

Date and time: 2 p.m. to 4 p.m., Tuesday, November 18, 2014

Venue: Seosomun City Hall, 4F, Seosomun Annex

Subject: Framework Act on Social Economy: Significance and Legislative Issues

Chairman: Lee Ju-wonl, President of the Toad Housing

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Interlocutors: Byeon Hyeong-seok, President of the Seoul Council of Social Enterprises / Travelers' MAP ; Lee Sung Su, Executive Director of the Korea Microcredit Joyful Union; Francois Comet of the Groupe SoS; Maria Ubarrechena of the Spain / Baspue

[Speech]

The Particularity of Korean Circumstances and the Necessity of a Framework Act

* While the Korean social economy seemingly has grown in a trajectory similar to those of its Western counterparts, the Korean social economy has also traditionally been much more dependent on the government's policy initiatives and support than its Western counterparts.

- The unprecedented pace of economic growth, largely an outcome of the Korean state's heavy-handed approach to social and economic policies, has rapidly undermined the traditional principles of the market economy and served to suppress small farmers and urban workers.

- Korean cooperatives have also struggled and failed to take root as strong as those of their Western counterparts. While the number of organizations providing social services has multiplied rapidly, they have also rather conformed too easily to the control by the state, instead of developing reciprocal and mission-oriented services.

* Nevertheless, the social economy began to flourish in Korea, thanks to the emergence of diverse projects and businesses not restricted to the administration of the government's public services as well as the spread of new types of organizations refusing to conform to the government's orders.

- The new types of organizations include: self-rehabilitation communities that came into being while carrying out the Ministry of Welfare's self-rehabilitation programs; social employment organizations that sprang up from the Ministry of Labor's social employment programs; local community organizations boosted by the Ministry of Public Administration's local employment programs; and community businesses.

- These organizations have multiplied and thrived mainly thanks to the significant increase in the

Korean government's social spending over the last 15 years following the Asian Financial Crisis, most of which went toward creating new jobs and providing better social services.

- Policymakers' efforts to restore destroyed urban and rural communities led to the community-rebuilding and urban renewal projects of the Ministry of Agriculture and the Ministry of Land, respectively, thus providing significant boost for the growth of the social economy in Korea.

* Thanks to the maturing capacity of the Korean civil society, these new types of organizations have evolved into main actors of the Korean economy, providing indispensable support and innovative solutions for solving various social problems.

- These organizations exercise significant autonomy in launching new activities and enhancing solidarity with one another.

- The enactment of the Social Enterprises Fostering Act in 2007, followed by the enactment of the Framework Act on Cooperatives five years later, have provided legal and institutional grounds that have helped these organizations consolidate their identities.

- The enactment of applicable laws has also had significant impact on the public's interest and participation in the social economy.

- We now need to recognize the social economy no longer as a mere instrument of public services, but as a full-fledged sphere of its own, distinct from both the public sector and the market economy, and approach it with a focus on supporting its healthy growth and evolution.

* Moreover, we need to recognize not only individual cooperatives and social enterprises, but also the social economy as a whole that encompasses such organizations.

- The prevailing view until now has been that organizations of the social economy are incomplete, transient, and borderline. We need to change this perception and see these organizations as full-fledged organizations capable of launching and engaging in innovative social and economic acts.

- We need to see these organizations not as dependent on government policies and laws, but as independent organizations with their own working principles and mechanisms.

- Organizations of the social economy should be accorded non-discriminatory and fair treatments in the market and public projects, and even be accorded preferences in certain areas and sectors where they can create greater social values than any other governmental or market entities.

- The enactment and implementation of ground rules like the Framework Act on Social Economy are crucial to give these organizations a substantial and real standing in our society.

* Government organizations in Korea, whether central or local, launch public projects and

programs rather haphazardly, without careful considerations of their impact on the social economy.

- Insensitivity of government organizations to social and economic actors other than themselves increasingly binds local social and economic actors to the pleasures of government organizations, and ultimately foster excessive bureaucratic formalism.
- On the other hand, gaps and flaws in overlapping government projects and programs, decided without careful inter-organizational coordination, can result in the concentration of support in a few social and economic actors and not others.
- Letting each government organization create its own systems of delivering and supporting social services, without the aid of the social economy at large, increases inefficiency and budget wastes.
- These problems have been steadily pointed out since the dawn of the new millennium, but no substantial solution has been found yet.

