

2024 Global Health and Welfare Forum in Taiwan

THE KOREAN GOVERNMENT'S POLICIES IN RESPONSE TO LOW FERTILITY



Ministry of Health and Welfare
REPUBLIC OF KOREA

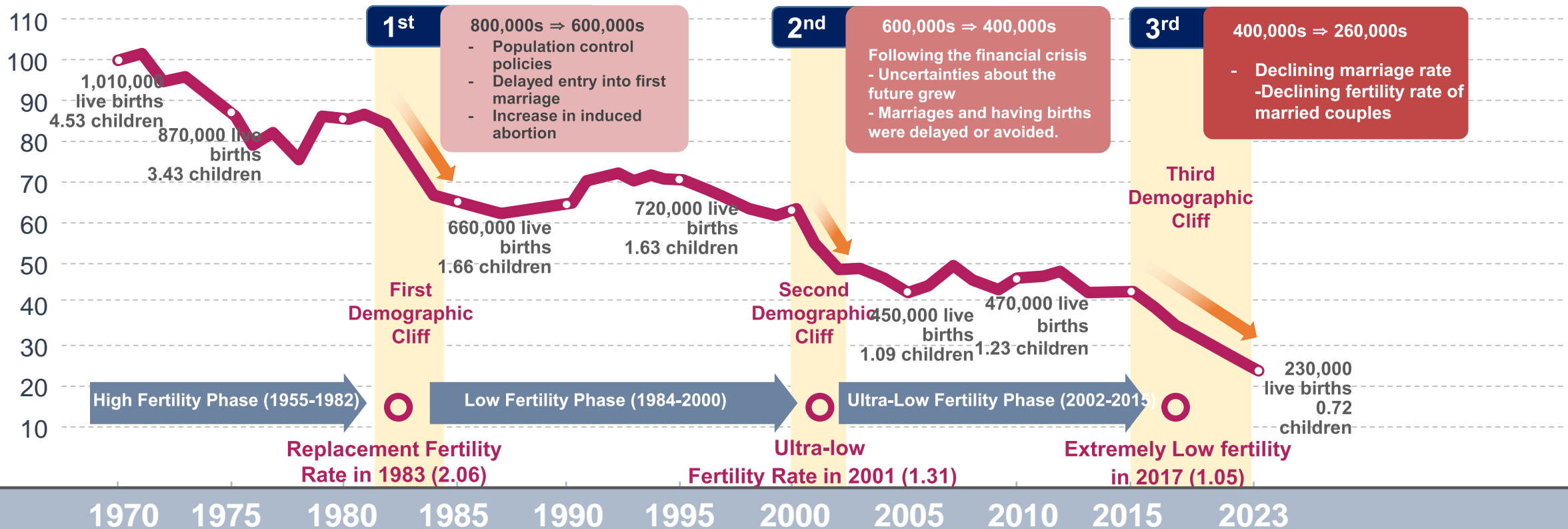
I Demographic Change Status and Outlook

Status of Low Fertility

Steep Decline Following Three Demographic Cliffs

* Source: Statistics of Korea, Birth Statistics (2024), reprocessed.

- ✓ In 2023, the total fertility rate (TFR) was 0.72 children and the number of live births (NLB) was 230,000.
- ✓ TFR and NLB are one-half and one-third of what they were only one generation ago. (TFR and NLB were 1.76 children and 730,000, respectively, in 1992).

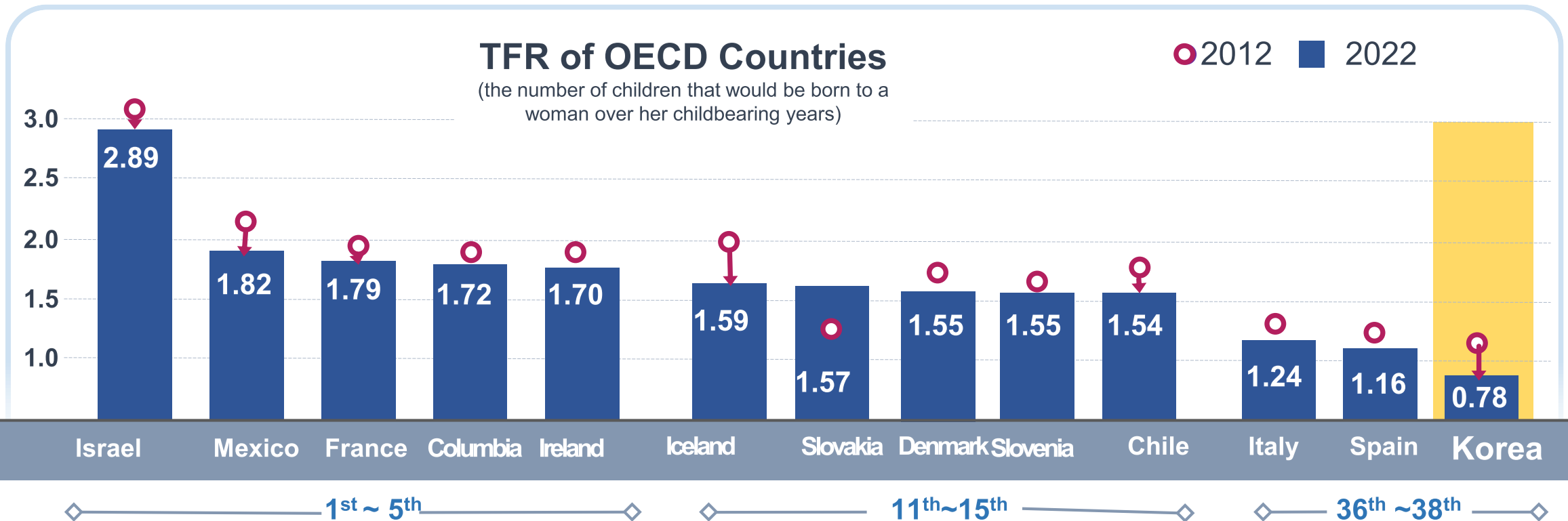


Status of Low Fertility

Lowest Total Fertility Rate among OECD Countries

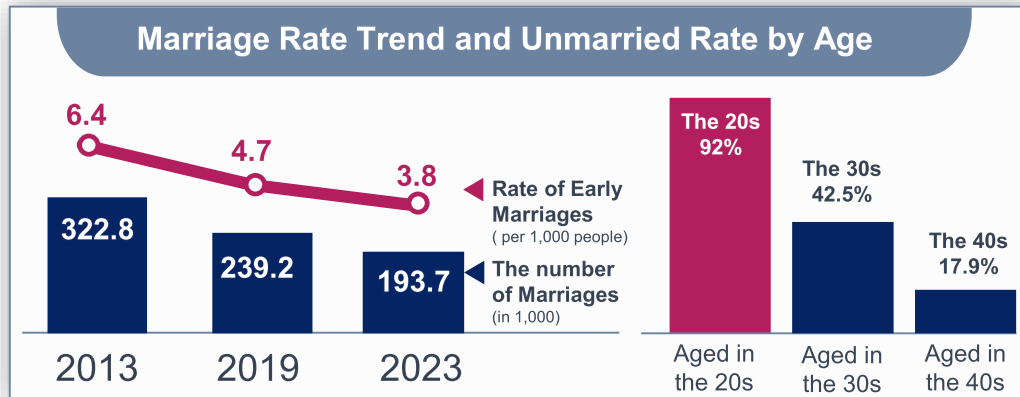
* Source: Statistics of Korea, Birth Statistics (2024), reprocessed.

