



Social and Solidarity Economy for the Sustainable Development Goals



SPOTLIGHT ON THE SOCIAL ECONOMY IN SEOUL



Research findings on



Localization of the SDGs



Origins and Development of Social Economy



Institutions and Policies for Social Economy



Impacts on Sustainable Development



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UNRISD

Palais des Nations, 1211 Geneva 10, Switzerland

T: +41 (0)22 9173020

info.unrisd@un.org

www.unrisd.org

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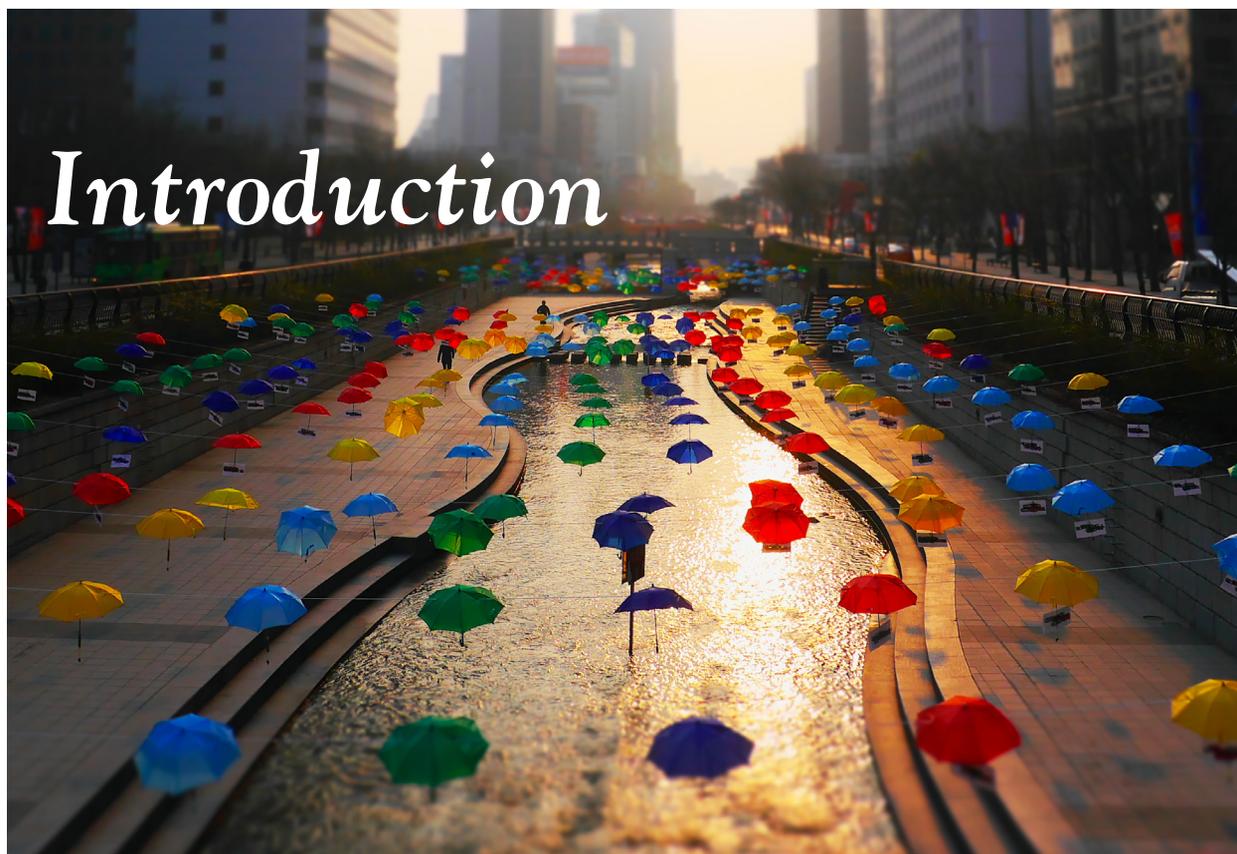
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SDGs in the 2030 Agenda and SDGs in Seoul

SDGs in the 2030 Agenda		SDGs in Seoul (S-SDGs)
End poverty in all its forms everywhere		Make efforts to end poverty in all its forms
End hunger, achieve food security and improved nutrition and promote sustainable agriculture		Improve the distribution system between urban and rural areas and support urban agriculture to achieve food safety and nutritional balance of citizens
Ensure healthy lives and promote well-being for all at all ages		Ensure healthy lives and promote well-being for all citizens
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		Ensure inclusive and equitable quality education and provide lifelong learning opportunities for all
Achieve gender equality and empower all women and girls		Achieve a social environment with gender equality and empower women
Ensure availability and sustainable management of water and sanitation for all		Achieve healthy and safe water circulation in the city
Ensure access to affordable, reliable, sustainable and modern energy for all		Ensure access to energy, increase the share of renewable energy and improve energy efficiency
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		Promote inclusive and sustainable economic growth and decent work
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		Build eco-friendly and useful infrastructure, and promote inclusive and sustainable industrialization
Reduce inequality within and among countries		Reduce all forms of inequality
Make cities and human settlements inclusive, safe, resilient and sustainable		Make Seoul an inclusive, safe and sustainable city for all citizens
Ensure sustainable consumption and production patterns		Support sustainable consumption and production patterns
Take urgent action to combat climate change and its impacts		Create an exemplary city that combats climate change
Conserve and sustainably use the oceans, seas and marine resources for sustainable development		Conserve the marine ecosystem through restoring the natural properties of the Han River
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss		Promote biodiversity through conserving and restoring the natural ecosystem within the city
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		Build transparent and inclusive institutions for justice in Seoul
Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development		Strengthen exchange and cooperation with foreign cities as a global leading city of sustainable development



Introduction

THROUGH an in-depth case study of Seoul, Republic of Korea, this report examines how social and solidarity economy (SSE) can facilitate the achievement of the Sustainable Development Goals (SDGs), particularly at the local level.

The starting premise is that SSE can potentially play an important role as a means of implementation of the SDGs. With its defining characteristics of community-centredness, democratic self-management and solidarity within and beyond its organizations and enterprises, SSE has been attracting policy-level attention, not least in a context where economic and financial crises in recent decades have forced policy makers to consider alternatives to business as usual. More recently, an increasing number of governments are looking at SSE from the perspective of achieving the SDGs.

Why should SSE be the focus of such attention? Essentially, it is due to particular economic, social,

environmental and political attributes. Given its association with localized circuits of production, exchange and consumption, SSE organizations and enterprises (SSEOs) can be conducive to not only basic needs provisioning but also local economic development based on sustainable production and consumption, as well as local reinvestment. Its values and principles centred around democracy, solidarity and social cohesion have considerable potential to reduce inequalities. Further, given the active participation of women, SSE can have a significant impact on women's economic, social and political empowerment. The patterns of production and consumption practised by SSE organizations and enterprises tend to be more sensitive to local environmental conditions than those of for-profit enterprises. In addition to these economic, social and environmental attributes, SSE has a political dimension: it involves forms of resistance, mobilization and active citizenship that can challenge the structures that generate social, economic and environmental injustice.

And why the focus in this report on the local level? This is due to the fact that if the 2030 Agenda and its 17 Sustainable Development Goals are to achieve their objectives, it is crucial that the implementation process be grounded at the local level in terms of stakeholder priorities, democratic governance, available assets and possibilities for resource mobilization. Too often in the past, this has not been the case with internationally agreed initiatives to promote inclusive and sustainable development. The task of localizing internationally agreed development approaches and plans of action has confronted numerous challenges—challenges that the SDGs will have to overcome. Early initiatives to localize sustainable development following the 1992 Earth Summit were often characterized by the tendency to pick and choose among the different dimensions of sustainable development, to ignore political dimensions associated with the effective participation and empowerment of disadvantaged groups, and territorial disparities in resource allocation. Furthermore, top-down approaches to planning and policy implementation often failed to take into account variations in institutional and economic contexts at the local level that impact policy outcomes. Similarly, efforts to localize development through decentralization were undermined by these and other issues such as elite capture, limitations affecting resource mobilization by local governments, and inequitable distribution among groups and territories.

Another premise of this report is that SSE is well-placed to deal with these challenges. Four key attributes are important in this regard.

Four key attributes of SSE

1 *An integrated and balanced approach*

Emphasis on the indivisibility of the SDGs at the global level will inevitably be accompanied by differing hierarchies of, and tensions among, development objectives and goals at the local level. Such tensions and hierarchies in themselves are not necessarily problematic, but they may become so if there is no mechanism to reconcile different views and interests in a democratic and durable manner. Crucial to the implementation of the SDGs, therefore, are mechanisms to reduce or minimize tensions and conflicts in achieving the goals and

targets, and an integrated and balanced approach to make the goals and targets compatible, consistent and synergistic.

SSE is particularly well-positioned to foster an integrated and balanced approach due to the following characteristics:

- First, with its tendency to internalize rather than externalize environmental and social costs in its economic activities, it can reduce conflicts and tensions between goals.
- Second, practices and relations underpinned by the principles of democracy and solidarity help SSE to play a leading role in reconciling diverse interests of local actors and facilitating their cooperation in the management of common pool resources. Its attention to social inclusion and cohesion provides a basis for empowering vulnerable and hitherto excluded people, particularly women.
- Third, given its relations with a wide range of actors in multiple economic, social and environmental fields, SSE can catalyse the creation of various forms of coordination and collaboration, which is a prerequisite for an integrated and balanced approach. The Andalusian Pact of Spain signed in 2006 is a good example of multiscale (local and regional), horizontal (inter-ministerial) and multi-stakeholder collaboration in which SSE plays a key role (Mendell 2014).
- Lastly, through alliances with social movements, SSE has the potential to engage in forms of active citizenship, including protest and advocacy, to overcome structural and institutional constraints that undermine integrated and balanced approaches to development and the scope for transformative change. This is evident, for example, in the case of various forms of SSE associated with indigenous movements in Latin America (Dinerstein 2013).

