



Sommet 2017

# The Philanthropy of Seoul

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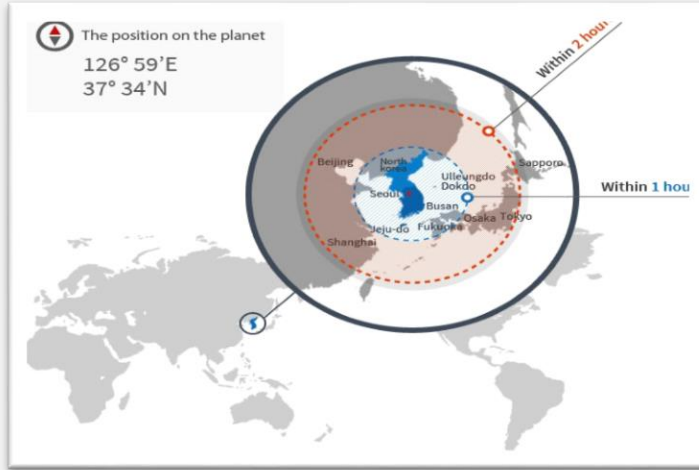
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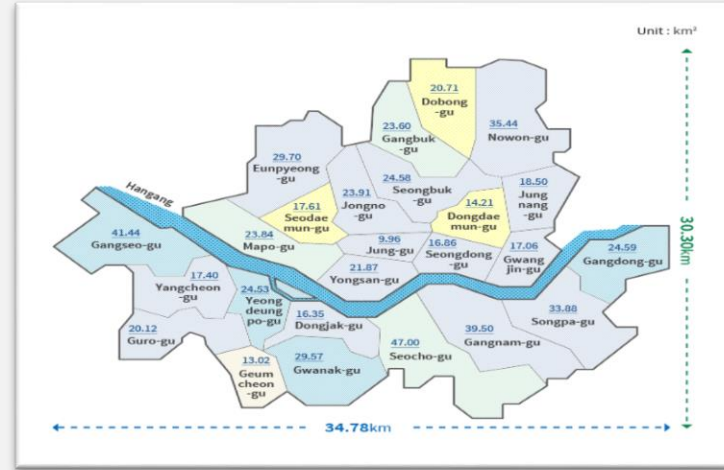
## Significant Facts about Seoul

### 1.1. City Overview – Location & Administrative System



Location of Korea

Korean Peninsula in between China and Japan



Location of Seoul

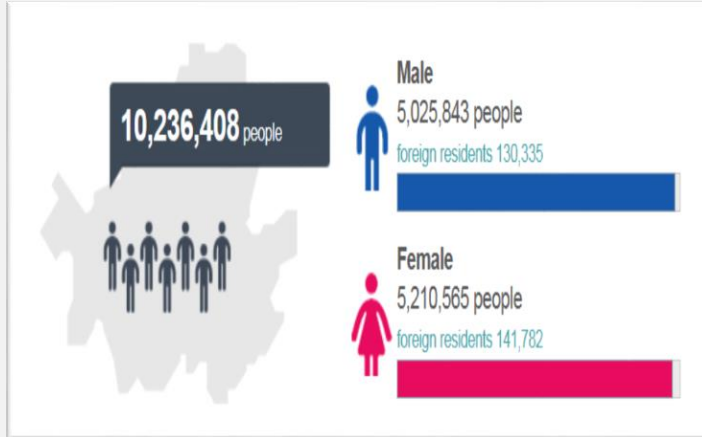
Center of the country  
25 autonomous administrative districts since 1995

## 1.1. City Overview – Location & Administrative System



- ✓ Seoul city has mayor and congress at metropolitan level.
- ✓ Each district of Seoul also has district mayor and district congress.
- ✓ Seoul metropolitan city implements autonomous policies in most areas.  
(e.g. urban planning, housing, transportation, water supply, environment, urban security, welfare, etc.)

## 1.1. City Overview – Demographics



**10,236,408 citizens** (2016 statistical report)

: population of Korea: 51,270,000 citizens



**Population increased with industrialization**

: 4.21 times, from 2.45 million(1960) to 10.30 million(2015)



**Average Age**

: 23.9 (1960) to 40.6 (2015)



## 1.1. City Overview – Demographics



### Changes in the Gender Structure

: Gender ratio of Seoul in 2010 was male 96 : female 100.



