

<ADB I Webinar>

# Discussion on Social Protection Framework for Post-Pandemic Recovery

Taesuk Lee

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Korea's Leading Think Tank



# Covid-19 situation in 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 Korea

## Confirmed cases soared in 2022

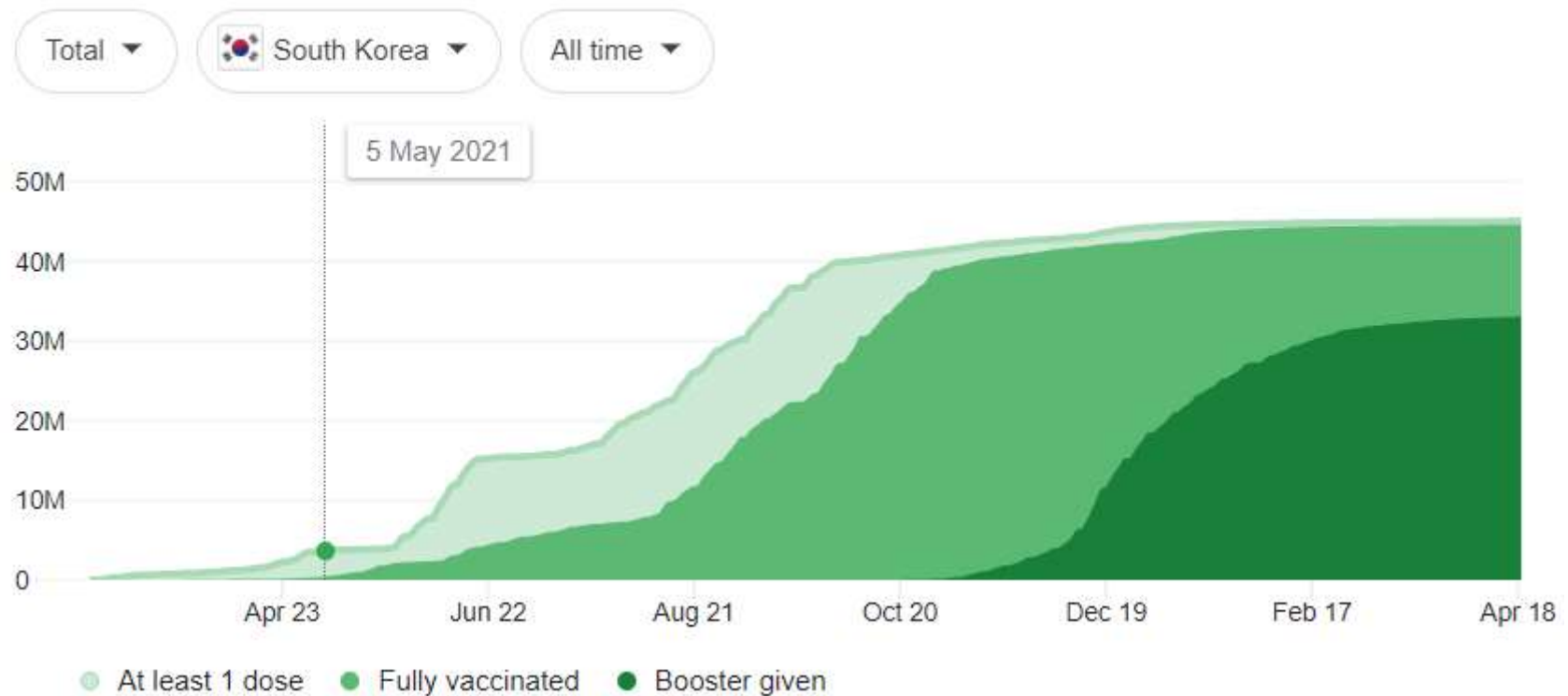
- In 1Q of 2022, the number of new confirmed cases soared to 400,000, about 80 times higher than before.
  - About 100,000 new cases were reported yesterday, showing a declining trend from mid-March 2022, but still 20 times higher.



# Covid-19 situation in Korea

## High Vaccination Rate

- By the end of 2021, 86% of population has completed the 2 vaccination
  - The booster shot rate has also recently increased to 65%



# Covid-19 situation in Korea

## Low Average Fatality Rate

- The average fatality rate is .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

