

**ASEC MOVES FOR PRIVATE COMPANY-SOCIAL ENTERPRISE PARTNERSHIPS
AT THE SOCIAL ENTERPRISE LEADERS FORUM (SELF) 2019**
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Dr. Benjamin Quiñones Jr. founder of ASEC, speaking at the Social Economy Leaders Forum, July 2&3, 2019. Seoul Korea.

I. SOCIAL ECONOMY IN ASIA - CHALLENGES AND POLICY PROSPECTS

Presented at the Social Economy Leaders Forum (SELF) 2019 were a collection of 22 cases of social enterprises from 10 countries (Australia, Cambodia, Hong Kong SAR, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand).

The following highlights some cases that depict the governance and policy prospects in support of the development of social enterprises in selected countries.

KOREA

Source of information: Pyun Hyung-seok, (2019). “Korean Policy on Social Enterprises: Future Aims and Challenges”. Paper presented at the Social Economy Leaders Forum 2010. Pyun Hyung-seok is the Chairman of Korea Central Council of Social Enterprise (KCCSE).

The Social Enterprise Promotion Act (SEPA) enacted in 2007 sought to create more jobs for the marginalized and increase the availability of social services to meet the growing demand for social services in the long run.

Under SEPA, four types of government support are provided to social enterprises:

1) Entrepreneurial support

- Social Venture Context: encourages submission of innovative social entrepreneurship ideas and winning participant to start social enterprise with support under the Social Entrepreneurship Development Program
- Young Social Entrepreneurship Development Program: provides working spaces, business development finance, consulting and other forms of help (worth KRW 30M per team on average)
- Social Enterprise Growth Support Centers: Six centers were established nationwide which provide working spaces, consulting, and other forms of support for 40 -50 entrepreneurial teams per Center

2) Financial Support

- Wage subsidy – 20% more for hiring disadvantaged/struggling groups
- Up to 50% of the minimum wage for each newly hired worker for the first two years following the certification of social enterprise (up to 50 workers per social enterprise)
- Up to 40% of the minimum wage for each worker for the first 3 years following certification (up to 50 workers per social enterprise)
- Subsidy for social insurance premium – Up to KRW168,400 per worker per month
- Business development grants: Up to KRW100M per year, or KRW 300M in total over 5 years

3) Business and Marketing Support

- Management consulting_ Up to KRW 10M per year for each pre-certified enterprise, or up to 5 sessions of professional consulting for each certified enterprise
- Preference in public procurement: Public organizations are encouraged to allot 3% of their total budgets for procurement of goods and services of social enterprises. Such preferred purchases from social enterprises will be reflected in the performance evaluation of social enterprises
- Distribution support: government operates an online shopping portal dedicated to social enterprises products and supports 99 offline collective stores that market social enterprise products.

4) Tax support

- Corporate and income tax exemptions: 100% for the first 3 years and 50% for the following 5 years
- Acquisition, registration and license, and property tax exemption: 50% acquisition/registration/ license taxes; 25% property taxes
- VAT exemption: No VAT charges on health and educational services including nursing, postnatal care and childcare provided by social enterprises
- Donations to social enterprises: General corporations, individuals and consolidated companies that financially support social enterprises can have their donation deducted from taxable income (up to 10%)

Significant policy outcomes<

- The number of SEs in Korea has multiplied by over 30 times, and the number of jobs by 15 times, in just 10 years
- The number of certified social enterprises increased from an initial 50 in 2007 to 2,201 in April 2019 with 46,000 hired workers (28,000 of whom were from underprivileged groups)
- Average monthly wage rate was KRW1.62 M, with average working hours of 34.1 hours per week in 2017
- Of all workers employed by certified social enterprises, 98% are protected by Employment insurance, 88.9% by the National Pension, 97.1% by the National Health Insurance, and 07.4% by the Workers Compensation Insurance
- SEs have a three-year survival rate of 90.5% (as of 2018) compared to 41.5% for general business (as of 2016)

Challenges

The biggest challenge is the current bias of SEPA for SEs that create jobs for socially excluded groups. Creative social enterprises and social ventures with strong social mission but do not hire paid workers or do not hire socially excluded groups cannot be certified as social enterprise and be eligible for government support under SEPA.

- Shortage of marketing support funds, distribution channels and other related problems limit the capability of SEs to reach consumers on a larger scale.

