

♣ SPOTLIGHT ON THE SOCIAL ECONOMY IN SEOUL









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#### UNRISD

Palais des Nations, 1211 Geneva 10, Switzerland T: +41 (0)22 9173020 info.unrisd@un.org www.unrisd.org

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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.

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# Foreword to the Report

he 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.

Panuason

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

# Foreword to the Report

he 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 Jinkyeong 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 (Seoul National University), Eun Sun Lee (Gyeongnam National University of Science and Technology), Eunae Lee (Seoul Social Economy Center), Hong Kil Kim (Seoul Metropolitan Government), Jongick Jang (Hanshin University), Joon Young Yi (Yonsei University). Marguerite Mendell (Concordia University), Moo-Kwon Chung (Yonsei University), Peter Utting (Centro para la Economía Social), Tae In Jung (Karl Polanyi Institute Asia), Tae-In Kim (Suwon Sustainable City Foundation, Social Economy Center) and Young Kim (Seoul Social Economy Network). They have provided excellent guidance and advice throughout the project. The research benefited greatly from the active participation of numerous people in surveys, interviews and data collection in the Republic of Korea and beyond. I would like to particularly thank Augustine Seokjo Son, Chang-Woo Lee, Denise K.H. Yoon, Garam Lee, Hyo Kwan Jun, Hyungmi Kim, Hyunmyung Dho, In Dong Cho, Ji Yeon Lee, Jinkyung Choi, Jinseok Kim, Jinyoung Lee, Jiyeon Jang, Joon Ryeong Kang, Kyeongheum Kang, Kyung Hee Lee, Kyung Young Song, Laurence Kwark. Mihyun Ahn, Myung-Hee Lee, Seon-seop Kang, Seung-gi Hong, Seungjoo Woo, Soyeon Song, Su-jin Ahn, Yeon Sook Eom, Young Woo You and Youngbae Kim, Without their intellectual contribution, the project would not have been possible.

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Lastly, I would like to express my personal gratitude and congratulations to my colleagues at UNRISD, particularly llcheong Yi as project leader; his team members Suyeon Lee, Hyuna Yi, Michelle Jaramillo Velasco, Hee Jin Ahn and Ye Jin Lee; and our communications and outreach team, who all worked tirelessly on this long journey to publish the report.

Pare Ladd

PAUL LADD Director of UNRISD Geneva, June 2018

#### (CHAPTER I)



HROUGH 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 (SSEOEs) 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 forprofit 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 wellplaced to deal with these challenges. Four key attributes are important in this regard.

#### Four key attributes of SSE

#### 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 multiscalar (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. SSEOEs 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.

#### Empowerment of actors

3

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 SSEOEs (Mukherjee-Reed 2015).

## 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 SSEOEs 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)



N 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

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.



#### Local social development initiatives and SSE

Since the 1960s, SSEOEs in the social service delivery sector, particularly in developed countries, have increased in number. In some countries and regions, the involvement of SSEOEs in social service delivery has been part and parcel of the development of a more comprehensive social policy regime. SSEOEs provide social services by establishing

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