2 *Fulfilling locally specific development goals*

Adopting national plans for goals, targets and indicators without considering local conditions runs the risk of ignoring relevant solutions and, consequently, causing uneven development. Localizing the SDGs requires reinterpreting goals

and targets to reflect the specific conditions of the locality, and doing so through democratic governance mechanisms that engage multiple stakeholders. SSEOs can be a key player in establishing locally specific development goals. The collective right of communities to engage in the design of projects and laws affecting their lands or environment has been institutionalized, for example, in Ecuador and Bolivia. In these countries, the participatory mechanisms associated with SSE have facilitated the establishment of specific local development initiatives and the allocation of public resources for their implementation.

3 Empowerment of actors

Democratic institutions alone will not guarantee the realization of the transformative vision of the 2030 Agenda if they do not effectively mobilize people, particularly poor and excluded groups, to be active agents of change and counter the capacity of elites to capture institutions (UNRISD 2010). SSE organizations, in particular cooperatives, which are often intertwined with broader social struggles to promote the interests of the most vulnerable, can play a key role in preventing elite capture through their bargaining power and participatory democracy mechanisms, and by forming alliances. Additionally, a key element in localizing the SDGs relates to women's empowerment and emancipation in both the public and domestic spheres, which can result when women organize collectively in SSEOs (Mukherjee-Reed 2015).

4 Subsidiarity based on solidarity beyond the locality

As the first point of contact with citizens, local governments are well-placed to understand the needs of their residents (UCLG 2017). However, addressing local needs without considering the broad principle of solidarity, or other localities' needs, can be contradictory from the perspective of attaining the SDGs and "leaving no one behind". A steering and coordination mechanism to strengthen subsidiarity within a context that promotes solidarity across local areas is necessary to prevent geographical externalization of environmental and social costs, and highly skewed geographical resource flows. Central to such a coordination mechanism is

interactive governance involving diverse actors at both local and national levels (Kooiman 1993). SSE plays an increasingly important role in interactive governance. In addition to the role of SSEOs and intermediary organizations in local governance, various networks and coalitions of SSE organizations at national, regional and global levels contribute to strengthening coordination mechanisms across different local areas since they tend to be attuned to the negative consequences of locational push and pull. This report examines ways and means of localizing the SDGs so as to avoid such pitfalls and limitations.

Examining the localization of the SDGs and the role of SSE through the lens of development in Seoul

To test the hypothesis that SSE has a high potential to contribute to implementing the SDGs in the local context, UNRISD carried out research to examine the case of SDG implementation through SSE in Seoul, Republic of Korea. A number of conditions position the capital city of the Republic of Korea, with a population of around 10 million, as a rich case study for examining the opportunities and challenges associated with localizing the SDGs through SSE. At the national level, various counter-cyclical measures adopted as a response to the Asian financial crisis of the late 1990s and the 2008 global financial crisis contributed to the Republic of Korea's relatively quick recovery from these economic crises. A key policy measure was the promotion of social economy (SE), which has continuously expanded over the past two decades. More recently, the Seoul Metropolitan Government (SMG) has proactively championed a comprehensive set of sustainable development goals and targets, launching the Seoul SDGs (S-SDGs), even before the national SDGs for the Republic of Korea.

How effectively is SE in Seoul contributing to achieving the localized SDGs? Is its potential in terms of inclusive and sustainable development and participatory governance being realized? What further policies and institutions are needed to enable SE and optimize its impacts? These questions were central to the research carried out for this report.

(CHAPTER II)



IN ORDER to assess the role of SSE in relation to achieving the SDGs and the transformative vision of the 2030 Agenda in the local context, it is necessary to identify relevant linkages between SSE and the SDGs and the types of impacts to be measured. Chapter II of the report examines these aspects by focusing on five dimensions: social development initiatives associated with “people”, environmental initiatives associated with “planet”, economic development initiatives associated with “prosperity”, governance associated with “peace” and financing which is a key element associated with “partnership” (see Table 1).

While referring to a wide range of experiences, the chapter draws primarily on examples related to urban settings in middle- and high-income countries, given their relevance to Seoul. The chapter concludes

by identifying key challenges in realizing the full potential of SSE, and makes policy recommendations for crafting an enabling environment and promoting the transformative localization of the SDGs.

S Local social development initiatives and SSE

Since the 1960s, SSEOs in the social service delivery sector, particularly in developed countries, have increased in number. In some countries and regions, the involvement of SSEOs in social service delivery has been part and parcel of the development of a more comprehensive social policy regime. SSEOs provide social services by establishing and strengthening so-called proximity networks to reinforce solidarity within the community and foster peer support among residents (Oosterlynck et

Table 1. Local development initiatives and the SDGs

<ul style="list-style-type: none"> S Social development initiatives E Environmental initiatives \$ Economic development initiatives G Governance F Financing 	Corresponding areas of SDGs	People	Corresponding SDGs	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	
		Planet		7 AFFORDABLE AND CLEAN ENERGY	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	
		Prosperity		7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES			
		Peace		16 PEACE, JUSTICE AND STRONG INSTITUTIONS						
		Partnership		17 PARTNERSHIPS FOR THE GOALS						

al. 2015, Evers, Ewert, and Brandsen 2014). Guided by core values of cooperation, democracy, inclusion, solidarity and sustainability, certain types of SSEOs provide these services in ways that empower local people and respond to their demands. The role of SSE in delivering social services, however, may be problematic when such provision is a substitute for the role and responsibility of public agencies in the context of welfare state retrenchment.

Local economic development initiatives and SSE

Economic development projects that are locally owned and managed, and participatory in nature, are generally associated with various comparative advantages and respond better to rapidly changing local needs (Rodriguez-Pose and Tijmstra 2005, Canzanelli 2001). Providing enabling institutions and policies tailored to specific types of local economic actors which retain surplus and profits for reinvestment in the local areas where they operate is a key to successful local economic development (Bateman 2015, Bateman, Ortiz, and Maclean 2011). In contrast, conventional patterns of local economic growth, be it through creating new industries, geographical clustering of enterprises, or participation in the global supply chains of large manufacturers or retailers, often fail to create decent work or yield substantial revenues for local reinvestment.

SSE plays a significant role in locally based sustainable patterns of production, consumption and reinvestment which can create additional jobs by adopting what, in effect, amounts to a local-level import substitution model. SSE tends to maximize the use of existing locally distinctive assets—such as natural beauty, outdoor recreation, historic areas, endowed skills and human capital, arts and cultural institutions—for growth and innovation, and to produce locally rather than import. SSE also tends to curb the outflow of resources and surpluses generated by local populations and reinvest them productively in the local area.

Local environmental initiatives and SSE

National environment and climate change policies (or supra-national ones, such as in the European Union) often suffer from a deficit of information about the diversity of local natural and policy environments. To address this problem, local governments and bottom-

up grassroots environmental movements, and often a combination of both, engage in various initiatives to protect local ecosystems. However, limited financial resources, technical expertise and capacity to raise the awareness of citizens and mobilize public support; lack of coordination between multiple levels of government; and collective action problems often impede the implementation of local environmental initiatives (Hardin 1982, Lubell 2002, European Commission 2017, Jordan and Liefferink 2004, Measham et al. 2011, John 2006).

SSEOs, either independently or in partnership with other local actors, can potentially address some of these challenges. They can play a role in raising the awareness of citizens and mobilizing public support through networking. Innovative forms of financing adopted by many energy cooperatives, for example, demonstrate the scope for overcoming financial constraints. Examples include renewable energy cooperatives and self-build groups in Denmark, Germany, the Netherlands and the United Kingdom, and bioenergy villages organized as cooperatives in Germany (Schreuer and Weismeier-Sammer 2010). The involvement of the SSE sector in the energy transition in Seoul, discussed in Chapter V is also an example.

Governance and SSE

Democratic decentralization, which fosters representative democracy and responsive government at the local level, is a prerequisite for effective governance at the local level. Representative democracy, however, needs to be balanced with participatory democracy which guarantees open and informed dialogue between stakeholders with different views within and beyond local contexts.

Participation should be open to multiple stakeholders, including grassroots groups, regardless of their political, social, economic and cultural identities. In practice, however, participation often favours particular groups and interests, and can be cosmetic: selected stakeholders may be consulted but lack effective decision-making power (Zakaria 2007, Goldfrank 2011). SSE principles and practices associated with democratic self-management and solidarity can play a key role in promoting effective participation.

SSE also interacts with local governments in other ways, ranging from protest to partnership. Partnerships that involve SSE in the delivery of social services can



help to enhance the legitimacy of local government in contexts of civil conflict, decentralization and where there is mistrust of state institutions. Through partnership arrangements with local government and various forms of collective action, SSE can empower people within and beyond its organizations.

F Local development financing and SSE

There are myriad ways in which SSE can play a significant role in development finance. Structurally, SSE contributes to diversifying the local economy. With its variety of goods and services that meet local needs, it halts the “march towards uniformity in forms of production or monoculture economy” and consequently contributes to avoiding fiscal crisis due to revenue dependency on the monoculture economy (Coraggio 2015). SSE, which internalizes the environmental and social costs of economic activity to a greater extent than for-profit enterprises, lessens the fiscal burden on government agencies and others that must deal with these costs (Millstone 2015).

