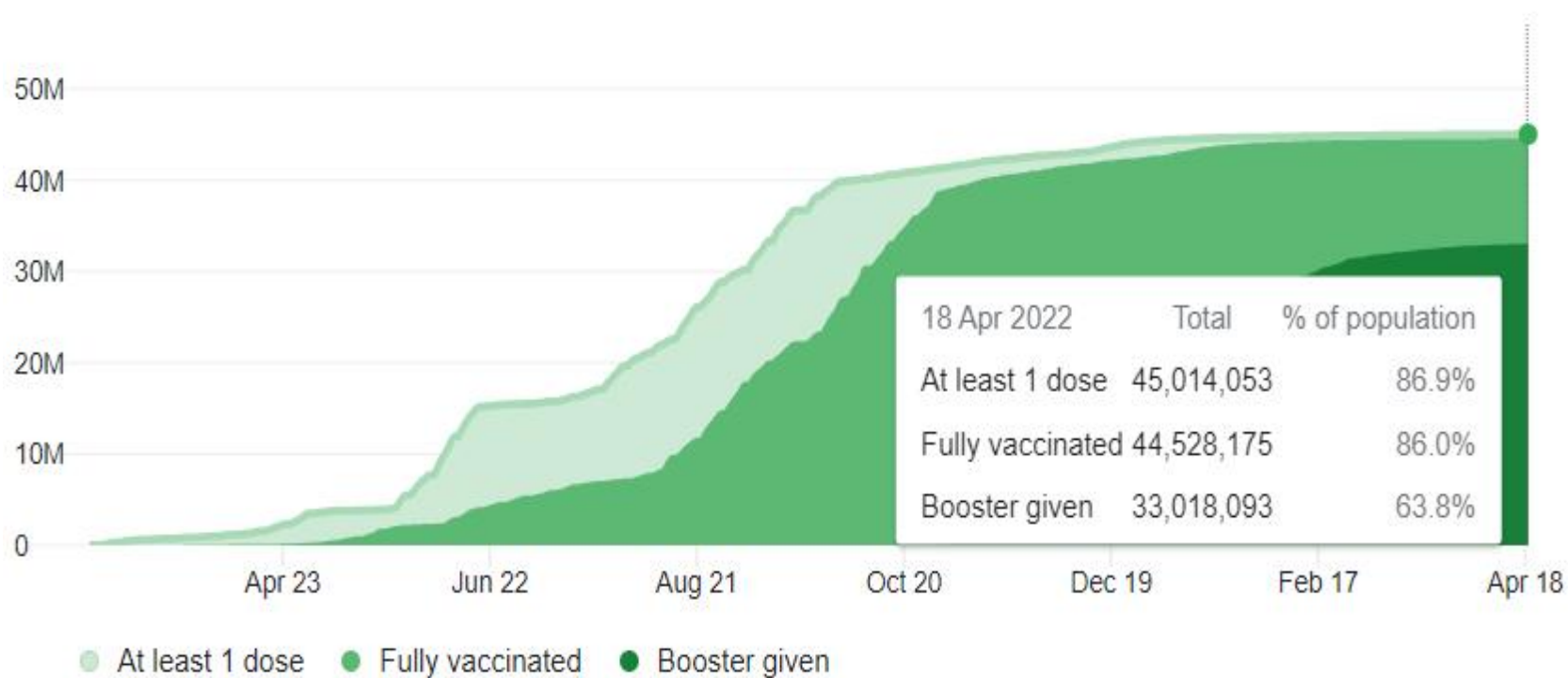
- In 1Q of 2022, the number of new confirmed cases soared to 400,000, about 80 times higher than before.
 - About 100,000 new cases were reported yesterday, showing a declining trend from mid-March 2022, but still 20 times higher.



