



## MedTOWN

# Regulatory and legal framework of the Social Solidarity Economy (SSE) and ecosystem in Greece

## MedTOWN Project

Co-production of social policies with social and solidarity economy actors to fight poverty, inequality and social exclusion.



**QUESTIONNAIRE PROJECTS PHASES AND LOCAL PARTNERS. MEDTOWN PROJECT. 3rd LOT.**

**DEMONSTRATIVE ACTION. Name: MedTOWN PAGGAIO**

**MUNICIPALITY, REGION AND COUNTRY ACTION: Municipality of Paggaio, Region of Eastern Macedonia and Thrace**

**ARRAY TO BE FILLED IN:**

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| 1  | <p><b>Existing applicable SSE legislation</b></p> | <p>In Greece, associations and insurance agencies exist for many years in Greece, having formed a long-standing function and tradition, however, from the state's side, there was a late legal establishment of the SSE. The social economy and its agencies were institutionalized in Greece in the early years of the economic and monetary crisis of 2008, when the consequences of the crisis were enormous, aiming to alleviate inequalities and to support sustainable development (Rahdari et al., 2016; Spear et al., 2001; ECOTEC, 2001).</p> <p>A first approach to SSE was attempted with the law <b>1667/1986</b>, which refers to urban cooperatives, but without being specialized in SSE.</p> <p>The Law <b>2716/1999</b> concerning the "Development and modernization of</p> | <p>Within the framework of these two laws, the Register of Social Entrepreneurship and the Special Register of Other Social and Solidarity Economy Bodies, operate.</p> | <p>No further specific SSE regulation exists.</p> |

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|    |                                  | <p>mental health services and other provisions" refers to Article 12 of the Social Cooperatives of Limited Liability (KOISPE), which are the forerunner of KOINSEP<sup>1</sup>.</p> <p>The first institutionalization of the social economy in Greece was made with the <b>Law 4019/2011</b> "on Social Economy and of Social Entrepreneurship and other provisions".</p> <p>In 2016, a new law on the SSE in order to address its existing weaknesses and ambiguities of the previous law, the excessive bureaucracy, the dependencies from the state and local government, the problems they had reflected in surveys and reports (British Council, 2017). So, Law <b>4430/2016</b> "on Social and Solidarity" Economy and development of its entities and other provisions" was passed.</p> |  |                   |
| 2  | <b>Purpose of the regulation</b> | The aim of these two laws (4019/2011 and 4430/2016), was to apply rules to labour and insurance issues that have arisen, to provide tax and financial incentives, to make the administrative   | With these two laws, an attempt is made to focus on its most important articles concerning Social Cooperative Enterprises (SCE). SCE are the urban cooperatives of Law 1667/86 whose purpose is collective |                   |

<sup>1</sup> The main distinguishing difference between KOINSEP/COISPE from other forms of business is that, based on the statute, profits are not distributed to the members, since the business is not for profit.



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|                |  | <p>structure more flexible under specific conditions and also, for the first time, to determine sanctions and fines for those cases where the regulations of these Laws.</p>   | <p>and social benefit. They are distinguished according to their purpose in:</p> <ul style="list-style-type: none"> <li>•SCE Collective and Social Benefit, which develop "sustainable development" activities, or provide "social services of general interest".</li> <li>•SCE of Integration of Vulnerable Groups.</li> <li>•SCE of Integration of Special Groups.</li> <li>•Social Cooperatives of Limited Liability (KOISPE) of the article 12 of the Law 2716/1999, considered also as SCE of Integration of Vulnerable Groups</li> </ul> |  |
| 3 <sup>2</sup> | <p><b>Consideration-Theoretical Definition SSE (According to regulation)</b></p> | <p>The aforementioned laws regarding SSE are defined as "Form of alternative organization of economic activities", thus transferring the center of gravity to the organization of the activity and not to its final purpose, as defined by the last law, 4019/2011. In this way, the field of activities can be expanded to be understood as SSE. In the SSE are now included activities from all economic sectors and not only those that have a welfare, integration character. This expansion goes beyond the vague limits of the "Collective and productive purpose" of 4019/2011, through the</p> |  | <p>There is not a regulatory definition.</p> |

<sup>2</sup> Necessary for making comparative terms of equivalent concepts



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|    |   | <p>institutionalization of the new legal form of the Employees' Cooperative.</p> <p>The broadening of the framework referred to in the last law, is achieved by referring to a social solidarity economy as a whole and not limited to a social enterprise. With this definition, the concept of economy is not identical with the entrepreneurship, economic activity is recognized in actions outside the "ordinary" business model of the market as we have known it in Greece, so far.</p>  |                                 |   |
| 4  | <p><b>Scope of application of SSE legislation</b></p> | <p>The multidimensional system of levels (Supranational, State, Regional, Local) is distinguished, Within the framework of these laws.</p> <p>In particular, priority is given to serving social needs of a local or broader nature by exploiting social innovation, through activities of "sustainable development" or the provision of "social services of general interest" or social integration.</p> <p>At the national level, the planning and implementation of actions to promote the social economy are achieved, as well as the promotion of social dialogue for the formulation of</p> | <p>Both public and private.</p> | <p>The Constitution of Greece does not explicitly mention the SSE, however in Article 106 it is stated that "for the consolidation of social peace and the protection of the general interest, the State plans and coordinates the economic activity in the Country, seeking to ensure the economic development of all its sectors of the national economy....Private</p> |