Local or community banks are also an important source of local development financing. Compared with large financial institutions, they tend to provide more loans to small and medium-sized enterprises and start-ups. Although the functions and roles of community banks in supporting the local economy may weaken in contexts where they are being acquired by large banks, or due to changes in lending technologies and deregulation of the banking industry, SSE financing institutions, such as credit unions and cooperative banks, still tend to serve the local economy better than megabanks, particularly during times of financial crisis (Ash, Koch, and Siems 2015, Manitiu and Pedrini 2016, Bajo and Roelants 2011).

Transformative localization of the SDGs through SSE: Institutions and policies

A range of institutions and policies related to SSE can contribute to localizing the SDGs in a transformative manner. Transformative localization is localization that helps address structural causes of poverty and inequality in a balanced manner, and rebalances asymmetrical power relations by empowering poor and marginalized groups (UNRISD 2016).

To realize the transformative vision of the 2030 Agenda, SSE organizations and enterprises need to pursue a dual strategy that involves not only scaling up their numbers and activities but also retaining and strengthening core values. The corporate management model of Mondragon is an example of this.

Local social initiatives, such as autonomous SSE health and care service providers in Quebec, Canada, can also be part of SSE. They are often more flexible, responsive to local needs and make good use of local institutions. To be efficient, they need to be synergistic with the national welfare system. Alliances between SSE actors and social movements aimed at reversing welfare state retrenchment is one element of the political equation for achieving such synergy.

Institutions and policies to make local economic development genuinely sustainable and inclusive in and beyond local areas must recognize the need to maximize the use of existing local assets, and retain and productively reinvest surplus from economic activities in the local area. SSE can play a key role in this regard.

Meaningful implementation of local environmental measures requires the support of residents and citizens, and a wide range of institutions and policies to solve collective action problems that result in an “undersupply of environmental activism or oversupply of environmental harms” (Hardin 1982:431, see also Lubell 2002). SSE needs to promote solidarity beyond as well as within organizations to address collective action problems.

A sound and sustainable fiscal structure which obliges profit-seeking economic actors to pay for externalized costs needs to be established to support sustainable development financing in the local context. The capacity of SSE to reduce negative externalities and hence the mismatch between real costs and revenues is an important part of such a fiscal structure.

Local democratic mechanisms, which allow multiple stakeholders with diverse ideas, including SSEOs, to contest and negotiate policy solutions reflecting local conditions, need to be established.

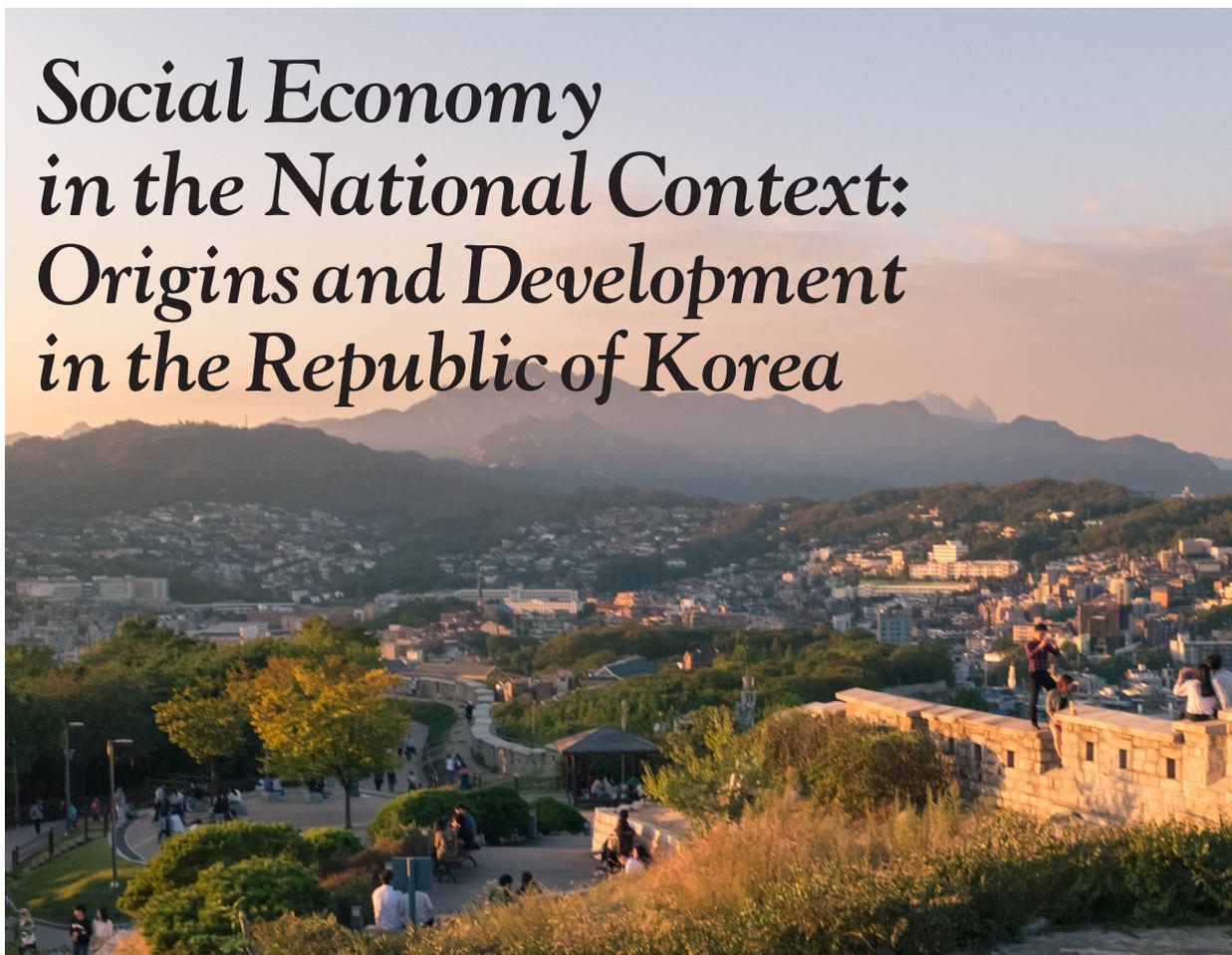
Given its complex web of linkages and relations with a wide range of actors in economic, social, and environmental sectors, SSE is well-placed to catalyse the creation of various forms of coordination and collaboration across sectors and different levels of governance.

Local representative democracy needs to be complemented by participatory democracy. Electoral democracy and participatory mechanisms can create an enabling environment for SSE to scale up in ways that respect its core values, which are critical for the transformative localization of the SDGs. Carefully designed institutions, which promote the participation of diverse groups and enhance the bargaining power of disadvantaged people, are crucial to make participatory democracy sustainable and effective.

While pursuing collaboration with government, which can play an important role in localizing and achieving the SDGs, SSEOs need to minimize the risk of being instrumentalized by market logic or narrow political and policy objectives.

Local control of production and consumption circuits through economically and politically empowered SSE actors needs to be strengthened to prevent the outflow of income and assets from local areas, and the unjust distribution of environmental and social costs and income through the value chain and market mechanisms.

Social Economy in the National Context: Origins and Development in the Republic of Korea



TODAY, the SE sector in the Republic of Korea comprises different types of organizations, most of which are legally recognized. From the colonial period to the present, the sector has been shaped by both bottom-up and top-down approaches. The former have been driven by grassroots social movements and civil society organizations, often associated with anti-colonial and anti-authoritarian political ideals and practices. The latter, from both the colonial authority and subsequent governments, responded to the bottom-up approaches through a combination of measures. Some were repressive in nature; others involved incentives, often aimed at co-opting and controlling social economy organizations and enterprises. Various legal codes, policies and political relations resulted in “adulterated” forms of cooperatives, for example, which were not guided by key cooperative norms and principles such as democratic self-management.

Legal frameworks and SEOEs

Since the late 1950s, various laws have provided legal status to diverse forms of SEOEs, beginning with producers’ cooperatives (see Table 2). Those laws, some of which had colonial origins, granted the government a strong supervisory and regulatory role, and restricted the creation of cooperatives by setting a high bar in terms of capital requirements and number of members. Cooperatives that were based on these laws tended to act as an arm of government, complying with mandates dictated by central ministries.

Distinct from the above types of producers’ cooperatives are other forms of SEOEs governed by laws that allow more freedom and autonomy. They include: Self-Reliance Enterprises (SREs), Consumer Cooperatives, Social Enterprises (Certified Social Enterprises [CSEs] and Pre-Certified Social Enterprises [PCSEs]), and Social Cooperatives (see Table 3). Since the late 1990s in particular, various forms of policy support have

Table 2. Laws governing producers' cooperatives

YEAR	ACTS	COOPERATIVES	CENTRAL MINISTRY WITH THE SPECIFIC MANDATE
1957	Agricultural Cooperatives Act (colonial origin)	Agricultural Cooperatives	Ministry of Agriculture, Food and Rural Affairs
1961	Small and Medium Enterprise Cooperatives Act	Small and Medium Enterprise Cooperatives	Small and Medium Business Administration
1962	Forestry Act (colonial origin)	Forestry Cooperatives	Korea Forest Service
1962	Fisheries Cooperatives Act (colonial origin)	Fisheries Cooperatives	Ministry of Oceans and Fisheries
1963	Tobacco Production Cooperatives Act	Tobacco Production Cooperatives	Ministry of Strategy and Finance
1980	Forestry Cooperatives Act (colonial origin)	Forestry Cooperatives	Korea Forest Service
1982	Community Credit Cooperatives Act	Saemaul Community Cooperatives	Ministry of Strategy and Finance

Source: Jang 2018

emerged to promote these types of SEOEs, notably Social Enterprises and Social Cooperatives. Finally, the SE universe in the Republic of Korea also comprises various for-profit enterprises with social missions, as well as organizations and enterprises that finance SEOEs, notably credit unions and other support organizations.