### Age Structure

: Seoul is an ageing city as Korea is an ageing nation.



### Educational Level

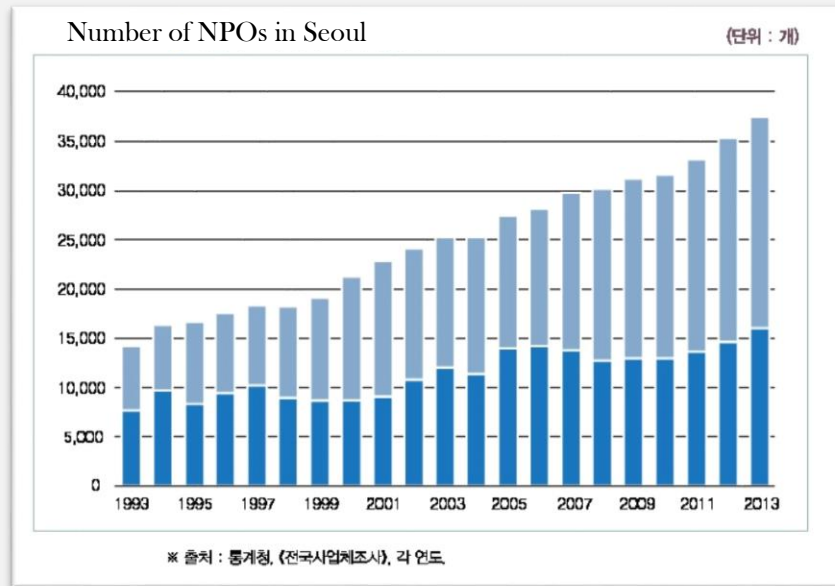
: Among Seoul citizens 33.6% are college / university graduates.

## 1.2. Seoul Life Indicators

Content	Indicator	unit	Year				
			2012	2013	2014	2015	2016
Housing & Living	Minimum cost of living per month	WON(W)	1,495,000	1,546,000	1,631,000	1,668,000	-
	Government rental housing percent	%	5.5	6.1	6.4	6.8	7
	National Minimum Security Recipient rate	%	1.92	1.95	2	2.52	2.7
Family	Average size of households	person	2.68	2.65	2.63	2.6	2.58
	Average age of first marriage	years old	32.4	32.57	32.81	32.95	33.2
	Subjective life satisfaction	0-10	-	-	-	7.34	7.37
	Percent of single seniors among total senior population	%	21.6	21.8	22.3	22.3	22.1
Economic life	Average working hours per month	hours	166	179.5	178.9	180	168
	Per capita income	WON(W)	18,113,000	18,684,000	19,267,000	-	-
	Unemployment rate	%	4.2	4	4.5	4.2	4.3
	Female economic activity rate	%	52.3	52.6	53.7	53.2	53.6

### 1.3. Nonprofit Sector – Public Benefit and Mutual Benefit Organizations

- ✓ Total number of nonprofit organizations in Seoul is **37,000** (2013).
- ✓ Size has increased since the 1990s and nonprofit organizations without legal personality (mutual benefit associations) has further increased .



■ NPOs without Legal Personality  
■ NPOs with Legal Personality



### 1.3. Nonprofit Sector – Major Fundraising Nonprofit Organizations



#### Charity & Social Service Organizations

Charity organizations have promoted philanthropy in Seoul and Korea. Social service organizations for the poor have also been active in raising money from citizens, profit corporations, and religious organizations to support operation of these organizations.



#### Hospitals

In Seoul, there are 408 hospitals. Hospitals are also active in raising money from citizens, profit corporations, and religious organizations to support operation of hospitals.



#### Universities

In Seoul, there are 37 universities with approximately 500,000 students. Universities are also active in raising money from citizens, profit corporations, and other funding organizations to support operation of universities.