- ✓ The only OECD country with TFR less than 1
- Far below the OECD average of 1.51 (in 2022)

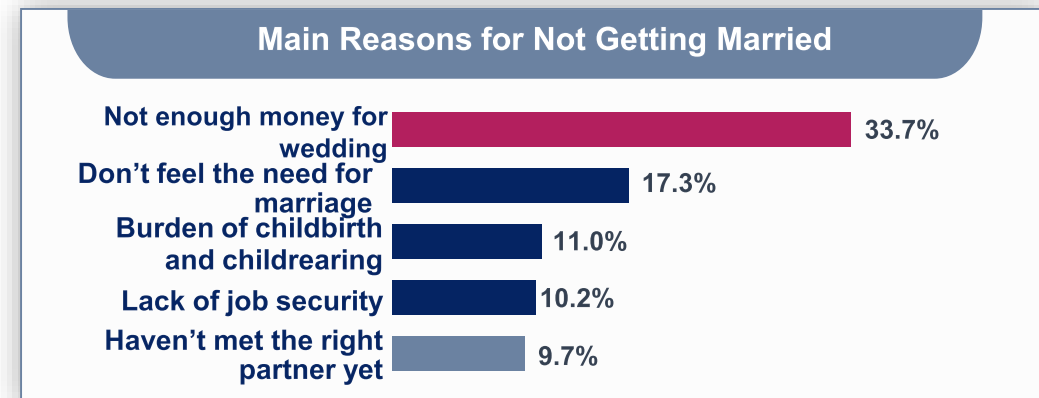


Increasingly Fewer and Later Marriages

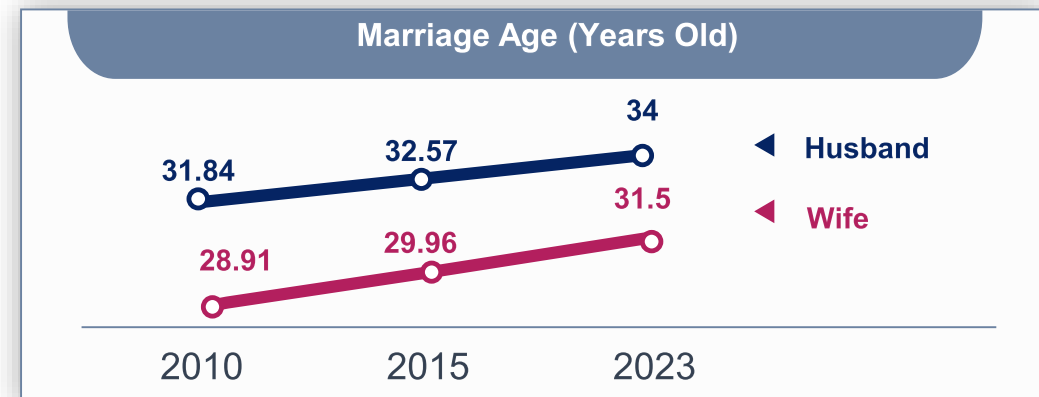
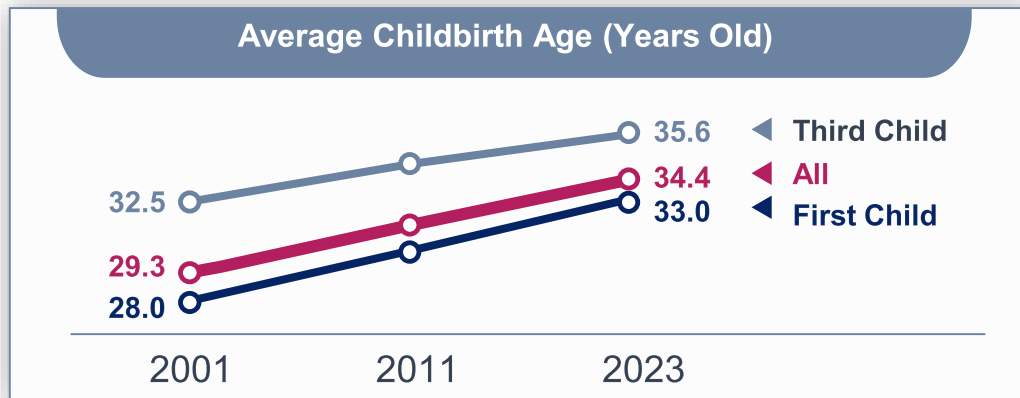
- More and more people do not tie the knot or are delaying marriage, and the percentage of women giving birth late (35 years of age or older) is increasing.



*Source: Statistics of Korea



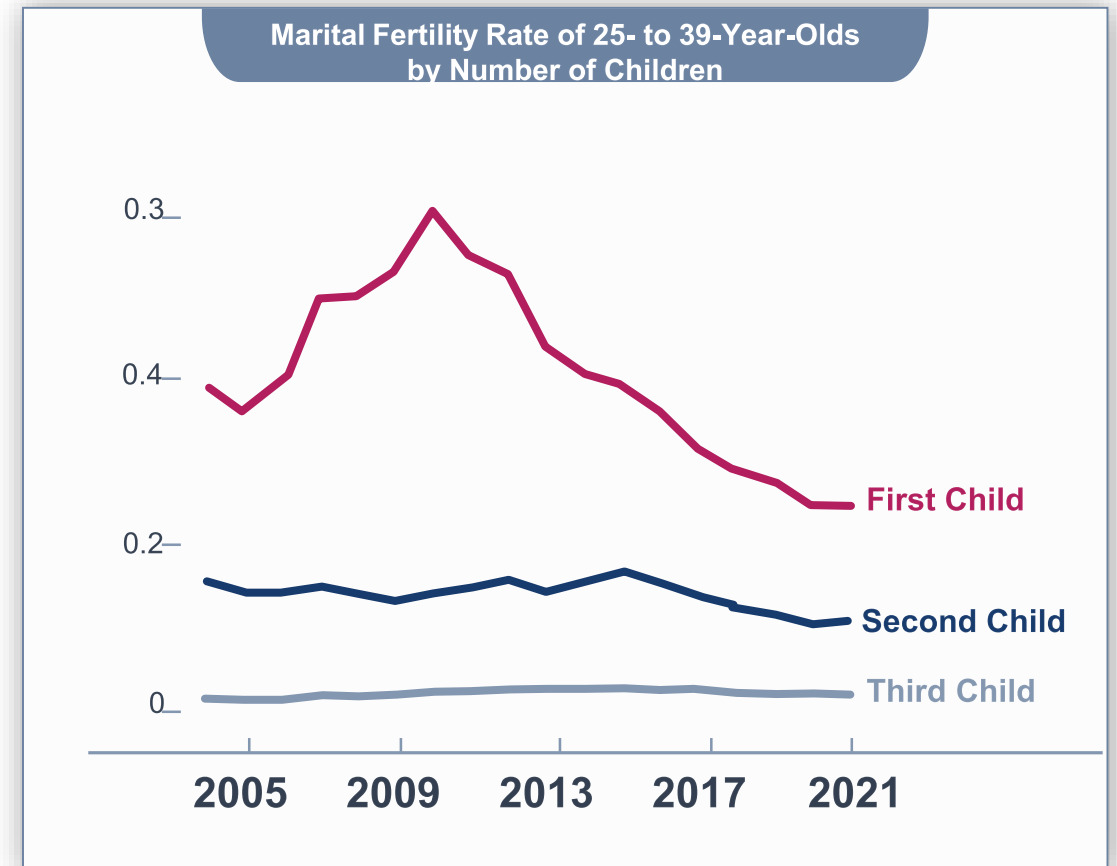
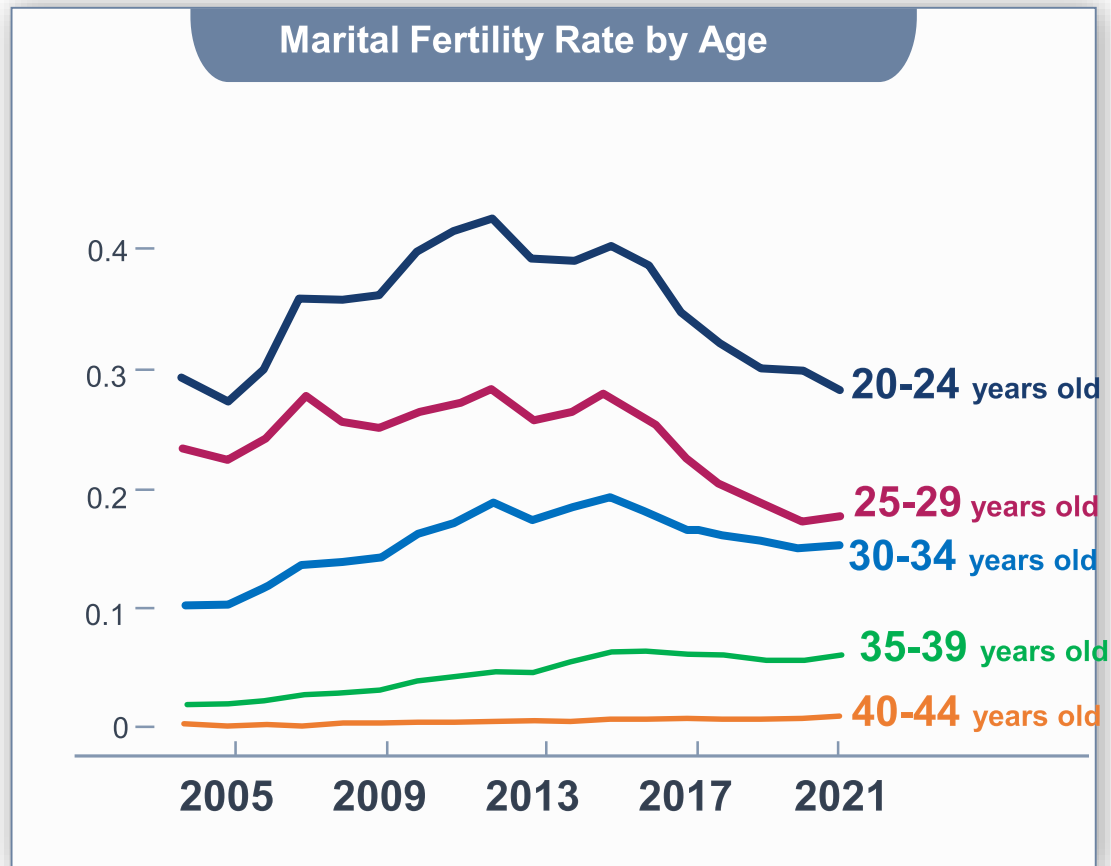
* Source: Statistics of Korea (Changes in Youth Attitude, 2023)



