

2011 Expert Meeting

Discussion on the country survey template with sub-
regional samples
: Sample for North East Asia

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I . Basic Data and Information

❑ Program title

- ✓ National Basic Livelihood Security System (NBLSS)

❑ Start year

- ✓ October, 2000

❑ Purpose of the program introduction

- ✓ The Korean financial crisis in 1997 and the ensuing structural reforms led to a rapid increase in the number of poor and unemployed. As a result, an expansion of the social safety net was urgently required. To address the issue, the government enacted the National Basic Livelihood Security Act in September 1999, fully implementing the system in October 2000.

❑ Definition of income support and/or social protection by the program objectives

- ✓ The National Basic Livelihood Security System (hereafter, NBLSS) is a social security program to support the livelihood of low-income families whose income is less than the minimum cost of living and promote their self-support.
- ✓ Two components of NBLSS
 - Provide of basic livelihood security for those in absolute poverty who need protection from the state
 - Realize “productive welfare” by offering self-support programs

❑ Coverage

✓ Target group coverage ratio

- Poor beneficiaries of NBLSS as a percentage of the poor population:

Approx. 31.2%

(Source: Lee, T. (2009) 2009 Monitoring and Evaluation of the National Basic Livelihood Security System: 10 Years after its Enactment, Seoul: KIHASA)

✓ The overall coverage ratio

- Poor beneficiaries of income support scheme as a percentage of the whole population: 3.2%

(Source: MOHW (2009) 2009 Analysis on Beneficiaries of National Basic Livelihood Security System, Seoul: MOHW)

☐ Eligibility criteria

- ✓ In order to qualify as a recipient of the NBLSS, applicant should not have anyone liable to support him or her; if any such liable person exists, that person should either be unable or unreliable to support the NBLSS-eligible recipient.
- ✓ The recipient's income and assets should be below the minimum cost of living annually set by the Minister of Health and Welfare.

☐ No gender specific criteria

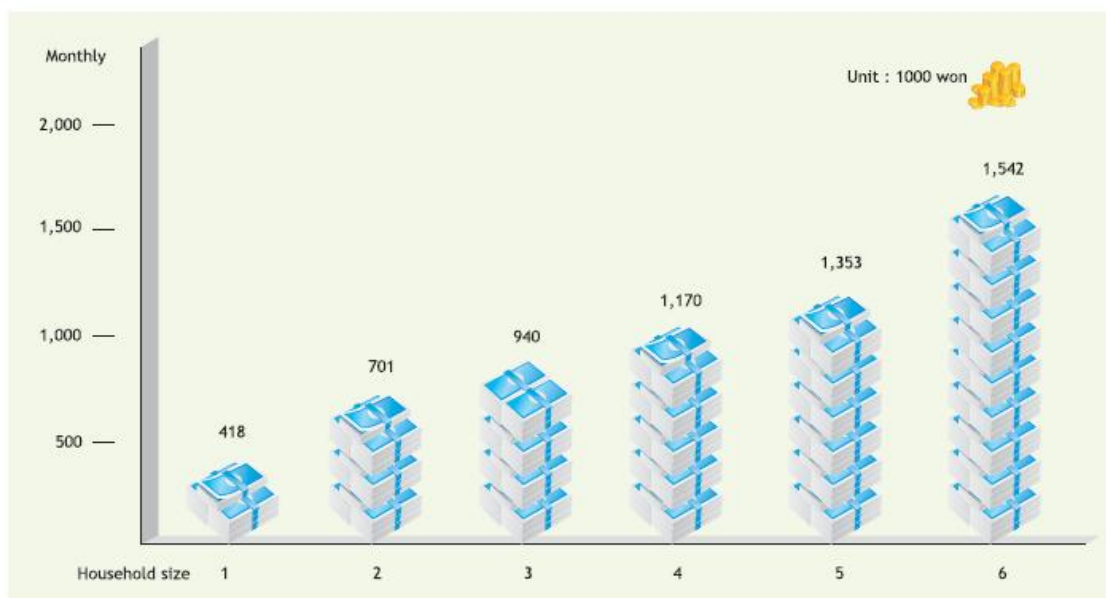
Basic Data and Information

□ Minimum cost of living set by MOHW as a poverty line

Minimum Cost of Living by Household

(Unit : 1000 won)

Household size	1	2	3	4	5	6
Monthly	418	701	940	1,170	1,353	1,542



☐ Targeting mechanism

- ✓ Self reporting
- ✓ Means test by the government authority
- Income test + Asset test

☐ Benefits

- ✓ Living and housing allowances are provided in cash each month.
- ✓ Various assistances for medical care, education, childbirth and funerals costs are provided as needed.
- ✓ Self-support assistance is provided on the condition that the recipient participates in self-support programs.

☐ **Entry**

- ✓ Multiple

☐ **Benefit duration**

- ✓ No maximum benefit period
- ✓ If the income level of care givers and/or the person in receipt of NBLSS benefits surpasses the minimum cost of living, the provision of the benefits is suspended.

☐ **Graduation**

- ✓ In case of working poor, the beneficiary can graduate from the program if the income level is above the poverty line.

❑ Cost

✓ Amount (Unit: both in USD and in local currency)

- In USD: approx. \$ 6.8 billion (2010)
- In local currency: KRW 7,304.5 billion (2010)
- ✓ A percentage against total income support scheme: To be informed
- ✓ A percentage against social protection expenditure: 33.86% (2008)*
- ✓ A percentage against total social expenditure: To be informed
- ✓ A percentage against GDP: 0.73% (2007)**

(Source: Yoo, G. (2008) Analysis of Health and Welfare Expenditure and its Projection, Seoul: KIHASA)

* Based on general account

** The cost concerning the healthcare benefits is excluded.

❑ Financing

✓ Agent

- Central government and local government

✓ Shared by

- Central government: Avg. 77.7%
- Local government: Avg. 22.2%
- Others: None

(Note: in case of health benefits – 80:20 as Central and Local government except in Seoul)

✓ Source

- General tax: 100%
- Ear-marked tax: none since 2007

(Source: Yoo, G. (2008) Analysis of Health and Welfare Expenditure and its Projection, Seoul: KIHASA)

☐ **Delivery mechanism**

- ✓ Direct channel to beneficiary household
- ✓ If the person who meets eligibility criteria wants to receive benefits via the welfare facility where the person resides, the benefits are channeled through it.