SINGAPORE

Sources of information:

(1) Casper Ng (2019). "RAISE Singapore – Centre for Social Enterprises". Paper presented at the Social Economy Leaders Forum 2019. Casper Ng is the Head, Sector Engagement & Capacity Building of raise Ltd. Singapore Centre for Social Enterprise.

(2) raise website: <https://www.raise.sg/>

In Singapore, there is no omnibus law that governs the accreditation and governance of social enterprises (SEs). SEs may be registered under existing Singapore laws for charitable organizations, for profit companies, and non-profit organizations.

As aptly put by Mr. Casper Ng, the stakeholders of the SE sector in Singapore opted for “an approach of light touch qualification of SEs through a set of criteria rather through [State] policy and regulation”.

The approach in developing SEs in Singapore originated in the August 2016 meeting of the Social Enterprise Committee chaired by Mr [Philip Yeo](#), former Executive Co-Chairman of the Economic Development Board (Feb 2001 to March 2006). Among the recommendations of the Committee was to establish a Social Enterprise Association and a Social Enterprise Development Centre to cultivate a thriving culture of [social entrepreneurship](#) in the country.

Subsequently, the Social Enterprise Association formulated the “Primer on Governance for Social Enterprises in Singapore” published on 29 February 2012. The Primer was “intended to assist social enterprises in Singapore to think about key governance issues that may be relevant to them and to suggest how they can address these issues through the adoption of specific governance structures and practices”. The primer is not targeted at co-operatives and charities with business activities as there are existing governance guidelines for such entities.

In 2015, The Singapore Centre for Social Enterprises (raiSE) - was set up as the central membership body for SEs and for purposes of developing the SE sector. The Centre provides advisory services, programmes, training and resources. It also enables existing social enterprises to grow and become sustainable by providing financing options, capacity building and mentorship. Currently, raiSE supports over 400 SE members in their social enterprise journeys, from set-up to growth and expansion.

The Singapore Government provides grants to Social Enterprises, in recognition of their importance in improving Singapore. Some of the grants that are available include:

- \$100,000 in seed grants under Venture For Good (VFG) by the Singapore Centre for Social Enterprise(raiSE)
- \$20,000 grants for expansion to existing social enterprises as an early stage funding for pilot ideas
- \$300,000 for social enterprises that train and employ disadvantaged Singaporeans under the ComCare Enterprise Fund (CEF)
- \$300,000 to new cooperatives under Central Cooperatives Fund

The Development Bank of Singapore (DBS) also aggressively support Singapore’s SE sector. An example of their efforts is the DBS-NUS Social Venture Challenge Asia, a start-up competition that supports new social ventures in Asia with the potential to generate scalable and sustainable social impact. The total prize money was \$60,000 (for the winners). Participants could also benefit from access to boot-camps, networking with mentors and judges – many of whom are impact investors and linkages to overseas partners in regions such as Indonesia, India and the Philippines.

The initiatives of raiSE include:

Festival for Good: Festival for Good is a trade show featuring the products of SEs from various parts of Asia and a platform for them to share how they contribute to a more inclusive and caring society in their homeland.

Leap for Good: LeapForGood is a programme designed to help passionate change-makers take thoughtful and innovative ideas, and turn them into real and sustainable business solutions. Every year, we invite aspiring social entrepreneurs and existing social enterprises to join us in addressing emerging social needs in Singapore. This year, our focus is on the Work, Life & Play of Seniors and Caregivers returning to work. We want you to join the movement and be part of the social change in Singapore!

SE Young Talent Programme: This is a structured internship programme to provide highly motivated young talents with first-hand exposure working in social enterprises, learning alongside accomplished social entrepreneurs and being immersed in challenging and meaningful projects and sector-related activities that will prepare them to become social change leaders of the future.

The President's Challenge Social Enterprise Award (PCSEA): PCSEA is a prestigious accolade conferred by the Office of the raISE President to outstanding businesses and their partners within the social enterprise sector in Singapore. It aims to honour and recognise exceptional social enterprises for their contributions made to the local community.

HONGKONG

Sources of information:

- (1) Francis Ngai (2019) "Business 2.0 Lessons in the 10-year Journey of mainstreaming social innovation". Presentation at the Social Economy Leaders Forum 2019. Mr. Francis Ngai is the Founder and CEO of Social Ventures Hong Kong.
- (2) Website <http://sv-hk.org/>

Founded in 2007, SVhk is an Impact Purpose Organization (IPO) that innovates social change by re-imagining the city. SVhk focuses on innovating business solutions, and inspiring a culture of social innovation.