* Source: Statistics of Korea, Birth Statistics and Marriage Statistics (2023)

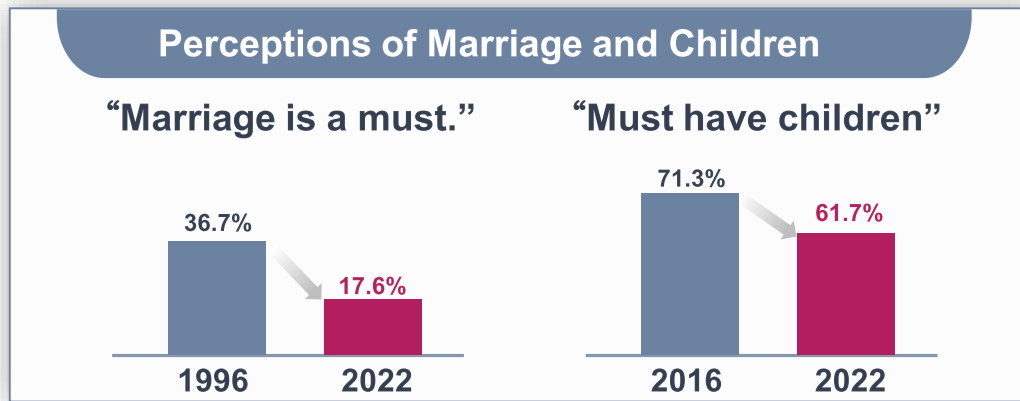
Fewer Married Couples Are Having Children

✓ Childlessness among married couples has been rising since 2015.

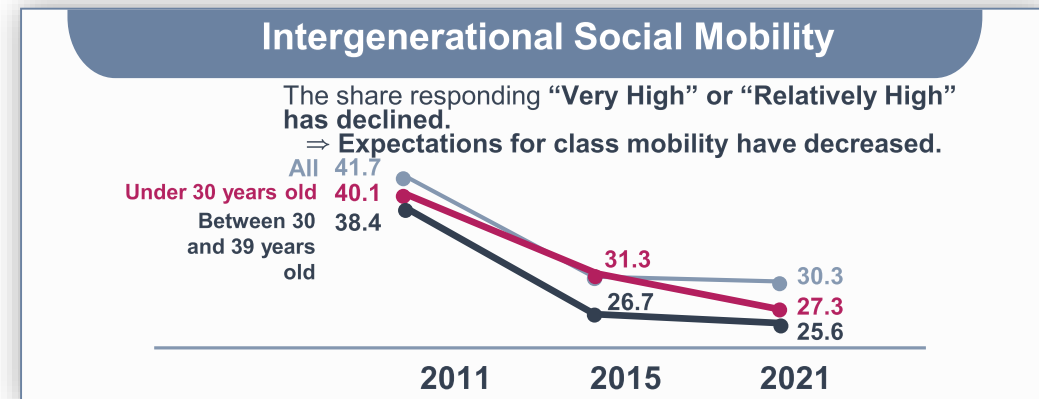


Change in Values of Marriage and Childbirth

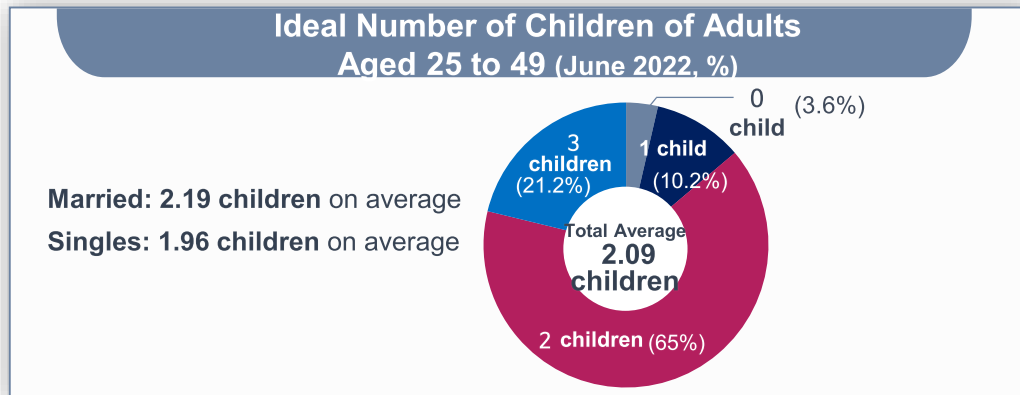
✓ Shift in Perceptions of Marriage and Children



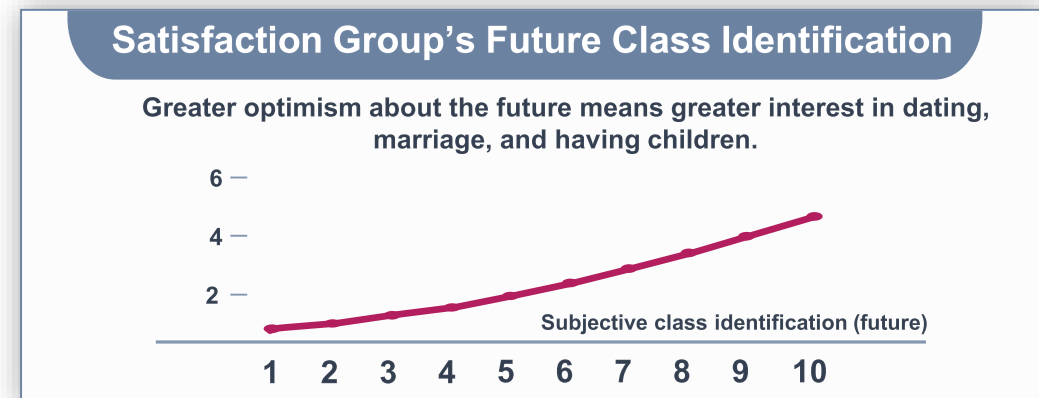
* Source: Ministry of Culture, Sports and Tourism, Survey on Korean Attitudes and Values (2022)



