



# KOREA

OECD Global Action on Promoting Social and Solidarity Economy Ecosystems

Korea adopted the **Social Enterprise Promotion Act** in 2007, which later established the Korea Social Enterprise Promotion Agency (KoSEA). On the subnational level, Seoul Metropolitan City has a Framework Ordinance on Social Economy (2014). In Korea, there were **3 215 social enterprises** and **21 960 cooperatives** in 2021.

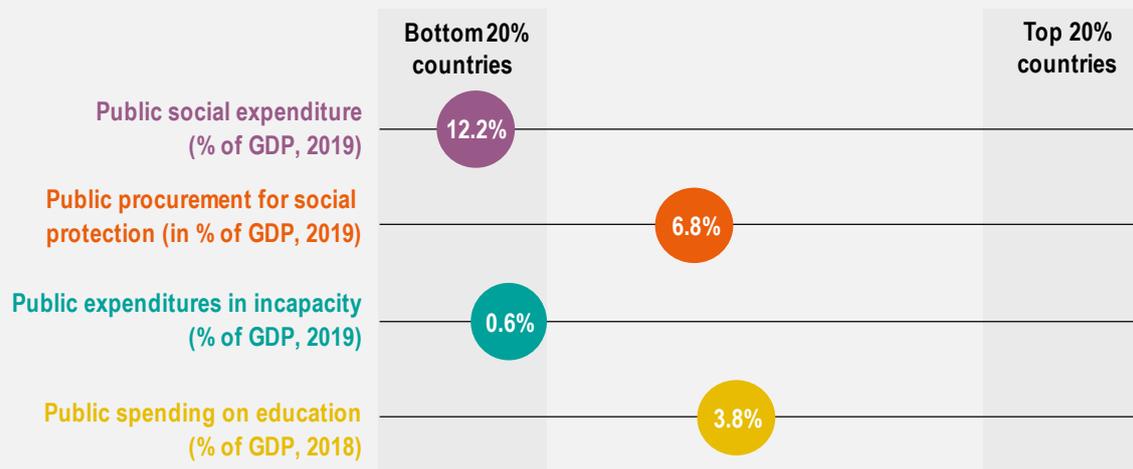
## SOCIO-ECONOMIC INDICATORS

Korea is a unitary country. It is a high-income country with a very high human development level.

|              | GDP per capita | Labour force participation rate | Poverty rate | Gini coefficient | Rural population | Stakeholder engagement for developing regulations |
|--------------|----------------|---------------------------------|--------------|------------------|------------------|---|
| <b>Korea</b> | USD 49 895     | 70.5%                           | 15.3%        | 0.331 / 1        | 17.0%            | 2.9 / 4   |
| <b>OECD</b>  | USD 53 937     | 73.2%                           | 11.0%        | 0.313 / 1        | 23.1%            | 2.1 / 4   |

Note: Data from Korea refer to 2022, except poverty rate (2020), Gini coefficient (2020) and stakeholder engagement (2017). OECD data refer to 2022, except for poverty rate (2018), Gini coefficient (2020) and stakeholder engagement (2017). GDP per capita are estimated values. See sources at the end of the document.

## Country position in selected social indicators



Note: For each indicator, the position of the bubble on the line represents the country's ranking compared to OECD and EU countries. Higher rankings are on the right. The panel of countries for the international ranking can vary from an indicator to another due to data availability. See sources at the end of the document.

## SOCIAL AND SOLIDARITY ECONOMY ECOSYSTEM

### Definition of the social and solidarity economy in Korea

The social and solidarity economy (or social economy) is not defined in any legal or official text in Korea. The country defines the term "social enterprise" as follows:

A **social enterprise** means an entity certified as prescribed in Article 7 to be the one that pursues a social objective aimed at enhancing the quality of life of community residents by **providing vulnerable social groups with social services or job opportunities or by contributing to the communities while conducting its business activities**, such as the manufacture or sale of goods and services. Any entity that intends to operate a social enterprise shall meet the certification requirements prescribed in Article 8 and obtain certification from the Minister of Employment and Labour. The certification requirements include, among others, the type of legal form to be adopted, the requirement to employ paid workers and conduct business activities, the primacy of social objectives, a participative decision-making structure, the requirement to use at least 2/3 of profits for social objectives.

Note: For the original text and complete definition, refer to the [Social Enterprise Promotion Act \(2007\)](#), Articles 2, 7-8.

## Institutional frameworks



### Institutions

At the national level, **several ministries**, such as the Ministry of Economy and Finance and the Ministry of Employment and Labour are **in charge of matters relating to the social economy**. Pursuant to the Social Enterprise Promotion Act, the **Korea Social Enterprise Promotion Agency (KoSEA)** was established as part of the Ministry of Employment and Labour in 2010 with the aim to provide social enterprises with support systems.



