

# GREEN CREW

## Social Cooperative Enterprises in Greece

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# Definition of social enterprise

*"A social enterprise is a cause-driven business whose primary reason for being is to improve society!"*



*"Sustainable revenue differentiates a social enterprise from a traditional charity that relies on outside funding in the form of donations or grants to achieve its social mission."*

# Definitions and concepts of social enterprise in Greece

- Social entrepreneurship is all about recognizing the social problems and achieving a social change by employing entrepreneurial

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Define a particular social problem

Organizing

Creating and managing a social venture to attain the desired change

- Along with social problems, social entrepreneurship also focuses on environmental problems. Child Rights foundations, plants for treatment of waste products and women empowerment

## A Social Enterprise's Reason For Being:

A social enterprise exists to achieve a social mission—such as providing healthcare or safe drinking water for the poor, introducing renewable energy, creating jobs for the unemployed or advancing education initiatives.

Although profits are not the primary motivation behind a social enterprise, revenue still plays an essential role in the sustainability of the venture.

## A Social Enterprise's Reason For Being:

- This does not mean that social enterprises cannot be highly profitable, it simply means that when they are, their priority is the reinvestment of profits into their social mission rather than payouts to shareholders.
- A successful social enterprise is one that balances the tension between upholding the social mission of their organization and maximizing the productivity of their business venture to ensure sustainability

### 3 Social Enterprise Types & Examples

❖ Social enterprises are founded to solve a range of social needs and often vary in their model. These are three common approaches along with some best in class examples of each model.

- Innovation model
- Employment Model
- Give Back Model



### 3 Social Enterprise Types & Examples

#### The Innovation Model

##### Solar Sister

is an example of a company that directly addresses a social need through innovative products. The company brings clean energy technology to even the most remote communities in rural Africa through a deliberately women centered direct sales network. Other Social Enterprises that provide innovative products and services to





### 3 Social Enterprise Types & Examples

#### The Employment Model

Faire Collection is an example of a social enterprise that serves the common good by employing disadvantaged people at a fair wage. The company hires artisans in the developing world to create jewelry that is sold on international markets, providing dignified wages and holistic social programs that provide a path out of poverty to their artisans. Other Social Enterprises that employ disadvantaged people to break the cycle of poverty:





### 3 Social Enterprise Types & Examples

#### The Give Back Model

Roma Boots is an example of a third type of a social enterprise that serves the common good by giving back for every purchase made. For every pair of Roma Boots sold, a brand new pair stuffed with educational supplies is donated to a child in need. This model gives consumers an inspiring and tangible measurement of their impact and as Roma likes to say, "Gives Poverty The Boot." Other Social Enterprises that give back for every product purchased: Sackcloth And Ashes, TOMS Shoes, Good Design, 7 Days



# The spectrum of social enterprises in Greece

- Women agro-tourist cooperatives under Law 1541/1985
- Limited Liability Social Cooperatives (Koi.S.P.E.), according to Law 2716/99, provides a framework and support to establish work integration social enterprises for people with mental health problem (Koi.S.P.E.)
- **Social Cooperative** Enterprises ("Kinoniki Sineteristiki Epihirisi" or Koin.S.Ep.), according to laws 4019/2011 and 4430/2016



# Women's (Agro-Tourist) Cooperatives

- ▶ Historically, cooperatives in Greece are the most common form of social enterprise and are strongly connected to the development of local production activity, domestic economy and providing employment to women in rural areas where employment opportunities are limited or inexistent.
- ▶ Women's Agro-Tourist Cooperatives were supported in the early 1980s by the General Secretariat for Gender Equality of the Ministry of Development in order the role of women in rural areas to be redefined. Other key driving forces were the Greek Ministry of Agriculture, the Agricultural Bank of Greece, and the Pan-Hellenic Confederation of Agricultural