* Considering the enormous impact that government policies exert on the Korean social economy, more and more people have come to demand that the Framework Act on Social Economy not only declare the need to foster the social economy in Korea, but also provide terms according to which government policy projects on the social economy would be better coordinated.

- Proponents of this view point out that, while the interdepartmental meetings of 2011, centered on the Blue House, have led to some progress in the coordination of social economy policies, the meetings nevertheless have failed to produce desired outcomes, thus revealing the need for a stronger form of institutional and policy support.
- In the case of the United Kingdom, for example, the Social Economy Division was originally created in the Department of Trade and Industry, but was later transferred to the Cabinet, directly under the charge of the Prime Minister, reflecting the need that social enterprises require support from diverse departments.
- There are ongoing controversies, however, on what specific measures are needed to coordinate policies, and to what extent the need for coordination should be expressed in the Framework Act.
- The Framework Act may merely note the need for coordination, or explicitly indicate the administrative and support organizations required for the coordination purposes.

* On top of the lack of public understanding, there is also a dearth of resources and networks in the private sector and the civil society for the autonomous growth of the social economy in Korea. There is therefore growing demand for the inclusion of measures specifically addressing this situation in the Framework Act.

- Similar legislations worldwide lack specific measures for promoting and fostering private-sector

understanding and resources for the social economy. The inclusion of such measures in the Framework Act will therefore attest to the particularity of Korea's case.

- Some argue that substantial and practical measures, such as those for prioritized purchases and financial funds, should be included. Others, on the contrary, argue that such substantial and practical measures should be the subject of other, yet related, legislations.
- Yet there is a consensus that the efforts to have the Framework Act enacted has propagated a wide social discourse on legal grounds for effective policy measures.

Main Legislative Issues

* Both the governing and opposition parties in the National Assembly are increasingly leaning toward enacting a framework act on social economy, and submitted bills to that end, acknowledging the growing demand in the society at large.

- The Saenuri Party (SP), the governing party in Korea, tabled a bill for the Framework Act on Social Economy, signed by 66 members, on April 30, 2014. The Millennium Democratic Party (MDP), the largest opposition coalition, tabled its own bill on October 10, 2014.
- The Justice Party (JP) also tabled its own bill on November 11, 2014.
- The National Assembly members are expected to consider all the three bills together, and come up with a trans-partisan, alternative draft.
- We should discuss the main anticipated issues that are likely to arise in the legislative process.

* Characteristics of the Framework Act:

- The first and foremost issue is whether the Framework Act on Social Economy should include substantial and specific measures that might fit an enforcement ordinance better.
- In the Korean context, framework acts traditionally and properly serve to articulate the overarching objectives and goals of given policies. The current bills for the Framework Act on Social Economy, however, include numerous specific provisions, such as the creation of public funds and the arrangements for prioritized collective purchases.

○ Characteristics of Framework Act

With respect to the characteristics of the Framework Act, practical points at issues including establishment of fund and the preferential purchase by the public institution are in line with the 'Policies

related to Social Economic Support’, which is one of the major issues of the Framework Act, and thus it will be dealt later when dealing with the content of the proposed Act.

* Purpose of enacting the Framework Act:

- The purposes of enactment stated in the SP’s bill are the long-term contributions that the law is ultimately expected to make to the Korean society, i.e., mitigation of inequality, restoration of communities, and a more equitable development of the national economy.
- The MDP’s bill similarly emphasizes the social contributions that the law will make, but states that the purpose of the law itself is to promote the sustainable development of the social economy.

○ Purpose of the Framework Act

[1) Saenuri Party (proposal), NPAD (proposal), Justice Party (proposal)]

1) The purpose of this Framework Act (the “Act”) is to contribute toward resolution of polarization, creation of sound community and encouragement of balanced economic growth by supporting the establishment and management of social economy organization and promoting job creation by building unified ecosystem and integrated policy implementation system to maintain sustainable social economic growth.

2) The purpose of the Act is to create sustainable social economy ecosystem by facilitating cooperation and solidarity among social economy organizations and establishing effective policy implementation system based on cooperation in the private and public sectors between the government and local self-governing bodies by recognizing the contribution of the social economy to the balanced economic development and common prosperity and laying the common legal grounds in accordance with the basic principles of social economy.

3) The purpose of the Act is to promote the activities based on the basic principles and the purposes of the social economy and to create ecosystem required for the sustainable growth of the social economy by recognizing the contribution of the social economy to employment, social welfare improvement, sound community creation and balanced growth of national economy, and laying the common legal grounds in accordance with the basic principles of social economy.

