SEOUL METROPOLITAN CITY FRAMEWORK ORDINANCE ON SOCIAL ECONOMY

Enactment No. 5709, May. 14, 2014
Partial Amendment No. 5759, Oct. 20, 2014
Partial Amendment No. 5967, Jul. 30, 2015
Partial Amendment No. 6061, Jan. 07, 2016
Amendment of Other Laws No. 7044, Mar. 28, 2019
Amendment of Other Laws No. 7154, May. 16, 2019

Article 1 (Purposes)

The purpose of this Ordinance is to contribute to invigorating social economy and establishing sustainable social economic ecosystems of Seoul Metropolitan City by providing for basic matters concerning the roles of each social economic player and Seoul Metropolitan City for the formulation of the philosophy, constituent agents, and common basic principles of social economy, and for the pursuit of relevant policies.

Article 2 (Basic Idea)

The basic philosophy of this Ordinance is to make social economy, market economy, and public economy harmonize in order to realize social values, such as improvement in the quality of communal life and welfare standards of members of society, the reduction of social economic polarization, the recovery of social safety nets, and the dissemination of cooperative culture.

Article 3 (Definitions)

The definitions of terms used in this Ordinance shall be as follows:

1. The term "social values" means utility of public conception that improves social, economic, cultural and environmental welfare standards of regions and members of society through the following:

(a) Creation of good quality stable jobs;

(b) Revitalization of communities;

(c) Gender equality of opportunity;

(d) Recovery of members of society at risk of being excluded from social economic opportunity;

(e) Realization of community interests;

(f) Ethical production and distribution;

(g) Preservation of environmental sustainability;

(h) Promotion of social, economic, cultural, and environmental welfare of regions and members of society at the level of labor, welfare, human rights, and environment.

2. The term "social economic enterprise" means an organization falling under any of the following, which observes the basic principles under Article 4;

(a) Social enterprises under subparagraph 1 of Article 2 of the Social Enterprise Promotion Act, and preparatory social enterprises provided for in subparagraph 2 of Article 2 of the Seoul Metropolitan City Ordinance on the Promotion of Social Enterprises;

(b) Cooperatives or federations of cooperatives (including social cooperatives or federations of social cooperatives) established pursuant to Article 2 of the Framework Act on Cooperatives or individual Acts;

(c) Village enterprises under Article 2 (1) 9 of the Special Act on Invigoration and Support of Urban Renewal, and village enterprises prescribed by the Mayor of Seoul Metropolitan City (hereinafter referred to as the "Mayor");

(d) Self-supporting enterprises under Article 18 of the National Basic Living Security Act, self-supporting labor service corps approved by the Minister of Health and Welfare, and self-supporting enterprises certified by the Mayor;

(e) Facilities manufacturing products manufactured by persons with severe disabilities, under Article 9 of the Special Act on the Preferential Purchase of Products Manufactured by Persons with Severe Disabilities;

(f) Other enterprises, nonprofit corporations, nonprofit and non-governmental organizations, etc. which conduct economic activities with the principal aim of realizing social values according to standards prescribed by the Mayor, such as sharing economy and fair trade.

3. The term "intermediate support organization" means an organization that supports the creation of social economic ecosystems, such as acting as a bridge between a central government office or a local government and social economic enterprises, connecting between social economic enterprises, and supporting for social economic enterprises;

4. The term "association of parties interested in social economy" means an organization of interested parties voluntarily assembled and organized by social economic enterprises for interchange and cooperation;

5. The term "social economic ecosystem" means a system in which the establishment and development of social economic enterprises, the creation of markets, the diverse participation of parties interested, reproduction, reinvestment, etc. are achieved in a virtuous cycle;

6. The term "private social economic network" means an organization or a social network through which an association of parties interested in social economy, and intermediate support organizations and private enterprises or organizations that support social

economy promote joint ventures, mutual aid, or reciprocal transactions;
7. The term "social economic organizations" means comprehensive organizations under subparagraphs 2 through 4;
8. The term "special social economic district" means a district that has produced successful cases in solving local problems by developing a sustainable business model of social economy in combination with characteristics of the area;
9. The term "prospective special social economic district" means a district that the Seoul Metropolitan Government supports to develop it into a "special social economic district" at a stage prior to its designation as a "special social economic district."

