



ACADEMY ON SOCIAL AND SOLIDARITY ECONOMY (12th EDITION)

BUILDING BACK BETTER: THE ROLE OF SOCIAL
AND SOLIDARITY ECONOMY IN A HUMAN-
CENTRED AND PLANET-SENSITIVE RECOVERY

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SSE POLICY LANDSCAPE IN ASIA

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DEFINITIONS

Social and Solidarity Economy (SSE):

SSE is “a concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and **social enterprises**, which have the **specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity**. (ILO Conference on “The Social Economy: Africa’s response to the Global Crisis”, 2009) [*emphasis supplied*]

Social Enterprise (SE):

Social enterprises are businesses whose primary purpose is addressing a social or environmental challenge rather than creating profit for owners or shareholders. They bring together the entrepreneurial skills of the private sector and the values of public service. They deliver positive social impact through their means (i.e. how they conduct their work) and ends (i.e. what they achieve).

(British Council. <https://www.britishcouncil.org/society/social-enterprise>)

The Forest and the Trees



POINT FOR REFLECTION: WHAT DO YOU SEE?

Do you see the trees but not the forest?

Do you see the individual enterprises but not the economy they create?

**“The whole is greater than the sum of its parts.”
- Gestalt School of Psychology**



**“The economy is greater than the sum of all the enterprises in it”.
- Gestalt Principle applied to economics**

You can't find it unless you know what you're looking for.

Types of Social and Solidarity Economy Organizations/ Enterprises commonly found in Asian countries

- Cooperatives, credit unions, ROSCAs/savings & credit associations
- NGOs with Income Generating Activities (IGAs)
- Labor unions/workers organizations with IGAs
- Mutual benefit associations
- Microfinance NGOs
- Self help groups with IGAs
- Fair trade organizations
- Community-based organizations/people's organizations with IGAs
- Community Supported Agriculture (CSA)/Organic farming initiatives

... and all of these organizations may also be called “**social enterprises**”.

Is there a simpler way to differentiate Social enterprise from Social and Solidarity Economy Organization/Enterprise?

“A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners”. UK Government (2002).

A social enterprise **that fosters solidarity and collaborative governance is a social and solidarity economy organization or enterprise (SSEOE).**

THE ISSUE OF “MISSION DRIFT”

“Mission drift” occurs across different types of organizations whether classified as cooperative, social enterprise, SSE organization/enterprise or for-profit company.

While the legal personality of the organization is necessary for mapping SSEOEs, it is not sufficient for ascertaining whether an organization truly fits the essential characteristics of the SSEOE.

Examples of mission drift

- Cooperatives & Microfinance NGOs becoming so commercially- and profit-oriented that they no longer serve the interest of the poor and socially excluded.**
- Profit-generating companies that devote their resources in helping the poor/socially excluded and/or in protecting the environment, instead of maximizing profit for the shareholders. Such companies are referred to as “Social Enterprise”.**
- The crucial determinant in the making of SSE is the ‘human factor’ represented by the governance of men and women who are imbued with ‘edifying ethical values’.**

CASE STUDY as a Tool for ascertaining the ‘SSE-ness’ of Organisations/ Enterprises

The case study method - adopted by the Asian Solidarity Economy Council (ASEC)- uses a 5-dimensions framework to provide “proof of concept” of the triple bottom line SSE Organization/Enterprise.

The 5 dimensions of SSE are:

- socially responsible governance
- edifying ethical values

PLUS the triple-bottom line

- people (social development)
- planet (environmental conservation)
- profit (economic sustainability)



“HUMAN FACTOR”



OUTCOME

Stages of Institutionalizing Social Enterprise Policy

- 1 - AGENDA SETTING** - Discussions on SE in conferences, forums, policy dialogues
- 2 - FORMATION** - Drafting/*f*ormulation of SE policy, deliberations on SE Bill
- 3 - START UP** - Enactment of SE Policy, Implementing rules & regulation, Implementing agency, support organizations & programs
- 4 - GROWTH** - Expansion of SE outreach, improvements on SE support programs
- 5- MATURITY** - Enactment, implementation of SSE Framework Law

SE Policy Landscape in Asia

- Growth
- Start up
- Formation
- Agenda setting



Agenda Setting

Currently, support for social enterprises varies significantly across countries in Asia, with South Korea, Malaysia, Singapore, Thailand, and Viet Nam providing considerable legislation support and/or funding support. Other countries in Asia have vibrant social enterprises but the government does not accord legal status to them.

