

# REPUBLIC OF KOREA (SOUTH KOREA)

REDINESS LEVEL

HIGH

South Korea has a steady cross-border giving culture, bolstered by international mindsets, significant faith-based motivations, and a strong presence of international development organisations. The charity sector has suffered some trust issues from recent scandals and has been required to tighten transparency and accountability. However, civic participation has been on the rise, and younger generations and corporations are increasingly interested in international development.



## CROSS BORDER GIVING INDEX

SCORE  
3.50

South Korea has a relatively high level of existing cross-border giving, which has been stable since 2010. Philanthropic outflows in 2018 approximated \$852 million, accounting for 0.05% of the country's GNI<sup>1</sup> or an estimated 10% of total philanthropic giving.<sup>2</sup>

According to the 2017 Korea NGO Council for Overseas Development Cooperation, 51.7% of outbound giving came from individual donors. While older high net-worth individuals prefer to keep their wealth within the family or to support domestic causes, younger Koreans are increasingly interested in international development.<sup>3</sup> Many corporations also give overseas as part of corporate social responsibility activities.

INGOs registered in Korea remain the dominant channel for Korean donors to support overseas projects. Crowdfunding has also emerged as a popular platform for cross-border giving. Top giving destinations are Southeast Asian countries, especially Vietnam and the Philippines. There is an emerging interest in giving to Africa.<sup>4</sup>

Giving through innovative finance mechanisms such as impact investment is increasing,

particularly among corporate donors and high net-worth individuals.<sup>5</sup> The future of philanthropic giving from Korea might thrive through a blended model of social impact economy and traditional philanthropy.



## REGULATORY INDEX

SCORE  
3.50

South Korea's regulatory environment is relatively favourable toward cross-border giving. There are no restrictions on sending cross-border charitable donations except on those supporting activities related to terrorism and to select countries, particularly related to donations to North Korea and its related international organisations. For individual donors or corporations to receive a tax credit or deduction for cross-border donations, the receiving entities, whether they are domestic charities or international grantees, must be registered as an organisation eligible to receive the designated donation in advance by the Ministry of Economy and Finance.<sup>6</sup> The registration process is time-consuming, which partly explains donors' preference of giving to established INGOs.<sup>7</sup> Under the Foreign Exchange Transactions Act, registered charities donating to overseas organisations without reporting to the Ministry of Economy and Finance may be fined.<sup>8</sup>

There are usually no major challenges when transferring funds directly to recipient organisations, without tax benefits, as long as legitimate documents are submitted to the bank. The process is perceived to be straightforward and prompt, usually taking less than a day.<sup>9</sup>



## INFRASTRUCTURE INDEX

SCORE  
3.25

South Korea has a relatively diverse philanthropic ecosystem. Existing advocacy efforts to promote enabling and clear regulations involve a number of law and accounting firms consulting with the government to clarify policies and improve the law. However, current efforts have a stronger focus on domestic issues.<sup>10</sup>

Knowledge gaps in cross-border giving trends among different types of organisations persist. For example, while religious organisations in South Korea have a history and culture of cross-border giving, there is a lack of information on their cross-border giving scope and practices.<sup>11</sup>

Trust in the charitable sector needs to be rebuilt following reports of fraud and the misuse of donations by some NGOs in the past.<sup>12</sup> In addition to government efforts to increase transparency and accountability in the social sector through legislative and institutional reform,<sup>13</sup> private actors such as the Small and Medium Sized-NGO Alliance provide accountability checklists and training for small NGOs on relevant regulations. Credible and culturally attuned intermediary services with Korean language competency are imperative to facilitate trust and encourage further cross-border philanthropy from Korea.

ECOSYSTEM SUPPORT ROLE	ORGANISATIONS
Academic institutions	• Yonsei University Graduate School of Social Welfare
Philanthropy advisory	<ul style="list-style-type: none"> <li>• Centre on Philanthropy at The Beautiful Foundation</li> <li>• Community Chest Korea</li> <li>• Slowalk</li> </ul>
Grantmaking intermediaries	<ul style="list-style-type: none"> <li>• Community Chest Korea</li> <li>• The Beautiful Foundation</li> <li>• Good Neighbours Global Impact</li> </ul>
Ecosystem promoter/advocacy	<ul style="list-style-type: none"> <li>• Korea NGO Council for Overseas Development Cooperation (KCOC)</li> <li>• Seoul city NPO support Centre</li> <li>• Guidestar Korea</li> <li>• Kakao Impact</li> <li>• Daum Foundation</li> <li>• Ashoka Korea</li> </ul>
Funders of infrastructure	<ul style="list-style-type: none"> <li>• Asan Nanum Foundation</li> <li>• Brian Impact</li> </ul>
Philanthropy media	<ul style="list-style-type: none"> <li>• Erounnet</li> <li>• Better Future</li> <li>• Bokjitimes</li> </ul>