

Global Social Economy Forum 2014 (17 – 19 November 2014)
Seoul, Korea

Draft Speech for
Ms Florence HUI, Under Secretary for Home Affairs
Plenary Session, Opening Ceremony on 18 November 2014

Mr. PARK (Won-soon PARK, Mayor of Seoul), Rev. SONG (Kyong-yong SONG, Director of GSEF Organising Committee), Ms LEE (Eun-ae LEE, Director of the Seoul Social Economy Centre), government leaders, distinguished guests,

It is my honour to join you at the Global Social Economy Forum (GSEF). How amazing to see the achievements that the first GSEF has made last year under the leadership of the Seoul Metropolitan Government.

2. Nowadays, societies around the globe are fighting the battle against threats to sustainable development. There is the tug of war between economic growth and conservation on the one hand, and the polarization of the rich and the poor on the other. As the situation is becoming more complex and pressing, conventional thinking and measures seem less and less effective, if not futile at all. Nonetheless, however bad the situation may seem, we see encouraging signs of hope as people from different sectors and walks of life are aware of the problem, and are willing to roll up their sleeves to go for actions that bring changes.

3. This trend of civic involvement is exemplified by the growth of social enterprises and social innovation projects worldwide. Since its inception in 2013, the GSEF, along with the concerted efforts of various stakeholders and sectors concerns, has established itself as an important

event in fostering the development of social economy. Taking the opportunity, may I share with you our experience of social economy in Hong Kong?

4. The emergence of social enterprise in Hong Kong can be traced back to about three decades ago and experienced tremendous growth in the past decade, taking the form of ‘work integration social enterprise’. As the name suggested, in this period social enterprises entered the market with the prime objective of addressing the problem of unemployment, especially among people with disabilities. Since then, social enterprises in Hong Kong have been playing a significant role in poverty alleviation through creation of job opportunities. The Hong Kong Government has set up various funding schemes to support social enterprises, encouraging NGOs and charitable organisations pitch in to put forward their social enterprise projects, some with government funding and others with multiple financial sources.

5. The Government’s Social Enterprise Advisory Committee has recently commissioned a survey on the development of social enterprise. The findings and observations are worth noting.

6. After more than a decade of development, the business areas of the social enterprises in Hong Kong are becoming more diverse, ranging from catering, medical care and lifestyle consumables to business support service. About two-thirds of the responding social enterprises consider ‘fulfilling unmet social needs with new services’ as one of their social objectives. More and more social enterprises are operating as a registered company rather than a subordinate of a charity organisation. We also witness the emergence of a manifold of funding source including self-finance and private investment. In short, as an increasing number of practitioners embrace the concept of social innovation and enter the sector, they have created in recent years a host of social enterprise types which are different in ownership, governance, business model and

organisation. These social enterprises tend to address broader social issues ranging from social isolation, environment, food waste to housing, and go beyond job creation and work integration.

7. This survey also points to a certain degree of correlation between innovativeness and types of social enterprises. Social enterprises with no parent organisation, no charity affiliation, not primarily for job creation, receive initial funding as investment, with diverse funding sources, and without government subsidies tend to be more entrepreneurial, innovative and willing to take risks. This echoes the respondents expressing the urgent need in staff training and building up of a collaboration network or opportunities for partnership for further developing their business.

8. Not coincidentally, the Hong Kong Government is well aware of the situation and seeks ways to cope with the development need of the social enterprise sector. With an aim to encourage social innovation and help develop an ecosystem that facilitate cross-sector collaboration in stimulating innovative ideas and grooming social entrepreneurs, the Government has set up a HKD500 million Social Innovation and Entrepreneurship Development Fund, or SIE Fund in short. Launched in 2013, the Fund is meant to be a complement, instead of a replacement, to existing funding schemes supporting social enterprises. The Fund is under the Commission on Poverty and the main characteristic is its focus on social innovation as a means for addressing poverty related issues including social exclusion.

9. The way the Fund is being managed is in itself innovative. Firstly, applicants to the SIE Fund will not be confined to non-profit making organisations. Individuals or profit-making businesses can apply for funding as long as they have innovative ideas to address poverty or build capabilities in the community. Secondly, in addition to providing seed money for the startup of social enterprises, the SIE Fund

will consider applications from existing units for scaling-up of their operations. Next, the form of financial support under the SIE Fund will not be confined to grants. Other forms such as loan or equity investment will be explored. And lastly, intermediaries will be engaged to administer some of the SIE Fund's programmes to leverage on their experience, network and risk-taking mindset. Intermediaries will be tasked to recruit suitable social entrepreneurs, and to offer guidance and assistance in the execution of such projects. The SIE Fund also aims to strengthen the networks for information and skills sharing, and to build a platform for bridging social entrepreneurs and social impact investors.

10. Cross-sector collaboration is pivotal to the development of social enterprises and the social innovation ecosystem. Inviting and facilitating participations from members of different sectors is one of the guiding principles of the SIE Fund. The Task Force that oversees the Fund is in itself a good demonstration by example. It comprises members from the academia, business sectors, NGOs, and of course, the social entrepreneurial circle. This diversity of members' background brings both width and depth to the discussion and decision-making process. Cross-sector collaboration does not end there. The SIE Fund is currently in preparation of a 'flagship project' in relation to food support. A cross-disciplinary working team is formed with members not only from the food and catering industry but also IT, design, logistics, real estate development and environmental protection. The team has already come up with innovative ideas upon which the Task Force is deliberating on details for execution.

11. Regarding social innovation, the SIE Fund, or to some extent Hong Kong as a whole, is still at the stage of learning and experimenting. It is my honour to be present today to meet policy makers, experts and seasoned practitioners in this field. I am sure this exchange will provide food for thought and hopefully bring more innovative ideas to bearing in Hong Kong.

12. To conclude, I would like to thank the Seoul Metropolitan Government for organizing this international forum. I wish you all a most successful and fruitful event. Thank you!

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Home Affairs Bureau