COVID-19 situation in Republic of Korea

High Vaccination Rate

- By the end of 2021, 82% of population has completed the 2 vaccination
- The booster shot rate has also recently increased to 64%



COVID-19 situation in Republic of Korea

Low Average Fatality Rate

- The average fatality rate is 0.13% for both men and women
 - However, the fatality rate of the elderly aged 80 and over exceeds 2%
 - The total number of deaths is about 20,000, of which about 60% are over the age of 80

Current status of confirmed cases, deaths, and fatality rate by gender (as of April 20)

Gender	Confirmed Cases(%)	Deaths(%)	Fatality rate(%)
Male	7,810,351 (47.1)	10,419 (48.42)	0.13
Female	8,772,869 (52.9)	11,101 (51.58)	0.13

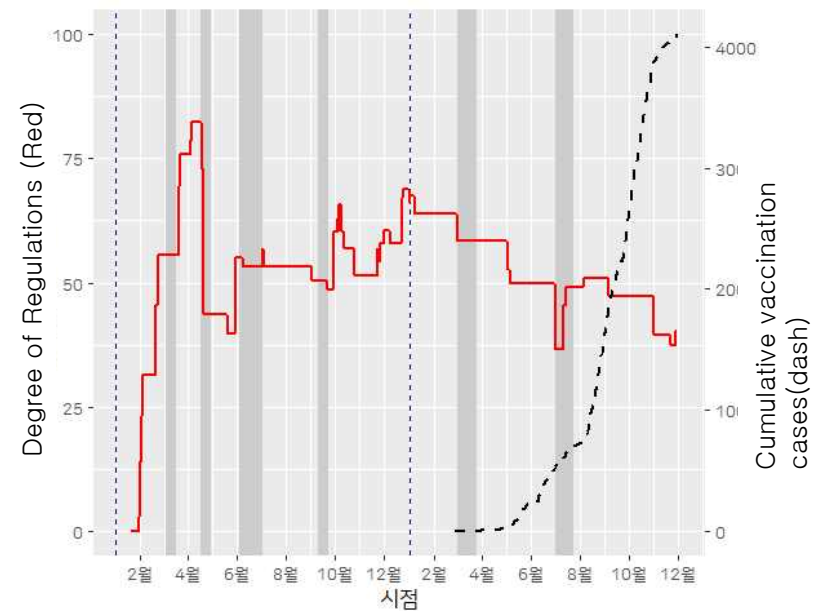
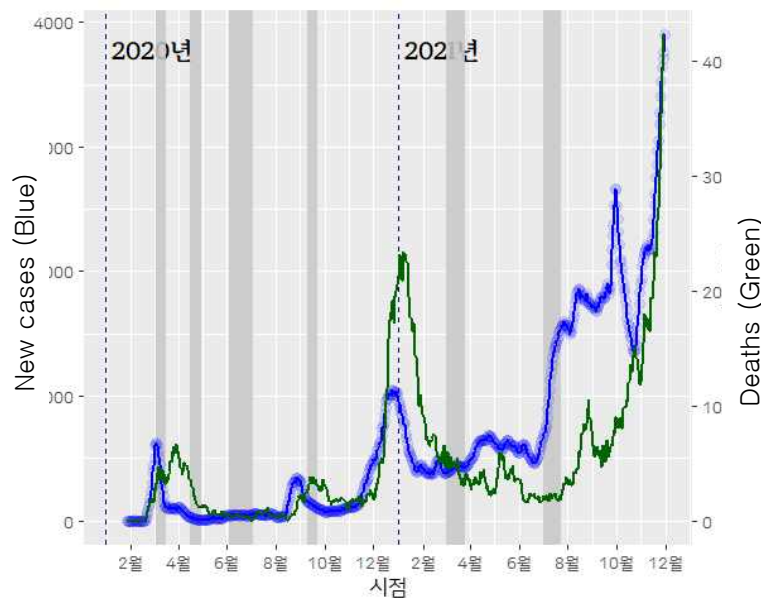
Current status of confirmed cases, deaths, and fatality rates by age (as of April 20)