### Legal and policy instruments

The **Social Enterprise Promotion Act** was adopted in 2007 at the national level. The **Fourth Social Enterprise Promotion Master Plan 2023-2027** was announced in September 2023. Seoul Metropolitan City has a Framework Ordinance on Social Economy (2014).



### Stakeholder engagement

The **Korea Central Council of Social Enterprise** and the **Republic of Korea's Social Enterprise Central Association** are umbrella organisations for social enterprises and support their development, including through the establishment of social enterprise networks.

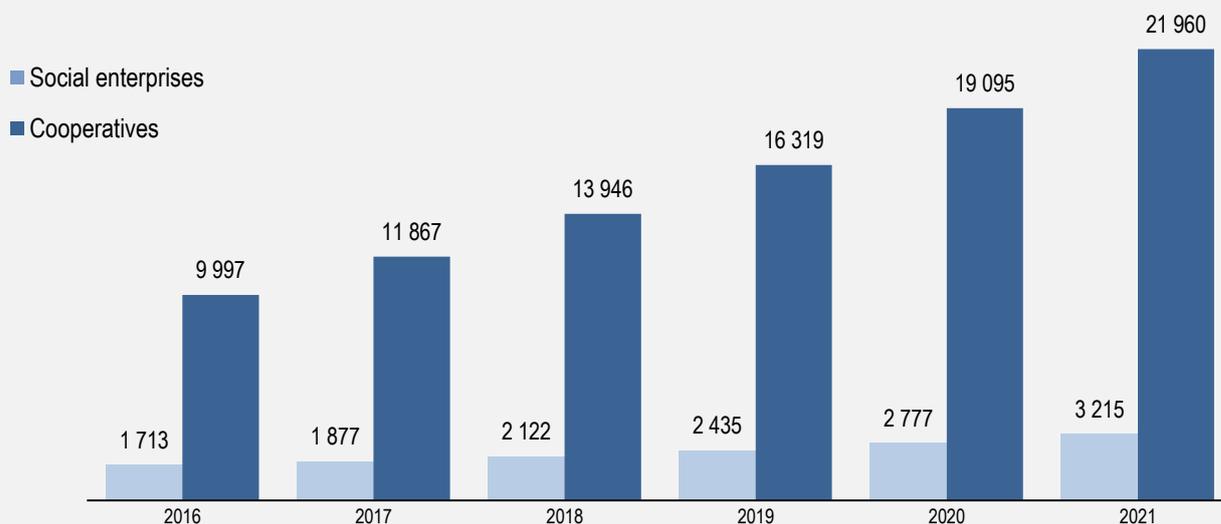
## Main figures

In Korea, there were **3 215 social enterprises** and **21 960 cooperatives** in 2021.

SCOPE

Data provided cover cooperatives and social enterprises as information about other social economy entities, such as community enterprises and self-supporting enterprises, is not easily available. Social enterprises are certified under the Social Enterprise Promotion Act and can take different legal forms, including corporations, associations, companies, limited partnerships, non-profits, non-governmental organisations and cooperatives, provided that the entity fulfils a list of criteria about social objectives, employment, economic activities, governance, generation of revenues and distribution of profits.

SSE ENTITIES



Note: Data includes cooperatives, federations of cooperatives, social cooperatives and federation of social cooperatives.

## Legal frameworks

Legal frameworks to support the development of the SSE can be adopted at the national and subnational levels. They can regulate the SSE as a whole, or specific legal entities of the SSE (such as associations, cooperatives, mutual societies, foundations and social enterprises).

### For the SSE

- Seoul Metropolitan City Framework Ordinance on Social Economy (2014) – [link](#)

### For specific SSE entities at national level

- Agricultural Cooperatives Act (1957) – [link](#)
- Fishery Cooperatives Act (1962) – [link](#)
- Credit Union Act (1972) – [link](#)
- Consumer Cooperative Act (1999) – [link](#)
- Social Enterprise Promotion Act (SEPA) (2007) – [link](#)
- Framework Act on Cooperatives (2012) – [link](#)
- National Basic Living Security Act (2012) - Self-reliance Enterprises – [link](#)
- Special Act on Promotion and Support for Urban Regeneration (2013) -Community Enterprises – [link](#)
- Special Act on the Improvement of Quality of Life for Rural Communities (2011)- Rural Community Enterprise Scheme

Note: The list above is not exhaustive of all existing legal frameworks around SSE in Korea.