* Scope of social economy organizations:

- The competing bills actually converge on what constitute necessary and sufficient conditions that an organization has to meet in order to be considered a social economy organization. These conditions include the operating principles of the social economy practiced overseas, such as

democratic decision-making, pursuit of public interests, distribution of income based on factors other than shares, and independence from the state.

- On the question of whether the Framework Act should specify the range of organizations constituting the social economy, some argue that it suffices for the legislation to state the operating principles only.

- The failure to include the description of such principles may lead the responsible departments in the central government to claim their exemption from the law. Such resistance will only serve to delay the progress of the social economy and integration in Korea. The competing bills therefore also agree on the need to enumerate the types of organizations constituting the social economy.

- It should be noted that, while the SP's bill includes social welfare corporations and occupational rehabilitation facilities for the disabled, the opposition parties' versions exclude such organizations. Some argue that these organizations should be included because they are certain independent from the state and make active use of private-sector resources in order to enhance their profit-making. Others rebut this by arguing that these organizations mostly serve as agents and instruments of services that the state should properly provide.

- The SP also includes local rehabilitation centers, supporting recipients of public assistance, in its list of social economy organizations, while the opposing parties exclude them. Some argue that such centers should be excluded because they are not independent corporations, and, as such, lack their own financial resources and exist by virtue of the National Basic Living Security Act. Others, on the other hand, argue that because these centers' core function is supporting the birth and success of social economy organizations, they should be included in the Framework Act.

- **Scope of Social Economy Organization**

- [1] Saenuri Party (proposal), NPAD (proposal), Justice Party (proposal)]
(Only the relevant issues are extracted)

- 1) C. Metropolitan Self-Support Center prescribed in Article 15-3, Regional Self-Support Center prescribed in Article 16 and Self-Support Company prescribed in Article 18 of the *National Basic Living Security Act*

- G. "Standard workplace for disabled persons" defined in Article 2(8) of the *Employment Promotion and Vocational Rehabilitation of Disabled Persons Act*

- A-1. Vocational rehabilitation facilities for persons with disabilities defined in Article 58(1)3 of the *Act on Welfare of Persons with Disabilities*

- B-1. Social welfare foundation prescribed in the *Social Welfare Services Act*

- 2) D. Rehabilitation facilities prescribed in Article 18 of the *National Basic Living Security Act*

- 3) D. Rehabilitation facilities prescribed in Article 18 of the *National Basic Living Security Act*

* Comprehensive Management of social economy related policies:

- There are diverse views on which organization should supervise and control the Social Economy Commission that decides social economy policies (i.e., the office of the President, the Prime Minister's Office, or some other newly created department). As the draft makeup of the Commission includes numerous civilians, however, there is a growing consensus that it should be managed as a Presidential commission.
- The question of which department of the central government should enforce the Framework Act was also a constant source of controversy early on. Some argued that an influential department, like the Ministry of Strategy and Finance (MSF), should enforce the law. Others, however, argued that the MSF was a wrong choice because it is first and foremost in charge of the market economy, which runs on principles wholly different from those of the social economy.
- As the central government wields overwhelming power in Korea, organizations without the power and means of the MSF would struggle to ensure the successful enforcement and coordination of social economy policies. The consensus therefore converged on the MSF again.
- The question of whether the Social Economy Commission should be given its own separate secretariat, or the secretariat of the enforcing department should serve as the secretariat of the Commission, was another source of dispute. Proponents of the former argue that leaving the secretarial work to the MSF might render the decisions of the Commission ineffectual, while opponents argue that creating yet another secretariat would only increase unnecessary spending.
- The SP's bill gives exclusive authority to the MSF over the enforcement and coordination of the Social Economy Commission's decisions. The opposing parties' bills, on the other hand, call for a multidisciplinary approach, involving the collaboration among various departments involved in the social economy, such as the Ministries of Employment and Labor, Security and Public Administration, Health and Welfare, and so forth.
- The SP's bill gives the majority of roles and functions to the Social Economy Commission, while the opposing parties' bills emphasize the civil society's leadership over the matter, allowing various associations and federations of social economy organizations to perform such functions.
- Even if the MSF were to become the organizational backer of the Commission in the end, many still argue over the proper extent of checks and balances to be placed upon the MSF, which is, by its nature, biased in favor of the market economy and its principles.