### 1.3. Nonprofit Sector – Major Public Charity Organizations & Characteristics

#### Community Chest of Korea



Income, health, and social  
exclusion of the poor

#### World Vision Korea



Sustained well-being of  
children domestically and  
internationally

#### Good Neighbors



Better quality of life for  
vulnerable people around the  
world, especially for children  
domestically and internationally

#### UNICEF Korea



Child rights  
: protect children  
around the world

#### ChildFund Korea

(former Christian Children's Fund of Korea)



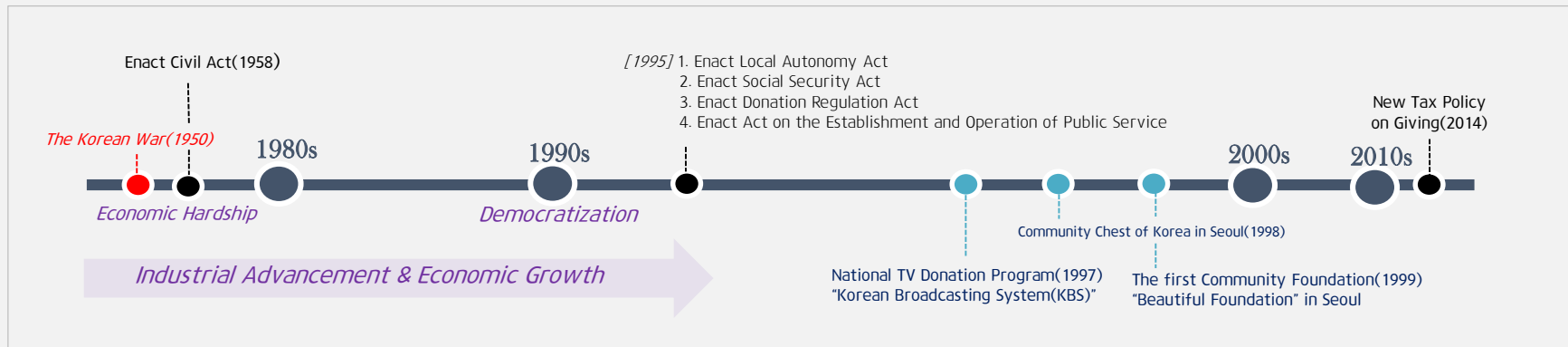
Better lives for Children

### 1.3. Nonprofit Sector – Major Public Charity Organizations & Characteristics



- ✓ Influenced by international supports after the Korean War
- ✓ Focus on poverty & social exclusion
- ✓ Concentration on children
- ✓ Recent transition from domestic care to international care
- ✓ Very similar focus & approach by different public charity organizations

## 2.1. Recent History of the Philanthropy in South Korea



• Kang, C., Auh, E. Y., & Hur, Y. (2015). *Giving in South Korea: A Nation of Givers for the Population under Public Assistance*. In *The Palgrave Handbook of Global Philanthropy* (pp. 426-454). Palgrave Macmillan UK.

### Before mid-1980s

- Mutual-aid was dominant. Korea was a recipient country of international aid.

-Due to the economic hardship after the Korean War, little development in domestic charity and philanthropy.

