



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*



UNRISD
United Nations Research Institute for Social Development



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The Global Social Economy Forum is a global social and solidarity economy (SSE) network that aims to serve as a hub for sharing visions and experiences through cross-border collaboration and cooperation based on multilateral (public-private-community) partnerships for an inclusive, equitable and human centered world for all of us.



Social and Solidarity Economy for the Sustainable Development Goals



SPOTLIGHT ON THE SOCIAL ECONOMY IN SEOUL



UNRISD

United Nations Research Institute for Social Development

Foreword

The economic crisis has widened wealth inequality and poverty at the global, regional and country levels. Numerous challenges such as ageing societies and regional conflicts cross the borders of cities and countries. The planet is being degraded by industries and individuals seeking to maximize profits regardless of the impacts of negative externalities on society and the natural environment.

Social economy is not only an alternative form of economy, it is also a potentially transformational one based on values of social justice, equality and solidarity that fosters the participation of civil society and public-private partnerships. Social economy organizations and enterprises not only create decent jobs today, they contribute to making the planet safer and more sustainable for future generations.

Through domestic and international collaborations, the Seoul Metropolitan Government has taken a leading role in promoting social economy in the Asia region and globally through the Global Social Economy Forum (GSEF). Although this form of economy is still in an early stage of development in certain parts of world, this report documents its role in the economic, social, environmental and political dimensions of transformation taking place in Seoul. It shows us that social economy enterprises and organizations have real impacts in Seoul, and points to the challenge of translating these into drivers for achieving the localized SDGs in our city for an inclusive, productive and sustainable economy for all citizens. This report is a valuable guide for everybody taking this long journey for sustainable development.

***“If you want to go fast,
go alone. If you want to
go far, go together.”***

As the Seoul Metropolitan Government continues to foster social and solidarity economy in the years to come, we look forward to further promoting collaboration among cities and the international community. I am sure this report will help us share the visions and seek new solutions to turn dreams into reality.

I would like to thank UNRISD for preparing this report, which will be of interest to policy makers as well as academia, SSE enterprises and organizations, and civil society, all of whom have a stake in SSE policies for the benefit of all.



PARK WON-SOON

Mayor of the Seoul Metropolitan Government
and Co-Chairman of the Global Social Economy
Forum (GSEF)
Seoul, June 2018

Foreword

The 2030 Agenda for Sustainable Development sets out 17 goals to eradicate poverty, protect the planet and ensure prosperity for all. To realize these ambitious goals by 2030, we need an integrated, people-centred and planet-sensitive approach that promotes inclusive development and mainstreams the concepts of equality, participation and fair and sustainable growth.

Social and solidarity economy (SSE), which looks beyond narrow forms of economic development and seeks ways to make social and environmental improvements in people's lives, is particularly well aligned with the commitment of the 2030 Agenda to achieve sustainable development in a balanced and integrated manner. SSE aims to tackle deeply rooted social and economic problems such as poverty and inequality by embracing those who are most marginalized in society. SSE organizations often also have strong environmental principles and goals. In emphasizing social and environmental objectives within economic activity, SSE can contribute to realizing the vision of the 2030 Agenda to strengthen sustainable development and leave no one behind.

This report explores the actual and potential roles of SSE in bringing about inclusive and sustainable development by drawing on evidence from Seoul, Republic of Korea. It reviews the evolution of social economy organizations and enterprises in the country and underlines their capacity facilitate the achievement of the SDGs, particularly in the capital city. While identifying limitations and challenges within the current social economy ecosystem at the municipal and country levels, the report presents a number of valuable lessons to those who seek to learn from experience in promoting and strengthening SSE. We hope this report will serve as a useful tool for policy makers and SSE actors around the world.

On behalf of UNRISD, I would like to take this opportunity to thank the Seoul Metropolitan Government and the Global Social Economy Forum (GSEF) for their generous financial support for the research project and this report. Kyong Yong Song, Laurence Kwark and Jinkyong Choi provided consistent support throughout the project process that has been crucial to the success of this joint effort. I would also like to acknowledge support given by the following Advisory Group members: Euiyoung Kim

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PAUL LADD

Director of UNRISD
Geneva, June 2018

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Overview





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 O.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 O.1. Local development initiatives and the SDGs

S Social development initiatives	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
E Environmental initiatives		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
\$ Economic development initiatives		Prosperity		7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES		
G Governance		Peace				16 PEACE, JUSTICE AND STRONG INSTITUTIONS			
F Financing		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 selfbuild 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 O.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 O.3). Since the late 1990s in particular, various forms of policy support

Table 0.2. 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
1963	Fisheries Cooperatives Act (colonial origin)	Fisheries Cooperatives	Ministry of Oceans and Fisheries
1980	Tobacco Production Cooperatives Act	Tobacco Production Cooperatives	Ministry of Strategy and Finance
1982	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

have 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 “siloed” 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 0.3. Laws and guidelines helping to grow the SE sector

YEAR	ACTS	SEOs	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
2010	Social Enterprise Promotion Act	Various PCSEs and CSEs	Ministry of Employment and Labor
2012	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).

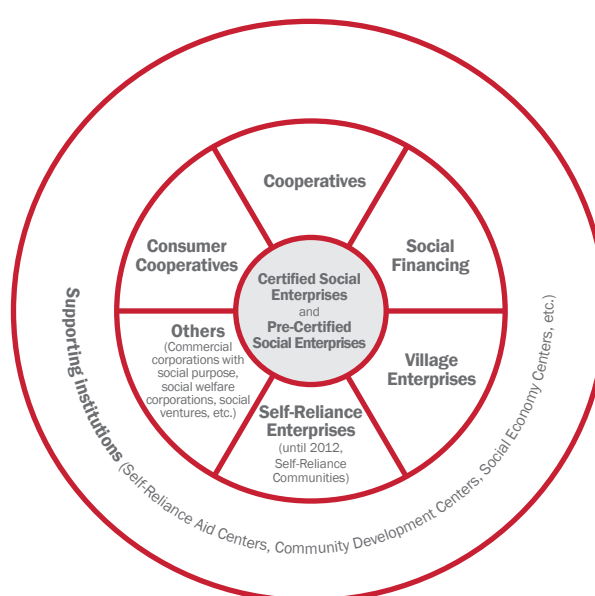
A distinctive feature of SE development in the Republic of Korea is that the growth of this sector has occurred in the context of welfare state expansion, unlike many other countries where governments have turned to SE in the context of fiscal austerity. Nevertheless, some laws have created a dual structure 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 0.4. Key characteristics of major SEOEs in the Republic of Korea

	Self-Reliance Enterprises (SREs) former Self-Reliance Communities	Consumer Cooperatives (including various types of <i>Saenghyup</i>)	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 NBSA 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 (NBSA) (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 0.1. Taxonomy of SEOEs in the Republic of Korea

Institutions and Policies for SE in Seoul

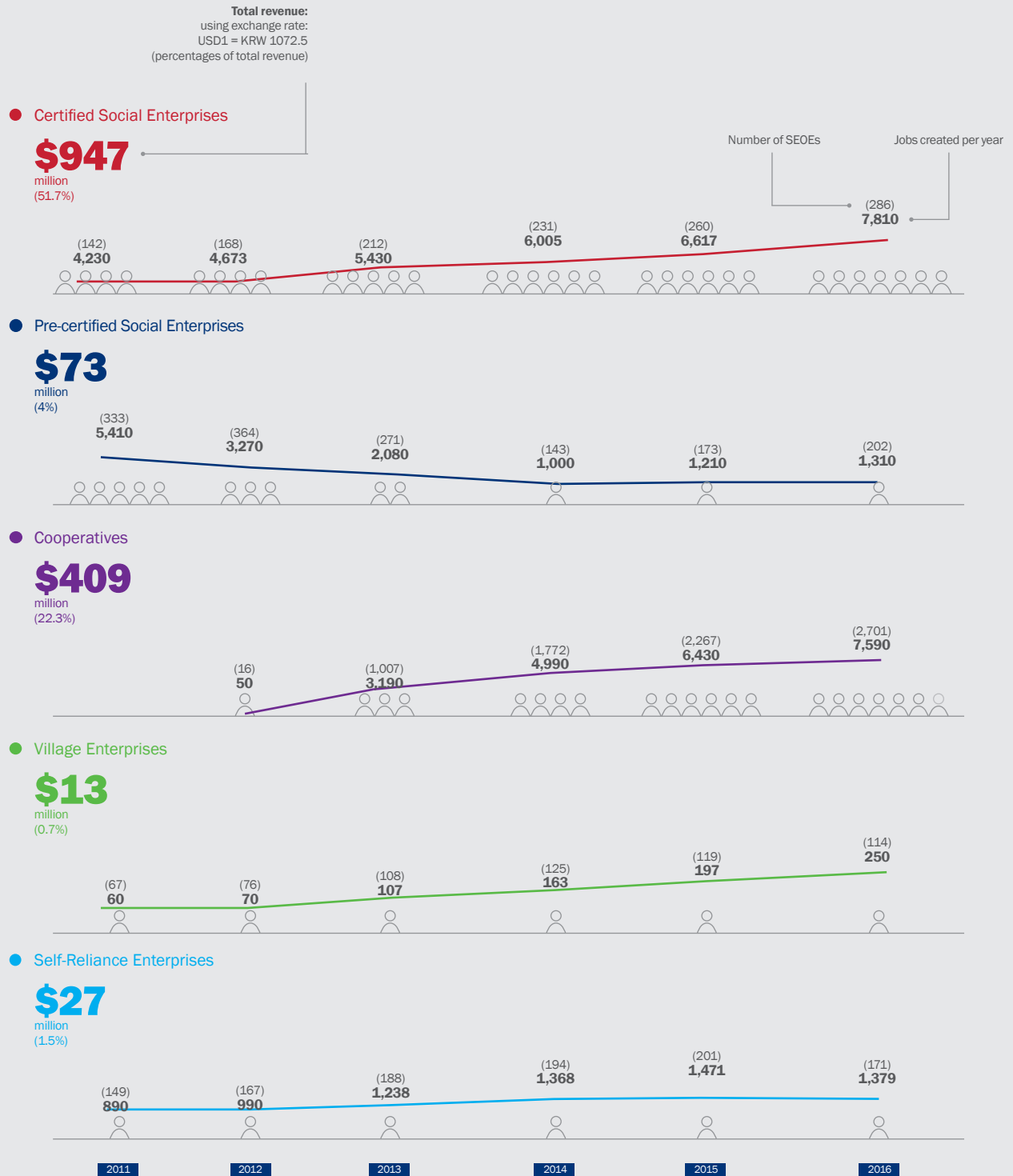
THE ORIGINS of SEOEs in Seoul in their current form can be traced back to the cooperative movement led by Catholic churches, as well as producers' organizations established by activists to reduce poverty and improve living conditions in poor areas of the city in the 1960s and 1970s. In the midst of the 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 0.2. 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.



Impacts of Seoul's SE on Sustainable Development

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.

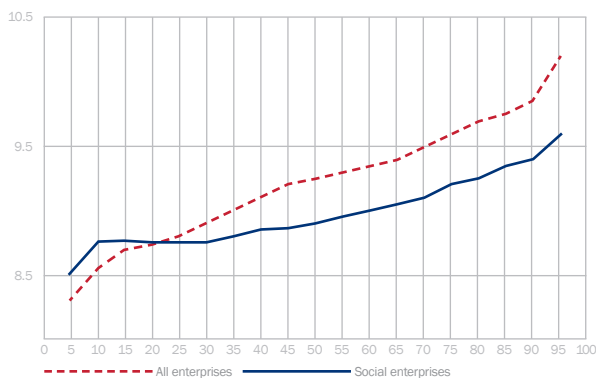
In relation to **economic variables**, data for 2016 suggest that SEOEs in Seoul have a mixed record. They demonstrated strong performance in terms of creating jobs: according to 2016 data, SEOEs created 8.8 new jobs on average, while the average for all newly established enterprises (including many 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 other enterprises (Hwang 2016).

It is this quintile that tends to reflect employment of vulnerable groups, such as workers with low levels of education and skills.

Figure 0.3. 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 NBSLA legal frameworks (see Table O.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 were 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. 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 O.4, O.5 and O.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 O.4. Attitudes towards participation in decision-making process

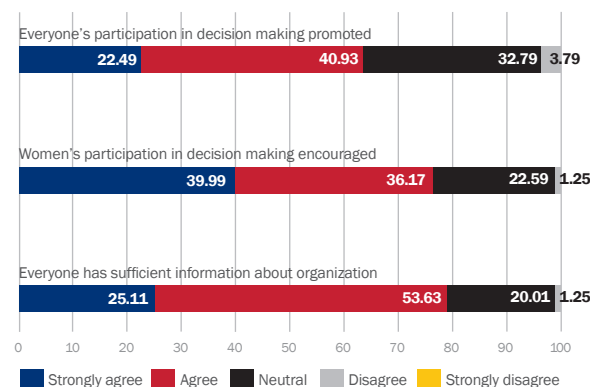


Figure O.5. Attitudes towards women's participation in the workplace

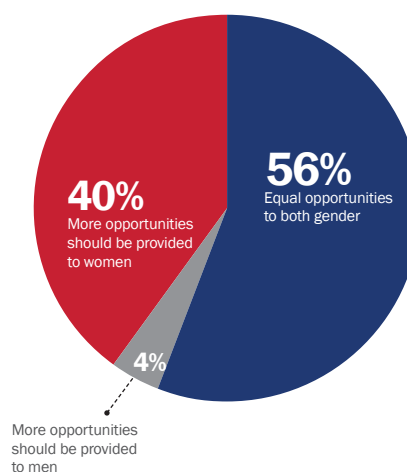
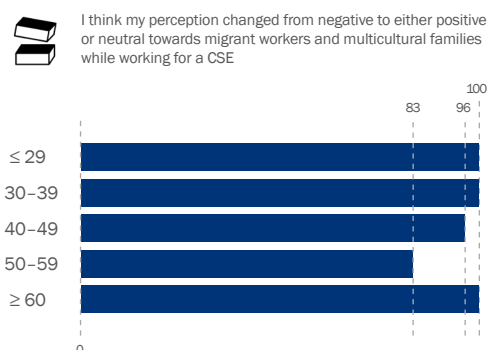
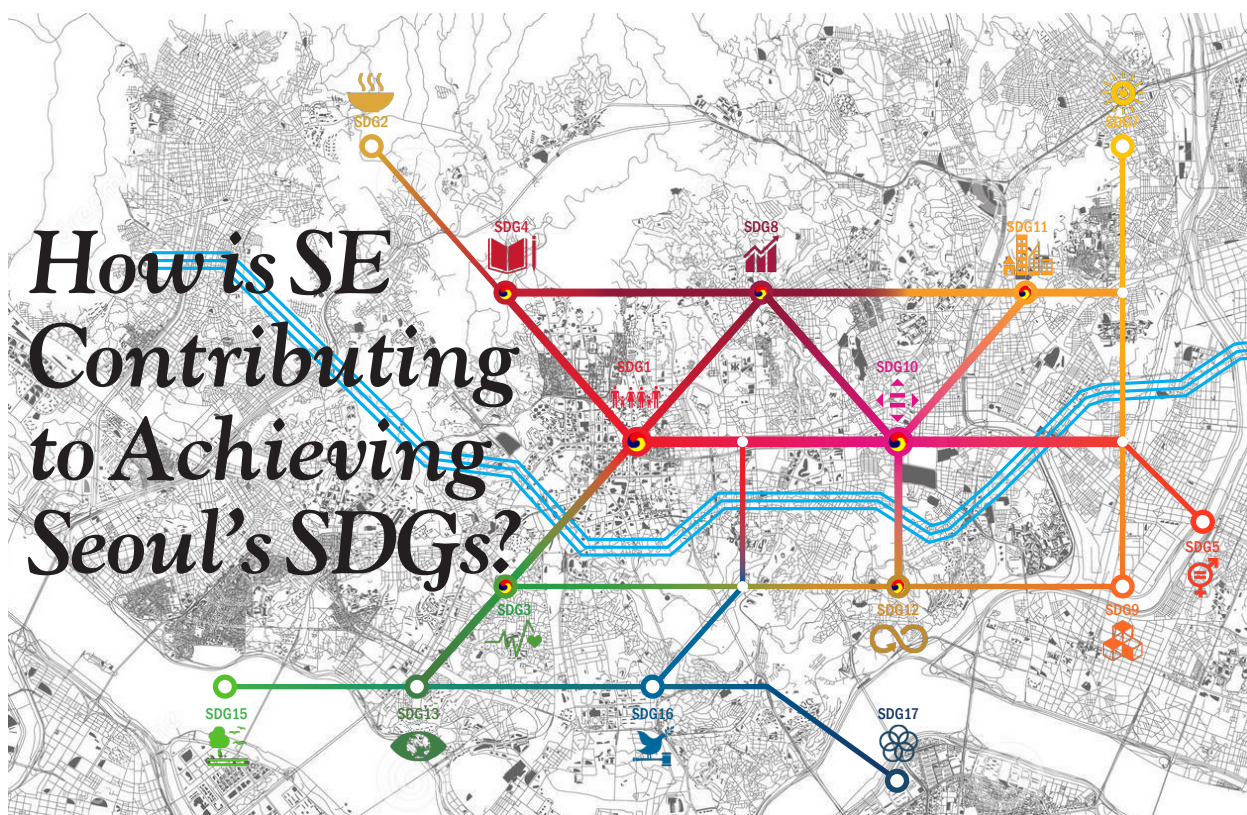


Figure O.6. CSE-influenced perception change, by age group



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 SSDG framework document links every goal and target with existing SMG projects and policies, while

Figure 0.7. 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 O.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

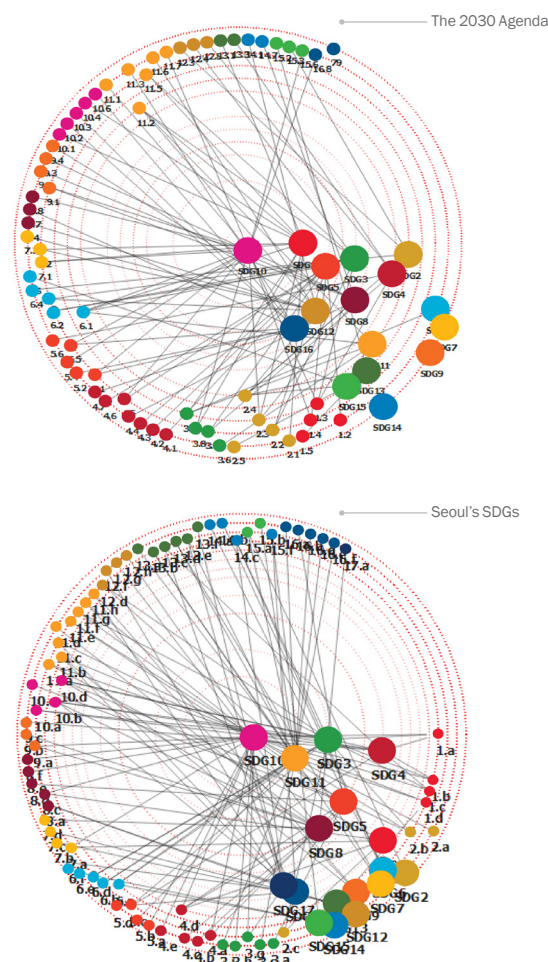
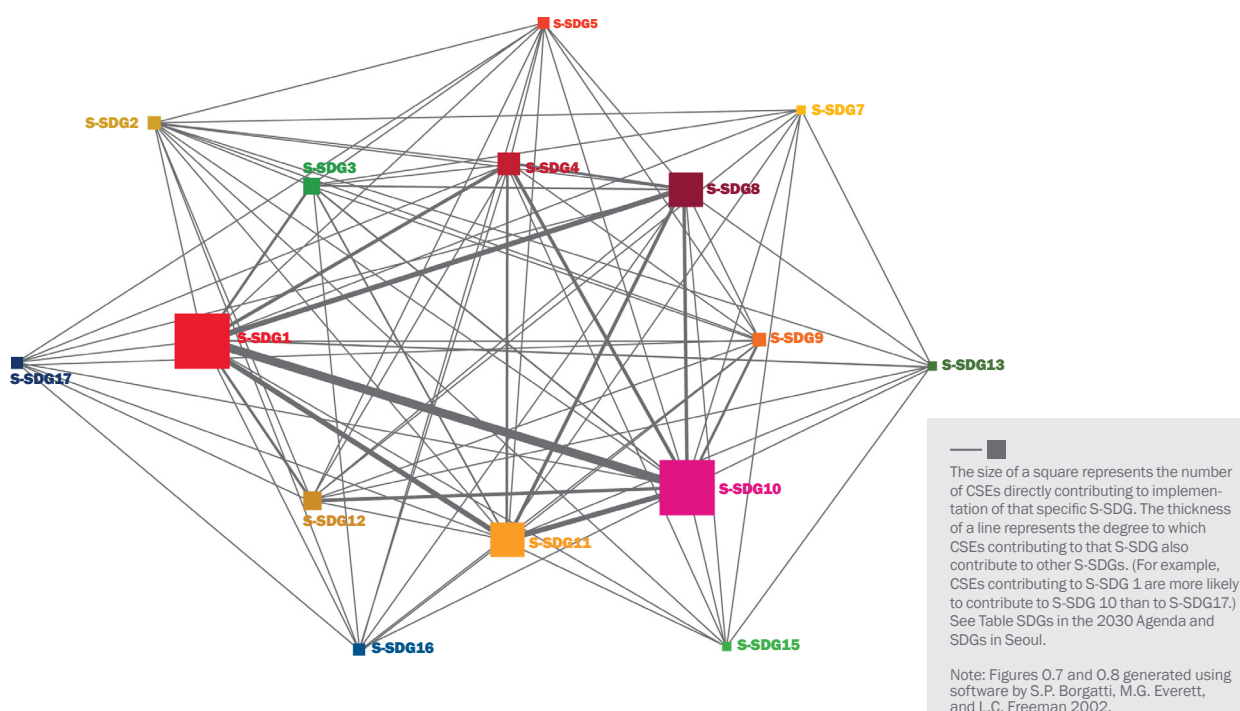


Figure 0.8. How Seoul's CSEs contribute to the S-SDGs: Tracing the pathways



and decent work). 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 O.8). The analysis found that:

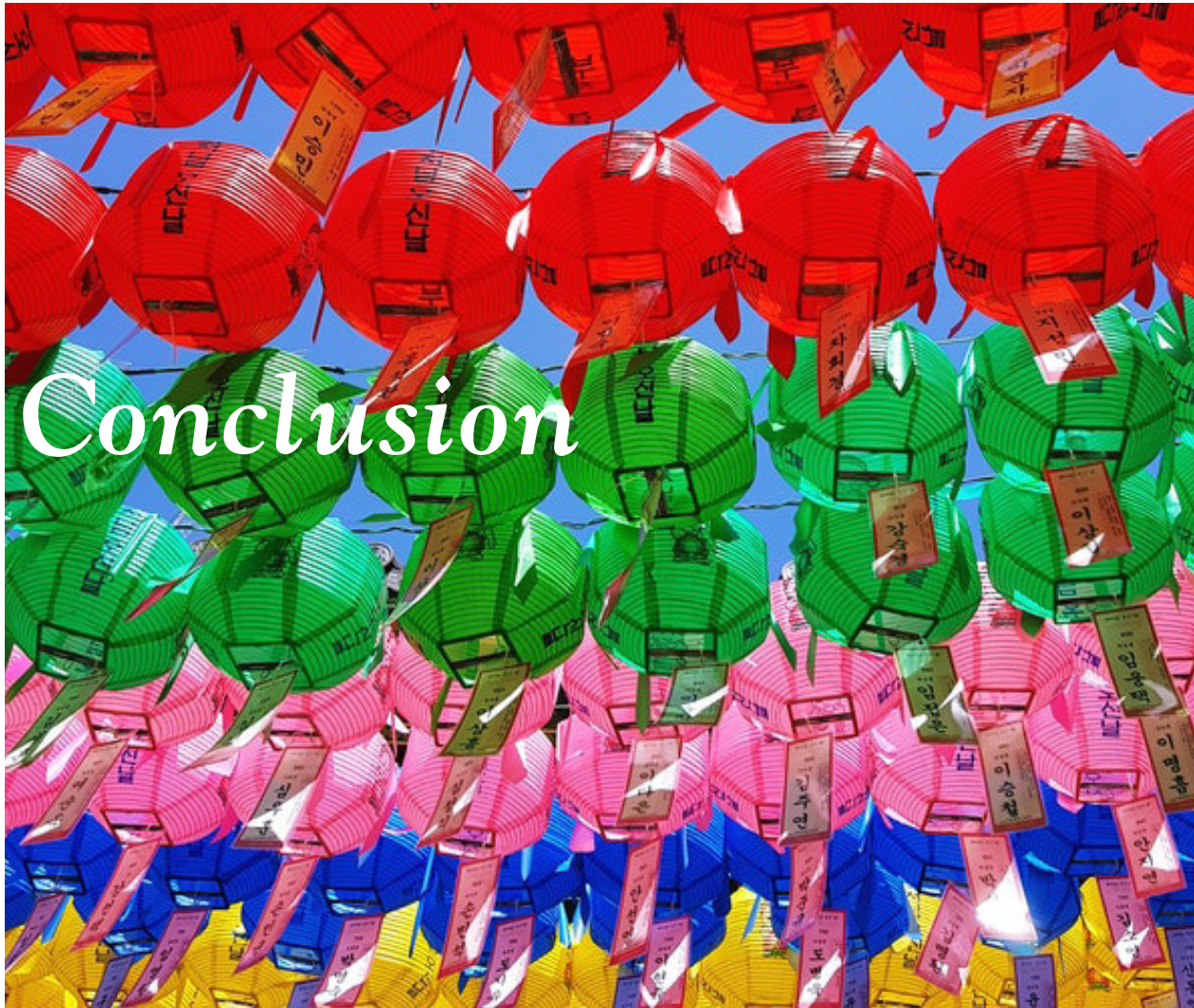
- SEOEs in Seoul have a strong potential to contribute to achieving all the S-SDGs, particularly S-SDG 10 (Reduce all forms of inequality), S-SDG 1 (End poverty in all its forms), S-SDG 11 (Inclusive, safe and sustainable cities for all citizens), S-SDG 8 (Inclusive and sustainable economic growth and 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 the 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

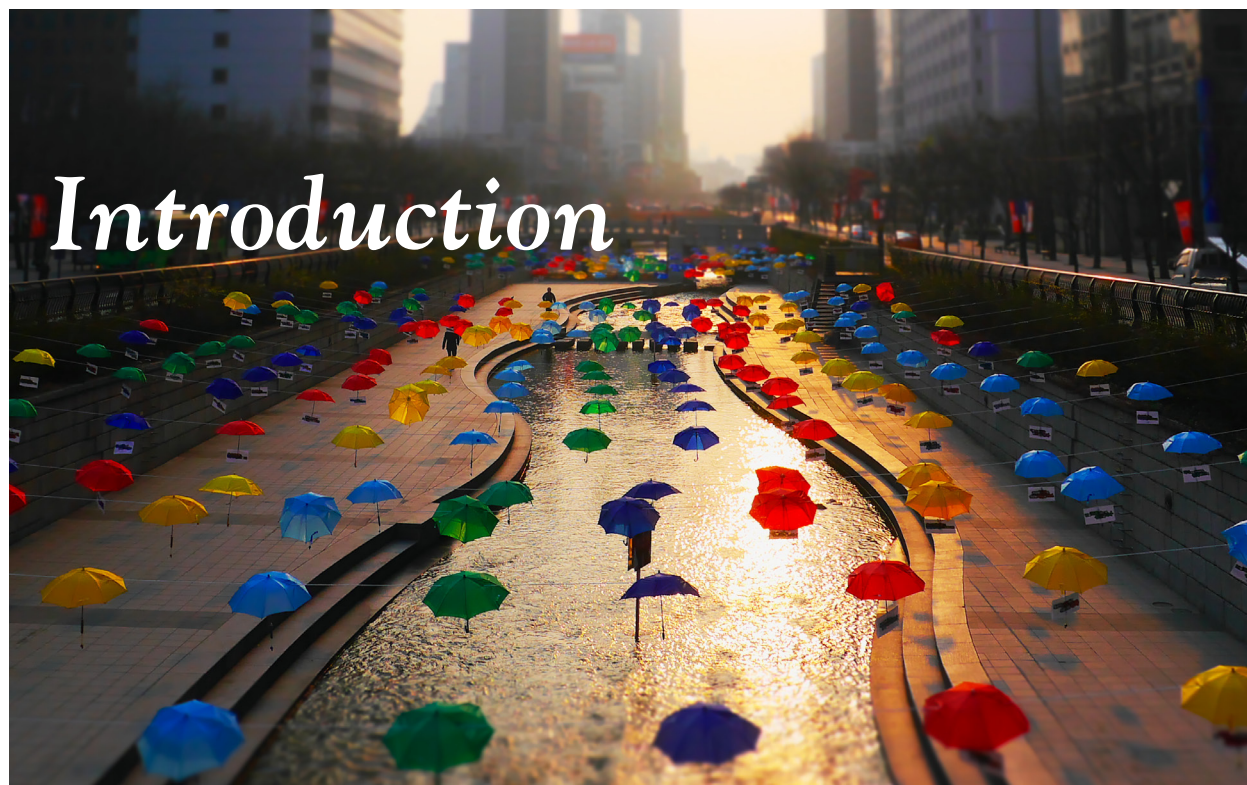
state. A broad alliance with social movements for democracy and for social and economic inclusion often plays a significant role in strengthening the capacity of SSE organizations to create synergies with national policies (as seen in the case of SE in Seoul in the late 1990s).

- 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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SUCCESSFUL implementation of the 2030 Agenda for Sustainable Development will require a new and innovative strategy for its localization—that is, its adaptation to local contexts—that draws on the positive aspects of past initiatives and addresses their limitations. All 17 Sustainable Development Goals (SDGs), and their targets, need to be tailored to local circumstances to realize the transformative vision inherent in the 2030 Agenda. Moreover, local plans and strategies to achieve the SDGs and their targets need to be firmly based on an integrated and balanced approach to sustainable development. Existing or newly established programmes and projects need to be effectively coordinated within a coherent framework that is conducive to achieving the SDGs in an inclusive, democratic and sustainable manner.

Localization of the 2030 Agenda is composed of two mutually reinforcing processes: (i) a supra-local process, which influences local development initiatives; and (ii) local development initiatives, which sometimes interpret and translate supra-local development goals and initiatives.¹ Within these processes there are two key dimensions. First, goals and targets need to be adapted to local realities, needs

and priorities. Second, certain enabling conditions, related to institutional arrangements, political forces and economic possibilities, need to be present. This chapter identifies four key conditions that must exist and the ways in which social and solidarity economy (SSE) is conducive to creating such conditions. Before turning to these issues, however, it is useful to review briefly the contemporary history of efforts to localize internationally agreed development initiatives, in order to identify aspects that worked and others that did not.

Localizing internationally agreed development initiatives

The focus on the local dimension has been pertinent in international development discourses and practices since the Second World War. It has been explicitly or implicitly embodied in mainstream development paradigms and strategies, and has taken different forms. For instance, the emphasis on active local participation in the projects of the 1970s and the 1980s was the result of greater understanding and acknowledgement of popular, bottom-up, endogenous and grassroots practices. Regardless of

its ideological direction, be it radical or neoliberal, popular participation as a basic premise in national development strategies helped raise awareness of the importance of local development, which often took the form of community- and village-centred projects (Wolfe and Stiefel 1994).

At this time, many key development players, particularly those involved in participatory action research (PAR), began shifting their focus from national to locally embedded bottom-up approaches. They justified the shift by highlighting the limitations of top-down approaches based on the hypotheses of trickle-down economics, which they argued were not succeeding in reducing poverty in large areas of developing countries. Locally embedded bottom-up approaches were particularly relevant for projects seeking to empower marginalized people and meet the basic needs of the poorer sectors of society, agricultural development in rural areas, and small-scale projects initiated by local communities (Willis 2011, Peet and Hartwick 2009). These local development initiatives followed highly differentiated processes and paths to respond to diverse needs in a widely varying range of local political, social, economic and environmental conditions (OECD 2001).

The empowerment, organization and participation of poor people, and local self-reliance, were central principles upon which progressive local development initiatives were based in the 1970s (Pitt 1976). These principles were understood and emphasized as a means to transform ordinary people into political agents who could effectively influence policy decisions.

The 1980s saw three broad changes at the supra-local level that influenced the nature of local development initiatives. First, local development initiatives gained increasing attention and became part of an important political agenda in many OECD countries. “Place-based approaches” sought to establish “place-specific” policies to meet local needs (Mendell 2014).

Second, international financial institutions such as the World Bank began to use the principles underlying the local development initiatives of the 1970s—that is, people’s empowerment and participation—as a way to “get things done” rather than as a means to correct unequal power relations and transform ordinary people into political agents. In this way, empowerment began to lose its political aspect, as it was increasingly

used primarily as a tool to enhance human capital. Participatory projects pushed aside their goal of building the countervailing power of hitherto excluded social groups. Projects which aimed to mobilize collectively to define and claim the rights of marginalized people were largely sidelined (Chambers 1983, Pearce and Stiefel 1980, Cornwall and Brock 2005).

When decentralization and good governance moved up the policy agenda in the late 1980s (Olowu 2001), development strategies turned their focus towards issues of efficiency, transparency and accountability of governments within the structural adjustment framework, rather than participation and empowerment in their earlier senses. Although highlighting the importance of strengthening local-level institutions as an urgent task for development, international financial institutions did not establish mechanisms to socially and politically empower people and give them control over local resources (de Alcantara 1994).

Decentralization, as a top-down decision from the national level, was not always translated into real change at the local level, for many reasons. Local structures such as patronage systems, local racketeers or other forms of entrenched criminality, and vote rigging, for example, may all work against more widespread participation. Neoliberal structural adjustment and privatization may also undermine key public service sectors in local areas, widening divisions within communities and increasing inequality in many dimensions (Westendorff 2004).

Third, the negative impacts of the prevailing pattern of economic growth on the environment were becoming increasingly visible and part of the political agenda, particularly in the Global North. As the concept of sustainable development entered the international development discourse (for example, in the Brundtland Report), it gave rise to local participatory sustainable development planning and management processes. By the mid-1990s, for example, some European local authorities were implementing sustainable development initiatives, while aid agencies were supporting similar initiatives in the Global South. For example, the Dutch government sponsored a “green towns” project in Kenya, the German government supported an “urban environmental training materials project” in Asia, and there were a number of town twinning arrangements between Northern and Southern municipalities (Atkinson 2004).

The 1992 United Nations Conference on Environment and Development (UNCED), also known as the Rio Earth Summit, brought the local dimension of environment and development to the fore. Agenda 21 (the non-binding action plan that emerged from the summit) stated that local authorities should reach a consensus with stakeholder groups at the community level to initiate sustainable development planning and management processes. It encouraged the establishment of policy and practice networks composed of various local actors to introduce, interpret, adapt and eventually implement the most relevant aspects of Agenda 21 for their local communities—or Local Agenda 21 (LA 21) (Lafferty and Eckerberg 1998).

In order to address such issues as demographic dynamics, human settlements, management of solid waste and sewage-related issues, Agenda 21 suggested (i) undertaking a consultative process with the population and achieving a consensus on a Local Agenda 21 for the community by 1996; (ii) initiating a consultative process aimed at increasing cooperation between local authorities by 1993; (iii) increasing levels of cooperation and coordination with the goal of enhancing the exchange of information and experience among local authorities by 1994; and (iv) encouraging local authorities to implement and monitor programmes which aim to ensure that women and youth are represented in decision making, planning and implementation processes (UNCED 1992).

These objectives were about procedures rather than being substantive performance-based goals. It has been argued this was intentional since Agenda 21 tried to avoid generalizing local issues, given how diverse local conditions are (Lafferty and Eckerberg 1998). Progress in implementing LA 21 was impressive in terms of the establishment of consultative mechanisms. By the late 1990s, several thousand LA 21 initiatives had been launched, supported by various associations of local authorities such as the International Council for Local Environmental Initiatives (ICLEI) and United Nations agencies such as the United Nations Environment Programme (Geissel 2009).

Although it is difficult to test the claims of LA 21 initiatives, research indicates that they have had genuine impact in many developed and developing countries, including designing strategies, stimulation of debate on environmental issues, inclusion of various actors in the policy-making process, and promoting local democracy (Selman 1998).

Despite these successes, however, LA 21 initiatives showed limitations in addressing contradictions and trade-offs between different development priorities, as well as methods to achieve sustainable development. For instance, in the United Kingdom, although the re-use of urban brownfield sites is accepted as sensible planning policy, LA 21 groups and neighbourhood associations often oppose development on playing fields and allotments (Barton 2000).

Furthermore, many LA 21 consultation mechanisms often stood firmly in the environmentalist camp (and environmentalist approaches often marginalize social and economic dimensions) and were rarely concerned with the root causes of poverty, inequality and environmental degradation (Selman 2010). Discussions around LA 21 initiatives often resembled those about sustainable development in the 1980s, which neither questioned the prevailing (neoliberal) policy framework nor recommended redistributive mechanisms. Agenda 21, and LA 21 as its extension, also failed to make effective suggestions to change unjust social structures or policy regimes that generate inequality. The sustainable development approach within the framework of Agenda 21, despite its emphasis on an integrated and holistic approach, often let each stakeholder group find its own path (Atkinson 2004). In many cases local development initiatives were led by different groups without coordination among themselves. These groups sometimes had sharp conflicts of interest—for example, between middle-class environmentalists aiming to “green” the city and the urban poor whose most pressing need was to maintain their livelihood and access to shelter by any means possible (Mahadevia 2004).

After the Millennium Development Goals (MDGs) were adopted in 2000, various international development agencies such as the United Nations Development Programme made efforts to localize the MDGs. Overall, however, the focus of the MDG framework was on national averages. As a fundamental shift in local politics towards these internationally agreed goals did not occur, the impacts of efforts to localize the MDGs do not seem to have met the high expectations for local ownership, leadership and partnership for development (Geissel 2009).

The 2030 Agenda, adopted by all UN member states in 2015, is the result of political negotiation between multiple stakeholders. As a result it contains elements

from a variety of development approaches and practices, ranging from the radical transformative vision of participatory action research to the status quo-oriented neoliberal agenda mentioned above (Weber 2017). What matters is not implementation of the SDGs as they are, but how they are used to realize the transformative vision expressed in the 2030 Agenda for Sustainable Development (Koehler 2016, UNRISD 2016). Localization of the SDGs needs to involve the design and implementation of local development initiatives based on the transformative vision, principles and values of the SDGs. Localization of the SDGs also requires local development initiatives to be based on an integrated and balanced approach since they need to not only functionally solve problems in specific sectors but also address complex, often contradictory issues that result from diverse development interventions. There are two types of instruments by which the SDGs can be localized: (i) realigning existing institutional structures with the 2030 Agenda; and (ii) creating new institutions and policies specifically to achieve the SDGs (see Pyke 1998).

SSE as a means of implementation of the SDGs in local settings

The 2030 Agenda's call for transformation, its principle of leaving no one behind, and its emphasis on the integrated nature of sustainable development require innovative approaches which can address the problems, noted above, that have undermined the localization of development agendas in the past, as well as new challenges. The 2030 Agenda pays particular attention to the empowerment of all people who experience discrimination due to age, sex, disability, race, ethnicity, origin, religion or economic or another status, particularly women and girls. This requires transforming the structures, institutions and skewed power relations that generate social injustice (UNRISD 2016).

All these calls and requirements need to be applied to the adaptation of the SDGs and their targets to local contexts in ways that are conducive to realizing the transformative vision and the principle of leaving no one behind. Local plans and strategies to achieve the SDGs and targets need to be firmly based on an integrated and balanced approach to sustainable development. Those affected by social exclusion and discrimination need to be empowered through democratic and participatory policies and institutions.

The social and solidarity economy, with its distinctive features and functions, has the potential to meet these requirements of innovative and integrated approaches and participatory governance within and beyond the local context.

Integrated and balanced approach

Emphasis on the indivisibility of the SDGs at the global level will inevitably be accompanied at the local level by differing hierarchies of development objectives and goals, each with their supporters and critics. Therefore, the local context is not just a site for the implementation of goals and targets that have already been fixed at the supra-local level. It is a space where political struggles over priorities of development goals and the use of resources, power and influence take place.

Some SDGs and their targets are mutually reinforcing, whereas others are negatively correlated (Bchir, Bassil, and Khaled 2017, Zhou and Moinuddin 2017, OECD 2016, UNRISD 2015). Further, how to balance ecologically compatible, economically profitable and socially acceptable factors is always subject to political negotiation. The interdependence of the SDGs and their targets can be a source of conflict. The concerns of environmentalists regarding the re-zoning of green-field sites for business activities in the name of local job creation, for example, illustrate the types of trade-offs that can be seen in many places (see Mahadevia 2004). Tensions often arise between the imperative of projects that yield quick and visible results, and long-term development strategies where outcomes are only evident after some time (see Feichtinger and Pregernig 2005).

Tensions also arise when policies are incoherent across different levels of government. Macroeconomic pro-growth and pro-efficiency policies, for example, may crowd out social and environmental objectives, which can undermine local policy efforts to implement the SDGs in a balanced manner. It is necessary, therefore, to examine not only local contexts and capacities but also how local dynamics are affected by their interactions with regional, national and international contexts. Some factors are exogenous to the local context and are transferred into it either fortuitously or deliberately. Others are endogenous and may or may not enable a process of self-propelling development.

Tensions among goals or a hierarchy among goals, 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 sustainable manner. It is therefore crucial to the implementation of the SDGs to have mechanisms that (i) reduce or minimize the tensions and conflicts which arise during implementation; and (ii) ensure an integrated and balanced approach to make the goals and targets compatible, consistent and synergistic.

Not all mechanisms and approaches are transformative and sustainable, however. For instance, a process of interest mediation led by political elites may bring about conciliation between the parties concerned but at the same time reinforce existing unjust structures. Even if political elites can promote more radical change than a mediation mechanism involving participatory governance, they are unlikely to be a sustainable driving force of transformative structural change since the process cuts itself off from widespread citizen participation which is crucial for ensuring political sustainability (see Feichtinger and Pregernig 2005).

In this sense, local governance which incorporates participatory and direct forms of democracy within representative bodies is fundamental for an integrated and balanced approach to achieving the SDGs. Governance arrangements that facilitate the collaboration of different levels (international, regional, national, subnational and local) and involve multiple actors (state, market, civil society and community) are also crucial, because policy problems often cut across jurisdictions (Sano 2012). Active and meaningful participation of non-governmental organizations (NGOs) with expertise on policy issues can also significantly contribute to reducing tensions caused by different interests, voicing the needs of the people, particularly hitherto marginalized groups, and consequently making local government more responsive and accountable in the localization of the SDGs. NGOs can also facilitate policy coherence at different levels of government through their networks, which cut across different levels of governance.

SSE is 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 facilitate 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 economic, social and environmental sectors, 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 multi-scalar (local and regional), horizontal (inter-ministerial collaboration) and multi-stakeholder collaboration in which SSE plays a key role (Mendell 2014).² 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).

Designing 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. Prioritization of development goals and targets at the national level is often the result of national-level political competition and compromises and does not necessarily reflect diverse local conditions and needs (James 2006, Dar and Khan 2011). Various experiences with Sector Wide Approaches (SWAs) in health, education and environment are a case in point. Contrary to the original intention of providing the missing link between sector reform and decentralization, many SWAs practices tend to reinforce the position of central line agencies vis-a-vis other actors and restrict space for local priority setting, which consequently has produced disappointing results (McNee 2012, van Reesch 2007).

Localizing the SDGs requires reinterpreting goals and targets to reflect the specific conditions of the locality. Local SDGs should be decided through democratic governance mechanisms that engage multiple stakeholders, as emphasized in SDG target 16.6 “establish effective, accountable and transparent institutions at all levels” and SDG target 16.7 “ensure responsive, inclusive, participatory and representative decision making at all levels”.

SSE organizations, which are based on the guiding principles of democratic self-management, solidarity and cooperation, can become a key player in establishing locally specific development goals. The active involvement of some community groups in the policy-making process in Ecuador and Bolivia is a good example (Utting 2018). The collective right of communities to engage in the design of projects and laws affecting their lands or environment has been institutionalized in these countries. The institutionalized participatory mechanisms associated with SSE have facilitated the establishment of specific local development initiatives and the allocation of public resources for their implementation.

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). Elite capture is even prevalent in local areas of recently democratized countries where institutions of “good governance” have been designed in a top-down manner or imposed from outside. Both informal and formal linkages between business and political elites shape development strategy, possibly in ways that are not conducive to the implementation of the SDGs. They may, for example, prevent the economy from diversifying into productive industries associated with decent work and environmentally friendly practices (Mkandawire 2006).

SSE organizations and enterprises (SSEOs), 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 strengthened bargaining power, by forming alliances and by transforming nominal participatory democracy mechanisms into real ones.

Additionally, a key element in localizing the SDGs relates to women’s empowerment and emancipation in both the public and domestic spheres, which can be a spill-over effect of women organizing collectively in SSEOs (Mukherjee-Reed 2015). Examples include women-owned cooperatives, self-help groups, mutual health and savings, and credit organizations in Africa; community forest groups in India and Nepal; and social enterprises providing proximity services in

Western Europe or Quebec (Agarwal 2015, Utting 2018). The intermediary support organizations established by local and central governments promoting the social economy (SE) in the Republic of Korea are another good example related to democratic governance (see Chapter IV). These intermediary support organizations, which are staffed with many former SE practitioners, play a key role in empowering SE actors, particularly marginalized and excluded people, by transforming them into an effective counterpart in dialogues between and within the government and the SE community (Kim 2016).

SSE, however, can also be captured by local elites when there is strong external pressure to be economically sustainable (see UNRISD 1975). Fierce competition and limited access to resources may force SSEOs to shift their focus from their core values, such as democracy, equity, cooperation and solidarity, to economic viability. In extreme cases, a specific SSE organization or sector itself may monopolize subsidies, exert influence over market entry by new rivals and engage in price fixing, as in the case of sugar cooperatives in Maharashtra, India (Stigler 1971, Lalvani 2008, UNRISD 1975). Such organizations may undermine the capacity of other local actors, including other SSE actors, to correct inefficient and inequitable markets. Such behaviours would, of course, obstruct the transformative localization of the SDGs. The capacity of SSEOs to challenge existing unjust power structures can be compromised or quelled if SSEOs are controlled by local elites rather than governed by people. SSE also needs to avoid being instrumentalized by state authorities in view of achieving narrow policy objectives, which is a risk involved in government-led support mechanisms. The European Union’s Local Development and Employment Initiatives are a case in point (see Chapter II).

Subsidiarity based on solidarity beyond 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 for all. This is particularly the case when capital and labour are increasingly mobile. Reluctance to accommodate migrants, for example,

can seriously undermine the principle of leaving no one behind, and ultimately violate human rights. A local government that enforces strong environmental protection regulations may unintentionally push dirty industries to other underdeveloped areas with no net environmental improvement (Xu and Song 2000). Another example is the race-to-the-bottom behaviour of some local governments in the form of deregulation or loose regulation and tax cuts to attract outside investment. In addition to the unsustainable pattern of development created locally, race-to-the-bottom behaviour tends to result in a skewed flow of capital and income from local communities, often towards already affluent major cities or abroad, which deepens regional inequalities (Yao and Zhang 2008).

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 geographically skewed resource flows. Central to such a coordination mechanism is interactive governance involving diverse actors at different levels of governance (Kooiman 1993). Such interactive governance can strengthen horizontal, vertical and diagonal networks within and between actors at local, national, regional and global levels. SSE has played 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. The exchange of local knowledge and experience can contribute to establishing sustainable local solutions in collaboration with networks of local authorities, such as United Cities and Local Governments (UCLG) and ICLEI (UCLG 2017). Notable examples include Fairtrade International, HomeNet (representing domestic workers), and La Via Campesina (representing mainly small farmers and agricultural workers). As an example at the national level, the extensive network of community development associations (Asociaciones de Desarrollo Comunal / ADC) in Costa Rica plays a significant role in coordinating the allocation of state resources in the development of infrastructure (roads, electricity, sanitation) and socio-cultural centres (Utting 2015, Utting and Morales 2016, Utting 2018).

Social economy in Seoul

This report examines the social economy (SE) in Seoul, Republic of Korea, and how it is contributing to implementing and, ultimately, achieving, the city's "localized" SDGs. Given the Seoul Metropolitan Government's (SMG) strong commitment to both SE and the Sustainable Development Goals (SDGs), the city's experience offers a valuable opportunity to enrich our understanding of the process of localizing the SDGs and the potential and limits of SE as a means of implementation for the SDGs.

The term "social economy" is used in the Republic of Korea for social and solidarity economy. In this report, social economy (SE) and social and solidarity economy (SSE) are used synonymously.³ SE organizations in Seoul include Social Enterprises, Cooperatives, Village Enterprises and Self-Reliance Enterprises (see Chapter III).

"Localized SDGs" refers to goals and targets set by subnational localities taking into account regional and local contexts, as well as the identification of means of implementation and establishment of indicators to measure, monitor and evaluate progress. In Seoul, targets of the localized SDGs have been established by a wide range of stakeholders including the Seoul Metropolitan Government and civil society organizations.

Both nationally and in Seoul in recent years, the social economy has been leveraged as an important policy implementation tool. This is partly a de facto recognition of the growth of SE organizations and enterprises (SEOEs) that has taken place at the grassroots level in response to social and economic problems in the wake of the Asian financial crisis of the late 1990s and the early 2000s. It is also part of a strategy to expand social policy and engage non-state actors in the provision of social services.

The growth of SE has accelerated since 2011 when the SMG emphasized the importance of SE in its policy agenda. Operating its own system for certifying social enterprises, the SMG has attempted to build "solid foundations for the formation of a social economy ecosystem" (Seoul Metropolitan Government 2017) through the provision of a wide range of policies and subsidies. Importantly, it opened the Seoul Social Economy Center which aims to serve as a

network hub for different SE actors, create an SE targeted support system, conduct social economy research, plan and implement social economy related policies, and strengthen cooperation between local governments and social economy organizations (Lee and Kim 2013).

SE organizations and enterprises in the Republic of Korea and in Seoul are expanding in terms of types, numbers, sales volume and their contribution to social and environmental objectives, welfare state expansion and democratic consolidation (see Chapter III). The number of officially registered SEOEs in Seoul grew from 341 in 2010 to 3,512 in 2016 (Seoul Social Economy Centre 2017). SEOEs, particularly those in Seoul, are playing a significant role in addressing economic, social and environmental issues, including employment, social service delivery to marginalized groups, community development, provision of nutritious and healthy foods, and environmental protection.

While much of the focus has been on enhancing the role of SE in employment creation and social inclusion, a key question today is the role for SE in Seoul in achieving the SDGs. The SMG has actively promoted the SDGs. It established the Municipal Ordinance Committee for Sustainable Development in 2013, even before the adoption of the 2030 Agenda. The Committee, which comprises representatives of both the public and private sectors, was mandated to establish sustainable development plans for Seoul and monitor and evaluate the

implementation of these plans. In 2015 the SMG issued Seoul City's Basic Plan for Sustainable Development, which has been followed by a series of policy actions to implement the SDGs locally. Following consultations that included civil society and academic groups, the SMG announced the Seoul Sustainable Development Goals (S-SDGs), "17 Ways to Change Seoul", in November 2017. These developments are part of a promising trajectory. They open up spaces to answer questions about how SE policies and the SDGs are related to each other, and what the opportunities and challenges are for realizing the potential of SE as a means of implementation of the localized SDGs.

