

What Drives Social Ventures Thriving in Korea

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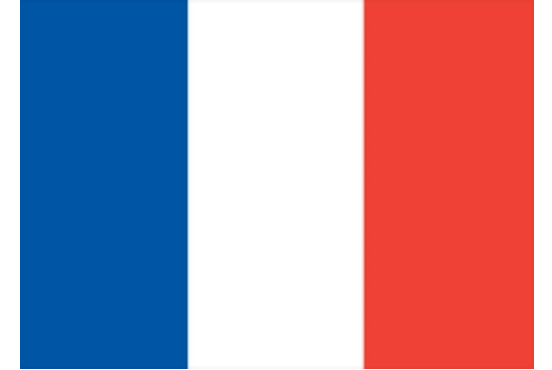
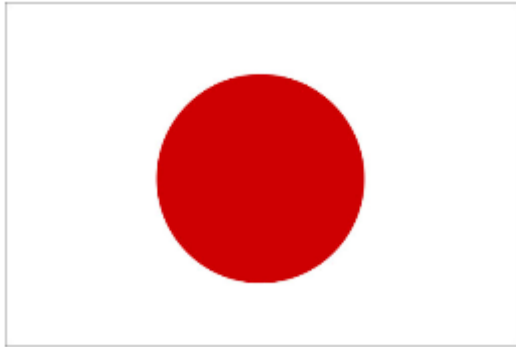
contents

- **Why we are saying social venture now in Korea**
- **How government create enabling environment for innovative business models**
- **How government support social ventures and impact investment**
- **Role of KOTEC for Korea social venture**

The fastest grown country after world war II



Korea is 7th 30-50 Club country



+



- Per capita GNI surpassing USD 30,000 & population over 50 million

Rapid growth caused several social problem

- **Widening Gap**
 - Gap between large company and SMEs
 - Gap between capital Seoul and other region
 - Gap between the rich and the poor
- **Aging Issue**
 - 0.98 fertility rate in 2018
- **Polution**
- **Economic growth rate drop under 2%**



Korean recognize

- it is not easy to achieve high economic growth rate such as 1980~1990s.
- from hard work to smart work with pursue life quality

Good foundation for innovation in Korea

- Strong Entrepreneurship
- Digital technology and innovation
- Yearning for social change
- Policies



Socially & Economically good Environment

History of Social enterprises

- Korea has long history of social economy
- Cooperative was introduced as a type of social economy
- Social enterprises emerged from late 1990s
- The basic law was made to assist social enterprises at 2006 by Ministry of Employment and Labor.
 - At current 2,372 social enterprises are registered
- An active discussion for sustainable growth of social enterprises by private sector

New era of social venture

- **By government**
 - **Ministry of SMEs and Startups(MSS) established in 2017**
 - **Strong support for startups – Already 10 Unicorns**
 - **Support ‘Impact Fund’ which made by private sector like bank and large companies**
 - **Impact financing guarantee was introduced and will widen to USD 1 billion until 2020.**
 - **Some provincial government have a interested in bring up Social Ventures**
 - **Developing ‘Social Venture Valuation Model’ for social venture and other supporting agencies.**

New era of social ventures

- **By Private**

- **Some successful venture founders & 3rd and 4th generation of Korean Chaebol established impact investment company or incubating facility for social venture.**
- **Large companies' recognition**
 - **SK Group 'double bottom line management'**
- **Private organizations supporting social venture : Impact Finance Korea(IFK), National Advisory Group(NAB), Impact management & Measurement Korea(IMK).**

KOTEC's technology appraisal

>>> Credit Rating System vs. Technology Rating System



Credit Rating System

- Forecast Corporation's Insolvency
- Focus on Company's **Past history**
e.g. Financial records Business Feasibility
- Financial Measures are dominant



Technology Rating System (KTRS)

- Forecast Technology Commercialization
- Prospect and Corporation's Insolvency
- Focus on Company's **Future Potential**
e.g. Technology Excellence, Business Feasibility
- Non-Financial Measures are dominant

Point of
view from
the World

EU IPF (INNO-Partnership Forum)

In 2012, KOTEC's technology rating system also earned recognition from Europe, with its INNO-Partnering Forum (IPF) introducing the system as a "good practice" in a report submitted to the European Commission.

EIB (European Investment Bank)

In a 2018 EIB report, the KTRS was referred to as a "global best practice"



Vietnam



Thailand



Peru



EU

Co-developed technology rating system

Social venture valuation Model(SVVM)

- ✓ Developed a **valuation model** to **comprehensively evaluate** the **social nature**, the characteristics of a social value pursuing enterprise, and the **innovation and growth potential**, the characteristics of a technically-competitive enterprise

Social Nature

Overview

Evaluate **social value directivity and mission**, **capability of and execution system for creating social values**, and **social impact** comprehensively regarding the social purpose category

Main Indicators

Social value directivity and mission	Social value directivity of the owner
	Social mission of the enterprise
Capability of and execution system for creating social values	Capability of creating social values
	Execution system for creating social values
Social impact	Effectiveness in creating social impact
	Excellence in creating social impact