In Singapore, social enterprises can be registered as a member of raiSE, the Singapore Centre for Social Enterprise, established in 2015. Many funds and grants are available to social enterprises via various government agencies as well as from impact investment companies.

Bangladesh is home to BRAC, the largest social enterprise in the world, and Grameen Bank, the architect of contemporary microfinance and the author of a particular 'social business' model. The principal tenet of microfinance – that the poor can be included in market processes and can be supported in ways that are financially sustainable – has been an important contributor to the foundations of social enterprise development in Bangladesh.

Agenda Setting

In Sri Lanka, the new SME policy of 2016 makes specific reference to social entrepreneurship, stating that the government will ‘support social entrepreneurship, ethical production and fair trade branding by creating awareness of the concepts, requirements and opportunities in local and international markets’.

In India , many philanthropic organizations like Ashoka support the development of social enterprises . In 1999, the government launched “Swarna Jayanthi Grama Swarozgar Yojana” programme for promoting poverty alleviation through self-employment and the organization of the poor into SelfHelp Groups (SHGs). The SHG-Linkage Banking program implemented by the National Bank for Agriculture and Rural Development (NABARD) and supported by the Reserve Bank of India (RBI) has enabled women-led and women operated social enterprises to have access to credit which facilitated job creation and employment for poor, marginalized, and underemployed individuals.

In Pakistan, the Centre for Social Entrepreneurship (CSE) was established in 2015 by the Planning Commission to promote innovation and social entrepreneurship in the country.

Formation of SE Policy: The case of Vietnam

In 2014, social enterprise was officially recognised as a distinct type of organisation in Vietnam's Enterprise Law. The term social enterprise is used to refer to a business that is created to address or solve a critical social or environmental problem in a financially sustainable and potentially profitable way.

Most social enterprises in Vietnam are on a mission to create jobs. They are supporting disadvantaged people and are nurturing spaces for women and young people to take on leadership roles.

Few organizations have opted to register as social enterprise thus far due to many challenges and difficulties, such as lack of funds, skills, technology, land and information. There are also big concerns about the lack of practical guidelines on the implementation of the law.

Source: Central Institute for Economic Management (March 2019). "Social Enterprise in Vietnam". Study commissioned by the British Council and UN-ESCAP.

Formation of SE Policy: The case of the Philippines

The Philippines has a vibrant and growing social enterprise sector, predominantly occupied by cooperatives - some are relatively large scale compared to those in other ASEAN member countries. In 2014, a draft of the Poverty Reduction through Social Enterprise (PRESENT) Bill was submitted for a first reading in the Philippine Congress by a group of NGOs comprising the PRESENT Coalition. The PRESENT Bill has gone through some amendments but has not been passed due to lack of support of members of Congress.

In defining social enterprise, the PRESENT Bill specifically refers to a Social Enterprise with Marginalized Sectors as Primary Stakeholders. or SEMPS. A SEMPS is a social enterprise that explicitly declares and pursues poverty reduction or improving the quality of life of specific segments of the marginalized sectors as principal objective.

The bill provides for the creation of a Social Enterprise Development Council (SEDC) as an attached agency of the Department of Trade and Industry (DTI) and tasked to carry out the promotion, growth and development of SEMP in the country with an initial program budget of PhP 3 billion.

Source: Japan Research Institute (October 2016) "Study of Social Entrepreneurship and Innovation Ecosystems in Southeast and East Asian countries. Country Analysis - Republic of the Philippines.

Start up SE Policy: The case of the Thailand

The social enterprise sector in Thailand is one of the most vibrant in ASEAN. A Royal Decree on Tax Exemption (No. 621) B.E. 2559 passed in 2016 provided tax incentives and a legal definition for social enterprises. The currently-pending Social Enterprise Promotion Bill promises further support for social enterprises when passed into law.

According to the Social Enterprise Promotion Bill of 2019, social enterprise is: " a company or juristic partnership which must: 1) Be established under Thai law, with the objectives of operating a business for the sale of goods or provision of services; 2) Aim to promote employment at the location of its social enterprise, or solve problems or develop local communities, societies, or the environment; and 3) Not emphasize maximizing profits for shareholders or partners, with at least 70% of its profit invested back into the business, or for the benefit of farmers, the poor, the disabled, the disadvantaged, or other common benefits as prescribed by the Minister of Finance..