Structure of the report

Through the analysis of policies and institutions for SE in Seoul and their trajectory of development, and an assessment of SE's economic, social, environmental and political impacts, this report aims to provide evidence-based analysis and insight that can enhance understanding of Seoul's SE and its contribution to the localization of the SDGs and their implementation, and draw out lessons that can be applied in other localities.

The report is structured as follows. Chapter II provides a conceptual and explanatory framework for the following chapters on the potential of SE to contribute to localizing the SDGs in Seoul. It explains the new and innovative aspects of the 2030 Agenda's call for localization which may be able to address the limitations and challenges of past attempts to translate global policy frameworks into local action. It looks at the ways that SSE contributes to localizing the SDGs, and examines the kinds of supportive institutions and policies that can help SSE fully realize its potential as a means of implementation of the SDGs.

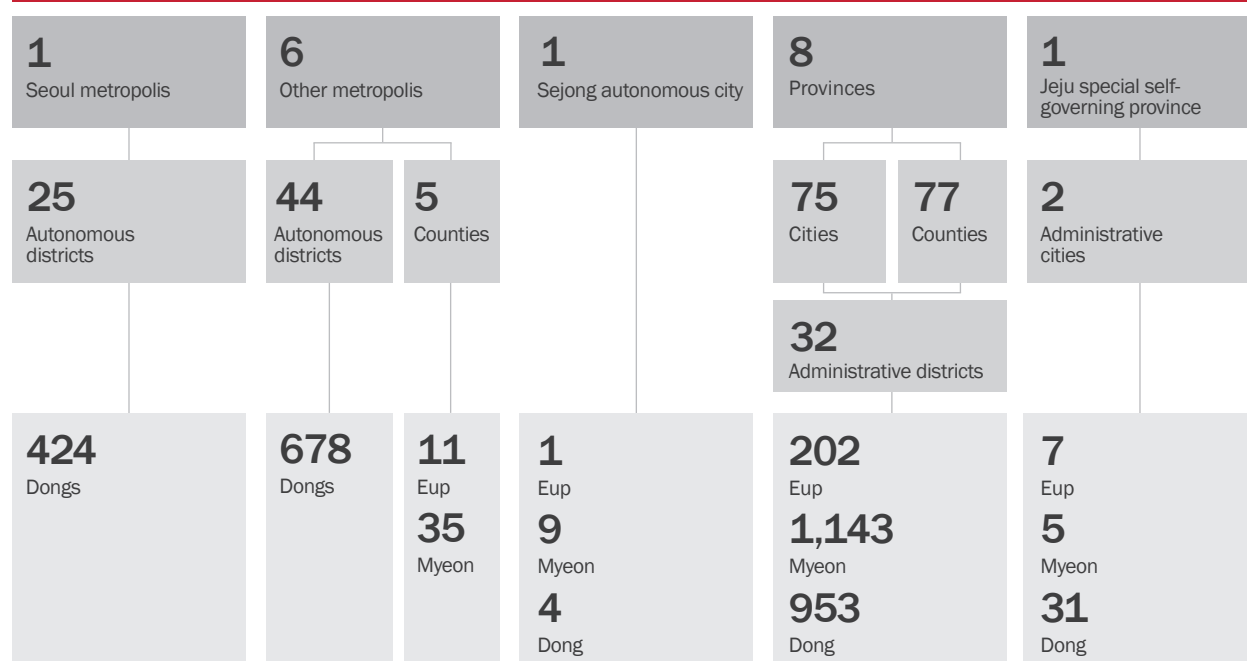
Chapter III explains the historical origins of SEOEs in Korea during the Japanese colonial period (1910-1945), and how historical legacies shaped their development. It then considers the second half of the 20th century, paying particular attention to the structural and institutional influence on the development of SEOEs of democratization, economic crisis and welfare state expansion.

Describing the landscape of Seoul's SE in the national context, Chapter IV explains the institutions, policies, organizations and key actors that have shaped the nature and form of SE in Seoul. It pays attention

BOX I.1 The Republic of Korea and Seoul

The Republic of Korea is a unitary state with a two-tier system of local government. The upper tier includes Seoul and six other metropolitan cities, and nine provinces. The lower tier includes cities, counties (mostly in rural areas) and autonomous districts (which exist in the metropolitan cities and Seoul).

Seoul, the capital of the Republic of Korea, is one of the most densely populated cities in the world, covering just 0.6 percent of the country's territory of 100,210 square kilometres but housing around a fifth of the total population of 51 million. Having been the capital of first the Yi Dynasty, then Japanese colonial Korea, then the Republic of Korea, now for a total of more than 500 years, its geographical boundary has gradually expanded, reaching its current shape in the 1980s. As suburban areas, such as neighbouring Incheon City and Gyeonggi Province, started to develop in the 1990s, many people left the city to live there, but often continued to work in Seoul: in 2002 around a quarter of those working in Seoul commuted from suburban areas. Growing suburbanization and the related commuting patterns show that the functional area of Seoul is far bigger than its administrative area (OECD 2005).

Figure I.1. Public administration structure in the Republic of Korea

Note: Eup (town), Myeon (township) and Dong (neighbourhood) are the smallest administrative entities.
Source: Ministry of the Interior and Safety 2016

to a range of political factors, including civil society claims and electoral party politics, which both pose challenges and create opportunities.

Chapters V and VI explain how the impacts created by SEOEs contribute to sustainable development. Reviewing existing data and analysis, Chapter V demonstrates the impacts of Seoul's SEOEs on the social, environmental and economic dimensions of development. In addition, it introduces the results of a survey conducted by UNRISD on the impact of SEOEs on members' attitudes towards democratic participation and solidarity, aspects which are central to the contribution of SEOEs to democratic governance. Chapter VI explains the potential of SEOEs in Seoul as a means of implementation of the city's localized SDGs. Based on qualitative analysis of the mandates of Seoul's Certified Social Enterprises and network analysis methods, it demonstrates how Seoul's SEOEs contribute to achieving certain clusters of SDGs and suggests how Seoul's SEOEs might better address relatively marginalized SDGs through a more integrative and balanced approach.

Based on the findings, a concluding chapter summarizes lessons that can be drawn from Seoul's experience with SEOEs in localizing the SDGs and provides broader policy recommendations for the development of SSE as a means of implementation of the SDGs.

ENDNOTES

¹ Local development initiatives refer to institutions, policies and programmes that are based in a given locality and initiated by local actors. Local development initiatives are mainly bottom-up approaches to respond to the failure of market and national government policies to provide what is required to improving the quality of life. Some are purely bottom-up approaches while others are bottom-up approaches which supra-local institutions help local actors to initiate (Pyke 1998, Bamberger 1986). They aim to create, reinforce and stabilize activities using as best as possible the resources of a given locality to improve the quality of life.

² The Andalusian Pact of Spain is a place-based strategy agreed by several ministries, a trade union and the confederation of social enterprises.

³ For a discussion of the different uses of the two terms, see Utting 2015:386.

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(CHAPTER II)



SOCIAL AND SOLIDARITY ECONOMY (SSE), with its defining characteristics of community-centeredness, democratic self-management and solidarity within and beyond organizations and enterprises, has increasingly attracted the attention of policy makers and practitioners as a means of localizing the SDGs. Given its association with localized circuits of production, exchange and consumption SSE 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 in multiple dimensions. The patterns of production and consumption practised by SSE organizations and enterprises (SSEOs) are more likely to be environmentally sustainable since they tend to be more sensitive to local environmental conditions than those of for-profit enterprises. Further, given the active participation of women, SSE can have a significant impact on women's economic, social and political empowerment. Above all, as a political economy strategy, SSE denounces, boycotts and combats the structures that generate social, economic and environmental injustice.

In order to provide a conceptual and explanatory framework for the subsequent chapters on the potential of SE to contribute to localizing and implementing the SDGs in Seoul, this chapter answers the following questions: How does SSE affect various aspects—social, economic, environmental and political—of sustainable development? How can it, therefore, contribute to the achievement of localized SDGs? What are the enabling institutions and policies for SSE as a means of implementation of the SDGs? And what are the lessons learned for Seoul based on the experiences of other municipalities so far?

The chapter is structured as follows. The first section introduces various experiences of local development initiatives corresponding to five key areas of SDGs, namely social, environmental, economic, governance and financing concerns. It reviews existing institutions which are the potential means of implementation of the local SDGs and their interaction with SSE. While referring to a wide range of experiences, the focus is on urban cases in middle- and high-income countries which are more relevant to Seoul. The chapter concludes with the challenges and limitations of SSE in realizing its full potential, and with policy recommendations for crafting an enabling environment for SSE and promoting the transformative localization of the SDGs.

SSE and sustainable development at the local level

Local development initiatives are diverse and complicated, a mixture of different ideological elements and practices. A variety of actors are also involved, including but not limited to: local authorities and national government agencies, employers, trade unions, community and voluntary organizations, development agencies, universities and various SSE organizations such as cooperatives, mutual societies, associations and social enterprises.

Local development initiatives for people, planet, prosperity, peace and partnership (United Nations 2015) address a wide range of issues, many of which correspond to the SDGs and targets. They include: housing, local public transport services, refurbishment of public facilities, management of water, waste, energy and the natural environment, childcare, home help, and support for young people in difficulty (European Commission 1995, 1997, 1998).

Social development initiatives are associated with “people”, environmental initiatives with “planet”, economic development initiatives with “prosperity”, governance relates to “peace”, and financing is a key element constituting “partnership” (Table II.1). The following subsections on local development initiatives particularly focus on SSE’s potential to align them better with the 2030 Agenda.

S Local social development initiatives

The division of responsibility for the provision of social security and welfare services varies across countries. In many developed countries personal social services may be delivered at the local level by either the local government, as in Sweden for example, or by non-profit voluntary agencies, as in the Netherlands for example (Kramer 1985). Social assistance, home health care, elder care and childcare are some examples of the types of services provided.

The role of non-profit voluntary agencies funded by grants, subsidies or payments for service provided has continuously increased, both in cases where the welfare state has been growing and where it been retrenched. During the 1960s and 1970s, voluntary agencies, including various forms of SSEOs, maintained their number and importance in social service delivery in many welfare states in the global North. From the 1980s onwards, when neoliberal contraction of the welfare state began, the number of voluntary agencies providing social service delivery grew and they become a partial substitute for reductions in the scope of the welfare state, or a complementary mechanism (Kramer 1985).

Various justifications have been used to legitimize the use of voluntary agencies as tools of social service provision. In the United Kingdom, inadequate services provided by local government social service departments and insufficient resources were put forward as major reasons for the change. In the Netherlands, voluntary agencies were considered the providers of choice by users. In countries such as the United States and Israel, the government promoted voluntary social service providers arguing that they could provide more economical, flexible services than the government (Kramer 1985).

In this context, SSEOs in the social service delivery sector have increased in number. For instance, according to a study of the activities of European social enterprises between 2009 and 2010, the most common areas of activity were education, health and social work, and community and social services (see Table II.2). In Europe, these SSEOs are either groups of citizens or social entrepreneur-led social enterprises set up to address new social needs and societal challenges; traditional non-profit organizations embarking on marketization and commercialization of their services; or public sector spin-outs (that is, groups that leave the public sector to set up as independent service providers) (European Commission 2015).

Table II.1. Local development initiatives and the SDGs

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					

Table II.2. Social enterprises in five EU countries by the reported products and services

	Industrial Sectors	Business Activities	Education	Community Social Services	Wholesale and Retail Trade	Health and Social Work	Personal Service Activities	Financial Intermediation	Construction	Agriculture, Hunting, Forestry, and Fishing
Hungary	26	23	11	8	32	0	0	0	0	0
Romania	0	34	13	0	39	14	0	0	0	0
Spain	33	24	21	7	8	0	7	0	0	0
Sweden	0	16	17	0	15	0	0	18	34	0
UK	20	17	30	13	10	0	0	0	10	0
Total	79	114	92	28	104	14	7	18	44	0

Source: European Commission 2015

SSEOs provide social services by establishing and strengthening proximity networks to reinforce solidarity within the community and foster peer support among residents (Oosterlynck et al. 2015, Evers, Ewert, and Brandsen 2014). SSEOs guided by core values of cooperation, democracy, inclusion, solidarity and sustainability provide these services in a way that can also serve to empower local people while responding to their service needs.

While the majority of SSEOE activities are related to education, social work and services, and health care, the full range of innovative local SSEOE services integrated with publicly provided welfare services is quite wide: support for urban agriculture on public land, support for housing self-renovation, early language development of children, public works programmes, urban agriculture, peer mentoring, reflective listening and counselling, prevention visits and inspections to identify risks and hazards, and spatial and urban planning integrated with sectoral social policy (Evers, Ewert, and Brandsen 2014).

However, when SSE delivers local social services as a substitute for reduced services from public agencies in retrenched welfare states, the hoped-for improvements in people's well-being may fall short. This occurs particularly when the introduction of SSE social service provision is part of the following trends: moving towards targeted social services (that is, selectively provided only to those deemed worthy of support) and a residual approach (that is, when the state intervenes only temporarily when family and private markets cannot meet welfare needs); national social policy shifting welfare responsibilities

to lower levels of government without providing corresponding finance; placing greater responsibility on civil society; greater reliance on market forces; and local governments lowering taxes and social benefits to make themselves more attractive to businesses and affluent households (Mendell 2014, Banting and Costa-Font 2010). In contrast, there are also cases, such as Seoul, where SSE's increasing role in delivering local personal services was closely linked with welfare state expansion (see Chapter III).

SSEOs involved in the delivery of social services, however, also have the potential to contribute to reversing the policy trend of welfare state retrenchment, particularly in the local context, by engaging with broader policy discourse and practice. A good example of this was in Quebec in the 1990s when federal transfers were being reduced and the provincial government was cutting back on welfare spending. SSE organizations allied with the women's movement not only actively participated in the new regional stakeholder institutions for health and social services, but also those working on regional economic and social development. As a result of these pressures, the government increased its spending on social infrastructure and expanded policies for proximity services, engaging social economy organizations as service providers (Graefe 2006, Mendell 2003, Banting 2005).

💰 Local economic development initiatives

The local economy entails the economic activities taking place in a specific geographically defined area. As a sub-unit of the national economy, it has several features. First, local governments do not have the same control over macroeconomic issues—such as overseas trade and exchange rates—as national government and policy makers. Second, local economies often tend to be more specialized than national economies, as for example in the case of a city relying heavily on the defence industry, or the steel industry. Third, factors of production flow more easily between local economies than they do between national economies due to nearly zero trade barriers, relatively low costs of transportation, easy mobility of labour and capital, fewer national security or political considerations, and (generally) fewer differences associated with language or culture (Clark 2010). Because of these features, it is important for local economic policies to retain local resources by reducing the outflow of capital and labour, to diversify industries, and to align the local economy with macroeconomic policies.

Fully realizing the potential of local resources, both physical and human, has often been considered a key means of local economic development which can counteract, or even take advantage of, the impact of globalization (Valler and Wood 2010, Rodriguez-Pose 2008, ILO 2006, Leigh and Blakely 2017). Policy initiatives with a focus on the local economy and its potential to generate jobs in OECD countries began as early as the 1970s when the global recession hit (Grefe 2007). Local economic development initiatives have also been widespread as a development strategy in developing countries over the last four decades. The weak capacity of many national governments to address locally specific economic and social problems has provided some legitimacy to local economic development strategies. Unable to control exogenous factors like the debt crisis, structural adjustment and massive currency devaluation, and political shocks, many development stakeholders shifted their focus from national to local development strategies (Ruggiero, Duncombe, and Miner 1995).

While national development strategy tends to be top-down, involving a rigid, sectoral approach and large-scale industrial projects or infrastructure investments, local economic development strategy is based on a bottom-up, flexible, territorial-based approach. Local economic development projects that are locally owned and managed and participatory, therefore, respond better to rapidly changing local needs and better utilize local comparative advantages (Rodriguez-Pose and Tijmstra 2005, Canzanelli 2001).

However, locally based economic agents such as small and medium sized enterprises trading mainly within the locality may be more vulnerable to financial and legal problems and corruption than large enterprises. This is due to investment, trade, credit and other macroeconomic policies designed with large-scale multinational corporations in mind (Khanna and Palepu 2000, Rajan and Zingales 1998, Beck, Demirguc-kunt, and Maksimovic 2005)

Providing enabling institutions and policies tailored to specific forms of local economic activity which retain surpluses and profits for reinvestment in the local area is key to the success of local economic development (Bateman 2015, Bateman, Ortiz, and Maclean 2011). In such an enabling institutional environment, SSE plays a significant role in creating a locally based sustainable production, consumption and reinvestment system.

Good examples of SSE contributing to the local economy include local complementary currency schemes, community development initiatives, and local food chains. As such, SSEOs generate positive externalities and foster more self-reliant local economies while reducing long-distance trade and its negative externalities. SSEOs may also create regional brands with wide recognition. These economic tools can contribute to creating and producing collective symbolic capital (that is, branding which conveys the authenticity and uniqueness of specific local areas, or labelling locally specific goods and services) in a solidaristic manner as in the cases of tourist attractions and local products with global brand names, such as wine growers' cooperatives in Medoc in the Bordeaux region of France (Curtis 2003, Harvey 2012, Barham 2003, Ulin 1996, 2002).

Another important local economic development policy is geographical clustering, or the concentration of interconnected enterprises in close proximity to one another. Clustering allows small- and medium-sized enterprises to enjoy efficiency and flexibility gains from economies of scale which usually benefit only large companies. Successful examples vary, ranging from agriculture to high-tech industries. They can function either within a local jurisdiction or across borders. This has been a popular strategy for local economic development, particularly since the industrial revolution, because of its capacity to foster cooperation and create synergies between enterprises (Porter 1998, Grefe 2007).

A variety forms of SSE such as social enterprises and cooperatives also play a leading role in clustering economic activities. Examples include: wine clusters in California (USA), a woollen textile cluster in Prato, Tuscany (Italy) and Dutch floral industry clusters (Pinney 2005, Cavendish 2002, Gebhardt 2014). Industrial clustering is also significant in developing countries, albeit with varying degrees of success. Successful examples which have attracted the attention of policy makers and academics include: the cotton knitwear industry in Tiruppur, South India; the stainless steel surgical instrument cluster in Sialkot, Pakistan; and wine, fruit and fish clusters in several Asian and Latin American countries (Cawthorne 1995, Nadvi 2007, Galvez-Nogales 2010).

Local economic growth, be it through creating new industries, geographical clustering of enterprises, or recruitment of large manufacturers or retailers, does not always create additional jobs. It may simply move

jobs from one region to another rather than creating new ones. Carefully designed institutions and policies need to be implemented to make local economic development genuinely sustainable and inclusive for all citizens. Rules of thumb are:

- maximize the utilization of existing locally distinctive assets for growth and innovation, such as natural beauty and outdoor recreation, a historic downtown area, local skills and human capital ecosystems, and arts and cultural institutions;
- do not import what can be produced locally; and
- prevent the outflow of resources and surpluses generated by local populations by productively reinvesting them in the local area (Wallimann 2014).

The importance of strategies for import substitution at the local level is key here. In cooperation with local government, SSE can significantly contribute to the practice of this import substitution model sustainably at the local level. Local governments support infrastructure, regulate land use and physical development permissions, and deliver skills training programmes (Oduro-Ofori 2016). These are all connected with localized circuits of production, exchange and consumption. In these areas as well, SSE takes more local-friendly strategies than those of for-profit enterprises which have weak socio-economic ties with, and feel less responsibility for, the local environment and its residents (Wallimann 2014). In the context of a local import substitution process, SSE contributes to retaining a greater share of income and generating tax revenues for the local area by increasing value-added, stimulating demand by local consumers for locally produced goods and services, and creating a virtuous local production, consumption and reinvestment cycle (Grefe 2007). Examples include but are not limited to: community corporations and banks, housing cooperatives, mutual aid societies, car sharing schemes, agricultural cooperatives for community-supported farming, food coops, and local currency systems (Curtis 2003, Douthwaite 1996).

Many SSE organizations and enterprises, including successful cases, however, are under increasing pressure to be more competitive and to expand domestically and internationally. As tensions grow between the need to perform in a competitive market, and cooperative values like economic democracy and solidarity, new ways must be found to mitigate them. Mixed cooperative models, and the corporate

management model used by the Mondragon Corporation of worker cooperatives, are examples of attempts to retain core values while expanding through the creation and acquisition of companies (Flecha and Ngai 2014). Mixed cooperatives retain the organizational structure of a worker-owned company but distribute voting rights to other shareholders depending on the amount of capital the investors, mainly parent cooperatives, have provided. The corporate management model can help overcome certain contradictions inherent in cooperatives' domestic and international expansion when non-cooperative business models are used at subsidiaries. This corporate model provides general guidelines according to which each cooperative establishes a system of self-management at its subsidiaries. The guidelines generally exclude subsidiaries from the decision making of strategic lines of the parent cooperatives (Bateman 2015, Flecha and Ngai 2014, Mondragon 2016).

The design and implementation of supportive public policies by central and local governments, with the active participation of citizens, need to play a significant role in providing local SSE with capital, enhancing technology and managerial capacity, and facilitating better access to markets (Bateman, Ortiz, and Maclean 2011, Bateman 2015).

E Local environmental initiatives

The scale of ecological challenges and disaster risks in cities and human settlements has increased with the historically unprecedented speed and magnitude of urbanization. National (or supra-national, in the case of the EU) environment and climate change policies, however, often suffer from a deficit of information on local diversity. They tend to be less sensitive to the specific environmental and climate conditions of local areas which entail complex economic, social and political relationships as well (Blake 1999).

Local governments and bottom-up grassroots environmental movements, or a combination of both, frequently take initiatives to protect local ecosystems. They include a wide range of programmes, for example to reduce greenhouse gases from vehicles and power plants, building regulations, local energy conservation incentives, renewable energy facilities and a host of other initiatives that may not have climate or environment in their names but affect the ways environmental risks are created, managed and distributed. However, limited financial resources, technical expertise and capacity

to raise the awareness of citizens and mobilize public support often impede the implementation of local environmental initiatives. Meaningful implementation of environmental measures also requires institutions and policies to solve collective action problems (Hardin 1982, Lubell 2002).

Implementation is also impeded when coordination between multiple levels of government is not effective. For instance, local governments sometimes lack the human and financial resources and/or the know-how to fully implement EU policies and regulation (European Commission 2017, Jordan and Liefferink 2004). Supra-local agencies may neither be interested in local environmental issues beyond their authority nor finance locally important environmental issues for which they have no designated budgets. Sometimes innovative local environmental initiatives which demand coordination with other localities or national governments may not be incorporated in the cross-boundary infrastructure projects which are beyond the control of a specific local government (Measham et al. 2011, John 2006).

SSEOs, either independently or in partnership with other local actors, have the potential to address some of these challenges. In particular, SSE can contribute to raising the awareness of citizens and can mobilize public support by using its strong local networks. Innovative financing models adopted by many energy cooperatives demonstrate how SSE can help overcome financial constraints. Renewable energy cooperatives in the global North, such as wind power cooperatives and self-build groups in Belgium, Denmark, Germany, the Netherlands and the United Kingdom, and bio-energy villages organized as cooperatives in Germany, are all good examples (Schreuer and Weismeier-Sammer 2010, Bauwens, Gotchev, and Holstenkamp 2016).

Local environmental management also aims to prevent and reduce the impact of natural disasters by generating widespread systemic changes in local practices and engaging with vulnerable and marginalized people (GNCSODR 2009). Soundly managed ecosystems such as vegetation slopes of dense, deep-rooted trees and shrubs, mangrove forests, wetlands, floodplains and coastal deltas can act as natural protection systems against natural hazards such as floods, hurricanes, tsunami and avalanches. As well as actively participating in the strengthening and management of ecosystems,

SSE, particularly when it is community-based, also plays a significant role in reducing disaster risks. In particular, its contributions to poverty alleviation, food security, environmental protection, group savings schemes, asset redistribution, and provision of basic services such as education and health care, can help prevent disasters and their impacts by reducing people's vulnerability and increasing their coping capacities (Victoria 2002, Shaw 2016). A good example is an SSE organization for waste management led by women in Mumbai, India, which significantly reduced flood damage through maintaining good drainage (Surjan, Redkar, and Shaw 2009).

Local actors, particularly local governments, aim to make sound ecosystems, reduce unsafe living conditions and minimize disaster risk. Proactive participation of residents, particularly those relying on subsistence farming and those whose activities might potentially damage key ecosystems, is a crucial element of this policy effort. One model that aims to support and promote the role of residents in managing sound ecosystems is payments for ecosystem services (PES) (Wunder 2005).

Notwithstanding the criticisms of PES—whether related to their technical implementation or moral objections against the economic pricing of nature—many local schemes, mainly focusing on biodiversity conservation, watershed services, carbon sequestration and landscape beauty, have yielded positive impacts (Grima et al. 2016). Moreover, Grima et al.'s recent study of 40 cases in Latin America (about 90 percent of which are local schemes) found greater success of PES initiatives when SSE entities, such as community-based associations, are the sellers of ecosystem services. They do well not only in meeting mandated goals, but also in improving environmental, social and economic well-being beyond those stated goals. For instance, PES initiatives often involve marketing biodiversity—for example, linking bird conservation with coffee production through certification processes, or developing ecotourism activities connected with wildlife conservation (Kosoy, Corbera, and Brown 2008). SSE organizations involved in environmentally friendly economic activities, such as fair trade and community forestry, were found to be managed democratically and foster high levels of trust with partners, all of which are also key to the success of PES initiatives (Grima et al. 2016).

G Local governance

Local governance is characterized by institutional, organizational and spatial proximity. It is the channel closest to citizens when they access basic social services, participate in public decisions, and exercise their rights and fulfil obligations. Local actors are more likely to experience confrontation and resolution of confrontation between themselves, as they come face to face in a locally constructed space. In comparison with national actors, they can utilize more common collective reference points when creating or enforcing rules and regulations, and they can establish organizations linking actors within a relatively homogeneous cognitive framework. They are more likely to have shorter coordination distances for transport or communication infrastructures than national, regional and global level actors (Gilly and Wallet 2001). These factors provide a favourable environment for making durable compromises of diverse interests in the local context. These local features, however, may also become a source of instability and discoordination, rather than stability and coordination, when the locality is severely divided along such lines as ethnicity and political partisanship (Gilly and Wallet 2001). Establishing democratic local governance systems which can enable coordination of policies, and adaptation of policies to local conditions and participation of diverse groups, is imperative (Giguere 2003).

Since the 1990s, in the context of decentralization in developing countries pushed by major international donors (World Bank 1997, 1999, 2004, United Nations 2009), local governance has become one of the major concerns in international development discourse and practices. In the process of decentralization few countries, particularly in the developing world, created spaces for democratic political competition to enable representative democracy at the local level. Appropriate resource transfers did not occur either. Decentralization in many developing countries has also failed to adequately address the uneven and unequal development of infrastructural and institutional capacities between regions and communities. This asymmetric decentralization has furthered such inequalities, particularly in developing countries, for example in Africa (Olowu 2001). Decentralization without democratic political competition is often accompanied by weak accountability mechanisms or poor governance.

Democratic decentralization which allows competition between political parties, and representative democracy and responsive government at the local level, are

prerequisites for a effective governance at the local level. Representative democracy needs to be balanced with participatory democracy which guarantees open and informed dialogue between various stakeholders with different views within and beyond local contexts. Representative democracy has the potential to reconcile different views and actions, but it can also be a source of fragmentation. It needs to be equipped with the capacity to forge democratic consensus. Participatory democracy can both decrease the possibility of political turmoil caused by unilateral or top-down decisions on sensitive issues, and reveal people's differing preferences (Bucek and Smith 1999, Walsh 1996). Participation should be as open to the public as possible to include large and diverse groups of people at the grassroots level regardless of their political, social, economic and cultural identities. However, without strong solidarity, democratic attitudes and effective design of the participatory mechanism, expanding direct citizen participation in policy-making processes may run the risk of creating tyranny or chaos (Zakaria 2007, Goldfrank 2011). SSE, with its democratic self-management and solidarity within and beyond its organizations, can play a key role in nurturing strong solidarity and democratic attitudes. The positive impact of SSE organizations on their workers' commitment to democracy and solidarity was demonstrable in Seoul (see Chapter V).

Local government is an important actor in multi-level governance. For instance, for most citizens, particularly in economically advanced countries, the first encounter with their national welfare systems and public service provision occurs in the local context. Local governments are often an important point of reference for the quality and quantity of social services (Rose 1999). In fact, local government in both developed and developing countries plays a significant role in the provision, maintenance and where needed, expansion of a wide range of infrastructure and services (see Table II.3).

SSE interacts with local governments in this wide range of areas. For instance, when the fundamental infrastructure of public services is in place, but the market and the state fail to meet increasingly diverse needs and demands, SSE might seek to provide remedies in local areas by establishing new services and goods. In cases where the basic public service infrastructure is not available, or access to available services is limited, SSE may provide services relatively independently from public services (Fekete 2011). When SSE organizations find themselves unable to

Table II.3. Roles and functions of local governments

Services	Functions	Role of local and regional governments
Water supply	Piped water supplies and water distribution and treatment; provision or supervision of other water sources	In many countries, local governments are the provider of these. In some, they supervise private provision.
Sanitation and waste water treatment	Provision of sewers and other services relating to sanitation or liquid waste disposal	In most countries, local governments are responsible for this, regardless of whether the service is delivered by state-owned or private companies.
Drainage	Provision of storm and surface drains	In most countries, local governments are responsible for this.
Roads, bridges, pavements	Managing and supervising contracts, construction and maintenance	Usually divided between local and supranational authorities (often according to a hierarchy of roads).
Ports and airports	Managing and supervising contracts, construction and maintenance	Often shared responsibility between subnational and national governments.
Solid waste disposal facilities	Managing and supervising facilities such as landfills, incinerators and dumps	In most countries, local governments are responsible for this.
Electricity supply	Managing connections	Usually private sector provision or a national agency. Local governments may have a role in extending connections.
Public open spaces such as parks, squares, plazas	Provision, management and supervision	In most countries, local governments are responsible for this.
Fire protection services	Provision, management and supervision	In most countries, local governments are responsible for this.
Public order / police / delivery of early warning for disasters	Management	In most countries, the national government is responsible although often responsibility is shared with local governments.
Health care / public health	Provision, management and supervision	In most countries, the national government is responsible although often responsibility is shared with local governments (for example, primary health care).
Education	Provision, management and supervision	Often shared responsibility between different levels of government.
Environmental protection (pollution control and management of toxic/hazardous waste)	Management and supervision (for example, licensing of certain enterprises and markets)	In most countries, national government sets the minimum standards, and local governments enforce them.
Public toilets	Provision, management and supervision	In most countries, local governments are responsible for this.
Social welfare and care	Provision, management and supervision	In most countries, the national government is responsible for this, although local government offices play key roles in many welfare services including care.
Registration of births and deaths	Management and supervision	In most countries, local governments are responsible for this.
Building regulations	Management and supervision	Local government responsibility for enforcement, often some role in defining or adjusting national legislation.
Public provision and maintenance of housing	Provision, management and supervision	In some countries local governments are responsible, or responsibility is shared between different levels of government.
Urban / territorial planning	Provision, management and supervision	Local governments are responsible for this.
Land use controls	Management and supervision	In most countries, local governments are responsible for this.
Local economic development	Provision, management and supervision	More and more shared between national and subnational governments

Source: Author's modification of UCLG 2012, Table 1

avoid contracted-out public service delivery, this is still preferable to the outright privatization of services led by for-profit enterprises. The way public services were contracted out to SE organizations and enterprises in the Republic of Korea during and after the Asian financial crisis is a good example (see Chapter III).

Public-private partnerships between SSE and local government in their various forms create a new mode of governance. SSE organizations and enterprises can have a range of statuses, from consultative status to advocates for causes or the interests of users, or they

may be delivery agents. Because SSE is guided by fundamental values and principles such as cooperation, solidarity and democratic self-management, it can potentially deepen local democracy and strengthen accountability mechanisms, particularly in countries in the process of democratization. Partnering with SSEOs in the delivery of social services can help enhance the legitimacy of local government in contexts of civil conflict or lack of trust in state institutions. Partnership with local government can further empower people within and beyond SSEOs through enhancing participatory and democratic

practices such as interest articulation, protest and alliances with other similar groups within and beyond their localities. Partnership with local or central governments can also provide SSE with an opportunity to increase its policy skills and gain the expertise needed to co-construct policies, as we can see in the case of Seoul (see Chapters IV and V). SSE delivery of public services tends to create an environment which enables better user involvement in the management of services, particularly the participation of hitherto excluded social groups (Bucek and Smith 1999).

Partnerships between SSE and local government focused on basic community services provide a good opportunity for women's empowerment and can lay the ground for more women's participation in formal local politics, particularly when there are legal and constitutional innovations to promote and facilitate it. They include quota systems for women and other measures to bring women into local office (UNRISD 2005). Barriers to women's entry into politics—such as the need to travel and spend time away from home, a reasonable level of education, experience of political competition, and social connections—are lower at the local level than the national level. Research on Kudumbashree in Kerala, India, a state which has a women-friendly government with measures like a women's quota for village councils, shows that women-led SSE organizations significantly increase positive development impacts in the economic, social and political dimensions (Varier 2016, Kudumbashree 2017).

Depending on the underlying ideologies through which they operate, and the availability of resources, national and local governments have different attitudes and responses to local SSE organizations and enterprises. They range from proactive accommodation as in the cases of Quebec and Seoul, to restraining or persecuting the SSE movement as in the cases of many community-

centered organizations of the 1970s and 1980s in some Eastern European countries (Mendell 2003, Fonteneau and Develtere 2009, Mendell 2014). Even where governments practice proactive accommodation, SSE faces many barriers to deepening local democracy and strengthening local governance. If SSE activities are driven by programmes or projects that local governments initiate or select but which do not have adequate participatory mechanisms, SSE tends to lose autonomy and be dependent on the local government. Such activities can undermine the values of SSE itself such as democracy, solidarity and social inclusion (Mendell 2014, Fonteneau and Develtere 2009). Resource dependence of SSE on the state, be it local or central government, may be linked with submissiveness to authority or the avoidance of confrontation with government bodies, which are detrimental to the emergence of active civil society (Bucek and Smith 1999). Too much dependence on funding from government, and/or specific political parties, can also contribute to a high level of politicization of SSE activities and relations, as well as political factionalism. This may consequently undermine the political sustainability of SSE, which is a rising concern of SE actors in Seoul.

F Local systems of development financing

There are multiple sources of local development financing. They include but are not limited to: local government revenues (composed of transfers from higher levels of government, local taxes, and charges and fees), loans and investments from local financial institutions (such as micro-finance and local development banks), municipal borrowing and bond issuance, and ODA dedicated to local governments. Among these sources, local taxes (including charges and fees) and loans and investments from local financial institutions are a particularly significant source of local development financing and thus have an impact on the size and local development impact of SSE (GIZ 2012).¹

Table II.4. Attribution of tax revenues as percentage of total tax revenue in OECD countries (unweighted average 2014)

	Supranational	Central government	Local governments		Social security funds
			State or regional government	Sub-state or -regional government	
Federal countries*	0.5	53.4	16.7	7.6	22.2
Regional country**	0.4	42.3	13.6	10.0	33.6
Unitary countries***	0.4	63.5	-	11.7	24.5

*Federal countries: Australia, Austria, Belgium, Canada, Germany, Mexico, Switzerland, United States. ** Regional country: Spain (constitutionally a non-federal country with a highly decentralized political structure). *** Unitary countries: Chile, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Sweden, Turkey, United Kingdom (a state governed as a single power in which the central government is ultimately supreme and any administrative divisions (subnational units) exercise only the powers that the central government chooses to delegate). Source: Table 2 in OECD 2016 (modified by author).

Local governments' fiscal systems vary according to their responsibilities as well as tax sharing and spending arrangements between central and local governments. Recent statistics (OECD 2016) show that in OECD countries, sub-national levels of government receive 24.3 percent of the total tax revenues in federal countries and 11.7 percent in unitary countries (see Table II.4). The range within these groups is considerable. Of the federal countries, in Austria, for example, only 5 percent of revenues goes to the subnational level compared with 40 percent in Switzerland. In unitary countries, it is only 1 percent in the Czech Republic and Estonia compared with 37 percent in Sweden. Low-income countries with tax revenues amounting to 10–20 percent of GDP (in comparison with around 40 percent in high-income countries) have a very low level of local tax revenues. For example, it was less than 1 percent of GDP in sub-Saharan Africa in 2007 (IMF 2011).

In both developed and developing countries, sound fiscal sustainability is crucial to attaining the SDGs at both national and local levels since a stable tax structure is a major means to consistently improve the level of public services and investment in infrastructure. Challenges come mainly from two fronts: revenue decrease and the mismatch between costs and revenues. A decreased tax base caused by a global or nation-wide economic recession which is beyond the control of local actors leaves local governments with few options to address fiscal problems arising from it. However, if the per capita revenue decrease is due to job losses in a specific economic sector in the local area—such as the decrease in price of a specific natural resource, fewer tourists or the relocation of a major industry, local governments can prepare themselves or come up with solutions. Local governments can save budget stabilization funds during boom times to cover the costs of local structural adjustment such as paying for education and training of laid-off workers. They can also diversify the local economic base to make the economy more sustainable (Greenwood and Holt 2010).

SSE is well-placed to contribute 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 this can mitigate fiscal pressure due to revenue dependency on a single industry (Corragio 2015).

Legal recognition of the SSE sector, and legal recognition of SSE organizations and entities, also strengthens and increases the local tax base (Corragio 2015). In a context where the informal economy is increasing in size in both developed and developing countries, legitimizing SSE is particularly important. An appropriately designed local tax system, such as a simple and nominal licence fee, can give a formal status to various forms of economic organizations and workers, ranging from street vendors to workers in the gig economy. It helps them to participate in the political process, organize themselves and eventually graduate to the standard tax system (IMF 2011). Some such entities may share SSE values, thereby growing this sector of economic activity. Local government spending can also promote SSE's contribution to social and environmental goals (Akhtar, Haha, and Mikic 2017). The ordinance to promote public procurement of services and goods provided by SSE in Seoul (see Chapter IV) is a good example.

A sound and sustainable tax structure is one that prevents mismatch between revenues and expenditures. One step in this direction is to make economic actors pay for externalized costs (Greenwood and Holt 2010). For instance, land use for residential or commercial development by the private sector often generates spill-over costs which are not incorporated into taxes on that use. These include costs for new roads, transportation, the electricity grid, piped water and sewage systems, schools and hospitals, and potential costs to address environmental problems. These spill-over costs are mostly shifted away from the users of that land and imposed on third parties who gain less benefit than the developers. Typically, the taxes paid by private commercial or residential developers do not cover all the (externalized) costs generated (Theobald 2001).

SSE, which internalizes environmental and social costs while contributing to community wealth, helps to reduce the likelihood of this kind of mismatch between revenues and costs (Millstone 2015). Some ways to avoid the mismatch include but are not limited to: co-production of services; promotion of multi-stakeholder dynamics; the hybridization of commercial, non-commercial and voluntary resources and outputs; environmental protection; enhancement of social and community equity; and participation in and renewal of local governance. These all have a significant impact on reducing social and environmental costs (Fraisie 2013). The usual criteria for determining tax mechanisms,

however, tend not to take into account the potential contribution of SSE in reducing negative externalities. Another important institution of local development financing is financial markets. In many developed countries, local or community banks provide more loans to small and medium-sized companies and start-ups than do large, multimarket, non-local institutions. Although the functions and roles of local banks in supporting the local economy are shrinking, for example when community banks are acquired by large banks, or due to changes in lending technologies and the deregulation of the banking industry, local banks, credit unions and cooperative banks serve the local economy better than megabanks during times of financial crisis (Ash, Koch, and Siems 2015, Manitiu and Pedrini 2016). German credit cooperatives and Italian cooperative banks located in rural areas are good examples (Choulet 2016, Green 2013, Manitiu and Pedrini 2016).

In developing countries, it is the banking sector that dominates financial markets before the capital market develops. However, a combination of factors bars the banking sector from making long-term loans to local businesses and governments. They include: underdeveloped and unstable financial markets, low savings rates, high inflation rates; little competition between banks; lack of legal framework for subsovereign lending; and lack of institutional knowledge and capacity to plan and manage long-term loans for local governments (GIZ 2012).

Various forms of community-based solidarity finance institutions, often called solidarity finance, can help address these problems. They include local credit cards, credit for urban and/or organic agriculture, solidarity exchange clubs, social currencies for local circulation (also known as complementary currencies) and local savings. The vast range of solidarity finance institutions in Brazil provides a good example of how they contribute to retaining resources in local areas and democratizing the financial system through community resource management. Revolving Solidarity Funds and Community Development Banks are particularly influential at the local level across Brazil (de Franca Filho and Rigo 2015).

Conclusion

Local actors, including governments, businesses, civil society organizations and SSEOs, are well placed to implement the SDGs through their integrated and balanced approach to local development initiatives

with the potential to change the local structures and conditions generating injustice and ensure that no one is left behind. They have a strong sense of ownership of local development and the potential to mobilize resources for the implementation of the SDGs at the local level.

These advantages, however, can be realized only under certain conditions. Local representative democracy should be strengthened and balanced with participatory democracy. The coordination of policies and institutions between different levels of government, an important element of policy coherence, is also necessary.

Social service provision, which is crucial to achieving SDGs 1, 2, 3, 4, 5 and 6, needs to be developed and expanded in a way that strengthens the welfare state rather than replacing it. Policies and institutions to support local economic development need to be established to facilitate the creation of new jobs by local economic actors and the retention of surpluses and profits for reinvestment in the local area. Such policies and institutions can contribute to developing local infrastructure, providing decent jobs and consequently reducing the regional disparities which are associated with SDGs 8, 9, and 10.

National-level environment and climate change policies need to be more attuned to the specific environmental and climate conditions of local areas, which involve complex economic, social and political relationships. While multilevel governance of environment and climate change is the key to success, if there is not a strong local implementation structure, it is less likely to succeed. Active participation of people on the ground is a crucial element of a strong local implementation structure. All environment and climate change related SDGs (7, 11, 12, 13, 14, and 15) emphasize the importance of a strong local implementation structure as well as the need to change consumption and production patterns.

Decentralization has been a major governance reform agenda in many developing and emerging economies, but it involves both challenges and opportunities for governments implementing the SDGs. It has the potential to change public services so that they better meet diverse needs in ethnically or socially diverse settings, and can help to exploit the relative informational advantage of local policy makers. The level of decentralization, however, is still low in developing countries, especially related to tax and expenditure, and local governments end up with a

double burden of resource scarcity and increased responsibility. Fiscal austerity, particularly since the global economic recession of 2008, has further constrained the capacity of local governments to provide adequate social services to their residents (Ortiz et al. 2015). Mechanisms to ensure that local authorities receive sufficient transfers to finance their added responsibilities and establish a sound fiscal structure need to be established.

SSE has a particularly strong potential as a means of implementation of many SDGs at the local level because of its principles and characteristic practices: socioeconomic ties and proximity to a specific locality and its residents, cooperation, solidarity, and democratic self-management. It needs to be enabled by a range of supportive public policies at different levels, mechanisms for effective participation, and innovative forms of financing. In terms of the social, economic, environmental dimensions, and in terms of governance and financing, SSE in many countries has demonstrated the role it can play in either filling gaps left by government or by markets, or transforming unjust structures and institutions.

Like other means of implementation of the SDGs, however, SSE organizations and enterprises also face challenges from within and without, and suffer from conflicting principles, values and practices. More than anything else, neoliberal policy frameworks and governance at the local level draw in many third sector organizations as partners to deliver public services. SSEOs, which may be dependent on subsidies from the government, run the risk of following narrowly defined policy objectives, rather than promoting core SSE values. While government support is helpful for scaling up SSE, it can also dilute its transformative potential and sometimes prevent it from fulfilling its potential to enhance sustainability. Careful institutional and policy design are necessary to promote SSE such that it does not lose its transformative, democratic and solidarity visions, principles and norms.

ENDNOTES

¹ The local tax structure—that is, the combination of fees and income, property, sales, excise and other taxes—shapes patterns of development through various incentive (or disincentive) mechanisms for land use, infrastructure planning, social service production and consumption, and investment in particular sectors or industries.

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



PRACTICES and relations conceptualized as social and solidarity economy (SSE) existed long before the modern capitalist market system emerged in the Republic of Korea. Since the colonial period, when an exploitative market system was widespread, various forms of SSE organizations and enterprises, albeit weak and small in terms of impact and scale, have continuously developed.

The concept of social economy (SE), as the SSE concept is known in Korean, started to be used in the 1990s to refer to a variety of organizations and activities addressing social issues such as unemployment and poverty. Various stakeholders, particularly both central and local governments and civil society actors, have contributed to the development of SE as a concept and as a practice by establishing supporting institutions and organizations. In particular, a series of laws which give a special legal status to organizations and enterprises prioritizing social and often environmental objectives over profits has played a significant role in growing the SE sector. There have also been new forms of enterprises which prioritize

social values and goals but which do not specifically aim to meet the criteria needed to gain one of the specific types of legal recognition associated with SE. Assuming different legal forms, ranging from commercial corporations to cooperatives, SE organizations and enterprises have emerged in many industrial sectors with support from government schemes for new economic entities creating jobs. They have also started to form networks. SE in the Republic of Korea is understood broadly to include all these organizations, their relations and activities.

This chapter explains the origins, development and the current state of SE in the Republic of Korea. The next section describes the historical origins and development of SE in the Republic of Korea from the colonial period to the present. The chapter then presents the current structure of SE in the national context, describing the principal types of SE organizations and enterprises (SEOs), with a focus on their key characteristics, main challenges and opportunities, which in part also characterize SE in Seoul.

Historical origins of social economy in the Republic of Korea

As is the case for all countries, the Republic of Korea has a long tradition of informal SE organizations. Mutual aid organizations among villagers in the predominantly agricultural societies of the past, such as *dure* and *gye*, are excellent examples. As the institutions of the state and market evolved, various forms of economic organizations and enterprises, which belong to neither the state nor the market, have developed.

The developmental trajectory of SE in the Republic of Korea is a combination of a bottom-up movement by civil society and a top-down approach by the state. It is different from the typical development pattern of SE in several European countries where civil society actors initiated or developed SEOEs (Defourny and Develtere 1999, Salamon and Anheier 1998, Birchall 1997).

Two major factors, in particular, have contributed to shaping the state-driven trajectory of the social economy in the Republic of Korea: centralized colonial rule by Japan between 1910 and 1945; and the subsequent authoritarian governments with centralized power and control over the economy, polity and society. The top-down and strong central planning for economic growth by authoritarian governments between 1962 and 1986 played a significant role in shaping the state-driven trajectory. Except for the period between 1945 and 1962 which was fraught with political and economic instabilities, including the Korean War, the Republic of Korea was dominated by the strong central governments of authoritarian regimes for almost eight decades. A bottom-up approach to organizing SEOEs as a counter-movement to political and social oppression was, however, also present during the periods of Japanese colonialism and authoritarian regimes.

The transition from authoritarianism to democracy in the late 1980s and the Asian financial crisis in the late 1990s provided a new structural context for the growth of the SE sector in the Republic of Korea. A variety of government institutions, particularly specific laws to grant legal status to SEOEs, as well as strong civil society organizations, played a significant role in the rapid growth of SE during this period.

Social economy during the colonial period

Two early forms of SE in the Korean capitalist market system were finance cooperatives, called *Geum-yung Johap*, the first of which was established in 1907, and agricultural cooperatives called *Nong-hoe*, first established in 1926.¹ These, and other cooperatives in a variety of industrial sectors, were established by the Japanese colonial authority in a top-down manner. Although they had the organizational structure of cooperatives and were indeed called cooperatives, the Japanese colonial authority de facto controlled them and utilized them as a vehicle for exploitative colonial policies (Jang, 2000). For instance, *Nong-hoe* was an extended arm of administrative units in rural villages used to implement forced production and export specific agricultural produce, while *Geum-yung Johap* mobilized financial resources in the form of savings which were used for the war economy.

In the first half of the colonial period, however, cooperatives that were organized by grassroots voluntarism also emerged. Led by intellectuals, religious and community leaders, and labour movement activists, many of these cooperatives were associated with the resistance movement against Japanese colonialism. The sectors in which these cooperatives operated were diverse. They included agriculture, fishery, and the purchase and sale of goods and services. Leaders of these cooperative movements aimed not only to increase members' benefits; they had a political mission as well, such as taking economic power back from Japanese businesses.

The Japanese colonial authority oppressed this grassroots cooperative movement, becoming particularly severe from the early 1930s when Japan entered a war with China (Kim et al. 2012, Jang 2013). To tighten security on the Korean peninsula, the authorities harshly oppressed and dissolved all the voluntarily organized cooperatives, including farmer cooperatives.

While suppressing the grassroots cooperatives movement, the Japanese colonial authority also launched a top-down Rural Development Movement (Yeom 2010). One of the main components of this movement was to organize people in all villages into women's clubs, youth clubs and rural development committees, and to establish plans to store grains, improve cash flow and reduce debts. The movement also emphasized the principles of self-help and

mutual support. However, these principles were propagated by the ideology that poverty was caused by people's laziness rather than structural problems. The authorities used the principles of self-help and mutual support to entrench the existing unjust structures rather than to contribute to their transformation (Kim 2009b).

The emergence of cooperatives after independence

After independence, many cooperatives were again established from the bottom-up but were significantly divided along political lines, resulting in left-leaning and right-leaning cooperatives (Lee 2013). For its part, the newly established government of the Republic of Korea adopted a top-down state-led strategy for cooperatives. In response to this state-led strategy, a grassroots voluntary movement to organize cooperatives emerged, albeit small in scale and power.

Political contestation over the nature and forms of agricultural cooperatives was particularly fierce in the predominantly agricultural economy of the newly independent Republic of Korea, intensified by the instability of the rural economy and society caused by various factors. These included: land-to-the-tiller reform, which generated many small land-owning farmers with low productivity; inflow of development aid from the United States, in the form of grain, which made prices unstable and lower than production costs in the Republic of Korea itself; and high interest rates, which put agricultural producers at a particular disadvantage within the import-substitution oriented policy regime (Kim 2014b, Yi et al. 2014, Yi 2014, Kwon and Yi 2010). The Agricultural Cooperatives Act of 1957, which reflected the government's intention to control the farmer cooperatives for political and economic purposes, provided the basis on which farmers in most villages established cooperatives (Kim 2014b, Kim 2009b).

However, at the village level in rural areas, a small number of small-scale grassroots voluntary cooperatives co-existed with the cooperatives established under the Agricultural Cooperatives Act. For instance, village-level cooperatives to buy and manage agricultural equipment which was too expensive for an individual household were widespread. Cooperatives organized for purchasing and managing grain milling machines, and cooperatives of grain milling stations, were typical examples of these informal or voluntary cooperatives outside the Act (Kim 2009b, Lee 2011).