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|    |                                  | <p>policies for the development of the SSE activities and the specialization and implementation of the Greek National Action Plan for the Social economy.</p> <p>At a supranational level, through the legislation, the monitoring of European and international developments concerning the social economy is foreseen, coordinating the bodies involved as the case may be, for the purpose of shaping national positions in relation to the EU and for the purpose of implementing its strategy in national level.</p> <p>Finally, there is an inseparable cooperation with the co-competent Ministries, bodies at national, regional and local level and with private bodies for the planning and implementation of the interventions.</p> |   | <p>economic initiative is not allowed to develop at the expense of freedom and human dignity or to the detriment of the national economy".</p> |
| 5  | <b>Stakeholders Involved SSE</b> | <p>The main SSE stakeholders, according to the Greek legislation, are:</p> <ul style="list-style-type: none"> <li>a. Social Cooperative Enterprises.</li> <li>b. The Social Cooperatives of Limited Liability (KOISPE).</li> <li>c. Workers' Cooperatives (of the Law 1667/1986 with object to be the collective benefit as in Law 4430/2016).</li> </ul>  | <p>The actors are the ones referred to the previous column, along with:</p> <p>Ministry of Interior Ministry of Finance, Ministry of Labour and Social Affairs, Civil Society Organizations, companies from the private sector of all ranges (small, medium and wide size enterprises), the media and Greek Universities (in collaboration with the Hellenic Open University (HOU), a</p> |  |

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|    |                        | <p>d. Any other non-sole legal entity, provided that:</p> <ul style="list-style-type: none"> <li>• Develops collective and social benefit activities.</li> <li>• Takes care of the information and participation of its members and implements a democratic decision-making system, according to the principle one member one vote, regardless of the contribution of each member.</li> <li>• Its articles of association provide for restrictions on the distribution of profits.</li> <li>• It applies a convergence system to the remuneration of work.</li> <li>• It aims at strengthening its economic activities and maximizing the generated social benefit through horizontal and equal networking with other SSE entities.</li> <li>• It has not been established and is not managed directly or indirectly by Local Authorities or from another legal entity of the wider Greek public sector.</li> </ul> | <p>nationwide network has been created in collaboration with the Tertiary Educational Institutions of the country, which have included SSE in thematic fields of undergraduate or postgraduate studies).</p> |  |

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| 6  | <b>Existence of Concrete Figures SSE Sector?</b> | <p>According to data from 2022, 2.162 organizations, active in the field of SSE, are registered in the Greek General Register of Social and Solidarity Economy Bodies. More than half of them, state as their purpose of existence, according to their statutes, "Collective and Social Benefit".</p> <p>According to data from 2020, the number of members in these institutions amounts to 9.319, therefore the average number of members per institution is 6,6. The bodies in their majority (46%) have 3-5 members. A significant number of operators (35%) have 6-10 members, while few agencies (19%) have more than 10 members.</p> <p>According to the same data, the total turnover of SSE entities in the period 2014-2017 showed an increasing trend, with a particularly dynamic change in the year 2017. Specifically from €6,4 million in 2014 to €8,7 million in 2015, €11,6 million in 2016 and €34,5 million in 2017.</p> <p>At the same time, 11 Support Centers were founded in order to support the development of institution of the SSE nationwide.</p> | <p>The aforementioned data have been collected and published by the regulatory authority of the SSE in Greece, namely the Directorate of Social &amp; Solidarity Economy which is part of the Ministry of Labor and Social Affairs.</p> |                   |