* Source: Statistics of Korea, Social Survey (each year)



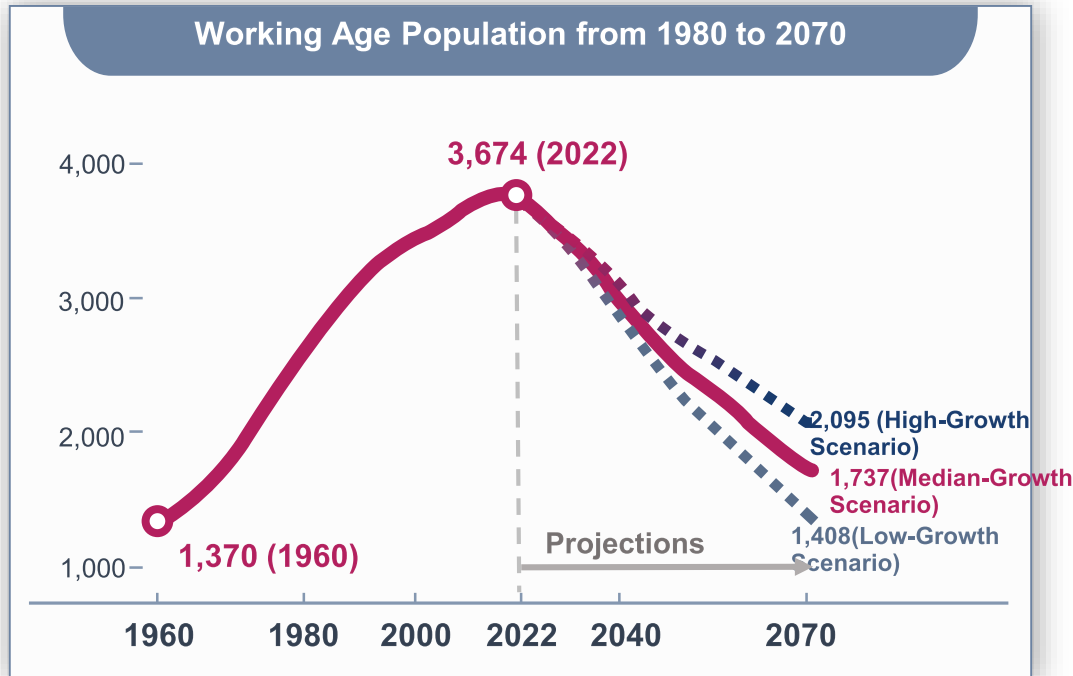
* Source: Survey on Korean's Values on Family and Marriage in the Era of COVID 19 (KDI, 2023)



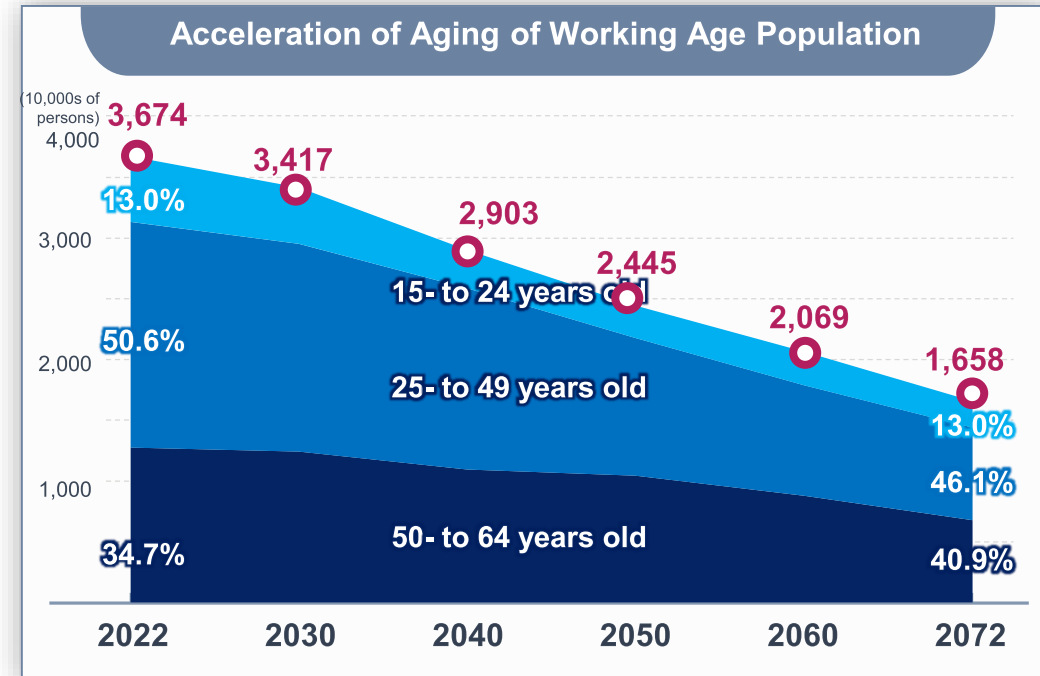
* Source: A Socio-psychological Approach to Low Fertility (Kim S.H., 2022)

Decline and Aging of Working Age Population

- ✓ Increasing aging of working age population ⇒ the population is falling after peaking at 37,380,000 in 2020
- ✓ Expectation of accelerated aging of population ⇒ The Baby Boomers will enter old-old and oldest-old groups (age 75 and older) in 2030.



*Source: Statistics of Korea, Population Projections for Korea (2021)

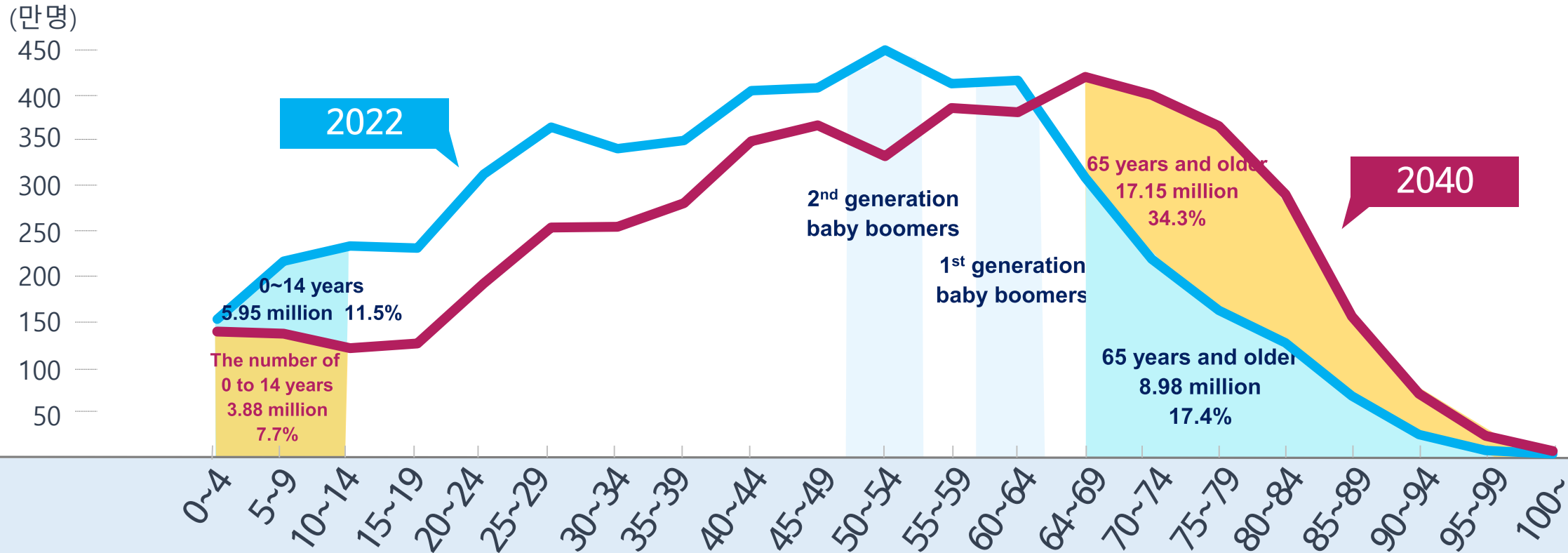


*Source: Statistics of Korea, Population Projections for Korea (2022~2072)

Outcome of Demographic Change

Concerns over the Future Becoming an Increasing Burden on the Young

- ✓ The population of those aged 25 to 29 (active working age) will decrease by 1.6 million while the population aged 65 and older will increase by 8.71 million in the next 20 years.
- ✓ The burden of elderly care is expected to 2.4 times in the next 20 years.