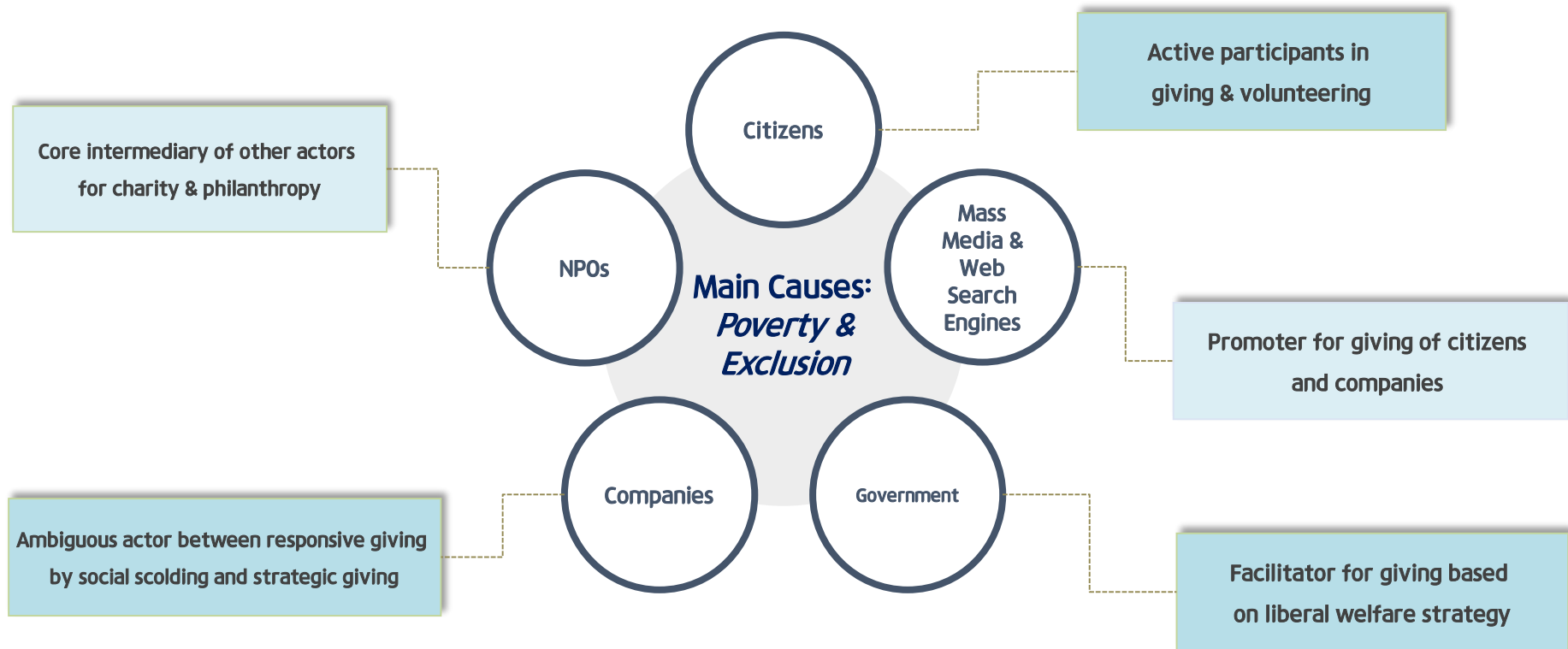
### Late 1980s

- Opened a new door of philanthropy with Korea's transformations (economic, political, social development).
- International support organizations left or transferred their infrastructure to Korean public charity organizations.
- Global companies such as Samsung, Hyundai, and LG started corporate philanthropy.