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| 7  | <b>Administration competent legislative body SSE</b> | - The establishment and passing of corresponding legislation belong fully and completely to the Hellenic Parliament.  | The Hellenic Parliament votes on the respective regulatory rules. The government through the ministries implements the legislation, in cooperation with the local and regional authorities.   |                   |
| 8  | <b>Administration competent executive body SSE</b>   | - The responsibilities of the Ministry of Labor and Social Affairs include individual and collective labour contracts, working time limits, gender equality, social protection and rehabilitation of special categories of persons, facilitation of persons with disabilities, supervision of insurance funds, prevention of occupational accidents and of occupational diseases, the management of community and other resources related to human resource development.<br>The Directorate of Social and Solidarity Economy has the operational objective of planning, coordinating, monitoring and evaluating the policies related to Social Entrepreneurship and the Social and Solidarity Economy, as well as the necessary actions to promote and support the institution. | These two bodies are mutually complementary, as the Directorate belongs administratively to the Ministry.<br>Their responsibilities include: <ul style="list-style-type: none"> <li>• The implementation and supervision of the National Strategy for the SSE.</li> <li>• The monitoring of European and international developments concerning the SSE and the planning and implementation of actions of international scope.</li> <li>• The planning, conduction and monitoring of research activities and studies regarding the SSE.</li> <li>• The creation of an electronic database and library of studies and research.</li> <li>• The recording and monitoring of the activity of SSE bodies.</li> </ul> |                   |
| 9  | <b>Administration</b>                                | - The competent body which supervises   | As stated previously, these two bodies are  |                   |

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|    | <b>competent supervisory body SSE</b>        | the SSE regulations in Greece is Directorate of Social & Solidarity Economy which is part of the Ministry of Labour and Social Affairs.  | mutually complementary, as the Directorate belongs administratively to the Ministry.   |                   |
| 10 | <b>Certifications/Register of SSE Actors</b> | <p>As mentioned previously, the certification of SSE entities are as follows:</p> <ol style="list-style-type: none"> <li>1. Social Cooperative Enterprise (KOINSEP) of Integration, which are divided into two subcategories: <ul style="list-style-type: none"> <li>- KOINSEP of Inclusion of Vulnerable Groups, which seek the inclusion of individuals from vulnerable social groups in economic and social life. At least 30% of the members and employees of these companies belong to these categories.</li> <li>- KOINSEP of Integration of Special Groups, which seek the inclusion of people from special groups in economic and social life. At least 50% of the members and employees of these companies belong to these categories.</li> </ul> </li> <li>2. Social Cooperatives of Limited Liability (KOISPE) of article 12 of the Law 2716/1999, (they</li> </ol> | As described previously, KOINSEP and KOISPE are urban cooperative enterprises with a social purpose and have a commercial status by law. |                   |

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|    |  | <p>are automatically considered Social Cooperatives of Integration).</p> <p>3. KOINSEP of Collective and Social Benefit, which develop "sustainable development" activities and/or provide "social services of general interest".</p>  |   |   |
| 11 | <b>Measures promoting or fostering SSE</b> | <p>In Greece, there are multiple possibilities for financing companies that are part of the SSE. Funding can be either public or private. Particularly: Through the national funding and support mechanisms.</p> <p>Through the "Strategic Action Plan for the Development of the Social Entrepreneurship Sector".</p> <p>Through the "Social Economy Fund" established in partnership with the Ministry of Finance, the Ministry of Development and the Ministry of Labour and Social Affairs.</p> <p>Through support programs for "Small and Medium Enterprises".</p> <p>Through subsidized programs from the Labour Force Employment Agency.</p> <p>Through European funded programs such as the NSRF / Structural funds,</p> | <p>Article 10 of Law 4430/2016 refers to the establishment of the Social Economy Fund, which aims to finance programs and actions to strengthen SSE Agencies.</p> | <p>In addition to the active SSE policies there are institutionalized passive policies, such as tax benefits, social security, and subsidies.</p> |

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|    |  | <p>the European Investment Fund, the Social Impact Accelerator, the European Progress Microfinance Facility, the Joint European Resources Initiative for Micro to Medium Enterprises – JERE-MIE.</p> <p>Through European cooperative banks.</p> <p>Through private investment funds (Venture Philanthropy).</p> <p>Through crowd-funding.</p> <p>Advantage of Articles 20 and 107-110 of the Law 4412/2016 for PP tenders exclusively for SSEs of integration or KOISPE and Programme Contract of article 6 of the Law 4430/2016.</p> <p>Concessions of mobile assets and land/buildings as provisioned in the Law 4555/2018.</p> |   |                   |
| 12 | <b>Other SSE-related legislation</b>             | -   | -   |                   |
| 13 | <b>Possibility to create new SSE legislation</b> | <p>The policy implementation process in Greece largely follows the corresponding European one. Therefore, best and successful practices are reviewed. Then the corresponding Greek policies are instituted, which are based on these best practices. Achievement milestones are then set, while there is</p>  | <p>Greek Parliament and the Greek Government.</p> |                   |