Social economy under the authoritarian regimes

Two authoritarian governments between 1961 and 1988 tightened their control over cooperatives and even actively employed various types of cooperatives as a tool to mobilize resources to develop the economy. President Park's authoritarian government (1961-1979), with strong central economic planning, sought to control virtually all economic organizations and enterprises, both big and small (Amsden 2014). The Park government used legislation and top-down policies to organize and control cooperatives in its early phase. They include: Small and Medium Enterprise Cooperatives Act (1961); Forestry Act (1961) which included a clause on forestry cooperatives (which became the Forestry Cooperatives Act [1980]); Fisheries Cooperatives Act (1962); Tobacco Production Cooperatives Act (1963); and Credit Unions Act (1972). The laws stipulated that each sectoral cooperative should be de facto administered and monitored by the respective government ministry for its sector, effectively giving the individual ministries control over the cooperatives. Based on these Acts, government could also encourage cooperatives to establish national federations. These national federations tended to prioritize meeting the needs of the government in the way they controlled the production of goods and services, rather than serving the interests of members (Jang 2013, Jang and Park 2013).

The emergence of credit unions as a civic movement

In the 1960s, despite tightened government control over cooperatives, the grassroots movement of cooperatives re-emerged in both rural and urban areas. Particularly notable is the active participation of the Catholic community in establishing credit unions (*Sinhyup*) and education and research institutes for cooperatives in big cities such as Seoul and Busan. The credit unions providing small loans for the poor quickly spread to both urban and rural areas due to concern about the negative impacts of widespread usury practices in the 1960s. With high interest rates, usury compounded the financial predicament of the poor, particularly farmers living from subsistence agriculture who had to borrow from money lenders to purchase fertilizer and necessities after bad harvests (Kwon and Yi 2010).

The Second Vatican Council (Vatican II) (1962-1965), which stressed social justice, and foreign aid from the World Council of Credit Unions and US

credit unions, played a significant role in the growth of these grassroots credit union movements. The Vatican influenced and mobilized Catholic churches and workers while the foreign aid provided the necessary resources (Jang 2013). The credit union movement quickly spread among people with low income and those who had difficulties in accessing the formal banking system.

Leaders of credit unions actively lobbied the government from the early 1960s. Considering the role of credit unions in the economic and social development of the Republic of Korea, the US Agency for International Development (USAID) also strongly supported the legalization of credit unions by providing technical assistance. Recognizing credit unions as a means of implementation of *Saemaul Undong*, a nationwide programme of rural development initiated by the government in 1970, the government also explored ways to utilize credit unions for government projects. The Credit Unions Act passed in 1972 provided already widespread credit unions with legal recognition and protection (Kang 2010, National Credit Union Federation of Korea 2011, Jang 2013).

The legal recognition of credit unions by the Act played a positive role in the growth of the credit union sector. In 1973, 277 credit unions, with a total of 300,000 members, formed a federation, and by 1982 the number of credit unions increased to about 1,500 with around 1 million members. In 1984, the total assets of the credit unions reached USD 931 million, making credit unions in the Republic of Korea the fourth largest credit union sector in the world, after the United States, Canada and Australia (National Credit Union Federation of Korea 2011).

Government-led civic economic organizations

Another strand of organizing people via social and economic activities was the *Saemaul Undong*, particularly in rural areas in the 1970s. Initiated by the Park government, it took a similar strategy to that of the Rural Development Movement of the Japanese colonial government which mobilized labour and resources for rural development. The *Saemaul Undong* started as village modernization projects combined with the Green Revolution in rice production and government-subsidized programmes to upgrade infrastructure. It aimed to raise rural household living standards and income sufficiency via rice production (Douglass 2014). Emphasizing diligence, self-help and cooperation

as principles, the *Saemaul Undong* forced villagers to organize various self-help groups such as women's clubs and youth clubs. They became the actors who established community stores or consumer cooperatives which undertook the collective purchase of necessities for villagers. Activities by women's clubs, such as the management of village stores, consumer cooperatives and saving clubs, are particularly notable. Often in collaboration with government agencies and agricultural cooperatives, they provided a formal space where women at the grassroots level became agents of rural development (Kim 2009b). *Saemaul Geumgo*, a form of credit union but more strongly supervised by local governments, were also established as a part of *Saemaul Undong* and competed with *Sinhyup* credit unions (National Credit Union Federation of Korea 2011).²

The principles and activities of all these people's organizations were based on the ideology that the cause of poverty is laziness, which was the same as that of the Rural Development Movement during Japanese colonial rule. The cooperative activities imposed by the government aimed to reduce poverty through the forced participation of people in a state-led rural development project, rather than by transforming the structures that generate poverty and inequality.³

The spread of different forms of SEOEs during democratic transition

When the Republic of Korea transitioned from authoritarian to democratically elected government in the late 1980s and the early 1990s, the democratically elected governments also reformed various laws governing cooperatives by incorporating democratic self-management elements. The Agricultural Cooperatives Act and the Small and Medium Enterprise Cooperatives Act are good examples. However, the cooperatives which had been established under the authoritarian regimes of the past and which had grown to account for the lion's share of the country's social economy did not significantly change their organizational characteristics. *Nonghyup* (an agricultural cooperative)⁴ is a typical example. Mutuality and democracy, two important core principles of cooperatives, were particularly lacking (Jang 2012).

Producer organizations and new social policy

Nonetheless, the transition from authoritarianism to democracy opened a new space for movements to organize diverse voluntary organizations at the

grassroots level, which provided the basis for many current forms of SEOEs. An important trend in this movement was to organize poor and marginalized people in poor urban neighbourhoods where the government welfare system was not substantially addressing poverty (Kim et al. 2012). Former democratic movement activists in impoverished areas of cities started to organize residents into various forms of producer organizations to tackle unemployment and poverty issues. The leaders of this movement regarded self-sustaining collectivist values as the ideal framework to improve the economic and social conditions of vulnerable and poor people. Participants undertook manual labour, such as handicrafts, house repair and simple assembly work (No 2007), that could be easily learned by people with low levels of education and skills. These practices, albeit limited in scope and impact, provided the basis for the later development and institutionalization of the social economy sector. The participants in this movement were catalysts of the current SE movement (Bidet 2012, Kim and Hwang 2016).

The democratically elected Kim Young-sam government (1993-1998) was more receptive to the idea of institutional pluralism than the previous governments. It created a favourable environment for the growth of civil society organizations, making an effort to open communication channels with civil society to show a clear departure from the military dictatorship (Coston 1998, Jang et al. 2016). The goals of the Kim government's new social policy framework were in line with the goals of activists who had been engaging with the issues of economic democratization and enhancement of citizens' capability to improve livelihoods at the community level. Both highlighted the importance of productive and preventive welfare policies to create jobs and enhance competitiveness. (People's Planning Group for National Welfare 1995, Yi and Lee 2005).

The new direction of economic and social policies taken by the Kim Young-sam government, combined with relatively civil society-friendly characteristics, opened a window of opportunity for leaders of civil society organizations and social movements. Those who had been involved in the producer organizations in the poor areas, and policy researchers, successfully persuaded the government to launch a programme to support producer organizations as a pilot project of its new social policy.

The pilot project began with five Self-Reliance Community Support Centres in 1996. The number of Centres increased to 20 within two years. The Centres helped the recipients of social assistance by providing start-up funds and consultations on how to establish and manage producer organizations. These producer organizations had considerable autonomy even though they were funded by the government. Despite the favourable conditions they enjoyed, however, many of these producer organizations dissolved due to a number of challenges, such as insufficient capital for reinvestment, lack of managerial and technical expertise, and high market barriers to their products and services (No 2007).

Saenghyup cooperatives and social welfare corporations

In the development of SE, women's leadership was particularly prominent in the *Saenghwal* (livelihood) cooperatives or *Saenghyup* cooperatives from the late 1980s (Kim 2014a). The *Saenghyup* cooperatives movement aimed to achieve broader social and environmental goals among both consumers and producers rather than simply meeting the needs of the members through the purchase of products. It was a departure from the various forms of consumer cooperatives which focused on the supply of necessities in rural areas in the 1970s. For instance, *Saenghyup* cooperatives, often composed of both consumers and producers, established a solidarity-based exchange network of organic agricultural produce grown in an environmentally friendly way. The consumer members could visit the producers, and they shared each other's broad concerns on various aspects of their livelihoods. Democratic self-management was embedded in the operation of *Saenghyup*.

The successful experience of *Saenghyup* movements in small cities such as Anyang and Wonju influenced many cooperative movement activists in big cities in the late 1980s. The *Hansalim*⁵ cooperatives, which began in Seoul, are an excellent example. The partnership between activists from farmer organizations, which had been major forces in the democratization movement, and activists working on livelihood issues in urban areas, was the basis of the *Hansalim*. They established a solidarity-based relationship between producers and consumers which ensured the production of eco-friendly organic agricultural products and the improvement of livelihoods in both rural and urban areas.

The movement to establish *Saenghyup* cooperatives quickly expanded across the country, particularly in urban areas throughout the 1990s. The table below demonstrates the trend for one national association of *Saenghyup* cooperatives. The reduction in the total number of cooperatives is the result of small-scale *Saenghyup* cooperatives merging (National Association of *Saenghyup* Cooperatives 2003). These cooperatives did not only exchange agricultural products, but also engaged in other areas such as school supplies and medical services.

Activists from social movements and civil society organizations played an important role in spreading the movement, such as leaders of credit unions, community leaders, leaders of civil society organizations like the YMCA, activists in the labour movement and progressive political party leaders (Defourny and Kim 2011, Jacques and Shin-Yang 2011).

As *Saenghyup* cooperatives grew in number and market share, they needed a legal basis to protect themselves better (as they did not have the legal status of cooperatives). Increasing competition with commercial retail stores was one of the reasons they needed legal protection and a more favourable environment. Since consumer cooperatives also had

similar problems, both *Saenghyup* and consumer cooperatives started a campaign to establish a law which was finally enacted in 1998.

Another growing strand of SE-related activities was in social service provision. The number of organizations involved in providing welfare services to persons with mental and physical disabilities, and socially excluded groups, gradually increased and contributed to filling gaps in publicly provided services which had not sufficiently developed to cover the whole population (Park et al. 2004, Jang et al. 2016). These included associations, foundations and *sahoi bokji bubin* (social welfare corporations)⁶ providing care, education, vocational training and job-search services to persons with disabilities.

The Asian financial crisis and the growth of SEOEs

With the Asian financial crisis of 1997, the Republic of Korea's gross domestic product (GDP) per capita, which had increased to USD 12,197 in 1996, fell to USD 7,355 in 1998. The number of unemployed people increased to 1 million in the first quarter of 1998 and reached 1.75 million by 1999. The unemployment rate in the first quarter of 1999 was unprecedented, at 8.4 percent (Yi and Lee 2005, Ringen et al. 2011). The crisis exposed the limitations of existing welfare programmes in addressing a high rate of unemployment and increasing income polarization (Yi and Lee 2005). However, it also offered an opportunity for SE to demonstrate its resilience and problem-solving potential in a crisis context. During this time the government actively used SE as a key social policy tool to address the economic and social problems caused by the crisis.

The National Basic Livelihood Security Programme, and Self-Reliance Communities and Enterprises

The government of the Republic of Korea turned to the International Monetary Fund (IMF) for help in November of 1997. In exchange for an unprecedented USD 57 billion bailout, the IMF imposed on the Republic of Korea its standard package of neoliberal structural adjustment and market liberalization. The then-president and all the major candidates of the upcoming presidential election had to accept the conditions of the bailout, which triggered embarrassment and humiliation among citizens (Ringen et al. 2011). In the midst of

Table III.1. Members of the National Association of *Saenghyup* Cooperatives

	TOTAL		SEOUL AND ITS VICINITY		OTHER METROPOLISES		SMALL CITIES AND RURAL AREAS	
	●	▲	●	▲	●	▲	●	▲
1987	65	100	13	20	21	32	31	48
1989	90	100	33	37	31	34	26	29
1991	77	100	21	27	30	39	26	34
1993	77	100	25	32	25	32	27	35
1995	78	100	33	42	19	24	26	33
1997	62	100	36	58	17	27	9	15
1999	57	100	34	60	13	23	10	18

● Number of *Saenghyup* cooperatives ▲ Share (%)

Source: National Association of *Saenghyup* Cooperatives 2003

the crisis, opposition party leader Kim Dae-jung won the presidential election, and with his victory the country made an important step toward democratic consolidation.

The triple influence of economic crisis, political power change, and collective embarrassment and anger constituted the background for policy reforms and collective action that subsequently led to the birth of SE in the Republic of Korea.

In its response to the crisis, the Kim Dae-jung government undertook significant reform of the welfare system to improve public support for newly unemployed people and their families. At the core of this welfare reform were National Basic Livelihood Security (NBLS) programmes, implemented starting in 2000. Breaking away from the existing poor law-type of relief system both in its philosophy and practice, the NBLS promoted rights-based social assistance in which the state served as a duty bearer to guarantee a social minimum living standard. It was in part a policy response to civil society's demand for greater accountability towards social welfare provision.

The productive welfare principle that was applied incorporated workfare measures into the NBLS to enhance people's employability and promote their self-reliance. Establishing producer organizations and work projects which could create jobs for people who were vulnerable and poor but still capable of working became a major component of the NBLS. There were two trajectories for organizing. In one, the programme established local-level Self-Reliance Aid Centres (SRACs) which organized poor and vulnerable people into Self-Reliance Communities (SRCs) (Central Self-Sufficiency Foundation 2015). In the second, producer organizations (which were voluntarily organized) became SRCs.

Various support mechanisms for the SRACs were also established in line with the terms of the NBLS Act. In addition to payment for contracted services, the government provided preferential terms for public procurement and allocation of public projects, free lease of public assets, financial support for R&D, education and training, and financial support for the SRACs. Many civil society organizations which had been supporting the unemployed and working on poverty reduction became SRACs, and came to derive a large proportion of their budget from payments for their services via contracted NBLS

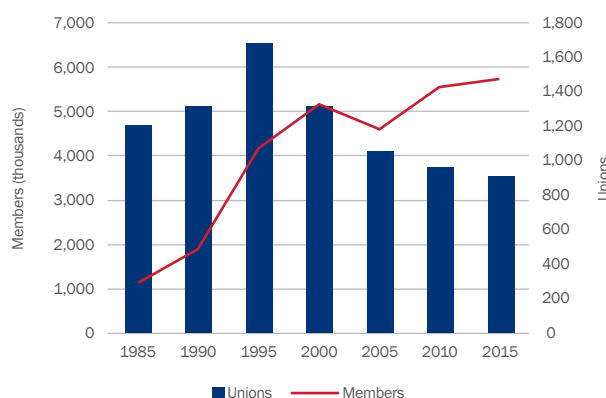
programmes (Bidet and Eum 2011). The number of SRACs increased from 90 in 2000 to 242 in 2003 covering all parts of the country (No 2007). In 2007, a central SRAC was established to coordinate and support the local SRACs.

The growing number of credit unions and Saenghyup members

Credit unions gradually grew and surpassed four million members in 1995, by which time usury practices had almost disappeared in the country. The number of credit unions peaked at 1,671 in 1996 and started to decrease from 1997 in the midst of the Asian financial crisis. Many credit unions were either dissolved or merged with other credit unions. Notable is the increased number of members even during the Asian financial crisis, which partly indicates the contribution of credit unions to addressing the financial difficulties of those affected by the crisis, particularly the poor (National Credit Union Federation of Korea 2011).

Credit unions mainly contributed to the creation of credit for micro and small enterprises by replacing physical collateral with intangible collateral, such as peer monitoring or a mutual trust mechanism to guarantee repayment. Many members of credit unions knew of the benefits of cooperation because they had participated in mutual savings and loan activities before the financial crisis. In the midst of crisis, when the value of assets as collateral plummeted, credit unions became the institution that many people could rely on rather than avoid, as they did for formal banks (National Credit Union Federation of Korea 2011).

Figure III.1. Number of credit unions and their membership



Source: National Credit Union Federation of Korea, Han and Kang 2013

From the late 1990s, many of the individual *Saenghyup* cooperatives across the country that had been hit by the economic crisis used a variety of management innovations to pick up growth again. One particularly notable innovation was to establish a unified logistics system managed by federations of individual *Saenghyups* such as the Korea Confederation of *Saenghyup* (currently iCOOP). It helped individual *Saenghyups* to significantly reduce the costs of transporting, storing and delivering goods to customers (Yeom 2008). The Consumer Cooperatives Act, established in 1999, provided the basis for more rapid growth in the membership of *Saenghyup* cooperatives (Chang and Lee 2009). This is demonstrated by the rapid growth in sales volume, revenue and members experienced by four major *Saenghyups*, as well as the federations iCOOP and *Hansalim* in the late 1990s and early 2000s, when for-profit wholesale and retailers suffered poor growth.

Table III.2. Comparison of major *Saenghyup* and for-profit wholesalers and retailers

	iCOOP (then the Korea Confederation of <i>Saenghyup</i>)			HANSALIM			FOR-PROFIT WHOLESALE AND RETAILERS
	●	▲	■	●	▲	■	●
1998	-	6	633	-0.7	5	22208	11.19
1999	194.2	7	1,229	28.4	5	26551	-0.31
2000	180.6	15	2470	22.8	5	31511	8.9
2001	150.3	26	3330	47.2	6	41031	-3.99
2002	199.8	35	7538	39.1	8	60363	6.45
2003	179.5	46	11645	30.8	10	75636	-7.03
2004	172	58	15368	41.9	12	99761	8.13
2005	122.9	62	16808	15.3	14	115851	0.18
2006	128.3	62	20100	15.6	16	132787	-
● Revenue growth rate ▲ Number of member cooperatives ■ Number of individual members							

Source: Lee 2008, Hansalim 2017

However, the Act required *Saenghyups* to meet certain conditions such as restrictions on business in the financial sector, and that the initial capital required be legally recognized. While raising social awareness and providing protection for *Saenghyup* cooperatives, the Act also crowded out various forms of *Saenghyups* because of these legal conditions. As of 2007, about 43 percent of *Saenghyups* undertaking activities were not legally recognized (Chang and Lee 2009).

The concept and practice of SE emerges in the Republic of Korea

Although various forms of SE organizations had developed throughout Korean history, they were not conceptualized and practised as an alternative economy to the profit-oriented market economy until the early 2000s. Although the NBLS created a space for economic activities for social purposes with a workfare element, it did not conceptualize it as SE. It was civil society that initiated a process of conceptualization of SE encompassing diverse economic activities with social and then environmental purposes.

Just after the announcement of the IMF's decision to provide a loan with strict conditionality in December 1997, Korean citizens transformed their embarrassment and anger into collective action to donate or sell their gold jewellery at a low price to the government. The idea behind this campaign, called the Gold Collection Drive, was to help repay the loan more quickly (Kim and Finch 2002). The donated gold jewellery was collected by commercial banks and civil society organizations. Within months, 227 tons (USD 3 billion-worth) of gold were collected (Becker 2015).

The government decided that proceeds from the donated gold should be used to address the problem of mass unemployment. Between 1998 and 2002, around KRW 114 billion (about USD 90 million) from the donated gold was allocated to Korea Workers' Compensation and Welfare for this purpose.

The People's Movement Committee for Overcoming Unemployment (PMCOU) was established in 1998 to manage these funds. It was comprised of representatives of religious communities, media and civil society organizations. Small community-based CSOs with similar causes and functions joined the PMCOU and formed a national network of about 130 CSOs as of 2000 (Working Together Foundation 2013). The PMCOU used the donated gold to provide benefits, social services and food to unemployed, poor and vulnerable people. Focusing on overcoming unemployment, the PMCOU partnered with the government to create Self-Reliance Centers (SRCs) across the country (Lee 2015). With the assistance of the government-run Workers' Compensation and Welfare, the PMCOU provided funds to selected business proposals for enterprises with social purposes. Public-private partnership and

the principle of democratic decision making were underlying characteristics of the PMCOU (Working Together Foundation 2013).

The emergence of SE as an alternative strategy

While the official unemployment rate declined to 4 percent in the early 2000s, it was estimated that the unemployment rate of vulnerable groups and poor people was around 14 percent (No 2006).⁷ Consensus around the need for alternative employment measures for these groups was widely shared in civil society organizations, particularly those involved in the PMCOU (Working Together Foundation 2013).

Various social enterprise models in different countries have influenced the PMCOU's discussions of alternative strategies to create jobs for vulnerable and poor groups of people. They include the following: France Active in France, Red Arana in Spain, the Non-Profit Organization law in Japan, and the Center Link system in Australia. After a series of studies and discussions of alternatives to the market approach, the concept of social economy gained traction and was adopted as the PMCOU's alternative strategy (Working Together Foundation 2013).

With the social economy as a key strategy to generate decent employment for vulnerable and poor groups of people and the remaining funds of KRW 40 billion, the PMCOU became an incorporated foundation, called the Working Together Foundation, in 2003. Mandated with enhancing social solidarity and creating decent employment, it targeted the long-term unemployed in their 40s and 50s, youth, workers with precarious employment, women, persons with disabilities, and older adults. Assuming that these targeted groups would be receiving direct subsidies from the expanding NBLS, the Working Together Foundation prioritized various measures to create jobs. More than two-thirds of the first annual budget was spent on supporting local civil society organizations in their provision of job services and training to the unemployed. Social enterprises became one of the major channels for creating decent jobs for vulnerable and poor groups of people (Working Together Foundation 2013).

While the Foundation supported community-based SEOEs by funding their recurring costs, the Ministry of Health and Welfare (MoHW) also expanded its self-reliance programme by setting up Self-Reliance Aid Centres (SRACs) at the province, metropolis, district

and county levels. Many of the local organizations supported by the Foundation made a contract with the MoHW and converted into SRACs.

Socially Useful Employment Projects and SE

In 2003, the Ministry of Employment and Labor (MoEL) initiated the Socially Useful Employment Project (SUEP) which aimed to provide financial support for the creation of jobs in social service provision. The SUEP spread quickly to other ministries, and by 2007, a total of 11 ministries had joined this project, substantially increasing the budget and the number of beneficiaries (No 2008).

Table III.3. Socially useful employment projects

	2003	2004	2005	2006	2007
Ministries involved	1 (Ministry of Labour)	6	7	8	11
Budget (000,000 KRW)	730	9,490	16,910	67,820	129,450
Beneficiaries	2,000	47,491	69,314	111,897	201,059

Source: No 2008

While most benefits went to those taking up jobs provided by the government, some also went to various types of SEOEs such as cooperatives, social enterprises and Self-Reliance Enterprises (SREs). In 2006, a total of 438 SEOEs received benefits from the SUEP (No 2008).

Legislation concerning social enterprises and cooperatives

As some sectors of SE grew, the demand for legal recognition and for government support increased. Both ruling and opposition political parties also recognized the potential of SE as a tool to create jobs in a context of growth without jobs and as a way to reduce welfare dependency (Woo 2017). Key civil society actors, particularly those working for SEOEs such as *Saenghyup* cooperatives and Self-Reliance Communities, however, did not have a unified position. For instance, those working in SRCs and Socially Useful Employment Projects expected to receive more support from the government through legislation, while some CSO activists and researchers pointed out that the legislation might result in government cooptation of the SE sector, which could undermine its values and principles (Kim 2009a).

Before SEOEs had developed a unified position on the form and content of legislation, and without sufficient consultation with civil society, a bill on the promotion of social enterprises as a tool to create jobs for the poor and vulnerable was pushed forward by the ruling and opposition parties together, at the National Assembly. The Social Enterprise Promotion Act (SEPA), containing various supporting mechanisms for social enterprises, passed and was enacted in 2007. One of the most controversial issues in the Act is its stipulation that in order to be certified by the government, social enterprises must meet certain conditions such as the provision of social services and creation of jobs for poor and vulnerable people in the Republic of Korea. These criteria mean that certain forms of SEOEs cannot be certified as social enterprises and excludes them from government support. For instance, SEOEs working on fair trade to help the poor and vulnerable outside Korea, or those doing eco-friendly business, cannot be certified unless they hire or provide social services to poor and vulnerable Koreans (Byeon 2017).

The process to establish the Framework Act on Cooperatives (FAC) showed a similar pattern to the SEPA, in that it was supported by both ruling and opposition parties alike. Influenced by the UN's International Year of Cooperatives in 2012, the FAC became law the same year. By setting fewer requirements for recognition as a cooperative, this legislation allowed more freedom to organize cooperatives than the individual laws for specific types of cooperatives. The Act distinguishes between cooperatives as for-profit corporations and social cooperatives as non-profit organizations which are not allowed to distribute dividends to their members. It also specifies that social cooperatives should provide social services and help create jobs for poor and vulnerable groups, or contribute to creating public goods. While giving legal recognition to cooperatives with a social mission, the clear demarcation between cooperatives as for-profit corporations and social cooperatives as non-profit organizations tends to undermine the growth potential of the social cooperative sector and its economic viability. The Act does not stipulate the government support mechanisms for social cooperatives, other than the general benefits for non-profit organizations. Despite having weak fiscal capacity, local governments have established support mechanisms for social cooperatives since they recognized their potential to reduce poverty through job creation and social service provision (Jang 2018).

The current landscape of the SE sector in the Republic of Korea

Since the late 1950s, various laws have provided legal status to diverse forms of cooperatives. Those laws, some of which had colonial origins, focused on specifying the government's supervisory and regulatory roles and functions on the one hand and restricting the establishment of cooperatives by setting complex requirements such as a significant amount of initial capital and number of members needed in order to be certified. The cooperatives based on these laws are heavily supervised and regulated by the government and have functioned as the extended arm of the central ministries which had exclusive mandates for these cooperatives.

Table III.4. Laws governing producers' cooperatives

	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
	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

In contrast to these cooperatives, other forms of SEOEs were based on later laws established from the late 1990s, which provide more freedom and autonomy, and sometimes supporting mechanisms. Thus the universe of SEOEs in the Republic of Korea comprises

Table III.5. Laws and guidelines helping to grow the SE sector

	ACTS	SEOs	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
2010	Social Enterprise Promotion Act	Various PCSEs and CSEs	Ministry of Employment and Labor
2012	Ministerial Implementation Guidelines to promote Village Enterprises	Village Enterprises	Ministry of the Interior and Safety
	Framework Act on Cooperatives	Social Cooperatives	Ministry of Strategy and Finance

Source: Ministry of Government Legislation 2018

organizations based on special laws and ordinances, entities that finance SEOs (such as credit unions), various corporations with social missions, and a variety of supporting organizations.

The SE sector broadly defined—that is, including producer cooperatives such as agricultural and fisheries cooperatives established under the Agricultural Cooperatives Act (1957) and Fisheries Cooperatives Act (1962)—was estimated to occupy 0.82 percent of the total number of employees in the Republic of Korea and contribute around 3.6 percent of GDP in 2016 (Kim 2017).

The following sections focus on SEOs that are based on legislation since the late 1990s.

Self-Reliance Enterprises

Self-Reliance Enterprises (SREs) are established by one or two beneficiaries of the NBLs Act, or persons belonging to legal categories of vulnerable groups, and at least one-third of employees must be NBLs beneficiaries. SREs have the legal status of either cooperatives or corporations. The support from the government is diverse. It includes business loans with a discounted interest rate, start-up funding, installation costs for machines and facilities, subsidies for salary

Figure III.2. Taxonomy of SEOs in the Republic of Korea



costs on a sliding scale, free lease of state-owned land, and preferential public procurement of goods and services. Subsidies for salary costs can be provided to beneficiaries of the NBLs, non-beneficiaries, and experts for up to five years, six months and five years respectively (Kim, Yang, and Kang 2016).

Between 2000 and 2016, 1,760 SREs were established. However, 426 SREs have been closed down or are dormant, that is, they have stopped business, and as of 2016 562 SREs were being supported by SRACs. SREs are mainly active in labour intensive low-skilled sectors such as cleaning, house repair, delivery, nursing and care, and restaurant and catering (see Table III.7).

Most SREs are small. Those with fewer than or equal to four workers account for more than 50 percent of SREs while those with more than and equal to 10 workers were only about 10 percent of all SREs in 2016 (Central Self-Sufficiency Foundation 2016). Many SREs have become CSEs because of their focus on helping poor and vulnerable groups of people (see below, and Table III.11).

Saenghyup cooperatives

Since 1999 the Saenghyup cooperative sector has grown in various fields such as organic food, medical service, child care service, and school supplies. As Table III.8 shows, the total number of members in the 146 major Saenghyup cooperatives for transactions in organic food reached almost 1 million, and the total amount of sales surpassed KRW 10 trillion (around USD 10

Table III.6. Key characteristics of major SEOEs in the Republic of Korea

	Self-Reliance Enterprises (SREs) former Self-Reliance Communities	Consumer Cooperatives (including various types of <i>Saenghyup</i>)	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 NBSA 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 (NBSA) (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.

billion) in 2015. The sales volume was almost the same as that of convenience stores across the country. The total number of cooperative stores reached 519 by the end of 2015 (see Table III.9).

Certified and Pre-Certified Social Enterprises

Certified Social Enterprises (CSEs) and Pre-Certified Social Enterprises (PCSEs) are based on the Social Enterprise Promotion Act (SEPA). One of the main purposes of the Act is to provide criteria for granting certification to social enterprises, which qualifies them to receive various types of support from the government (see Table III.10). The types of support include: financial support for land and equipment costs, preferential purchase in the procurement process, reduction of tax and subsidies for social insurance, and support for management, administration and salaries.

Table III.7. Number and profile of Self-Reliance Enterprises

	2012	2013	2014	2015	2016
Number	-	-	1,339	1,339	1,334
Main Sectors	Cleaning (23.3%)	Cleaning (19.6%)	Cleaning (19.8%)	Cleaning (22.8%)	Cleaning (16.3%)
	Nursing and care (9.9%)	Restaurant and catering (9.7%)	Restaurant and catering (12.3%)	House repair (21.9%)	House repair (12.8%)
	House repair (8.8%)	House repair (9.1%)	Delivery (11.1%)	Restaurant and catering (14.7%)	Nursing (10.6%)
	Restaurant and catering (8.4%)	Nursing and care (6.6%)	House repair (9.9%)	Delivery (13.6%)	Restaurant and catering (9.4%)
	Collection of materials for recycling (6.5%)	Delivery (6.6%)	Nursing and care (3.9%)	Nursing and care (10.0%)	Agriculture, livestock and fishery (7.8%)

Source: Kim, Yang, and Kang 2016; Central Self-Sufficiency Foundation 2015, 2016

The Act specifies five types of social objectives for social enterprises which are closely related to the criteria for certification. The objectives are: job provision; social service provision; local community contribution; mixed purposes; and others. In particular, the SEPA has a strong emphasis on creating employment for vulnerable groups of people, such as homeless, long-term jobless, the poor, and persons with disabilities, whose numbers have multiplied since the 1997 financial crisis and ensuing austerity measures. Various forms of social economy organizations and enterprises, including some with legal status as for-profit corporations, have been certified. Although a rigorous review process to certify CSEs is in place, the inclusion of for-profit corporations runs the risk of organizational isomorphism, that is, SEOEs may assume some of the characteristics of market actors and institutions as the share of for-profit enterprises and economic entities increases among CSEs (Utting 2016).

From 2009, the government also established a less demanding set of certification criteria for Pre-Certified Social Enterprises (PCSEs) (see Table III.10). The Ministry of Employment and Labor encouraged economic and social entities undertaking Socially Useful Employment Projects to seek certification as PCSEs (and ultimately CSEs), and it also gave local governments the authority to identify (potential) PCSEs in their local areas. As of 2017, out of 918 local-type PCSEs, 171 were in Seoul (see Table III.13).

As Figure III.3 illustrates, the numbers of PCSEs and CSEs increased during the past 10 years. As of November 2016, 3,253 entities had applied for certification and 1,864 SEOEs were certified as CSEs. 1,672 of the SEOEs certified as CSEs are active in business (Korea Social Enterprise Promotion Agency 2016). The number of jobs created by CSEs increased to 36,558 at the end of 2016, 22,647 of which are held by people from vulnerable groups.

Table III.8. Membership numbers and sales of Saenghyups specialized in organic food (billion KRW)

	1998	2003	2008	2013	2015
iCOOP Korea	1.5 (0.7)	27.8 (11.6)	1,301 (54.7)	4,279 (195)	5,256 (238)
Hansalim	11.7 (22.2)	49.5 (76.5)	1,326 (170.8)	3,045 (410)	3,625 (535)
Dure saenghyup	2.1 (-)	13.6 (15.9)	368 (44.6)	1,017 (142)	1,162 (176)
Minwoohoe saenghyup	1.2 (3.0)	5.7 (9.5)	114 (17.2)	170 (30)	210 (38)
Total	16.5 (25.9)	96.5 (113.6)	3,109 (287.2)	8,510 (777)	10,253 (987)

Note: 1,000 members in parentheses
Sources: Annual reports of each federation of the four consumer cooperatives

Table III.9. Share of sales volume by type (2014)

	Volume of sales (trillion KRW)	Share (%)
Department store	29	17.4
Walmart-style large mart	39	23.4
Supermarket	35	21.0
Convenience store (or kiosks)	13	7.8
Retail without store (online shopping mall etc.)	41	24.6
Four major consumer cooperatives (iCoop Korea, Hansalim, Dure Saenghyup, Minwoohoe Saenghyup)	10	6.0
Total	167	100

Source: Nam 2015

Table III.10. Criteria and support: PCSEs and CSEs

	PCSE	CSE
Criteria	Organizations and enterprises with legal status	Organizations and enterprises with legal status
	Employs paid workers for more than three months	Employs paid workers for more than three months
	Realization of social value (e.g. provision of social service and jobs to vulnerable people)	Realization of social value (e.g. provision of social service and jobs to vulnerable people)
	Has a constitution	Has a constitution
	Reinvestment of 2/3 of profits (in the case of commercial firms)	Stakeholders participate in decision-making process
Direct support		Revenue accounts for more than 50 percent of labour costs
		Reinvestment of 2/3 of profits (in the case of commercial firms)
Indirect support	Subsidies for salary costs of workers	Subsidies for salary costs of workers
	Subsidies for salary costs of experts	Subsidies for salary costs of experts
	R&D	R&D
	Consultation on management	Consultation on management
Details of Subsidy for Salary Costs	Tax allowance	
	Support for four major national insurance premiums	
	Loans	Loans
	Preferential public procurement of products and services	
	Cover salary costs for three years (Minimum wage for workers and median wage for one professional. Sliding scale by years of support)	Cover salary costs for three years (Minimum wage for workers and median wage for one professional. Sliding scale by years of support)

Source: Korea Social Enterprise Promotion Agency 2016

Table III.11. Profiles of Certified Social Enterprises

Pathways to Certified Social Enterprise from*	Pre-Certified Social Enterprise (998)	Self-Reliance Enterprise (164)	Village Enterprise (31)	Workshop of persons with disabilities (131)	Rural Village Enterprise (10)	Cooperative (112)	Other (458)
Legal status	Non-profit					For-profit	
	Corporation by civil law (251)	Non-profit civil organization (101)	Social welfare corporations (87)	Rural cooperatives (77)	Social cooperatives (47)	Corporations by commercial law (987)	Rural corporations (46)
Certified Social Enterprises by social purpose	Provision of jobs (1,171)	Provision of social services (103)	Contribution to the local community (62)	Mixed (169)	Other (167)		Cooperatives (73)
Certified Social Enterprise by industry	Culture and arts (12.1%)	Cleaning (10.2%)	Education (8.3%)	Environment (6.8%)	Social welfare service (6.3%)	Nursing and home help (5.8%)	Childcare (2.4%)
						Others (53.9)	

* Double counting possible.

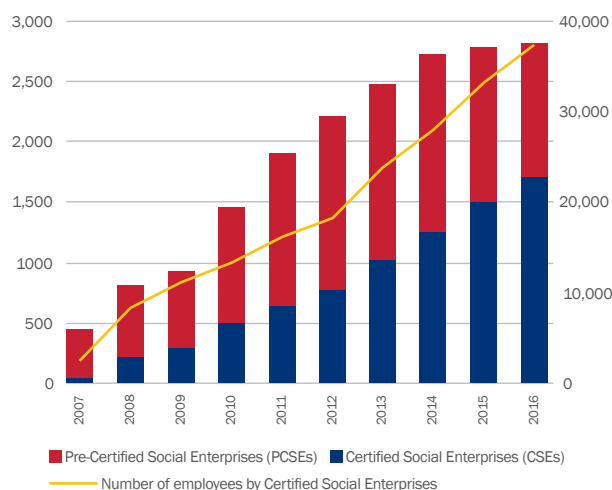
Source: Korea Social Enterprise Promotion Agency 2016

About 60 percent of CSEs were previously PCSEs, which demonstrates the significant role of PCSEs in promoting social enterprise. Regarding social purpose, the number of CSEs focusing on the provision of jobs is high, accounting for 70 percent of all CSEs. For-profit corporations account for about 60 percent of all the legal statuses, followed by non-profit corporations. This indicates an increasing number of for-profit corporations with social missions, as well as the risk of institutional isomorphism.

CSEs are categorized into five different types according to their main purpose: job provision, social service provision, contribution to local community, mixed and other. The share of CSEs categorized as job provision type increased from 46.4 percent in 2009 to 69.7 percent in 2016, whereas the shares of

social service provision type and contribution to local community type decreased (KSEPA, 2016) (see Table III.12). The share of social service provision type, such as CSEs providing social welfare and day care, decreased—from 16.8 percent in November 2012 to 8.2 percent at the end of 2016. This trend, showing an increase in job provision CSEs, partly reflects the government's policy focus on job creation and a bias towards more tangible indicators such as the number of jobs rather than social values.

The Social Enterprises Promotion Act also stipulates that local governments must provide support for Certified Social Enterprises. Finally, it allows central ministries to certify SEOEs as PCSEs. As of 2016, about 1,000 PCSEs had been selected by central ministries.

Figure III.3. The growth of CSEs and PCSEs and the number of employees in CSEs in the Republic of Korea

Source: Korea Social Enterprise Promotion Agency 2015, 2017b

Table III.12. Types of active certified social enterprises classified by their mission

	2009	2012	2016
Job Provision	134 (46.4)	473 (61.1)	1,194 (69.7)
Social Service Provision	37 (12.8)	54 (7)	107 (6.2)
Mixed	77 (26.6)	128 (16.5)	171 (10)
Contribution to Local Community	41 (14.2)	8 (1)	67 (3.9)
Others	-	111 (14.3)	174 (10.2)
Total	289 (100)	774 (100)	1,713 (100)

Source: Korea Social Enterprise Promotion Agency 2017a, Kim and Hwang 2016

Village Enterprises

In 2010, the Ministry of the Interior and Safety established Ministerial Implementation Guidelines to promote Village Enterprises. The SEPA was also modified then to add the “local community contribution type” to the existing categories of social enterprises (Bidet and Eum 2015a). Then a number of ministries introduced various local community programmes and related projects based on local community-related laws and ordinances to create more self-reliant communities by mobilizing local resources. The number of community-related programmes exceeded 20 by the end of 2015 (Korea Local Promotion Foundation 2016a) (see Table III.14).

One of the major aims of these programmes was to provide job opportunities for residents and marginalized groups and help them to actively engage in economic activities that would directly contribute to the development of their residential areas (Bidet and Eum 2015b).

Village Enterprises (VE) selected by various ministries are locally based business entities that conduct economic activities with the primary purpose of fostering the development of their residential areas. They aim to address unmet needs of residents while yielding sustainable socioeconomic benefits at individual and society level (Korea Local Promotion Foundation 2017). According to the Village Enterprise Programme of the Ministry of Interior and Safety, the title of Village Enterprise can be granted to different types of organizations including for-profit corporations, cooperatives, non-profit corporations and agricultural corporations, if they are managed and governed primarily by residents.

A Village Enterprise should meet the following conditions: (i) be created by at least five people, all of whom come from the village where the enterprise is located; if the number of owners exceeds five, then

the proportion of residents in the enterprise should be more than 70 percent; (ii) the aggregated capital of those five owners should be at least 10 percent of the total business operating budget; (iii) the share of the largest investor must not exceed 30 percent of the total capital; (iv) the enterprise must mobilize mainly local resources for economic activities and at least 70 percent of the workforce must be made up of residents (which is the main difference in requirements between Social Cooperatives and Village Enterprises); and (v) more than 50 percent of the profits must be saved as a reserve for reinvestment (Korea Local Promotion Foundation 2017).

Upon being certified, VEs can receive start-up funding of USD 50,000 in addition to business-related services, such as management education, accounting support and IT support, from the government.

As of December 2016, there were 1,446 VEs certified by the MoIS, which provided 16,101 jobs (Korea Local Promotion Foundation 2017). While activities carried out by VEs are diverse, the main activities can be divided into the areas shown in Figure III.4.

In rural settings, the VE model was initiated by the Ministry of Agriculture, Food, and Rural Affairs (MAFRA) in 2010. Rural-urban migration in recent decades has produced a rapidly ageing and shrinking population in rural areas, leading to employment decline and economic downturn. As a means to address such issues specific to rural areas, the MAFRA has promoted VEs as an alternative model that could rejuvenate rural communities based on voluntary participation of village people (MAFRA 2011). Based on mutual interest and support, they aim to contribute to the development of their villages by creating jobs and income and mobilizing local resources for economic and social development. Once certified, they receive funding from the government for operations, marketing, technology development,

Table III.13. Pre-Certified Social Enterprises (percent)

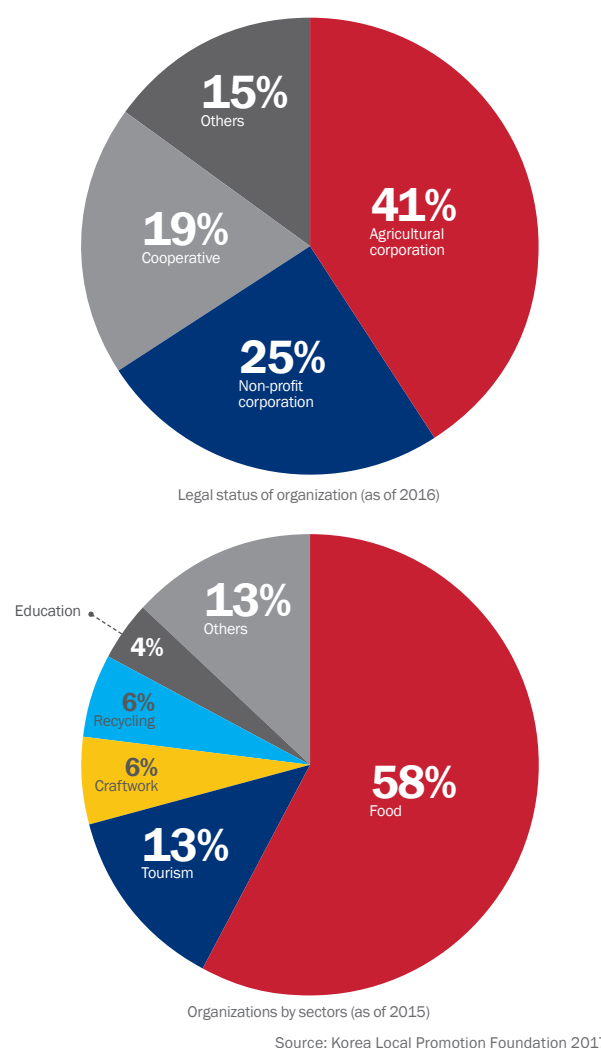
PCSEs selected by central ministries (as of June 2016)	Ministry of Agriculture, Food and Rural Affairs	Cultural Heritage Administration	Ministry of Gender Equality and Family	Ministry of Health and Welfare	Ministry of Unification	Korea Forest Service	Ministry of Environment	Total 100	
	6	9	16	13	10	24	22		
PCSEs selected by local governments (as of November 2017)	Gangwon	Gyeonggi	Gyeongnam	Gyeongbuk	Ulsan	Incheon	Jeongnam	Jeongbuk	Total 918
	55	132	51	85	31	49	45	47	
	Jeju	Choongnam	Choongbuk	Gwangju	Daegu	Daejeon	Busan	Seoul	
	22	32	35	24	45	28	59	171	7

Source: Social Enterprise Information System 2018

Table III.14. Community programmes and relevant legal basis

Ministry	Main Programmes	Legal Basis
Ministry of the Interior and Safety	<ul style="list-style-type: none"> Community enterprise Information-oriented village Border area support project Hope Village 	<ul style="list-style-type: none"> Electronic Government Act Special Act on Support for Border Area
Ministry of Agriculture, Food and Rural Affairs	<ul style="list-style-type: none"> Agricultural community enterprise Rural village remodelling Green farm village Experience village 	<ul style="list-style-type: none"> Rearrangement of Agricultural and Fishing Villages Act Special Act on Improvement of Quality of Life for Farmers and Fishers and Promotion of Development in Rural Areas Special Act on Balanced National Development
Ministry of Land, Infrastructure and Transport	<ul style="list-style-type: none"> Urban regeneration Enhancement of urban vitality Improvement of living conditions in vulnerable urban areas 	<ul style="list-style-type: none"> Special Act on Promotion of and Support for Urban Regeneration
Ministry of Environment	<ul style="list-style-type: none"> Villages with excellent natural environment 	<ul style="list-style-type: none"> Natural Environment Conservation Act
Ministry of Oceans and Fisheries	<ul style="list-style-type: none"> Strengthening capacity of fishing villages 	<ul style="list-style-type: none"> Fishing Villages and Fishery Harbors Act Special Act to Support the Development of Specialized Fishing Villages
Ministry of Culture, Sports and Tourism	<ul style="list-style-type: none"> Cultural development in towns Cultural tourism development 	<ul style="list-style-type: none"> Regional Culture Promotion Act Tourism Promotion Act Culture and Arts Promotion Act
Korea Forest Service	<ul style="list-style-type: none"> Mountain village development 	<ul style="list-style-type: none"> Forestry and Mountain Villages Development Promotion Act
Cultural Heritage Administration	<ul style="list-style-type: none"> Cultural heritage site preservation 	<ul style="list-style-type: none"> Cultural Heritage Protection Act

Source: (Korea Research Institute for Local Administration 2014)

Figure III.4. Legal status and sectors of Village Enterprises

and publicity in addition to consulting services for the next two years (Hong 2011). As of 2014, there were a total of 867 agricultural Village Enterprises across the nation, which provided 24,749 jobs (KDI 2014).

Cooperatives other than Saenghyup cooperatives

The Framework Act on Cooperatives simplified the process and reduced requirements needed to set up two types of cooperatives: cooperatives as for-profit corporations and social cooperatives as non-profit corporations. In contrast with the more complex requirements in the eight Acts for cooperatives in specific sectors (seven Acts in Table III.4 and the Credit Unions Act), the FAC grants the legal status of a cooperative to any organization with at least five members, a cooperative constitution, an initial investment (with no minimum threshold) and democratic decision-making process which submits

the necessary documents to its local government. The FAC defines cooperatives as organizations which purchase, produce, sell and/or provide services based on the cooperative principle with the aim of serving the interests of their members and contributing to the development of the community.

By providing a legal definition for social cooperatives, it also recognizes and provides support for more social mission-oriented cooperatives. Social cooperatives are defined as undertaking activities to strengthen the rights and increase the welfare of people in the community, or provide social services or employment to vulnerable people. They should be non-profit organizations, that is, they are not allowed to distribute dividends to members, in contrast with other types of cooperatives.

When the FAC was passed, the Republic of Korea transitioned from a country with a special law system on cooperatives, like Japan, to a country with a mixed system of general laws and special laws for cooperatives, like France, meaning that it began to provide a broader legal basis allowing more diverse forms of cooperatives (Jang, 2016).

As Table III.15 shows, the number of cooperatives based on the FAC increased considerably over a short period: 10,401 cooperatives were created during the first four years after the FAC came into effect. Of these, 9,763 were for-profit cooperatives such as small entrepreneur cooperatives, freelancer cooperatives, worker cooperatives, and community-enhancing cooperatives, while 582 were non-profit social cooperatives. About 120,000 people have participated in the creation of cooperatives and invested approximately KRW 160 billion (about USD 176 million; or USD 1,457 per person) at the time of their establishment. The activities of newly established cooperatives include commerce, agriculture, manufacturing, food service, lodging, recycling, solar power, education, culture, social services, and consulting.

Table III.15. The accumulated number of different types of cooperatives

	2013	2014	2015	2016
For-profit co-ops	2,943	5,938	7,880	9,763
Social co-ops	102	262	362	582
Federations	12	35	47	56
Total	3,057	6,235	8,289	10,401

Source: Ministry of Strategy and Finance in South Korea (each year)

Other forms of social economy

Finally, there has been a growing number of various forms of organizations with a strong focus on realizing social objectives such as the reduction of poverty, inequality and unemployment, environmental protection, and enhancing social cohesion. They do not have the specific legal status provided by the laws on cooperatives or social enterprises. Many social ventures, associations and foundations that provide community members with microcredit, business services, and social services such as education and consulting are included in this category. For example, *Sahoe yeondae eunhang* (Social Solidarity Bank), *Sinnaneun johap* (Joyful Union), *Hamkke ilhaneun jaedan* (Working Together Foundation), and *Hankook saghejeukkyungje yondae hoyi* (Korea Social Economy Solidarity Network) fall into this area of the social economy sector. Although the number of social economy organizations of this type is unknown, they have an important role in shaping the social economy sector in the Republic of Korea.

Intermediary organizations and network organizations of individual SEOEs are also very important in the SE universe. All the special laws of SEOEs include clauses for intermediary organizations such as SRACs, Korea Social Enterprise Promotion Agency, and Village Enterprise Aid Centres. Individual SEOEs also organize regional- and national-level councils in which member organizations and enterprises exchange information and experience, and learn from each other.

Social financing

Social finance aims to efficiently allocate financial resources for primarily social and environmental returns, as well as in some cases, a financial return. Despite an increase in demand for finance from the growing SE sector, the institutions, mechanisms and instruments for social finance are still underdeveloped in the Republic of Korea (Jang 2012). For instance, the FAC does not provide any clause allowing cooperatives in the finance and insurance sector to be set up. And existing cooperatives with a potential for social finance, such as credit unions and community credit unions, tend to make loans to commercial entities rather than SEOEs since they think the former are more reliable in providing repayment.⁸

The major institutions, mechanisms and instruments for social financing in the Republic of Korea can be

classified as public and private. The major sources of public social finance are: subsidies from the central and local governments; loans from government agencies; and funds for start-ups. The government also makes contracts with private institutions which manage a public fund for SE. One typical example is the Social Investment Fund in Seoul.

In the private sector, several organizations provide loans to SEOEs. The major organizations are *Sahoe yeondae eunhang* (Social Solidarity Bank), *Miso geungyung jungang jaedan* (Central Miso Financial Foundation), *Sinnaneun johap* (Joyful Union), *Hamkke ilhaneun jedan* (Working Together Foundation), and SK Group (Jang and Park 2013). It is notable that some of the large conglomerates have established supporting institutions for SE and provide loans to the SE sector (as in the case of SK Group). Some organizations also donate funds for SE to the government. The Seoul Metropolitan Government initiated social investment at the local government level by establishing the Social Investment Fund in 2013 (see Chapter IV).

Conclusion

The SE sector in the Republic of Korea has been formed by both bottom-up and top-down approaches. The former was driven by grassroots social movements and civil society organizations and was often linked with anti-colonial and anti-authoritarian political ideals and practices. The colonial authority and Korean governments also either initiated or responded to these bottom-up approaches. They have used either repressive or incentive measures, and sometimes both, to control (or at times co-opt) these bottom-up approaches for policy purposes. The top-down approach, particularly its strong control over some cooperatives through legal codes, has produced some adulterated forms of cooperatives which are not based on key cooperative norms and principles such as democratic self-management.