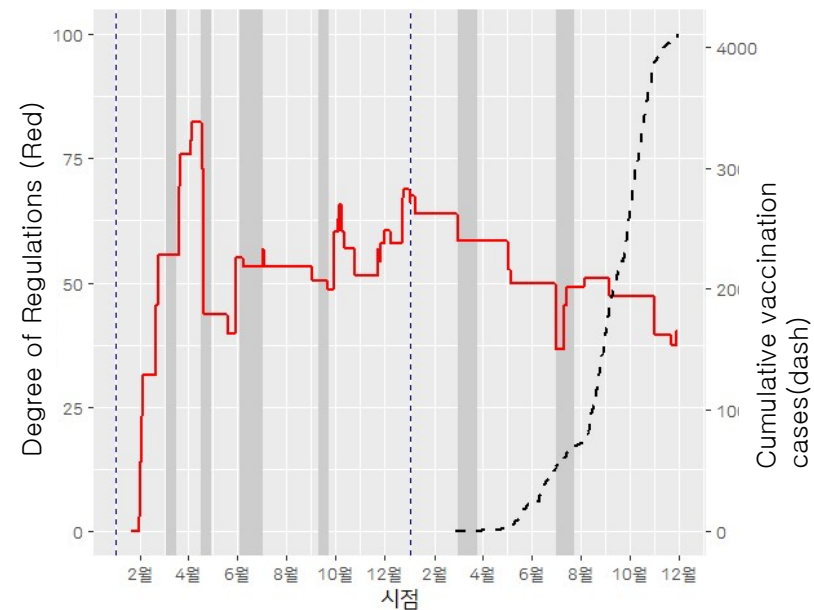
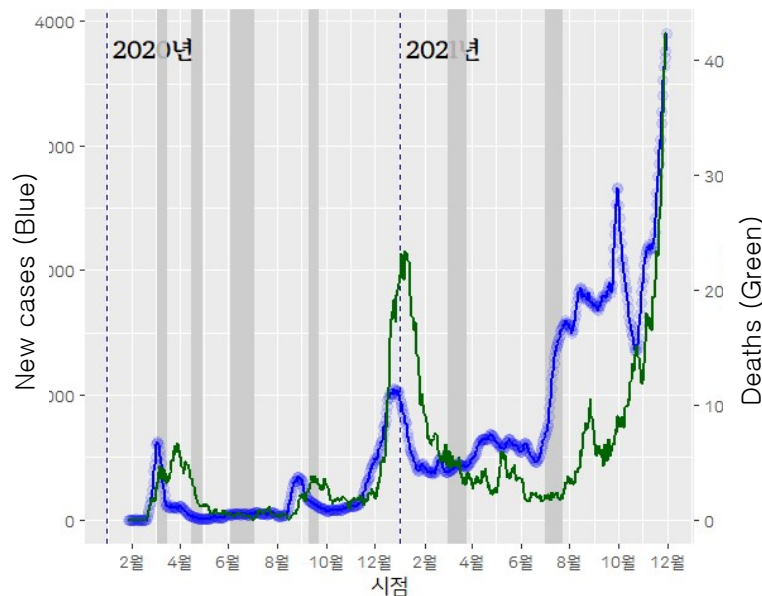
Current status of confirmed cases, deaths, and fatality rates by age (as of April 20)

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 Korea

## Weakening Social Distancing Measures

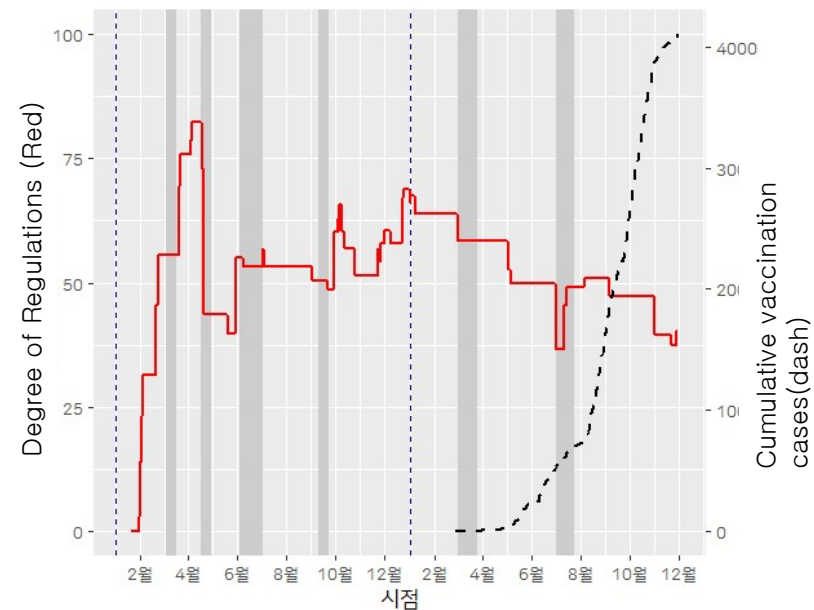
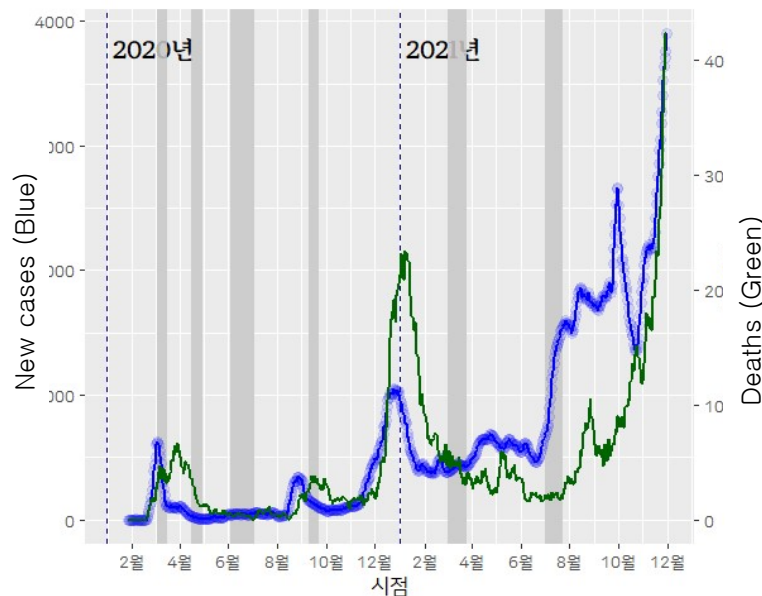
- Social distancing measures have been gradually weakening since Oct. 21
  - Vaccination rate is high enough : about 50% of population has at least 1 vaccination
  - From Oct. 2021, the government must compensate the operating losses if businesses are restricted or banned due to social distancing measures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