○ **Comprehensive Management of Social Economy related Policies**

[1) Saenuri Party (proposal), NPAD (proposal), Justice Party (proposal)]

(Only the relevant issues are extracted)

1) Article 6 (Establishment of Master Plan for Development of Social Economy)

- (1) The Minister of Strategy and Finance shall establish the master plan for development of social economy (the “Master Plan”) every five (5) years through the consultation with the heads of the competent central government agencies.

Article 10 (Social Economy Committee)

- (1) Social Economy Committee under the presidential office (the “Committee”) shall be established to deliberate and mediate the major policies required for development of social economy.

Article 11 (Composition of Committee, Etc.)

- (1) The Committee shall consist of thirty (30) members including 1 chairman and 1 vice-chairman.
- (2) President shall designate the chairman among the Committee members defined in Paragraph 2 subparagraph 2 hereof, and the Minister of Strategy and Finance shall serve as the vice-chairman.
- (3) 2. Out of the persons falling under the following subparagraphs, any person appointed by the President;
 - A. Any person representing the social economy organization including employer and employee of the social economy organization
 - B. Any person who has abundant experience and knowledge in the social economy.
- (7) Secretariat shall be established under the Ministry of Strategy and Finance to efficiently handle the works of the Committee

Article 15 (Establishment of Korean Social Economy Institute, Etc.)

- (1) The Minister of Strategy and Finance shall establish the Korean Social Economy Institute (the “Institute”) to efficiently handle the business works related to the social economy promotion activities.
- (4) The Institute shall be engaged in the following activities.
 1. Nurturing of entrepreneur of the social economy organization, selection of good social economy organization model and supporting for its business;
 2. Research on policy to promote social economy
 3. Development of a system measuring and evaluating social values of the social economy organization
 4. Monitoring and evaluation of the social economy organization
 5. Provision of education and training for the purpose of nurturing experts required to establish and operate the social economy organization and of improving individual capacities
 6. Support for the establishment and operation of the industrial-region-wise as well as nation-wide social economy organization network
 7. Establishment and operation of website and integrated information system of the social economy organization
 8. Consultation support on management, technology, tax, labor, and accounting matters

9. Support for advancement into new market
10. International exchange and cooperation related to the social economy organization
11. Support for the private sector to allow them to participate in the social economy activities such as social responsibility activities, donation of human and physical resources, voluntary services of the corporate
12. Any businesses commissioned pursuant to this Act or other laws and regulations related to the social economy organization including cooperative, social enterprise, self-support company, community enterprise, which are prescribed in item “A” through “E” of Article 2, subparagraph 3 hereof
13. Any business incidental to the businesses described subparagraph 1 through 12 hereof.

2) Article 8 (Establishment of Master Plan for Development of Social Economy)

- (1) The government shall establish four-year master plan for the development of social economy (the “Master Plan”) based on the industry-wise development plan under Article 9(1) and the basic plan for the development of city and province under Article 10(1) in order to set the mid-long-term policy target and direction related to the development of the social economy, promote the development and cooperation of the community-based social economy, and to facilitate the development of local community befitting to the regional characteristics.

Article 15 (Development Commission for Social Economy)

- (1) Development Commission for Social Economy under the presidential office (the “Commission”) shall be established to deliberate and mediate the government policy and the Master Plan related to the development of social economy and its implementation, and promote cooperation and exchanges between the private and public sectors, and coordinate the policy implementation between the competent central government agencies and local self-governing bodies.

Article 16 (Composition of Commission and Establishment of Secretariat, Etc.)

- (1) The Commission shall consist of less than forty (40) members including 2 chairmen, and the members consist of ex officio member, civilian member, member nominated by the National Assembly, and 2 standing members from the private and public sectors.
- (2) The Commission shall have the private and public joint chairmen, and the Minister of Strategy and Finance shall represent the government agencies, and the private representative nominated among the civilian members with the qualification described in Paragraph 3 subparagraph 2 hereof shall be appointed by the President.
- (3) 2. Civilian member: Out of the persons falling under the following items, any person appointed by the President;
 - A. Person who represents the regional, industrial, sectoral and national social economy organization
 - B. Person who has abundant knowledge and experience in social economy and wins high reputation and public confidence

(7) The Commission shall establish the secretariat under the Commission to handle the works of the Commission, and the secretariat may appoint public officials to serve for fixed terms of office to take charge of such duties that require specialized knowledge and technical skills pursuant to Article 26(5) of the *State Public Officials Act*.

(9) The government may establish social economy policy bureau under the Ministry of Strategy and Finance to enable that the bureau supports the duties of the secretariat, causes the heads of the competent central government agencies and the mayors and governors to establish and effectively enforce the city and provincial plan and consult · coordinate the related policies and secure necessary budget, and the government may also establish a social economy division at the competent central government agencies and city and provincial self-governing bodies.