Features of SEOEs in the Republic of Korea

The top-down regulatory approach of successive governments resulted in a fragmented or “siloe” governance structure (Mendell et al. 2010, Mendell 2014). The Ministry of Finance and Planning is in charge of Social Cooperatives; the Ministry of Labor and Employment oversees Social Enterprises (both PCSEs and CSEs); Village Enterprises located in urban areas are regulated and supported by the Ministry of the Interior and Safety, while their rural-based counterparts come under the Ministry of Agriculture, Food and Rural Affairs; and Self Reliance Enterprises are governed and supported by the Ministry of Health and Welfare.

Table 3. Laws and guidelines helping to grow the SE sector

YEAR	ACTS	SEOEs	CENTRAL MINISTRY WITH THE SPECIFIC MANDATE
1972	Credit Unions Act	Credit Unions	Ministry of Strategy and Finance
1999	Consumer Cooperatives Act	Saenghyup and Consumer Cooperatives	Ministry of Strategy and Finance
2007	National Basic Living Security Act	Self-Reliance Enterprises	Ministry of Health and Welfare
2007	Social Enterprise Promotion Act	Various PCSEs and CSEs	Ministry of Employment and Labor
2010	Ministerial Implementation Guidelines to promote Village Enterprises	Village Enterprises	Ministry of the Interior and Safety
2012	Framework Act on Cooperatives	Social Cooperatives	Ministry of Strategy and Finance

Source: Ministry of Government Legislation 2018

Recent government policies and laws have, however, had a positive impact on the growth of the SE sector due to a number of support measures ranging from legal recognition to financial assistance for SEOEs. The SE sector as a whole accounted for an estimated 0.82 percent of total employment and contributed around 3.6 percent of GDP in 2016 (Kim 2017).

A distinctive feature of SE development in the Republic of Korea is that the growth of this sector has occurred in the context of welfare state expansion, unlike many other countries where governments have turned to SE in the context of fiscal austerity. Nevertheless, some laws have created a dual structure within the SE sector, which often undermines the potential for cooperation among SEOEs. A case in point is the Framework Act on Cooperatives (FAC), which separates cooperatives that can pursue profits from Social Cooperatives (non-profit corporations). In other cases, such as the Social Enterprise Promotion Act (SEPA) and its process for selecting CSEs, some laws run the risk of promoting a form of institutional isomorphism whereby the SE sector comes to resemble the for-profit sector, given the classification of some types of for-profit enterprises as Social Enterprises.

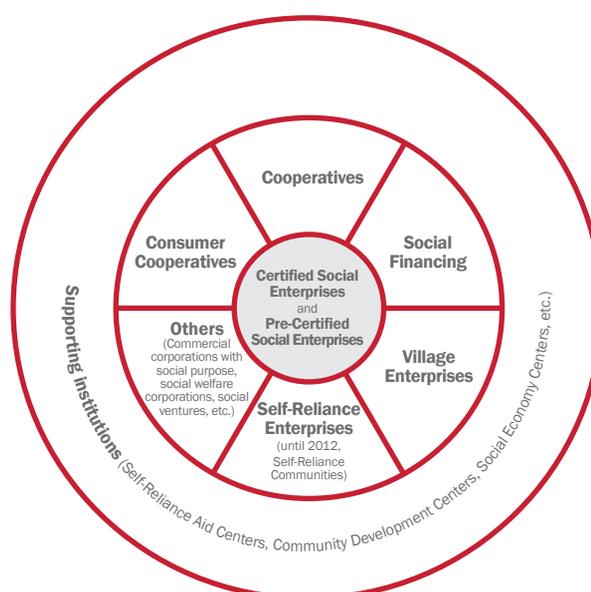
Table 4. Key characteristics of major SEOEs in the Republic of Korea

	Self-Reliance Enterprises (SREs) former Self-Reliance Communities	Consumer Cooperatives (including various types of Saenghyup)	Certified Social Enterprises (CSEs) and Pre-Certified Social Enterprises (PCSEs)	Village Enterprises (VEs)	Social Cooperatives
Number of entities	1,334 (2016)	10,253 (2015)	1,877 (March 2017)	1,446 (2016)**	688 (May 2017)
Conditions related to paid workers	More than one or two NBLSA beneficiaries or a person belonging to the legal category of vulnerable group*	None	None except for two types of CSEs focusing on job provision to those belonging to the legal category of vulnerable group*	Residents	None
Responsible Ministry	Ministry of Health and Welfare (MOHW)	Korea Fair Trade Commission (KFTC)	Ministry of Employment and Labor (MOEL)	Ministry of Interior and Safety	Ministry of Finance and Planning (MOFP)
Legal basis	National Basic Livelihood Security Act (NBLSA) (2000)	Consumer Cooperatives Act (1999)	Social Enterprise Promotion Act (SEPA) (2007)	Implementation Guidelines of the Ministry of the Interior and Safety (MoIS)	Framework Act on Cooperatives (2012)
Organizational status	For-profit or non-profit corporations	Consumer cooperatives	Certified Social Enterprises and Pre-Certified Social Enterprises	Various forms	Cooperatives
Major direct support from the government	Support for creation and management, subsidy for salaries on a sliding scale	No	Support for management, tax allowance, loans, subsidy for salaries on a sliding scale	Financial support, management education and training	No

Source: Kim, Yang, and Kang 2016, iCoop Cooperative Research Institute 2016, Korea Social Enterprise Promotion Agency 2018, Yoon and Choi 2017, Korea Local Promotion Foundation 2016, Korea Social Enterprise Promotion Agency 2017. Notes: * The following are legally considered vulnerable groups: persons whose household income is less than 60 percent of the national average household income, persons aged over 55, persons with disabilities, victims of prostitution, beneficiaries of employment promotion grants, refugees from North Korea, victims of domestic violence, beneficiaries of the Single Parent Family Support Act, foreign nationals married to Koreans, parolees and others designated by such laws as the Crime Victim Protection Act and the Framework Act on Employment Policy. ** This is the number of Village Enterprises officially supported by the Ministry of the Interior and Safety (MoIS). The number of Village Enterprises has increased significantly since 2000. The estimated number was about 12,000 in 2016, 3,500 of which were supported by various ministries including the MoIS.

SE actors have different interests, objectives and interpretations of the meaning and purpose of SE in the Republic of Korea. Indeed, there is a notable tension between two distinctive approaches. They are (i) an alternative economic approach, particularly evident in the 1990s, which aimed to socially control the economy and empower disadvantaged people through capacity building and collective action in producers' organizations; and (ii) a poverty reduction approach, apparent since the early 2000s, which sees SE as a tool to reduce poverty through job creation and the provision of social services. The key question is whether the interactions between these different approaches (bottom-up versus top-down; alternative economy versus poverty reduction) can create an enabling environment where SEOEs realize their potential in relation to the social, economic and environmental objectives encapsulated in the SDGs without sacrificing the fundamental values and norms of social economy such as democratic governance, solidarity and social inclusion.

Figure 1. Taxonomy of SEOEs in the Republic of Korea





Institutions and Policies for SE in Seoul

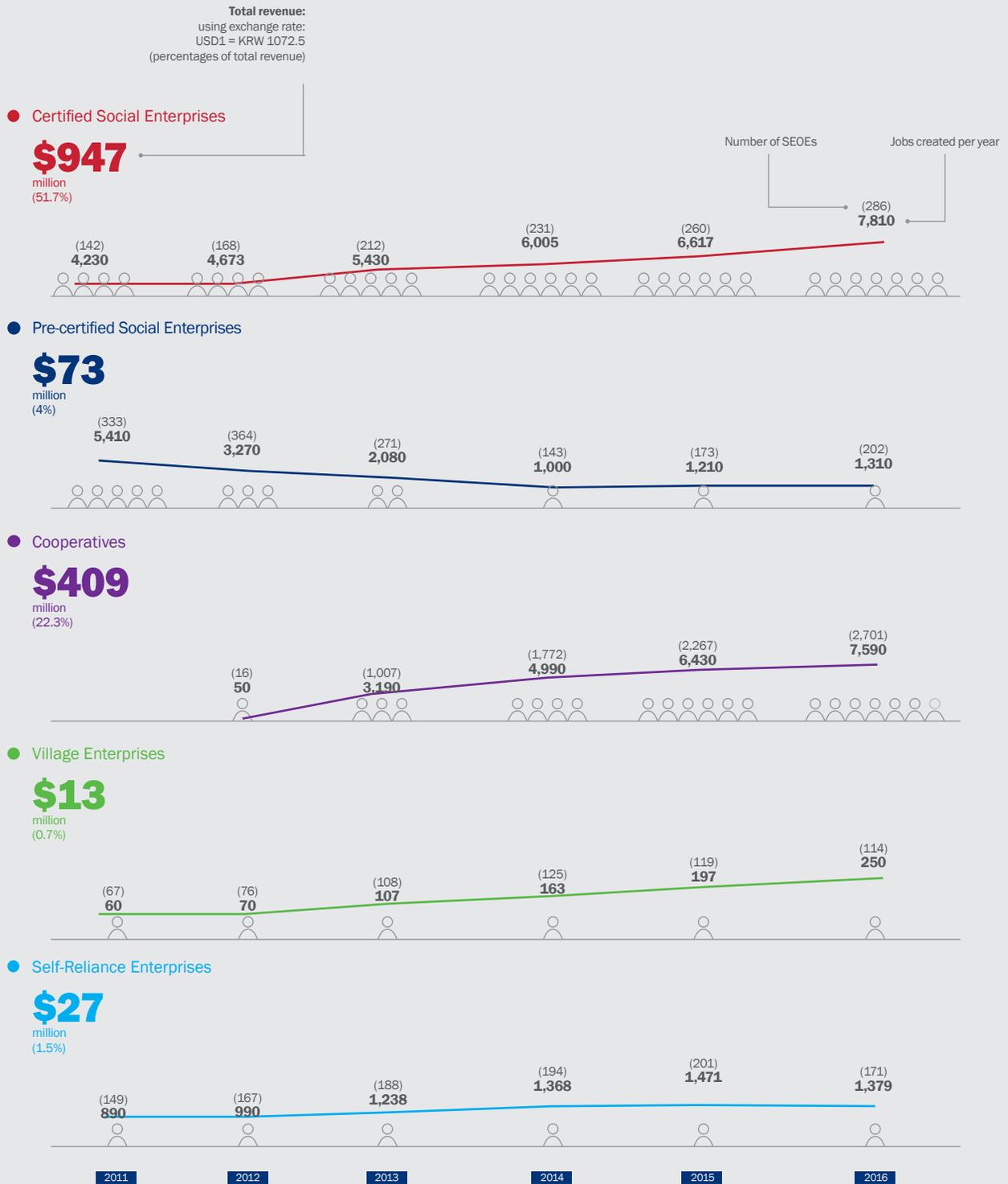
THE ORIGINS of SEOEs in Seoul in their current form can be traced back to the cooperative movement led by Catholic churches, as well as producers' organizations established by activists to reduce poverty and improve living conditions in poor areas of the city in the 1960s and 1970s. In the midst of the democratic transition of the late 1980s and the 1990s, many leaders of anti-authoritarian political movements paid more attention to issues of economic and social democratization. They strengthened existing organizations or established new ones, undertaking various activities to improve the quality of life in ways that would deepen democracy (Lim 2011). These organizations were associated with a variety of causes: environmental protection, economic justice, social welfare, women's well-being, protection of foreign workers and of consumers, among others.