# What we have done to recover from Covid-19

## 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

## 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.

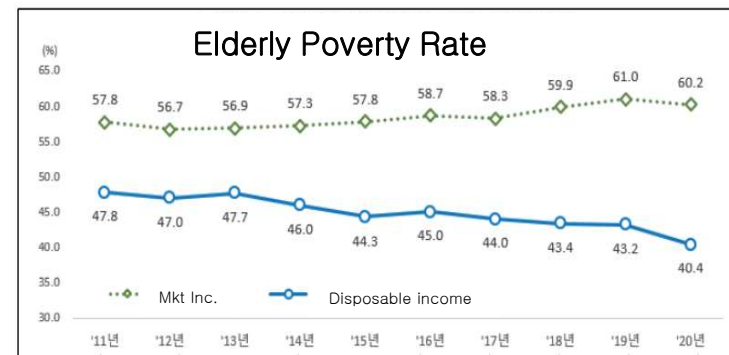
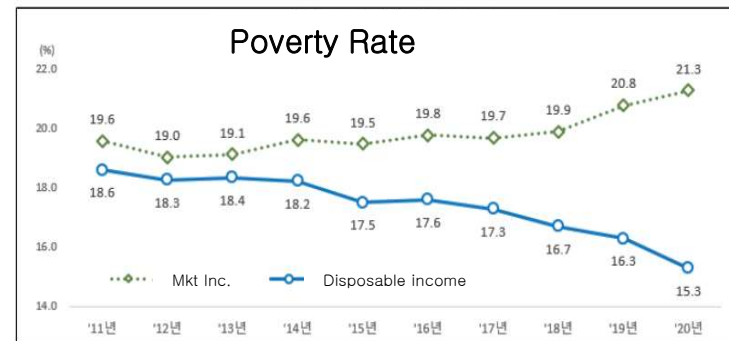
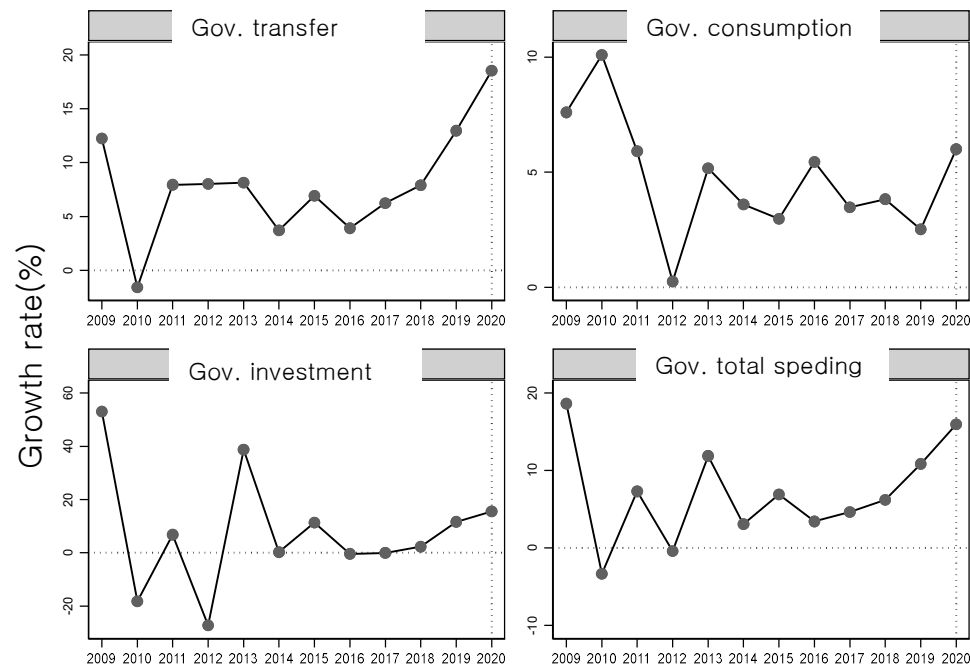


# What we have done to recover from Covid-19 **KDI**

## 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

## 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)

## Covid19 control / adaptation / sustainability

- Covid19 spread suppression and discretionary spending support
  - Flexible fiscal expansions to control uncertainty related with Covid19
  
- Review of with-Covid19 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