Article 4 (Basic Principles)

(1) Social economic enterprises shall act according to the following basic principles:
1. The principal objective of the organization shall be to realize social values;
2. The ability of individuals and communities shall be strengthened through a democratic and consensus-oriented structure and management mode;
3. Outcomes obtained from economic activities based on affairs, services, or activities mainly performed by constituent members shall be used for constituent members or in the realization of social values, or earnings therefrom shall be distributed to people and labor in preference to capital;
4. The transparent and ethical management shall be observed.
(2) The Mayor may formulate detailed guidelines for support of social economic enterprises pursuant to relevant Acts and regulations and principles under paragraph (1).

Article 5 (Responsibilities and Duties of Mayor)

(1) The Mayor shall provide support and promote policies as necessary comprehensively and effectively so that social economy may be invigorated, and organic cooperation and solidarity between social economic enterprises can be achieved.
(2) The Mayor shall consider policies and projects proactively so that the relevant policies and projects may contribute to the realization of social values by promoting
integration with social economy in the course of formulating various policies and executing projects of Seoul Metropolitan City (hereinafter referred to as the "City").
(3) The Mayor shall endeavor so that opinions of social economic enterprises, associations of parties interested in social economy, etc. may be reflected in the formulation, implementation, and evaluation of relevant policies for the invigoration of social economy and the creation of a sustainable ecosystem.
(4) The Mayor shall cooperate with autonomous
Gus so that the development of social economy may contribute to the improvement of living standards of local residents and the local economy.

Article 6 (Responsibilities and Duties of Social Economic Enterprises)

(1) Social economic enterprises supported pursuant to this Ordinance shall observe the basic principles prescribed by Article 4 and conscientiously endeavor to realize social values.
(2) Social economic enterprises shall endeavor to construct a sustainable social economic ecosystem with a sense of responsibility for the invigoration of social economy based on the spirit of mutual cooperation and sharing between social economic players, and mutual transactions.

Article 7 (Relationship to other Ordinances)

(1) Except as otherwise expressly prescribed, this Ordinance shall apply to social economy in preference to other Ordinances.
(2) When the City enacts or amends other Ordinances on social economy, it shall enact or amend them in compliance with the purposes and principles of this Ordinance.

Article 8 (Basic Plan for Social Economy)

(1) The Mayor shall formulate a basic plan for social economy (hereinafter referred to as "basic plan") every five years to promote, and systematically support and foster self-regulating activities of social economic enterprises following deliberation and resolution by the Hope Economy Committee under Article 9, and implement the basic plan.
(2) A basic plan shall include the following matters:
1. Basic direction for the invigoration of social economy;
2. Matters concerning strategies for the social economic development and the creation of infrastructure thereof;
3. Matters concerning mutual cooperation between social economic enterprises, and cooperation between relevant agencies related to social economic policies;
4. Matters concerning relevant Ordinances for the invigoration of social economy and policy improvement therefor;
5. Other matters necessary to create a social economic ecosystem.
(3) The Mayor shall formulate and implement a yearly action plan based on a basic plan every year.
(4) The Mayor shall conduct evaluations on the results, outcomes, etc. of the execution of projects under paragraph (3).
(5) The Mayor shall conduct a fact-finding survey on social economy in order to formulate and implement a basic plan, and shall

formulate the basic plan by reflecting the findings of such fact-finding survey.
(6) Where the Mayor makes a request, the heads of the City-invested and funded agencies under the authority of the City shall cooperate in providing data necessary to conduct a fact-finding survey under paragraph (5).

Article 9 (Social Economic Committee)