As home to almost half of the country's CSOs, Seoul became a breeding ground for new ideologies and activities associated with diverse economic and social movements (Lim 2011).

An important policy implementation tool in response to the Asian financial crisis

Targeting poor areas and slum dwellers, the activists in social movements and CSOs working on poverty issues in Seoul sought long-term and durable solutions through capacity building and organizing poor people as workers rather than simply providing material assistance. For instance, they helped slum residents who worked as daily construction workers to establish construction workers' cooperatives. Women in slums organized themselves into producers' cooperatives, providing sewing services or producing

Figure 2. Contribution of SEOEs to employment and revenue in Seoul (2011-2016)



Source for data: Seoul Social Economy Center 2017

handmade cosmetics (Roh et al. 2010, Kwon 1993). These nascent forms of SEOEs became an important tool for the implementation of policies to address poverty and unemployment when the Republic of Korea was hit by the Asian financial crisis. The SE sector has further expanded in Seoul since the turn of the millennium.

From direct support to an ecosystem approach

In addition to these historical legacies, a number of other structural and institutional factors have shaped the development trajectory of SE in Seoul. They include decentralization, the comparatively better fiscal conditions of Seoul as an economic centre, the increasing number of SE actors and organizations, an SE-friendly mayorship since 2011, and support from the Seoul Metropolitan Government (SMG) and Council, as well as from some district governments. The upshot has been the emergence of an ecosystem comprising multiple actors and institutions that has done much to enable SE.

The policy shift of the Mayor Park administration (2011–present), from direct support for CSEs and PCSEs to the creation of an enabling environment for diverse forms of SEOEs, has had a particularly significant impact on the growth of SE in Seoul. Key elements of the SE ecosystem involve public-civil society partnership, various intermediary organizations that provide support as well as autonomy vis-à-vis the SMG, and a framework of laws and policies. In addition, Seoul’s policies to finance and establish market and distribution channels for SEOEs, to build capacity in terms of SEOE management, and to promote SEOEs at the district level have had a positive impact on the growth of SEOEs, particularly since 2012.

Limits, tensions and opportunities

Several problems, however, have yet to be addressed to ensure the sustainability of the ecosystem that has so far been conducive to the development of SE in Seoul. First, the Seoul Metropolitan Government has taken a direct approach to supporting SEOEs—establishing a Social Investment Fund through which public financial assistance is available to certain types of social enterprises operating in the city—rather than (for example) promoting SE financial institutions,

such as credit unions, as a potential source of finance for other SEOEs. The flip side of this approach to the development of SE is the subsidy-dependence of certain types of SEOEs, such as CSEs and PCSEs. This raises legitimate concerns about their sustainability should subsidies be reduced. Here it is worth noting that other types of SEOEs, such as social cooperatives, which receive little support from the government, have a high rate of dormancy—that is, they are registered and figure in government statistics, but they are inactive. More efforts need to be made to create a virtuous SE value chain that involves both state and non-state actors to a greater extent within Seoul’s SE ecosystem.

Second, political sustainability is another concern. The development of the SE ecosystem and the supportive policy environment in Seoul has occurred within a favourable political context associated with strong support for SE from the incumbent party and mayor. Whether the current ecosystem and SEOEs can thrive in a less favourable political environment remains an open question.

A third problem relates to the siloed bureaucratic structure dealing with SEOEs. Not only is the regulation and promotion of SE divided up among different ministries, but coordination mechanisms between central and local governments to design and oversee policies for SE growth are underdeveloped. Within Seoul City Hall, coordination between the Social Innovation Bureau (which deals with Village Enterprises) and the Department of Social Economy is weak. District governments are often excluded from relevant policy-making processes even though they are the ones that implement the SMG’s policies and interact directly with SEOEs located within their administrative boundaries. Furthermore, there is no leading department to coordinate and monitor the whole process of SE sector development under the SMG.

Lastly, despite their rapid growth in number, SEOEs have increasing difficulty in recruiting new staff and workers equipped with the necessary skills, knowledge and experience (Jung 2013). The low average wage is one of the reasons why people with a higher level of education and skill are often not attracted to the sector. Limitations related to human resources and the decline of certain forms of financial support for SEOEs raise the question of their sustainability.



EVALUATING the impacts of social and solidarity economy involves measuring the extent to which its activities have contributed to achieving economic, social and environmental objectives and goals, as well as assessing its political impacts. Such evidence helps move the discussion beyond assumptions about what works and why, towards what actually worked and how.

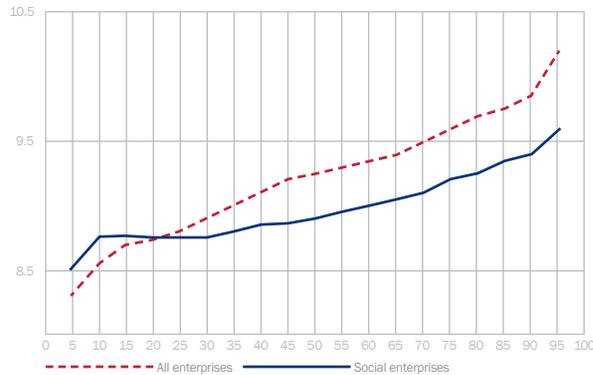
In relation to **economic variables**, data for 2016 suggest that SEOEs in Seoul have a mixed record. They demonstrated strong performance in terms of creating jobs: according to 2016 data, SEOEs created 8.8 new jobs on average, while the average for all newly established enterprises (including many SEOEs) was 9.8 new jobs. The comparative situation of SEOEs, is, however, very different when it comes to generating revenues. The average revenue per SEOE amounted to KRW 875 million in 2016, just 24 percent of the average revenue of all newly established enterprises (Seoul Social Economy Center 2017). The contribution

of SEOEs in Seoul to both gross regional domestic product (GRDP) and total employment increased slightly from 0.4 percent in 2014 to 0.5 percent in 2016 (Seoul Social Economy Center 2017, 2015).

Although comprehensive statistics about the social returns of SEOEs are not available, it has been estimated that CSEs and PCSEs in Seoul produce social returns (such as salaries and contributions to major social insurance programmes) for vulnerable groups at a rate of almost 13 times the amount invested. Given that the ratio of total salary to new investment in 2016 was estimated at around 71 percent in the case of for-profit enterprises with more than KRW 50 billion of stockholder's equity, CSEs and PCSEs play a greater role in reducing poverty and inequality than for-profit enterprises (Byeon 2017). While the average wage in CSEs and PCSEs is generally lower than the national average, the average wage within the bottom 19 percent of the wage scale in CSEs and PCSEs is higher than that of

all enterprises (Hwang 2016). It is this quintile that tends to provide employment for vulnerable groups, such as workers with low levels of education and skills.

Figure 3. Natural log of hourly wages by wage percentile



Source: Hwang 2016:21 (used with permission)

Turning to the **social impacts** of SE in Seoul, it is important to analyse the situation of SREs, whose employees are mainly drawn from poor and vulnerable groups. Their size, in terms of both turnover and employees, has increased. Given that women make up an estimated 65 percent of SRE employees, this type of social enterprise makes a significant contribution to addressing the problems faced by women living in poverty (Kim, Yang, and Kang 2016). The obvious risk, however, is that low-paying and low-skill labour-intensive jobs are feminized (UNRISD 2010). This has occurred, for example, in the nursing and elderly care sectors, the largest SRE sectors in terms of the number of employees, where women accounted for 52 percent of workers in 2016.