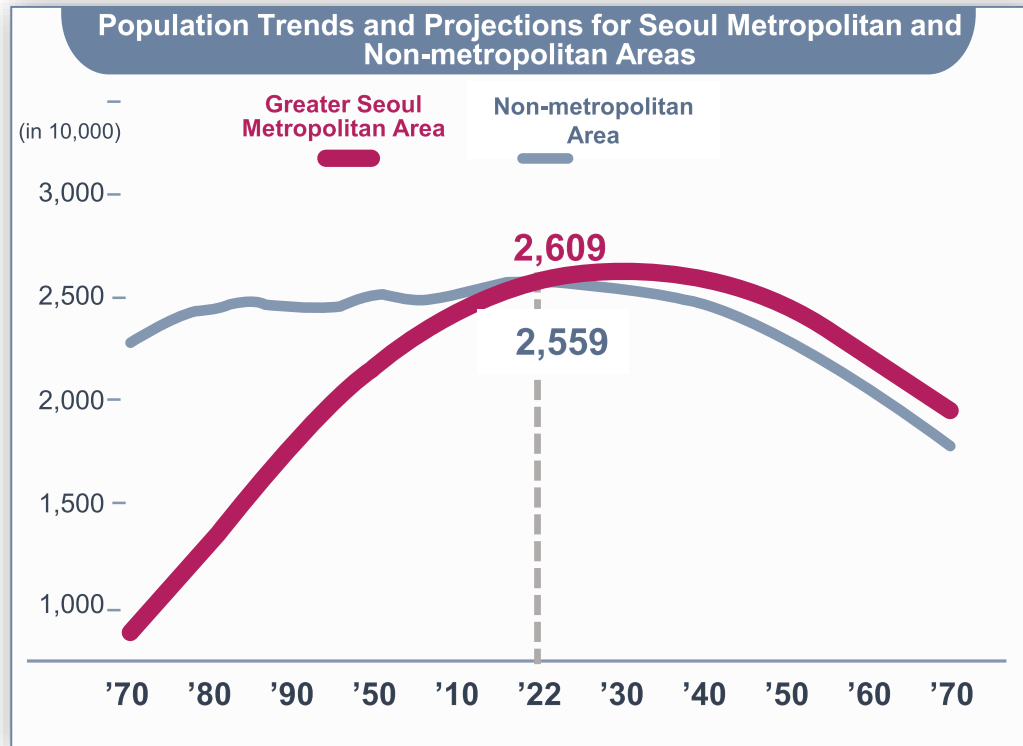
* Source: Statistics of Korea, Population Projections for Korea (2023) reprocessed

Outcome of Demographic Change

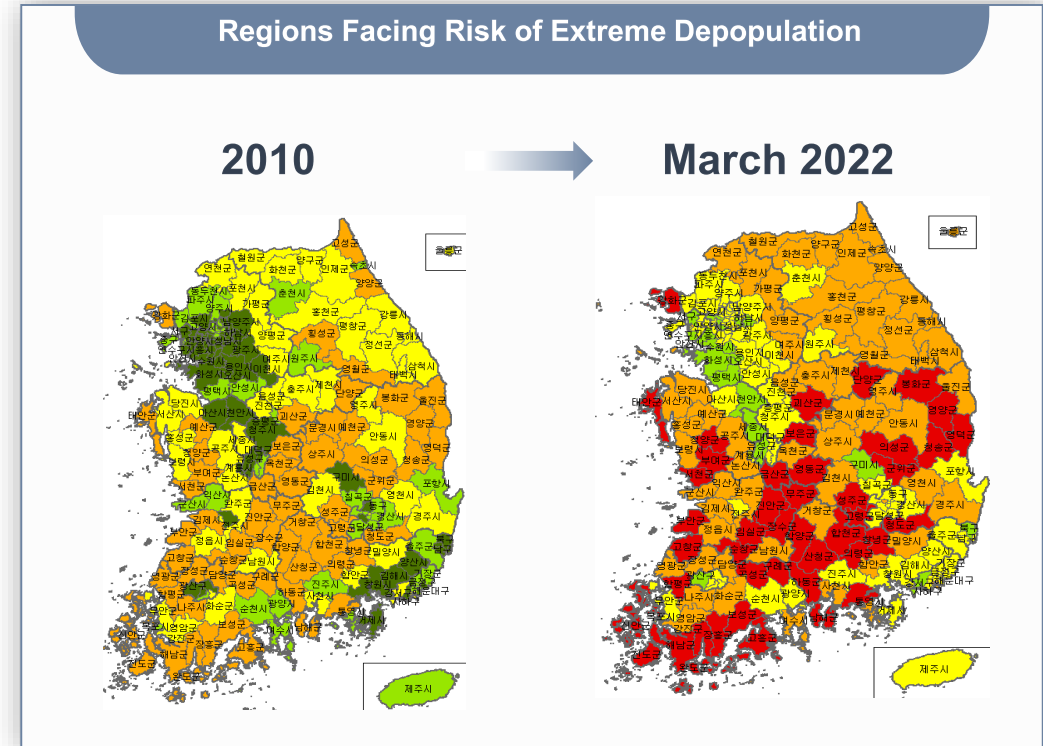
Acceleration of Population Concentration in Seoul Metropolitan Area and Regional Depopulation

*Statistics of Korea, Population Migration to Seoul Metropolitan Area and Population Projection (2020)

- ✓ The Greater Seoul Metropolitan area is experiencing an increasing influx of “young people” looking for “employment.”
- ✓ Regional areas are experiencing both a severe youth drain and aging.



* Source: Statistics of Korea, Population Projections for Provinces (2022)

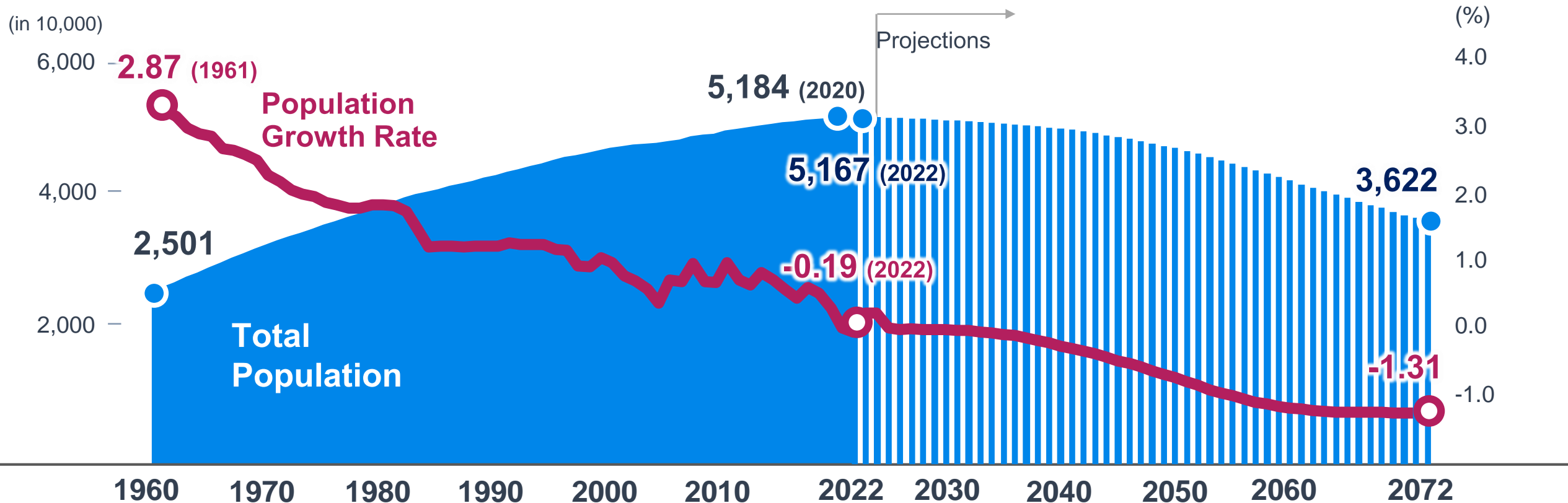


*Source: Korea Employment Information Service, Regional Industry and Employment (2022)