Spiral Model of Social Innovation: SVhk believes in a spiral model of social innovation that creates new values, new ideas, new ventures and new capital, which self-perpetuates and continually expands. SVhk inspires minds by promoting innovation through talks, conferences, workshops, and other events organized by the Sonova Institute.

Business 2.0 is a new strategy that involves the corporate business sector in the social innovation arena. It includes concepts like Creating Shared Value, Base of the Pyramid, Marketing 3.0, Corporate Social Investing, etc.

SVhk believes that, Business - being the major economic driver in the society and the same time the root cause of many social problems – has to change, and investing in social innovation is the only through we can really arrive at ultimate solution for social challenges.

Some of the portfolio of SVhk currently include the following social ventures:

Diamond Cab: Hong Kong's first barrier-free 24-hour point-to-point taxi service for wheelchair users. 7 barrier-free taxis in operation, 134,000 wheelchair orders completed, 20* self-employed drivers.

Green Monday: Making low-carbon, sustainable living simple, vital and actionable. Green Monday has established a holistic collaborative platform to enable corporations, restaurants, schools and the general public to join in the effort to tackle climate change and global food insecurity. Green Monday runs Green Common (currently 4 outlets), Asia's first plant-based grocer with the mission of empowering the community with sustainable, innovative, wholesome and responsible food choices.

Light Be – Property for Poverty: Light Be is a social realty company that runs an empowerment housing initiative to alleviate poverty in Hong Kong by optimizing the value of underutilized properties. Its Light Home and Light Housing programmes are self-independence schemes that feature up to three years of affordable rent and social support. 90+ empowerment housing units established, benefiting 300+ families, 500+ individuals.

Play Tao Education: Enabling students to smile with self-respect and self-confidence. Play Tao Education is a social start-up initiative that aims to address Hong Kong's growing education needs, with a special focus on children from grassroots families.

Making Hong Kong a BottLess City: With innovative and pioneering strategies, BottLess is about plastic recycling. It engages corporates to embrace sustainability, fostering micro-behavioral change in the public by creating zero-waste possibilities thru plastic recycling.

MALAYSIA

Source of Information: Yasmin Rasyid (2019). "Creating an Impact Driven , Vibrant and Inclusive Social Entrepreneurship Ecosystem in Malaysia – A case study on MaGIC (Malaysian Global Innovation and Creativity Center). Yasmin Rasyid is Director of Malaysia's Social Inclusion & Vibrant Entrepreneurship (MasSIVE), MAGIC. Presentation made at the Social Economy Leaders Forum 2019.

The Malaysian Global Innovation and Creativity Center (MAGIC) is Malaysia's leading creativity and innovation center for local and global entrepreneur. It was launched by former US President Barack Obama and the former Prime Minister of Malaysia on April 27, 2014.

The vision of MaGIC is Global leading creativity and innovation centre for entrepreneurs. Its mission is to build a sustainable and vibrant entrepreneurship ecosystem and catalyze creativity and innovation for long term national impact.

Malaysia has developed the Social Enterprise Accreditation (SEA) guideline to provide a clearer definition of social enterprises (SEs) and also to certify the status of SEs in Malaysia. It was launched by the Ministry of Entrepreneur Development on 12 April 2019.

The Social Entrepreneurship Programmes of MaGIC includes:

Social Enterprise (SE) Masterclass: The SE Masterclass is a 1day MasterClass Course aimed to provide aspiring and early stage social enterprises with an intensive immersion into the fundamentals of social entrepreneurship and help develop or validate social impact ideas. It is a greatly fast and easy introduction to understanding the SE ecosystems.

SE Boot Camp: The MaGIC SE Bootcamp takes entrepreneurially minded individuals and turns them into founders. It teaches participants on how to validate ideas and turn opportunities into start-ups. The boot camp combines both classroom learning modules, immersion trips and engagement with renowned entrepreneurs in Malaysia. The boot camp provides both theoretical and practical knowledge on the SE ecosystem.

SE Accreditation: The Social Enterprise Accreditation is spearheaded by the Ministry of Entrepreneurial Development (MED). This accreditation was formerly known as MaGIC Impact Driven Enterprise Accreditation (IDEA). This accreditation program aims to set clarity in the definition of a social enterprise.

PUSH (Pemangkin Usahawan Sosial Hebat): PUSH is a program designed to: (1) grow accredited SEs with an innovative business model that's easy or ready to be scaled up through a micro-entrepreneurship development program; and (2) create economic opportunities for B40 (below poverty line) households through a micro-entrepreneurship development program.

