



LEGAL FRAMEWORK FOR SOCIAL ENTERPRISES IN GREECE





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LAW 4019/2011


- Law 4019/2011 on Social Economy and Social Entrepreneurship, was a breakthrough in the history of Greek social enterprises as it institutionalised social economy and social entrepreneurship in the country for the first time.
- It offered the possibility to groups of individuals to set up a SE, in the three following forms:

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- **Social Cooperative Enterprises for Inclusion**, which focus on the social and economic inclusion of groups at risk (e.g., disabled persons, drug addicts or former drug addicts and young offenders). At least 40% of employees from these enterprises must come from social groups at risk.
 - **Social Cooperative Enterprises for Social Care**, which focus on the supply of social services for specific population groups such as the elderly, infants, children and other people with chronic diseases.
 - **Social Cooperative Enterprises for Collective/Productive purposes** which promote local and collective interests, supporting employment and fostering social cohesion and local or regional development. They focus on the production of goods and services supplied in various sectors such as culture, the environment, education, the promotion of local products and the support of traditional occupations.

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- In addition to these legal forms, Law 4019/2011 created the National Registry of Social Economy. The law was meant to incentivize SEs to register so that they can benefit from direct access to special funding instruments. However, the excessive bureaucracy and the delay in establishing the Social Economy Fund prevented many social entrepreneurs from registering.

LAW 4430/2016

- **Law 4430/2016** is until today the main piece of legislation in this field.
- The aim was to diffuse social and solidarity economy in all possible sectors of economic activity. For example, the previous law focused on social care and integration, the new law prioritizes sustainable development and therefore includes economic activities such as waste management, recycling, renewable energy and sustainable tourism.
- While the previous law saw SEs as a complementary sector of the economy the new law considers them an important tool for broader societal transformation, referring to *'new forms of organizing social, productive, distribution, consumption and investment relations in a democratic manner based on the principles of solidarity, equity and cooperation'*.



The Law introduced new legal forms as entities of the new Social and Solidarity Economy (SSE) sector, which now is divided in:

- **Integration SCEs**, cooperatives with an exclusively social character,
- **Worker cooperatives**, which have an exclusively economic and productive dimension with an emphasis on self-organisation, and
- **SCEs for collective and social benefit purposes**, which balance between the two.

OPERATIONAL CRITERIA

Most importantly, the Law no longer links SEs with specific legal forms but adopts a more operational, criteria-based logic. It introduced the following five operational criteria:

- *Aim*
- *Governance*
- *Economic equity*
- *Profit distribution*
- *Eligible membership*

Aim

- Develop activities of collective and social benefit.
- Increase economic activities and generate social benefit through horizontal and equal networking with other SSE organisations.

Governance

- Members participate through a democratic decision-making system. (*does not apply to foundations*)
- One member one vote, regardless of each member's capital investment.

Economic equity

- Maximum wage does not exceed more than three times the minimum. (*does not apply to all*)

Profit distribution

- Up to 35% distributed to employees as an extra salary whether they are members or not.
- The rest is available to create new jobs or expand productive activity.

Eligible membership

- An SSE actor cannot be established or governed by any public legal entities.
- Members of one SCE cannot be members of another with the same activity.

COMPARING OPERATIONAL CRITERIA IN GREECE AND THE EU

a. Entrepreneurial dimension

EU operational definition of social enterprise	Greek SSE operational criteria
<ul style="list-style-type: none">• Emphasises autonomy from public authorities etc.	The Law presupposes autonomy from public authorities
<ul style="list-style-type: none">• Presupposes the existence of procedures for bankruptcy.	There are procedures for bankruptcy
<ul style="list-style-type: none">• Mentions the need to produce differently than the mainstream market.	Emphasis is placed on social innovation and the sustainable production of products and services in juxtaposition to the mainstream economy.
<ul style="list-style-type: none">• Market orientation (revenues relying on products produced and sold rather than grants and state funds) is a prerequisite (at least 25%).	Although no explicit reference to the necessity of entrepreneurial activity is mentioned, Law 4430/2016 referring to reserves from profits and profits earmarked for distribution to employees, makes the inclusion of non-profits and associations difficult in practice.
<ul style="list-style-type: none">• Poses the question of relying on paid workers/ contribution of members with risk capital.	Market orientation is not a prerequisite

b. Social dimension

EU operational definition of social enterprise	Greek SSE operational criteria
Adopts a broad meaning of 'social'.	Explicit reference to social aim as prerequisite for being part of the SSE.
Sets social aim as an absolute prerequisite for the adoption of social enterprise status	Clear definition of collective and social benefit.
	The law explicitly develops social aim in relation to 14 different categories that encompass all socioeconomic sectors as well as human-nature relations.

c. Inclusive governance- ownership dimension

EU operational definition of social enterprise	Greek SSE operational criteria
The EU operational definition is built around inclusive governance and the participation of various stakeholders and people affected in decision-making as a prerequisite for being a social enterprise.	Explicitly regards democratic governance and common ownership as prerequisites for being part of the SSE.
It emphasises the need for capping profit distribution.	More concerned with securing internal democracy and horizontal decision- making than involving external stakeholders in decision-making process.
	Profit distribution is limited and addressed to employees of all SSE entities.

RELEVANT SOURCES

<https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8274>

<http://ikee.lib.auth.gr/record/322030>

<https://lawnet.gr/meletes-arthra/neo-nomiko-perivallon-tis-ellinikis-koinonikis-oikonomias-kai-oikonomias-allilengyis/>

https://www.britishcouncil.org/sites/default/files/execsummary_greece_social_and_solidarity_economy_report_greek_british_council.pdf