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|    |  | <p>a feedback upon the results so that malfunctions can be resolved and the process can be improved.</p> <p>In this context, there may be new regulations concerning the SSE in the future.</p>   |   |                   |
| 14 | <p><b>Possibility to amend existing SSE legislation SSE</b></p>            | <p>As mentioned in the previous column, through the feedback that the regulatory bodies receive during the operation of the SSE organizations, there may be modifications and improvements to the current regulatory framework. In any case, through the Register of Social Entrepreneurship and the Special Register of Other Social and Solidarity Economy Bodies, problems and malfunctions are highlighted which may in time lead to an improvement of the legislative framework.</p> | <p>Greek Parliament and the Greek Government.</p> |                   |
| 15 | <p><b>Possible implementation of (new or amended) SSE legislation</b></p>  | <p>The same as the previous one.</p>  | <p>The same as the previous one.</p>              |                   |
| 16 | <p><b>Problematic Identification/implementation of SSE regulations</b></p> | <ul style="list-style-type: none"> <li>Inadequacy, based on the existing experience of state control mechanisms, to effectively supervise compliance with all legislative provisions.</li> </ul>  |   |                   |

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|    |  | <ul style="list-style-type: none"> <li>• Necessity to establish communication with the Ministry of Labour and Social Affairs on a permanent basis, in order to achieve correction of problems arising from the implementation of the latest law.</li> <li>• Lack of intergovernmental cooperation in a binding manner.</li> </ul>   |                            |                   |
| 17 | <b>SSE legislation and other legislation applicable to the Demonstration Action (Concrete Project)</b> | Providing legislation that regulates and conditions the execution and development of the project<br>Not applicable.   |                            |                   |
| 18 | <b>Other matters and policy areas linked to SSE</b>  | -   | -                          |                   |
| 19 | <b>Other issues to highlight</b>   | <ul style="list-style-type: none"> <li>• The fact that certain legal entities of cooperatives are excluded from the SSE is a major deficiency in the regulatory framework.</li> <li>• The non-harmonization of the criteria between the legal entities that automatically join the SSE Bodies (KOINSEP, COISPE) and the other legal entities is considered particularly problematic.</li> </ul> |                            |                   |

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|    |                        | <ul style="list-style-type: none"> <li>The concentration of audit and supervisory functions in the state raises concerns about the readiness of the competent services to respond effectively to this challenge, while the Registry's response time to field requests is already quite long.</li> </ul> |                            |                   |

### CHALLENGES & RECOMMENDATIONS:

#### Challenges:

1. Lack of awareness among government agencies and ministries (beyond the Ministry of Labour and Social Affairs), which can lead to a lack of coordinated approach and inconsistencies across government.
2. Lack of understanding within society about SSE.
3. Confusion between SSE organizations and other cooperatives, e.g., rural and agricultural.
4. Modernization of the SSE in order to combat new social problems, such as population aging, mass immigration, etc.

#### Recommendations:

1. Evolution and development of the SSE bodies as in Greece they can undertake larger-scale projects and make partnerships with both the State and the Private Sector.
2. Cooperation of different SSEs in order to participate in large projects.
3. Improve the coordination and enhance the interoperability between agencies and Ministries.
4. Establishing new measures to support and promote the SSE, as it can be a third way of development between the public sector and private initiative and help substantially to address social problems.



## MEASURES TO BE IMPLEMENTED:

Establish a new framework for the SSE, which will include social dialogue.

Policies based on scientific research highlighting potential pathogenesis.

Establishment of control and feedback mechanisms.

## OTHER INTERESTING SUGGESTIONS/NOTES:

An important challenge is also the recognition of the SSE as a special interlocutor in the context of the social dialogue. The SSE has become an important institution of civil society that contributes significantly to the organization of its cooperative structure and the development of participatory democracy. However, the SSE is a powerful economic and social factor with special characteristics that do not align with the classic shape employers/employees and impose the explicit recognition of the SSE as a social interlocutor.

## IDENTIFIED CONFLICTING ISSUES (if any):

-

## EXAMPLES OF ACTIONS DEVELOPED IN THE FIELD OF SSE IN THE COUNTRY, REFERENCES AND HOW THEY HAVE BEEN DEVELOPED (if any):

The SSE bodies in Greece are in a very crucial position since they can fight against serious social problems, such as poverty, unemployment and social exclusion, efficiently. Their contribution is remarkable, taking into consideration their autonomy, funding opportunities and spatial dimension. Particularly, compared to the Greek state, they clearly have greater flexibility of movement and action. Compared to the NGOs, they can operate at local level while at the same time they can be financed from private resources.

-Implementation of accompanying measures for the end-beneficiaries of FEAD (TEBA) - Fund for European Aid to the Most Deprived—(and Minimum Wage (KEA/EEE) end-beneficiaries) by the Municipality of Zacharo (Regional Unit of Ilia), addressed to adolescents and families for organising and creating team labs with the objective to provide psycho-socio support, encouraging and social inclusion. Period Dec'20 – Jun'21 in collaboration with an SSE in the area.



- Collaboration Contract between the Municipality of Kavala and KOISPE Kavalas for the implementation of actions of FEAD in Kavala with staff provided by KOISPE Kavalas (Sep'22 – Dec'22).