Source: Nathan Associates (July 2018). The Social Enterprise Landscape in ASEAN: A synthesis report. USAID.

Start up SE Policy: The case of the Malaysia

The Social Enterprise Accreditation Guidelines implemented by the Malaysian Global Innovation & Creativity Centre's (MaGIC), define social enterprise as: "Business entity that is registered under any written law in Malaysia that proactively creates positive social or environmental impact in a way that is financially sustainable.

The SE accreditation system is set up at three levels.

Level One: Basic SE- self declaration on the register but not certified.

Level Two: SE. A – Accredited based on the criteria.

Level Three: SE A Plus –Fully accredited with tax exemption status.

Accredited Social Enterprise will be listed on SE.A MED online platform that provides customers and public with access to information on SEs more efficiently.

Source: Denison Jayasooria (2021) Organizational Landscape of SSE in Malaysia. ILO-KoSEA

Start up SE Policy: The case of the Malaysia

Accredited SEs receive the following benefits: 1) Get listed on a public directory which enables potential customers to access information about Social Enterprises; 2) Included in the Buy-for-impact campaign to encourage public and private involvement in social procurement; 3) Get access to other funding and support – over time, MED and other agencies will provide a range of additional support for accredited SEs subject to prescribed conditions; 4) Join a network of Malaysia's leading social enterprises – with events, networking and other opportunities to collaborate and learn.

In July 2020, MAGIC was moved from the Ministry of Entrepreneur Development and Cooperatives (Medac) portfolio to the Science, Technology and Innovation Ministry (Mosti) portfolio. MEDAC would continue to undertake the accreditation of social enterprises while MAGIC would focus on building and growing startups and the capacity of the SEs by providing funding, relevant support, training and accelerator programmes. The goal is to grow local startups to be competitive locally, then scale regionally

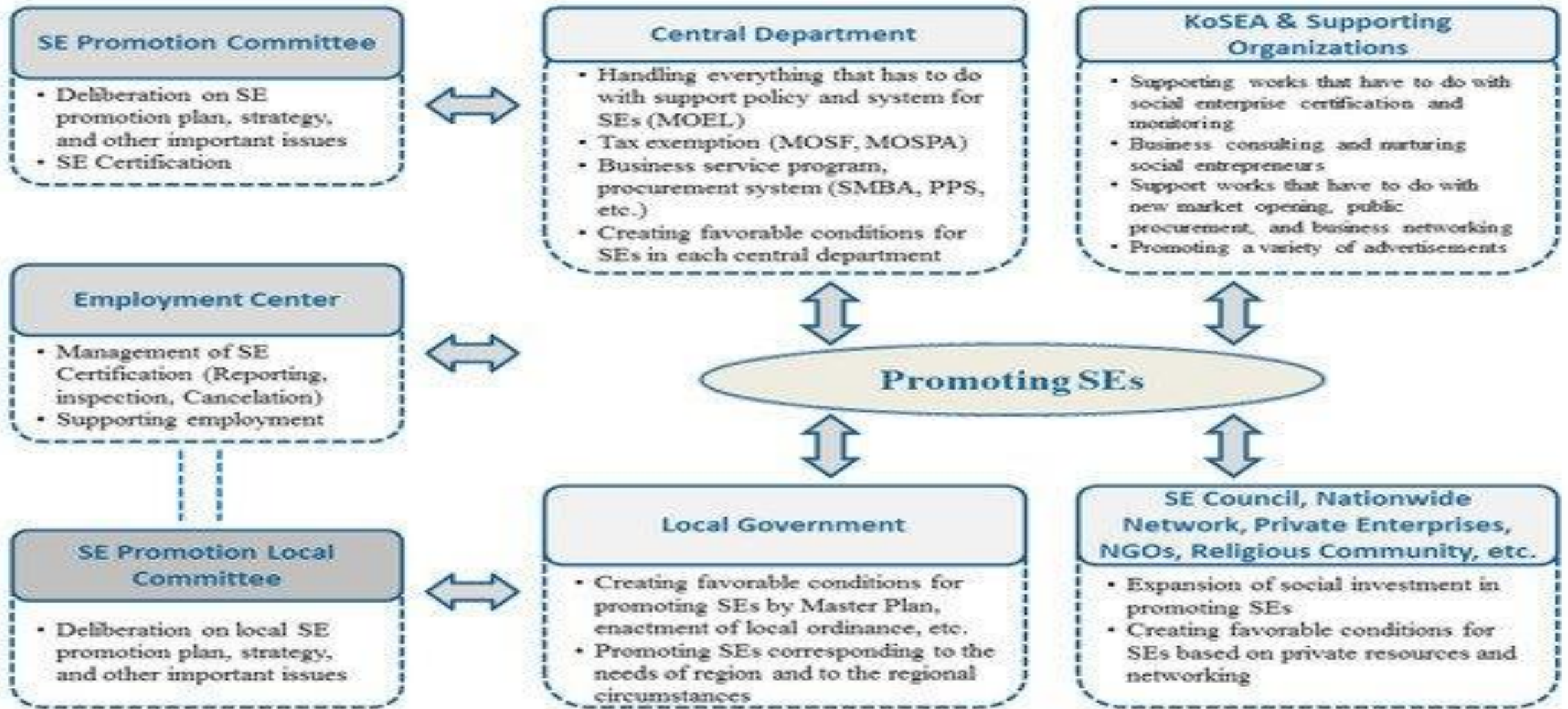
SE Policy for developing the social economy: The case of South Korea