Age	Confirmed Cases(%)	Deaths(%)	Fatality rate(%)
80 +	474,491 (2.86)	12,658 (58.82)	2.67
70-79	778,570 (4.69)	5,000 (23.23)	0.64
60-69	1,666,287 (10.05)	2,550 (11.85)	0.15
50-59	2,029,185 (12.24)	869 (4.04)	0.04
40-49	2,570,087 (15.5)	275 (1.28)	0.01
30-39	2,442,879 (14.73)	95 (0.44)	-
20-29	2,385,043 (14.38)	50 (0.23)	-
10-19	2,199,165 (13.26)	6 (0.03)	-
0-9	2,037,513 (12.29)	17 (0.08)	-

COVID-19 situation in Republic of Korea

Weakening Social Distancing Measures

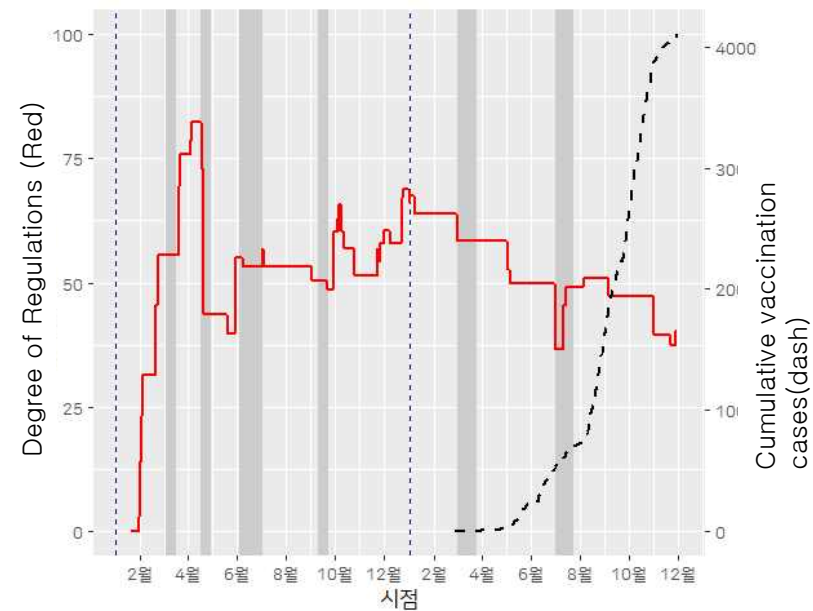
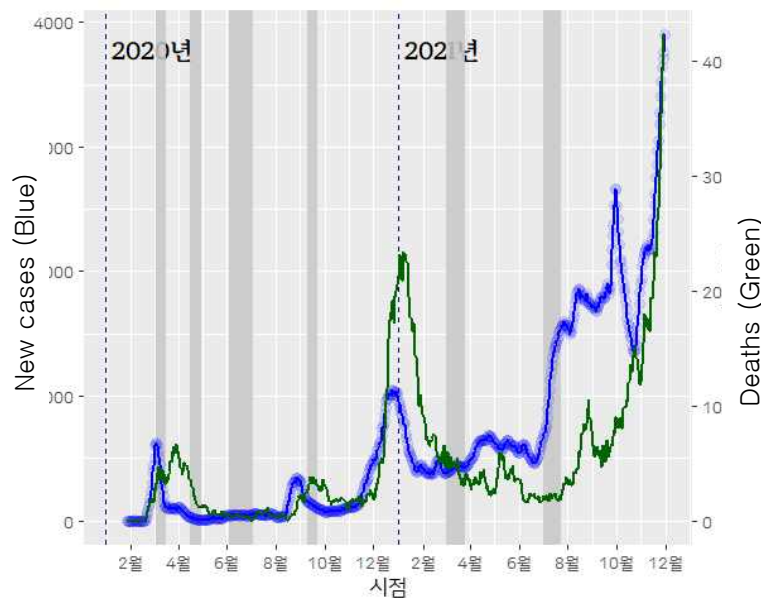
- Social distancing measures have been gradually weakening since Oct. 21
 - Vaccination rate is high enough : about 50% of population has at least 1 vaccination
 - From Oct. 2021, the government must compensate the operating losses if businesses are restricted or banned due to social distancing measures to control infectious diseases