The reactiveness and bureaucratic structure of the top-down approach of the government has also produced serious fragmentation in governance structures and a silo approach to the SE sector (Mendell et al. 2010, Mendell 2014). For instance, the Ministry of Finance and Planning is the ministry in charge of social cooperatives, while the Ministry of Labour and Employment is in charge of social

enterprises. Village Enterprises are regulated and supported by the Ministry of the Interior and Safety and have variants in rural areas which are regulated and supported by the Ministry of Agriculture, Food and Rural Affairs. Self-Reliance Enterprises, with their historical institutional links with the NBS, are governed and supported by the Ministry of Health and Welfare.

Recent government policies and acts to promote various forms of SEOEs, however, have had a positive impact on the growth of the SE sector, with support ranging from legal status to financial assistance. In particular, growth of SE in the context of welfare state expansion is a notable feature in the Republic of Korea in comparison with other countries, particularly many countries of the European Union that have turned to SE in the context of fiscal austerity. However, some legislation has created a dual structure within SE, which often undermines the potential of SEOEs for inter-organizational cooperation. The way the FAC separates cooperatives as for-profit corporations from social cooperatives as non-profit corporations is a case in point. In other cases, as we can see in the case of SEPA and its selection of CSEs, some laws run the risk of institutional isomorphism by allowing an excessive proportion of for-profit corporations in the SE sector.

Different interests, purposes and interpretations have shaped the nature and forms of actors in SEOEs, and this has created tensions between two distinctive approaches of SEOEs. One is based on an alternative economic approach, including social control of the economy and empowerment of disadvantaged people through capacity building and collective action, as seen for example in producer organizations in the 1990s. The second is a poverty reduction approach, interpreting SE as a tool to reduce poverty through creation of jobs and provision of services, which has been prevalent since the early 2000s. The question is whether and how the interactions between the bottom-up approach seeking an alternative more democratic economy, and the top-down approach emphasizing the productive welfare aspect, can somehow combine to create an enabling environment where SEOES fully realize their potential social, economic and environmental objectives, and contribute to the achievement of the SDGs, without sacrificing the fundamental values and norms of social economy such as democracy, solidarity and social inclusion.

ENDNOTES

¹ *Nong-hoe* are considered to be the organizational precursor of a type of agricultural cooperative called *Nonghyup*, which is now the largest sub-sector of the social economy sector in the Republic of Korea. The primary agricultural cooperatives and their federation employed over 77,000 workers in 2015 and over 1,000 primary agricultural cooperatives are recognized as a type of SE organization in the bill, Basic Law on Social Economy, proposed by parliament in 2015.

² *Saemaul Geumgo* gained its own legal basis when the Community Credit Cooperatives Act was enacted in 1982.

³ The positive results in terms of the reduction of the income gap between rural and urban areas and improvements in living standards in rural areas during the 1970s can be attributed to the combination of policies redistributing resources from urban to rural areas, such as land-to-tiller reform, pro-agricultural grain procurement policies and government subsidies combined with *Saemaul Undong*, rather than *Saemaul Undong* alone (Douglass 2014, Im 1997). Comparative research on two village case studies also shows that *Saemaul Undong* was not the sole driver of improvements in living standards. It suggests that the voluntary commitment of villagers was more effective in increasing incomes than initiatives within *Saemaul Undong* (Kim 2009b).

⁴ *Nonghyup* is the biggest cooperative then and now in the Republic of Korea, and is ranked as the fourth largest cooperative in terms of turnover in the world (ICA-Euricse, 2017).

⁵ The native Korean words *han* and *salim* come together to create the meaning “save all living things”. The mission of *Hansalim* is to save food, agriculture, life and planet.

⁶ *Sahoi bokji bubin* is a nonprofit organization which is regulated by a special law on social welfare corporations (Social Welfare Services Act of 1970). In the Republic of Korea, there are other corporations under special laws such as *hakyou bubin* (private school corporations), *jongyo bubin* (religious corporations), *euryo bubin* (medical corporations), and *tuiksu bubin* (special public corporations) (Kim and Hwang, 2002).

⁷ Because there is no official poverty line in the Republic of Korea, eligibility criteria for public assistance programmes are used to identify or refer to poor and vulnerable groups. For instance, the NBS Act stipulates the income level of its beneficiaries at the standardized median income plus 30 percent (NBS Act, Article 8, 2014). Other examples include the eligibility criteria of assistance programmes, used to identify “vulnerable groups”—including people who have difficulty purchasing the social services they need at market prices, people who have difficulty being employed under the normal labour market conditions, people with income less than 60 percent of the national average, people over age 55, people with disabilities, victims of prostitution, beneficiaries of employment promotion grants, refugees from North Korea, victims of domestic violence, beneficiaries of the single parent protection programme, foreign nationals married to Koreans, and parolees (Enforcement Decree of SEPA 2007).

⁸ Interview with Seok Jo-son and Young Woo-you, 2017.

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Institutions and Policies for SE in Seoul

THE ORIGINS of the social economy (SE) in Seoul in its current form can be traced back to cooperative movements led by the Catholic church, and producer organizations established by activists to reduce poverty and improve living conditions in poor areas of Seoul in the 1960s and 1970s. They produced the ideologies and actors which contributed to shaping an SE ecosystem in the city. A variety of structural, institutional and policy factors at central, Seoul metropolitan and sub-metropolitan (district) levels played a significant role in shaping the development trajectories of SE. Electoral politics at central, Seoul metropolitan and district levels have always been closely associated with the degree of durability of policies and institutions established by a specific party or government.

Following the previous chapter on national context, this chapter zooms in on historical and institutional factors at Seoul metropolitan and district levels that influence the nature and functions of SE in Seoul. It pays particular attention to the development of mechanisms to promote the participation of multiple stakeholders, interactions between policy actors, the

institutionalization of SE at both Seoul metropolitan and district levels, and the issue of policy coherence. It concludes by summarizing the limits, tensions and opportunities for SE in Seoul, particularly as regards durability of policies for SEOEs.

Origins of SE in Seoul

Emergence of social movements to reduce poverty

In the rapid industrialization process in the 1960s, the number of rural-to-urban migrants doubled, and the number of slum dwellers increased to more than 1 million, about 20 percent of Seoul's population in 1970 (Editorial Committee of Seoul's History 1996, Kwon, Yoon et al. 2006). Faced with rapidly growing slums and the proliferation of illegal dwellings, the central government and the Seoul Metropolitan Government (SMG) responded by demolishing slums and forcibly relocating illegal residents to suburbs of Seoul. This provoked demonstrations of opposition, including riots by slum residents. At the grassroots level, civil society activists, particularly those associated

with both the Catholic and Protestant churches, started to organize residents to protect themselves against forced relocation policies and to improve living standards (CISJD 1986, Kim 2011).

In the 1970s, as the number of rural-to-urban migrants working in the informal sector increased and available space for relocation in the suburbs decreased, the SMG changed its policy approach from relocation to redevelopment of the slums. This development, however, did not benefit the residents. Newly built houses were too expensive for the slum dwellers to buy. About 55 percent of the residents lived in rented housing, and only about 20 percent were able to afford the newly redeveloped housing (Kim and Yoon 2001). For the slum dwellers, the only way to keep their residence was to resist slum upgrading. Repressing the resistance of residents with physical force, the government demolished existing illegal housing in return for minimal financial payment. The urban poor had to leave their residential areas. These low-paid and informal sector workers began to concentrate in other areas of Seoul where redevelopment policies had not yet been implemented. These areas lacked essential infrastructure and public services.

The social movements which were active in these areas from the 1960s to the 1980s were often allied with anti-authoritarian democratization movements since they were effectively protesting against physical repression by the authoritarian government (Chung 1985, Kim 1989, Kim 1999). An early form of SE, often called “the community of the poor people” emerged from these social movements in illegal housing areas in the 1960s and 1970s (see Figure IV.1). Religious leaders and university students often led efforts to organize residents to undertake economic activities in the poor illegal housing areas, with the aim of helping them to escape from absolute poverty and protect their residential areas (Lim 2002).

Figure IV.1. Illegal housing areas in Seoul



Cooperative movements

Another strand of the bottom-up approach was the cooperative movement. As we have seen in the previous chapter, the influence of the Catholic church on the cooperative movement was particularly notable. The Catholic church set up the Cooperative Education Institute with its headquarters in Seoul. In the 1960s and 1970s, it ran educational courses of two to seven weeks on the management of cooperatives and community development. From 1962 to 1971, the Cooperative Education Institute trained 2,074 participants, who were mostly young (in their twenties) and male; female participants accounted for only 13.5 percent of the total (National Credit Union Federation of Korea 2011). According to the Institute’s own 1970 evaluation report, between 1962 and 1970 it trained 1,252 people; in 1970, 347 of these trainees were working in Seoul as leaders of cooperatives, and 80 percent of them became leaders of cooperatives across the country (Park 1970).

Table IV.1. Profiles of graduates of the Cooperative Education Institute (1962-1970)

Sex (%)		Location of practice (%)		Religion (%)		
Male	Female	Seoul	Outside Seoul	Catholic	Protestant	Others (Buddhist, Atheist etc.)
86.5	13.5	27.7	72.3	38.1	11.6	50.3

Source: Park 1970

These cooperative leaders played a significant role in establishing credit unions, consumer cooperatives and medical cooperatives. It is interesting to note that many graduates of the Cooperative Education Institute actively engaged with the government’s top-down approach to poverty alleviation. Many of them were involved in the Central Council of the National Movement for Reconstruction (1964-1975), an extended arm of the government which mobilized people against communism and to improve living standards, mainly working on community-based savings unions (Park 1970).

Democratization and SE

In the midst of the democratic transition in the late 1980s and the 1990s, many leaders of anti-authoritarian civil society movements paid more attention to economic and social democratization issues. They strengthened existing organizations or established new organizations with economic and social purposes undertaking different activities to improve quality of life and strengthen the

emerging democracy (Lim 2011). Those organizations were in diverse sectors: environmental protection, economic justice, social welfare, gender, or protection of foreign workers and consumers. Seoul, where almost half of the civil society organizations (CSOs) were located, became the breeding ground for new ideologies and activities associated with diverse economic and social movements (Lim 2011).

Targeting slums, activists from social movements and CSOs working on poverty issues in Seoul sought long-term and durable solutions such as a capacity building or organizing the poor people as workers rather than the provision of material assistance. For instance, they helped slum residents who worked as daily construction workers to establish construction worker cooperatives. Women in slums also organized themselves in producer cooperatives providing sewing services or producing handmade cosmetics (Kwon 1993, No, Lee et al. 2010).

The Kim Young-sam government (1993-1998), which established firm civilian control over the military, provided a favourable environment for these nascent forms of SEOEs. Establishing various communication channels through which civil society could convey their opinions on policy, the government sought to be responsive to the electorate. The government's new social policy framework emphasizing productive and preventive welfare policies was also in line with the intentions of these nascent forms of SEOEs to achieve durable and long-term improvement in the economic conditions of poor and vulnerable people rather than provide short-term aid (People's Planning Group for National Welfare 1995, Yi and Lee 2005). Those who had been involved in the producer communities in the poor areas of Seoul and other cities, together with policy researchers, successfully persuaded the government to launch a pilot Self-Reliance Community Project. In 1996 the pilot project established five Self-Reliance Aid Centres (SRACs) to support economic activities, three of which were in poor areas of Seoul (Park 2004, Self-Reliance Policy Research Institute 2009, No, Lee et al. 2010).

As its numbers and market share grew, the *Saenghyup* sector also played a significant role in spreading these kinds of cooperatives in Seoul. The *Saenghyup* cooperatives set up logistics associations to reduce overhead costs, and the sector actively participated in the policy-making process to establish a legal basis for *Saenghyups*, which led to the Consumer Cooperatives Act being passed in 1999 (Yeom 2008).

NBLS, and Self-Reliance Communities and Enterprises

As part of its more progressive and expansionary welfare policies in response to the Asian financial crisis in the late 1990s, the Kim Dae-jung government, which particularly emphasized the productive aspect of welfare policies, used the Self-Reliance Aid Centres (SRACs) as a major policy tool to alleviate poverty and unemployment (Ringen, Kwon et al. 2011, Kim, Yang et al. 2016).

The 2000 National Basic Livelihood Security (NBLS) Act (see Chapter III) stipulated that Self-Reliance Aid Centres be scaled up, and the government planned to establish at least one SRAC in each administrative area with local autonomous government. By 2014, the number of SRACs had reached 260.

Mandated to implement the NBLS, the MoHW contracted out SRACs to the non-governmental sector which had accumulated experience and expertise on poverty alleviation, particularly those various CSOs working in poor illegal housing areas in Seoul. Various organizations working on unemployment issues also had a contract with the MoHW and became SRACs.

SRACs helped the poor or NBLS beneficiaries to establish small-scale enterprises called Self-Reliance Enterprises (SREs) or organizations undertaking economic activities called Self-Reliance Communities (SRCs). They provided education and training, and delivered financial subsidies from the government to these SREs and SRCs.

Factors shaping development trajectories of SE in Seoul

In addition to those trained through education courses for cooperative movements and practising social movements in poor areas in Seoul, many structural and institutional factors contributed to the growth of SE in Seoul. They include but are not limited to: decentralization, through electoral politics at the local level in 1995; the comparatively better fiscal conditions in Seoul as an economic centre compared to the rest of the country; growth in numbers and strength of SE actors in civil society; a social economy-friendly mayorship; the creation of an ecosystem for SE, particularly support from the Seoul Metropolitan Government and Council, and district governments.

Table IV.2. Self-Reliance Aid Centres including provincial and central levels

		SEOUL	TOTAL NUMBER
1996	Pilot phase	3	5
1997		4	10
1998		4	17
1999		4	20
2000	Within the framework of the NBS	11	70
2001		26	169
2002		27	192
2003		29	209
2004		31	242
2005		31	242
2014		32	260

Source: Self-Reliance Policy Research Institute 2009, Kim, Yang et al. 2016, Seoul Province Self-sufficiency Center 2016

Decentralization

Decentralization became a central part of the political agenda in the democratization process which began with the presidential election of 1987. After a series of advances and setbacks, the first ever local elections for councillors in all the administrative units were held in 1991. With the 1995 nationwide elections of councillors and heads of local governments the Republic of Korea re-established a system of decentralized governance with full-scale local democratic representation after decades of authoritarian rule. The system of local democratic representation created a new political arena where local politicians and citizens could interact with each other concerning public policies directly affecting local society. Local governments headed by elected mayors or governors started to strengthen their capacity to establish and implement public policies responding to local demands and to mobilize resources for them (Bae and Kim 2012).

After the Asian financial crisis, the argument for further decentralization gained more traction in society partly due to criticism of the central government's failure to prevent the financial turmoil. A series of laws and organizations were established to accelerate the transfer of central functions and tasks to local governments in the late 1990s and 2000s. They include the Law for the Promotion of Central Authorities (1999); the Presidential Committee on Devolution Promotion (1999); the Decentralization Roadmap (2003); and the Special Law on the Promotion of Decentralization (2004). A significant change in central-local relations occurred during the President Roh administration (2002–2007). It prioritized decentralization and undertook measures to redistribute resources from central to local governments (Bae and Kim 2012). Local governments' policy space regarding the number of locally decided administrative tasks increased from 41.7 percent of total local government affairs in 2002 to 58 percent in 2005, and to 63.5 percent in 2009 (Ko 2016). Despite this increase in policy space, however, the legacy of a strong central state remains, particularly regarding the division of government affairs. Decision making is still largely in the hands of the national government, although implementation is mostly a local government responsibility. For instance, from early 2000 to around 2015, on average almost 70 percent of total administrative tasks were those decided by central government (Ko 2016).

This co-existence of increasing policy space for local governments and the ongoing large policy space of the central government also has implications for the fragmented structure of the SE ecosystem in Seoul. For instance, in addition to the institutions and organizations initiated and established by the SMG, the KSEPA (an agency of the Ministry of Employment and Labour) has its own contracted organization covering Seoul. For example, the Korea Microcredit *Sinnanun Johab*, which works for KSEPA, does not have any official relations with the SMG.

Although local governments' policy space has expanded, most local governments do not have genuine capacity to design and implement policies, partly due to a lack of financial resources and low fiscal autonomy (Seong 2000, Bae and Kim 2012). However, the SMG has been in a relatively better position than other local governments regarding fiscal independence. Seoul as an economic centre has a higher level of

local tax and non-tax revenues. The high level of fiscal independence creates stronger policy capacity to implement policies addressing local needs than in other local governments.

The SMG, however, did not fully utilize this policy autonomy and capacity to design and implement its SE policies until 2011, when a social economy-friendly mayorship began. The purpose of policies for SE under the previous administration (Mayor Oh, July 2006 to August 2011) was the implementation of national policies to promote social enterprises—in other words, selecting and providing financial support to CSEs and PCSEs. The unique programme, “Seoul-type Social Enterprises” established by the Oh administration was, in fact, a variant of the PCSE programme. Nor were district governments active in developing the SE sector; they largely performed administrative work related to SE as mandated by the SMG (Kim 2011). It was not until 2011 (and the end of the Oh administration) that specific policies and institutions for SE which reflect Seoul’s specific locality were established.

Political party affiliation of the mayors and their relationship with central government is also an important factor which affected SE development in the context of decentralization. Although there was cross-party political support for the SEPA and the FAC, parties have clearly differentiated attitudes towards certain issues. How to promote and regulate the SE sector is one example. Partisan politics at the local level tend to be exacerbated when different

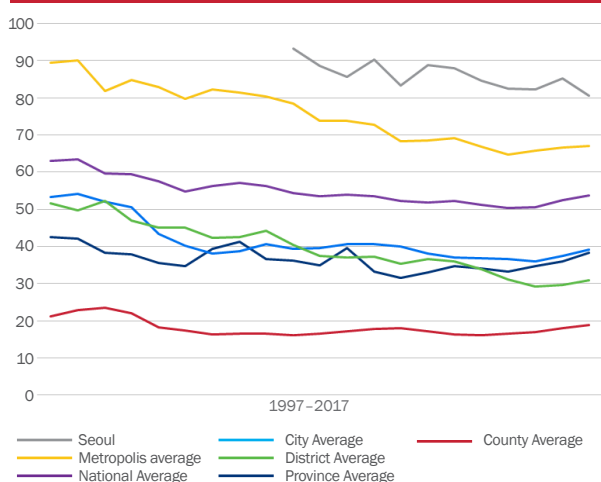
parties have the presidency, the mayorship, or control over the majority of local government councils. In particular, when the majority of local councils are affiliated to a different party than the mayor, they are more likely to stall, delay or distort the mayor’s policy initiatives. In this sense, Mayor Park Won-soon (the current incumbent), who has introduced a new policy initiative for SE, has had a favourable political environment at the local level.

Growth of social economy actors in civil society

Central and local governments did not consider various forms of SEOEs, such as SREs, SRCs and cooperatives, to constitute SE in the late 1990s and early 2000s. The fragmented governance structure spread across different ministries reinforced this perception. It was civil society organizations which conceptualized SE as encompassing these similar economic activities and highlighted the shared values and principles guiding the future trajectory of organizational development of different SEOEs. CSOs in Seoul were at the centre of this conceptualization of SE.

A notable example is the People’s Movement Committee for Overcoming Unemployment (PMCOU) established in 1998 to manage the funds donated by citizens during the Asian financial crisis (see Chapter III). Its headquarters in Seoul began to play a significant role in creating a network of various forms of SEOEs in and beyond Seoul. Village-based CSOs working on poverty alleviation and job creation joined the PMCOU and formed a national network of about 130 CSOs as of 2000 (Working Together Foundation 2013).

Figure IV.2. Fiscal independence (ratio of local tax and non-tax revenues to general budget) by local governments (1997–2017)



Source: Seoul Statistics (website) (1997–2005 data are not available)

Although the unemployment rate decreased to 4 percent in 2001, the share of precarious jobs increased and poor and vulnerable people such as the long-term unemployed, young people, women and persons with disabilities became increasingly excluded from the labour market. In response to this, the PMCOU set itself the aim of establishing socially desirable and decent jobs and introduced the social economy as a framing concept for these activities (see Chapter III). In 2003, PMCOU became the People’s Foundation for Overcoming Unemployment–Society of Working Together (PFOU-SWT, which changed its name to the Working Together Foundation in 2008) with funds amounting to KRW 42.7 billion (about USD 40 million). The organization was founded on key principles and values closely related to those in the social and solidarity economy: solidarity, cooperation,

Table IV.3. Political party affiliation of presidents, majority parties in the SMC and mayors

President	Roh Moo-Hyun (2003–2008) (Millennium Democratic Party → Yeollin Uri Party)	Lee Myung-Bak (2008–2013) (Grand National Party → New Frontier Party)	Park Geun-Hye (2013–2016) (New Frontier Party)	Moon Jae-In (2017–) (Democratic Party of Korea)
Majority party of Seoul Metropolitan Council	Grand National Party (102 out of 106 seats) (2006–2010)	Democratic Party (79 out of 106 seats) (2010–2014)	Democratic Party → New Politics Alliance for Democracy → Democratic Party of Korea (77 out of 106 seats) (2014–2018)	
Mayor	Oh Se-hoon (Grand National Party) (2006–2010)	Oh Se-hoon (Grand National Party) (2010–2011)	Park Won-soon (Democratic Party) (2011–2014)	Park Won-soon (Democratic Party) → New Politics Alliance for Democracy → Democratic Party of Korea (2014–2018)
District Mayor	All 25 District Mayors are affiliated with the Grand National Party.	21 District Mayors out of 25 are affiliated with the Democratic Party. 4 Mayors (Gangnam, Seocho, Songpa and Jungang Districts) are affiliated with the Grand National Party.		20 District Mayors out of 25 are affiliated with the New Politics Alliance for Democracy. 5 Mayors (Gangnam, Seocho, Songpa, Jungang, and Jung) are affiliated with the New Frontier Party.

Source: National Election Commission; Seoul Metropolitan Council website

focus on vulnerable groups of people, the creation of socially desirable and decent jobs such as jobs in social service delivery in the community, promotion of social enterprises, and promotion of community-based organizations to promote social enterprises (Working Together Foundation 2013). Based on these values and principles it shifted its focus of operation from the provision of benefits to the unemployed, which had been the main form of PMCOU support, to capacity building of communities to create socially desirable and decent jobs (Working Together Foundation 2013). The PFOU-SWT had a strong partnership with the government, particularly through government projects to create socially desirable jobs in social service delivery.

Another source of growth in the number of SE actors in Seoul was additional SREs and SRCs, thanks to increased support from the NBLs and CSOs such as PFOU-SWT. Between 2000 and 2016, 209 Self-Reliance Enterprises were established in Seoul, and more than half of them were voluntarily organized without government support (Nam 2016).

Social economy–friendly mayorship

After the SEPA was enacted in 2007, the SMG under Mayor Oh started to establish institutions and policies for SE such as the Seoul Social Enterprise Promotion Ordinance (SSEPO) (2009). It also established the conditions and criteria of Seoul-type Pre-Certified Social Enterprises (S-PCSEs) a local variant of PCSEs selected by local governments in accordance with the SEPA. As a consequence, Seoul would have two types

of PCSE: Seoul-type PCSEs with less strict criteria than normal PCSEs, and PCSEs with the criteria set by the SEPA. Both would have similar support, such as financial contributions to workers' salary costs.

The SE policies of the Oh administration conformed to the national legal frameworks. The main role taken on by the Oh administration was to increase the number of PCSEs and give direct financial support, rather than to create a supportive environment for diverse forms of SEOEs.

It soon faced several problems. First, in 2007 the central government started reducing the financial transfers earmarked for social enterprises. The central government's budget was significantly reduced in 2010, the same year the Oh administration launched the Seoul-type PCSEs, and the budget was further reduced in 2013. Without support from the central government, the SMG's budget was insufficient to cover the financial support for the rapidly increasing numbers of Seoul-type PCSEs (Do 2014).

Second, the focus on providing direct financial support to the Seoul-type PCSEs resulted in an unintended consequence. For-profit enterprises began to pose as social enterprises in order to receive subsidies. For instance, about 25 percent of Seoul-type PCSEs were disqualified in the second year, and about 25 percent of 221 cases selected for audit had committed subsidy fraud, such as ghost employment and paying workers less than the minimum wage (Eom 2011, Kim 2011).

Table IV.4. Self-Reliance Enterprises (2000–2016)

	Seoul	Busan	Daegu	Incheon	Gwangju	Daejeon	Ulsan	Gyeonggi	Gangwon
Establishment	209	181	94	74	82	43	41	166	100
Government supported	99	54	40	18	23	12	10	71	30
Closed down	32	49	1	32	22	13	21	12	12
Business failure rate (Number of closed down enterprises / Total number of companies *100)	15.3	27.1	1.1	43.2	26.8	30.2	51.2	7.2	12.0
	Chungbuk	Chungnam	Jeonbuk	Jeonnam	Gyeonbuk	Gyeongnam	Jeju	Sejong	Republic of Korea
Establishment	81	80	150	166	131	128	24	10	1760
Government supported	23	30	38	30	35	44	4	1	542
Closed down	17	21	336	76	9	45	6	2	426
Business failure rate (Number of closed down enterprises / Total number of companies *100)	21.0	26.3	224.0	45.8	6.9	35.2	25.0	20.0	24.2

Source: Central Self-Sufficiency Foundation 2016

Another feature of the Oh administration's SE policy was that it paid little attention to civic participation, which however is an important factor for the success of SE development. For example, the Basic Plan for Social Enterprises announced by the Oh administration in 2010 did not include participation as a key element of the promotion policy (Seoul Metropolitan Government 2010). A meaningful mechanism to include civil society in the process of selecting Seoul-type PCSEs was lacking and, as a consequence, officials from the SMG dominated the selection process (Yi 2016).

Park Won-soon, a former civil rights lawyer who led a movement to protect small stockholders' rights against large conglomerates in the Republic of Korea, and founder of a social enterprise, took over the mayorship of the SMG in a by-election in 2011 after the resignation of Mr. Oh (Park 2013). The Mayor Park administration (2011–present) made an important policy shift regarding SE, moving from direct support for CSEs and PCSEs to the creation of an enabling environment for diverse forms of SEOEs, known as the SE ecosystem. Two factors contributed to this policy shift. First, many SE actors and stakeholders started to think about the sustainability of SE enterprises and organizations, especially as the first batch of PCSE and CSE began to show financial instability when financial support from the government was cut. Second, the selection criteria for PCSEs and CSEs to receive direct financial support often excluded more diverse forms of SEOEs which also had social and environmental goals but didn't necessarily fulfil formal certification criteria.

The SE ecosystem

The first element to constitute the SE ecosystem was public-civil society partnership organizations. This partnership-based governance pattern in Seoul signalled a departure from previous SMG-led policy making and a move towards the co-construction of policies by government and civil society (Mendell 2014).

In late 2011, shortly after Mayor Park's inauguration, the SMG established a policy network composed of civil society leaders from various SEOEs, some of whom directly participated in Mayor Park's election campaign team. The civil society leaders in this network proposed creating a special group, the Civic-Governmental Policy Consultation Council for Social Economy (CGPCCSE). Its mandates were (i) establish and disseminate a development strategy for social economy; (ii) contribute to enhancing the sustainability of social economy; and (iii) improve quality of life through the social economy (Seoul Social Economy Center 2014).

Table IV.5. Social enterprises in Seoul (2011)

	Seoul-type PCSE	PCSE	CSE
Criteria	<ul style="list-style-type: none"> Organizations and enterprises officially recognized as economic entity as defined by the SEPA Create social value (e.g. provide social services and jobs to vulnerable people) 	<ul style="list-style-type: none"> Organizations and enterprises officially recognized as economic entity as defined by the SEPA Employ paid workers for more than three months Create social value (e.g. provide social services and jobs to vulnerable people) Has a constitution Reinvest 2/3 of profits (in the case of commercial firms) 	<ul style="list-style-type: none"> Organizations and enterprises officially recognized as economic entity as defined by the SEPA Employ paid workers for more than three months Create social value (e.g. provide social services and jobs to vulnerable people) Has a constitution Stakeholders participate in decision-making processes Revenue accounts for more than 50% of labour costs Reinvest of 2/3 of profits (in the case of commercial firms)
Financial support	Salary costs covered for two years (minimum wage for workers and median wage for one professional. Sliding scale by years of support)	Salary costs covered for three years (minimum wage for workers and median wage for one professional. Sliding scale by years of support)	Salary costs covered for three years (minimum wage for workers and median wage for one professional. Sliding scale by years of support)
Number	411	6	153

Source: Cho, Kim et al. 2012

Although the CGPCCSE is neither an organization with legal status nor a part of the SMG, with the support of Mayor Park it has had a significant influence on policy making for SE. Composed of city officials, social entrepreneurs, researchers and social activists, the CGPCCSE has had frequent meetings to coordinate opinions between its members which come from different sectors (Lee 2014). Mayor Park has often participated in meetings and set their agendas, and city officials consider the CGPCCSE as one of the most important SE institutions. The CGPCCSE quickly became a venue for “positive interaction and a high level of communication” between city officials and non-public actors, providing “guidance in goal setting and policy making” for SE (Svara, 2003, p.157). The city officials in charge of SE policies consult more frequently with those participating in the CGPCCSE on SE policy design.

The CGPCCSE has also affected the behaviour patterns of civil society activists. Civil society actors, particularly those attending the CGPCCSE, started to pay more attention to their roles in “pull[ing] together a fragmented set of partners and citizens around a shared vision” and creating networks to enhance their legitimacy as civil society representatives (see Greasley and Stoker 2008:723-724). The CGPCCSE has become a core organization to strengthen public-civil society partnerships. It has helped to address problems such as a lack of interaction and trust between different forms of SE organizations, such as social enterprises, cooperatives, community enterprises,

and self-help enterprises (Lee 2014). Following the model of CGPCCSE, another civil-public partnership organization for cooperatives, the Civil-Public Task Force for Cooperatives, was established in 2012. It played a catalytic role in establishing Consultation and Promotion Centres for Cooperatives at the district level (Seoul Social Economy Center 2016).

Another important component of the SE ecosystem is intermediary organizations which have a significant level of autonomy from government and operate independently from both the government and SE actors (Honig 2004). It was the CGPCCSE that initiated the creation of the first intermediary organization. In response, Mayor Park’s administration encouraged district governments to establish further intermediary organizations which could facilitate communication between governments and individual SE actors. The intermediary organizations have established different types of relationships with government. Some of them are based on contracts with the SMG or district governments.

The first intermediary organization for SE at the SMG level was the Seoul Social Economy Center (SSEC) which was established in 2013. It was housed by the Seoul Social Economy Network (SSEN), a network organization of SEOEs in Seoul. Although staffed by civil society activists, the SSEC is mainly funded by government resources for the work contracted, which includes the development and implementation of plans and policies for SE promotion and support for

SEOs (Seoul Social Economy Center 2014). It has a substantial degree of autonomy from the SMG: the SMG evaluates performance rather than interfere in activities. Since it was established, the SSEC has delivered a wide range of support services not only for CSEs and PCSEs but also for various other forms of SEOs (Seoul Social Economy Center 2014). Establishing the SSEC also marked a shift in policy focus from social enterprises as defined by the SEPA towards supporting other forms of SEOs (Seoul Social Economy Center 2014).

The third element of the ecosystem is the legal framework. Since 2013, the Mayor Park administration has promulgated a series of ordinances to promote and support SE. They include the Municipal Ordinance on Support for the Promotion of Cooperatives (2013); the Municipal Ordinance on Public Purchases and Marketing Support for the Products of Social Economy Organizations (2014), and the Framework Ordinance for SE (FOSE) (2014).

The FOSE is particularly notable since it officially conceptualizes the ecosystem for SE. Unlike the 2009 Ordinance on the Promotion of Seoul Social Enterprises, the 2014 FOSE is clearly directed not only at CSEs and PCSEs but at the social economy as a whole, including various SEOs as well as intermediary organizations which aim to create many different forms of social value. These forms of social value include: the creation of stable and decent employment; community regeneration; gender equality; inclusion of vulnerable people; meeting community needs; ethical production and trade; sustainable preservation of the natural environment; and realization of social, economic, cultural and environmental interests related to labour, welfare, human rights and the environment. The Seoul FOSE represents a clear departure from the narrower focus of the central government on poverty alleviation and job creation.

It is notable that the FOSE also highlights the importance of establishing networks within and beyond Seoul. It stipulates that the mayor should support the creation of a global social economy network based on public-civil society partnerships aiming to promote international cooperation for knowledge sharing, education and training. This led to the creation of the Global Social Economy Forum, an international network for SE actors. It also stipulates the creation of a virtuous SE cycle in which SE organizations are

established and developed; markets are created for SE; various stakeholders are encouraged to participate in all levels of governance; and surplus of SE is reinvested. Under the FOSE, 16 out of Seoul's 25 district governments have established intermediary bodies for coordinating and organizing SE organizations in their districts, and have recognized SE organizations as important means of developing local economies and communities.

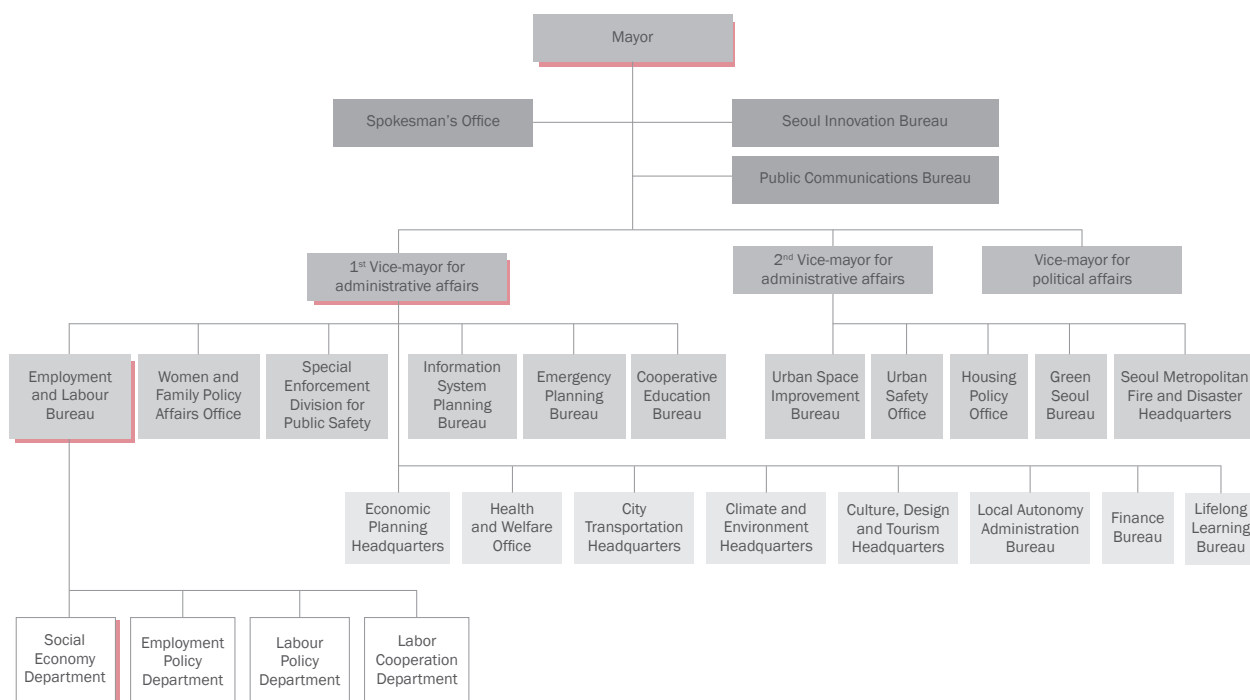
Seoul Metropolitan Government

The SMG is one of the most important institutions in the SE ecosystem in Seoul. The mayor, city officials and Seoul Metropolitan Council members are the key actors of the SMG. Although all the sub-units of the SMG are in some way associated with the SE ecosystem, the following play a key role: the Village Community Division under the Social Innovation Bureau; the Social Economy Department under the Employment and Labour Bureau, which deals with the SE ecosystem including the promotion of Village Enterprises and cooperatives; and the Department of Self-Reliance Support under the Health and Welfare Office, which deals with SREs and SRCs. The Women and Family Policy Affairs Bureau also deals with care in village communities.

There are four teams in the Social Economy Department of the SMG, with 18 posts for city officials including the head of the department. Since it deals with a variety of SEOs, and the SE ecosystem, it is the core SE organization in the SMG. As Figure IV.3 shows, it is notable that the department is under the Employment and Labour Bureau, whose key mandate is related to employment. Using inputs from the CGPCCSE, it was this team that drafted the Comprehensive Social Economy Support Plan for the Creation of a Sustainable Economy Ecosystem, which was announced in April 2012 and which set out the policies to build an ecosystem for the social economy.

The creation of further synergies is hindered by the bureaucratic silos of different departments dealing with SEOs. Frequent staff changes accentuate this silo problem. In general, the maximum length of city officials' tenure in the same department is five years. The heads of department and teams tend to be changed more frequently. High turnover rates make it difficult for city officials to accumulate knowledge of SE policies and experience through extended periods of time working with SE actors.

Figure IV.3. Organization chart of the Seoul Metropolitan Government (as of 2017)



Source: Author's own

Figure IV.4. Populations and fiscal autonomy by district

Districts of Seoul:

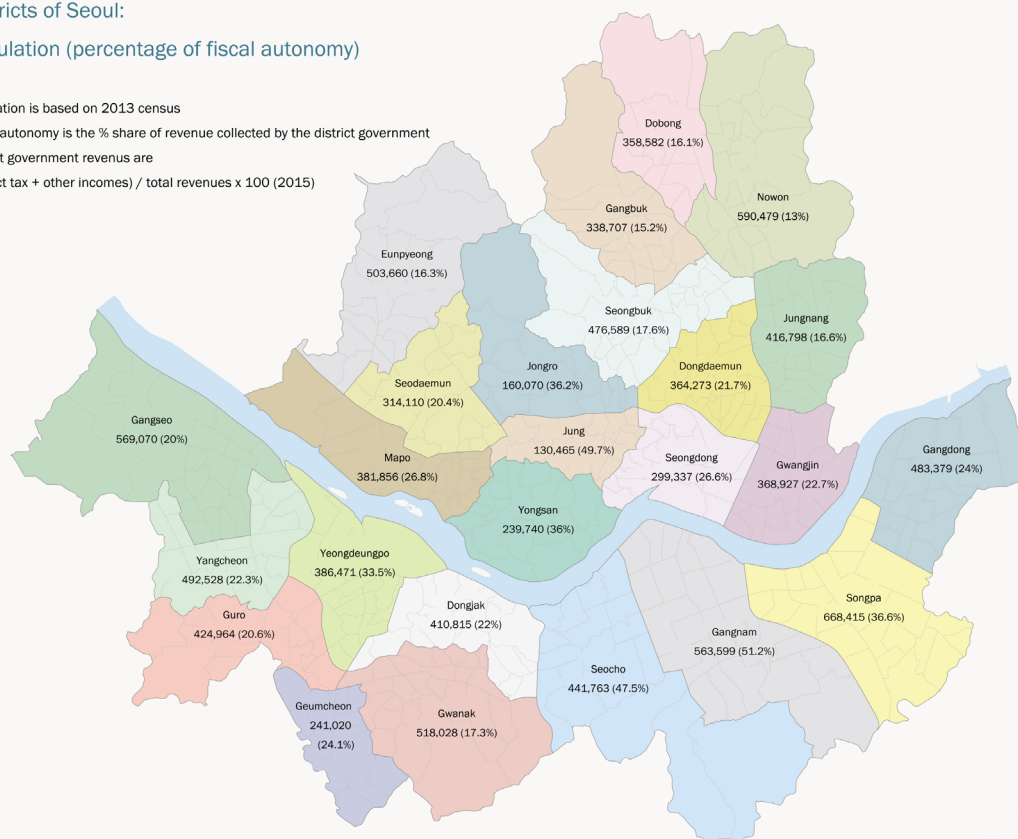
population (percentage of fiscal autonomy)

Population is based on 2013 census

Fiscal autonomy is the % share of revenue collected by the district government

District government revenues are

(district tax + other incomes) / total revenues x 100 (2015)



Source: Korea Research Institute for Local Administration (each year)

Seoul Metropolitan Council

There are 114 elected members of the Seoul Metropolitan Council (SMC), 96 of whom are elected from local constituencies and 10 by proportional representation every four years. The SMC has independent legislative power to enact, revise and abolish municipal ordinances. Since 2012, the SMC has enacted a series of municipal laws to promote SEOEs (see Table IV.6) (Kim, et al., 2016).

Table IV.6. Municipal ordinances on the Seoul social economy

Effective as of	Title
May 28, 2009	Municipal Ordinance on Fostering Social Enterprises
July 30, 2012	Municipal Ordinance on the Creation and Administration of the Social Investment Fund
November 1, 2012	Municipal Ordinance on Fostering and Upholding Fair Trade
March 28, 2013	Municipal Ordinance on Supporting Cooperatives
March 20, 2014	Municipal Ordinance on Public Purchases and Marketing Support for the Products of Social Economy Organizations
May 14, 2014	Framework Municipal Ordinance on Social Economy

Source: Kim, et al. 2016

The SMC's power to examine and decide on budgetary bills and verify appropriate execution of the budget is also an important factor in determining the development trajectory of the SE sector in Seoul. Since the SMC examines and reviews the budget and accounts rigorously, the mayor tends not to go against council members to get budgets approved. Given the power of the SMC in the budget process, the congruence of political party affiliation of the mayor and the majority party of the SMC is crucially important. Since Mayor Park joined his party just before his election, he had a hard time mobilizing support from councillors affiliated with his party in the early period of this tenure. But he was in a better position than his predecessor, since his party has had the majority in the SMC throughout his term (Yi, 2017) (see Table IV.3).

District governments

There are 25 autonomous districts (*Jachi-Gu*) in Seoul. Uneven economic and social development between districts is a feature of the city, particularly between the newly developed residential areas in southern Seoul with expensive housing and high-income residents, and poorer districts. The districts of the southeast of Seoul have significantly higher revenues from real estate taxes, accounting for almost 80 percent of the district government's revenue, as well as fewer beneficiaries of social assistance programmes such as the NBLs (see Figures IV.4, IV.5 and IV.6).

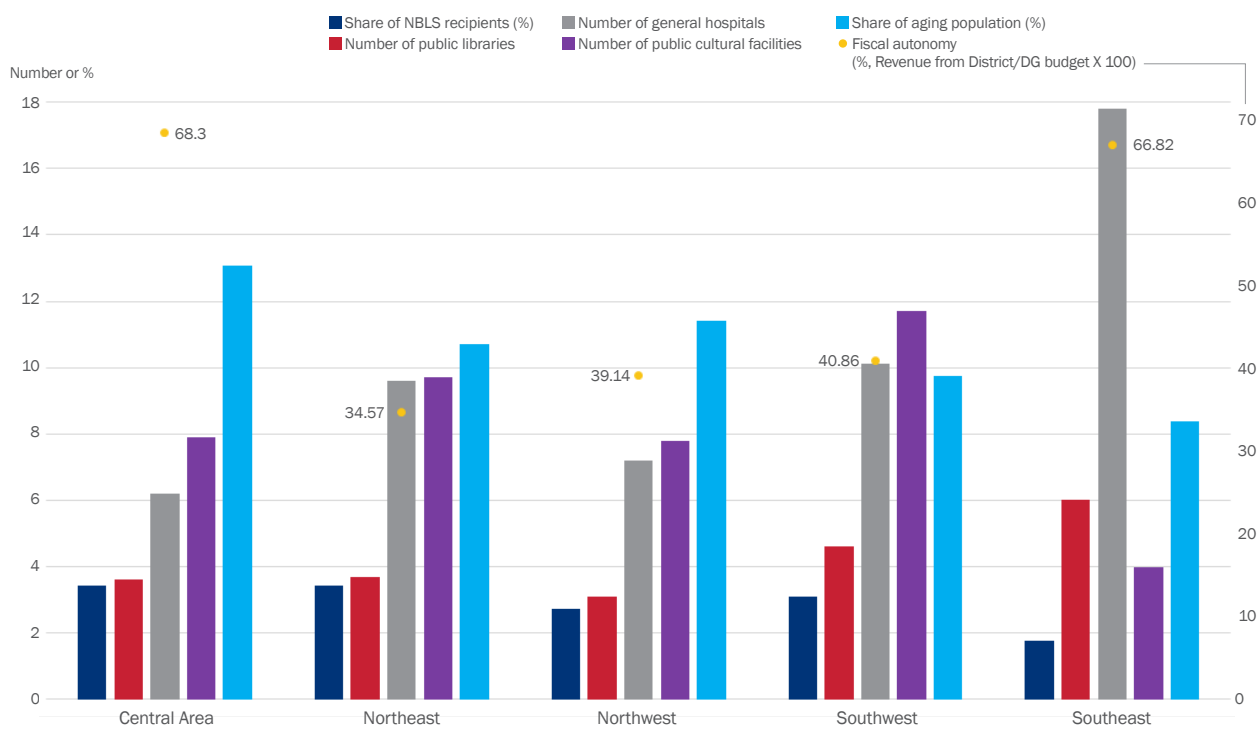
The head of each autonomous district government (DG) is the district mayor who is locally elected. Each district government has its district council composed of elected councillors. Compared with the boroughs in New York, *bezirke* in Berlin, and *arrondissements* in Paris, for example, Seoul's districts (and the district governments) have a higher level of autonomy (Ha and Yang 2001).

The DGs' policy space for SE increased after 2009 when the SMG delegated the function of supporting PCSEs in their efforts to get certified as CSEs (Shin 2010). It then further expanded from 2012 when the SMG encouraged the DGs to identify specific social and economic issues and resources in the district, as well as helping them to establish SE networks at the district level, encouraging DGs to promulgate ordinances on SE, and supporting the creation of district-level SE support centres (Hong 2011, Karl Polanyi Institute Asia 2016). The response of the DGs to this encouragement has varied. Some DGs have been inclined to support and promote SE organizations, while others have paid less attention to them. Some employed SE policies to develop the district in a broad sense, such as Seongbuk, Seongdong, Dongjak, Dobong, Geumcheon and Gwanak, while others focused on the capacity of SE to create jobs (Karl Polanyi Institute Asia 2016).

This variation in SE policy implementation reflects the differing interests of district leaders related to SE, the district governments' capacity for policy implementation, and the ability of district-based civil society networks to cooperatively mobilize resources for SE networks (Voorberg, Bekkers et al. 2015, Lee and Jung 2017). For instance, the district mayors' attention to SE policies varied, as shown by analysis of the election manifestos of elected mayors (see Table IV.7). The latter two capacities are also important factors in explaining district-level variations in the development of SEOEs (see Figure IV.9).

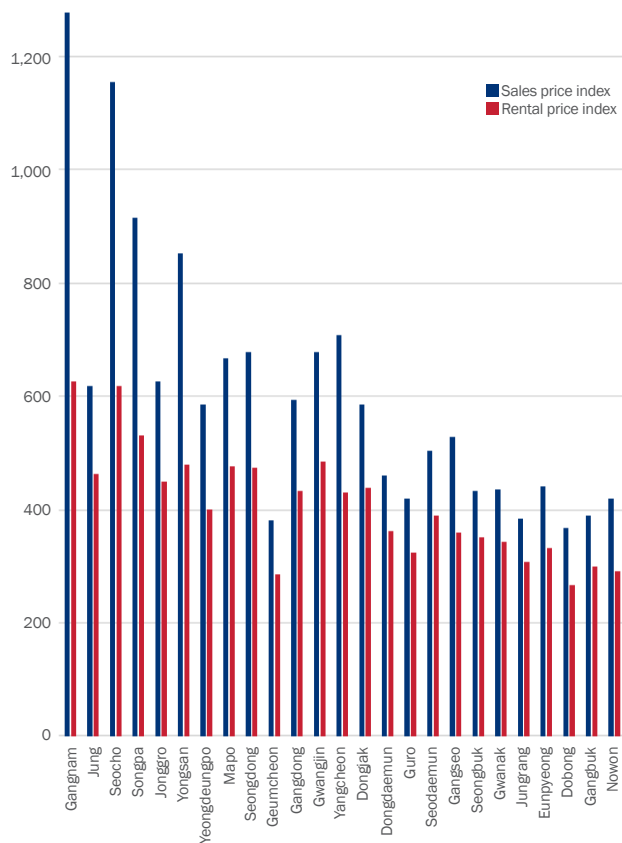
For instance the Seongbuk district, which has low fiscal autonomy but the highest government and civil society capacities, has a high number of CSEs and PCSEs (see Figures IV.4, IV.7, IV.8 and IV.9). The district mayor of Seongbuk, one of the political allies of Mayor Park, had been involved in the study group organized by Mayor Park even before he became district mayor. In contrast, the number of CSEs and PCSEs is only just above the average of 17.3 in Gangnam District, which has the highest fiscal autonomy but the lowest government and civil society

Figure IV.5. Social and economic state of Seoul (by area, 2015)



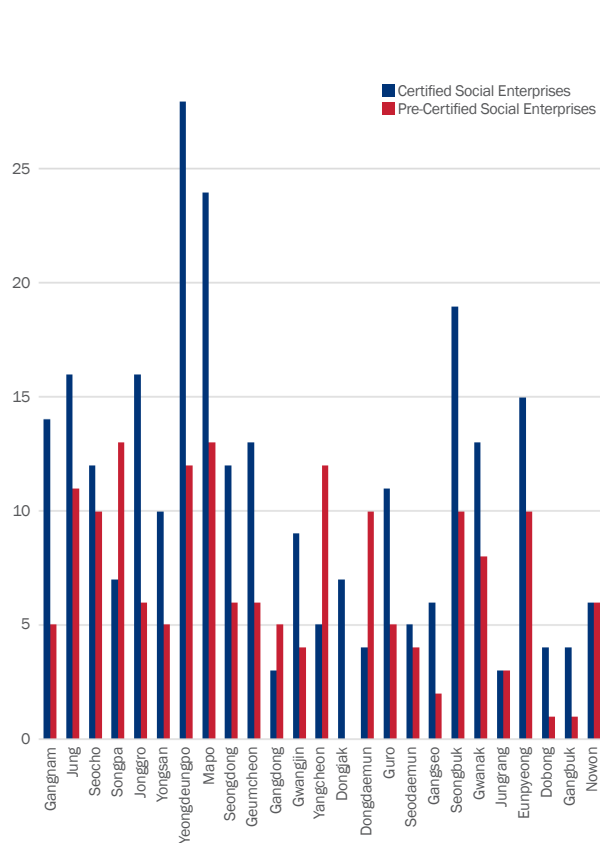
Source: Kim 2017, modified by the author

Figure IV.6. Price index of apartments (by district, 2017)



Source: <http://price.joinsland.joins.com/area/>

Figure IV.7. Social Enterprises (by district, February 2017)



Source: SMG archive <http://economy.seoul.go.kr/archives/67775>

capacity. Of the five district mayors affiliated to the political party in opposition to Mayor Park's, the mayor of Gangnam was the only one to include SE in his election manifesto (see Table IV.7). The number of cooperatives which are for-profit corporations, which focus on protecting the interests and welfare of members rather than creating social value, is higher in Gangnam than in other districts (see Figure IV.8).