Outcome of Demographic Change

Beginning of Total Population Decline

- ✓ Population is now stagnating following population expansion. It began shrinking in 2020. It will reach a full-fledged contraction phase in 2040.



* Source: Statistics of Korea, Population Projections for Korea (2021)



II Policy Responses to Date

The Framework Act on Low Birth Rate in an Aging Society

Achievements

- ✓ The Framework Act on Low Birth Rate in an Aging Society was established in May 2005, and **four five-year basic plans for aging society and population policy were formulated since 2006.**

→ Helped make **conditions more conducive to marriage, childbirth, and childrearing** and **improved the quality of life for the elderly.**

1st Basic Plan (2006-2010)

- First step toward addressing low fertility
- Laid an institutional foundation for better quality of life for the elderly

2nd Basic Plan (2011-2015)

- Intended to enable the state to take responsibility for childcare and bolster the support for pregnancy and childbirth
- Intended to **strengthen the responsibilities of the state and society** for childbirth and childrearing including expansion of work-family balance

3rd Basic Plan (2016-2020)

- Increasingly more people are not getting married or are delaying marriage for financial reasons.
- **Offered structural support for newlyweds including job and housing assistance**

4th Basic Plan (2021-2025)

- Focuses on **ensuring individual's quality of life and rights.**
- Balanced approach and implementation of family support and socio-structural innovation

Limitations

- ✓ The **already-low fertility is continuing to decline** despite the financial injection of KRW 320 trillion since 2006.

- ✓ Plans were formulated based on the projects recommended by the involved ministries → **scattershot measures → less effectiveness and perceived impact**

*Out of a total of 351 projects in 2022, 214 addressed low fertility.

Tackling Low Fertility

Assistance for Pregnancy, Childbearing, and Childrearing

Achievement

Childrearing Cost Assistance

- Started offering a universal monthly **child allowance of KRW 100,000** for all children up to 7 years old from 2018
- Introduced a new **parent allowance** in 2023

Assistance of Medical Cost for Delivery

- First Encounter Voucher** for a newborn (KRW 2 million in cash or e-voucher) in 2022
- Cash voucher for medical cost** of pregnancy and childbirth (KRW 1 million)
- Reduction in out-of-pocket** medical cost for infants (ambulatory care for infants under 1 year old)
- Medical cost assistance for high-risk pregnant women and premature babies**

Health Care

- Provision of personalized services including health care for newborn babies and their mothers and counseling for child development

Preceding research on the effect of cash incentives on raising fertility rate

- “Gangwon Province’s basic childcare allowance”** of KRW 300,000 a month for the first four years, started in 2019, led to a **significant increase in marital fertility of the first child** (Lee CH & LEE SY, 2022)
- Childbirth incentives** have a **strong influence** on the increase on marital fertility of the first child (Lee CH, 2019)

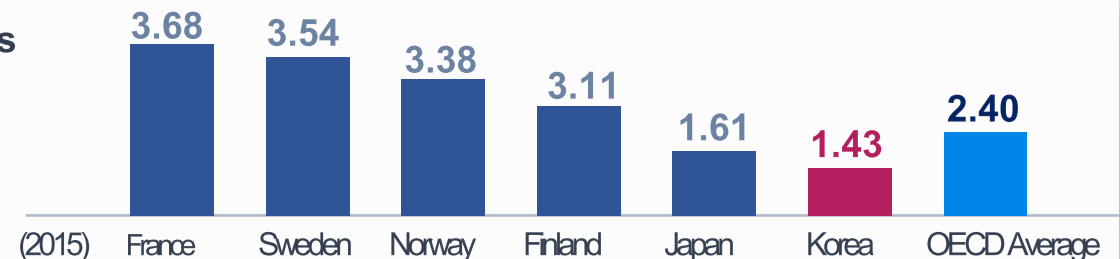
Limitations



Korea’s public spending on children and family is low among OECD countries.

- The share of spending on children and family to GDP
 - Korea: 1.54% (2020) vs. OECD average of 2.4% (2015)

* Source: National Assembly Budget Office (2021)



Establishment of Childcare System

Achievement

- ✓ **Realization of childcare, which the state takes responsibility for**, with the offering of tuition for preschoolers and free education in 2013
- ✓ **Continued expansion of public childcare system** including **after-school care** for elementary schoolers (2004) and **childcare provider service** (2012)

Preceding Research on the Effect of Expanded Childcare Services on Enhancing Fertility

- **Expansion of free childcare service with the focus on infants and preschoolers contributed to relieving the childrearing burden of double-income families.**
 - The percentage of double-income families with children up to six years of age out of all double-income families with children increased most sharply in 2021 compared to 2015 (Min GR & Lee CH, 2020).
- **Increase funding for childcare, women, and family positively influenced marital fertility** (Kim SH, 2021).

Limitation

- ✓ **Increasing demand to improve the service quality and provide childcare for weekends and nights**
- ✓ **Parents are had-pressed to provide adequate childcare when a child starts elementary school.**

* **working mothers consider quitting their work most when their child enters elementary school** (2019 Report on Korean Working Mothers from the KB Management Research Center).

Tackling Low Fertility

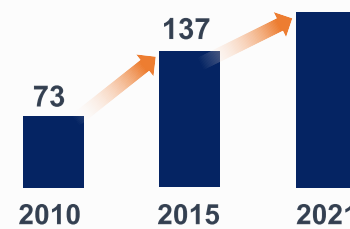
Work-Family Balance Assistance

Achievement

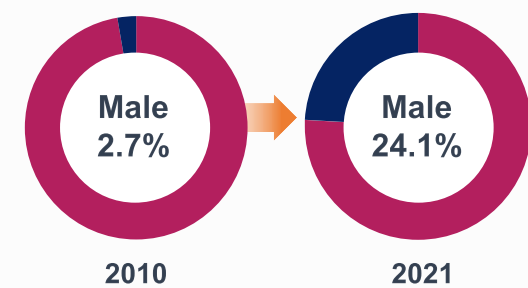
✓ Laid an institutional foundation for work-family balance

- **Maternity Leave** (3 months)
- **Parental Leave** (12 months for each parent at 80% of their ordinary wage)
- **Reduced working hours during childrearing period**
- **Introduction of paternity leave incentives and Father's Month**

Total No. of Parents on Childcare Leave (1,000s of persons)



Sexes of Parents Taking Childcare Leave (%)



Limitations

✓ Practical difficulty in using work-family balance assistance due to long working hours and corporate culture