(1) The Mayor may establish the Social Economic Committee of Seoul Metropolitan Government (hereinafter referred to as the "Committee") which shall deliberate and render advice on essential policies and basic plans for the development of social economy and important matters related to the implementation of such policies and plans.
(2) The Committee shall deliberate and render advice on the following matters:
1. Formulation and amendment of basic plans and annual implementation plans;
2. Examination and evaluation of annual performance records of annual implementation plans;
3. Support for and fostering of social economic organizations:
4. Matters necessary for promoting social economy and developing a social economic system;
5. Other matters deemed necessary for the development of social economy.
(3) The Committee shall be comprised of a maximum of 20 members, including one chairperson. <Amended by Ordinance No. 6061, Jan. 7, 2016>
(4) The chairperson shall be elected by and from among the Vice-Mayor I for Administrative Affairs and commissioned committee members, and the Chief Officer of Economic Planning Headquarters shall serve as the vice-chairperson.
(5) Members of the Committee shall be commissioned or appointed by the Mayor from among the following persons:
1. Members of the Seoul Metropolitan Council;
2. The Director-General of the bureau in charge of social economic affairs in Seoul Government;
3. The Director-General of the bureau in charge of budgeting in Seoul Government;
4. Persons who have knowledge and expertise in social economy;
5. Other persons deemed necessary for the formulation, etc. of policies for social economy.
(6) The chairperson shall represent the Committee and administer all affairs of the Committee, while the vice-chairperson shall assist the chairperson and shall act on behalf of the chairperson, if the chairperson is unable to perform his/her duties due to unavoidable circumstances.
(7) The term of office of committee members shall be two years and may be renewed consecutively only once, while the term of office of any member commissioned or appointed to fill a vacancy shall correspond to his/her predecessor's remaining term of office: Provided, That the term of office of a public official shall correspond to the term of service in his/her position as a public official.
(8) In any of the following cases, the Mayor may dismiss a committee member from office even during his/her term of office:
1. If a committee member fails to perform his/her duties sincerely;
2. If a committee member divulges or abuses confidential information known to him/her in the course of performing his/her duties;
3. If a committee member desires to be dismissed from office due to health or other personal reason;
4. If a committee member is found incompetent to continue his/her service as a committee member.
(9) The Committee shall hold regular meetings twice a year, and the chairperson shall additionally convene meetings, if the chairperson deems necessary or upon the request from a minimum of 1/3 of current committee members to convene a meeting; and a majority of the members of the Committee shall constitute a quorum, and any resolution thereof shall require a concurring vote of at least a majority of those present.
(10) The Committee shall have an executive secretary who shall perform various kinds of administrative work.
(11) Except as otherwise provided for in this Ordinance, matters necessary for operating the Committee shall be determined by the chairperson, after resolution by the Committee.
[This Article Wholly Amended by Jul. 30, 2015]

Article 10 (Designation of and Support for Special Social Economic Districts)

(1) The Mayor may designate a "prospective special social economic district," in cooperation with an autonomous Gu, so as to strengthen the basis of social economy and create social economy specific to Seoul.
(2) The Mayor may designate a "prospective special social economic district" which has successfully performed relevant projects as a "special social economic district."
(3) The Mayor and the head of an autonomous Gu may render assistance as follows to any autonomous Gu designated as a "prospective special social economic district" and participating enterprises:
1. Subsidization of projects of a "prospective special social economic district" for expenses incurred in implementing such projects;
2. Preferential assistance in preferential purchasing, space, financing, education, research and development, etc.;
3. Collaboration among related divisions in Seoul Government or an autonomous Gu and collection of opinions;
4. Other matters that the Mayor deems necessary for implementing projects of a "prospective special social economic district."
(4) The Mayor or the head of an autonomous Gu shall preferentially consider an autonomous Gu or a participating enterprise as the entity eligible for a project in implementing any project that can be linked to a "special social economic district."

[This Article Newly Inserted by Ordinance No. 6061, Jan. 7, 2016]

Article 11 (Social Economic Support Center and Support Agencies for Each Sector)

(1) The Mayor shall establish and operate the City Social Economic Support Center (hereinafter referred to as the "Support Center") in order to efficiently perform affairs for the invigoration of social economy and the creation of a social economic ecosystem.
(2) For the promotion of enterprises based upon the characteristics of each sector of social economy, such as social enterprises, cooperatives, village enterprise
s, and self-supporting enterprises, the Mayor may entrust the part of affairs concerning the promotion thereof to professional institutions prescribed by relevant Ordinances.

Article 12 (Functions of Support Center)

The Support Center shall perform the following functions:
1. Consultation about and adjustment of policies related to social economy, and comprehensive support to social economic organizations;
2. Support for the formulation of a basic plan;
3. Cultivation of social economic talent, and support for the discovery and commercialization of social economic enterprises;
4. Research and development of support systems and policies for the invigoration of social economy;
5. Support for cooperation between social economic enterprises, and support for the establishment and operation of a network of each type of business, a local area network, and a metropolitan area network;
6. Professional consulting support necessary to establish and operate social economic enterprises;
7. Monitoring and evaluation of social economic enterprises;
8. Public relations for the invigoration of social economy and the construction of an education support system;
9. Support for the creation of markets for social economy;
10. Other matters necessary for the invigoration of social economy and the creation of a social economic ecosystem.