Engagement of private business with SE

The private business sector contributes to strengthening the SE ecosystem in Seoul. For instance, *chaebols*, the large family-owned business conglomerates, and large IT companies have funded social entrepreneurs to establish intermediary organizations and provide a wide range of support services such as venture capital and office space at a discounted price to social ventures in the city, in areas ranging from fashion to environmental products, culture, education, finance, food, agriculture, care, sanitation and health, and pets (Kim 2017). Sopoong, for example, supported more than 30 social ventures between its establishment in 2008 and 2017 through the provision of seed funding,

consultation and guidance on management, and by creating networks with other social ventures and investors. Sopoong claims that its support has led to the creation of KRW 4.22 billion in corporate value (Sopoong 2017).

The engagement of the private business sector with SE presents both opportunities and risks. Financial resources provided to SEOEs by private businesses may

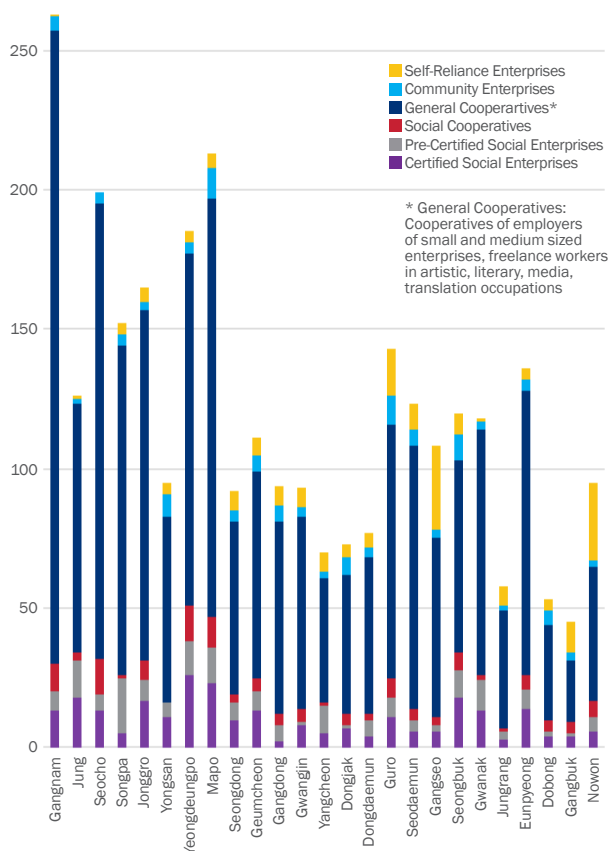
Table IV.7. Social economy policies in election manifestos of district mayors

	2010 Elected Mayor	Power change across the political parties	2014 Elected Mayor
Gangnam	Yes	No	Yes
Jung	Yes	No	No
Seocho	No	No	No
Songpa	Yes	No	No
Jungnang	No	No	No
Jonggdo	No	No	Yes
Yongsan	No	No	No
Yeongdeungpo	No	No	No
Mapo	No	No	Yes
Seongdong	Yes	No	Yes
Geumcheon	No	No	No
Gangdong	Yes	No	No
Gwangjin	No	No	Yes
Yangcheon	Yes	No	Yes
Dongjak	No	No	Yes
Dongdaemun	Yes	No	Yes
Guro	No	No	Yes
Seodaemun	Yes	No	No
Gangseo	Yes	No	Yes
Seongbuk	Yes	No	Yes
Gwanak	Yes	No	No
Eunpyeong	Yes	No	Yes
Dobong	Yes	No	Yes
Gangbuk	Yes	No	No
Nowon	Yes	No	Yes

● Yes
● No

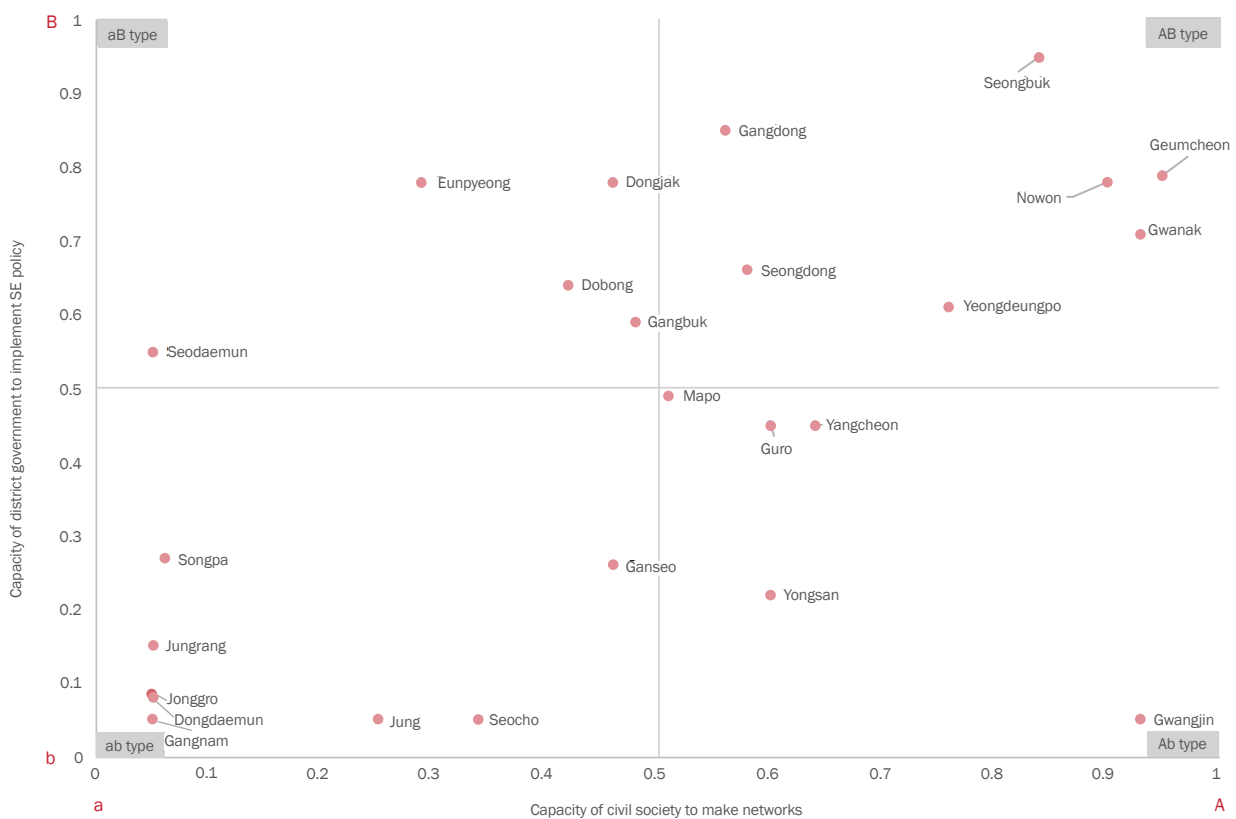
Source: Seoul Metropolitan Government 2016b

Figure IV.8. Size of SEOEs (by district, 2015)



Source: Karl Polanyi Institute Asia 2016, Seoul Province Self-sufficiency Center 2016

Figure IV.9. Indices of capacities of district governments and of civil society by district



Notes: (a) Weak capacity of district-based civil society to make SE networks; (A) Strong capacity of district-based civil society to make SE networks in terms of solidarity within the SEOE network, leadership of and influence over the SEOE network, and political power of SEOE network; (b) Weak capacity of district government to implement SE policy; (B) Strong capacity of district government to implement SE policy in terms of investment in administration unit for SE, creation of civil-public partnership, and establishment of SE infrastructure. Source: Lee and Jung 2017

help reduce the financial dependence of SEOEs on government funding. At the same time, however, the private sector's emphasis on entrepreneurial criteria when selecting which SEOEs to support may result in the predominance of market led strategies and risk delinking SEOEs from their social and community contexts or undermining their underlying values of solidarity and inclusion (Hwang 2017, Mendell 2017)

SE in Seoul, and policies and institutions supporting it

Seoul's ecosystem policies for SEOEs

SMG policies to create an SE ecosystem are diverse. They can be categorized into five areas: financing SEOEs; purchase of goods and services of SEOEs; creation of markets for SEOEs; management capacity building; and promotion of SEOEs at district level.

To finance SEOEs, the SMG raised a total of KRW 53 billion (about USD 53 million)—KRW 50 billion from

the SMG budget and another KRW 3 billion from private sources—by the end of 2013, which it used to set up the Social Investment Fund. Since its launch, the Social Investment Fund has provided KRW 32.8 billion in loans to social enterprises, social housing projects, intermediary support agency projects, and other business projects with social impact. As of March 2017, the Fund had KRW 70.2 billion (about USD 70.2 million)—KRW 52.6 billion from the city's budget and KRW 17.6 billion from private sources. Although this type of finance is crucial to the growth of SE, it is not without problems. The Social Investment Fund is heavily reliant on government sources, which exacerbates the dependence of SE on the government. Another problem is its prioritization of loans over an investment scheme. For instance, in 2017 the budget for investment was KRW 160 million (only 1 percent of the amount given in loans). This is in stark contrast to the case of Quebec, which is often regarded as a good example of successful financing for social and solidarity economy through investment-centred policies (Kim, et al., 2016; Lee, et al., 2017).

Table IV.8. Seoul Metropolitan Government's public procurement of SE products (KRW billion / USD million)

	2012	2013	2014	2015	2016
Purchase from SEOEs	44	62.2	67.9	67.8	80
Public purchase for social purpose*	n.a.	883.5	1300	n.a.	n.a.

* Public purchase for social purpose is a public purchase scheme targeting companies with a social mission. They include: SEOEs and production facilities with persons with severe disabilities, small-sized enterprises owned or operated by persons with disabilities or women, and small-sized factories and shops. As of 2013, there were 13,235 such companies, accounting for 1.7 percent of small and medium-sized enterprises. Source: Seoul Metropolitan Government 2016a

The key instruments of the second and third categories are the public procurement of products from SEOEs, and assistance in developing marketing channels. Since 2012, the SMG has increased public purchasing of social economy organizations' products. The Municipal Ordinance on Public Purchases and Marketing Support for the Products of Social Economy Organizations (2014) provides a legal basis for the SMG's procurement of SE products and services (Kim, et al., 2016). The volume of public procurement from SEOEs doubled within five years (see Table IV.8).

The fourth category of policies to create an SE ecosystem is building the management capacity of SEOEs. In this policy area, the SMG collaborates closely with the Korea Social Enterprise Promotion Agency (KSEPA), which implements the relevant central government policies (Lee, et al., 2017). The key policy instruments for capacity building are education and training. The SMG has established platforms to support human resource development, designed HR development systems for different industries and districts, published elementary and middle-school textbooks on social economy, and created programmes of collaborative research with universities and research organizations.

The SMG also provides management support and consultation services through intermediary organizations, as well as office space and grants directly to SEOEs. In particular, regarding the provision of office space, the SMG has transformed SMG-owned land and buildings into specialized office areas for social economy, often dubbed SE clusters or hubs. It aims to provide SEOEs with office space and equipment at affordable rents and to create physical business areas which can generate synergies between SEOEs (Kim, et al., 2016). For instance, the SMG established the Seoul Innovation

Park using public space of 109,727 in the city. Intermediary organizations for social economy, including the SSEC and the Seoul Cooperatives Supporting Center, as well as about 100 social economy organizations and creative labs, are located in the Seoul Innovation Park so that they can easily collaborate with each other.

The last category of policies to create an SE ecosystem is promoting social economy at the district level. They include policies to support the creation of a district-level social economy ecosystem and addressing specific barriers to the development of SE at the district level. The key policy instrument for the former is the Local Social Economic Ecosystem Development Project (LSEEDP) launched in 2012. The project represents Seoul's strategy for localizing, and thereby enhancing the sustainability of, the social economy at grassroots level. The main tasks of the LSEEDP are strengthening the SE ecosystem, including capacity building of social economy actors, building the local shared resource base, and implementing strategic projects tailored to local contexts. Within the framework of LSEEDP, project ideas to build up the local SE ecosystem are submitted to the SMG by district-level actors every year, and the SMG supports selected ideas for three years (Kim, et al., 2016). At the end of 2016, there were 17 districts participating in the LSEEDP. The policies also contributed to the creation of public-private partnership at the district level. As of 2017, social economy councils or committees have been formed in 20 out of 25 districts in Seoul, resulting in the formation of systematic partnerships between district offices, civil society, and social economy networks and actors.

Also, since 2015 the SMG has also been implementing the Social Economy Zone (SEZ) Development Project which encourages district governments to identify and make use of local resources to solve specific local problems. The SMG provides budgetary assistance to the district governments for inclusive and participatory projects that are tailored to their specific needs. District governments can apply for the budgetary assistance either individually or in groups. To receive assistance from the SMG, which is KRW 500 million (about USD 500,000) for three years for each project, the applicant's project must have a preliminary phase of at least six months, and then pass review by the SMG. With the goal of developing 12 SEZs in Seoul by 2018, the SMG initially chose six districts in August 2015 (Kim, et al., 2016).

SEOs in Seoul

The number of SEOs (except for social ventures, for which official statistics are not available) was about 3,500 in 2016. This number has been increasing steadily since 2007, with a particularly rapid rise since 2012 when the SMG shifted the focus of its SE policy from providing direct financial support to building an ecosystem for the SE sector as a whole. The total revenues and jobs created have also increased since 2012. The number of PCSEs has, however, decreased partly due to this policy shift, but in particular because the programme for Seoul-type PCSEs, which the SMG had supported directly, was phased out in 2013.

However, the actual number of SEOs contributing to Seoul's economy and society is smaller than what official statistics show, since about 36 percent of them are dormant, which means they have stopped economic activity or never in fact got started (Seoul Social Economy Center 2017).

As of December 2016, Seoul's SEOs had total revenues of KRW 1,960 billion (about USD 1.96 billion), which is about 0.5 percent of Seoul's GRDP, and employed 19,800 people or 0.5 percent of total employees in Seoul. The SEOs have demonstrated a strong comparative advantage in creating jobs rather than generating revenues. According to 2016 data, SEOs created 8.8 new jobs on average, while the average for all newly established enterprises (including many SEOs) was 9.8 new jobs. The comparative situation of SEOs, is, however, very different when it comes to generating revenues. The average revenue per SEO amounted to KRW 875 million in 2016, just 24 percent of the average revenue of all newly established enterprises (Seoul Social Economy Center 2017).

Although the contribution of SEOs to the total economy is small, their impact on the employment of poor and vulnerable people is significant. About 40 percent of SEO employees are estimated to be from vulnerable and poor groups (Seoul Metropolitan Government 2016, Seoul Social Economy Center 2017).

Among the types of SEOs, Consumer Cooperatives, CSEs and PCSEs have the highest revenue per organization or enterprise. It is notable that CSEs' revenue almost doubled in 2013, whereas that of PCSEs declined significantly. This difference is partly due to the maintenance of direct support for CSEs by the Ministry of Employment and Labor (MoEL) while the Seoul-type PCSE programme (for which the SMG had provided direct financial support) was phased out. Village Enterprises had the poorest performance regarding revenue and job creation per enterprise, but their output nevertheless doubled between 2011 and 2016.

Cooperatives

The largest sector of SE is cooperatives. These are based on six out of the eight special acts on cooperatives (see Chapter III), or the 2012 Framework Act on Cooperatives. Whether all cooperatives based on these six special acts should be considered part of SE is disputable however. Agricultural Cooperatives, Small and Medium Enterprise Cooperatives, Forestry Cooperatives, Fisheries Cooperatives, Tobacco Production Cooperatives and *Saemaul Geumgo* (New Village Saving Union) have the legal status of non-profit corporations, but they distribute their surpluses to their members, which contradicts the definition of non-profit corporations. The management structures are less democratic and more dependent upon the government. Their activities often prioritize profit motives over social objectives.

Table IV.9. Major social economy organizations and enterprises*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CSEs	14	48	68	114	147	169	212	231	260	286
PCSEs		Introduced in 2010			218	328	363	221	143	173
Cooperatives (both for-profit and social cooperatives)				Introduced in 2012		16	1007	1772	2267	2701
Village Enterprises			Introduced in 2010		62	76	108	125	119	114
Self-Reliance Enterprises		n.a	n.a	n.a	149	167	188	194	201	171
Saenghyup	n.a	n.a	n.a	n.a	27	28	30	32	34	38
Total	n.a	n.a	n.a	n.a	713	819	1766	2497	3054	3512

*Due to the fragmented structure of the survey of SEOs, some are double counted in multiple sectors of SE.
Source: No, Lee et al. 2010, Cho 2012, Seoul Social Economy Center 2017

Cooperatives based on the Credit Unions Act and Consumer Cooperatives Act, however, are more democratically managed and more committed to social objectives. In 2016, 127 credit unions were operating in Seoul. About half of them were based on geographical areas while the rest were set up by members working for the same organization or members with occupational connections. These credit unions currently have around 740,000 members, with KRW 9 trillion (about USD 9 billion) in assets, and KRW 5.5 trillion in loans (Seoul Metropolitan Government 2017).

Most credit unions, however, do not give loans to social economy enterprises for two main reasons. Firstly, credit unions have not developed loan criteria specifically for SEOEs, particularly those SEOEs with the same status as non-profit corporations. For instance, the liquidation procedures for cooperatives, which are different from ones normally used by for-profit corporations, significantly reduce their repayment capacity and complicate the process. Credit unions do not have specific rules on loans for cooperatives, which accounts for this difference. Secondly, credit unions are reluctant to give loans to SEOEs, even if they have the same status as for-profit corporations, since many SEOEs have neither assets for collateral nor a good enough business performance record to meet the criteria for repayment capacity assessment. This reluctance to give loans to SEOEs is also partly due to the declining share of credit-based loans from credit unions in the Republic of Korea. While the total size of loans has been increasing, the share of credit-based loans—which the social economy sector is more likely to benefit from—has been in decline over the past 10 years. In 2016, on average credit-based loans from credit unions accounted for 6.5 percent of total loans; most loans were based on collateral (Joo 2017) (see Figure IV.12). Only those few credit unions which emphasize the promotion of SEOEs have been actively collaborating with SEOEs in Seoul. For instance, Dongjak Credit Union provided loans of KRW 4,500 million to 58 SEOEs in 2016, which accounted for 45 percent of the total loans made by Seoul's credit unions to SEOEs. (Lee, et al., 2017) (Joo 2017). The reluctance of credit unions to finance SEOEs significantly reduces their capacity to scale up and create virtuous value chains.

Consumer Cooperatives or *Saenghyup* are also cooperatives run according to democratic principles and social values. In 2016, there were 23 Consumer Cooperatives in Seoul, most of which were trading organic agricultural products. They had 349,000

members in 2015. *Hansalim*, which has 58 stores and 253,000 members in Seoul, is the largest Consumer Cooperative in the Republic of Korea.

The number of cooperatives based on the FAC in Seoul was about 2,900 in 2017, or 25.3 percent of a total 11,444 cooperatives based on the FAC in the Republic of Korea (Seoul Coop Support Center 2017). They are composed of general cooperatives with equal status to for-profit corporations, and Social Cooperatives which have the legal status of non-profit corporations. “General cooperatives” includes cooperatives made up of the self-employed, freelancers, employees and village residents (see Table IV.10).¹

It is notable that the number of cooperatives, in particular general cooperatives, has increased markedly since 2012. The largest group of cooperatives are those formed by the self-employed. The second largest are cooperatives established by freelancers, such as independent researchers, writers, lecturers, translators, IT developers, web designers, and so on. These two types of cooperatives account for 66.9 percent of all cooperatives. This partly reflects the increasing number of the self-employed and freelancers who have chosen cooperatives as a form of organization to protect, promote and represent their interests (Jang, 2017a; Jang, 2014). The number of cooperatives of village residents with the organizational objective of improving the economic and social conditions in local communities is also substantial.

One of the features of the cooperative sector is the varying degrees of commitment to social values and objectives. Cooperatives of village residents and cooperatives of employees are among those demonstrating a high level of commitment to social values and objectives. As such, even though they have a legal status equal to for-profit organizations, they should also be included among the core constituents of SE in Seoul (see Table IV.11) (Jang 2017).

Table IV.10. Types of active cooperatives by members' objective and their distribution

Type	Objective	No. of coops (%)
Coops of the self-employed	To strengthen the business of members	190 (40)
Coops of freelancers	To strengthen the business of members	129 (26.9)
Coops of employees	To create and secure employment of members	9 (1.9)
Coops of village residents	To rejuvenate the community	96 (20)
Social coops	To achieve a variety of social purposes	56 (13.2)
Total		480 (100)

Source: Census data on cooperatives, 2015; Ministry of Planning and Finance; Jang, 2017b

Figure IV.10. Revenues of major SEOEs

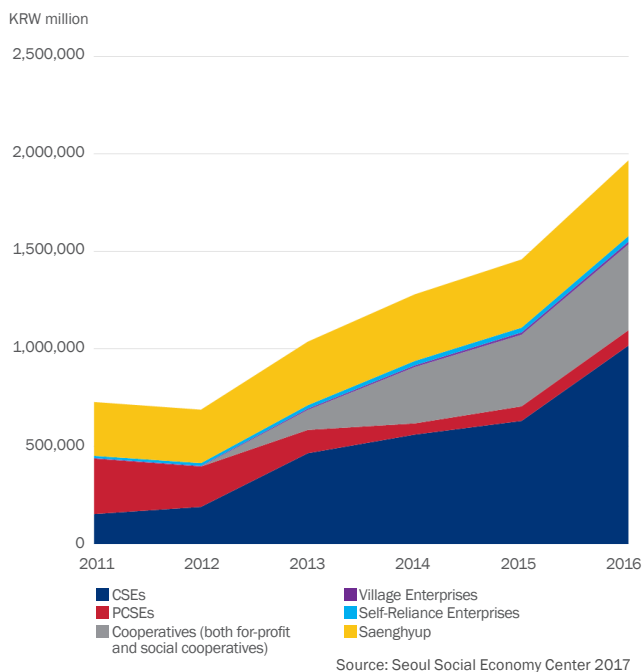
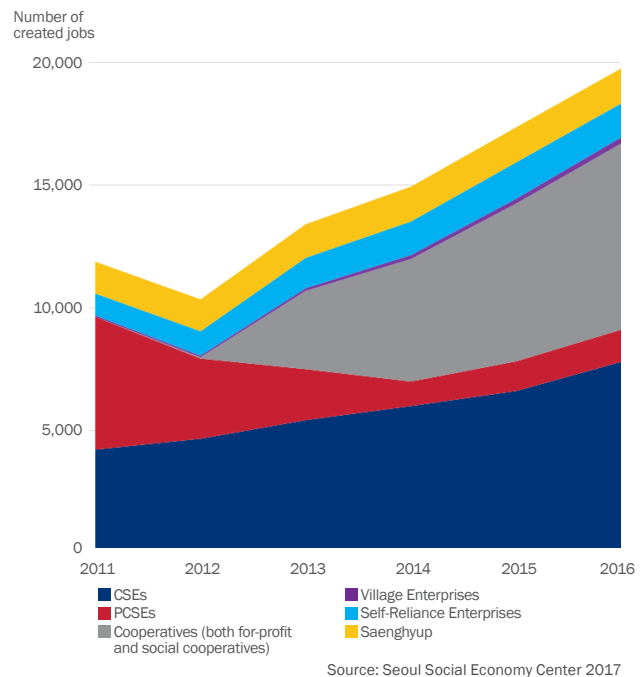


Figure IV.11. Jobs created by SEOEs



In contrast, a substantial number of SE organizations such as cooperatives of self-employed workers or employers in small-sized companies and shops, and cooperatives of freelance workers, have a lower commitment to solidarity beyond their organizations.

The flipside of the rapid growth of cooperatives is the increase of dormant cooperatives which have stopped economic activities or never started. According to a

2015 survey, about half of the cooperatives are dormant for three major reasons: lack of capacity to establish business models and strategies; lack of members to undertake economic activity, and lack of funding (Seoul Social Economy Center 2016). This highlights the importance of more support for capacity building for SE actors.

The performance of non-dormant cooperatives (that is, those actually operating) measured by their contribution to productivity and job creation has not been better than other types of SEOEs. For instance, revenue per cooperative in 2015 was KRW 162.1 million (USD 145,000) and 2.8 jobs were created per cooperative (see Table IV.12); while revenue per CSE was KRW 2,428.9 million and for PCSEs it stood at KRW 430.7 million. Average job creation for CSEs and PCSEs was 7.0 per organization (see Table IV.16).

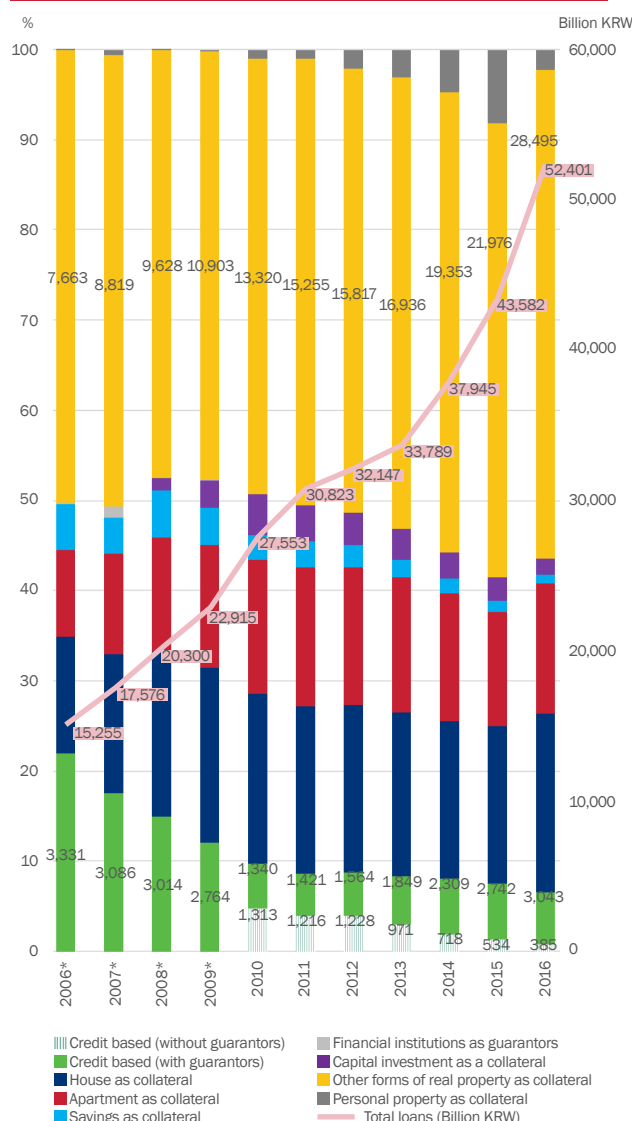
Table IV.11. Organizational goals of cooperatives in Seoul (2016 survey responses)

		Increase in members' income	Increase in members' job security	Increase of members' welfare	Increase in reinvestment	Strengthen competitiveness of members' organizations	Realization of social values
Social Cooperatives (11.7)		1.8	14.3	1.8	0	0	57.1
General Cooperatives (85.3)	Coops of the self-employed (39.6)	41.6	5.8	4.7	1.1	24.7	21.6
	Coops of freelancers (26.9)	38	29.5	14.7	0.8	10.1	3.9
	Coops of workers (1.9)	0	22.2	11.1	0	11.1	55.6
	Consumer cooperatives (1.5)	0	28.6	14.3	0	0	57.1
	Coops of village residents (18.5)	0	0	0	0	0	98.9

Figures in parentheses are the estimated share of cooperatives
Source: Jang 2017

Self-Reliance Enterprises (SREs)

Because of their legal basis in the NBLS and the strong influence of the MoEL, SREs may be the least influenced by the SMG compared to other types of SEOEs. In 2015 there were 201 SREs employing 1,481 workers in Seoul (see Table IV.13). Thirty Self-Reliance Support Centres (SRSCs) provided assistance to these enterprises. Most SREs are in the labour-intensive service industry. They include: cleaning (48 enterprises/179 employees), vocational training and education of persons with disabilities (27/266), cooking

Figure IV.12. Composition of loans by credit unions

Source: National Credit Union Federation of Korea

(20/64) and delivery (18/50) of home-delivered meals programmes, housing repairs (14/25), nursing and home-based care (12/704), laundry (8/13), contract or outsourced labour services (7/72), car-washing (7/20) and delivery of goods(7/22).

SREs have various legal statuses. Most of them are commercial enterprises, but an increasing number of SREs are becoming cooperatives. In 2015, 66.2 percent of SREs were commercial enterprises while 28.1 percent (in 2016) were social cooperatives (Seoul Province Self-sufficiency Center 2016). The sustainability of SREs is a concern, but their performance is better than that of for-profit enterprises. Out of 218 SREs, 17 closed down in 2015; this rate of closure is lower than the business failure rate in the same year. In 2015, 126 of the total number of SREs had been in operation for more than four years, and 59 had been in operation for more than eight years (Seoul Province Self-Sufficiency Center 2016). Because of their focus on creating jobs for the poor and vulnerable groups, many SREs have been certified as CSEs or PCSEs (see Chapter III).

Village Enterprises (VEs)

Village Enterprises are an output of a variety of community-based development projects. More than eight laws have been established to foster local community development, and many ministries implement projects based on this legislation, including local community and residents' self-governance projects by the Ministry of the Interior; urban regeneration projects by the Ministry of Land, Infrastructure and Transport; rural community projects by the Ministry of Agriculture, Food and Rural Affairs; cultural community projects by the Ministry of Culture, Sports and Tourism; and projects to utilize closed-down schools by the Ministry of Education. Since 2010 when the Ministry of the Interior passed a ministerial

Table IV.12. Revenue and jobs created by cooperatives in Seoul

	2013	2014	2015	2016**
Number of cooperatives in operation*	1,007	1,722	2,267	2,701
Revenue of cooperatives in operation (million KRW)	102,526	289,133	367,440	440,000
Revenue per cooperative (million KRW)	101.8	167.9	162.1	162.9
Jobs created by cooperatives in operation	3,190	4,990	6,340	7,590
Created jobs per cooperative	3.2	2.9	2.8	2.8

*Estimates. Source: Seoul Social Economy Center 2016, Seoul Social Economy Center 2017. Data based on KSEPA internal information.

**2016 data from the Seoul Social Economy Center 2017 and based on internal information. Data for 2013-2015 from the Seoul Social Economy Center 2016.

Table IV.13. Self-Reliance Enterprises

	2011	2012	2013	2014	2015
Number of district-level Self-Reliance Enterprises / Number of employees	170/1,073	167/1,208	188/1,238	194/1,384	201/1,481
Metropolis-level Self-Reliance Enterprises	1/299	1/299	1/299	2/317	4/345

Source: Seoul Province Self-Sufficiency Center 2016

ordinance to promote community enterprises, the number of community-based enterprises (or Village Enterprises) has rapidly increased in both urban and rural areas.

Since the 2010 ordinance, the SMG has also promoted community-based development projects to foster residents' voluntarism based on three principles (Ahn, Wi et al. 2016):

- Village community resource mobilization: Resources should be mobilized by the residents first, with gaps filled by the SMG.
- Differentiated service provision: The SMG provides tailor-made services to community organizations depending on their characteristics.
- Incubation of community organizations: The SMG proactively engages with the community to develop community organizations by providing consultation and monitoring services.

The SMG's administrative unit for VEs, the Village Enterprise Project Team, was established under the Social Innovation Bureau rather than the Employment and Labour Bureau to which the Department of Social Economy belongs. This indicates that the SMG emphasized the social innovation aspect of VEs which aim to meet specific local needs and contribute to regenerating urban communities rather than creating jobs (Seoul Metropolitan Government 2015).

The SMG also passed an ordinance on Village Community Making in Seoul in 2012 to promote village community-based development projects. Based on the ordinance, the SMG started to select and support Seoul-type Village Enterprises (SVEs). Networks of residents for community development, already taking shape at the district level with support from district governments, became the basis for district-level community ecosystem support centres. In 2016, there were 3,074 community-based development projects in Seoul, 2,981 of which were set up without the government's support (Korea Local Promotion Foundation 2016).

The number of Seoul-type VEs increased from nine in 2010 to 114 in 2016 with the support of the government. They undertake activities in various sectors of the economy. According to research carried out in 2015, they were distributed as follows:

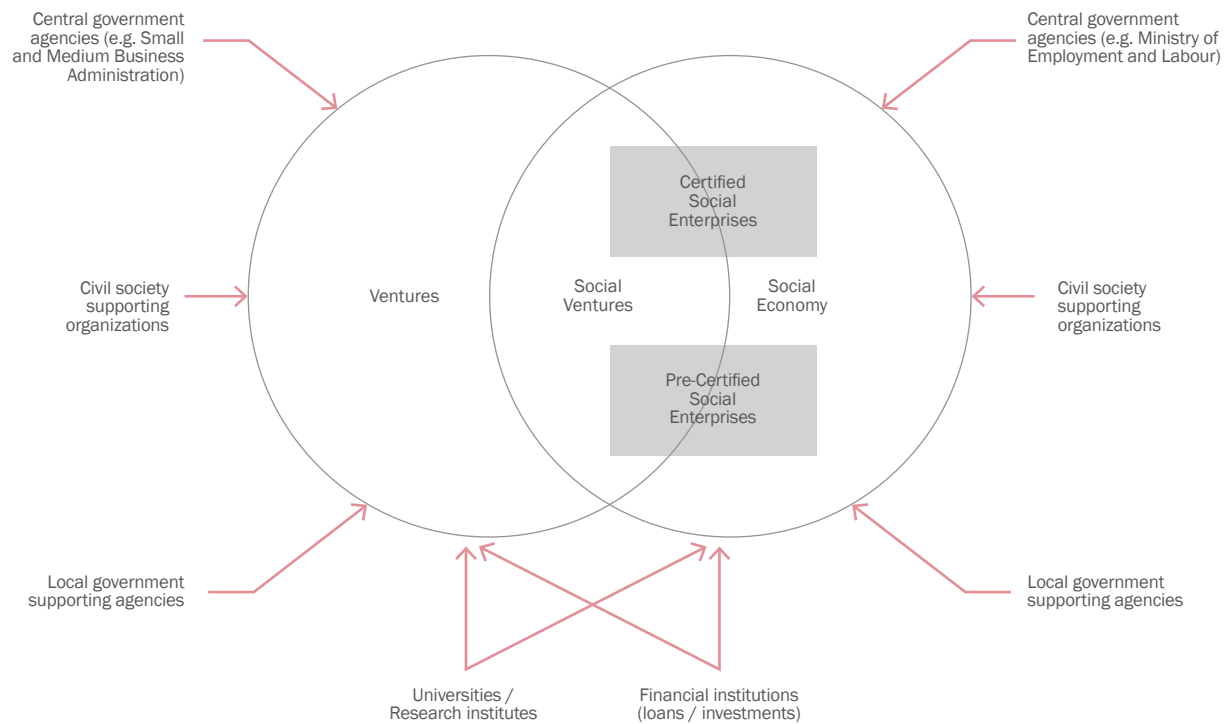
education (14), care (4), foods (21), culture and art (6), urban services such as tourism, refurbishment of housing, health and sanitation, deliveries (39), handicraft workshops (9), cafés (8), environmentally friendly furniture workshops (3), and recycling (10) (Ahn, Wi et al. 2016).

Seoul-type VEs have a lower survival rate than PCSEs and SREs. As of 2015, about 31 percent of Seoul-type VEs ever established had closed down. This is partly due to the weak ecosystem for them, particularly the small market for their products and the relatively short period of two years during which they receive direct financial support (Seoul Social Economy Center 2016). To address this problem and promote Seoul-type VEs, the SMG and district governments have increased support for them and established intermediary organizations at the district level. The marketplace created by the SMG and district governments is one of the key elements in the ecosystem for community-based enterprises (Korea Local Promotion Foundation 2016).

Certified Social Enterprises (CSEs) and Pre-Certified Social Enterprises (PCSEs)

Based on the 2007 Social Enterprise Promotion Act (SEPA), all types of legal entities specified by the civil code, commercial laws, cooperative laws, and special laws on non-profit organizations are eligible to be selected as CSEs and PCSEs as long as they meet specified criteria. For example, they must hire more than a certain number of workers from vulnerable groups of people.² CSEs and PCSEs in Seoul hire relatively more workers from these groups than in other major cities in the Republic of Korea, except Ulsan. This is partly due to the relatively high number of poor people living in Ulsan, as indicated by the city's share of NBLs beneficiaries. While workers from vulnerable groups in CSEs and PCSEs in Seoul earn more than comparable workers in other major cities (except Ulsan), the wage gap in Seoul between those from vulnerable groups and workers from non-vulnerable groups is higher than in other major cities, indicating a high level of wage inequality (see Table IV.14).

In 2016, there were 280 CSEs and 202 PCSEs in Seoul. The majority had the legal status of for-profit corporations, and the share of CSEs and PCSEs with the legal status of for-profit corporations increased from 43.6 percent in 2009 to 61.7 percent in 2016.

Figure IV.13. Ecosystems of social ventures and social economy

Source: Modification of Seong, Hwang et al. 2014:14

Table IV.14. Comparison of workers and wages of social enterprises in 2016

	Workers from vulnerable groups		Number of NBLS beneficiaries		Average wage of workers from vulnerable groups (000 KRW) [A]	Average wage of workers (000 KRW) [B]	[B] - [A]	National average wage of workers from vulnerable groups (000 KRW) - [A]
	Number of workers	%	Number of workers	%				
Seoul	4,342	18.2	267,023	16.4	1,304	1,984	680	43
Busan	1,387	5.8	149,528	9.2	1,169	1,269	100	178
Daegu	568	2.4	107,763	6.6	1,266	1,487	221	81
Incheon	1,428	6.0	100,301	6.2	1,147	1,570	423	200
Gwangju	1,003	4.2	69,420	4.3	1,232	1,800	568	115
Daejeon	321	1.3	54,490	3.3	1,145	1,832	687	202
Ulsan	604	2.5	18,776	1.2	1,327	1,622	295	20
Other areas	14,205	59.5	863,313	52.9	1,347*	1,827*	480	0
Total	23,858	100	1'630,614	100	n.a	n.a	n.a	n.a

*National average
Source: Incheon University Industry-Academic Cooperation Foundation 2017

Table IV.15. Types of CSEs classified by legal entity

	2009	2016
Associations and foundations	73 (25.3)	255 (14.9)
Non-profit civil orgs.	38 (13.1)	103 (6.0)
Social welfare corporations	41 (14.2)	87 (5.1)
Other non-profit orgs.	11 (3.8)	82 (4.8)
Social coops	n.a.	53 (3.1)
Coops	n.a.	76 (4.4)
Firms by commercial law	126 (43.6)	1,057 (61.7)
Total	289 (100)	1,713 (100)

Source: Korea Social Enterprise Promotion Agency, 2017; Kim and Hwang, 2016

CSEs and PCSEs in Seoul have diverse origins which have significantly affected their political and economic nature. Major types in terms of origins include: SREs or SRCs, the majority of which held the legal status of corporations based on commercial law or cooperatives based on the 2011 FAC; social welfare corporations hiring or serving persons with disabilities; corporations doing environmentally and socially friendly business, most of which were established by activists from environmental movements or civil society organizations; and corporations which have been developed with substantial support from corporate social responsibility interventions by big conglomerates.

Revenue per enterprise and number of jobs created per enterprise for CSEs continuously increased, while those of PCSEs declined, from 2011 to 2016. CSEs performed better than PCSEs in both revenue per enterprise and jobs created per enterprise, particularly since 2013. This variation is partly due to the maintenance of direct support for CSEs by the MoEL, and the termination of the Seoul-type PCSE programme for which the SMG had provided direct financial support. However, overall the high criteria for CSEs and their good quality control can be seen as one of the major reasons for their comparatively better performance regarding revenues and jobs created.

Social ventures

In Seoul, there are some organizations that use conventional business management practices to achieve a social purpose or goal in addition to generating a profit. These ventures give the profit motive and the social motive equal importance. These diverse forms of

enterprises and organizations with varying degrees of social and environmental commitment are commonly called social ventures in the Republic of Korea (Paton 2003, Darby and Jenkins 2006). They tend to have lower rates of government certification as PCSEs or CSEs.

Various agencies from the public and private sector have established systems of support for social ventures, such as competitions for business ideas and start-ups, management consultation and financial support. In many cases, social ventures which received support in their early stages were more likely to be sustainable. Those that won competitions and contests organized by the government or private sector tended to be the most sustainable (Seong, Hwang et al. 2014).

Although there are no official statistics on social ventures, based on the number of participants in the competition organized by the KSEPA, the number of social ventures in Seoul can be estimated at more than 100 in 2011 when the competition began (Seong, Hwang et al. 2014). In Seoul, the share of participants in social ventures in their twenties is more than 40 percent (the national average is 37.6 percent) and almost half of them are women (Seong, Hwang et al. 2014).

Intermediary organizations and networks

The number of organizations and networks of individual SEOEs and intermediary organizations has been increasing over recent years. They include: Seoul Cooperatives Council, Seoul Social Enterprises Council, Seoul Village Enterprises Council, Seoul Self-Reliance Enterprises Council, and Seoul Social Economy Council. Networks of individual SEOEs have also been established at the district level. Intermediary or infrastructure organizations supporting the social economy, including voluntarily established associations, existing associations and foundations, and extension services of colleges, have also grown in recent years. Infrastructure organizations are operated both under public-civil society partnership and solely by private organizations.

Conclusion

In Seoul, the SE sector has developed at a remarkable speed since 2007. A variety of SEOEs have mushroomed and increasing governmental and civic resources are now being invested in the SE sector. The shift in policy focus since the early 2010s from direct support for SEOEs to the creation of an SE ecosystem, in parallel with the Framework Act on Cooperatives being passed,

Table IV.16. Revenue and jobs created by CSEs and PCSEs

	2011	2012	2013	2014	2015	2016*
Number of jobs created by CSEs	4,230	4,673	5,430	6,005	7,280	7,810
CSEs' revenue (million KRW)	153,615	190,358	465,520	561,067	631,504	1,018,160
Number of CSEs	147	169	212	231	260	286
Revenue per CSE (million KRW)	1045.0	1126.4	2195.8	2428.9	2428.9	3560.0
Jobs created per CSE	28.8	27.7	25.6	26.0	28.0	27.3
Number of jobs created by PCSEs	5,140	3,270	2,080	1,000	1,210	1,310
PCSEs' revenue (million KRW)	284,409	207,092	119,948	57,443	74,511	78,780
Number of PCSEs	328	363	221	143	173	202
Revenue per PCSE (million KRW)	867.1	570.5	542.8	401.7	430.7	390.0
Jobs created per PCSE	15.7	9.0	9.4	7.0	7.0	6.5

Source: Seoul Social Economy Center 2016, Seoul Social Economy Center 2017. Data based on internal information from KSEPA.

*Data for 2016 from Seoul Social Economy Center 2017 and based on internal information. Data for 2013-2015 from Seoul Social Economy Center 2016.

has had a particularly positive impact on expanding the SE sector as a whole including diverse forms of SEOEs. The SMG and district governments have also played a significant role in expanding the SE sector through the creation of public-civil society partnerships.

Several problems, however, have yet to be addressed in this process of creating a vibrant SE ecosystem in Seoul. First, the flip side of this SMG- or district government-led development of SE is the subsidy dependence of many SEOEs. Compared to CSEs and PCSEs, cooperatives which have little support from the government have a high rate of dormancy, which raises doubts about the viability and sustainability of those SEOEs that do receive financial support from the government should the level of support be reduced. The problem relates partly to policy makers remaining in their comfort zone. For instance, the SMG has established a Social Investment Fund to provide support to SEOEs, but it has not actively engaged with potential alternative sources of finance for SEOEs, such as credit unions. More efforts need to be made to create a virtuous value chain within the SE ecosystem in Seoul.

Second, political sustainability is another concern since the current SMG's policies to create an SE ecosystem have been designed and implemented in a relatively favourable political environment, at least at SMG level. In particular, many of the partnership-based organizations which have contributed to creating the SE ecosystem do not have legal bases but strong support from Mayor Park. Whether the ecosystem and SEOEs can thrive in a more hostile political environment remains an open question.

The third problem is the siloed bureaucratic structure dealing with SEOEs. For instance, local governments are increasingly gaining policy space but at the same time central government continues to have considerable policy space, which has implications for the fragmented structure of the SE ecosystem in Seoul. Also, within City Hall, the Social Innovation Bureau dealing with Village Enterprises does not have close collaborative mechanisms with the Department of Social Economy. District governments are often excluded from the policy-making process even though they are the ones who implement the SMG's policies and have direct interactions with SE organizations located within their administrative boundaries. There is no leading department to coordinate and monitor the whole process under the SMG.

Lastly, despite the rapid rise in the number of SEOEs, they are having increasing difficulty in recruiting new staff and workers with the necessary skills, knowledge and experience. The low average wage is one of the factors which make SEOEs less attractive to better educated and more highly skilled workers.

ENDNOTES

¹ Survey data of representative samples of each type of cooperative collected in 2014.

² "Vulnerable group" is defined by law as those who face difficulties purchasing the social services they need at market prices, or those who have difficulty finding employment under normal labour market conditions. The legal definition also includes those with less than 60 percent of the national average income, persons over 55 years old, persons with disabilities, victims of prostitution, beneficiaries of employment promotion grants, refugees from North Korea, victims of domestic violence, beneficiaries of the single parent protection programme, foreign nationals married to Koreans, and parolees (Enforcement Decree of SEPA, 2007).

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(CHAPTER V)



Impacts of Seoul's SE on Sustainable Development

THE PRINCIPLES OF SOLIDARITY, cooperation, equity and democracy on which social and solidarity economy (SSE) is based suggest that this approach to development is capable of building a more equitable, sustainable and inclusive society (Hillenkamp, Laville, and Birchfield 2013, Utting 2015, UN Inter-Agency Task Force on Social and Solidarity Economy 2014). SSE is well positioned to be a means of implementation of the 2030 Agenda for Sustainable Development through its role in addressing unsustainable patterns of economic growth, environmental degradation, and social exclusion and vulnerability affecting young people as well as those marginalized by rising unemployment and inequality, among other factors (McMurtry 2015, UNRISD 2016).

To assess the contribution of SSE to achieving the goals and targets of the 2030 Agenda, and in particular the localized SDGs, we need to go

beyond assumptions and anecdotal evidence and rigorously evaluate the impacts of SSE in specific local contexts. This in turn involves measuring the extent to which SSE activities affect economic, social and environmental objectives and goals. Such evidence helps move the discussion beyond assumptions about what works and why, towards what worked and how. It allows stakeholders of SSE to refine their activities and projects to better meet the needs of people and operate more effectively. Identifying strengths and weaknesses based on evidence, SSE actors can learn from the experience of others, improve their management and operation styles, and identify ways to collaborate with other economies to create synergies. Impact evaluation also raises public awareness of the relevance of SSE as a means of implementation for development goals such as the SDGs. Such recognition is key to mobilizing political and financial support for SSE.

This chapter explains the impacts of SE in Seoul on selected objectives related to economic, social and environmental dimensions of development. One of the major strengths of SSE, which is often neglected when considering impacts, are elements related to democratic self-management, solidarity and empowerment—that is, political dimensions. Based on existing data on the impacts of SE on sustainable development and our own survey on the perceptions of SEOE workers, the chapter evaluates the potential impact of SEOEs with regard to all four dimensions.

The chapter is structured as follows. The next section identifies methodologies and measurement tools that are used for impact evaluation of SSE, explaining both advantages and disadvantages of each method. Next we outline our approach to interpreting the data on impacts of SE in Seoul and present the data and results of previous analyses. The following section examines impacts related to economic, social, and environmental dimensions of development. Drawing on the results of our survey, we then discuss evidence regarding the political impact of SSE. The survey gauged the perceptions of SE actors in Seoul about participation in policy-making processes, women's empowerment, and social inclusion of multicultural families and foreign migrant workers (officially defined as vulnerable groups). The chapter concludes by identifying the limitations of existing evidence of the impact of SE in Seoul and suggests directions for the further development of a methodology for impact evaluation.

Methodologies to measure the impact of SSE

Impact evaluation of SSE is a challenging task since SSE activities have become increasingly diverse, involving a variety of actors in different sectors and with different objectives. Applying a one-size-fits-all approach, such as monetization of outputs, be they economic or social, may not be appropriate since diverse types of SSE activities generate multiple impacts, some of which are not readily quantifiable in terms of monetary value. Impacts related to the political dimension, such as democratic self-management, are a typical example.

A variety of methods have been employed to measure the different impacts of SSE. These methodologies and measurements can be roughly categorized into four groups. The first category includes those that take

into account the anticipated benefits of investment in relation to its costs. The most commonly used methods in this category are the two traditional methodologies of cost-effectiveness analysis (CEA) and cost-benefit analysis (CBA) (Commonwealth of Australia 2006, World Bank 2010). These methodologies measure the value of the financial return or benefit of an intervention against the total cost of its delivery. For instance, Social Return on Investment (SROI), built upon the logic of CBA, measures impacts and outcomes of SSE through the lens of cost by quantifying social and environmental values in monetary terms, and comparing these with the costs of achieving those values (Layard and Glaister 1994, Rotheroe and Richards 2007). Some drawbacks to CEA and CBA approaches, however, are apparent. By definition, it is impossible to assign market prices to things that cannot be traded, such as well-being (Rauscher, Schober, and Milner 2012). They tend to ignore social outcomes that cannot be quantified or counted (Wood and Leighton 2010). Also, although the monetary values of goods and services are constantly changing, these methods often fail to capture these changes, which are reference points of the social impacts they are intended to measure (Ebrahim and Kasturi 2010).

The second category includes methodologies and measurements based on management planning approaches. A prominent example is the Logical Framework Approach, developed in 1969 by the United States Agency for International Development (USAID), and its variations such as the Theory of Change approach developed in the 1990s (UNICEF 2014), and the Logic Model (Ebrahim and Katsuri 2010). These are designed to map changes or progress of an intervention or programme by laying out the linkages from the inputs required for activities, to outputs, outcomes and, ultimately, impacts. They are particularly useful for understanding the path to an intended impact; for tracking and monitoring the progress of investment; and for illustrating the factors needed to produce impact. Although effective, these approaches have been subject to criticism for oversimplifying procedures of analysis. For instance, the Logic Model is based on a simple linear process of cause-effect, but the real world is more complex than this because of the presence of multiple (often nonlinear) pathways leading to change (Vogel 2012). Development problems have many causes that cannot be easily disentangled and written down in the form of a flow chart. A specific programme or an intervention such as building more schools cannot address all the factors and reasons behind low enrolment rates.

A third category covers approaches which focus on measuring sustainability-oriented innovations. Some studies have raised awareness of the limitations of analysing organizational success using only financial data (Brignall and Modell 2000, Maltz, Shenhar, and Reily 2003). This has spurred interest in multidimensional integrated approaches in which environmental and social aspects are as important as economic ones (Figge et al. 2002). It also reflects the fact that an increasing number of organizations want their economic success to go hand in hand with social justice and environmental protection, and are adopting more sustainable business models based on triple bottom line approaches. Reporting guidelines such as ISO 26000 and the Global Reporting Initiative (GRI) facilitate the task of evaluating the work of an organization according to how it contributes to the improvement of economic, social and environmental development goals (Global Reporting Initiative 2017, International Organization for Standardization 2016). Using multiple quantifiable indicators, such frameworks provide detailed guidelines to assess organizational performance in terms of sustainability.