What we have done to recover from COVID-19 **KDI**

What we have done

- In 2020 and 2021, 4 and 2 supplementary budgets were implemented, respectively
 - In case the number of confirmed cases increases, social distancing measures are strengthened and financial support was provided through supplementary budget



What we have done to recover from COVID-19 **KDI**⁷

What we have done

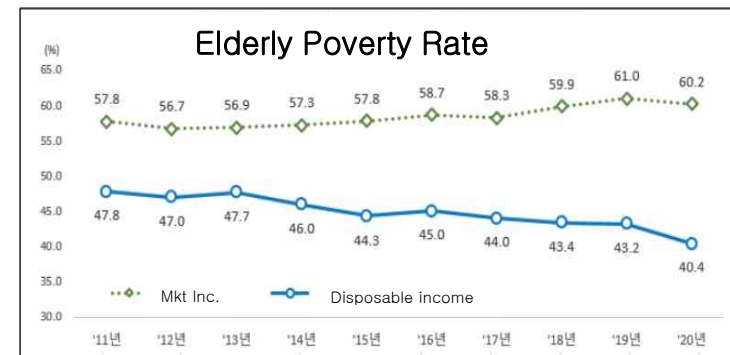
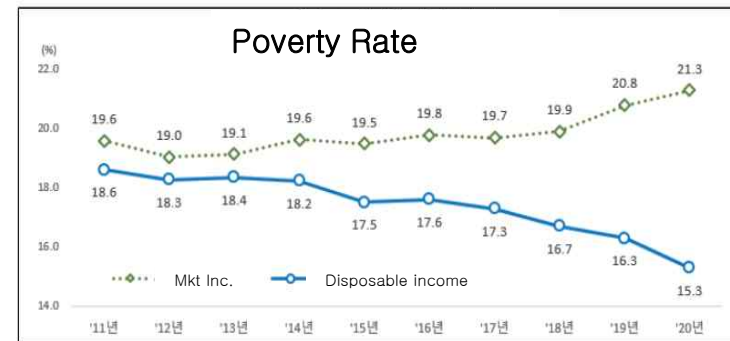
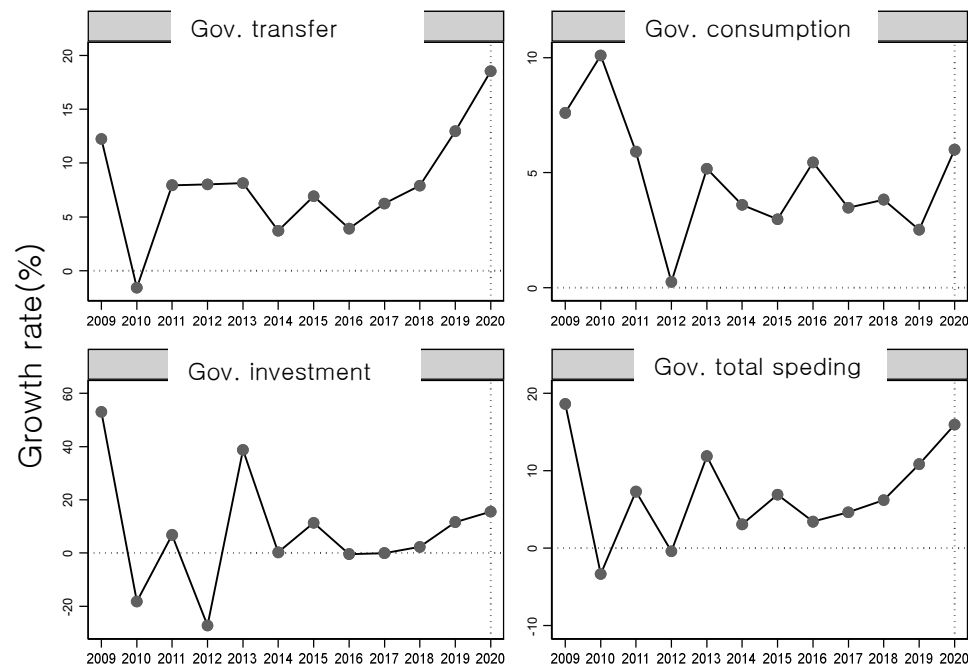
- In 2020 and 2021, 4 and 2 supplementary budgets were implemented, respectively
 - (2020.04.) Universal cash transfer for all citizens
 - (2020.06. -) Targeted cash transfers for special employment type workers, the self-employed, and small business owners
 - (2021. 10.) Semi-Universal cash transfer : cash transfer to all citizens except the top 10%
 - (2021.07.) Enactment of "Act on Protection and Support of Small Businesses" (enforced in 2021.10.)
 - Compensation is calculated in proportion to the average loss compared to 2019, the number of days to implement quarantine measures, and the correction rate (80%)
 - In addition to the above support measures, various local government-level universal and targeted cash transfer, extension of unemployment benefit and EITC, and financial support such as loans and interest supports are also provided.