Most SEOEs that operate under the SEPA and NBSA legal frameworks (see Table 4) offer their workers significant social insurance benefits. As of 2013, for example, the coverage rate of National Employment Insurance in PCSEs and CSEs was about 96.8 percent, which was far greater than the national average of 66.6 percent in for-profit enterprises (Seoul Institute and Seoul Social Economy Center 2016).▶

In the context of the major demographic change occurring in the Republic of Korea, the limitations of the care system are a growing concern. PCSEs and CSEs in social care sectors generate high social returns in social service provision, particularly in relation to elderly and child care. Every Korean won invested in Seoul’s CSEs and PCSEs in care sectors

like nursing/home-based help, social welfare, and health/childcare generated social returns equivalent to KRW 31.0, 20.1 and 17.6, respectively, in terms of income and social services provided to vulnerable groups. The overall return to Seoul as a whole in care service provision is greater, generating social returns equivalent to KRW 39.6, 25.0 and 21.7, respectively (Cho and Yoo 2016).

As regards **environmental impacts**, SEOEs in Seoul, in particular cooperatives, have been a major supporter of the SMG’s policy initiatives for safe and sustainable energy. Solar power is the primary example. In 2014, the SMG selected seven energy companies and cooperatives to install solar panels in individual households, under a government subsidized programme. Four out of the seven are cooperatives, which installed solar panels in 18,591 households during the 2014–2017 period. This accounted for approximately 65 percent of the total sales of the seven enterprises (Hwang 2017). Their overall contribution (5.58GWh) to annual total solar power production in Seoul (224.9GWh) is, however, still small (Ministry of Trade 2017). If we include the other 15 energy cooperatives involved in renewable energy production in Seoul (Korea Cooperatives 2017), and assume (given the absence of data) that they have a similar capacity to install solar panels compared with the cooperatives that participate in the government programme, then cooperatives have the potential to contribute 26.5GWh to solar energy production, or around 12 percent of the electricity generated in Seoul by solar panels.

One of the challenges in encouraging the installation and use of solar energy is the city’s low rate of home ownership, which stood at 52.7 percent in 2016 (Ministry of Land, Infrastructure and Transport 2017). Since many people live in rental housing where landlords make virtually every decision about the residence, it is difficult for tenants to install solar power systems (Lee 2013). The fact that energy saving is largely dependent upon the landlords’ decision means that the low rate of home ownership poses a structural constraint on low-income people becoming energy producers. A recent SMG plan, “City of the Sun”, will make it mandatory to install solar panels in newly built public housing. This plan is expected to increase the share of housing with solar panels, particularly those owned or rented by people with low incomes (Seoul Metropolitan Government 2017b).

▶ Social insurance in the Republic of Korea is financed by contributions from government, employers and employees. SEOE employers are more likely than for-profit enterprises to pay their contribution to social insurance, and therefore SEOEs have higher coverage.

Turning to **political dimensions** related to governance and participation, the increase in the number of SE-related events (policy dialogues, workshops, fairs, seminars, forums, conferences, and so on) in the past decade in Seoul demonstrates an expansion of the public sphere which has allowed the voices of SEOEs to be heard more widely. However, the flip side of the increased awareness and participation of SEOE actors in the public sphere has been growing politicization of SE in Seoul. The leaders of SEOEs and intermediary support organizations tend to be supporters of Mayor Park’s party, and SE has become a political symbol of the SMG under this mayor (see Chapter IV). This has generated tensions between the mayor and various leaders of district governments who do not belong to the same political party. As a result, they do not participate in the Council of Local Governments for SE led by district government leaders belonging to Mayor Park’s party. This politicization of SE raises serious questions about the political sustainability of SE.

However, the high level of awareness about democratic norms and solidarity within the SE sector in Seoul may be an effective tool to reduce the tension caused by politicization. A survey conducted for this study by UNRISD found that CSEs foster participatory democratic tendencies, and make the work environment more equal, inclusive and cohesive for all people (see Figures 4, 5 and 6). It also indicates that CSEs have positive effects on perceptions of and attitudes towards multicultural families and foreign workers, confirming SE’s potential to strengthen solidarity within and beyond SEOEs.

Despite these positive impacts, whether and to what extent the impact of SE is transformative is an open question. For instance, despite its contribution to generating jobs for women and increasing their participation in paid work, many of the opportunities are in low-wage and low-skill labour-intensive jobs, particularly in SREs. Structural constraints that generate inequality in home ownership, which impedes the installation of solar panels and thereby the energy transition, are not a major concern of SE actors. The underdevelopment of methodologies to collect and analyse data on the impacts of SE on sustainable development is another challenge, not least for effective policy making. Methodologies and data collection need to be further developed to measure the impacts of SE on multiple dimensions of sustainable development in specific local contexts.

Figure 4. Attitudes towards participation in decision-making process

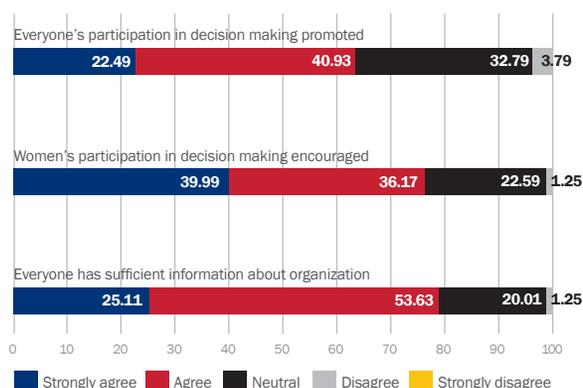


Figure 5. Attitudes towards women's participation in the workplace

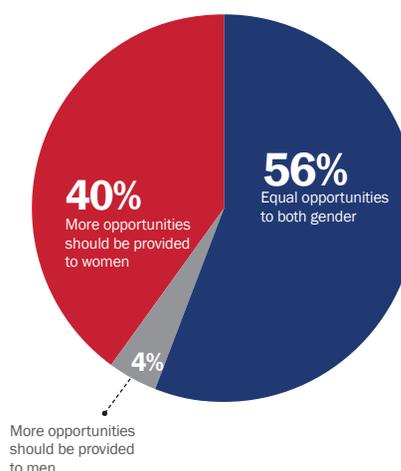
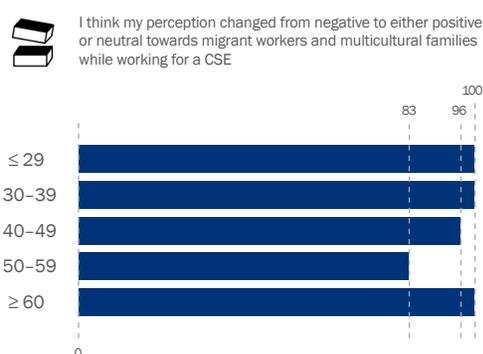
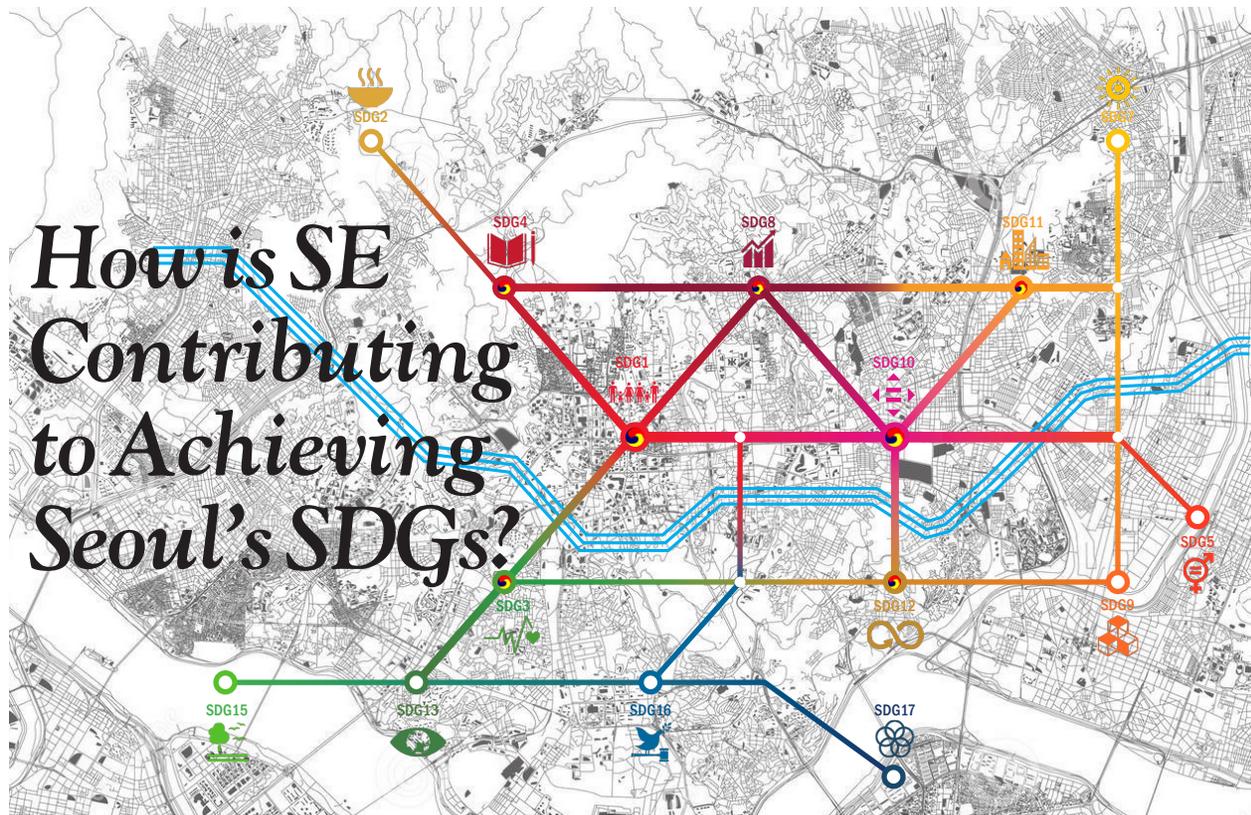


Figure 6. CSE-influenced perception change, by age group



Note: 102 CSEs in Seoul surveyed by UNRISD in 2017



THE PROCESS of localizing the SDGs begins with establishing local-level goals that reflect specific local economic, social, environmental and political conditions. A hierarchy of development objectives and goals exists at every level, from the national to the subnational. As noted in Chapter I, the challenge is to avoid trade-offs and contradictions that negatively impact a particular dimension of sustainable development.