The Global Impact Investment Reporting Standards (GIIRS) are another widely used methodology within this category. This method measures and assesses the social, environmental and financial performance of an enterprise, and its impact on different stakeholders, including workers, customers and communities. This tool delivers a thorough and comprehensive report to impact investors. The rating system is particularly useful for comparison and analysis (New Media Group 2017).

Another comprehensive triple bottom line measurement tool is the Sustainability Balanced Scorecard (SBSC). It involves planning, managing and reporting on business results in three areas: economic, environmental and social (Rohm and Montgomery 2010, Figge et al. 2002). It connects goals and actions or measures through cause and effect relationships. These causal links not only indicate how each measure impacts the relevant goals, but also illustrate to stakeholders what kind of impacts their actions have on the outcome (Kaplan and Norton 1992, Kaplan 2010).

Lastly, social accounting and auditing (SAA) also reports on an organization's performance and impact relating to the triple bottom line. By engaging stakeholders, including managers, employees, investors

and even customers, this method assesses business strategies and performance against an organization's mission and end goals over time.

While all these methods are suitable for addressing sustainability issues and assessing a broader range of impacts of organizations, they have limitations. GRI and GIIRS, for example, both require third-party audits which can be costly for small organizations and enterprises, and can marginalize members' ownership of evaluation and monitoring (Cheam 2017). Also, the unilateral rating system in the GIIRS platform may not capitalize on the benefits of the assessment process, since it lacks a feedback mechanism to enable management to consider issues arising in the course of the assessment (Florman, Klingler-Vidra, and Facada 2016). The GRI reporting has also been subject to criticism for being too technical and laborious. As for SBSC and SAA, since both methods allow customization of indicators, they may not allow comparability across different organizations and interventions.

The fourth category, statistical data collection, has been used as a method to measure the impact of SSE because of its capacity to capture a lot of information on organizations' characteristics, production, social innovations, beneficiaries and so forth. Nonetheless, these data are often collected at the macro level and, particularly in the aggregate data, fail to differentiate between different forms of economy, such as the SSE sector, the public sector and the market economy. Their purpose is often to describe some aspect of the entire economy rather than SSE specifically.

In response to such limitations, there have been efforts to develop reliable quantitative approaches that measure SSE activities separately. Currently, CIRIEC's satellite account of social economy (SE), and Eurostat's data on cooperatives, mutual organizations and the associative sector, serve this purpose (CIRIEC 2006). These data are particularly useful for assessing the overall economic impact of SE organizations and enterprises (SEOEs). In general, however, statistical data collection is typically limited to economic performance, which does not properly reflect the types of social changes SEOEs bring to people and communities. In other words, financial and administrative data have limitations in explaining the diverse impacts of SSE, whose main objective is not merely profit maximization.

Methodology for measuring the impact of Seoul's social economy on sustainable development

Four dimensions of SE impact

The 2030 Agenda for Sustainable Development is a universal agenda with 17 goals and 169 associated targets. It seeks to realize people-centred and planet-sensitive sustainable development with the principle of leaving no one behind. As an approach to accomplish such broad and diverse goals, the Agenda underlines the importance of achieving sustainable development across the three dimensions—economic, social and environmental—in a balanced and integrated way. The methodologies reviewed in the previous section can be used to measure the impacts of SSE on sustainable development if they are appropriately redesigned to measure impacts across these multiple dimensions.

Although the development of SE in Seoul intensified in the aftermath of the Asian financial crisis by focusing primarily on job provision and poverty alleviation, a wide variety SEOEs in fact exist with diverse missions in different sectors (see Chapters III and IV). They include: reduction of poverty, particularly that of the elderly; social service provision, particularly care and education; revitalization of deteriorated communities; promotion of sustainable environment and energy; reduction of inequality, particularly income inequality; redressing regional disparities in income and social conditions; reduction of unemployment, particularly of young people and of women with interrupted careers; promotion of participation; and strengthening social trust and solidarity (Jang et al. 2016).

Existing research and surveys on SEOEs, particularly those focusing on Seoul, measure the impacts of SEOEs in some but not all areas. The types of

methodologies employed are also limited. They include SROI and a modified version of the satellite account method which is not aligned with the national accounting system. Research and surveys associated with SROI mostly focus on economic and social impacts, such as income and jobs generated or social services provided by SEOEs. While environmental impacts may be measured, in most cases the focus is on SEOEs working in the renewable energy sector and their capacity to generate electricity.

The impact of SE in relation to the political dimension attracts less attention. Although governance is highlighted as one of the targets in SDG 16, reviews of progress towards the SDGs have yet to give much attention to such aspects as collective action, solidarity, participation, empowerment, advocacy and active citizenship. This neglect or omission is also notable when it comes to measurement of SSE and, by extension, its role as a means of implementation of the SDGs. Since the impacts associated with democratic and participatory governance are one of the distinctive characteristics of SSE in comparison with other forms of economic activity and organization, it is important to assess how principles and activities of SSE based on values of democratic self-management, cooperation, solidarity and inclusion affect people's political perceptions and behaviour.

The summary of the impacts of SE below (see Table V.1) is based on existing data and analysis of the main areas of activity in which Seoul's SEOEs engage (Jang et al. 2016). These areas largely correspond to the areas of the SDGs—social, economic, environmental, governance and financing. The analysis on which we draw used two methods: SROI; and satellite accounts on the size and types of SEOEs and their outputs in terms of jobs and services.

Table V.1. Areas where SE in Seoul has impact and the SDGs

Social development initiatives	People	Corresponding SDGs	1	2	3	4	5	6	Missions of SEOEs in Seoul	Poverty reduction, social service provision, education	
Environmental initiatives	Planet		7	11	12	13	14	15		Revitalization of community, environment and energy	
Economic development initiatives	Prosperity		7	8	9	10	Inequality reduction, unemployment reduction				
Governance	Peace		16							Participation	
Financing	Partnership		17							Social trust and solidarity	

Source: Author's modification of Torres-Rahman et al. 2015 and Jang et al. 2016

Data on SE in Seoul

Despite growing efforts to improve data collection and impact evaluation, standardized, harmonized and comprehensive data on SSE are still scarce across the world. The Republic of Korea is no exception. In the Republic of Korea, data collection based on the satellite account methodology has been undertaken by various agencies, but not in a systematic manner. The Republic of Korea's satellite accounts relating to SE have generally centred on administrative information such as: (i) number of SEOEs by type; (ii) number of employees; and (iii) number of service beneficiaries. Also, most SE data are typically at the macro level, examining SE as a whole at the national level, although some regional breakdown, mostly at the municipal or provincial level, is available as well. While macro-level information on the number, size and activities of SEOEs is valuable, the shortcomings of this type of data are also clear. The macro-level data often omit information on various outputs and the internal structure of SEOEs, which any assessment of social effectiveness and sustainability needs.

Furthermore, since the (national) government's interest in SE relates primarily to its role in job provision, measurement of SE often focuses on data and indicators related to employment or economic activity, rather than the broader potential of SE to achieve various social and environmental goals and objectives. In sum, comprehensive data to show the significance of SE across various dimensions of development are not currently available.

Against this background, and because extensive fieldwork and primary data collection were beyond the scope of the research for the present report, the following section on the impacts of SE in Seoul is based on desktop research reviewing all available data and information on SE. The materials used include: the satellite accounts on SE collected by the Korea Social Enterprise Promotion Agency (KSEPA); social return on investment (SROI) analysis documented by the Seoul Metropolitan Government (SMG); and monitoring and performance evaluation reports of various research institutes. Some relevant examples from case studies are introduced to enrich the narrative of the theory of change. Lastly, given the lack of data concerning the impact of SE on democratization and solidarity in the Republic of Korea, we present the results of a small self-assessment survey of Certified Social Enterprises (CSEs) in Seoul, which was conducted by UNRISD for this study.

Economic, social and environmental impacts of SE in Seoul

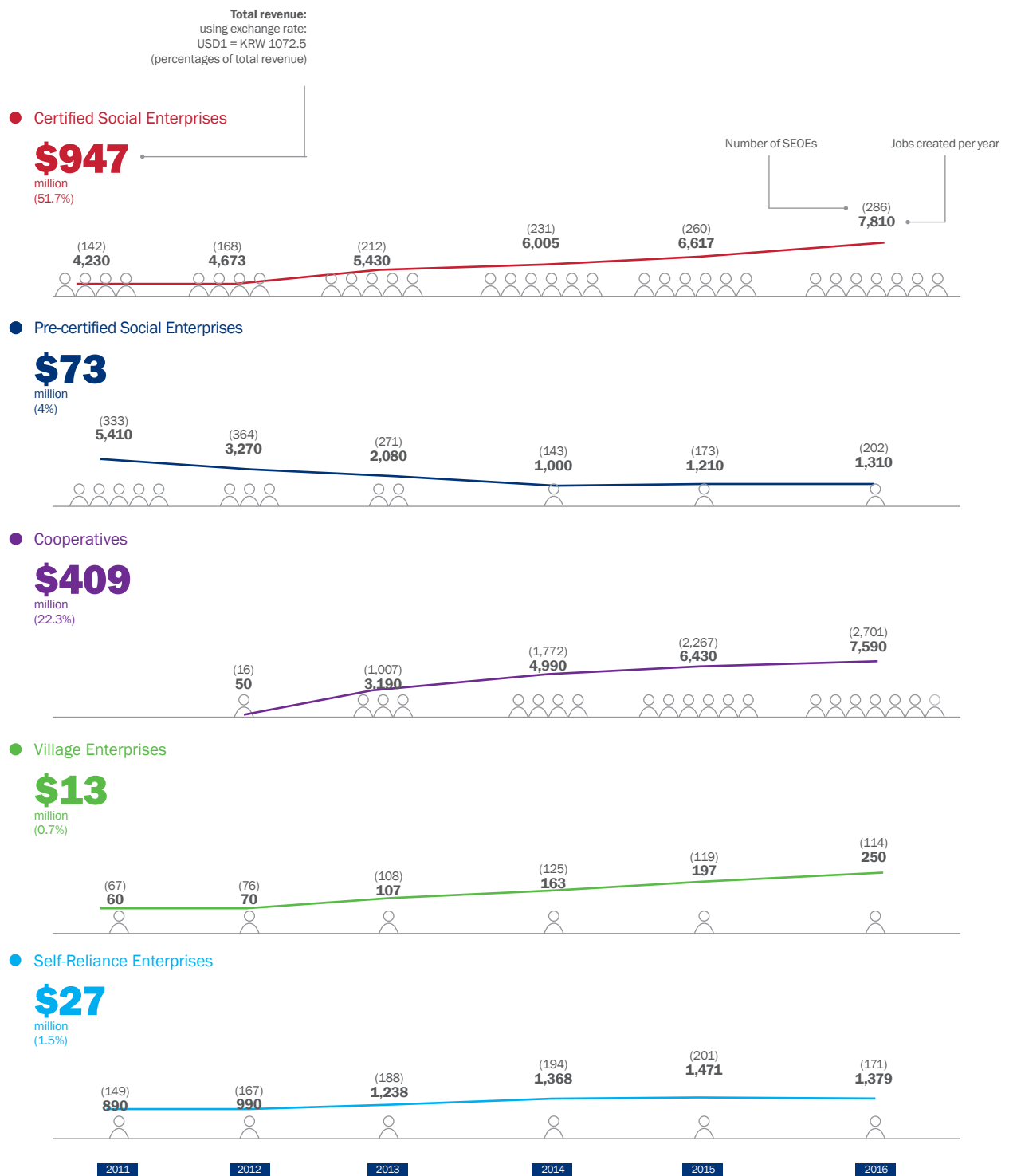
As of 2016, about 3,500 SEOEs existed in Seoul. It is estimated that the number of SEOEs actually in operation, however, is about 2,240 (Seoul Social Economy Centre 2017). Total turnover amounted to KRW 1,960 billion (USD 1.9 billion), while the average turnover per SEOE was KRW 875 million (USD 800,000). Total employment amounted to 19,800 employees, with an average of 8.8 employees per SEOE. Although the average turnover per SEOE is far lower than the average in the for-profit sector, the average number of employees per enterprise is similar in both sectors. While the average turnover per SEOE is 24 percent of that of for-profit enterprises, the number of employees per SEOE is 90 percent of the average of for-profit enterprises (Seoul Social Economy Centre 2017). The contribution of SEOEs to both Seoul's gross regional domestic product (GRDP) and total employment increased from 0.4 in 2014 to 0.5 percent in 2016 (Seoul Social Economy Centre 2017, Seoul Social Economy Center 2015). Pre-Certified Social Enterprises (PCSEs) and CSEs have a significant impact in terms of turnover and employment within the SE sector, considering their relatively small share of total SEOEs. In contrast, cooperatives have a relatively small economic impact, despite the fact that they are quite numerous (see Figure V.1).

Poverty and inequality

Ending poverty in all its forms everywhere and reducing inequality within countries are important SDGs (1 and 10 respectively) for both developed and developing countries alike. The Republic of Korea achieved extremely rapid growth with a significant reduction of poverty and relatively low income inequality up until the late 1990s. Since the Asian financial crisis of 1997, despite increased social expenditure on welfare programmes and a resumption of economic growth, both income inequality and absolute poverty have increased (see Figure V.2). Increasing unemployment and the growth of non-standard forms of employment were among the major reasons for poor performance related to poverty reduction and inequality (Koo 2004).

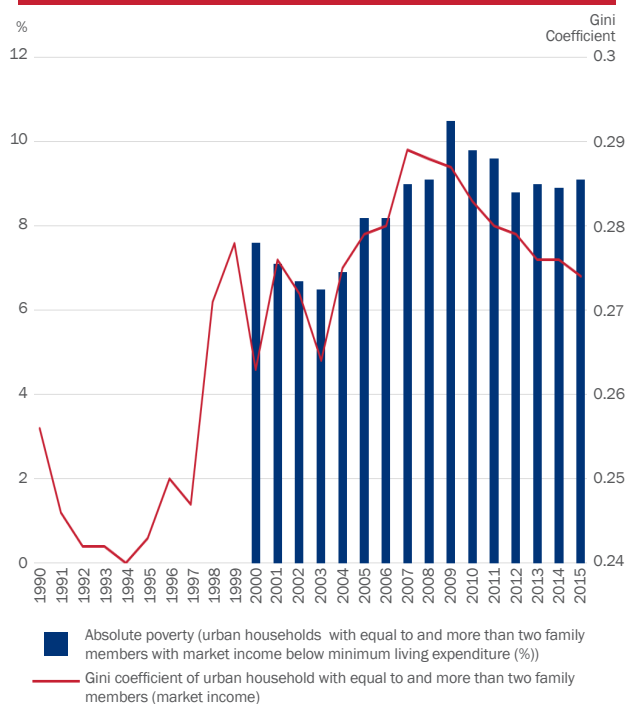
Recent research finds that inequality and absolute poverty in Seoul are worse than the national average. As of 2015, households in Seoul with income below the minimum living expenditure accounted for about 9.6 percent of the total, while the Gini coefficient was 0.336. The corresponding figures nationally were 9.1

Figure V.1. Contribution of SEOEs to employment and revenue in Seoul (2011-2016)



Source for data: Seoul Social Economy Center 2017

Figure V.2. Trends in inequality and absolute poverty in the Republic of Korea



Source: Korea Institute for Health and Social Affairs 2016

percent and 0.274, respectively (Kim and Chang 2017). Poverty in Seoul is concentrated in specific areas or districts where numerous public rental apartments, offered at below-market prices, are available for low-income households (OECD 2005, Jun and Lim 2013).

The situation of youth who are neither in employment, nor in education or training—so-called “NEETs”—is also a serious social and policy concern in Seoul. While the share of NEETs in Seoul, at 12.5 percent, is lower than the national average of 15.6 percent, it is still far higher than the OECD average of 8.2 percent. The only countries with higher ratios were Turkey (24.9 percent) and Mexico (18.5 percent)—countries with lower GDP per capita (Kim and Chang 2017, OECD 2016b). The poverty level among the elderly in Seoul is also a serious policy challenge. About 24.6 percent of elderly people live in poverty; this rate is significantly higher than the poverty rates for children (4.8 percent) and women (8.2 percent) (Kim and Chang 2017). According to recent research, 6.8 percent of the elderly living in Seoul experience multiple deficits, notably isolation or the lack of social participation, which affects 49.6 percent of this segment, and poor health (48.5 percent) (Kim 2014).

One of the conditions for certifying PCSEs and CSEs is that they hire people from vulnerable groups (see Chapter III), in order to reduce poverty and inequality.

Table V.2. Employment of people from vulnerable groups

	Those from vulnerable groups employed by CSEs (2016)		Beneficiaries of the NBLS (2016)	
	Number	Share	Number	Share
Seoul	4,342	45	267,023	34.8
Busan	1,387	14.4	149,528	19.5
Daegu	568	5.9	107,763	14
Incheon	1,428	14.8	100,301	13.1
Gwangju	1,003	10.4	69,420	9.0
Daejeon	321	3.3	54,490	7.1
Ulsan	604	6.3	18,776	2.4
Total	9,653	100	767,301	100

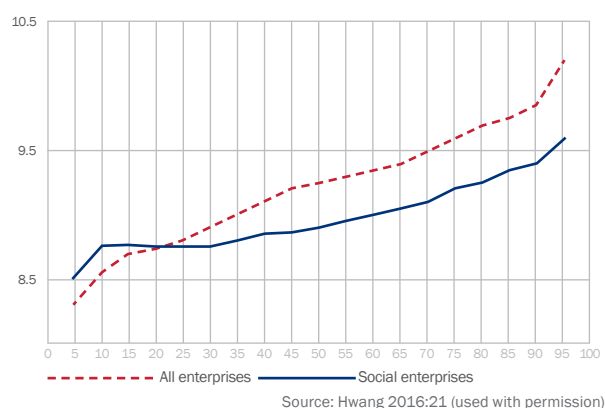
Source: Incheon University Industry-Academic Cooperation Foundation 2017

Indeed, the share of employment for vulnerable groups in CSEs in several municipalities, including Seoul, was higher than the share of beneficiaries of public assistance under the National Basic Livelihood Security (NBLS) Act.¹ This suggests that CSEs have been relatively effective with regard to poverty reduction. As of 2016, CSEs in Seoul hired 45 percent of their employees from vulnerable groups while the share of beneficiaries of NBLS was 34.8 percent (see Table V.2).

Using the SROI method and a survey of 439 CSEs and PCSEs in Seoul, research conducted in 2016 (Cho and Yoo 2016) estimated that Seoul’s CSEs and PCSEs produced social returns, in terms of salaries and premiums paid into major social insurance programmes, for vulnerable groups at a rate of almost 13 times the amount of investment in their own enterprises. Given that the ratio of total salary to new investment, as of 2016, was estimated at around 71 percent in the case of for-profit enterprises with more than KRW 50 billion in stockholder’s equity, the role of CSEs and PCSEs in reducing poverty and inequality is significant (Byeon 2017). However, about 27.2 percent of the CSEs and PCSEs still provide vulnerable groups with less monetary value than the amount of investment. This indicates that there is a wide variation across CSEs and PCSEs in terms of their performance in reducing poverty and inequality (Cho and Yoo 2016).

Although the average wage of CSEs and PCSEs is generally lower than the national average, within the bottom 19 percent of the wage scale the figure is higher than that of for-profit enterprises, demonstrating a significant contribution of CSEs and PCSEs to reducing inequality as well as poverty (Hwang 2016).

Figure V.3. Natural log of hourly wages by wage percentile



Nevertheless, the lower wage level of CSEs and PCSEs in other wage groups, particularly the second bottom quintile, is a cause for concern since this could be a major disincentive which would discourage CSEs and PCSEs from entering higher value-added industries with better paying jobs.

The role of self-reliance enterprises (SREs) in reducing poverty and inequality is particularly important since their main mission is to provide jobs to the recipients of the NBLS who are capable of working. The absolute poverty line based on minimum living expenditure is roughly equivalent to 40 percent of the median income, and the majority of low-income groups receive NBLS benefits (Government 24 2018).

The number of workers participating in SREs in Seoul increased from 1,060 in 155 SREs in 2010 to 1,457 in 171 SREs in 2016. Of these workers, 43.2 percent were NBLS recipients, 49.4 percent of them had an income below the minimum cost of living but they were not eligible for NBLS benefits, and 7.4 percent had an income above the minimum cost of living and were thus ineligible to apply for the NBLS benefits (Seoul Province Self-sufficiency Centre 2017). The share of recipients of NBLS benefits among SRE employees increased by 12.7 percent between 2010 and 2016, while the share of poor people not eligible for NBLS benefits decreased.

Although the number of SREs decreased from 201 in 2015 to 171 in 2016, their turnover and employment increased. The increased share of employees receiving NBLS benefits, coupled with the increased size of turnover and employment, indicates that SREs are playing an increasingly important role in addressing

poverty, particularly that of the NBLS beneficiaries through employment generation (Seoul Province Self-sufficiency Centre 2016, Seoul Province Self-sufficiency Centre 2017).

Given the high share of women workers in SREs—they are estimated to account for 65 percent—it is also fair to say that SREs make a significant contribution to addressing the problems faced by women in poverty (Kim, Yang, and Kang 2016). However, there are risks of gendering low-paying and low-skilled labour-intensive jobs (UNRISD 2010). For instance, the nursing and elderly care sectors, the biggest sectors of SREs in terms of the number of employees and the amount of turnover, employ mainly women in labour-intensive low-paying jobs. In 2016, the nursing and elderly care sectors accounted for 52 percent of total employees in SREs and 34 percent of total turnover. Despite the high poverty rate of elderly people, the contribution of SREs to providing income to the elderly is minimal. In 2016, only around 1 percent of all employees in SREs were over 60 years old. (Kim and Chang 2017).

Although the performance of individual SEOEs in addressing economic and social problems has improved, the SEOE sector remains small in terms of employment and turnover. Furthermore, the fact that many SEOEs operate in labour-intensive, low-skilled industries means that they are less likely to be linked with value chains or generate value-added that can guarantee sustainable growth of turnover and surplus (Kim 2016).

Employment and decent work

Countries that have succeeded in reducing poverty and inequality relatively quickly are those that transformed the structure of employment to improve productivity and create decent jobs (UNRISD 2010). While there are multiple paths to tackle poverty and inequality, employment is one of the most important channels through which resources are redistributed among the population and quality of life is secured (Giovanni 2008). Although several advanced countries have made progress in generating jobs since the global financial crisis of 2008, global unemployment levels and rates remain high as the global labour force continues to grow. Furthermore, global GDP growth, which hit a six-year low at 3.1 percent in 2016, raises concerns about the achievement of SDG 8, particularly the ability of the economy to generate a sufficient number of jobs and improve the quality of employment for those with a job (ILO 2017).

In the Republic of Korea, the rising unemployment rate, particularly for young people, is a serious social concern. Seoul has performed worse than the national average (see Figure V.4).

One of the major purposes of SEOEs in the Republic of Korea and Seoul is to increase employment, particularly forms of employment that can be considered decent work.² During 2016 SEOEs in Seoul created 19,800 new jobs (Seoul Social Economy Center 2016a), accounting for 6.9 percent of the total number of jobs (283,104) created in Seoul in that year (Seoul Metropolitan Government 2017a).

A recent survey found that 49 percent of SEOEs in Seoul had job provision as their main mission, and work integration specifically (that is, bringing poor and vulnerable groups into the labour market through job provision) was the main mission of 17.6 percent (Cho and Yoo 2016, Jang et al. 2016). In the case of CSEs, the figures were 27.75 and 35.4 percent, respectively, while 81 percent of Village Enterprises considered job provision as their key mission.

A similar tendency is also apparent at the national level. For instance, as of May 2017, 69.2 percent of CSEs across the country were primarily associated with job provision and work integration, which is higher than the proportion reported in Seoul. Since other types of CSEs, namely those engaged in social service provision and providing mixed services, also need

job provision as one of their purposes in order to be certified, approximately 85 percent of the SE sector is currently contributing to job provision nationally.

As noted in the previous section, these jobs mostly target poor and vulnerable groups. At the national level, CSEs have provided more than 50 percent of their employment to vulnerable groups such as the elderly, persons with disabilities and low-income groups since 2007 (Korea Social Enterprise Promotion Agency 2015, Jang et al. 2016). As of 2015, 55.7 percent of CSE jobs in Seoul went to people from vulnerable groups (see Table V.3).

Guided by legal frameworks targeting vulnerable groups, such as SEPA and NBLs, most SEOEs comply with their legal obligation to pay the employer's share of contributions to social insurance for their workers. For instance, in 2013, 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 for for-profit companies (Seoul Institute and Seoul Social Economy Center 2016).

The economic impact on income, however, is modest with average pay in the SE sector just 65 percent of the average urban worker's wage (Seoul Social Economy Center 2016b). This is partly due to the nature of jobs in the SE sector, which tend to be either part-time or entry-level positions. However, even modest gains in income have contributed to improving the financial conditions of vulnerable groups, particularly those in the bottom 19 percent of the wage scale, since their wage level is higher than that of those in the equivalent category in the for-profit enterprise sector, as seen in the previous section (see Figure V.3) (Seoul Social Economy Center 2016b).

Figure V.4. Unemployment trends (Seoul and the Republic of Korea)

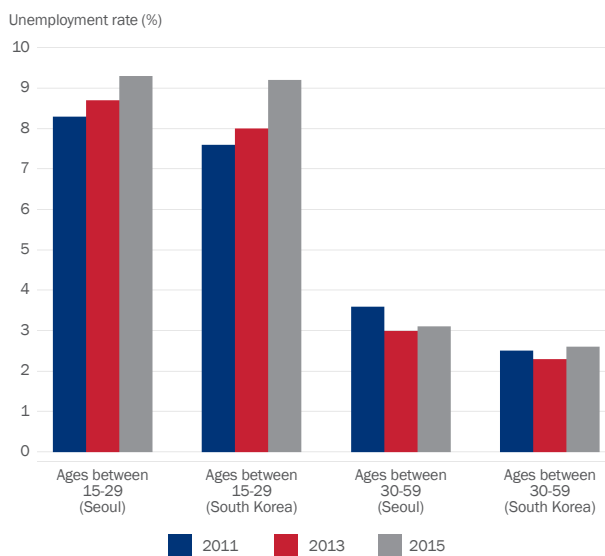


Table V.3. Structure of employees in CSEs by municipality (2015)

	Those from vulnerable groups employed by CSEs		Those from non-vulnerable groups employed by CSEs	
	Number of employees	Percent	Number of employees	Share
Seoul	3,683	55.7	2,934	44.3
Busan	1,283	64.9	694	35.1
Daegu	604	68.1	283	31.9
Incheon	1,241	70.2	528	29.8
Gwangju	846	65.1	453	34.9
Daejeon	295	54.6	245	45.4
Ulsan	585	59.8	393	40.2
Average		62.6		37.4

Source: Korea Labor Institute 2016

Care for the elderly and children

Care services, from childhood through old age, are both essential to reaching many of the SDG targets and means for realizing the principle of leaving no one behind. The limitations of existing care systems are a growing concern in the Republic of Korea as the nation undergoes major demographic changes. The Republic of Korea is an ageing society with nearly half of the elderly population living in poverty, which is about four times higher than the OECD average of 13 percent (OECD 2016a). About a quarter of elderly people live alone. Many experience feelings of isolation and depression, resulting in a high level of suicide. Although the elderly suicide rate has declined since 2011, it remains one of the highest in the world (Statistics Korea 2016). The statistics indicate that the current level of welfare and well-being for the elderly is lower than in other countries with comparable levels of economic development. The government has instituted some programmes to address the welfare issues of elderly people, but their effectiveness is limited. For instance, in 2015 only 32.1 percent of the elderly population received national pension benefits (OECD 2016a). Moreover, the non-contributory basic old-age pension, which was doubled in 2014 to approximately USD 200 per month, is only 6.2 percent of the average wage. Despite its contribution to long-term care needs of the elderly, the social insurance scheme for long-term care, introduced in 2008, has limited coverage, partly due to a rigorous system to assess the functional status of individuals in order to reduce inclusion error. In 2015, only 59.3 percent of applicants for pay-outs from long-term care insurance received benefits (Hwang et al. 2016); a mere 7 percent of the elderly population with a psychological or physical disability received benefits (Lee 2017b).

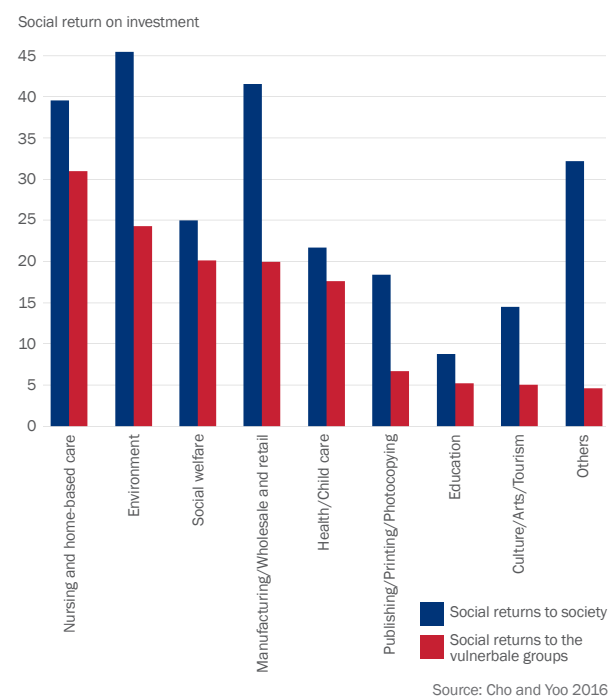
A care deficit also exists among younger generations, with parents facing difficulties when it comes to childcare. Despite the government's efforts to expand social care since the early 2000s, as more Korean women enter the labour force out of choice or of necessity, working parents with very young children struggle to afford good-quality care services (Peng 2009). This situation has led to a decrease in both the level of female employment after childbirth and the fertility rate; consequently the Republic of Korea now has the eighth lowest fertility rate worldwide (Kinoshita, Guo, and IMF 2015, Worldatlas 2017).

SEOs working in the care sector in Seoul are playing an important role in meeting the growing need for care services. Service users are normally people with health issues and disabilities, elderly people, as well as parents with infants and children (Seoul Institute and Seoul Social Economy Center 2016). SEOs also provide long-term care services such as home-based and hospital-based support.

Although data on provision of care services are lacking for Seoul's SE sector as a whole, there are statistics for CSEs and PCSEs. According to a 2015 survey, enterprises working in care sectors (those in the categories of health/child care, social welfare, and nursing/home-based help) provided nursing, home-help, and health/child care services to an average of 4,781 users per enterprise. It is estimated that 69.2 percent of these users were associated with vulnerable groups (Cho and Yoo 2016).

Of all of the PCSEs and CSEs in Seoul, those in the social care sectors have produced the highest social returns for vulnerable groups (see Figure V.5). An analysis (Cho and Yoo 2016) employing SROI indicates that every Korean won invested in Seoul's CSEs and PCSEs in care sectors generated social returns equivalent to KRW 31.0 in the area of nursing/home-based help, KRW 20.1 in social welfare, and KRW 17.6

Figure V.5. Social returns produced by PCSEs and CSEs (by industry)



in the area of health/child care, calculated in terms of income and social services for vulnerable groups in Seoul. The overall return to Seoul as a whole in care service provision was greater, with KRW 1 invested generating social returns equivalent to KRW 39.6, 25.0 and 21.7 (Cho and Yoo 2016).

Sustainable and affordable energy

Following the adoption of the 2030 Agenda for Sustainable Development, which has a strong emphasis on climate actions, 195 countries signed the Paris Agreement to show their commitment to tackling climate change (UNFCCC 2015). As of November 2017, a total of 170 countries had ratified the Agreement and set their own national goals, among them the Republic of Korea, the world's seventh largest CO₂ emitter.

Seoul is one of the most polluted cities in the world (Yonhap News 2017). In 2009 the Seoul Metropolitan Government established the 2030 Seoul Low-Carbon Green Growth Master Plan, and announced its own provincial target to cut greenhouse gas emissions by 40 percent compared with 1990 levels (Lee and Kim 2017). The Plan emphasized the growth of environmentally friendly industries, but because it was also aligned with the central government's nuclear and coal-based approaches to power generation it was incompatible with the ideal of sustainable development (Lee 2015).

After assuming the mayorship of Seoul in 2011, Park Won-soon introduced flagship energy policies that deviated from those of the central government and were more conducive to the transition to clean energy. They also shifted the policy focus from coal and nuclear power toward safer and cleaner sources such as renewable energy. The One Less Nuclear Power Plant policy, for example, aims to lower reliance on nuclear energy and fossil fuels in Seoul, and increase investment in green technologies with the aim of reducing greenhouse gas emissions (Seoul Metropolitan Government 2017c).

In November 2017, the SMG unveiled a new master plan called Solar City Seoul, which will invest USD 1.55 billion over five years to reduce the city's electricity consumption and produce solar energy equivalent to the capacity of one nuclear plant (Seoul Metropolitan Government 2017d). This plan is expected to reduce greenhouse gas emissions by 540,000 tons and provide electricity for 9 percent of households (310,000 households) in Seoul.

Seoul's SEOEs and cooperatives have been major supporters of the SMG's policy initiatives for safe and sustainable energy. Several factors help the SE sector to engage with this energy transition. The 2011 Fukushima nuclear accident in Japan served as a wake-up call, and created a civic culture and market demand in the Republic of Korea for safe energy and energy conservation. The accident was also a blow to public confidence in government ability to handle a crisis related to nuclear power plants, leading residents to take action rather than rely solely on the government to pursue efficient and renewable energy. As the Framework Act on Cooperatives of 2011 provided a legal basis for citizens to easily establish cooperatives, people in villages and urban neighbourhoods started to establish solar power cooperatives, generating electricity in sites such as high schools, universities, libraries, city halls and parking lots.

In September 2013, renewable energy cooperatives in Seoul introduced a "veranda solar power plant" project for individual households or neighbourhoods to gain easy access to solar energy generation. The project encouraged citizens to install one or more 260W photovoltaic cells (or "ultra-small solar power plants") capable of generating energy equivalent to 300kWh per year, which is sufficient to run a refrigerator and consequently reduce the annual electricity bill by approximately USD 60 (Song 2017). In 2015, the monthly average electricity usage of households in Seoul was 304kWh (Seo 2016).

While SEOEs took an early leadership role in the energy transition, in 2014, the SMG selected seven energy enterprises, including some cooperatives, to install solar panels in individual households or villages under the government's renewable energy programme, for which the SMG provided financial subsidies. The subsidy covers 50–75 percent of the USD 600–650 needed to install a solar generator (Seoul Metropolitan Government 2017b). Four out of these seven companies were cooperatives. Together they made a significant contribution to the government initiative by installing solar panels in 18,591 households during the 2014–2017 period. This accounted for approximately 65 percent of the total sales of the seven companies (Hwang 2017). Through these households, the four cooperatives have generated more than 5.58GWh annually, which has saved the city roughly USD 1,115,460 per year. While this is still a small amount of energy production compared to Seoul's total solar power

production of 224.9GWh in 2016 (Ministry of Trade and Korea Energy Agency 2017), it indicates that SEOEs have entered the renewable energy sector and are playing a role in implementing the government's energy transition initiative. Moreover, while there are no aggregated data, it is worth noting that there are 19 renewable energy cooperatives in Seoul, including the cooperatives involved in the government programme (Korea Cooperatives 2017). If all of these cooperatives had a similar capacity to install solar panels, they would be able to produce 26.5GWh for Seoul.

One of the challenges confronting the installation and use of solar energy is the city's low rate of home ownership, which stood at 52.7 percent in 2016 (MoLIT 2017). In the case of Seoul, where many people traditionally live in rental housing, residents find it difficult to own a solar power system since landlords make virtually every decision regarding the residence (Lee 2013). The fact that energy saving is largely dependent upon the landlords' decisions poses a structural constraint on low-income people becoming energy producers.

Also, to generate more electricity, the veranda or the biggest windows must face south or southeast, which is normally the most expensive orientation for housing in the Republic of Korea (Shin 2013). Furthermore, recovering the installation costs through lower electricity bills takes on average two years. However, the recurring maintenance costs such as replacing the inverter (USD 300-400), which is normally required every five years, can be financially burdensome for low-income residents and may seem excessive compared to the savings (Soh 2014). While the citizens' energy movement, which aims to conserve the environment, save energy and benefit all people, is well-intentioned, poor people may unintentionally be excluded because of structural and financial constraints.

Political dimensions of SE impacts in Seoul

Increased opportunities for SE voices to be heard

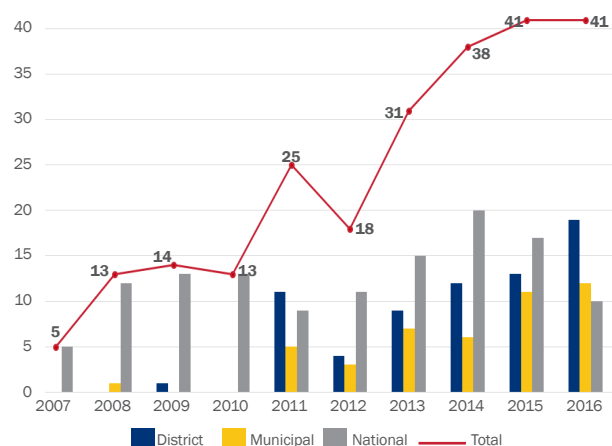
Strong participatory practices, democratic decision making and solidarity-centred organizational management are key determinants of SSE impacts in relation to the political dimension of sustainable development. They are also prerequisites for the co-construction of

policies (Mendell 2014), which requires governments to acknowledge SSE actors as key players in policy formulation and provide them with opportunities to actively participate in policy dialogues and voice their concerns and needs (Mendell and Alain, 2015).

Without strong democratic self-management skills and democratically empowered members, SSE cannot fully utilize official recognition or greater political bargaining power for co-construction of policies. Democratic culture and behaviour within SSE can also spread to other sectors, as seen in the case of Mondragon's expansion process (see Chapter II for details) (Flecha and Ngai 2014).

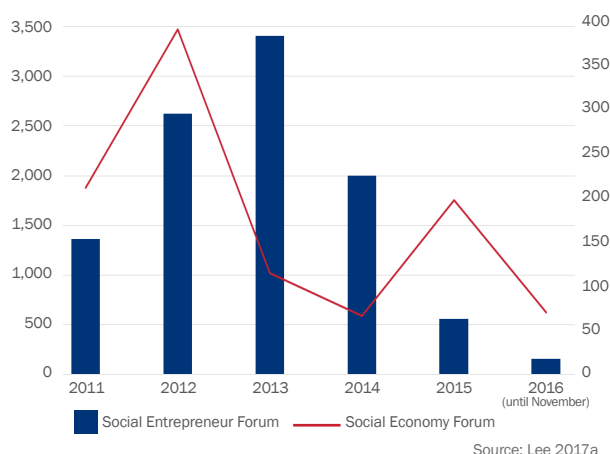
The increase in the number of SE-related events (policy dialogues, workshops, fairs, seminars, forums, conferences, and so on) in the past decade in Seoul demonstrates an expansion of the public sphere where the voices of SEOEs can be heard more widely (see Figure V.6). Between 2007 and 2016, the number of municipal and district-level events increased significantly. In particular, the number of events organized by the SMG has increased rapidly since 2012 and even exceeded those organized by the national government. This partly reflects the strong will of the SMG to promote SE in Seoul. It is particularly notable that the number of events organized at the district level has also increased rapidly since 2012, suggesting that awareness of SE has spread to the district level too.

Figure V.6. Trend in the occurrence of SE-related events, 2007–2016



Note: In order to find all types of events related to SSE, we utilized the largest Korean search engine Naver, and the largest global search engine Google. The search term used was "social economy", in Korean since this is an umbrella term akin to the English "social and solidarity economy". The results in the figure count series of lectures or workshops as one event. The search is not comprehensive since many small-scale events at the community level are not announced in the media.

Figure V.7. Volume of communications in two online forums on SE



The increasing number of face-to-face events has been accompanied by a substantial volume of communications through various online social media. For instance, a social media platform, the Social Entrepreneur Forum, which is run by Seoul-based SE organizations, had 4,828 participants posting 75,196 communications on SE between 2011 and 2016. Participants tend to be young people whose main focus is social entrepreneurship. Another, the Social Economy Forum, had 527 participants posting 4,278 communications in the same period. Participants in this forum tend to represent an older generation of SSE actors who are primarily associated with cooperatives (Lee 2017a).

Analysis of the data shows different trends in the amount of traffic on the two forums since 2012. This reflects a shift in the interests of online forum participants, with those promoting the social mission orientation of SSE (that is, the Social Economy Forum) declining relative to those focused on social entrepreneurship (that is, the Social Entrepreneur Forum).

Politicization of SE

At both the municipal and district levels in Seoul, SE intermediary support organizations (ISOs) have had a significant influence in political terms due to the following factors. First, many former activists from the democratization movement who had been pursuing solutions to social polarization and weakened solidarity entered the movement for social economy and became the leaders of the ISOs. Second, they engaged in advocacy for SE values of solidarity, social inclusion and democracy rather than simply focusing on issues of economic viability (see Chapter III). Third, the leaders of SEOEs and ISOs,

who are mostly supporters of Mayor Park's party, have played a leading role in creating the SE ecosystem in Seoul, building a strong partnership with the Seoul Metropolitan Government.

While SE in Seoul has expanded significantly under Mayor Park and his party, it should be pointed out that the national legislative process that resulted in legal frameworks such as the SEPA and the FAC were led by multiple political parties, and the bills were enacted with cross-party support. Although each party emphasized different aspects of SE, such as its social mission or economic entrepreneurialism, in large measure they all agreed that SE is a potential means of addressing poverty and inequality through the provision of jobs and services to vulnerable groups. However, as SE in Seoul gradually became a political symbol associated with Mayor Park and his party, some natural tension has occurred between the mayor and leaders of district governments who belong to different political parties. Leaders of district authorities who do not belong to the mayor's party do not participate in the Council of Local Governments for SE which is led by the district government leaders of Mayor Park's party. This indicates that Seoul's SE development under Mayor Park has been accompanied by politicization of SE to a certain extent, which raises concerns about the political sustainability of the current policy regime that supports SE.

Democratic self-management and solidarity

Political empowerment and genuine participation of vulnerable and marginalized groups in the policy-making process is a key determinant for achieving the SDGs (Cook, Smith, and Utting 2012). They are also important within civil society organizations which are contested spaces that reflect struggles in society as whole (Mercer 2002). CSOs are not, however, preordained to be democratic. They may or may not be democracy-enforcing (Fisher 1998). A key factor in this regard is the capacity of civic organizations to internalize, socialize and popularize democratic attributes, norms and practices such as tolerance, moderation, willingness to compromise and respect for opposing views (Diamond 1994, Hadenius and Uggla 1996).

Although SSEOs emphasize democratic self-management as a major principle of organization, the level of democracy within SSEOs in terms of participation and inclusion, particularly of marginalized and vulnerable groups, is diverse. The principle of solidarity, furthermore, may be practiced among members of

the organization but not necessarily beyond them. To contribute to understanding the political impact of SE and the level of democracy within SEOEs in Seoul, UNRISD conducted an online survey to gauge CSE members' participatory democratic tendencies, as well as their attitudes towards women's participation in decision-making processes, towards migrant workers and multicultural families (see Appendix for the methodology and descriptive statistics).

According to the survey, 63 percent of the CSEs promote the active participation of people in decision-making processes regardless of their age, gender, disability and national origin. Only 3.8 percent reported that decision-making processes within their organizations are not participatory. More than 76 percent of respondents agreed or strongly agreed that their organization encourages women's equal participation in decision making. Over 78 percent agreed or strongly agreed that all people in their organization have sufficient information about the organization. These results indicate that CSEs have a strong propensity to build participatory democracy and make the work environment more equal, inclusive and cohesive for all people (see Figure V.8).

This is a significant improvement compared to the results of a 2010 study (Lee and Hwang 2010) which found that the level of participation of CSE workers in decision-making processes was 2.63 on a scale of 1-5 (1: no opportunity to express opinions and no information to 5: absolute freedom and autonomy in decision-making processes). This figure was even lower than those for small and large enterprises, which were 3.78 and 2.76 respectively.

The survey also shows that participatory and inclusive mechanisms institutionalized within SEOEs affect individual behaviour. Of the 61 people who agreed or strongly agreed with the statement "your organization encourages women's active participation in decision making", about 79.6 percent (48 people) reported that their perception of women's participation had changed since they started working at that organization. Among those who changed their perceptions of women in the workplace, 40 percent said that more opportunities should be given to women and 57 percent said that women and men should have equal opportunities (see Figure V.9). Clearly, there are positive institutional effects on perceptions and attitudes towards women's role in the workplace, confirming SE's potential to contribute to achieving Target 5.5 of the SDGs: "Ensure women's full and

Figure V.8. Attitudes towards participation in decision-making process

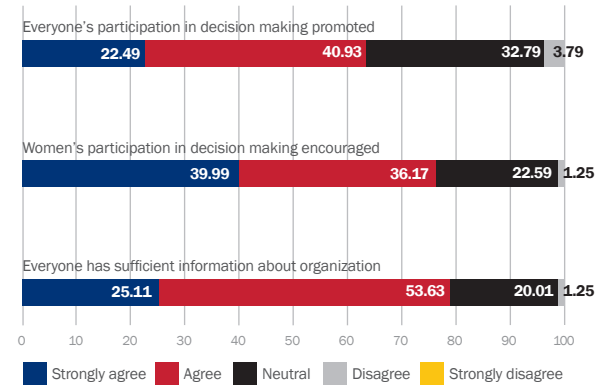
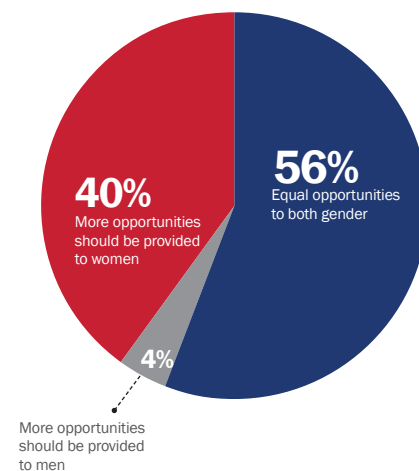


Figure V.9. Attitudes towards women's participation in the workplace



effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life”.

Working for SEOEs also changed the employees' understanding of solidarity, which is clearly illustrated in their changed perceptions towards migrant workers and multicultural families documented in the UNRISD survey. Having long been an ethnically homogeneous society, the Republic of Korea has witnessed a rapid increase of foreign migrant workers and multicultural families. The number of foreign-born residents increased from about 300,000 in 1998 to more than 2 million in 2016 (Korean Statistics, 2017). Although the attitude of the public towards migrant workers and multicultural families is generally positive, there have been recent increases in negative perceptions, particularly among those of working age (see Figure V.10).

The majority of UNRISD survey respondents confirmed that they had changed their perception and attitudes towards foreign-born migrant workers and multicultural families. About 63 percent of respondents changed their perception about migrants and multicultural families during their time working in the SE sector. Among those who changed their perception, only 4 percent said they had changed their perception from positive to negative. Everyone else (96 percent), regardless of age group, changed their perception from negative to either positive or neutral, accepting the presence of migrants and multicultural families and their right to claim rights (see Figure V.11). This demonstrates that people employed in SEOEs have a higher tendency than other Korean people to develop either a positive or neutral attitude toward migrants and multicultural families.

Figure V.10. Perception of the contribution of multicultural families to increasing competitiveness of the Republic of Korea

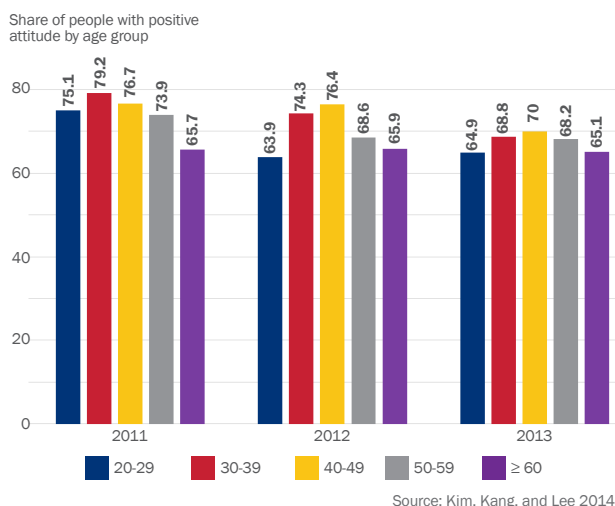
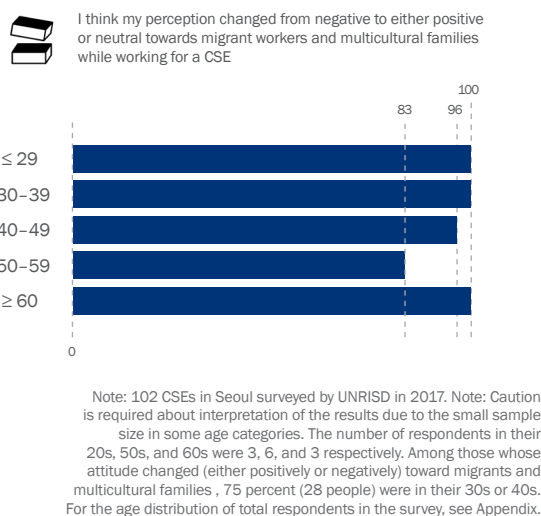


Figure V.11. CSE-influenced perception change, by age group



Overall, the survey showed the potential of SE to increase and strengthen solidarity and contribute to establishing an inclusive society via the workplace. However, it is important to note the limitation of self-reporting as a methodology which tends towards response bias, or the individual's tendency to respond in a certain way regardless of the actual evidence (Cook and Campbell 1979). For instance, given the nature of SEOEs and the purpose of the research, the participants may have tended, either consciously or unconsciously, to provide responses which they believe are more socially desirable than a true reflection of reality. For instance, participants may have overstated positive opinions relating to women's participation and role in the work place. Individually and institutionally they may have wanted to appear to behave in a way that conforms to current cultural norms as well as to the social mission of their organization.

Conclusion

Evidence of the economic, social and environmental impacts of SE in Seoul demonstrates that SE can be an effective means of implementation of the SDGs. In particular, currently available research and data show that Seoul's SE has contributed to reducing poverty and inequality in the city by creating decent jobs for vulnerable groups and providing care services, particularly for the elderly. It is also contributing to the energy transition via activities associated with the generation of solar power. UNRISD's survey found that people working for CSEs tend to be more supportive of women's participation, which is a good litmus test of the contribution of SE to democracy. It also confirms that CSE employees tend to have a more positive attitude towards foreign migrant workers and multicultural families than other citizens.

Whether and to what extent the impact of SE is transformative is, however, still an open question. Despite its contribution to generating jobs for women, there is the risk of feminizing low-paying and low-skill labour-intensive jobs, particularly in the sector of SREs. Inequality in home ownership, which is a structural constraint on the SEOEs engaging with energy transition through the installation of solar panels, is not seen as a major concern by SE actors.

