



HARNESSING THE DEVELOPMENT POTENTIAL OF THE SOCIAL ECONOMY FOR THE IMPROVED RETURN AND REINTEGRATION (OR INTEGRATION) OF MIGRANT WORKERS FROM KYRGYZSTAN, UZBEKISTAN AND MONGOLIA UNDER THE KOREAN EPS

DESCRIPTION NOTE

Rationale and Justification

The project outlined in this note proposes a Public-Private Partnership (PPP) engaging interested Korean private companies and private sector entities; relevant Government agencies from the Republic of Korea (henceforth “Korea”), Mongolia, Kyrgyzstan and Uzbekistan; and the ILO social partners to contribute toward economic and social development in EPS¹ origin countries as well as toward the human resources development of migrant workers in Korea. In recognition of the year 2012 as the International Year of Cooperatives, this project proposes the extensive use and application of the cooperative and social enterprise business model in order to generate employment for migrant workers from Kyrgyzstan, Uzbekistan and Mongolia by capitalizing on already-existing institutions, channels and networks within Korea’s temporary labour migration scheme, the EPS—principally the Happy Return Program. The project focuses on Kyrgyzstan, Uzbekistan and Mongolia as pilot countries due to the established relationship these countries share with Korea in the area of labour migration but also in the area of Korean companies’ Corporate Social Responsibility (CSR) activities.

Both labour migration and the social economy has been recognized by the international community to make positive contributions toward pulling vulnerable households and communities out of poverty, accelerating national economic development, creating employment whilst invigorating local economies in a sustainable and equitable way, extending social protection, and advancing social development. They create decent employment opportunities for women and men and are additionally gaining attention for their effectiveness in addressing youth unemployment problems. As the 2009 UN Human Development Report² noted, labour migration produces tangible development gains. Migrant workers are increasingly turning to cooperatives and social enterprises to maximize on the development benefits of labour migration. The ILO recognizes the important role of cooperatives in guaranteeing decent work for migrant workers. Migrant workers from Indonesia to Italy are organizing into and launching profitable social businesses, thereby contributing directly to the economic and social enrichment of their home and host countries³. The convergence of labour migration and the social

¹ Employment Permit System, Korea’s temporary labour migration scheme for low-skilled workers from 15 Asian countries (Bangladesh, China, Sri Lanka, Pakistan, Mongolia, Kyrgyzstan, Uzbekistan, Nepal, Indonesia, Philippines, Viet Nam, Thailand, Myanmar, Cambodia, Timor Leste)

² <http://hdr.undp.org/en/reports/global/hdr2009/chapters/>

³ In Indonesia, a group of returning migrant workers established a savings and credit cooperative specifically for providing affordable financial products and services to fellow former migrant workers and their families; it currently holds USD 13,000 in assets and has expanded to provide management

economy is already producing impressive economic and human development gains that can only grow bigger through the effective partnership and resource mobilization between the private sector, Governments, the social partners, and representatives of the social economy.

The Korean Government recently introduced a new sub-programme called the “Happy Return Program” into the EPS to assist migrant workers in successfully reintegrating into the labour market upon return to their home countries. A migrant worker who opts to participate in the Happy Return Program will be provided vocational training helpful for establishing his own business, or the Korean Government facilitates his employment in his home country with a Korean company with an overseas branch there. Many of these Korean private sector firms also have active CSR projects in EPS origin countries. Moreover, many EPS origin countries are rapidly-growing or emerging markets, and Korean private companies have rational business interests in expanding operations in those countries, for which they will need adequately-trained human resources, as employees but also as business partners, who are also knowledgeable about the Korean business culture. At present, the Happy Return Program operates only on an individual basis. Mechanisms to facilitate the entrepreneurial aspirations of a group of migrant workers or to connect migrant workers to larger cooperative or social enterprise movements through existing private-sector partnerships have yet to be explored or implemented.

In 2010, the Korean Ministry of Employment and Labour (MOEL) announced a national plan to aggressively support and promote social enterprises, going so far as to establish the Social Enterprise Promotion Agency. This represents a unique opportunity for the Government of Korea to explore integrating the support and promotion of social enterprises and cooperatives into the EPS. Korean private companies, many of the same ones participating in the Happy Return Program, are also showing a keen interest in social enterprises and cooperatives, since association with social enterprises transforms companies into global role models and lauded benchmarks, thereby heightening the companies’ brand value. An increasing number of Korean firms are providing start-up funding to social enterprises, setting up social enterprises or investing in them⁴.

In addition, the Republic of Korea recently promulgated a new Cooperatives Law, making it easier for all in Korea, including foreign nationals, to form and register cooperatives or social enterprises. The new Law, which is set to come into effect in December 2012, allows a group of 3 or more people to establish a cooperative in Korea and have it formally recognized and supported; there is no legal barrier for foreign nationals to enjoying the provisions of the new Law. This opens up a very interesting possibility of facilitating the transition of migrant workers in Korea to become business operators, employers, and members of the Korean social economy movement (potentially applying skills learned under the EPS). Although this would require investment in technical capacity-building and new programming in addition to flexibilization of certain policies,

and entrepreneurial training to stimulate the local business environment. Migrant domestic workers in New York, USA, formed a cooperative offering environmentally-friendly cleaning services and materials (http://www.nytimes.com/2011/10/13/nyregion/cleaning-together-to-escape-day-labor.html?_r=1&emc=tnt&tntemail=y). In Italy, migrant workers are members of a tourism cooperative as tour guides; the Viaggi Solidali (<http://www.viaggisolidali.it/>) sells socially responsibly tourism packages.