In the Republic of Korea, various initiatives to promote sustainable development, including establishing public sector and civil society organizations working on sustainable development, were undertaken as early as 1992, influenced by the Earth Summit and its Local Agenda 21. Many CSOs and local governments started to collaborate in establishing local agendas and undertaking concrete actions. Democratic transition, decentralization, and comprehensive environmental protection and energy-related laws and regulations provided an enabling environment for a variety of activities for sustainable development (Lee et al. 2009). The Presidential Commission on

Sustainable Development (established in 2000) and the Framework Act on Sustainable Development (2007) promoted local initiatives and became central institutions for sustainable development.

Yet from 2008 onwards, the shift in national policy from “sustainable development” to “green growth” constrained the more holistic, integrated types of actions undertaken earlier. Debates on green growth became highly politicized as the concept became a political symbol of the then ruling party at the national level. The SMG’s initiative on sustainable development only started in 2011 when a new mayor from the opposition party assumed power. This provided an enabling political and policy environment conducive to establishing localized SDGs for Seoul (S-SDGs) in 2017.

Adapted to the specific conditions of Seoul, the S-SDGs contain 17 goals and 96 targets, largely corresponding to the SDGs of the 2030 Agenda. The S-SDG framework document links every goal and target with existing SMG projects and policies, while

Figure 7. How SDGs are supported by targets of other SDGs

reinterpreting global goals in the context of Seoul—S-SDG 2, for example, focuses on urban agriculture; and S-SDG 14 emphasizes the restoration of the Han River ecosystem (see Table SDGs in the 2030 Agenda and SDGs in Seoul). Throughout the document, the underlying principle of “leaving no one behind”, which is at the core of the 2030 Agenda, underpins most goals and targets. Less prominent is the transformative vision which requires changing the structures that generate economic, social and environmental injustice.

How integrated are the S-SDGs? There is no S-SDG which is not supported by targets associated with other S-SDGs. A comparison of the 2030 Agenda with the S-SDGs shows that the S-SDGs are supported by the targets of other S-SDGs to a greater extent than occurs in the 2030 Agenda (see Figure 7). This is apparent, for example, in the case of S-SDG 10 (Reduce all forms of inequality), S-SDG 3 (Ensure healthy lives and promote well-being for all citizens), S-SDG 5 (Achieve a social environment with gender equality and empower women), and S-SDG 8 (Promote inclusive and sustainable economic growth and decent work).

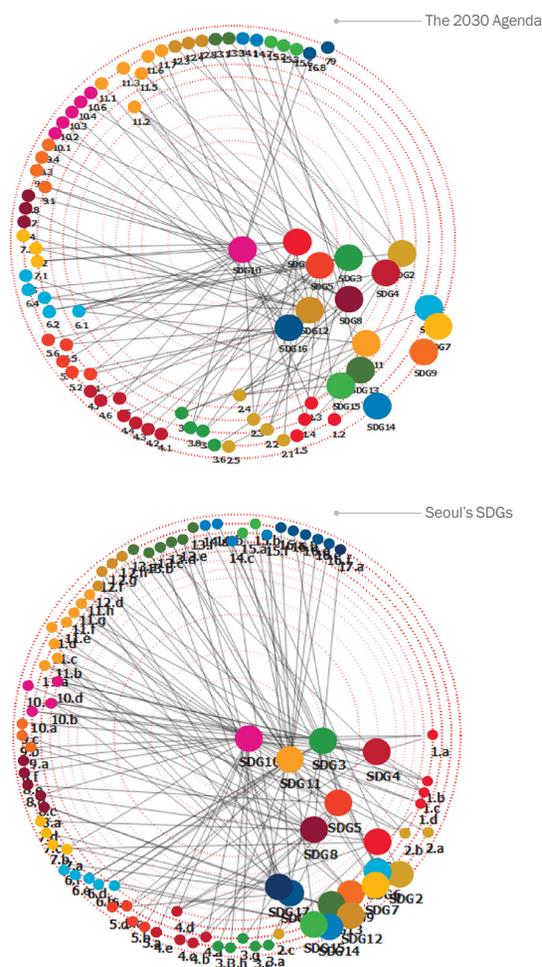
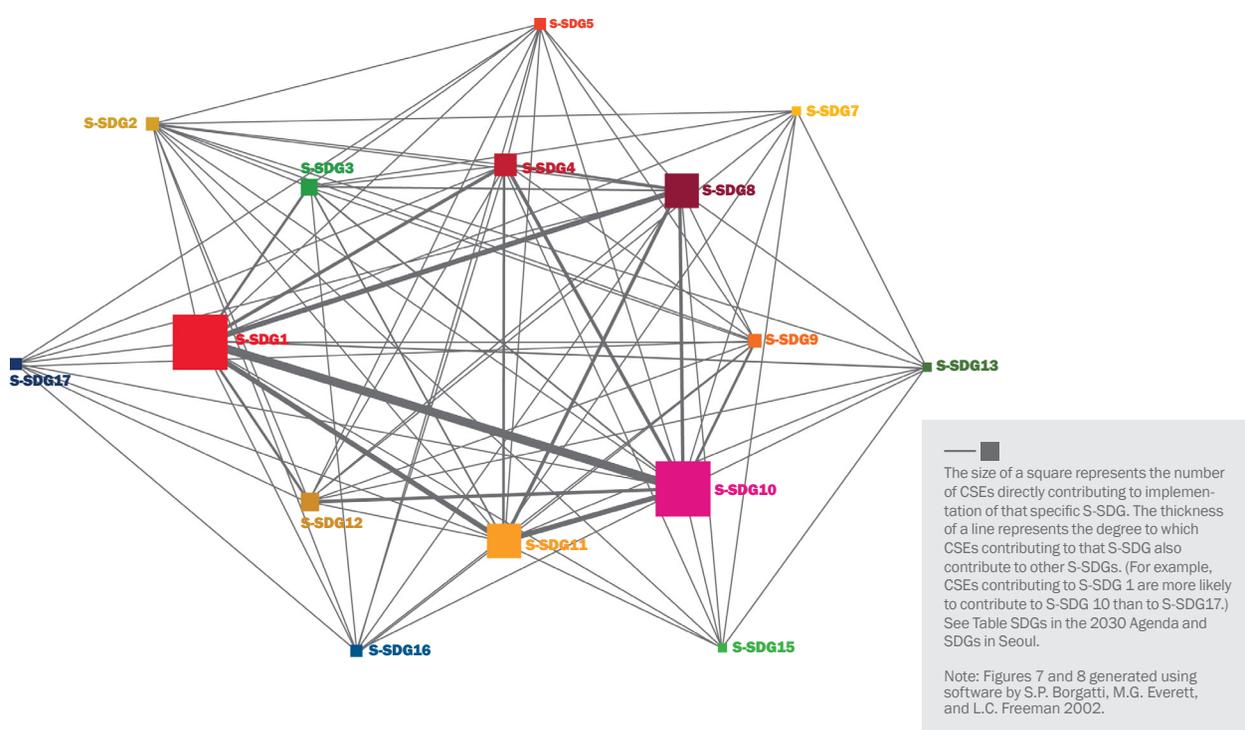


Figure 8. How Seoul's CSEs contribute to the S-SDGs: Tracing the pathways



This partly reflects a growing policy concern in Seoul with inequality and scarcity of jobs, particularly as they affect younger people, as well as poverty, which in turn is related to the increasing influence of youth in mobilizing political support (Park, Ahn, and Hahn 2013). It is also apparent that most goals associated with the environment have weak support from the targets of other S-SDGs.

One of the unique features of SSE as a means of implementation of the SDGs, in comparison with other development actors such as NGOs and private for-profit businesses, is that it pursues explicit social, economic and environmental objectives, albeit to varying degrees. These multiple concerns and functions of SSE may be an answer to the key policy question of how to implement the SDGs and achieve “sustainable development in its three dimensions—economic, social and environmental—in a balanced and integrated manner” (paragraph 2 of the 2030 Agenda).

Seoul’s SEOEs and the SDGs: Locating the synergies

For this study, UNRISD carried out a network analysis of 249 SEOEs in Seoul, including CSEs, SREs, Village Enterprises and a variety of cooperatives (see Figure 8). The analysis found that:

- SEOEs in Seoul have a strong potential to contribute to achieving all the S-SDGs, particularly S-SDG 10 (Reduce all forms of inequality), S-SDG 1 (End poverty in all its forms), S-SDG 11 (Inclusive, safe and sustainable cities for all citizens), S-SDG 8 (Inclusive and sustainable economic growth and decent work), S-SDG 4 (Quality education and lifelong learning), S-SDG 12 (Sustainable consumption and production), S-SDG 3 (Good health and well-being) and S-SDG 9 (Infrastructure and industrialization).
- In terms of multiple and interconnected functions, SEOEs in Seoul which contribute to S-SDG 10 (Reduce all forms of inequality) are more likely to have missions and functions that also address S-SDGs 1, 4, 8 and 11. In other words they simultaneously address a nexus of issues: reduce inequality; end poverty; inclusive and sustainable cities; economic growth and decent work; quality education and lifelong learning. They also frequently engage with S-SDGs 3 and 9. For instance, one CSE studied was an NGO providing counselling services

to foreign migrant workers and multicultural families. While continuing its counselling services, the NGO became a social enterprise providing education and health care services to these vulnerable groups, thereby contributing to S-SDGs 3, 4, 10 and 11.