Innovation and Growth Potential

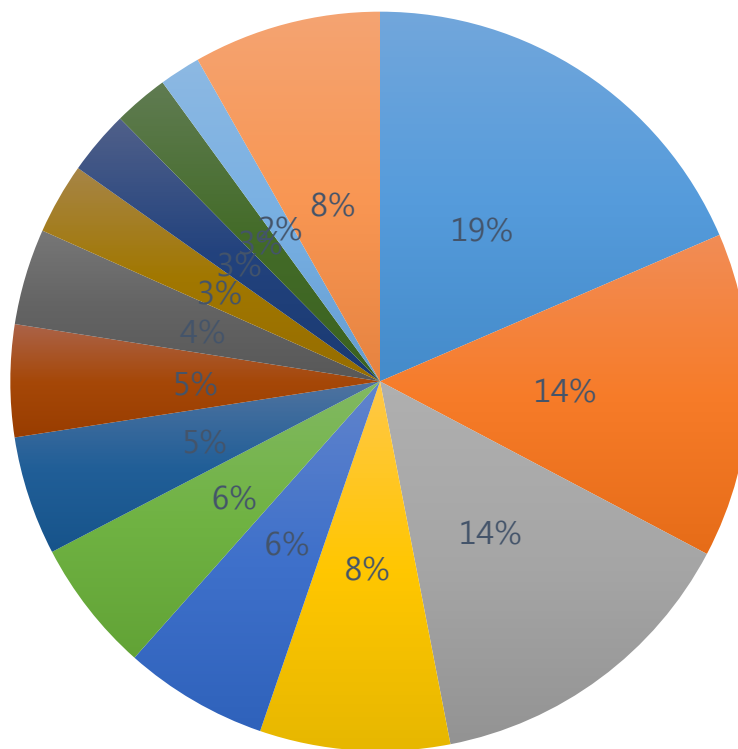
Overview

Evaluate **innovation capability of the owner**, **innovativeness of the technology (service)**, **marketability**, and **business feasibility**, comprehensively by business category

Main Indicators

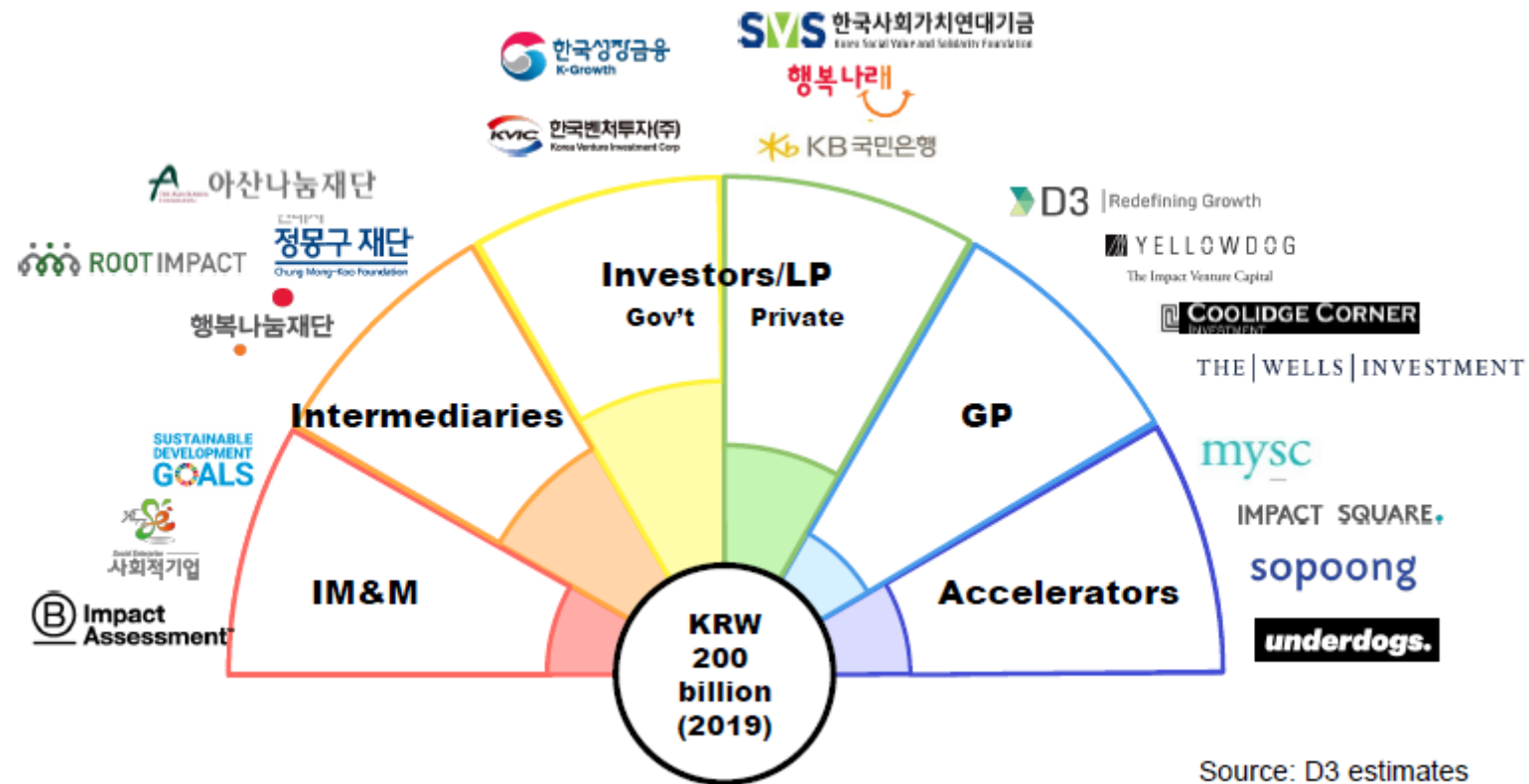
Innovation capability of the owner	Level of technical knowledge and experience
	Management capability
Innovativeness of the technology (service)	Technical development capability
	Technical excellence
Growth potential	Market environment and product's competitiveness
	Business feasibility

Recent social ventures by impact



hadicapers women/old unemployment environment Energy IT Education
Health care Housing Culture multi-culture urban the poor etc

Korea Impact Investing Ecosystem for Social Venture



Global networking



Thank You



**KOTEC leads Global Technology Finance,
Creating Value through Innovation**