The underdevelopment of methodologies to collect and analyse data on the impacts of SE is another challenge for assessing the role of SE in sustainable development. The most widely used methods and data on SE impacts relate to job provision and social

service provisioning. Other aspects of SE, such as its impacts related to the environment and to democracy, are often ignored in data collection and analysis. Scientific methodologies and data to assess the impact of SE on all dimensions of sustainable development need to be developed further to mobilize support for SEOEs from the public and policy makers, and to help legitimize government support for SEOEs through financing mechanisms such as subsidies and procurement.

Appendix

UNRISD conducted an online survey of certified social enterprises (CSEs) located in Seoul from July to August 2017 for 45 days. The survey contained 24 questions pertaining to: (i) the status of individual participation and involvement in decision making; (ii) perceptions of women's participation and representation in decision-making processes; (iii) perceptions of disadvantaged people such as migrants and multicultural families in the workplace. In addition, socio-demographic information (such as age, gender, number of working years), as well as organizational information (age, size, goals, sector, employment composition) were collected.

In July 2017, there were 316 CSEs in Seoul. A list of their telephone numbers was obtained from the KSEPA website, where it is publically available. The list also contained information about the organizations' primary objectives when they were set up: (i) job provision, (ii) social service provision, (iii) local community contribution, (iv) other, and (v) mixed (a combination of these objectives). Using this information as the basis for stratification, a stratified sampling design was employed to yield proportional representation. Approximately one third of the telephone numbers from each category, or 102 combined, were randomly selected and contacted to ask for potential participants. The majority of people we contacted via phone expressed willingness to take part in the survey. When consent was given, an email link to the online survey with more specific information about the research was sent to the person. Several attempts were made to re-contact those who agreed but then did not complete the survey. The response rate was approximately 78.4 percent. In addition to pre-stratification for adequate representation, we calculated sample weights to adjust for non-response bias in the sample.

Table A.1 presents descriptive statistics of respondents and their workplace. Out of 80 respondents, 44 people (55.25 percent) were female and 36 people

(44.75 percent) were male, showing a good gender balance. Respondents were primarily people in their 40s (50.75 percent) and 30s (25.43 percent). The vast majority of respondents (nearly 88 percent) work for social enterprises, meaning the sample under-represents the remaining groups: cooperatives (8.5 percent), self-reliance enterprises (2.5 percent), and village enterprises (1.25 percent). Approximately 57 percent of respondents' SEOEs have male leaders and 38 percent have female leaders. Small-size SEOEs—with less than 20 employees—account for 66 percent of the organizations surveyed. In terms of the sectoral diversity, most of the SEOEs were in the retail sector (22.4 percent); while the second largest group were those from the education sector (17.7 percent) and third largest group were from the theatrical and music performance sector (10.66 percent).

Table A.1. Descriptive statistics of respondents and their workplaces

	Weighted (%)
Gender of Respondents	
Female	55.25
Male	44.75
Age of Respondents	
29 or younger	5.00
30-39	25.43
40-49	50.75
50-59	13.78
60 or older	5.04
Type of SEOEs respondents work for	
Social enterprise	87.76
Cooperative	8.49
Self-reliance enterprise	2.50
Village enterprise	1.25
Gender of Leader	
Female	38.60
Male	57.56
Both	3.84
Size of SEOEs	
Less than 10 people	36.28
10-20 people	30.05
20-30 people	13.91
More than 30 people	19.76
Sector (multiple responses)	
Wholesale/retail	22.46
Education/training/consultation	17.73
Care for elderly/children/disabled people	7.35
Health/medical services	5.99
Recycling, re-use, repair	3.69
Real estate/housing construction/ rental accommodation	5.30
Environment/green communities/conservation	5.94
Theatrical/music performance	10.66
Publishing/printing/photocopying	9.72
Other community services	11.16

ENDNOTES

¹ The NBS provides benefits for living expenses, health, housing and education.

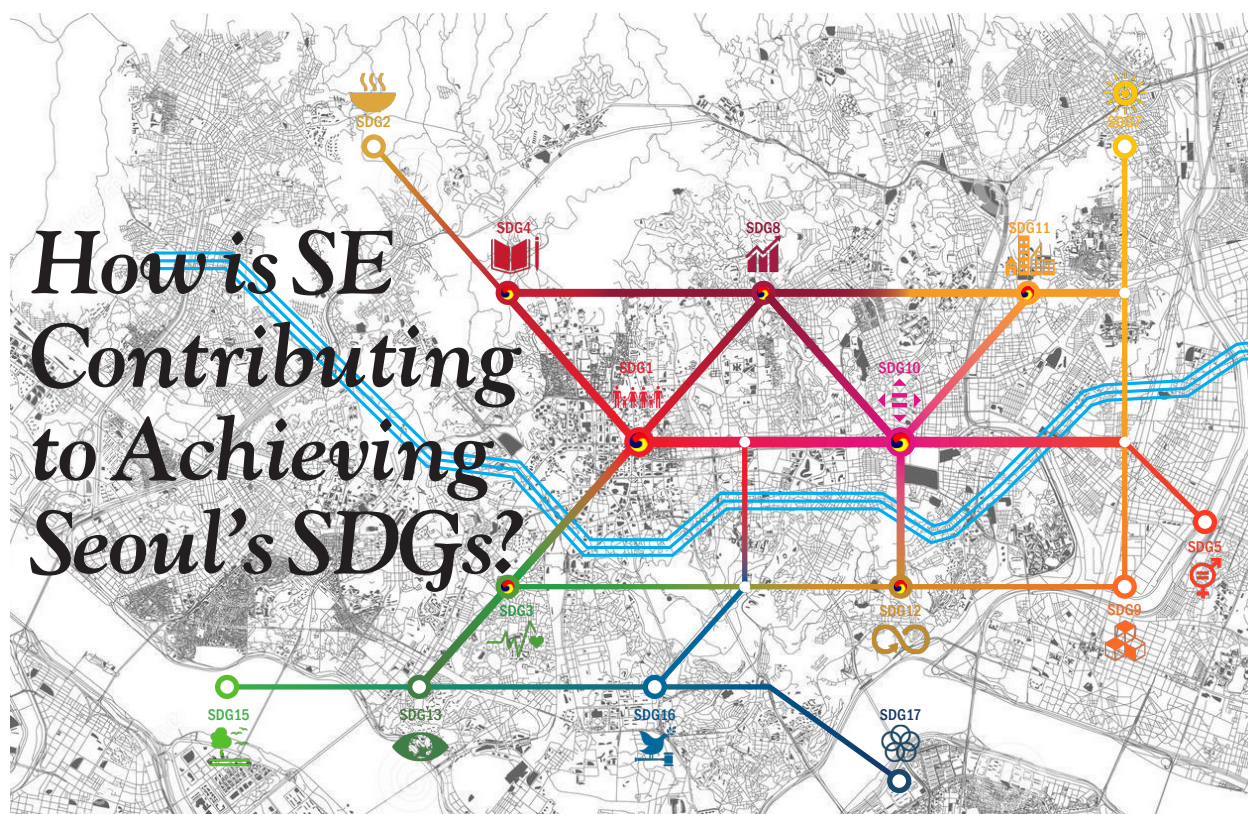
² According to the International Labour Organization, decent work involves full and productive employment, stability and security in the workplace, social protection for workers and their families, and the promotion of social dialogue to express concerns, to organize and to participate in decisions that affect the workers' lives (International Labour Organization 2013).

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ACTORS at the local or subnational level have a variety of competencies and often play unique roles in designing and implementing development policies and programmes, ranging from territorial or urban planning to building safe, inclusive and resilient infrastructure and the delivery of basic services. The 2030 Agenda for Sustainable Development particularly emphasizes the localization of the SDGs as key to the successful realization of its transformative vision, hence the importance of local actors to make development happen on the ground.

Localization of the SDGs begins with establishing local-level goals and targets that reflect place-specific economic, social and environmental conditions. In all cases, national- or subnational-level development requires a hierarchy of objectives and goals. When local-level SDGs are established, the objectives or goals in this hierarchical structure may be incompatible or inconsistent with each other (ICSU and ISSC 2015).

These goals and objectives, however, may not be entirely irreconcilable since there are diverse ways to create institutional and policy complementarity to achieve

multiple goals and objectives without sacrificing one goal or objective for another (Penouil 1981). It is indispensable, therefore, to identify and promote means of implementation of the SDGs which create synergies and minimize trade-offs between goals, targets and policies in an integrated and balanced manner.

This chapter examines the potential of SE in Seoul as a means of implementation of the Seoul Sustainable Development Goals (S-SDGs), outlined in the policy document *The Seoul Sustainable Development Goals: 17 Ways to Change Seoul* (see Seoul Metropolitan Government 2017b). It focuses on how multiple values, concerns and functions of SE in Seoul (as discussed in Chapters III, IV and V) contribute to achieving the social, economic and environmental dimensions of the S-SDGs in an integrated and balanced way. It will also identify tensions between goals and silo approaches which are the potential causes of synergy loss and trade-offs.

The scarcity of data on the functions and impacts of SEOEs remains a challenge for this kind of research (see Chapter V). To address this challenge,

the research for this report employed a network analysis method to identify the interdependence and connections between SEOEs and S-SDGs. We used the mission statements which explain the organizational goals and activities of 249 Certified Social Enterprises (CSEs) in Seoul (out of a total of 316) for the network analysis. The analysis sheds light on the potential of SEOEs as a means of implementation and what limitations they have in this respect.

Given the importance for successful SDG implementation of policy coherence and policy alignment across different levels of governance (local, regional, national, global) (see Chapter II), this chapter also compares the local-level S-SDGs and the global-level SDGs in the 2030 Agenda. Given that national-level SDGs for the Republic of Korea had not been established at the time of writing, it is not possible at this stage to integrate the national level in this analysis.

The chapter is structured as follows. The first section explains the S-SDGs, their development and structure. It pays particular attention to the interdependence of goals and targets of the S-SDGs, and how they differ from the global SDGs. It is followed by an explanation of the contribution of Seoul's SEOEs based on the network analysis. Findings and lessons learned for Seoul and beyond are presented in the conclusion.

Seoul's Sustainable Development Goals

Sustainable development before the 2030 Agenda

In the Republic of Korea, various activities were undertaken by public and civil society organizations working on sustainable development far earlier than the announcement of the 2030 Agenda. Influenced by the 1992 Earth Summit and its mechanism for local implementation known as Local Agenda 21, many CSOs and local governments started to collaborate with each other to establish local agendas and activities for sustainable development. Decentralization and local elected governments also had a positive impact on this public-civic partnership. As social movements diversified after the beginning of democratization (see Chapter III), many CSOs working on issues related to the quality of life and the environment emerged to engage with policy processes in various ways. The

activities undertaken by these environmental CSOs were further promoted by environmental protection and energy-related laws and associated regulations since 1992 (Lee et al. 2009).

By 2015, 210 out of 240 local governments in the Republic of Korea had established a Local Agenda 21 for Sustainable Development. Around 100 local governments, including the Seoul Metropolitan Government, created special organizations to implement their decisions.

The national government's organizational initiative to implement policies for sustainable development emerged later than those of local governments. In 2000, it established the national-level Presidential Council for Sustainable Development (PCSD) composed of government, civil society and business representatives. The PCSD was mandated to set major policy directions and formulate plans to promote sustainable development (Pawar and Huh 2014). From 2000 to 2008, the PCSD adopted a multistakeholder participatory decision-making process that included government and non-government actors. Although the PCSD emphasized the integrated approach (across the economic, social and environmental dimensions of sustainable development) that had been highlighted by the Earth Summit and follow-up activities, most of its policies were mainly environment-focused (Pawar and Huh 2014).

The Framework Act on Sustainable Development (FASD) came into force in 2008, eight years after the PCSD was set up, with the Ministry of Environment assuming responsibility for implementation. The Act became the legal basis for the implementation of the 1992 Agenda 21 and the 2002 Plan of Implementation of the World Summit on Sustainable Development. The Act stipulated that national and local governments establish an implementation plan for sustainable development every five years. It also allowed delegates of the local Councils of Sustainable Development to participate in the PCSD. A system of coordination between national and local governments was also established (Kim et al. 2014).

The Lee government (2008-2013), however, shifted the policy focus from one centred on the concept of sustainable development to green growth, which significantly undermined the follow-up activities of the government within the framework of the FASD. Although the concept of green growth emphasized the harmonization of economic growth and environmental

conservation, economic dimensions were central to the policy framework while social concerns were residual to environmental and economic concerns. In fact, during this time market-based green economy solutions associated with the green growth initiatives of the Lee government dominated policy debates (Lee 2010).

This policy shift brought about a significant change in the government organizations and policies associated with sustainable development. First, declaring low-carbon green growth a national vision, the government established a new Presidential Commission on Green Growth and the Framework Act on Low Carbon Green Growth in 2008 and 2010 respectively (Pawar and Huh 2014). The PCSD became the Ministerial Council for Sustainable Development, losing some of its previous influence. Government programmes which highlighted the economic dimension of green growth were mostly top-down, albeit with token stakeholder consultation. Governments, particularly the national government and local governments whose leaders were from the same political party as the president, provided wide-ranging support for the institutions and organizations established for the market-friendly green growth approach. In the context of this national government drive for green growth policies, many NGOs, even those in the provinces and areas whose leaders sided with opposition parties, carried out programmes funded by the government within the framework of green growth (Kim et al. 2014).

A particularly controversial green economy initiative was the Green New Deal. One of its flagship projects was the Four Major Rivers Restoration Project, which aimed to restore key rivers and to provide water security, flood control and ecosystem vitality through 213 river-related infrastructure projects at a total cost of KRW 6.9 trillion (Cha, Shim, and Kim 2011). Even before the launch of these projects, many experts raised concerns about their negative impact on the environment. Opposition parties organized political protests against the projects and against the Lee government. The flagship project itself heightened the political rift between the government and opposition forces (Han 2015). In this context, green growth became a political symbol of the Lee government. Civil society and political opponents used the green growth concept as a focus of their criticism of the Lee government, preferring instead the more encompassing and integrated concept of sustainable development. This helped to strengthen initiatives and organizations associated with it, such as Local Agenda 21 (Pawar and Huh 2014).

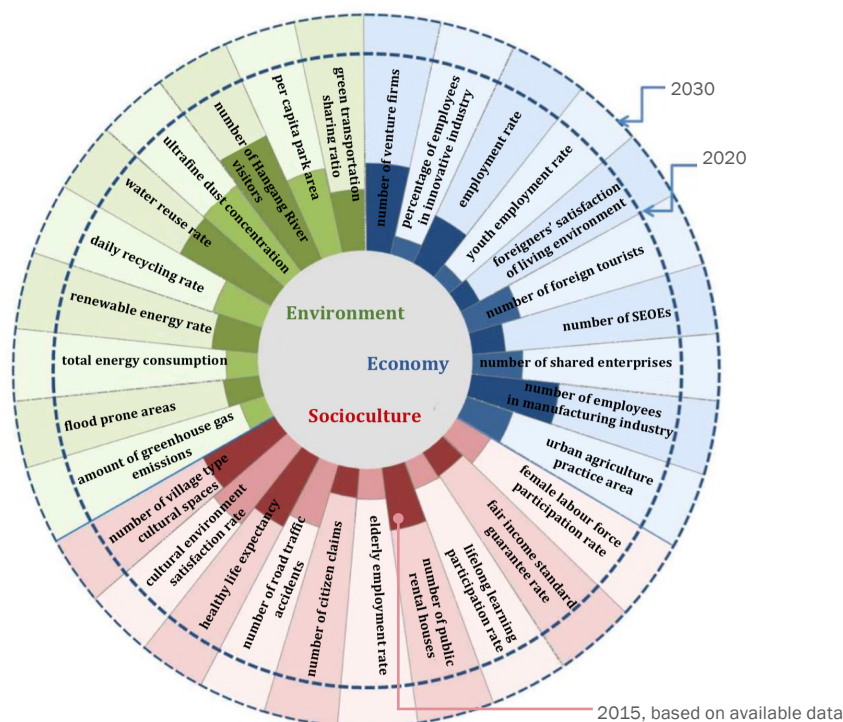
SMG initiatives for sustainable development before the 2030 Agenda

SMG initiatives for sustainable development began in the mid-2000s with the green growth concept led by Mayor Oh Se-hoon who was affiliated with President Lee's political party. His policies and programmes were similar to those of the Lee government in that they emphasized the economic dimension and green economy. The SMG established a Green Growth Committee composed of SMG civil servants, experts and representatives of business and civil society, which, however, rarely met. Most SMG programmes at this time were designed and implemented in a top-down manner.

A different approach emerged after the opposition leader Park Won-soon assumed office in 2011. In order to highlight social and environmental dimensions of sustainable development, the SMG abolished the ineffective Green Growth Council, and passed an ordinance on the Seoul Council for Sustainable Development (the SCSD) and established the Council itself in 2013. Composed of nine representatives from the SMG, including the mayor, three members of the Seoul Metropolitan Council, and 28 representatives from civil society and the business sector, the SCSD has three thematic working groups: Economy; Society and Culture; and Environment. Leaders of the SE sector, such as the head of the Seoul Social Economy Center and a representative of *Saenghyup* cooperatives take part in the working group on the economy.

The SMG had announced a Five Year Basic Plan for Sustainable Development (2015–2019) in 2015 even before the 2030 Agenda for Sustainable Development was launched. The Basic Plan identified 30 major targets related to economic, social, cultural and environmental goals which are to be achieved by either 2020 or 2030, largely based on the SMG's policy priorities. They were selected from a pool of 725 indicators used to monitor and evaluate the performance of the SMG policies (Seoul Metropolitan Government 2015). SE, together with the sharing economy, became one of the major economic strategies to achieve sustainable development. SMG projects promoting special SE districts, area-based cooperatives, and SE as a means of providing social services were explicitly mentioned as means of implementation (Seoul Metropolitan Government 2015). The main purpose of the Five Year Plan, however, was to monitor and evaluate existing projects in the 30 policy areas associated with sustainable development rather than establish a new policy framework for sustainable development (see Figure VI.1).

Figure VI.1. Five Year Basic Plan for Sustainable Development (2015–2019)



Source: Seoul Metropolitan Government 2015

Establishing a 2030 Agenda and SDGs for Seoul

Since the 2030 Agenda was announced, progress in setting goals and targets at the national level in the Republic of Korea has been limited. The fragmented structure of ministries dealing with selected goals and targets and the absence of strong coordination have been some of the main causes for the relatively slow progress of the national government. Local governments such as the SMG, however, are making significant progress.

The SMG moved quickly to adopt the SDGs and adapt them to the local context. The SCSD started drafting SDGs for Seoul (S-SDGs) via a series of participatory processes, including expert meetings and public hearings in which civil society organizations from a wide range of sectors that were already actively involved in participatory governance mechanisms organized by the SMG also took part. In comparison with the national government, relatively few tensions have arisen over which bureau and departments of the SMG should be responsible for implementing the S-SDGs.

The SMG, however, faced two main challenges in establishing the S-SDGs. First, participatory governance processes required a lot of time to discuss the vast

range of goals related to the economic, social and environmental dimensions of sustainable development. The process was slow partly due to organizational difficulties, as the SDGs were not a priority issue for many civil society organizations. Second, there were no clear guidelines on how to establish S-SDGs. Many members of the SCSD had expertise on their sectors but lacked the rigorous, comprehensive knowledge and expertise needed to identify multiple linkages between goals and targets in a balanced and integrated manner.¹

Establishing the S-SDGs was a process of learning by doing which took almost two years and was accomplished through a series of public hearings, discussions of commissioned research, and debate on which should be the priority goals and targets. The SMG announced the S-SDGs on 22 November 2017 (Seoul Metropolitan Government 2017a).

The S-SDGs contain 17 goals and 96 targets largely corresponding to the SDGs in the 2030 Agenda. Several features of the S-SDGs are notable in comparison with those of the 2030 Agenda.

- The S-SDGs have been designed to correspond to the 17 SDGs in the 2030 Agenda in a way that reflects the specific conditions in Seoul. For instance, social

development targets are set higher than the global targets. The Seoul target for under-5 mortality is less than 2.5 per 1,000 live births, whereas the global target is set at less than 25 per 1,000; similarly the Seoul target for maternal mortality is more ambitious than the global target. Seoul aims to halve the 2016 rate of 8.4 per 100,000, whereas the global target is 70 per 100,000 live births.

- Regarding the role of the private sector, social enterprises are specifically mentioned in S-SDG 8.3: “Encourage small- and medium-sized enterprises to create decent jobs and provide active support to social enterprises”. Similarly social economic zones and integrated support systems for social economy at the district level are suggested as policy tools to achieve S-SDG 10 “Reduce all forms of inequality”. Highlighting the role of SE for the reduction of inequality as well as economic growth and creation of jobs is notable in the S-SDGs, given that the 2030 Agenda mentions the role of cooperatives for productivity, inclusive economic growth and job creation.
- Specific policy initiatives and projects of the SMG are suggested as a key means of implementation of the S-SDGs. Many of the projects focus on human rights, solidarity within and beyond Seoul, participation, and SE.
- The S-SDGs incorporate specific policy concerns of the SMG as targets. For instance, S-SDG 3 includes gambling in the addictions which should be addressed, while S-SDG 11 has a target of reducing the concentration of fine dust levels to 70 percent of the 2016 level. S-SDG 12 includes halving per capita food waste from the level of 2016. These are all specific environmental concerns of Seoul.
- Notable is the effort to localize global goals in an urban context. One example of this is the emphasis on building a food distribution system with local agricultural producers and urban agriculture defined as a practice of growing plants and raising animals for food, and processing and distributing them within the urban area (FAO 2007, UNESCAP 2012). Target 2.4 of the 2030 Agenda, “By 2030, ensure sustainable food production systems and implement resilient agricultural practices”, corresponds to target 2.3 of the Seoul SDGs: “Establish a desirable distribution structure with the local agri-fishery producers, and support urban agriculture not only to

encourage small-scale food production but also to cope with poverty and mental health.”

- Some of the goals and targets do not express clearly enough the interdependence between economic, social and environmental dimensions. For example, target 2.3 (see above) mentions poverty and health impacts but not environmental benefits which local small-scale food production could generate. Shifting food production to a location with high demand tends to reduce greenhouse gas emissions caused by transporting food over long distances, and a study estimated that the available area for urban agriculture in Seoul is 51.17 km² (Lee, Lee, and Lee 2015).
- Goals and targets in the 2030 Agenda which are less relevant to Seoul have been reinterpreted for the S-SDGs. The question of whether Seoul, as a land-locked city, had to have a goal corresponding to the 2030 Agenda’s SDG 14 on life under water was a controversial issue in the process of deciding on the S-SDGs, for example. After a series of discussions including public hearings and SCSD meetings, it was decided to reinterpret SDG 14 as mainly concerning the protection and restoration of the natural quality of the Han River. This would serve as a means of implementation for the preservation of the ocean ecosystem into which the Han River flows. It is notable that S-SDG 14 suggests cooperation with neighbouring provinces such as Gyeonggi and Incheon City to achieve this goal.²
- Some key values have been highlighted throughout the S-SDG document while others have not. For instance, the principle of leaving no one behind underpins most targets, and universal provision of social services is strongly emphasized where relevant. However, the transformative vision which aims to change structures and institutions generating injustice has not been intensively discussed and is not reflected throughout the document.
- Every goal and target is based on empirical evidence of the current situation in Seoul and is linked with existing SMG projects and policies to tackle issues.
- In cases where the problem a particular S-SDG aims to tackle would be more effectively addressed at a higher level of governance (such as the central government), the S-SDG indicates both targets and the need for coordination mechanisms. Infectious and non-

Seoul's Sustainable Development Goals (S-SDGs), targets and related policies

1. Devote efforts to end poverty in all its forms

- 1.1 Make efforts so that no Seoul citizen lives below the national minimum through the national and Seoul social security system.
- 1.2 Prepare and Implement a social security system customized to Seoul to ensure the basic living of the vulnerable.
- 1.3 Ensure rights to utilize economic resources and opportunities to receive basic public services and financial services for Seoul citizens, in particular, the vulnerable.
- 1.4 Reduce exposure and vulnerability to economic, social, and environmental shocks and disasters for the vulnerable in Seoul.

SMG's main projects: *Seoul citizens' welfare standards, Seoul basic security system*

2. Improve the distribution structure between urban and rural areas and support urban agriculture for food security and nutritional balance of the citizens

- 2.1 Ensure safe, nutritious and balanced food for all citizens.
- 2.2 End all forms of malnutrition, and do utmost to manage the nutritional status of the biologically vulnerable class such as children under five, adolescent girls, expectant mothers, nursing mothers and the elderly.
- 2.3 Establish a desirable distribution structure with the local agri-fishery producers, and support urban agriculture not only to encourage small-scale food production but also to cope with poverty and mental health.

SMG's main projects: *Food master plan, public meal support project for urban-rural coexistence, Nutrition Plus project*

3. Ensure healthy lives and promote well-being for all citizens

- 3.1 Halve maternal mortality ratio from the 2016 level.
- 3.2 End preventable deaths, aiming to reduce under-five mortality to less than 2.5 out of 1000 live births.
- 3.3 Contain outbreaks of legal infectious diseases, and establish a comprehensive treatment system for infectious diseases for a swift management and treatment in case of outbreaks.
- 3.4 Reduce non-communicable diseases through prevention and treatment, and significantly cut down number of suicides through mental health and well-being enhancement policies.
- 3.5 Strengthen the prevention and treatment of all types of addictions including drugs, alcohol, smoking and gambling.
- 3.6 Halve the number of deaths and injuries from road traffic accidents from the 2015 level.
- 3.7 Provide professional nursing services and comprehensive health and medical consultation and information services for infants, expectant mothers, and seniors to prevent diseases and improve health.
- 3.8 Raise the proportion of public health and medical services to provide Seoul Universal Health Coverage (UHC).
- 3.9 Strengthen health care measures for the people and regions susceptible to hazardous substances.

SMG's main projects: *Outreach Community Service Center, establishing safety net for public health and medical services, expanding the Citizen Health Management Centers, suicide prevention project*

4. Ensure inclusive and equitable quality education and provide a lifelong learning opportunity for all

- 4.1 Ensure quality care and education for preschool children.
- 4.2 Ensure opportunity for all Seoul citizens to receive affordable and quality technical, vocational and college education.
- 4.3 Increase more opportunities for youths and adults in Seoul to obtain skills and knowledge required for employment and entrepreneurship.
- 4.4 Eliminate gender disparities in education and ensure equal access to education and vocational training for the vulnerable including the disabled and the poor.
- 4.5 No Seoul citizen should have difficulties in life due to insufficient literacy, numeracy, and basic information and communication technology skills.
- 4.6 Expand education on sustainable development to Seoul citizens.

SMG's main policies: *Expanding national and public child care centers, running the Seoul Free Citizen College, establishing the School for All*

5. Create gender-equal social environment and improve capacity of women

- 5.1 End all forms of discrimination against women and girls.
- 5.2 Eliminate all forms of violence against women and girls.
- 5.3 Recognize and value domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household.
- 5.4 Ensure equal opportunities for women to participate in the decision-making process and exercise leadership.

SMG's main projects: *Creating Safe and Happy Town for Women, operating the Community Solidarity for Protecting Children and Women, planning the Seoul Comprehensive Measures for Preventing Child Abuse*

6. Create a healthy and safe water cycle city

- 6.1 Replace obsolete water supply pipes and strengthen water quality analysis, enabling all Seoul citizens to safely drink Arisu.
- 6.2 Improve the water quality of the Han River system by conserving the river ecosystem, managing the total water pollution load, improving the quality of discharged water and replacing outdated sewer pipes.
- 6.3 Expand rainwater management facility, and manage groundwater in a sustainable way.
- 6.4 Manage the quality, quantity, and aquatic ecosystem of the Han River system in an integrated manner.
- 6.5 Create Han River forests, riverside wetlands and naturally protected shore to recover the natural properties of the Han River system.
- 6.6 Support the participation of the local community to improve water management.

SMG's main projects: *Arisu (tap water) quality management, creating a water-cycle city (managing groundwater, reusing rainwater, etc.), creating an eco-friendly water purification plant, ensuring the safety of water quality for Han River and its tributaries*

7. Ensure basic energy rights, increase share of renewable energy and raise energy efficiency

- 7.1 Ensure basic energy rights to the energy vulnerable.
- 7.2 Reach 20% share of renewable energy.
- 7.3 Increase energy efficiency in building and transportation sectors.
- 7.4 Expand support for green technology R&D including renewable energy technology sector, and promote the 7 major green industries (renewable energy, LED, green cars, green buildings, green services, green IT, urban resource circulation).

SMG's main projects: *Distributing one solar panel per household, promoting the Building Retrofit Program (BRP), Phase 2 of One Less Nuclear Power Plant project*

8. Promote inclusive and sustainable economic growth, and increase decent jobs

- 8.1 Pursue a sustainable gross domestic product and gross regional domestic product growth based on win-win relationship with other regions.
- 8.2 Support restructuring into a high value-added industry and bolster industry diversification through creativity and innovation to continuously improve productivity.
- 8.3 Induce small and medium-sized enterprises to create decent jobs and actively support social enterprises.
- 8.4 Reduce unemployment rate, create decent jobs and achieve equal pay for work of equal value.
- 8.5 Substantially reduce the proportion of unemployed youth who do not participate in education and training.
- 8.6 Protect labor rights for all workers including migrant workers, and promote safe and secure working environments.
- 8.7 Devise sustainable tourism policies that actively promote Seoul city's unique culture and products, and foster a high-quality tourism industry to contribute to more jobs.

SMG's main projects: *Adoption of the worker-director system, creating the Changdong and Sangye New Economic Center, expanding the Seoul Living Wage system, Labor-valuing Seoul, creating the Seoul Start-up Hub, building the G-Valley Workers Culture and Welfare Center*

9. Build eco-friendly and useful infrastructure, and encourage inclusive and sustainable industrialization

- 9.1 Expand quality and environmentally friendly infrastructure available for all citizens for economic activities and a happy life.
- 9.2 Bolster support for future technology-based manufacturing and high value-added businesses.
- 9.3 Increase workforce and investment on research and development, and raise the competitiveness of science and technology-based industries.

SMG's main projects: *Formulating a public transportation plan focusing on railways, creating innovation cluster*

10. Devote efforts to reduce all forms of inequality

- 10.1 No Seoul citizen should live below the 40th percentile of the median income through national and Seoul's social security system.
- 10.2 Empower and promote the social, economic and political inclusion of all.

Seoul's Sustainable Development Goals (S-SDGs), targets and related policies (cont.)

10.3 Improve discriminatory laws, policies and practices to ensure equal opportunity.
10.4 Achieve high level of equality through fiscal, wage, and social protection policies.

SMG's main projects: Fostering Special Social Economic Zones, establishing an integrated support system for social economy at autonomous Gu districts

11. Make cities inclusive, safe and sustainable for all citizens

11.1 Come up with a minimum living standard for Seoul citizens to improve the environment in low-income neighborhoods and obsolete residential areas, and ensure housing rights to all citizens by providing more affordable housing.
11.2 Establish safe, convenient and sustainable transportation systems for all citizens by linking with the capital region transportation system.
11.3 Formulate and implement socially integrative urban planning that expands citizen participation, includes the socially disadvantaged, and ensures diversity.
11.4 Protect the history and culture, and natural heritage of Seoul, create a city in which nature, history, culture, and the future coexist, and promote cultural diversity.
11.5 Strengthen disaster relief system for citizens who are vulnerable to disasters, such as the poor, children, women, seniors, and the disabled to create a safe city Seoul responding to large-scale disasters.
11.6 Reduce fine dust concentrations by 70% from the 2016 level.
11.7 Minimize areas that do not have access to parks and green areas, and ensure universal access to public green spaces for women, children, seniors and the disabled.
11.8 Strengthen economic, social and environmental links between Seoul and metropolitan areas for a balanced development in the capital region.

SMG's main projects: Expanding public rental housing, bike-sharing system, carrying out traditional culture discovery support project, establishing an integrated preservation and management system for designated cultural properties of Seoul, planning fine dust reduction measures by emission sources.

12. Support sustainable consumption and production patterns to become a way of life

12.1 Achieve a virtuous cycle of economic growth through environmental improvement, and devise a comprehensive measure for sustainable consumption and production.
12.2 Achieve the sustainable management and efficient use of natural resources.
12.3 Halve per capita food waste from the 2016 level.
12.4 Reduce the use of hazardous chemical substances and manage hazardous waste in a scientific and environmentally friendly manner to minimize the negative impact on the health of the citizens and the environment.
12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.
12.6 Urge and support companies within Seoul to publish sustainable management reports.
12.7 Promote citizens' purchase of eco-friendly products, and promote sustainable public procurement practices such as purchasing eco-friendly products by government agencies.
12.8 Ensure that all citizens have the relevant information and awareness for sustainable

development and lifestyles in harmony with nature.
12.9 Review taxation and subsidy schemes that encourage environmentally unfriendly consumption and production, and improve them continuously and gradually

SMG's main projects: Strengthening cooperation and networking in and outside Korea on shared economy, establishing the Seoul Upcycling Plaza, pursuing zero direct landfilling of domestic waste

13. Create an exemplary city in coping with climate change

13.1 Identify risks related to climate change early on and come up with measures, and strengthen ability to swiftly recover in case of natural disasters.
13.2 Integrate climate change measures into SMG's policies, strategies and planning.
13.3 Raise awareness on climate change response by expanding the scope of people subject to climate change education, and strengthen local capacity by expanding autonomous Districts cooperation and community support programs.
13.4 Integrate climate change measures into SMG's policies, strategies and planning.
13.5 Reduce greenhouse gas emissions by 40% from the 2005 level and integrate greenhouse gas mitigation and adaptation policies.
13.6 Participate in international organizations' climate change mechanism, form partnerships to run climate change-related programs, and strengthen international cooperation

SMG's main projects: Phase 2 of One Less Nuclear Power Plant-Seoul Sustainable Energy Action Plan, promoting the Energy Dream Center, strengthening international cooperation on climate change

14. Conserve the marine ecosystem through recovering natural properties of the Han River

14.1 Prevent and drastically reduce pollution from waste and green algae in the Han River system.
14.2 Strengthen Han River's ecological health to improve the resilience of the marine ecosystem including that of the West Sea.
14.3 Cooperate with Gyeonggi-do and Incheon to raise the research capacity and scientific knowledge on the impacts of Han River on the marine ecosystem.

SMG's main projects: Implementing the green algae alert system, recovering the Han River ecosystem, creating the Han River forests

15. Promote biodiversity through conserving and recovering the natural ecosystem within the city

15.1 Manage forests, mountains, wetlands and streams in Seoul in a healthy manner and ensure sustainable use of the ecosystem service.
15.2 Sustainably manage mountains and forests in Seoul by planting native tree species in damaged parts of the forest, and strengthening forest fire prevention to protect trees.
15.3 Increase the nature and ecological protection areas such as the Ecological Landscape Conservation Area, Wildlife Protection Area, and Migratory Bird Protection Area by 17% from the 2014 level.
15.4 Improve biodiversity by creating small-scale biotops, restoring species and expanding habitats.
15.5 Strengthen the management of the influx of exotic species and illegal releases, and control the cause of the spread of invasive alien species.
15.6 Integrate the values of biotops and biodiversity into SMG's planning and development process.

SMG's main projects: Strategies to improve biodiversity

16. Build transparent and inclusive institutions for a just Seoul

16.1 Significantly reduce all forms of violence and violent crimes stemming from it.
16.2 Significantly reduce all forms of crimes against children including abuse and exploitation.
16.3 Set up social, cultural, and physical environments that ensure the human rights of the citizens, and pursue all municipal administration from a human rights perspective.
16.4 Significantly strengthen the recovery of stolen assets and the taxation on habitual tax delinquents and tax evaders.
16.5 Eradicate all forms of corruption and bribery.
16.6 Expand transparent and accountable administration and institutions.
16.7 Realize resident participatory administration to strengthen citizen participation in the whole policy process.
16.8 Enhance all citizens' information accessibility and ensure access to information for the information vulnerable.
16.9 Actively support each autonomous District of Seoul to realize sustainable development.

SMG's main projects: Expanding resident participatory budgeting, pursuing the Human Rights City, Seoul, planning Seoul's Comprehensive Measures on Preventing Child Abuse, establishing citizen-focused platform for utilizing big data, promoting town communities

17. Strengthen exchange and cooperation with foreign cities as a global leader of sustainable development

17.1 Bolster exchange and cooperation on science, technology, and innovation with foreign cities and strengthen knowledge and policy sharing based on mutual agreement.
17.2 Spread the achievements of the Seoul SDGs to developing countries and support them to implement the SDGs.
17.3 Share the achievements of the Seoul SDG with Korean and foreign cities and strengthen global leadership for a sustainable development.
17.4 Promote partnerships among Seoul Metropolitan Government, civil societies, and companies to implement sustainable development.
17.5 Devise and support ODA programs for the sustainable development of cities in developing countries

SMG's main projects: Introducing outstanding policies to foreign cities, pursuing a sustainable and shared city, inviting international organizations and carrying out exchange and cooperation

Source: Seoul Metropolitan Government brochure "Seoul Sustainable Development Goals (SDGs) 2030: 17 Ways to Change Seoul". January 2018.
<http://gov.seoul.go.kr/archives/98727>

communicable disease-related targets 3.2, 3.3 and 3.4 are cases in point.

- All the goals and targets specifically focus on citizens of Seoul except for S-SDG 17 “Strengthen exchange and cooperation with foreign cities as a global leader in sustainable development”.
- Financing development is the weakest part of the S-SDGs. The only target which is potentially linked with financing is S-SDG 16.4. “Significantly strengthen the recovery of stolen assets and the taxation on habitual tax delinquents and tax evaders.” There is not a specific target associated with the role of the private sector in financing development, which is emphasized in the 2030 Agenda’s SDGs
- A system of indicators has yet to be established.

Connecting Sustainable Development Goals and their targets

SDGs and targets in the 2030 Agenda

Lack of integration across sectors when designing policies and implementing them has been one of the key problems of development interventions worldwide. Failures to create synergies, minimize trade-offs and avoid coordination failures, or the so-called silo approach, have resulted in incoherent policies and adverse impacts on development (Le Blanc 2015).

Designing and implementing development goals in an integrated and balanced manner is one of the major concerns of the 2030 Agenda. Despite the emphasis on the triple bottom line that aims to strike a balance between economic, social and environmental dimensions, the goals and targets have uneven connections with each other, partly due to the effects of political negotiations over priorities. Some goals are closely interconnected and mutually compatible, while others are less so.

Figures VI.2, VI.3, and VI.4 are based on a network analysis of the targets of 16 of the SDGs (Le Blanc 2015). The analysis excludes SDG 17, which relates primarily to the means of implementation for the other SDGs, as well as the specific means of implementation presented at the end of each SDG. This does not mean, however, that specific means of implementation do not have a potential to contribute to other goals.

Since this network analysis is a mapping of semantic relations between targets and goals as expressed in the wording of Agenda 2030, the figures do not represent rigorous scientific analysis of the concrete linkages between goals and targets. This method runs the risk of analysing buzzwords employed to dress up business as usual. However, statements of intent in development discourse do have a purpose. They not only lend legitimacy to justify developmental interventions but also provide a sense of direction regarding which development path policy makers might take (Cornwall and Brock 2005). The exercise can have a practical and political impact since the results help us to problematize dominant paradigms and explore alternative strategies and policy measures to maximize synergies and reduce trade-offs across sectors.

The bigger circles in Figure VI.2 represent the sixteen SDGs, while the smaller circles are the targets. The targets are the same colour as the goal to which they belong. Some targets are linked only to the one goal to which they belong, while others have lines linking with more than one goal, illustrating the interdependence between goals. For instance, target 16.1 “Significantly reduce all forms of violence and related death rates everywhere” is not associated with other goals, while 16.8 “Broaden and strengthen the participation of developing countries in the institutions of global governance” potentially also contributes to Goal 10 “Reduce inequality within and among countries”, particularly target 10.6 “Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions”. Out of 107 targets examined, 62 are associated with more than one goal; 19 targets contribute to two or three goals other than the one to which they belong.

Figures VI.3 and VI.4 illustrate how each SDG can be supported by the achievement of targets belonging to other SDGs. Figure VI.3 demonstrates how the individual SDGs are connected with the targets of other SDGs. Figure VI.4 illustrates how the connection of individual SDGs with the targets of other SDGs produces a hierarchical structure of SDGs composed of four clusters indicating degrees of interdependence: the closer to the centre, the more connections the SDG has with the targets of other SDGs. SDG 10 (Reduced inequalities), 1 (End poverty), and 5 (Gender equality) are the most densely connected goals while SDG 7

Figure VI.2. Connections between SDGs as seen through targets (2030 Agenda)

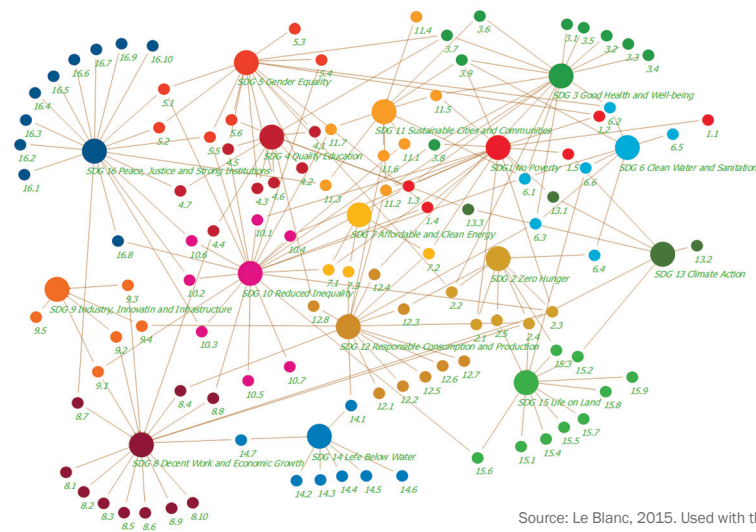


Figure VI.3. Interdependence between SDGs as seen through targets of other SDGs (the 2030 Agenda)

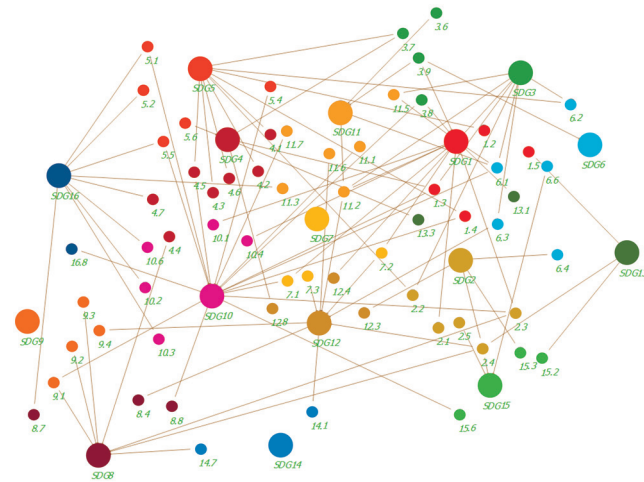
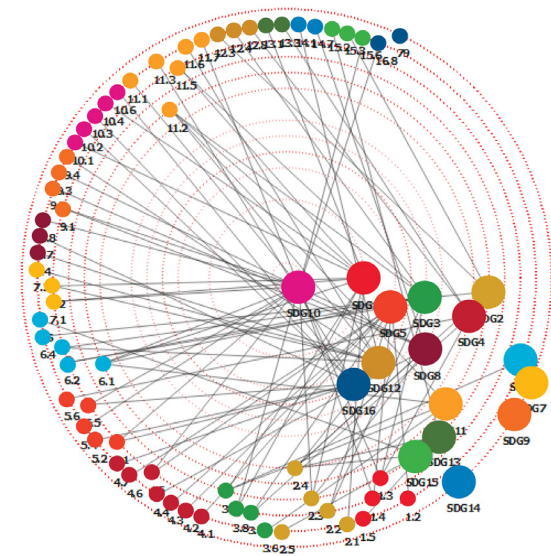


Figure VI.4. How SDGs are supported by targets of other SDGs



(Affordable and clean energy), 9 (Industry, innovation and infrastructure) and 14 (Life below water) have no direct connections with the targets of other SDGs (see Table VI.1).

The level of connection between each SDG with the targets of other SDGs indicates the opportunities to create synergies and minimize trade-offs between goals in the 2030 Agenda. It is understandable that SDGs 10, 1, and 5 are clustered as the most connected goals given the principle of leaving no one behind. It is disappointing, however, that despite obvious interdependence between SDGs 7, 9 and 14, there are fewer targets connecting these goals with each other (see Figure VI.3). The lack of connections between certain goals points to the need to develop more innovative measures to create synergies between these goals.

Table VI.1. SDGs connected with targets of other SDGs (the 2030 Agenda)

Strength of interconnections	SDGs	Number of connections with targets with other SDGs	% of total connections
Weakest	7	0	0
	9	0	0
	14	0	0
Weak	6	1	1.1
	13	3	3.3
	15	3	3.3
	2	4	4.4
	11	4	4.4
Strong	4	5	5.5
	8	7	7.7
	3	8	8.8
	12	9	9.9
	16	9	9.9
Strongest	5	10	11
	1	12	13.2
	10	16	17.6
Total		91	100

Source: Degree Prestige report of Le Blanc 2015, created by Social Network Visualizer v2.3 (February 2018)

Seoul's SDGs and targets

The S-SDGs also have connections between the goals and targets. Since the targets of S-SDG 17 include tasks which may be interpreted as independent targets and not merely means of implementation for all other goals, such as the specific partnership with neighbouring provinces to restore the Han River, they have also been included in the analysis.

Compared to the 2030 Agenda, the S-SDGs have more connections between targets and goals. The nature of the connections between the targets and goals raises some unique features of the S-SDGs compared to those of the 2030 Agenda.

- First, compared to the 2030 Agenda, the S-SDGs have more targets addressing multiple goals. The proportion of targets contributing to the achievement of S-SDGs to which they do not belong is higher than that of the 2030 Agenda. In the S-SDGs, 72 out of 96 targets examined contribute to other S-SDGs, while in the 2030 Agenda 63 out of 107 targets examined address other SDGs. This indicates that the targets of the S-SDGs have more multiple concerns and functions than those of the 2030 Agenda.

- Second, there is no S-SDG which does not have support from the targets of other SDGs. In the 2030 Agenda, SDGs 7, 9 and 14 do not have connections with targets of any other SDGs.
- Third, the 2030 Agenda and the Seoul SDGs have different degrees of connection between goals and targets. S-SDGs 10 (Reduce all forms of inequality), 5 (Achieve a social environment with gender equality), 3 (Ensure healthy lives and promote well-being for all citizens) and 8 (Promote inclusive and sustainable economic growth and decent jobs) are more supported by the targets of the other S-SDGs than the corresponding SDGs in the 2030 Agenda. On the other hand, the number of targets which contribute to S-SDG 1 (End poverty in all its forms) is smaller than the number of target which contribute to SDG 1 in the 2030 Agenda. This partly reflects a greater policy concern about inequality and scarcity of jobs for youth (rather than poverty) in the case of the S-SDGs, due to the increasing political mobilization and influence of youth in the Republic of Korea (Park, Ahn, and Hahn 2013).

It is notable that the S-SDGs which have the strongest support from targets of other S-SDGs are directly associated with inequality, Seoul city and communities, health, economic growth and decent work, and gender equality. Compared with the 2030 Agenda, the S-SDGs have more support for the local context, health, and economic growth and decent work, while less for poverty.

The S-SDGs related to environmental objectives generally have weak support from the targets of other goals in S-SDGs; this is also the case of the 2030 Agenda. They are: S-SDG 12 (Support sustainable consumption and production patterns); 14 (Conserve the marine ecosystem through recovering the natural properties of the Han River); 15 (Promote biodiversity through conserving and recovering the natural ecosystem in the city); 7 (Ensure basic energy rights, increase the share of renewable energy and improve energy efficiency); and 13 (Create an exemplary city in coping with climate change).

More innovative approaches need to be designed and implemented to create synergies and minimize trade-offs between environmental goals and other goals, particularly economy-related goals such as S-SDG 8 which is strongly integrated with goals other than environmental ones.

Figure VI.5. Connections between S-SDGs as seen through targets

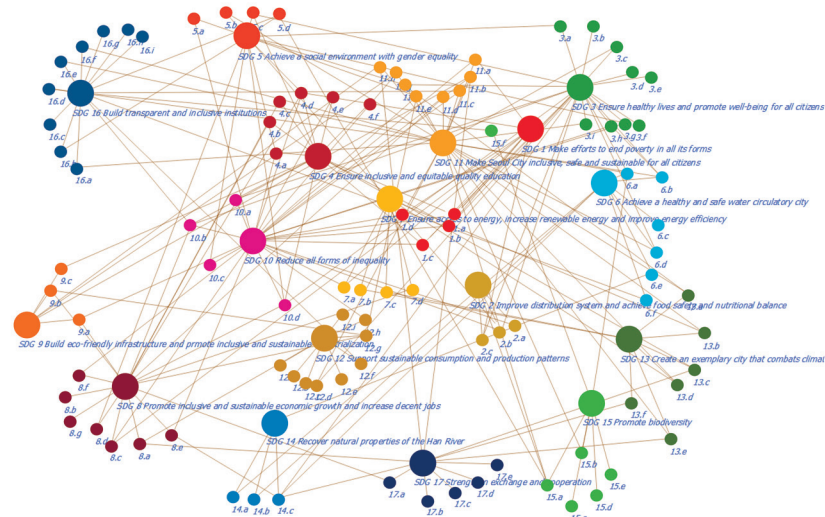
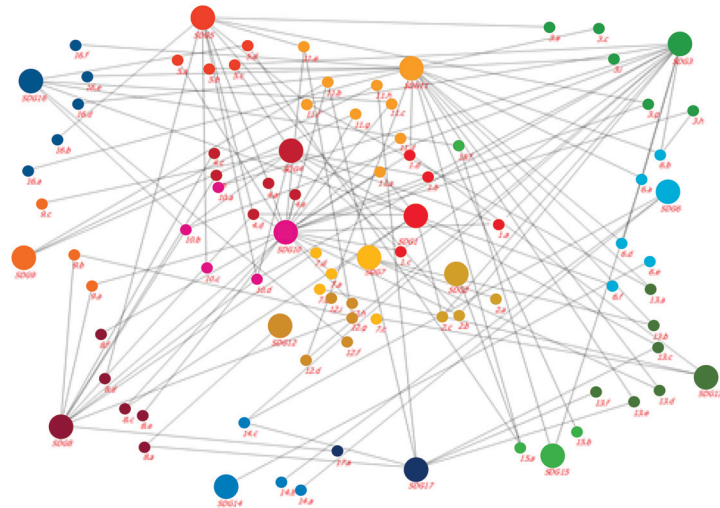


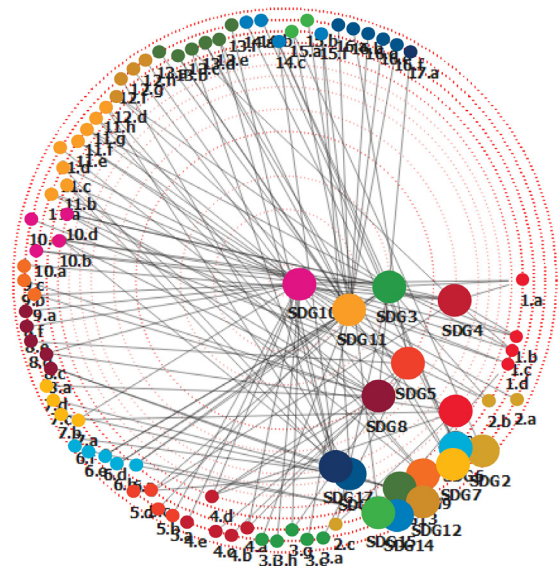
Figure VI.6. Interdependence between S-SDGs as seen through targets of other S-SDGs



How SE can contribute to achieving the S-SDGs

To successfully meet the goals and targets of the 2030 Agenda, policy makers need to look for means of implementation which can avoid some of the limitations experienced while implementing the Millennium Development Goals (2000-2015). SSE has the potential to meet this demand. It can mitigate the bias towards global and national averages, which increase the risk of masking deficits in achievement at the subnational level and diverting policy attention and resources from marginalized and excluded groups (UN Inter-Agency Task Force on Social and Solidarity Economy 2014). As we have seen in the previous chapters, the way that SE in Seoul is rooted in the local economy helps it to play a significant role in improving the economic, social and environmental conditions of poor and vulnerable people.