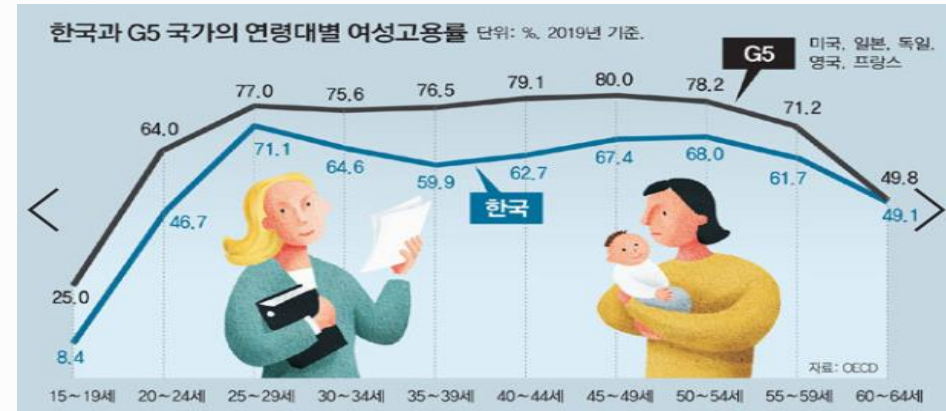
- **Workers using flexible working hours: 16.8% (2021)**
- **Workers hoping to use flexible working hours: 42.8% (2021)**

* Source: Statistics of Korea, Economically Active Population Survey by Work Type (2021)

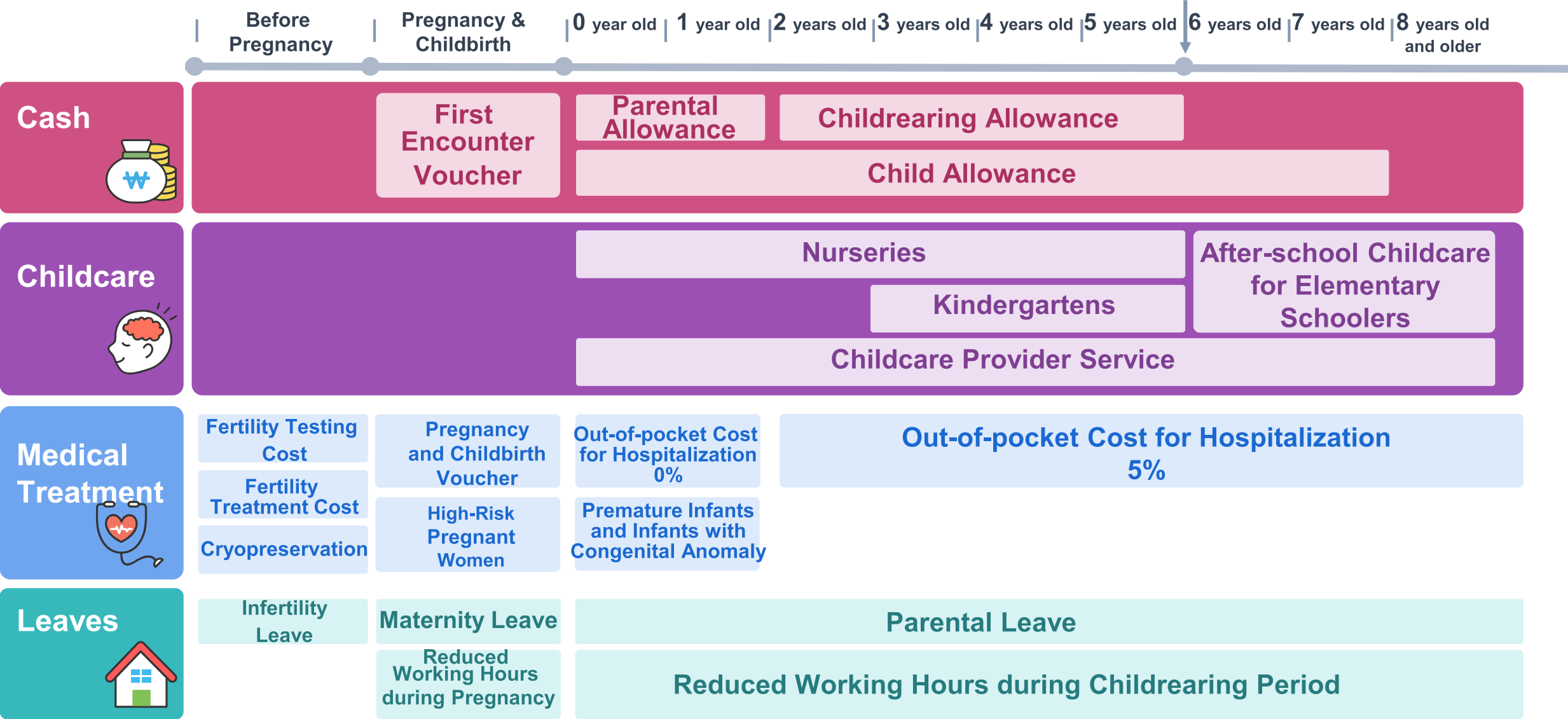
- **Reasons why it is difficult to apply for parental leave**
- **Climate in the workplace: 49.6%**

* Source: Ministry of Employment and Labor, A fact-finding Survey on Work-Family Balance (2020)

✓ The rate of paternity leave is still low. → The employment rate of women in their 30s drops (M-shape curve).



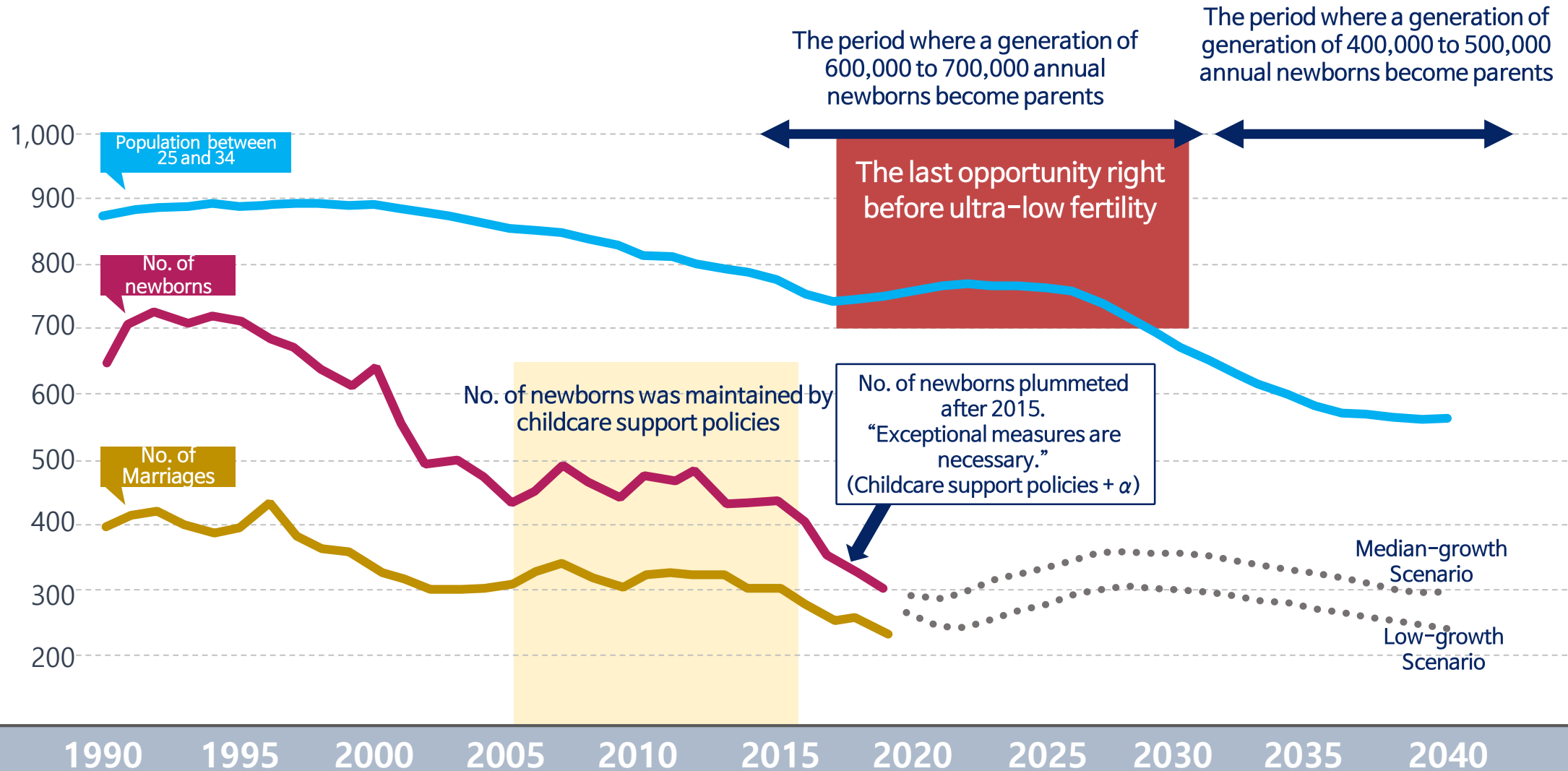
Status of Pregnancy, Childbirth, and Childrearing Assistance