What we have done to recover from COVID-19 **KDI**

What we have done

□ Disposable income improves in terms of level and inequality

- The decline in market income in the lower quantiles is large
- Poverty rates and inequality indices improved by expanding targeted transfer



What we are doing to recover from COVID-19

What we are doing

- Maintaining support for the underprivileged to respond to the unequal recovery from COVID-19
 - Reorganization of small business loss compensation rules : excluding correction rate and rationalizing loss calculation method
 - maintaining financial support for small business owners, especially those in face-to-face service sector

- Review of reorganization of unemployment support policies
 - Increasing the employment insurance subscription rate (49% not subscribed)
 - Shortening the payment interval and expanding amount of EITC
 - Enhancing (non-contributing) public assistance for unemployment

What we are doing to recover from COVID-19 **KDI**

What we are doing

- Review of expansion of cash support to respond to demographic changes
 - Review of the introduction of parental allowance
 - Review of increase in wages for compulsory military service youth
 - Review of increase in (non-contributing) basic pension benefit amount

- Progressive fiscal consolidation
 - Reinforce expenditure restructuring
 - Review of the introduction of fiscal rules
 - Reorganization of roles and resources of central and local governments

What we will do

- Comprehensive structural reforms in response to demographic changes are required.
 - With the current fiscal structure, it is difficult to achieve sustainable fiscal management and provide sufficient welfare services
- Flexibility of fiscal spending structure is necessary in response to mid- to long-term changes in circumstances
 - Adjustment of target and service type for elderly welfare services reflecting health status
 - Education policy adjustment reflecting changes in industrial structure, technology, and demographic structure
 - Maintaining defense service in response to the reduction in the number of youths for compulsory military service
 - Creating an environment for pension reform through adjustment of roles in the multi-layered pension system and integration of public pensions (NPS, GEPS, TPS, MPS)

COVID-19 control / adaptation / sustainability

- COVID-19 spread suppression and discretionary spending support
 - Flexible fiscal expansions to control uncertainty related with COVID-19

- Review of with-COVID-19 policy and rule-based support measures
 - When regulation is required due to the re-spread of COVID-19, the cost of regulation can be predicted through the compensation amount calculation method.
 - Review of flexible quarantine policies considering the benefits and costs of quarantine based on an understanding of the characteristics of COVID-19
 - Targeted supports are maintained due to uneven recovery of COVID-19

- Comprehensive structural reforms are required to respond to environment changes.
 - Changes in welfare, education, military, pension, and labor policies are required rapidly