Strategies for developing the social economy:

- 1997-2011 direct financing for individual SEEs
- 2012- 2018 indirect support via fostering ecosystems for the social economy
- 2019-2022 citizen-centred social economy initiatives through:
 - policy measures and programmes to develop innovative solutions to tackle social problems faced by citizens in their daily lives through the social economy,
 - consolidation and expansion of private-public partnerships in the co-construction of public policies for the social economy
 - establishment of the Mutual Aid Association for the Social Economy Enterprises and Organizations and their Members and Workers.

Source: Kil-Soon Yoon and Sang-Youn Lee (July 2020) Policy systems and measures for social economy. UNRISD Working Paper 2020-6

Support organizations for social enterprise development in Korea



- MOEL : Ministry of Employment and Labor
- MOSF : Ministry of Strategy and Finance
- MOSPA : Ministry of Security and Public Administration

- SMBA : Small and Medium Business Administration
- PPS : Public Procurement Service
- KoSEA : Korea Social Enterprise Promotion Agency

Central and Local Government support for social enterprises

- **Central government level:** Certified social enterprises are provided with management support, training support, facility cost support, priority purchase for public agencies, tax exemption, social insurance premium assistance, funding for social-service-providing enterprises, and employment liability exemption and tax reduction for affiliated companies. National agencies involved include Korea Business Council of Social Enterprise, Work Together Foundation, Korea Foundation for Social Investment, and Social Solidarity Bank,
- **Local government level:** providing management consulting to enable social enterprises to meet the certification requirements; subsidy for personnel expenses for new and professional recruitments, business development costs, and priority purchases. Local agencies involved are the Social Enterprise Support Centers.

Soogwan Doh (October 2020) Social Entrepreneurship and Regional Economic Development: The Case of Social Enterprise in South Korea
Faculty of Department of Public Administration, School of Social Sciences, University of Ulsan, Ulsan 44610, Korea
<https://www.mdpi.com/2071-1050/12/21/8843/htm>

Impact of Government-led social enterprise development in Korea

Public policy for the development of social enterprises in Korea has been directed at alleviating unemployment and providing decent employment opportunities to the underprivileged. Budgetary support continues until today to be linked to how many jobs will be created and henceforth boost local/regional economic development.

A crucial justification for this policy thrust is the Korean population aging faster than western societies. Korea faces problems with employment and welfare, including workforce reduction, reduced productivity, and an increased fiscal burden.

To evaluate this policy rationale, an econometric study using time series data (Soogwan Doh, 2020) was conducted. Results of the study showed that public investment in social enterprises in terms of physical capital, human capital, knowledge capital, and entrepreneurship are all significant and important factors shaping local/regional economic output.

The study concludes that the strategy of job creation in social economy is an important policy measure necessary for employment stability and social welfare.

Soogwan Doh (October 2020) Social Entrepreneurship and Regional Economic Development: The Case of Social Enterprise in South Korea
Faculty of Department of Public Administration, School of Social Sciences, University of Ulsan, Ulsan 44610, Korea
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THANK YOU

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