- Relatively less significant are the functions and missions of SEOEs addressing S-SDGs 2, 5, 7, 13, 15, 16 and 17. It is notable, however, that while the number of SEOEs addressing S-SDG 2 (urban-rural distribution system and urban agriculture) and S-SDG 5 (gender equality) is small, they contribute to as diverse a range of S-SDGs as the SEOEs contributing to S-SDG 10, namely, S-SDGs 1, 3, 4, 8, 9, 11 and 12. In particular, the SEOEs addressing S-SDG 5 (gender equality) engage with various activities associated with other S-SDGs. This indicates that although the number of SEOEs addressing gender equality is small, they are trying to address gender issues in multiple dimensions.
- No SEOE has a mission or functions that address S-SDGs 6 (healthy and safe water) and 14 (restoration of the Han River). Considering the SMG’s numerous projects associated with these goals, SEOEs still have ample opportunities to explore economic activities associated, for example, with the restoration of the Han River—such as quality control of piped water, groundwater control, recycling of rainwater, environmentally friendly water purification plants, and control of quality and safety of the Han River and other rivers (Seoul Metropolitan Government 2017a).

SEOEs in Seoul have the potential to create diverse and synergistic impacts related to multiple S-SDGs. And there is considerable scope to adopt further innovations to achieve the S-SDGs in a more integrated and balanced manner. For example, SEOEs that prioritize economic and social objectives need to pay more attention to environmental S-SDGs.

There should also be more encouragement of social entrepreneurship, particularly in the sectors where the S-SDGs are closely interconnected. For example, more entrepreneurial efforts are needed to develop innovative models of SE. The practices of CSEs contributing to sustainable food distribution provide insightful lessons. Although small in number, they engage with diverse S-SDG areas, including S-SDG 2, S-SDG 12 and S-SDG 15.



THE CASE of SE in Seoul offers a unique set of lessons for the development of institutions and policies that can realize the potential of SSE as a means of implementation of the SDGs at the local level. In a context where the SE sector has expanded in recent years, Seoul has developed a strategy for sustainable development and incorporated SE into its localized SDGs. Both the rapid expansion of the SE sector and the development and implementation of the localized SDG strategy have taken place within the framework of a participatory governance structure.

Limits, tensions and opportunities

Despite the various positive aspects of the role of SE in Seoul in the localization of the SDGs (see Chapters IV, V, and VI), a number of limits and tensions remain to be addressed.

First, SMG- or district government-led development of SE has resulted in significant subsidy-dependence. This raises questions about the sustainability of subsidized forms of SEOEs when subsidies are reduced or terminated. Policies need to look beyond the use of public resources and create an environment where SEOEs can easily access affordable non-state financial resources. Where such resources are provided by SE financial institutions, this can create an SE value chain where different SE actors are mutually supportive and can grow the sector as a whole.

Second, the establishment of participatory public-private governance mechanisms for SE in Seoul has significantly empowered SE actors. However, in a context where SE has become the political symbol of the current mayorship, the further expansion of

empowered SE actors may be challenged by the political opposition. The limited participation of district mayors belonging to the opposition party in dialogues on SE is a case in point. Allowing SEOEs more independence and autonomy can contribute to avoiding instrumentalization by a specific political party and the consequent politicization of SE.

A third constraint concerns the siloed bureaucratic structure for dealing with SEOEs (see Chapters III and IV), from the national to the local level. The coexistence of distinct lines of responsibility for different SEOEs across different national government ministries, the increasing policy space of local governments, and the ongoing authority of the central government has resulted in a fragmented SE ecosystem. District authorities are often excluded from policy-making processes even though they are the ones that implement the SMG’s policies and must interact with SE organizations located within their administrative boundaries. Also, there is no apex department within the SMG to coordinate and monitor all the relevant processes of regulating and supporting SEOEs.

Fourth, SEOEs, particularly SREs, CSEs and PCSEs, run the risk of generating low-paying and low-skill labour intensive jobs, particularly for women. This is apparent, for example, in the largest sectors where SREs operate, namely nursing and elderly care (see Chapter V), where the majority of employees are women.

Fifth, although the lowest paid SEOE employees earn more than the lowest paid workers in for-profit enterprises (see Chapter v), this comparative advantage does not hold for employees in the middle and upper wage brackets. As a result, SEOEs often find it difficult to recruit staff and workers who are equipped with higher levels of skills, knowledge and experience. This limits their capacity to professionalize and scale up their activities.

Sixth, policy incoherence, particularly that arising from policy constraints imposed by the national government, can undermine the capacity of the SMG to achieve the S-SDGs. The case of solar panel installation in support of S-SDG 7 illustrates how structural constraints, such as low levels of home ownership and weak decision-making power of rental residents, need to be also addressed in parallel with the expansion of SE.

Seventh, diverse mechanisms to finance SEOEs need to be developed urgently. While the growth of the Social Investment Fund in Seoul (see Chapter IV) marks a positive development, the limited access of SEOEs to other sources of financing, such as credit unions, undermines the development of the SE sector. The SMG’s policy regarding financial support needs to look beyond the public sector and foster SEOE linkages with non-state financial institutions on terms that are both fair and affordable.

Seven ways of supporting SSEOs as effective means of implementation of the localized SDGs

While lessons and recommendations are often context specific and may not be directly transferable, they provide pointers that can help policy makers and other stakeholders identify actual or potential constraints, risks and opportunities, as well as reflect on possible solutions and innovations. Key lessons and recommendations regarding how to make SSEOs an effective means of implementation of localized SDGs can be summarized as follows.

- 1** Public policies in the Republic of Korea have provided both legal recognition and support for grassroots SEOEs. The SMG, in particular, has helped SEOEs to scale up by providing direct and indirect support, including subsidies and preferential procurement; fostering institutional arrangements such as public-civil society partnerships; and supporting partnerships and othe creation of an SE ecosystem. Policy frameworks, however, also need to respect and safeguard the autonomy of SSEOs, avoid generating excessive dependency and co-optation, and ensure that SSEOs retain and strengthen their core values and principles. Such autonomy is crucial for minimizing risks associated with the instrumentalization and politicization of SSE.
- 2** The case of SEOEs in the Republic of Korea, particularly in Seoul, points to the possibilities of creating synergies between SE and the welfare state—not in a context of welfare state retrenchment or austerity policies, as occurs in some countries, but in a context of the expansion of social policy. SEOEs have emerged as key partners in social development promoted by the

state. A broad alliance with social movements for democracy and for social and economic inclusion often plays a significant role in strengthening the capacity of SSE organizations to create synergies with national policies (as seen in the case of SE in Seoul in the late 1990s).

- 3 Organizational infrastructure and human resources in the SE sector were effectively utilized and mobilized when the SMG established a participatory public-private partnership and ecosystem approach. The use of existing local assets and resources is crucial to the development of SSEOs.
- 4 Many structural constraints that can be addressed only by national-level policies or legal frameworks impede the expansion and growth of the SE sector (as seen in the case of solar panel installation). Policy coherence and policy synergies between different levels of governance need to be established and strengthened.
- 5 Sustainable financing is a major challenge for SEOEs in Seoul. Although the SMG has launched a series of policies, such as preferential procurement and the Social Investment Fund, they are limited to certain types of SEOEs. Many SEOEs, such as cooperatives, have limited access to those public funds. Public policies and institutions need to create an enabling environment where SSEOs can easily access private financing without undermining their core values and principles.
- 6 Local democratic mechanisms, including both electoral competition and participatory governance, have been crucial to the growth of SE in Seoul. The caveat is that these mechanisms need to avoid the politicization of SEOEs based on political partisanship. Fair and transparent processes of supporting SSEOs in ways that increase their autonomy and independence can avoid such politicization.
- 7 The focus of SEOEs in Seoul on vulnerable groups and job creation, while not problematic itself, can be a potential obstacle to the pursuit of a more integrated and balanced approach to economic, social and environmental objectives. While collaboration with government can maximize the impact of SSEOs in localizing the SDGs, it also runs the risk of instrumentalization by government.

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Research and writing by Ilcheong Yi (coordinator and lead author), Heejin Ahn, Jongick Jang, Michelle Jaramillo, Eun Sun Lee, Suyeon Lee, Ye Jin Lee, Peter Utting and Joon Young Yi. Infographics by Ye Jin Lee and Sergio Sandoval. Overview edited and produced by the UNRISD Communications and Outreach Unit.

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Social and Solidarity Economy for the Sustainable Development Goals

SPOTLIGHT ON THE SOCIAL ECONOMY IN SEOUL

This research examined the social economy (SE) in Seoul, Republic of Korea, and how it is contributing to implementing and, ultimately, achieving the city's "localized" SDGs. Characterized by a rapid development of proactive SE policies, dramatic growth of SE organizations and enterprises, and the Seoul Metropolitan Government's strong commitment to the Sustainable Development Goals (SDGs), the city's experience offers a valuable opportunity to further enrich understanding of social and solidarity economy as a means of implementation of the SDGs. This was the first case study of a series of research projects on SSE and the SDGs which UNRISD is planning to undertake.

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