Figure VI.7. How S-SDGs are supported by targets of other S-SDGs



Source: Generated using software by S.P. Borgatti, M.G. Everett, and L.C. Freeman 2002.

Table VI.2. S-SDGs connected with targets of other S-SDGs

Strength of interconnections	S-SDGs	Number of connections with targets with other S-SDGs	% of total connections
Weak	12	1	0.8
	14	1	0.8
	2	1	0.8
	15	2	1.7
	7	2	1.7
	13	3	2.5
	6	3	2.5
	9	3	2.5
	1	5	4.1
Strong	16	6	5
	17	7	5.8
	4	9	7.4
Strongest	5	11	9.1
	8	11	9.1
	3	15	12.4
	11	18	14.9
	10	23	19
Total		121	100

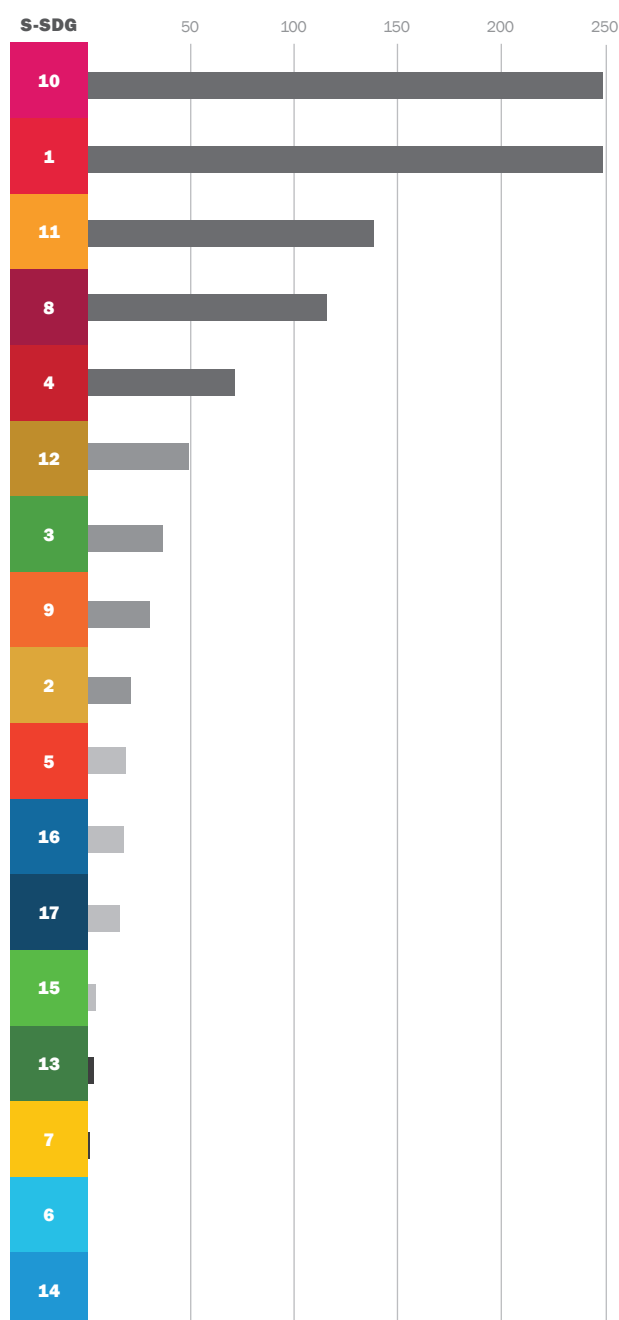
Source: Degree Prestige Report of S-SDGs, created by Social Network Visualizer v2.3 (February 2018)

SSE is also a powerful means of implementation to address a hitherto neglected aspect of development strategies, namely the structures which generate social injustice such as exclusion and inequality in multiple dimensions. The active citizenship and participatory democracy nurtured through SSE are essential tools to address problems associated with structural determinants of inequality and exclusion. The survey results on participation and inclusion within SE in Seoul (Chapter V) demonstrate its potential on this front.

Integrated and balanced approach of SSE to the 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 and environmental objectives through the production and exchange of goods and services and relations with other economic entities. These multiple concerns and functions of SSE may be an answer to the key questions policy makers face when implementing the SDGs: how to achieve sustainable development in its three dimensions—economic, social and environmental—in a balanced and integrated manner; and how to address the nexus between multiple

Figure VI.8. Number of CSEs contributing to the S-SDGs



policy tasks and problems. Finding answers to these questions is particularly important since policy makers have to deal with an overwhelming number of goals and targets in the context of the 2030 Agenda (Boas, Biermann, and Kanie 2016). With its multiple functions and concerns, SSE is well-placed to address multiple goals and targets in ways that maximize synergies and minimize trade-offs among the goals. Its enhancement of democratic self-management and solidarity within and beyond SSEOs can also enhance the people's ownership of the SDGs.

Different SSE entities and actors, however, place differing emphasis on a variety of functions, values and principles and engage in different economic activities and relations. Consequently they may take differing paths towards contributing to achieving the SDGs.

The following section demonstrates the results of an analysis of the potential of SEOEs in Seoul to contribute to the implementation of the S-SDGs taking into account the multiple goals and tasks they can address in a balanced and integrated manner.

The contribution of CSEs to the S-SDGs

To understand how SEOEs can contribute to the S-SDGs, we analysed public statements on their missions and activities using text mining and semantic network analysis methods. We retrieved relevant S-SDGs the SEOEs can potentially contribute to through qualitative semantic analysis, and visualized these functional connections using quantitative metrics and semantic network analysis software.

The focus was on CSEs, because they have several advantages for this analysis. First, since CSEs comprise diverse types of SEOEs, they are highly representative as a sample group of SE. Second, due to the rigorous screening and reviews undertaken by the KSEPA on the social functions and missions of these organizations, CSEs have less inclusion error and tend not to be for-profit enterprises claiming to be SE. Third, their management information and relatively well-systematized statistics are available to the public, which is crucial to an analysis of this kind.

Figure VI.9 illustrates the diverse ways in which CSEs in Seoul contribute to the S-SDGs. The size of the box indicates the number of SE functions and missions which support the S-SDG in question. The thickness of the line connecting the S-SDGs indicates to which extent the goals are supported simultaneously by the CSEs. For instance, because criteria for being recognized as a CSE require organizations to contribute to relieving poverty and to the economic empowerment of poor and vulnerable people, S-SDGs 1 and 10 have the largest boxes and the thickest connections.

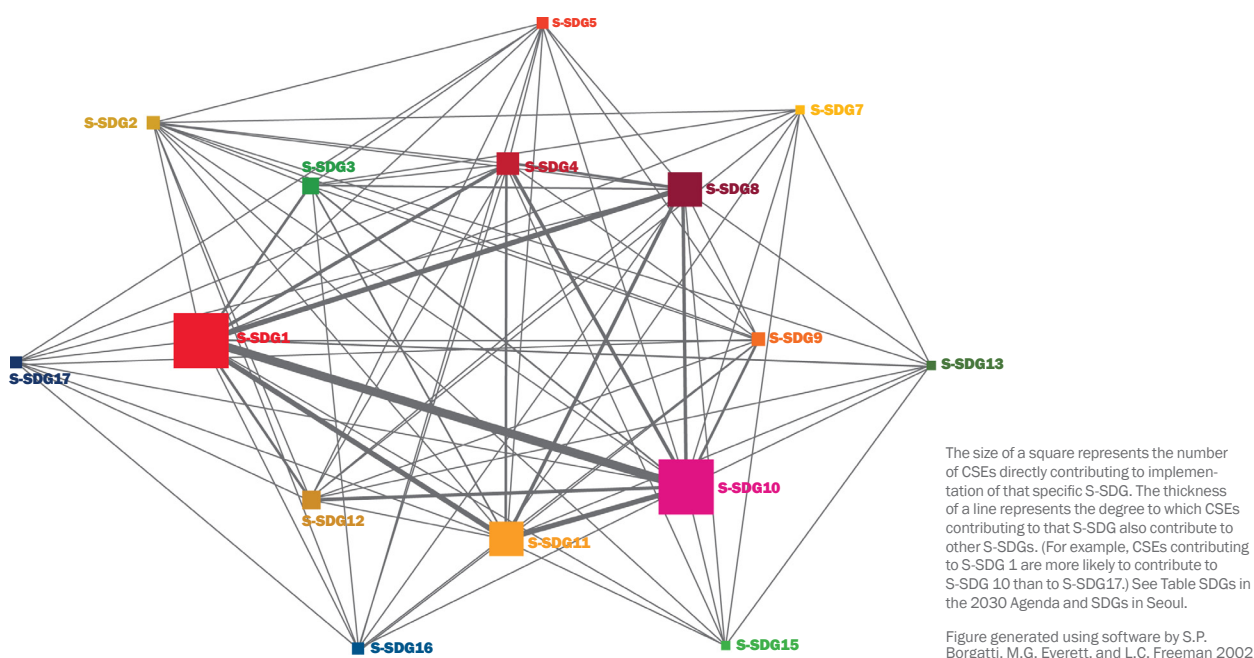
Through the network analysis of 249 CSEs (out of 316 in Seoul) for which data were available (as of 12 September 2017), we divided the S-SDGs into five tiers, according to how many CSE statements contributed to them.

- Tier I - S-SDGs 10, 1, 11 and 8 (more than 100 CSEs);
- Tier II - S-SDGs 4, 12, 3 and 9 (30 to 99 CSEs);
- Tier III - S-SDGs 2, 5, 16, and 17 (10 to 29 CSEs);
- Tier IV - S-SDGs 15, 13 and 7 (1 to 9 CSEs) and
- Tier V - S-SDGs 6 and 14 (no CSEs).

The following key findings can be drawn from this analysis.

- Since CSEs have to hire a certain number of people from vulnerable and poor groups in order to qualify as CSEs (see Chapter III), all the CSEs highlight in their functions and missions achieving S-SDGs 1 and 10. Many of the CSEs which contribute to economic, social and environmental improvement in Seoul (S-SDG 11) and to job creation (S-SDG 8) are also contributing to S-SDGs 1 and 10 by hiring poor and vulnerable people and improving living conditions in poor areas.
- Many CSEs contribute to Tier II S-SDGs. They often train and educate poor and vulnerable people to provide upcycled goods, IT infrastructure services and care services. Given that many recipients of elderly care services are poor and vulnerable people (see Chapters IV and V), the provision of care services is an important channel by which CSEs link S-SDGs 3, 10 and 1.
- CSEs which contribute to S-SDG 10 are more likely to have missions and functions which address S-SDGs 1, 4, 8 and 11, creating a functional nexus between the following goals: Reduced inequality—End poverty—Inclusive and sustainable city—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. In addition to its counselling service, it became a social enterprise providing education and health care services for its clients, contributing to S-SDGs 3, 4, 10 and 11.
- Far fewer CSEs address S-SDGs 2, 5, 7, 13, 15, 16 and 17 (Tiers III and IV). It is, however, notable that the CSEs contributing S-SDG 2 (Urban-rural distribution system

Figure VI.9. How Seoul's CSEs contribute to the S-SDGs: Tracing the pathways



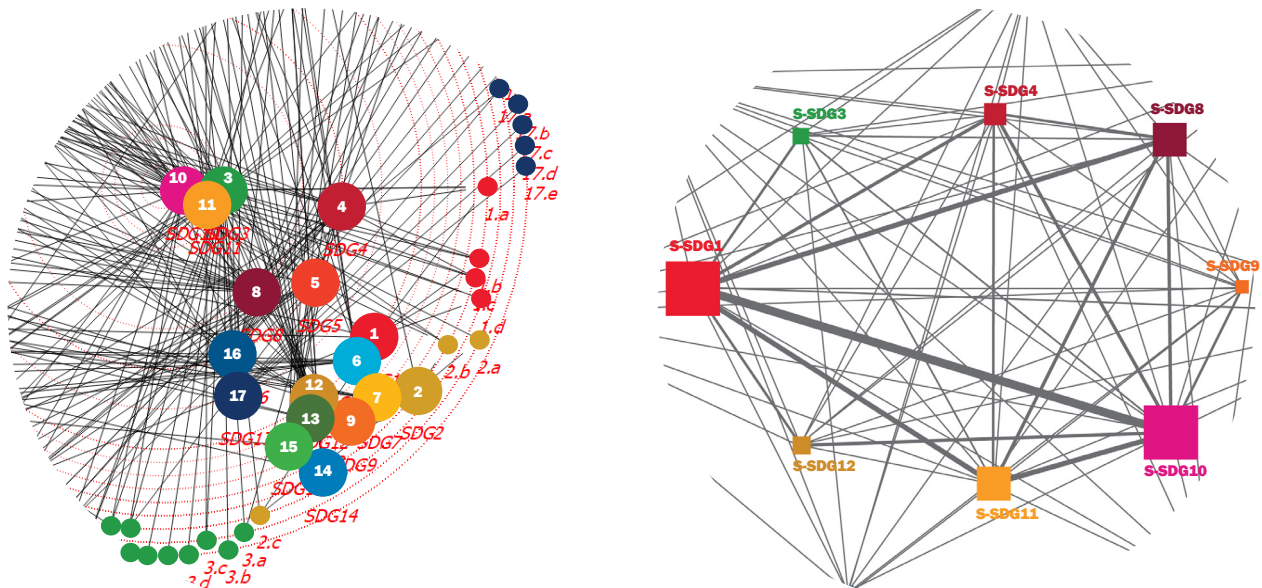
and urban agriculture), and S-SDG 5 (Gender equality) have diverse activities which potentially contribute to many other S-SDGs. In particular, the CSEs addressing SDG 5 (Gender equality) engage with a variety of activities associated with other S-SDGs. It indicates that although the number of CSEs addressing gender equality is small, they are trying to incorporate gender in a wide area of economic sectors. For instance, CSEs hiring women, particularly women from multicultural families, were active in a variety of business sectors. They include environment, care, manufacturing of eco-friendly goods, cafeterias and restaurants, art, agriculture and food distribution.

- The small number of CSEs contributing to S-SDG 17 seems to underestimate the contribution of SEOEs since it may be related to the selection criteria for CSEs which focus on poor and vulnerable people in the Republic of Korea. Many SEOEs working on fair trade supporting producers in developing countries are less likely to be selected because they primarily provide support for the poor and vulnerable in foreign countries.
- None of the CSEs' mission statements address Tier V S-SDGs 6 (Healthy and safe water) and 14 (Restoration of the Han River). Considering the variety of SMG projects associated with these goals, CSEs still have

ample opportunities to explore economic activities associated with them, such as quality control of piped water, groundwater control, recycling of rainwater, environmentally friendly water purification plant, and controlling the quality and safety of the Han River and other rivers (Seoul Metropolitan Government 2017a).

- Not many CSEs engage with health (S-SDG 3) and education (S-SDG 4) at the same time. CSEs addressing S-SDG 11 (Inclusive and sustainable city), mostly through economic activities in the housing sector, do not address S-SDG 12 (Sustainable consumption and production). There are unexploited synergies for SEOEs to explore here.
- Many CSEs do not intend to address S-SDGs even though their activities are potentially highly relevant to addressing them. As a consequence, there are many sets of the S-SDGs which are not often simultaneously addressed. They are 2<>17; 5<>7; 7<>9; 9<>13 and 15<>16.
- It is notable that CSEs mostly involved in activities associated with industrialization and innovation pay less attention to energy and climate change, which is a sign that CSEs do not contribute much to minimizing the trade-off between industrialization on the one hand and energy consumption and climate change on the other hand.

Figure VI.10. Juxtaposing density of S-SDG interconnections and pathways of CSE contributions to the S-SDGs



Software: Borgatti, Everett, and Freeman 2002

As Table VI.2 clearly demonstrates, there are many interlinkages between the targets for S-SDG 10 (Reduced inequality), S-SDG 11 (Inclusive and sustainable city), S-SDG 3 (Healthy lives and well-being), S-SDG 8 (Economic growth and decent jobs) and S-SDG 5 (Gender equality). Our analysis shows that the missions and functions of CSEs contribute to further strengthening the synergies between these S-SDGs, except for S-SDG 5. The small number of CSEs working on SDG 5 is disappointing, in particular considering the ample opportunities for CSEs' activities to contribute to multiple goals including S-SDG 5.

Conclusion

Many local governments and civil society organizations in the Republic of Korea were active in establishing policies and organizations for sustainable development long before the announcement of the 2030 Agenda for Sustainable Development. Early engagement with the Local Agenda 21 process by local governments and civil society organizations, for example, played a significant role in spreading policies and practices for sustainable development. From 2008 to 2013, however, the national government emphasized the economic aspect of green economy, and this constrained the active movement of civil society organizations for sustainable development by diverting resources away from the integrated vision

of sustainability towards a narrower focus on green growth. Resistance to this focus on the economic aspect served to position environmental initiatives as political symbols of the opposition parties. As a result, a sustainable development strategy was not put in place in Seoul until 2011 when the current mayor assumed power. Following a participatory process, the S-SDG framework of Sustainable Development Goals specifically for Seoul was announced in late 2017.

Reflecting the specific conditions of Seoul, the S-SDGs have a strong emphasis on the principle of leaving no one behind. They do not explicitly highlight the importance of realizing the 2030 Agenda's transformative vision, which is to change structures and institutions generating injustice. Our analysis finds that the S-SDGs are a well-integrated framework, with the targets for each S-SDG supporting other S-SDGs. The concern about how to address the nexus between the multiple problems that the goals aim to tackle has been reflected in the structure and contents of the S-SDGs and their targets. This points to a dense network of potential synergies.

In order to most effectively leverage these potential synergies, there should 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.

Analysis of the missions and functions of CSEs demonstrates that Seoul's SEOEs engage with multiple concerns and activities that can potentially create a far greater number of synergistic impacts in relation to various S-SDGs. There are still many areas for SEOEs to engage in innovative approaches to achieving both their mission and the S-SDGs in an integrated and balanced manner. For instance, despite the close relationship between the goals, SEOEs engage less with the nexus between S-SDG 11 and 12; S-SDG 2 and 17; and S-SDG 5 and 7. In short, despite environmental activism having been one of the driving forces behind the current sustainability agenda, the environmental dimension of SE in Seoul appears to be the weakest. CSEs prioritizing economic and social objectives need to pay more attention to their potential to contribute to environmental S-SDGs. SE linkages with goals and targets associated with gender equality also need to be strengthened. Given that S-SDG 5 is one of the goals supported by many targets of other S-SDGs, SEOEs working for gender equality could, for example, explore innovative ways to link their economic activities to energy-related goals.

While the local-level impacts of national policy, or the implications of policy coherence, have not been systematically analysed in this chapter, it can be noted here that the weaker aspects of both the S-SDGs and SE in Seoul largely reflect policy preferences at the national level. Over several years, attention nationally has focused on employment creation, with SEOEs playing a significant role in this regard. An important avenue for employment creation has been the provision of social services within a context of welfare state or social policy expansion. As such, these economic and social dimensions of sustainable development are core features of national development policy. Furthermore, the criteria for certifying SEOEs as CSEs relate primarily to economic and social aspects, which creates an incentive structure that promotes social enterprise activity in quite specific areas. A key question that remains open is whether the environmental dimension and gender equality can become stronger elements of SE at both national and local levels.

ENDNOTES

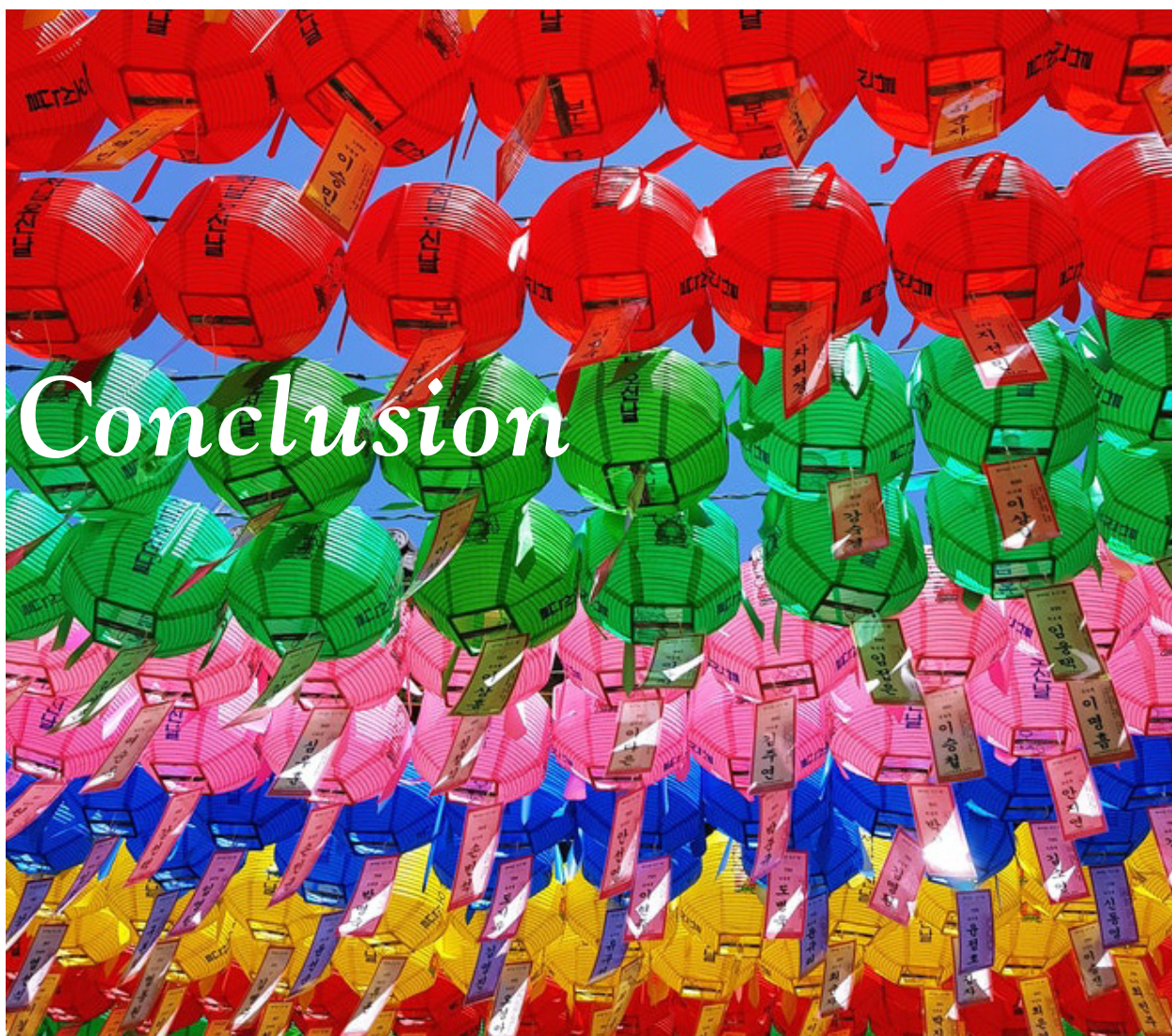
¹ Lee, Chang-Woo. Interview by Ilcheong Yi. Personal communication. Seoul. 5 March 2017; Lee, Eun Ae. Interview by Ilcheong Yi. Personal communication. Seoul. 7 July 2017.

² It is notable in suggesting the need for collaboration with other cities and local areas for successful implementation (solidarity beyond subsidiarity).

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(CHAPTER VII)



THE UNDERLYING PREMISE of this report is that SSE can be an innovative and significant means of implementation for the 2030 Agenda for Sustainable Development, both nationally and locally, given its distinctive features and functions. This potential, however, can only be realized if there is an enabling institutional environment, which includes public policies that effectively support and regulate SSE organizations and enterprises.

While lessons concerning appropriate institutional contexts can be learned from the experience of the pioneers and forerunners of SSE in the advanced industrialized countries of Europe and North America, the experience of later industrializers, such as the Republic of Korea, suggests that multiple pathways for

enabling SSE may in fact exist. The initial conditions under which SSE developed in these countries are different. The latecomers have at their disposal knowledge and lessons that were not available to the forerunners. Some latecomers are also driven by a very different policy orientation and developmental ideology. These include, for example, the imperative to “catch up” and the presence of highly interventionist states.

The case of social economy in Seoul offers a unique set of lessons which both the Global South and the Global North can learn from to innovate and develop their institutional and policy structures for SSE, and to realize the potential of SSE as a means of implementation of the SDGs at the local level. First, Seoul has witnessed a rapid expansion of the SE sector

over the last decade. The number of SEOEs increased from fewer than 100 in 2007 to 3,512 in 2016, while their contribution to gross regional domestic product and total employment in Seoul increased from 0.2 and 0.3 percent in 2011, to 0.5 and 0.5 percent in 2016, respectively (see Chapters IV and V). Second, because Seoul already had a sustainable development strategy, and a public policy approach to the social enterprise sector, it was possible for the municipality to integrate the two in its localized SDGs. Last but not least, the rapid expansion of the SE sector and development of SDG strategies, including the localized SDGs, have taken place within a governance framework that fosters public–civil society partnership.

This chapter summarizes the discussions of the previous chapters on the potential of SSE as a means of implementation for the SDGs, its role in the development trajectories of the Republic of Korea, and of Seoul more specifically, as well as whether the actual impacts of Seoul's SEOEs are contributing to achieving the localized SDGs, and key challenges and opportunities for realizing the potential of SSE. The chapter concludes with policy lessons, findings and recommendations that policy makers and development practitioners, not only in Seoul and the Republic of Korea but also beyond, can learn from and adapt in order to promote inclusive and sustainable development.

SSE for the localization and implementation of the SDGs

SSE's potential to be an innovative means of implementation of the SDGs is manifold. The attributes expanded on in the paragraphs below give SSE a comparative advantage as an effective means of implementation of localized SDGs. However, this advantage can only be fully realized if there is an appropriate institutional and policy environment. The potential of SSE lies in its capacity to address the limitations of previous efforts to implement internationally agreed development initiatives and approaches at the local level. As noted in Chapter II, the experiences of local economic development, decentralization and the “bottom of the pyramid” approach, for example, often failed to address the following four issues which are key attributes of SSE and characterize its comparative advantage.

Integrated and balanced approach

With its tendency to internalize rather than externalize environmental and social costs in its economic activities, SSE can reduce potential conflicts and tensions between development goals. Based on democratic self-management and solidarity within and beyond organizations, SSEOs can play a constructive role in reconciling the diverse interests of local actors and facilitate their cooperation in the management of common pool resources. The attention paid by SSE to social inclusion and cohesion provides a basis for the empowerment of vulnerable and excluded people, particularly women. Also, given its relations with a wide range of actors in the economic, social and environmental sectors, SSE can catalyse coordination and collaboration, prerequisites for an integrated and balanced approach to development. Unequal power relations, elite capture or co-optation of SEOEs, or dependency of SEOEs on state support constitute obstacles to the full utilization of these advantages. In alliance with progressive social movements, however, SSEOs can often organize and mobilize to overcome structural and institutional constraints that impede integrated and balanced approaches for transformative change.

Designing locally specific development goals

SSE organizations, based on guiding principles of democratic self-management, solidarity and cooperation, can be key players in the establishment of locally specific development goals. Centred on local circuits of production, trade, consumption and investment, SSE serves local interests more directly than other market actors. SSEOs' relations with public and private actors often become a conduit for contestation, negotiation and compromise, which are prerequisites for reconciling the diverse local interests associated with development goals and targets. Policy incoherence between local and national development goals, as well as tensions between local and national governance systems, can undermine the positive impacts of local development initiatives. Multilevel governance systems need to be established where actors across the sectors and levels can negotiate and compromise over development policies and strategy.

Empowerment of actors

SSE organizations, notably cooperatives, which are often intertwined with broader social struggles to promote the interests of the most vulnerable members of society, can play a key role in empowering hitherto marginalized and excluded people. Addi-

tionally, empowering women through various SSE organizations has important spill-over effects on women's empowerment and emancipation in both the public and domestic spheres. This is a key element in localizing the SDGs. The capture or co-optation of SSEOs by elites or by the state, and their instrumentalization, is a risk that may hinder the possibility of translating empowerment into the transformation of unjust structures. Strong alliances with other pro-poor social movements and the presence of effective participatory democracy mechanisms can counteract such pressures, strengthening the bargaining power of SSEOs and reducing the scope for instrumentalization.

Subsidiarity based on solidarity beyond locality

When actions are taken to meet specific local needs without considering the broad principle of solidarity, or other localities' needs, the results can be contradictory for the process of attaining the SDGs and leaving no one behind. Interactive governance, which can strengthen horizontal, vertical and diagonal networks within and between actors at local, national, regional and global levels, is crucial for meeting specific local needs without sacrificing solidarity across levels and areas of governance. In other words, subsidiarity needs to go hand in hand with solidarity beyond the locality. With diverse networks across geographical regions and levels of governance, SSEOs can potentially contribute to enhancing subsidiarity based on solidarity, since they are often the first to experience the negative consequences of skewed local development. By exchanging local knowledge and experience, they can contribute to establishing sustainable local solutions across areas, in collaboration with networks of local authorities.

Competition, negotiation and compromise between approaches to SE in Seoul

How are SEOEs in Seoul faring in addressing problems of local development, specifically those issues associated with the city's localized SDGs? What are the nature and forms of SEOEs, and how are their distinctive features, in terms of norms, values, activities and relations, facilitating or hindering the process of localizing the SDGs and working toward the achievement of specific targets and goals in Seoul?

Top-down and bottom-up approaches

Ever since early forms of SE began to emerge during the colonial period (1910-1945), SEOEs have been used by governments, grassroots social movements and CSOs. For almost four decades after the Republic of Korea gained independence from Japan in 1945, both top-down approaches of authoritarian governments and bottom-up approaches of grassroots democratic movements shaped the development trajectory of the social economy and SEOEs in various forms. Firm control over financially and economically viable institutions that conformed to the export-oriented industrialization strategy was the rationale behind state support for the development of cooperatives, which were initiated and supervised by authoritarian governments from the 1960s to the 1980s. At the same time, a grassroots movement that gave rise to other forms of SEOEs was nurturing and mobilizing people's political and economic power against the ruling elite. As a centre of political and economic power, Seoul was a space where diverse approaches to SEOEs competed, negotiated and compromised around these top-down and bottom-up approaches. Some SEOEs played the role of an extended arm of the government to control the economy; others were relatively autonomous and independent from government control. Various forms of cooperatives developed and their numbers increased. Credit unions and *Saenghyup* cooperatives that bridged rural producers and urban consumers played a particularly important role in the bottom-up approach and produced SE activists and leaders.

Democratization and decentralization over subsequent decades, as well as economic shocks such as the Asian financial crisis, opened windows of opportunity for SEOEs in the Republic of Korea. In a context where the government set about expanding productive welfare policies as a major policy tool to address the problems of economic crisis, such as poverty and unemployment, grassroots organizations in poor areas were recognized as an important partner and were able to expand their economic activities. Various civil society organizations that formed in the aftermath of the Asian financial crisis, many of which were based in Seoul, actively participated in addressing issues of poverty and unemployment and became the key drivers of the SE movement. The national government established several laws and decrees, such as the SEPA and the FAC, that recognized and supported SEOEs of different types. SEOEs proliferated within these legal frameworks.

Co-construction of policies and establishment of an SE ecosystem

In the above context, favourable fiscal conditions and an abundance of human and organizational resources at the grassroots level enabled the development of SE in Seoul. Under the administration of Oh Se-hoon (2006–2011), financial incentives and other support policies focused narrowly on specific legal forms of SEOEs (largely CSEs and PCSEs) and their role in achieving national development objectives related to poverty alleviation through job creation. The participation of SE actors in the policy-making process was very limited.

The administration of Park Won-soon (2011–present) departed from the previous policy regime, fostering public–civil society partnerships for the co-construction of SE policies and their implementation. What emerged was a new policy approach and an ecosystem for SE aimed at promoting diverse forms of SEOEs engaged in multiple activities, not only focusing on job creation and poverty reduction but also other objectives such as empowerment and renewable energy production.

Another significant departure from the previous policy regime relates to policies for sustainable development. While the Oh administration did have policies and an organizational structure for sustainable development, there was a bias towards national policy objectives that prioritized the economic aspect of sustainable development, such as green growth. The Park administration rebalanced all three dimensions of sustainable development, with SE actors participating in the public–civil society partnership underpinning policies for sustainable development. The resulting policy framework and ecosystem has seen the SE sector in Seoul expand rapidly since 2012 in terms of the number of enterprises and revenues (see Chapter IV). In December 2016, Seoul's SEOEs had total revenues of KRW 1,960 billion (about USD 1.96 billion), which accounted for about 0.5 percent of Seoul's GRDP, and employed 19,800 employees, 0.5 percent of all employees in Seoul. The SEOEs have demonstrated a strong comparative advantage in creating jobs, but less so for revenues. In 2016, SEOEs in operation in Seoul created 8.8 new jobs on average, while the average for all newly established enterprises (including many SEOEs) was 9.8 new jobs created. 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.

SEOs and sustainable development

Although the contribution of SEOEs to the total economy is small, their impact on the employment of poor and vulnerable people is significant (see Chapter V). About 40 percent of employees in SEOEs in Seoul are estimated to be from vulnerable and poor groups. Seoul's CSEs and PCSEs produce high social returns, such as salaries and contributions to major social insurance programmes, for vulnerable groups at a rate of almost 13 times the amount of financial investment in CSEs and PCSEs. In contrast, the ratio of total salary to new investment in 2016 in the case of for-profit enterprises with more than KRW 50 billion in stockholder's equity was estimated at only around 71 percent.

The average wage in CSEs and PCSEs is lower than the national average. However, the average wage in the lowest quintile of the wage scale (the bottom 19 percent) of CSEs and PCSEs is higher than in for-profit enterprises. This suggests that CSEs and PCSEs are having a positive impact in terms of reducing both inequality and poverty, which contributes to achieving Seoul's SDGs 1 and 10.

Seoul's SEOEs also contribute significantly to the provision of care services, which are a key means of implementation of Seoul's SDGs 3 and 4. The data demonstrate that PCSEs and CSEs in social care sectors in Seoul produce high social returns in social service provision, particularly in relation to elderly and child care. Every KRW invested in Seoul's CSEs and PCSEs in care sectors like nursing/home-based help, social welfare, and health/child care generated a social return 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.

SEOs in Seoul, in particular cooperatives, have been a major supporter of the Seoul Metropolitan Government's policy initiatives for safe and sustainable energy. In 2014, the SMG selected seven energy companies and cooperatives to install solar panels in individual households, under a government subsidized scheme. Four 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. Through these households, the cooperatives have contributed to the generation of more than 5.58 GWh annually. This is still,

however, only a small proportion compared to Seoul's total solar power production of 224.9GWh in 2016. If we include the other 15 energy cooperatives involved in renewable energy production in Seoul, and assume that they have a similar capacity to install solar panels as the cooperatives that participate in the government programme, then the total contribution of cooperatives to solar energy production could be 26.5GWh, around 12 percent of the electricity generated in Seoul by solar panels. As Seoul's SDG framework document emphasizes, policies for a transition to renewable energy are a major means of implementation of S-SDG 7 and S-SDG 13. SEOEs are gradually increasing their capacity to contribute to achieving these goals.

Strong participatory practices and democratic decision making, as well as solidarity-centred organizational management, are key determinants of the impact of SSE in relation to political dimensions of sustainability. They are also prerequisites for the effective co-construction of policies. The number of SE-related events in Seoul (policy dialogues, workshops, fairs, seminars, forums, conferences, and so on) has grown in the past decade, demonstrating an expansion of the public sphere which has allowed the voices of SEOEs to be heard more widely. The results of UNRISD's survey on the attitudes of CSE actors towards the participation of women in decision-making processes and towards foreigners show that CSEs help build participatory democracy and make the work environment more equal, inclusive and cohesive for all people. Participatory democracy and solidarity are important elements that cut across all the S-SDGs.

Seoul's SDGs

After a long participatory process, the SMG announced its SDGs in November 2017. As in the 2030 Agenda, there are 17 goals. S-SDGs 2 and 14 have been reinterpreted with a focus on urban agriculture and the restoration of the Han River ecosystem, to better reflect the specificity of the sustainability challenge in Seoul. These adjustments, and the city's 96 targets, are closely associated with policy concerns and existing projects of the SMG. The principle of leaving no one behind underpins most of the goals and targets in Seoul's SDG framework document. However, a transformative vision for changing the structures that generate injustice is less prominent.

Seoul's localized SDGs have a dense network of connections between targets and goals (see Chapter VI). The nature of the connections demonstrates

several unique features of the S-SDGs compared with the 2030 Agenda. First, the S-SDGs have more targets addressing multiple goals. This indicates a broad range of potential impacts of the S-SDGs across multiple dimensions of sustainable development. Second, unlike SDGs 7, 9 and 14 of the global Agenda, which do not have connections with targets of the other SDGs, there is not a single S-SDG without support from the targets of other S-SDGs. Third, the global Agenda and the S-SDGs have different degrees of connections between the goals and targets. For example, S-SDG 10 (Reduce all forms of inequality) and S-SDG 5 (Achieve a social environment with gender equality) are more supported by the targets of the other S-SDGs than the corresponding SDGs of the 2030 Agenda. The number of targets contributing to specific goals varies when the global and local (Seoul) frameworks are compared. While the number of targets contributing to S-SDG 1 is smaller than that of the 2030 Agenda, the number contributing to S-SDG 3 (Ensure healthy lives and promote well-being for all citizens) and S-SDG 8 (Promote inclusive and sustainable economic growth and decent jobs) is larger. This partly reflects a growing policy concern in Seoul about 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. As in the case of the 2030 Agenda, the S-SDGs related to environmental objectives have weak support from targets related to other goals.

SEOEs' contributions to achieving Seoul's SDGs

A network analysis of 249 CSEs carried out for this report found:

- Seoul's SEOEs have strong potential to contribute to achieving all the S-SDGs, particularly S-SDGs 10, 1, 11, 8, 4, 12, 3 and 9.
- In terms of multiple and interconnected functions, CSEs contributing to S-SDG 10 are more likely to have missions and functions that address S-SDGs 1, 4, 8 and 11, thereby creating a functional nexus between goals related to inequality, poverty reduction, urban sustainability, economic growth, decent work and education. 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 multi-cultural families. While continuing its counselling services,

the NGO became a social enterprise providing education and health care services, thereby contributing to S-SDGs 3, 4, 10 and 11.

- Relatively less significant are the functions and missions of CSEs addressing S-SDGs 2, 5, 7, 13, 15, 16 and 17. It is notable, however, that while the number of CSEs addressing S-SDG 2 (urban-rural distribution system and urban agriculture), and 5 (gender equality) is small, they contribute to as diverse a range of S-SDGs as the CSEs contributing to S-SDG 10, namely, S-SDGs 1, 3, 4, 8, 9, 11, and 12. In particular, the CSEs addressing S-SDG 5 engage with various activities associated with other S-SDGs. This indicates that although the number of CSEs addressing gender equality is small, they are trying to address gender issues in multiple dimensions.
- No CSEs in Seoul state that their mission or function is to address goals associated with S-SDG 6 (Healthy and safe water) and S-SDG 14 (Restoration of the Han River). Considering the number of SMG projects associated with these goals, CSEs have ample opportunities to explore economic activities associated, for example, with restoration of the Han River, 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.

Limits, tensions and opportunities

Despite the many positive aspects of Seoul's SE sector, in terms of its impact and potential vis-à-vis the SDGs, various limits and tensions remain to be addressed.

First, the SMG or district government-led development of SE has resulted in considerable dependence on subsidies. There is a relatively high number of registered but non-functioning cooperatives, many of which are those that do not receive direct financial subsidies. This raises a question about the sustainability of other forms of SEOEs if and when subsidies are reduced or terminated. Policies need to go beyond financial incentives and create an environment where SE can easily access affordable private resources and consequently create a competitive and fair value chain of SE products and services.

Second, establishing participatory public-private governance mechanisms for SE in Seoul has significantly empowered SE actors. In a context where SE has become a political symbol of the current mayorship, further expansion of these empowered SE actors may be challenged by the political opposition. The limited participation of district mayors that belong to the opposition party in policy dialogues related to SE shows that this risk is real. Allowing SEOEs more independence and autonomy could minimize any instrumentalization by a specific political party and, consequently, politicization along party lines.

A third problem is the siloed bureaucratic structure dealing with SEOEs. Lack of coordination among national government ministries and offices, as well as different priorities regarding SEOEs and their roles, have resulted in the SE ecosystem having a fragmented structure in Seoul. Even within City Hall, the Social Innovation Bureau dealing with Village Enterprises does not collaborate closely with the Department of Social Economy. District governments are often excluded from the policy-making process even though they are the ones that must implement the SMG's policies and interact directly with SE organizations located within their administrative boundaries. Also, there is no leading department to coordinate and monitor the whole process under the SMG.

Fourth, SEOEs, particularly SREs, CSEs and PCSEs, run the risk of gendering low-paying and low-skilled labour intensive jobs. For instance, the nursing and elderly care sectors, the biggest sectors for SREs in terms of employment and financial turnover, provide mostly women with labour-intensive, low-paying jobs.

Fifth, although the average wage of the lowest remuneration bracket of SEOE employees is higher than in the equivalent bracket of for-profit enterprises, the average wage of the middle and upper remuneration brackets of SEOE employees is far lower. As a result, SEOEs find it difficult to recruit and retain middle- and higher level managers, and workers who are equipped with the necessary skills, knowledge and experience and need to be paid accordingly in a competitive job market. This limits the capacity of SEOEs to professionalize and scale up their activities.

Sixth, policy incoherence, particularly that arising when national policies constrain the development of SE, can undermine the local government's capacity to achieve localized SDGs. Since 2017, there have

been efforts under way to establish a legal framework which covers all SEOEs (known as the Framework Act for Social Economy).¹ If successful, this could be a way to address various forms of policy incoherence.

Structural constraints have a similar effect. For instance, one of the challenges in encouraging the installation and use of solar energy is the low rate of home ownership in Seoul. Renters find it difficult to install a solar power system since it is the landlords that make virtually every decision about the residence. The fact that energy saving is largely dependent upon the landlords' decision means that low home ownership poses a structural constraint on low-income residents becoming energy producers. A combination of national and local government policies need to address these structural constraints, in order to make the SMG's efforts to integrate small-scale solar energy production in its energy transition policies effective.

Seventh, the mechanisms available for financing SEOEs need to be diversified. While the growth of the Social Investment Fund in Seoul is good news, SEOEs' limited access to other sources of financing, such as credit unions, is a significant constraint. The SMG could shift its policy efforts from the provision of public subsidies to the design of an appropriate regulatory framework for private sources of financing that guarantees and strengthens the independence, norms and principles of SE.

Making SSEOs effective means of implementation of localized SDGs

Emerging from this study are various lessons and policy recommendations on how to make SSEOs an effective means of implementation of the localized SDGs. Although they are not generalizable in all contexts, they provide pointers that can help policy makers in diverse local and national settings learn, adapt and innovate.

1 Public policies in the Republic of Korea have played a key role in expanding and developing the SE sector in recent years, through legal recognition and support for grassroots SEOEs. The Seoul Metropolitan Government, in particular, has helped SEOEs to scale up by providing not only multiple direct forms of support, but also an institutional setting that fosters participatory governance, public-civil society partnership and the development of an enabling ecosystem. Support policies and

governance mechanisms, however, need to allow SSEOs enough autonomy and independence to retain and strengthen their core values and principles, which is crucial to avoid excessive instrumentalization and politicization.

2 SEOEs in the Republic of Korea, particularly in Seoul, play a significant role in creating synergy between the social economy and the expanding welfare state, given the active role of new forms of SEOEs in social service provisioning. Unlike many countries where the state has turned to the SE sector as a means of downsizing the welfare state or in contexts of austerity, the case of the Republic of Korea and Seoul show how SE and the state can work in partnership to broaden social policy and realize social rights. Forging a broad alliance involving social movements for democracy and social and economic inclusion and SSE actors can play a significant role in strengthening the capacity of SSE organizations to create synergies with national policies, as seen in the case of Seoul's SE in the late 1990s.

3 Utilization of existing local assets and resources is crucial to the development of SSEOs. The organizational infrastructure and human resources of the SE sector, which had been formed over several decades, were effectively utilized when the SMG established a participatory public-private partnership and ecosystem approach.

4 A coherent policy framework across different levels of governance is essential to support locally based SSEOs. As noted in relation to housing and renewable energy in Seoul innovative policies need to be developed to address structural constraints which are largely determined by national policies and legal frameworks.

5 Sustainable financing is the biggest challenge confronting the growth and development of SEOEs in Seoul. Although the SMG has launched a series of policies, as shown in 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 funds. Public policies and institutions need to create an enabling regulatory environment where SSEOs can easily access private financing without undermining their core values and principles.

- 6** Local democratic mechanisms, including both electoral and participatory mechanisms, have been crucial for the growth of SEOEs in Seoul. The caveat is that mechanisms need to avoid being overly politicized in party political terms. The politicization of SSE can undermine the long-term sustainability of policy support if and when another party assumes office. Greater autonomy and independence of SSEOs can be one of the best ways to avoid such politicization.
- 7** While collaboration with the government can maximize the impact of SSEOs with regard to localizing the SDGs, it also runs the risk of instrumentalization by the government. Support policies and the focus of Seoul's SEOEs on specific aspects of social exclusion and job creation, which is not problematic itself, can be a potential obstacle to the development of an SE sector that pursues an integrated and balanced approach to economic, social and environmental objectives.

ENDNOTES

¹ The Framework Act for Social Economy was included in the election manifesto of Moon Jae-in (elected president in 2017). Since then, his government has sought to have the bill passed in the National Assembly. SEOEs, for their part, have formed a coalition called Citizen's Action for the Establishment of the Framework Act for Social Economy to lobby policy makers (see Kwark, Sookeun, 2017 and Park, Seonha, 2018).

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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		Devote efforts to end poverty in all its forms
End hunger, achieve food security and improved nutrition and promote sustainable agriculture		Improve the distribution structure between urban and rural areas and support urban agriculture for food security and nutritional balance of the 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		Create a gender-equal social environment and improve capacity of women
Ensure availability and sustainable management of water and sanitation for all		Create a healthy and safe water cycle city
Ensure access to affordable, reliable, sustainable and modern energy for all		Ensure basic energy rights, increase share of renewable energy and raise 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 increase decent jobs
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		Build eco-friendly and useful infrastructure, and encourage inclusive and sustainable industrialization
Reduce inequality within and among countries		Devote efforts to reduce all forms of inequality
Make cities and human settlements inclusive, safe, resilient and sustainable		Make cities inclusive, safe and sustainable for all citizens
Ensure sustainable consumption and production patterns		Support sustainable consumption and production patterns to become a way of life
Take urgent action to combat climate change and its impacts		Create an exemplary city in coping with climate change
Conserve and sustainably use the oceans, seas and marine resources for sustainable development		Conserve the marine ecosystem through recovering 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 recovering 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 a just Seoul
Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development		Strengthen exchange and cooperation with foreign cities as a global leader of sustainable development

List of Acronyms

ADC	Asociaciones de Desarrollo Comunal	PAR	Participatory action research
CBA	Cost-benefit analysis	PCSD	Presidential Council for Sustainable Development
CEA	Cost-effectiveness analysis	PCSE	Pre-Certified Social Enterprise
CGPCCSE	Civic-Governmental Policy Consultation Council for Social Economy	PES	Payment for ecosystem services
CSE	Certified Social Enterprise	PFOU-SWT	People's Foundation for Overcoming Unemployment–Society of Working Together
CSO	Civil society organization	PMCOU	People's Movement Committee for Overcoming Unemployment
DG	District Government	S-SDG	Seoul Sustainable Development Goal
EU	European Union	SAA	Social accounting and auditing
FAC	Framework Act on Cooperatives	SBSC	Sustainability Balanced Scorecard
FASD	Framework Act on Sustainable Development	SCSD	Seoul Council for Sustainable Development
FOSE	Framework Ordinance for SE	SDG	Sustainable Development Goal
GDP	Gross domestic product	SE	Social economy
GIIRS	Global Impact Investment Reporting Standards	SEOE	Social economy organizations and enterprises
GRDP	Gross regional domestic product	SEPA	Social Enterprise Promotion Act
GRI	Global Reporting Initiative	SEZ	Social Economy Zone
HRD	Human resource development	SMC	Seoul Metropolitan Council
ICLEI	International Council for Local Environmental Initiatives	SMG	Seoul Metropolitan Government
ICSEM	International Comparative Social Enterprise Models	SRAC	Self-Reliance Aid Center
ICSU	International Council for Science	SRC	Self-Reliance Community
IFPRI	International Food Policy Research Institute	SRE	Self-Reliance Enterprise
IMF	International Monetary Fund	SROI	Social return on investment
ISO	Intermediary support organization	SSDC	Seoul Sustainable Development Council
KFTC	Korea Fair Trade Commission	SSE	Social and solidarity economy
KRW	Korean won	SSEC	Seoul Social Economy Center
KSEPA	Korea Social Enterprise Promotion Agency	SSEN	Seoul Social Economy Network
LA 21	Local Agenda 21	SSEOE	Social and solidarity economy organizations and enterprises
LEED	Local Economic and Employment Development	SSEPO	Seoul Social Enterprise Promotion Ordinance
LSEEDP	Local Social Economic Ecosystem Development Project	SUEP	Socially Useful Employment Project
MAFRA	Ministry of Agriculture, Food and Rural Affairs	SVE	Seoul-type Village Enterprise
MDG	Millennium Development Goal	SWAp	Sector-wide approach
MoEL	Ministry of Employment and Labor	UCLG	United Cities and Local Governments
MoFP	Ministry of Finance and Planning	UHC	Universal health coverage
MoHW	Ministry of Health and Welfare	USAID	United States Agency for International Development
MoIS	Ministry of Interior and Safety	USD	United States dollar
NBLS	National Basic Livelihood Security (Programme or Act)	VE	Village Enterprise
NEETS	Neither in employment, nor in education or training	WTF	Working Together Foundation
NGO	Non-governmental organization		
ODA	Official Development Assistance		
OECD	Organisation for Economic Co-operation and Development		

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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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