Article 13 (Outsourced Management and Operation of Support Center)

(1) In order to efficiently manage and operate the Support Center, the Mayor may outsource the management and operation of the Support Center to a corporation or an organization related to social economy, which is deemed to have conditions that enable it to perform functions pursuant to relevant Acts and regulations or as prescribed by him/her, or establish a separate independent corporation.
(2) The Mayor may entrust affairs concerning support for the establishment and operation of cooperatives to the Cooperatives Consulting Support Center prescribed by Article 8 of the Seoul Metropolitan City Ordinance on Support for Invigoration of Cooperatives.
(3) The Mayor may entrust affairs concerning the promotion of self-supporting enterprises to the Metropolitan Self-Supporting Center of the City prescribed by Article 5 of the Seoul Metropolitan City Ordinance on Support of Self-Supporting Projects.
(4) The Mayor may entrust affairs concerning the promotion of village enterprises to the Comprehensive Community Support Center of the City prescribed by Article 22 of the Seoul Metropolitan City Ordinance on Support, etc. for the Creation of Communities.
(5) The Mayor may subsidize expenses incurred in the management and operation of the Support Center and support institutions for each sector
within budgetary limits.
(6) Detailed matters under paragraph (1) shall be governed by the Seoul Metropolitan City Ordinance on Entrustment of Administrative Affairs to Private Sector.

Article 14 (Management Support, etc.)

The Mayor may construct an integrated management support system necessary to establish and operate social economic enterprises, and provide various support, such as the provision of professional advice and information on the fields of management, law, technology, taxation, labor, accounting, etc. pursuant to relevant Acts and regulations.

Article 15 (Subsidization of Costs for Facilities, etc.)

(1) The Mayor may subsidize or finance the cost of purchasing land, the cost for the facilities, etc. necessary to establish or operate social economic enterprises within budgetary limits, or lease publicly-owned land or
lease it rent-free pursuant to relevant Acts and regulations.
(2) The Mayor may transfer unused goods, etc. to social economic enterprises without compensation pursuant to relevant Acts and regulations.

Article 16 (Financial Support and Establishment of Fund)

(1) When the Mayor deems it necessary for self-reliance of social economic enterprises, he/she may provide subsidies for expenses incurred for the following purposes, within the budget: <Amended by Ordinance No. 6061, Jan. 7, 2016>

1. Education, training, and research related to social economy;
2. Subsidization of associations of parties interested in social economy;
3. Creation of regional social economic ecosystems;
4. Development of special social economic districts;
5. Fostering of innovative social economic enterprises to solve social problems;
6. Promotion of social economic finance;
7. Provision of space to social economic organizations;
8. Assistance to social economic enterprises in expanding their markets.
(2) In order to raise capital for social economic enterprises, the Mayor may establish a social financial system pursuant to relevant Acts and regulations.
(3) In order to invigorate social economy and create a sustainable social economic ecosystem, the Mayor may establish and operate the Fund on social economy.
(4) Matters necessary for social finance under paragraph (2) and the establishment and operation of the Fund under paragraph (3) shall be specially prescribed by Ordinance.

Article 17 (Support for Education and Training, Research, etc.)
(1) The Mayor may conduct education and training to strengthen the ability of constituent members of social economy, such as the cultivation of social economic talent, and the fostering of professional manpower necessary for the establishment and operation of social economic enterprises.
(2) For education and training and the cultivation of social economic talent under paragraph (1), the Mayor may designate City-invested or funded agencies under the authority of the City, universities under Article 2 of the Higher Education Act, research institutes, institutions, or organizations established with the aim of conducting social economic research activities, etc. as professional manpower training institutions.
(3) The Mayor may fully or partially subsidize expenses incurred in executing projects to professional manpower training institutions designated pursuant to paragraph (2) within budgetary limits.
(4) The Mayor may subsidize expenses incurred in the development, collation, and supply of material, and education, public relations, etc. so that social economic content may be reflected in elementary and secondary economic education in cooperation with relevant agencies within budgetary limits. <Amended by Ordinance No. 5759, Oct. 20, 2014>

Article 18 (Support for Preferential Purchase, etc.)
(1) The Mayor shall promote the preferential purchase of goods or services produced by social economic enterprises pursuant to relevant Acts and regulations.
(2) The Mayor shall endeavor to locate markets for goods and services produced by social economic enterprises through the promotion, etc. of consumption in the private sector.
(3) Matters necessary to ensure the effective promotion of preferential purchase and support for locating markets under paragraph (2) shall be specially prescribed by Ordinance.

Article 19 (Support of Associations of Parties Interested in Social Economy, etc.)
Where an association of parties interested in social economy or a private social economic network, which is established in each metropolitan area, autonomous Gu, or type of business for the establishment of social economic enterprises, support for management activities, and the formulation of strategies to invigorate the relevant sectors, is established under the initiative of the private sector, the Mayor provide necessary support.