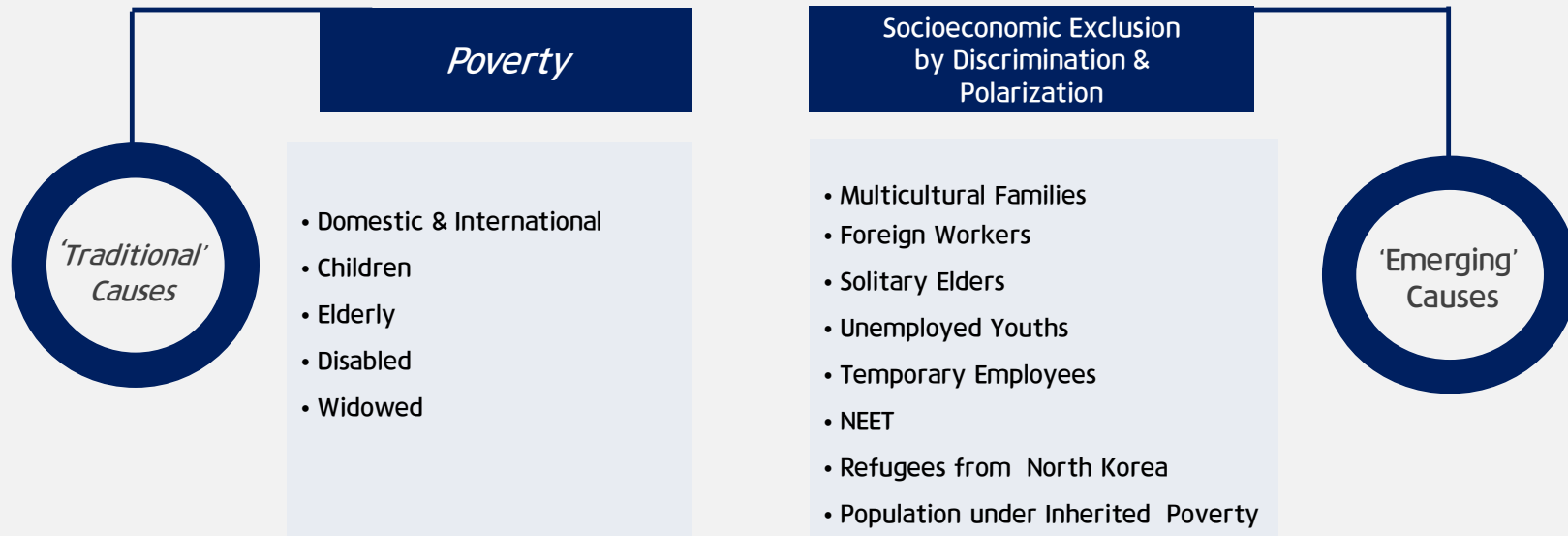
### After 1990s

- **Citizen participation** in charity became active.
- With autonomy system, local governments started to mobilize private resources to fill the gaps (caused by limited budget) by establishing community foundations.

## 2.2. Core Actors and Characteristics of Charity & Philanthropy in South Korea



## 2.3. Main Causes of Charity & Philanthropy : Poverty

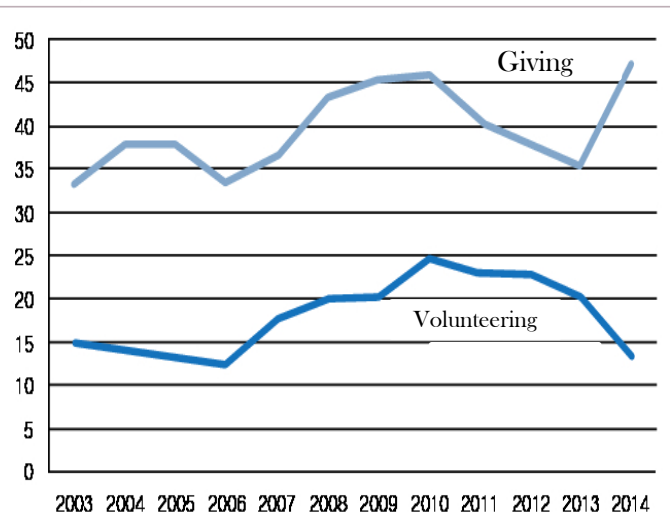


- ✓ New social issues are emerging, but poverty has been the main target of charity & philanthropy under the liberal welfare strategy.
- ✓ Most NPOs still focus on poverty & exclusion issues.



## 2.4. Outputs of Core Actors (1) Citizens (Seoul)

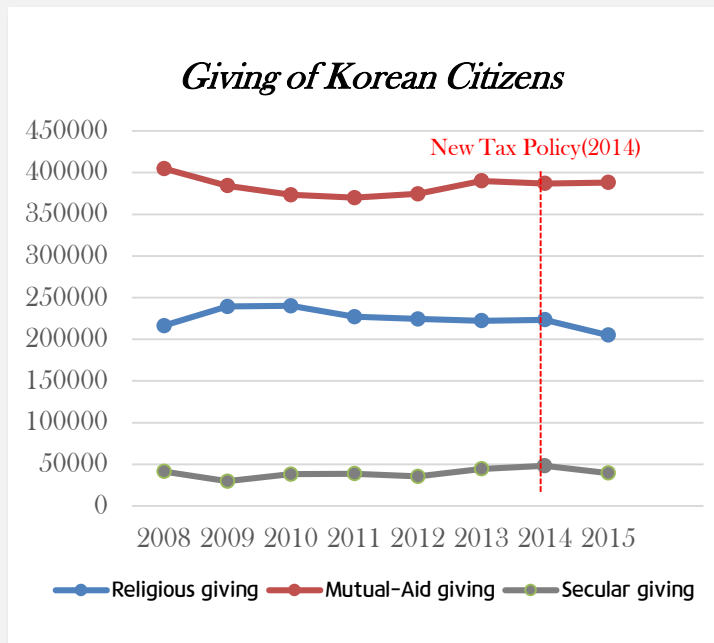
Participation Rate in Giving & Volunteering (단위 : %)



※ 출처 : 서울특별시, 《서울서베이》, 2003~2014년.