# Women's (Agro-Tourist) Cooperatives

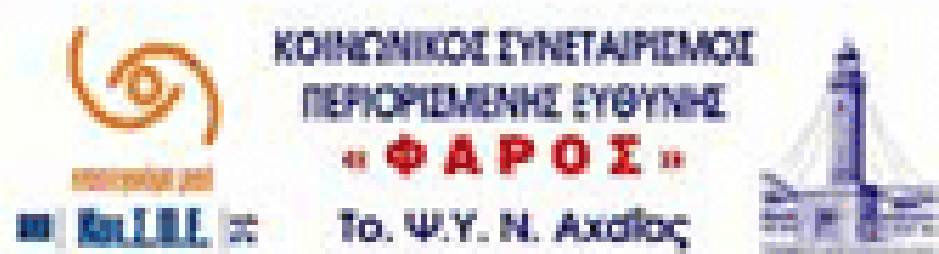
- ▶ The technical and financial assistance that these Institutions provided helped these cooperatives grow. The development of agro-tourism in Greece, was also driven by the European Commission which promoted and subsidised agro-tourism activities.
- ▶ In the 1990s, programs of the General Secretariat of Equality for the creation of support structures for the women's cooperatives became part of Community Initiatives such as NOW and LEADER I (1991), and provided not only for financial support but for technical assistance as well (including vocational training, assistance in the marketing of products etc).



# Limited Liability Social Cooperatives (Koi.S.P.E.s)

- ▶ Koi.S.P.E.s were created under Law 2716/99 on the 'Development and Modernisation of Mental Health Services' of the Ministry of Health.
- ▶ Koi.S.P.E. is an innovative cooperative action which promotes the partnership and equal participation of :
  - a) individuals with psycho-social problems,
  - b) employees in psychiatric structures,
  - c) community institutions, people from marginalised groups, other disabilities, unemployed, etc.

The function of the Koi.S.P.E. is based on cooperation and solidarity between these three components.



# Limited Liability Social Cooperatives (Koi.S.P.E.s)

- ▶ Koi.S.P.E. are a special form of cooperatives, since they are both productive and/or commercial units and at the same time Mental Health Units. The Mental Health Department of the Ministry of Health is responsible for overseeing all the Koi.S.P.E.s.
- ▶ According to Law 2716/99, a Koi.S.P.E.:
  - ✓ Is a private entity with limited liability of its members, it has a commercial nature and is a Mental Health Unit.
  - ✓ Has a social purpose.
  - ✓ Ensures the democratic participation of members in the decision making process, administration - management as well as the



# Limited Liability Social Cooperatives (Koi.S.P.E.s)

- ▶ Koi.S.P.E.s are entitled to various tax breaks and incentives:
  - ✓ Tax incentives e.g. exemption of from income, municipal and corporate taxes (except VAT).
  - ✓ Business incentives such as employment subsidies to employ mental health professionals without burdening the Koi.S.P.E., tripartite program contracts, favorable status regarding the procurement of projects and services by legal entities of public law and local authorities (No. 12 Presidential Decree PD 60/2007).



# Social Cooperative Enterprises (Koin.S.Ep.)

!! Under the Law 4019/2011 a new legal form has been introduced, the Social Cooperative Enterprise.

## ► What is a Social Cooperative Enterprise?

A Social Cooperative Enterprise (Koin.S.Ep.) is a civil-law cooperative with a social purpose and limited liability for its members, possessing entrepreneurial capacity by law. Koin.S.Ep. is equally managed by its members and its purpose is to ensure collective benefits, whereas its profits come only from activities of social interest.

# Social Cooperative Enterprises (Koin.S.Ep.)

- How many types of Koin.S.Ep. are there?

## Inclusion Koin.S.Ep.s:

Their aim is to integrate people who belong to vulnerable social groups (people with disabilities, drug addicts, rehabilitated drug addicts, HIV-positive people, prisoners, released prisoners, juvenile offenders) into the economic and social life. In integration SCEs, at least 40% of the employees belong to vulnerable social groups.

## Social Care Koin.S.Ep.s:

Their aim is to produce products and provide social and welfare services targeted at social groups, such as the elderly, babies, children, people with disabilities and chronic illness.

# Social Cooperative Enterprises (Koin.S.Ep.)

## Collective and Productive Koin.S.Ep.s:

Their aim is to serve local and collective interests and to promote employment, social cohesion and local or regional development. For example, they are active in sectors, such as culture, the environment, ecology, education, utility services, promotion of local products, maintenance of traditional activities and crafts, etc.

- ▶ How many people are required to start a Koin.S.Ep.?

To start an Inclusion Koin.S.Ep. at least 7 members are required.

To start a Social Care Koin.S.Ep. or a Collective and Productive Koin.S.Ep. , at least 5 members are required.