⁴ Major South Korean telecommunications provider SK Group has set up or invested in 23 social enterprises, Hyundai Motor Group and Posco in 3, and Kyobo Group founded a social enterprise to assist migrant spouses and their families in Korea.

the returns for Korea could be improved labour market and social integration of foreigners and former migrant workers, a revitalization and diversification of the domestic SME sector, an increase in the domestic employment rate (especially if foreign co-operators are given incentives to hire or extend membership to Korean nationals), and enhanced effectiveness of Korea's multiculturalism and labour migration policies.

Project Strategy

The strategic approach of this project will consist of the following elements:

- (1) **Building the knowledge base on the correlations between labour migration and the social economy** by conducting and commissioning studies on migrant cooperatives or social enterprises in the three pilot countries, as well as other EPS source countries (as resources allow). The results as well as any good practices or lessons learned identified from these studies will be shared with the project partners and ILO constituents.
- (2) **Using labour migration—specifically the EPS of the Republic of Korea—as a tool to strengthen skills, promote entrepreneurship and increase employability** with a view to fostering economic development in origin countries by proper use of migrants' human capital. The existing training institutions and arrangements overseen by the Korean Ministry of Employment and Labour for the EPS' Happy Return Program will be tailored to cultivate skills necessary for successfully managing cooperatives and social enterprises, with the involvement of appropriate and interested partners. Potential training modules could be on the governance system of social enterprises or cooperatives, management governance and business skills, financial education, productive investment and use of remittances or savings, modern techniques of production, social protection through social economy initiatives, etc.
- (3) **Facilitating the social and professional reintegration of returning migrants in the domestic labour.** After receiving the necessary training and related education through the Happy Return Program, former EPS workers returning to their home countries will be encouraged to integrate in existing social enterprises or cooperatives and/or create new ones in cooperation with local communities. On-the-ground technical assistance and useful materials will be provided to them through the project.
- (4) **Coordinating and highlighting the CSR actions of private sector partners to ensure the success of the project and heighten the international profile of participating private companies.** Partner Korean firms will contribute financial or material resources toward the successful establishment and maintenance of the social enterprises and cooperatives in the pilot countries, while the ILO disseminates the activities of the private sector partners to the wider international community as good practices.
- (5) **Enhancing the development benefits of labour migration whilst protecting migrant workers' rights.** The project will seek to strengthen the rights-based aspects of the EPS and to harmonise the Republic of Korea's labour migration and social enterprise policies with its ODA policies, with the full involvement of the social partners, in particular those affiliated with migrant workers in

Korea.

- (6) **Promoting employment and decent work opportunities at community level in countries of origin by supporting the creation of social economy enterprises**, particularly in the agriculture and farming sectors.
- (7) **Supporting, through social economy enterprises and organisations, the development of a range of services**, such as access to micro insurance products (health care, credit life, livestock and crops), micro-credit, functional education, financial education, etc.
- (8) **Supporting the participation of existing or new cooperatives in a regional network of cooperatives** in order to share experiences and practices.

Overall Expected Project Impact

- Economic and social development in Kyrgyzstan, Uzbekistan and Mongolia at the local level enhanced through the formation and support of cooperatives and social enterprises.
- Increased knowledge and appreciation amongst ILO constituents and private sector partners of the social economy and their effectiveness in the context of labour migration.
- The role of CSR actions and PPPs enhanced and harnessed to contribute positively to ILO objectives.

Project Outcomes/Immediate Objectives

- (1) **A research series on the state of the cooperative sector in the region and its interaction with labour migration** accompanied by the organisation of the necessary platforms to disseminate important findings and identified good practices and lessons learned.
- (2) **Formulation and introduction of training modules/programmes on establishing and effectively managing a cooperative or a social enterprise into the Happy Return Program of the EPS** with the involvement of cooperative associations and representatives of the social entrepreneur movement in its implementation.
- (3) **A local development strategy derived from the business plans of returning migrants who had completed the social economy training module of the Happy Return Program designed and implemented by all relevant stakeholders**, including the social partners, private sector partners, concerned local and national Government bodies, and social economy organisations.
- (4) **Decent work opportunities promoted through the creation of social economy enterprises** with a view to addressing the unemployment of vulnerable women and men and the youth.
- (5) **A range of services provided** through social economy enterprises according to local needs, such as micro-credit, health care, livestock and crops, etc.

Why the ILO?

The ILO is the only United Nations agency with a constitutional mandate to protect migrant workers. It has been dealing with labour migration issues since its inception in 1919 and has pioneered international Conventions to guide migration policy and protection of migrant workers as well as social security governance. ILO possesses expertise on employment, social security and labour migration. ILO adopts a rights-based approach to labour migration and promotes tripartite participation in migration policy.

In addition to its cross-cutting expertise and right-based approach, the ILO is the only United Nations agency forging its action on a tripartite dialogue, involving governments, workers' and employers' organisations. As a result, the organisation enjoys the trust of a myriad of project implementing partners and, increasingly, of socially responsible multinational companies throughout the world. The ILO operates on the position that implication of workers and employers; the public sector and the private sector; civil society; and migrant themselves is especially important to the development of sound and fair labour migration programmes and their effective implementation.