PUSH Accelerator Program: This is an eight-week program that provides Impact Driven Enterprises (IDEs) and Social Enterprises (SEs) with an opportunity to scale up their business through mentorship up-skilling workshops, and industry connections to be micro-franchise ready.

AUSTRALIA

Source of information: Rebecca Green (2019). "Social Procurement Can Change Lives". Presentation made at the Social Economy Leaders Forum 2019. Rebecca Green is the Engagement Manager of Social Traders.

Australia businesses spend well over AUD\$600 billion on goods and services, everything from purchasing of paper to hiring people and training those people, to plants, catering, and photography, to cleaning, building maintenance, website and graphic design, and recycling waste and everything else.

There are around 1,200 social enterprises in Australia that operate in these industries, some are selling to business and government already. Collectively they are turning over billions of dollars. In the process of doing that, they are creating jobs for the unemployed, improving the environment and making profits from investments in reducing disadvantage in communities around the world.

Social procurement is when businesses deliberately purchase their goods and services from social enterprises that deliver social impact.

Social Trade runs a marketplace – online and in person – that connects ST certified social enterprises with Australian businesses and government departments. In doing this, ST is helping SEs build their capacity, become sustainable, and generate more impact – because of the money Australian businesses and government departments spend with them. The role of ST in social procurement is that it facilitates introductions that lead to more of the money being spent by Australian businesses on goods and services produced by ST certified social enterprises. ST does this because it believes businesses buying from SEs represents the greatest untapped potential in generating positive, sustainable social impact in Australia.

Key Achievements

End 2018

- 250 Social Traders certified social enterprises
- 42 ST buyer-members'
- AU\$30 Million ST facilitated government spending on social enterprises
- 400 jobs supported

End 2019

- 300 Social Traders certified social enterprises
- 60 ST buyer-members'
- UAD\$30 Million ST facilitated government spending on social enterprises
- 400 jobs supported
- greater government procurement from SEs, greater number of jobs supported

PHILIPPINES

Source of information: Benjamin Quiñones Jr. (2019) "Public-Private Partnerships in Developing Community Based Social Enterprises". Presentation made at the Social Economy Leaders Forum 2019. Benjamin Quiñones Jr. is the founder of Asian Solidarity Economy Council (ASEC).

Quiñones talked about a unique kind of public-private partnership (PPP) for developing community-based social enterprises (CBSEs), a PPP that could effectively serve as an instrument for achieving the SDGs.

Public Private Partnership (PPP) is generally defined as “cooperative institutional arrangements between public and private sector actors” (Kolk, et.al). PPP has become an important means of financing and executing big-ticket development projects in developing countries in view of the lack of capacity of national governments in these countries to meet citizens’ demand for more public goods and services.

It is essential at the outset to determine whether CBSEs do contribute to SDGs. To substantiate the claim that CBSEs do contribute to SDGs, Quiñones cited the case of Payoga-Kapatagan Multipurpose Cooperative in the municipality of Gamo, province of Nueva Vizcaya in the Philippines – one of the many cases documented by ASEC partner organizations in several Asian countries. Concrete indicators were generated for the actions taken by the cooperative that contribute to the achievement of specific SDGs.

A PPP that is primarily oriented at developing CBSEs in developing countries of Asia could be jointly designed by CBSEs and private companies, particularly those companies that are motivated to help strengthen social enterprises especially considering that they would be working together in implementing the joint venture.

To push ahead for the creation of PPP for CBSE development, certain constraining factors need to be overcome at the outset, such as: (1) the perception of SE as a capital-constrained business aided by civil society organizations (CSOs) so that they can bootstrap their way to growth. Today, many social finance institutions, impact investors, and even national Governments are investing modest sums of money in social enterprises; (2) the default interpretation of the term “private” in the ‘PPP’ abbreviation which refers to large, heavily capitalized private corporations - to the exclusion of CSOs; and (3) the requirement for the private sector partner to have access to large amounts of capital for the financing of development projects, which strategic PPP resource most SEs do not possess.

As a tool for carrying out development projects, PPP is unique in the sense that it draws on the strengths and core competencies of the partners, each partner complementing the other in such a way as to rise above their institutional weaknesses and challenges. Being based on cooperation, PPP is at its best when the principles of cooperation and solidarity are adhered to and implemented by the partners especially in carrying out projects meant to achieve the SDGs.

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