Supplement
Innovating Local Government
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Other local governments, including Wanju-Gun, are also promoting socially innovative concepts and strategies. For example, they are setting up offices to oversee social innovation programs and work on legislation. They are securing funds, from either government budgets or social financing, to support social innovation, and are establishing intermediary organizations and networks to facilitate collaboration between governments and companies. Some local governments are also supporting their local social innovators by adopting social innovation projects to foster local self-reliance, leading to the revitalization of local economies and communities.

Building a Better Future
In a matter of decades, South Korea has gone through rapid changes and development, from a premodern to a modern society, from a dictatorship to a democracy, and from an aid-recipient country to a donor country. These changes were largely positive, but they came with significant unwanted and negative side effects. That fallout—coupled with a slowing economy, an aging population, and a falling birthrate—has put South Korean society at a crossroads. A promising future is not a given; it is up to the country’s leaders and citizens to find and follow the right course. Creating a better future depends on well-designed social change efforts, anchored by social innovation.

NOTES
2 The voting rate of the 13th general election, the first election held after the 1987 nationwide democracy movement, was 75.8 percent. However, the voting rate fell sharply to 46.1 percent in the 2008 18th general election, and was 54.1 percent in 2012 and 58.0 percent in 2016.
Night Owl Bus lines, adding seven more to complete the project in September. Today, 44 Night Owl Buses operate across nine bus lines in Seoul.

Overall, the project has been a huge success. In its first year, an average of 6,000 passengers rode a Night Owl Bus each day. Passengers saved on average KRW 6,000 per ride ($8), the difference between average taxi fare and Night Owl Bus fare. And female passengers reportedly feel safer using the Night Owl Bus than other transportation services at night.

A Social Innovation Ecosystem

It might be relatively easy to introduce a single policy and claim success based on short-term metrics. It is not so easy, however, to set up an ecosystem that enables long-term change driven by social innovation, and that results in continued performance across a range of activities year after year.

If you take a look at the Sharing City initiative in Seoul, though, you might find some hints on how to build such an ecosystem. Sharing City—the city’s initiative to enhance the sharing economy—provides as close to a blueprint for cities aspiring to build a sound ecosystem for social innovation as any approach we’ve observed. That’s because the Sharing City encourages an infrastructure that promotes social innovation, essentially by providing a “map” and resources to guide would-be social innovations from idea to delivery. Here’s how it works.

In Seoul, a typical beginning for any organization striving to innovate for a social purpose involves a party, often hosted by an intermediary organization such as the Seoul Youth Hub. It’s not unusual to see would-be social innovators gathering at the Youth Hub to chat with their peers over tea, establish working teams, attend a performance or a lecture, and connect with more experienced entrepreneurs, investors, and NGO activists.

When they home in on a goal and assemble a team, they can then take their ideas to a social innovation incubator, such as the Seoul Innovation Park or the Seoul Social Economy Center, to receive help in the form of coaching, funding, and recruiting people and organizations that have the skills (or authority and influence) they need to succeed. At this stage, social innovators may begin producing the product or service that is needed to solve the social problem they hope to address.

With the support of an incubator, their next step is to engage with the government directly, sometimes by participating in the government procurement process. The SMG gives priority to products and services made by social innovators. And when a project begins to scale up, the Seoul Social Investment Fund, an impact investment fund set up by the SMG, may play an important role by extending a loan. Here, the incubators may help with connections to private sector investors, and with efforts to promote the new product or service. At this point, socially conscious consumers act as pioneers, promoting the new product or service by using it and by influencing their peers to follow suit. And finally, the project gains enough strength to compete in the for-profit market.

Take the example of SoCar, a car-sharing company based in Seoul. Sopoong, an impact investor, made the initial investment in SoCar. But the company also benefited from the SMG’s sharing-economy support program; through collaboration with the SMG, SoCar obtained public parking spaces—an essential element in operating such a business. Then, SoCar obtained funding from the Seoul Social Investment Fund to expand. And subsequently, the business secured funding from private investors Bain Capital and SK Group. The company will soon issue stock to the public.

How Can a Local Government Do This?

Local governments are almost always considered to be conservative and difficult to work with. So what makes Seoul different? When asked this question, Chun Hyo-Kwan, the director in the Seoul Innovation Planning office, explains that a big part of his role is to make the government easier to work with: “A huge bulk of my work is persuading other government officials, and also talking to the city council,” he says.

Chun started working at the SMG in 2014, just as Mayor Park was beginning to emphasize the importance of social innovation. As he explains it, his division—which comprises 100 government civil servants across six departments—serves as the control tower for all social innovation activities within the SMG. Put more specifically, the Innovation Planning office has three primary responsibilities:

First, it serves as a change agent within the SMG (which employs more than 50,000 civil servants). The division works to persuade and support other departments in the SMG to accept social innovation policies and take on specific projects. For example, the car-sharing project falls under the responsibility of the transportation division. In these cases, Chun’s direct reports have not handled the actual project work; rather, they have served as advocates, raising awareness and promoting social innovation in each division.

Second, Chun’s division is in charge of securing funding for accepted social innovation projects. The SMG allocated KRW 1,812,000,000 ($1.5 million) in 2014 for social innovation policies and increased that figure to KRW 9,060,000,000 ($7.5 million) in 2016.

Last, the division is in charge of setting the social innovation agenda. The “Sharing City” and “Social Economy” have become popular buzz phrases in South Korea, in large part due to the work of people like Chun and Mayor Park. But if Chun’s division is working hard to secure the necessary budget and conduct advocacy activities, then that raises another question: Who comes up with the policies that guide social innovation, and who implements them?

The answer is the city’s intermediary organizations. These organizations provide the missing link that sets Seoul apart from other bureaucracies. The Seoul Social Center nurtures social enterprises and cooperatives. The Youth Hub provides a productive “playground” for young entrepreneurs. The Seoul Community Support Center helps entrepreneurs to revitalize the local community. The Seoul Share Hub leads the Sharing City initiative by supporting sharing-economy ventures. The city’s Social Innovation Park provides an overarching platform—as well as a single physical location—where innovators, citizens, and various stakeholders can gather to bring social innovation concepts to life.

These intermediaries are fully funded by the SMG, but they retain an independent spirit. They execute and manage social innovation policy initiatives; plan and set policy through dialogue with those involved in the projects (including beneficiaries); help build social innovators’ capacity; and make investments.

The complete package—Mayor Park, the SMG’s attitude, Chun’s department, and the intermediary organizations—is what’s needed for social innovation in Seoul to thrive. And anyone who knows how an administrative system typically works should agree: Seoul’s system is itself a social innovation.

NOTES
1 Seoul Innovation Park was created as a hub to bring together ideas, people, and organizations in Seoul. The park hosts intermediary organizations such as Seoul Social Economy, Seoul Youth Hub, and Seoul Senior Support Center. By the time of its opening in 2015, more than 190 social ventures, NGOs, and other organizations had moved into the park.