- ✓ Citizen's regular giving has been strengthened; average frequency of cash donation has become 8 times a year.
- ✓ Over half of donors (57.3%) made donations via intermediary organizations such as NPOs.
- ✓ Charity & social services were the most preferred donation area(61.8%).
- ✓ Most donors recognized giving issues through mass media & web search engines and religious organizations.
- ✓ Since 2007, the number of volunteers doubled from 1.63 million to 3.30 million in 2014.
- ✓ The most preferred areas in volunteering were community welfare (24.8%), safety & crime prevention (13.7%) and cultural events (12.2%).
- ✓ Youth participation in volunteering was the highest (21.6%), but elderly people were the most active in terms of frequency per person.
- ✓ Female participation in volunteering was 1.8 times higher than male participation.

## 2.4. Outputs of Core Actors : (1) Citizens (Korea)



- ✓ From 2003 to 2013, average giving amount of participating citizens has been increased to 3210,000 won (about 284 USD).
- ✓ Participating citizens' volunteering hours have been increased : average 34.7 hours/year in 2013. (Giving Korea 2014)
- ✓ The total amount of citizen donation in year 2013 was approximately 3.7 trillion won (3.3 billion USD). The minimum monetary value of volunteering was approximately 1.3 trillion won (1.1 billion USD). (Kang, C. et al., 2014).
- ✓ Major giving by citizens has increased over last 10 years (ex. Honor Society members: 6 starting members in 2008, 332 new members in 2016, currently more than 1,600 members).
- ✓ Mutual-aid giving is a special characteristic of Korea: according to National Survey of Tax and Benefit it is much higher than religious giving and secular giving.
- ✓ Recent tax policy has negatively influenced affluent citizens' giving.

- *Giving Korea 2014 (2014), The Beautiful Foundation.*
- *Kang, C. et al. (2014). Estimating Giving and Volunteering in Korea, The Community Chest of Korea.*

## 2.4. Outputs of Core Actors : (2) NPOs

	NPO	Fundraising (One Million Won)
1	<i>Community Chest in Korea</i>	574,204
2	UniKOREA Foundation	296,065
3	<i>World Vision</i>	202,345
4	KOFCFA	148,712
5	<i>Unicef Korea</i>	133,762
6	<i>ChildFund Korea</i>	133,430
7	Samsung Life Insurance Foundation	130,640
8	<i>Good Neighbors</i>	130,338
9	Korea Inclusive Finance Agency	78,602
10	SUNGKYUNKWAN UNIVERSITY	75,259

### Nonprofit organizations as intermediaries

- In 2016, total fund-raising amount of nonprofit organizations was 5.6 trillion Won (4.9billion USD)
- Charity & Social Services : 1.9 trillion Won (1.7billion USD)
- Education : .97 trillion Won (.86billion USD)
- Research & Scholarship : .58 trillion Won (.51billion USD)
- Art & Culture : .4 trillion Won (.35billion USD)

### Out of top 10 nonprofit organizations (2016), five are public charity organizations

### Most Korean NPOs rely on many small donors who make monthly donations rather than a few major donors; major giving in Korea just began to burgeon

- Korea GuideStar, National Tax Service Data.
- Newspaper 24 Sept 2017 article, Retrieved from <http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&oid=001&aid=0009567482&sid1=001>