Article 20 (Expanding Participation of Private Enterprises, etc.)
The Mayor may support the following matters so that private enterprises, organizations, etc. may participate in the establishment and fostering of social economic enterprises:
1. Construction of exchanges and cooperative governance among social economic enterprises, private enterprises, universities, and organizations within a region, and support for their activities;
2. Expansion of support to participating enterprises for the invigoration of connected enterprises.

Article 21 (International Cooperation for Invigoration of Social Economy)
(1) The Mayor shall endeavor for promote international cooperation to invigorate social economy.
(2) The Mayor may conduct the following affairs to promote international cooperation related to the invigoration of international social economy:
1. Construction of a social economic network based on a public-private partnership in international social economy;
2. Joint development of educational programs for the solidarity and vitality of international social economy;
3. Planning and operation of human exchange programs in social economy to share the vision of international social economy and to foster human resources;
4. Development of a social economic development model in which international social economy harmoniously develops the market

economy and public economy;
5. Support for the operation of an international organization for consultation on social economy and its secretariat, and cooperation therewith;
6. Attraction of international organizations, research institutes, etc. and support therefor;
7. Other matters prescribed by the Mayor which he/she deems necessary in relation to international cooperation in social economy.
(3) For the smooth operation and activities of an international organization for consultation on social economy (hereinafter referred to as "consultative organization"), the Mayor may provide subsidies for expenses and human resources pursuant to paragraph (2), as necessary for the smooth operation and business of the secretariat of the consultative organization, within the budget.
<Amended by Ordinance No. 6061, Jan. 7, 2016>

Article 22 (Public Relations and Awarding Prizes)

(1) The Mayor may formulate the following measures to promote awareness by local residents on social economic enterprises:
1. Support for the discovery and dissemination of exemplary models;
2. Support for the improvement of the quality of products and services of social economic enterprises and the public relations thereof;
3. Increasing awareness about social economic enterprises through holding experts forums workshops, etc.
(2) The Mayor may award prizes in the following cases, to invigorate social economy:
1. Exemplary social economic enterprises, with their independent management and contribution to the community, etc.;
2. Individuals or organizations deemed to have rendered distinguished service for the invigoration of social economy;
3. Autonomous Gus or public officials deemed to have rendered distinguished service for the invigoration of social economy.
(3) Specific procedures under paragraph (2) shall be governed by the Seoul Metropolitan City Ordinance on Official Commendation.

Article 23 (Direction and Supervision)

(1) The Mayor shall confirm whether subsidies are used for the designated purposes according to the details of support on social economic enterprises, etc. which have received financial support, and direct and supervise them.
(2) Where any social economic enterprise which has received financial support has used a subsidy for any purpose other than that designated, the Mayor may alter or revoke his/her decision to grant the relevant subsidy, or withdraw such subsidies already granted.

Article 24 (Delegation and Entrustment of Authority)

(1) The Mayor may delegate all or some affairs related to social economy to the heads of Gus, as prescribed by the Seoul Metropolitan City Ordinance on the Delegation of Affairs.
(2) The Mayor may entrust some affairs belonging to the authority of the Mayor prescribed by this Ordinance to corporations, organizations, etc. to invigorate social economy and create a social economic ecosystem.

ADDENDA

Article 1 (Enforcement Date)

This Ordinance shall enter into force on the date of its promulgation.

Article 2 Omitted.

Article 3 (General Transitional Measures)

Measures taken, procedures performed, or other acts done under the provisions of the Seoul Metropolitan Government Ordinance on the Promotion of Social Enterprises, the Seoul Metropolitan Government Ordinance on Support for Vitalization of Cooperatives, the Seoul Metropolitan Government Ordinance on Support, etc. for Creation of Village Communities, and the Seoul Metropolitan Government Ordinance on Support for Self-Supporting Programs before this Ordinance enters into force shall be deemed taken, performed, or done under the provisions of this Ordinance corresponding thereto.

ADDENDUM <Ordinance No. 5759, Oct. 20, 2014>

This Ordinance shall enter into force on the date of its promulgation.

ADDENDUM <Ordinance No. 5967, Jul. 30, 2015>

This Ordinance shall enter into force on the date of its promulgation.

ADDENDA <Ordinance No. 6061, Jan. 7, 2016>

Article 1 (Enforcement Date)

This Ordinance shall enter into force on the date of its promulgation.

Article 2 Omitted.