Article 23 (Establishment of Development Institute for Korean Social Economy, Etc.)

(1) The Minister of Strategy and Finance shall establish the Development Institute for Korean Social Economy (the “Development Institute”) as a public agency to promote the development of social economy of the government and the local self-governing bodies, and to support the policy development related to the social economy promotion activities jointly sponsored by the competent authorities including the Ministry of Employment and Labor and the Ministry of Security and Public Administration.

(4) The Development Institute shall be engaged in the following activities.

1. Research on the current status of social economy and establishment of big data
2. Development of diverse policies and business models related to the social economy
3. Monitoring on performance of the social economy organization and evaluation on policies
4. Operation of integrated information system of the social economy and management of statistics
5. Support for the advancement into new markets and establishment of public procurement center
6. Development of system supporting the start-ups and business linking with the private sector
7. Establishment and operation of social economy delivery system and nurturing of intermediate assistance organization
8. Support for exchanges and cooperation with the social economy organizations and for the creation of ecosystem
9. Development of indicator evaluating the social value and development of standard for social investment and credit loan
10. Businesses to implement educational and promotional program and to increase public awareness of social economy
11. Businesses to nurture human resources having expertise in social economy and to develop educational program for primary and secondary school and the society
12. Any businesses commissioned pursuant to this Act or other laws and regulations related to the social economy organization including cooperative, social enterprise, community

enterprise, and self-supporting company which are prescribed in items “A” through “E” of Article 3, subparagraph 3 hereof

13. Any businesses commissioned by the government or the local self-governing bodies related to promotion of social economy

14. Any business incidental to the businesses described Subparagraph 1 through 13 hereof.

(5) The Development Institute shall exert its efforts to induce participation of the private organization in each of the following businesses and to facilitate the works of intermediate organization prescribed in Paragraph 4 subparagraph 7 and 8 hereof and the social economy organization.

3) Article 6 (Establishment of Master Plan for Social Economy Development)

(1) The Minister of Strategy and Finance shall set the mid-long-term policy target and direction related to the development of the social economy through the consultation with the heads of the competent central government agencies to effectively achieve the purpose of this Act, and establish the master plan for the development of social economy (the “Master Plan”) every five (5) years.

Article 12 (Social Economy Committee)

(1) The Social Economy Committee under the presidential office (the “Committee”) shall be established to deliberate and mediate the government policy and the Master Plan related to the development of social economy and its implementation, and to coordinate the policy implementation between the competent government agencies and the local self-governing bodies.

Article 13 (Composition of Committee, Etc.)

(1) The Committee shall consist of 1 chairman and 2 vice-chairmen, and less than thirty (30) members including government members, civilian members and experts.

(2) President shall designate the outstanding chairman among the Committee members defined in Paragraph 4 subparagraph 2 hereof following the nomination of the Committee, and the Minister of Strategy and Finance and 1 member nominated among the civilian members shall serve as the vice-chairmen.

(4) 2. Civilian members: Any person representing the social economy organization defined by the Presidential Decree

(7) Standing committee, sub-committee and the secretariat shall be established under the Committee to efficiently handle the works of the Committee

Article 19 (Establishment of Korean Social Economy Institute, Etc.)

(1) The Ministry of Employment and Labor, the Ministry of Health and Welfare, the Ministry of Security and Public Administration, and the Minister of Strategy and Finance shall establish Korean Social Economy Institute (the “Social Economy Institute”) to implement the matters about promotion and development of the social economy deliberated and mediated by the Committee in an integrated and effective way.

(5) The Social Economy Institute shall be engaged in the following businesses.

- 1. Academic research and policy development for the development of social economy**
- 2. Research on the current status of social economy and establishment and operation of integrated information system**
- 3. Distribution of resources required for education, consultation, market advancement, and strengthening of solidarity of the social economy related association**
- 4. Any businesses commissioned pursuant to this Act or other laws and regulations related to the facilitation of social economy**
- 5. Any businesses commissioned by the government or the local self-governing bodies**
- 6. Any business incidental to the businesses described Subparagraph 1 through 4 hereof.**

*** Policies related to Support for the social economy:**

- Unlike their foreign counterparts, the Korean bills for the Framework Act on Social Economy includes numerous specific and practical provisions of support.
- The SP's bill clearly states these measures, indicating that the measures included in the Framework Act must be enforced and provided. The opposition parties' bills similarly enumerate measures of support, but also recommend that separate laws be enacted for each specific support policy to ensure their implementation. The opposition parties' bills appear to better reflect the nature and purpose of framework acts in general.
- The SP's intention appears to be to achieve certain tangible policy goals with a single framework act. The opposition parties, on the other hand, appear to have a grander vision, holding the framework act only as the basis for a much greater regime of laws and policies on social economy.
- Given the ongoing dispute within the SP regarding whether to enact the Framework Act on Social Economy, it is questionable whether it will be able to promise the enactment of various subsequent and related legislations that will be required once the Framework Act comes into being.