## 2.4. Outputs of Core Actors : (3) Companies

N=2000	2011		2013	
	Ranking 1~1000	Ranking 1001~2000	Ranking 1~1000	Ranking 1001~2000
Participation in Giving	517 (51.7%)	216 (21.6%)	530 (53.0%)	235 (23.5%)
Total Volume of Giving	2.8 trillion won (2.5 billion USD)	36 billion won (32 million USD)	2.9 trillion won (2.55 billion USD)	64 billion won (5.7 million USD)
Average Giving of Participants	5.5 billion won (4.8 million USD)	170 million won (.15 million USD)	5.45 billion won (4.8 million USD)	272.8 million won (.24 million USD)

Year	Total Amount	Rank	Amount(Won)	%
2013	.56 trillion won (.50 billion USD)	1~30	112,899,036,398	37.55
		31~100	28,054,881,427	9.32
		101~200	18,928,160,024	6.29
		210~1000	24,608,690,043	8.19
		Sub Total Amount	184,490,767,892	61.35
2012	.41 trillion won (.37 billion USD)	1~30	98,951,401,736	33.55
		31~100	31,406,569,105	10.74
		101~200	23,073,301,105	7.87
		210~1000	29,612,798,931	10.12
		Sub Total Amount	183,044,070,877	62.28
2011	.37 trillion won (.32 billion USD)	1~30	74,426,727,308	29.65
		31~100	30,725,214,497	12.24
		101~200	20,104,351,390	8.01
		210~1000	24,364,239,467	9.69
		Sub Total Amount	149,620,532,662	59.59

□ Corporate giving has increased about 1.7 times over the last 10 years. In 2013, the total volume was 4.65 trillion Won (4.1 billion USD), which occupies 0.33% of GDP. (National Tax Statistic, 2014)

□ Giving volume of top 1,000 corporates increased, but it only reflects an increase in the top 30 corporates.

□ Still most corporate giving is motivated to avoid social scolding, except for some global companies (strategic giving).

• Kang, C. et al. (2014). *Strategies for Corporate Philanthropy, The Community Chest of Korea.*

## 2.4. Outputs of Core Actors : (4) Government

First Level Administrative District in Korea	Nonprofit Organizations Established by Government (2016)
Seoul	38
Busan	24
Daegu	22
Incheon	16
Gwangju	15
Daejeon	12
Ulsan	9
Sejong	1
Gyeonggi-do	94
Gangwon-do	45
Chungcheongbuk-do	27
Chungcheongnam-do	43
Jeollabuk-do	44
Jeollanam-do	54
Gyeongsangbuk-do	54
Gyeongsangnam-do	35
Jeju-do	11
Total	544

- 
- Korean government has employed liberal welfare strategy with relatively low tax rate. Since the late 1990s, governments have developed partners (NPOs) such as local community foundations and others who can complementarily and supplementarily assist governmental works.
  - Currently there are 38 NPOs established by Seoul Metropolitan City such as Seoul Welfare Foundation, Seoul Foundation for Arts & Culture, Seoul Foundation for Women & Family, and etc., which utilize governmental subsidy and corporate giving for their operations.
  - In spite of overall emphasis on importance of charity & philanthropy, central government has shown inconsistent policies on donors' tax exemption (reduced tax exemption on high earners).
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## 2.4. Outputs of Core Actors : (5) Mass Media & Web Search Engines



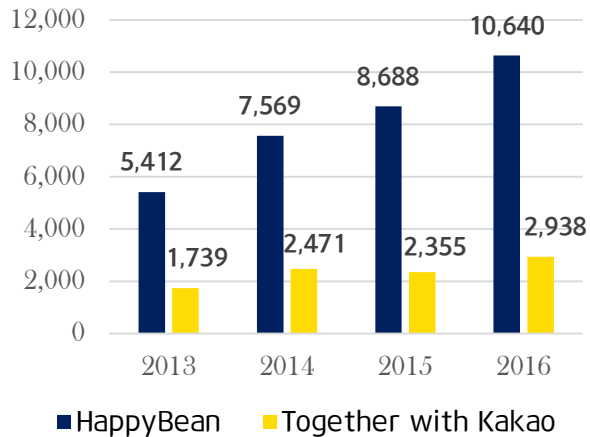
Year	Fundraising Amount of SBS Program
2009	11.5 billion won (10 million USD)
2011	35 billion won (30 million USD)
2013	46.3 billion won (41 million USD)
2015	46 billion won (40 million USD)

- ✓ In promoting charity & philanthropy, mass media (broadcasting organizations and newspapers) has played significant roles.
- ✓ The broadcasting fundraising efforts have continued with collaborations with NPOs. For example, SBS, a broadcasting company, raised around 46 billion won (40–41 million USD) with NPOs in 2013 and 2015.
- ✓ All of major broadcasting organizations developed distinctive fundraising programs (weekly, semi-annually, or annually) for poor and excluded citizens.