# Social Cooperative Enterprises (Koin.S.Ep.)

## ► Who can be a Koin.S.Ep. member?

Koin.S.Ep. members can be both natural and legal persons. The number of legal persons participating in the corporation cannot exceed 1/3 of the total of its members. Local authorities (OTA) and public law entities (NPDD) subject to them are not allowed to participate in the corporation, with the exception of Inclusion Koin.S.Ep. in which public law entities can participate as members upon the approval of their surveillance body.

# Social Cooperative Enterprises (Koin.S.Ep.)

## ► What are the specificities of a Koin.S.Ep. ?

Each member must have at least one obligatory share in the cooperative enterprise and up to five optional ones.

All Koin.S.Ep. members entitled to vote have one vote irrespective of the number of shares they possess in the cooperative enterprise.

The participation of a natural person in its capacity as member-partner in a Koin.S.Ep. alone does not entitle the person to have entrepreneurial capacity and does not bring social security or tax liabilities.

A Koin.S.Ep. member cannot participate in another Koin.S.Ep. established in the same Regional unit with the same objective in its Articles of Association.



# Social Cooperative Enterprises (Koin.S.Ep.)

!! Koin.S.Ep. profits will not be distributed to its members, unless its members are also employees of the Koin.S.Ep.

Profits will be distributed yearly on a percentage basis as follows:

- 5% to create a reserve
- Up to 35% will be distributed to employees as a productivity bonus.
- The rest (at least 60%) will be distributed for business activities and the creation of jobs.
- What is the liability of its members?

Except for the sum paid by Koin.S.Ep. members to obtain shares in the cooperative enterprise, members will not be liable to their creditors.

# Social Cooperative Enterprises (Koin.S.Ep.)

- ▶ What are the motives to start a Koin.S.Ep. ?  
People working for Koin.S.Ep.s who belong to vulnerable social groups and receive a welfare benefit or any other kind of allowance, can receive these allowances together with their wage from the Koin.S.Ep.  
Koin.S.Ep.s may have access to funding provided by the Social Economy Fund (under construction).  
They may have access to funding provided by the Hellenic Fund for Entrepreneurship and Development.  
They may be eligible under L. 3908/2011 on "boosting private investment in economic development, entrepreneurship and regional cohesion".  
They may be eligible under entrepreneurship support programmes, OAED (Greek Manpower Employment Organisation) work support programmes and all kinds of

# Social Cooperative Enterprises (Koin.S.Ep.)

## ► What is the Social Economy General Register?

The Social Economy General Register is a public book kept in electronic form. It is mandatory to register Koin.S.Ep. in the Register. The Register is kept at the Department for Social Economy Register, Directorate for Social Protection of the Ministry of Labour, Social Security and Welfare. Access to the Register is free of charge for any interested persons.

Until the electronic version of the Register becomes operational, Koin.S.Ep. registrations will be conducted manually by the Department for Social Economy Register

# Social Cooperative Enterprises (Koin.S.Ep.)

- ▶ Whom should I contact to start up a Koin.S.Ep. ?

The Department for Social Economy Register, Directorate for Social Protection of the Ministry of Labour, Social Security and Welfare where you can find the forms to be filled in for registration.

- ▶ When does a Koin.S.Ep. obtain a legal form?

By registering to the Social Economy General Register, the Koin.S.Ep. obtains a legal form and entrepreneurial capacity.

# Social Cooperative Enterprises (Koin.S.Ep.)

- What are the steps to take to register a Koin.S.Ep. to the Social Economy General Register?

## Stage 1: Submit an application to register

The candidate Koin.S.Ep. will submit to the Department for Social Economy Register:

- a. The Articles of Association of the Koin.S.Ep. signed by the founding members,
- b. An application to register, duly filled in,
- c. A signed declaration, separately signed by each founding member, certifying their participation or not in another Koin.S.Ep.
- d. (Only for Inclusion Koin.S.Ep.) Assigned declaration certifying that the obligation to employ people who

# Social Cooperative Enterprises (Koin.S.Ep.)

- What are the steps to take to register a Koin.S.Ep to the Social Economy General Register?

## Stage 2: Submit additional information

The Koin.S.Ep. will submit to the Department for Social Economy Register:

An application to register additional information (exact address of its establishment, the Tax Office it belongs to, VAT and NACE, the annual activities programme and the composition of the Steering Committee)

The certificate of commencement of business submitted to the Tax Office

A report on the formation of the Steering Committee as a body.  
The Register Department will check the information submitted



# Thank you for your attention

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