○ Policies related to Support for Social Economy

**[1) Saenuri Party (proposal), NPAD (proposal), Justice Party (proposal)]
(Only the relevant issues are extracted)**

1) Article 17(Creation of Social Economy Fund)

- (1) The government shall establish and operate the social economy fund (the “Fund”) to secure the financial resources of social economy and the fund required to support the social economy organization.**

Article 21 (Preferential Purchase by Public Institution)

- (1) The government and local self-governing bodies shall implement the support and policies in a comprehensive and effective way to promote the purchase of goods and services produced by the**

social economy organization (the “Social Economy Organization-manufactured Product”) and to expand the sales network.

- (2) Head of public institutions (the “Head of Public Institution”) defined in Article 2 subparagraph 2 of the *Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets* shall facilitate the preferential purchase of the Social Economy Organization-manufactured Product.

2) Article 26 (Overhauling of Social Finance System)

- (4) The government may enact a law to facilitate the social investment fund in the private sector required for the development of social economy.

Article 28 (Creation of Social Economy Fund)

- (1) The government and the local self-governing bodies shall establish and create the social economy fund (the “Fund”) to smoothly implement the policy for the development of social economy and to stably secure the financial resources required to support the social economy organization.

Article 33 (Preferential Purchase by Public Institution, Etc.)

- (1) The government and the local self-governing bodies shall implement the support and policies required to promote the purchase of goods and services produced by the social economy organization and to expand the sales network.
- (2) Head of public institutions (the “Head of Public Institution”) defined in Article 2 subparagraph 2 of the *Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets* shall facilitate the preferential purchase of the social economy organization-manufactured products.
- (6) The government shall enact a law to realize socially responsible public procurement principle of the public institutions and to expand the public procurement including preferential purchase by the public institutions and the delegation of public services to the private sector.

3) Article 22 (Establishment and Creation of Social Economy Fund)

- (1) The government shall establish and operate the social economy fund (the “Fund”) to smoothly implement the policy for facilitation of the social economy and to stably secure the financial resources required to support the social economy organization.

Article 26 (Preferential Purchase by Public Institution)

- (1) The government and the local self-governing bodies shall implement the support and policies in a comprehensive and effective way to promote the purchase of goods and services produced by the social economy organization and to expand the sales network.
- (2) Head of public institutions (the “Head of Public Institution”) defined in Article 2 subparagraph 2 of the *Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets* shall comply with socially responsible public procurement principle which realizes social purpose in the course of executing the public

procurement contract on goods, services and construction or the consignment contract.

- (3) **Detailed contents and procedures required to secure effectiveness in facilitating the purchase and supporting the sales and to realize the socially responsible public procurement principle defined in Paragraph 2 above shall be determined in the law to be enacted.**

Conclusion

* As is the case with other advanced countries worldwide, the Framework Act on Social Economy that is to be legislated in Korea should primarily serve as a declaration of social recognition bestowed upon the burgeoning social economy.

- Social economy organizations should be defined not by a single policy or program, but on the basis of certain operating principles. The Framework Act should therefore enumerate the basic operating principles of social economy organizations so as to ensure the identification of social economy organizations on substantial grounds rather than formal ones.

- The Framework Act should also declare that fostering the social economy constitutes a major public interest that the Korean government ought to strive to satisfy.

* Because both the governing and opposition parties agree on the need to enact a framework act, we should be more concerned with the contents of the resulting legislation rather than the question of whether or not it will be enacted.

- While the governing party's bill should be recognized for the social discourse it has spurred and boosted, that fact alone should not give the bill more weight than it deserves. The opposing parties may have tabled their bills later than the governing party, but theirs therefore reflect the actual needs and demand of social economy organizations that much better.

- All in all, we need better procedures and processes by which social economy organizations themselves can voice their opinions better as the National Assembly contemplates various bills.