## 2.4. Outputs of Core Actors : (5) Mass Media & Web Search Engines

### *Web Search Engines Fundraising*



- ✓ Web Search Engines are new active promoters for involving ordinary citizens and companies in charity.
- ✓ In 2016, Naver (leading and the largest web search engine in Korea) 'HappyBean' raised 10.6 billion won (about 9.5 million USD) from **approx. 720,000 citizens** in collaborations with 6,500 NPOs. Daum (the second largest) 'Together' raised 2.9 billion won (about 2 million USD) in collaborations with NPOs.
- ✓ Their major role is to promote ordinary citizens' involvement (small amounts) in others' hardships by daily exposing diverse causes.

## 2.5. Evolution and Innovation

*In Korea, philanthropy is rapidly growing despite its short history. Evolutions and innovations are as follows:*

### *Ordinary Citizens' Active Regular Giving*

- Unlike the US (high dependency on high earners), Korea has successfully developed sizable number of ordinary donors (World Vision Korea has half million monthly donors and Good Neighbors has 0.4 million Monthly donors).
- Recently, major giving from ordinary citizens as well as high earners are burgeoning (e.g. Honor Society of Community Chest of Korea).
- But still it is very difficult to see mega-donors as in US.

### *Philanthropy Education for Children and Youth*

- **"Charity can begin from early years"**  
: NPOs are making efforts to spread the mind of sharing and giving with 'philanthropy education' at schools, camps, churches, day care centers, and others.
- **Recently, 'the Korea Philanthropy Education Forum' was established by 9 major NPOs who conduct philanthropy education**  
: the forum opened online-platform (for citizens and schools) to spread philanthropy education.

### *Use of Digital Technology to Tailor Communications with Relatively Young Citizens*

- NPOs began to use digital technology to reach more donors with active communications and build connections with relatively young citizens such as millennials.
- With digital technology, NPOs facilitate immediate and easier responses to diverse social issues for potential donors of all income levels.

## 3.1. Opportunities & Challenges in Philanthropy of Korea

### *Opportunities : Major Giving*

- ✓ **Perception change of high earners (citizens)**
  - As charity & philanthropy has expanded, high earners are looking for ways (or partners) to contribute to society.
- ✓ **Legal preparation for planned giving**
  - Currently, Korean government is preparing for law related to planned giving such as charitable annuities. It will be an opportunity for NPOs to develop major donors who can make new changes to promote giving culture.

### *Challenges*

- ✓ Increased demand for transparency & accountability
- ✓ Unlike US, it is difficult to see mega donors (e.g. Bill Gates) who can function as a model for affluent citizens.
- ✓ High religious giving, but not returned to community life
  - Connection & collaboration with NPOs and communities should be further developed for proper use of the resources.
- ✓ Central government's tax system for donation which is not consistent with liberal welfare strategy
- ✓ Opportunistic behaviors of elected officials
  - Elected officials can abuse public charity resources (community foundations established by local governments) for re-election and it can delay local promotion of giving.

### 3.2. Forecast about Korea Charity & Philanthropy

- 1. In spite of many challenges,  
if we make continuous efforts to refine and build our opportunities and  
infrastructure as we have done so far,  
Seoul and Korea will have a brighter future with many more small donors  
and major donors.*
- 2. Philanthropy education for children & youth will be a mustard seed  
for a sharing society.*
- 3. Mobile technology will be further adopted and promote citizens' giving for  
diverse causes.*
- 4. There will be a growing gap between large NPOs and small NPOs  
in fundraising capacity.*

THE END

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Thank You

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