□ Governance of the program

✓ Design

- Line ministry: Ministry of Health and Welfare(MOHW)
- Collaborating organizations: Ministry of Strategy and Finance, Ministry of Employment and Labor

✓ Implementation

- Line ministry: MOHW
- Collaborating organizations: Ministry of Strategy and Finance, Ministry of Employment and Labor, National Health Insurance Corporation, local governments

✓ Management

- Line ministry: MOHW
- Collaborating organizations: Ministry of Strategy and Finance, local governments

✓ Monitoring

- Line ministry: MOHW
- Collaborating organizations: Ministry of Strategy and Finance

✓ Evaluation

- Line ministry: MOHW
- Collaborating organizations: Ministry of Strategy and Finance

☐ Legal framework

- ✓ National Basic Livelihood Security Act in 2000

☐ Link with other income support programs

- ✓ In design: Self support program
- ✓ In implementation: Self support program, EITC (Earned Income Tax Credit)

II. In-Depth Analysis

❑ Benefit adequacy

- ✓ Level of benefit as a percentage against value of the poverty threshold

(Unit: KRW)

Household size	1	2	3	4	5	6
Minimum cost of living (A)	490,845	835,763	1,081,186	1,326,609	1,572,031	1,817,454
Livelihood Benefits (B)*	321,227	550,467	713,581	876,694	1,039,808	1,202,922
(A)/(B)	0.65	0.66	0.66	0.66	0.66	0.66

* It is a kind of benefits provided within the NBLSS scheme. The recipient of livelihood benefits is paid an allowance for daily living costs including food, fuel and clothing.

(Source: MOHW (2009) 2009 Analysis on Beneficiaries of National Basic Livelihood Security System, Seoul: MOHW)

❑ Policy impact

✓ Poverty reduction impact

- **Poverty Target Efficiency (PTE) = $GDP(pg1 - pg2) / TTE$**
 - Indicates what percentage of the total income transferred actually helps to close the poverty gap.
 - Pg1(pg2) : aggregate poverty gap before(after) transfer
 - **7.5% (2003), 12.7% (2007)**

(Source: Jang, Y. et al. (2009) The Trend of Health and Welfare in Korea: 2009, Seoul: KIHASA)

In-Depth Analysis

✓ **Impact on livelihood** : To be informed

✓ **Inequality reduction impact**

- Gini coefficient

Division	2003	2004	2005	2006	2007	2008
Before public transfer (A)	0.336	0.338	0.341	0.344	0.348	0.351
After public transfer (B)	0.325	0.326	0.327	0.328	0.329	0.330
(A-B)	0.011	0.012	0.014	0.016	0.019	0.021

* Single-person households, farmers, and fishermen households were excluded from the counts.

(Source: Jang, Y. et al. (2009) The Trend of Health and Welfare in Korea: 2009, Seoul: KIHASA)

- Income mobility

- Income mobility rate of total households and households in absolute poverty since the introduction of NBLSS in 2000 seen in the table.

(Unit: %)

Division	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Total household	28.4	31.2	32.3	34.2	35.9	37.5
Poor household	35.42	40.37	39.75	41.12	45.23	50.81

(Source: Lee, T. (2009) 2009 Monitoring and Evaluation of the National Basic Livelihood Security System: 10 Years after its Enactment, Seoul: KIHASA)

☐ Efficiency

✓ Targeting performance

- Poor beneficiaries of NBLSS as a percentage of the poor population

: Approx. 31.2%

(Source: Lee, T. (2009) 2009 Monitoring and Evaluation of the National Basic Livelihood Security System: 10 Years after its Enactment, Seoul: KIHASA)

✓ Administration cost

- To be informed

❑ Changes and development in terms of time series

✓ Policy design

- Mar 2004
 - Ease the family support regulation
 - Ease the regulation for foreign spouses

✓ Legal framework

- Sep 1999: Proclamation of the National Basic Livelihood Security Act
- Oct 2000: Enforcement of the National Basic Livelihood Security Act
- Dec 2005: The enactment of the Emergency Welfare Support Act

☐ Monitoring system

✓ Agent

- Central government (MOHW, MOSF), local and municipal governments.

✓ Process

- Survey by social workers under the provision of local and municipal governments

✓ Feedback

- Review of delivery mechanism by MOHW and MOSF with support of the local governments.

❑ Evaluation system

✓ Agent

- MOHW, Ministry of Strategy and Finance, National Tax Service

✓ Process

- Quasi-experimental method using survey data

✓ Feedback

- Review of illegal recipients by local and central government (MOHW, MOSF) with help of National Tax Service

- ❑ **Program position in broader social protection (e.g.: program role, country specific policy implication of the program)**
 - ✓ Among social assistance, it is a principal tool to tackle poverty reduction and protect the poor and vulnerable.
 - ✓ The National Basic Livelihood Security System has changed the paradigm of anti-poverty policies. The new system emphasizes social responsibility for the poverty problem and strengthens the right of people in low-income bracket to receive public assistance. Those who live below the poverty line are now provided with financial assistance regardless of their ability to work. At the same time, low-income people have greater opportunities to work to become self-sufficient.

Thank You!!