## Fiscal treatment

Different fiscal treatment can be established for the social and solidarity economy as a whole, or for specific SSE entities, at the national and subnational level.

| Fiscal treatment of SSE entities   | Fiscal treatment for contributors to the SSE                              |
|--|---|
| <ul style="list-style-type: none"> <li>• Social enterprises that meet the eligibility criteria may benefit from subsidies and grants, including for labour costs, business development of social enterprises, and operational expenses of community businesses.</li> </ul> | <ul style="list-style-type: none"> <li>• <i>Not available.</i></li> </ul> |

## Social impact measurement initiatives

Driven by a mission of social purpose, SSE entities are increasingly requested to demonstrate the positive value that they generate through their activities. Social impact measurement enables them to assess their positive contribution to society. A diverse range of possible initiatives are available to governments and practitioners to foster a social impact measurement culture.

|   |  |
|---|--|
| <div data-bbox="220 712 268 766" data-label="Image"> </div> <p data-bbox="272 725 580 759"><b>Evidence-based initiatives</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Database for Impact Measurement (2020)</a> △ Korean Technology Finance Corporation (KOTEC)</li> </ul>   | <div data-bbox="928 712 976 766" data-label="Image"> </div> <p data-bbox="981 725 1289 759"><b>Guidance-based initiatives</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Social Value Index Manual</a> (2020) △ Ministry of Employment and Labour, Korea Social Enterprise Promotion Agency</li> <li>• <a href="#">Social economy enterprise assessment model index</a> (2019) △ Korea Social Enterprise Promotion Agency, Korea Credit Guarantee Fund</li> <li>• <a href="#">Social Venture Valuation Model</a> (2019) △ Ministry of SMEs and Start-ups, Korea Fair Trade Commission</li> </ul> |
| <div data-bbox="261 1039 309 1093" data-label="Image"> </div> <p data-bbox="325 1052 531 1086"><b>Policy framework</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Seoul Metropolitan City Framework Ordinance on Social Economy</a> (2014) △ Seoul Metropolitan City Government</li> <li>• <a href="#">Fourth Social Enterprise Promotion Master Plan 2023-2027</a> (2023) △ Ministry of Employment and Labour</li> <li>• <a href="#">Framework Act on Cooperatives</a> (2012) △ Ministry of Economy and Finance</li> </ul> | <div data-bbox="903 1039 951 1093" data-label="Image"> </div> <p data-bbox="967 1052 1289 1086"><b>Capacity support initiatives</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Korea Social Enterprise Promotion Agency (KoSEA)</a> (2010) △ Ministry of Employment and Labour</li> </ul>  |

Note: Evidence-based initiatives help produce and disseminate impact evidence to raise awareness on the social and solidarity economy as a whole, and to reduce the cost of accessing data for single and particularly small-sized entities. Guidance-based initiatives deliver guidance on social impact measurement approaches, which are tailored to the specific needs of the social and solidarity economy. Policy frameworks create enabling conditions and set targeted incentives to conduct social impact measurement. Capacity support initiatives offer dedicated funding or training from specialised intermediaries and mobilise networks of expertise and other resources.

## FURTHER READING ON THE SSE IN KOREA

[Korea Social Enterprise Promotion Agency](#) | [Korea Social Enterprise Promotion Agency \(KoSEA\): Korea Social Economy](#) | [Sang-Youn LEE, Kil Soon Yoon, and Sun-Hee Lee: Social Economy in South Korea](#) | [UNRISD: Policy Systems and Measures for the Social Economy in Seoul](#)

## DATA SOURCES

- Socio-economic data refer to 2022 unless stated otherwise, and relate to data downloaded as of 17 July 2023. Datasets used: GDP per capita, current PPP: OECD national accounts statistics, <https://doi.org/10.1787/na-data-en>; Labour force participation rate (15-64 year old): OECD Employment and Labour Market Statistics, <https://doi.org/10.1787/data-00310-en>; Poverty rate (after taxes and transfers, poverty line 50%): OECD Social and Welfare Statistics (database), <https://doi.org/10.1787/data-00654-en>; Gini coefficient (disposable income, post taxes and transfers): OECD Income Distribution Database, <https://www.oecd.org/social/income-distribution-database.htm>; Rural population (OECD): OECD, CFE Regions and Cities databases, <http://oe.cd/geostats>; Stakeholder engagement for developing regulations: OECD Better Life Index, <https://www.oecdbetterlifeindex.org/#/111111111111>; Public social expenditures OECD Social Expenditure Database (SOCX), <http://dotstat.oecd.org/Index.aspx?QueryId=26920>; Share of public procurement for social protection (in % of total general government procurements): OECD (2022), "Government at a Glance - 2021 edition", <http://dotstat.oecd.org/Index.aspx?QueryId=107598>; Public spending on incapacity: OECD (2022); Public spending on incapacity (indicator), <https://doi.org/10.1787/f35b71ed-en> (Public spending on incapacity refers to spending due to sickness, disability and occupational injury) ; Spending on education (primary to tertiary level, in % of GDP): OECD Education Statistics (database), <https://doi.org/10.1787/c4e1b551-en>.
- SSE data were collected through OECD questionnaire circulated in May 2022. The data were provided by the Ministry of Employment and Labour of Korea.
- Further information on the methodology followed in the country fact sheets can be found [here](#).

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