Population Policy Direction

Last Opportunity for Effective Population Policy



Measures to Reverse Low Fertility (Announced on June 19, 2024)

To Reverse the Ultra-Low Fertility

Objective

(The government will make the utmost effort to reverse the trend during the incumbent president's term with the objective of increasing the total fertility rate to 1.0 by 2030)

Three Strategies

Work-Family Balance

Care & Education

Housing & Marriage

Three Key Areas
to Tackle Low Fertility



Setting the conditions
for work-family
balance



Relieving the burden of
childrearing cost



Housing Support

A national demographic emergency was declared to go all out to address the population crisis.
A Ministry of Population Strategy and Planning will soon be established.

Set the Conditions for **Work-Family Balance**

Create a **Flexible Work Environment**

- **Short-term childcare leave**
 - Family care leave, paternity leave
- **Encourage shorter working hours during pregnancy and childrearing period**
 - Current) First 12 weeks and after 36 weeks of pregnancy
→ New policy) First 12 weeks and after 32 weeks of pregnancy or during the entire pregnancy for women with high-risk pregnancy complications
 - The eligible age of a child was raised (age 8 or younger → age 12 or younger).
 - Allowed period: up to 24 months → up to 36 months
- **Expand flexible work during childrearing period**
 - The upper limit of monthly wage during childcare leave was increased (current KRW 1.5 million → up to KRW 2.5 million).
- **Create conditions conducive to father's co-parenting**

Address **Blind Spots** and Expand **Supportive Corporate Culture**

- **Coordinated application of maternity and childcare leaves**
 - The employees taking up the duties of co-workers on maternity or childcare leave will be rewarded KRW 200,000 a month.
- **Expand the subsidies for and supply of temporary replacements for employees on parental leave**
 - The subsidies for hiring replacements will be increased from KRW 800,000 to KRW 1.2 million.
 - The supply of replacements will be expanded including foreign workers.
- **Prevent any disadvantage by improving labor supervision**
- **Promote gender-equity in the workplace**

High-quality Childcare and Education for Children up to Elementary School Age

Improve Educational Environment

- **Free education and childcare for infants and children aged from 0 to 5 will be gradually implemented.**
 - Basic operating hours (8 hours) + extended care hours (4 hours)
- **Free after-school programs for elementary schoolers will be expanded.**
- **500 public and private childcare centers will be added.**
- **Infrastructure for hourly childcare services will be more than doubled.**
- **Childcare provider service for urgent cases will be expanded.**
 - Operation hours will be extended from 05:30 to 24:00 and more nurseries will be open on public holidays.
 - Childcare offered by regional child welfare centers will be expanded.
- **More workplace daycare will be introduced.**

Reduce the Burden of Childrearing Cost

- **Child tax credit will be increased.**
 - The income cap for eligibility for government support was relaxed from 150% to 200% of median income)
- **Parental allowance will be increased**
 - (Age 0) KRW 700,000→ KRW1 million (2024), (Age 1) KRW 350,000 → KRW 500,000 (2024)
- **The amount of the First Encounter Voucher will be increased**
 - (First child) KRW 2 million, (Second and more) KRW 2 million → KRW 3 million
- **Provision of different childrearing allowances will be coordinated.**
- **Learning English through play will be expanded**
 - Learning through play program will be developed and introduced to after-school classes.

Increased Assistance for Multiple Children (Support Tailored to Infertility and Multiple Children)

Fertility Treatment Support

- **The eligible income threshold** for fertility treatment was lifted.
- **Essential fertility test cost will be covered.**
 - Up to three times for women aged 25 to 49
- **Cost of assisted reproduction, including cryopreservation, will be covered.**
- **Infertility leave will be expanded** from 3 days a year to 6 days a year
- **Out-of-pocket cost for fertility treatment not covered by health insurance will be reduced by 30%**
 - The government will encourage coverage of essential medication currently not covered by health insurance.

Multiple Children Support

- **Assistance to cover medical costs for pregnancy and childbirth will be expanded.**
 - KRW 1 million for a single birth and KRW 1.4 million for a multiple birth
⇒ **KRW 1 million per baby**
- **Paternal leave for a multiple birth**
: 10 days ⇒ **15 days**
- **Postnatal caregiver will be dispatched**
 - Up to 2 caregivers, 25 days
⇒ **One caregiver per child, 40 days**

Healthy Pregnancy Support

- **Assistance for pre-natal health care will be increased.**
- **Assistance will be provided to pregnant women in urgent need**
 - Birth notification system, protective birth system
- **Domestic adoption will be encouraged**
 - Personalized protection for potential adoptees

Enhanced Support for Family-friendly Housing

Expanded Housing Supply and Financial Assistance for Newlyweds

- ✓ Housing supply for young people and newlweds will be expanded.

A total of
430,000
Housing
Units

- Public Housing: 155,000 housing units
- Public Rental Housing: 100,000 housing units
- Private Housing: 175,000 housing units



- ✓ Financial assistance for newlyweds for house purchase and *jeonse* rental deposits will be expanded.

Eligible
Income
Threshold
(Married couple's
combined income)

- (Purchase) KRW 70 million → **KRW 85 million**
- (*Jeonse*) KRW 60 million → **KRW 75 million**

More Opportunities to Move into Public Housing upon Childbirth

- ✓ Opportunities to move into public housing will be expanded depending on the number of children.

- The eligible income and asset requirements will be relaxed by up to 20%p with 10%p per childbirth

The eligibility requirements to move into public rental housing will be relaxed upon two childbirths (proposed).

- * (Income) 100% of the median income (KRW 5.4 million)
→ 120% (KRW 6.48 million)
- * (Asset) 100% of the average net worth of the third quintile (KRW 361 million)
→ 120% (KRW 433 million)

- ✓ Assistance for a multi-child household will be expanded.

- Supply of large-area housing will be prioritized to a household when the number of children increases.

Ministry of Population Strategy and Planning to be established for the government-wide response to low fertility

Strategy and Policy Planning to Tackle Demographic Crisis

- ✓ Addressing low fertility
- ✓ Responding to aging
- ✓ Immigration and foreign workers
- ✓ Regions and cities

Demographic Policy Formulation and Project Coordination and Evaluation

- ✓ Evaluating key projects and their performance
- ✓ Connecting policies, budget, and evaluation
- ✓ Designate and commission specialized research and survey institutions

Culture and Awareness Improvement and Foreign and Social Policy Cooperation

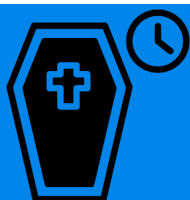
- ✓ Create an environment in which the private sector, including companies and civic organizations, is engaged.
- ✓ Promote acceptance of various family types
- ✓ Establish a consultative body involving local governments and identify projects
- ✓ Facilitate the work of the Deputy Prime Minister

Demographic Trend in July 2024



Number of
Newborns

20,601 Year-over-Year **7.9%▲**



Number of
Deaths

28,240 Year-over-Year **0.4%▲**



Number of
Marriages

18,811 Year-over-Year **32.9%▲**



Number of
Divorces

7,939 Year-over-Year **5.9%▲**



Thank You