TUTORIAL ON SOCIAL ENTREPRENEURSHIP IN GREECE

What is a Social Cooperative Enterprise (KINSEP / ΚΟΙΝΣΕΠ)?

It's a new innovative business model meeting both social and economic objectives & contributing to labour market integration, social inclusion and economic development.

The Social Cooperative Enterprise is a civil partnership of social purpose with limited liability of its members and has the commercial status by law. It is managed equally by its members and its function is based on the pursuit of collective benefit, and its profit derives from actions that serve exclusively the social interest. Successful examples of Social Cooperative Businesses around the world demonstrate that they offer people the opportunity to work together and to set up sustainable businesses that create jobs and promote the well-being of society.

What are the types of a social cooperative enterprise?

Current Greek legislation groups social enterprises into the following 3 categories:

1. Work integration
2. Social Care Services Enterprise
3. Collective & Productive Purpose Enterprise

Work integration enterprises, consisted of at least 7 members, aim to integrate people belonging to vulnerable social groups (people with disabilities, drug addicts, rehabilitated drug addicts, prisoners, released prisoners, etc.)

Social Care Services enterprises, consisted of at least 5 members, aim to create products and provide social and welfare services targeted at vulnerable groups (elderly, babies, children, people with disabilities, etc.)

Collective & Productive Purpose enterprises, consisted of at least 7 members, aim to serve local and collective interests and promote employment & social cohesion & development at local and regional level through production of local products and provision of services (culture, ecology, utility welfare service, etc.)

Why choose this type of enterprise?

- Because the decisions are taken exclusively by you and the other employees in it.
- Because the diverse Social Entrepreneurship network will create an ecosystem of product, service, know-how and support, in which you can participate and develop the supply and demand of your own business.
- Because if you are an unemployed, unpaid or underpaid worker, you have a strong incentive to partner with other fellow citizens within a framework of entrepreneurship that includes important support tools.
- Because of the social impact of your entrepreneurship, the State provides specific tax incentives and supportive tools that you can use to grow your business.

What about in terms of resources?

Resources of a social enterprise could be one or a combination of the following:

• Company capital

• Third-party donations

• Business's turnover

• Other revenue from activities in accordance to statute

• Grants from the Public Investment Program

• European Union funds

• International or national organizations or local authorities' funds e.g. the Program Leader • Social Economy Fund

• Hellenic Fund for Entrepreneurship and Development

• Self-employment support programs e.g. ΟΑΕΔ (Greek Manpower Employment Organisation)

How are the profits distributed?

In the case of social enterprises profits are not distributed to members, unless the members are also employees. The rule is that 5% of the profits is used as a reserve, 35% is distributed amongst the employees and the remaining is invested back in enterprise's activities & in creation of new jobs.

Are there any tax or insurance incentives for social enterprises?

Yes,

- In the first 5 years the business does not pay a business fee.
- The portion of the profits distributed to the employees of the enterprise is taxed as income from salaried services, which as an amount is tax free.
- Employees who belong to the Vulnerable Population Groups and receive welfare benefits or re-integration allowances or any form of sickness or benefit or pension as indirect insured persons, continue to receive these benefits at the same time as their wages from the Commonwealth of Independent States. or the Employees' Association.
- The trade fee for CBC and Workers' Associations is set at EUR 500 per year. The relevant Bodies of Good Excellence are exempt from the payment of the trade fee, provided five (5) years have elapsed since their first commencement.

What are the main steps for setting up a social enterprise in Greece?

1. A Statute/Charter is created by 7 or 5 members, depending on the type chosen
2. Members must sign the Statute/Charter
3. An Electronic Application is made for Registration at Social Entrepreneurship Register
4. Submission of declaration of Commencement of Business is made to relevant Tax Office (ΔΟΥ)
5. A recognition by the Social Entrepreneurship is sent & the Social Enterprise is published within the list of Social Enterprises

What is the Register of Social Entrepreneurship?

Pursuant to article 14 par. 1 of the Law 4019/2011, a General Register of Social Economy is established, which is a public record kept in electronic form. The Registry is kept in the Social Economy Registry Department of the Social Protection Directorate of the Ministry of Labor and Social Security and access to it is free of charge from any interested party.

Official web site: https://aplo.yeka.gr/, in which you will also find all information regarding current legislation, procedures, samples of documents, frequently asked questions etc.

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Are there any Financial instruments of Social Cooperative Enterprises available?

With their registration, may acquire access to the financial instruments such as:

- funding from the Social Economy Fund, the National Entrepreneurship and Development Fund, and may fall under the provisions of Law 3908/2011 (A 8).
- entrepreneurship support programs and in the Labor Force Employment Organization (OAED) programs to support the work.

Are there any supportive measures in place?

Yes,

- The Regional Support Centers of KALO (SOCIAL AND SOLIDAR ECONOMY), throughout the country, provide interested parties with solid up to date information, know-how support, business plan development, organization-management and promotion.
- The Grade 1 and 2 Local Authorities, the Public Law Entities and General Government entities may grant the use of their movable and immovable property to support activities of collective and social benefit
- Social and Solidarity enterprises may conclude programmatic contracts for the study and execution of projects and programs of social utility, referred to their statutory purposes, with government counterparts or public sector bodies and municipalities.
- The new Law on Government Procurement, No. 4412/2016, allows contracting authorities in the broader public sector to conduct tenders in the light of social criteria. In particular, it is open to public authorities for all their services to compete with *exclusive recipients for* all legal persons having as their main statutory purpose the occupational integration of persons with disabilities or handicapped persons, where more than or equal to 30% workers belonging to the two categories mentioned above. It also allows public authorities, as contracting authorities, to conduct public tenders with *exclusive beneficiaries* Social Inclusion Societies registered in the Register of Social and Solidarity Economics and only for social and other special services such as sanitary, social and cultural services (cleanliness services are not included).
- The social enterprises can co-operate with each other for economic purposes. Forms of economic cooperation include the conclusion of contracts for the exchange of goods or services and the establishment of consortia of the second or higher level of cooperatives,

European cooperatives or European groups and networks of economic cooperation with distinct legal personality.

- Establishment of associations, which do not carry out business activities but are aimed at representing and strengthening the activities of the Bodies.
- Persons who are not members can act as volunteers and support their actions if the conditions of Article 8 of Law 4430/2016 are met.

Is there an organisation, NGO etc. supporting new social entrepreneurs?

Yes, you may wish to contact the Panhellenic Official Center for the Support of Social and Solidarity Economy (http://koinsep.org/). The trained and experienced economists and qualified accountants of the center can assist in your early stages of informing you about the practical operation of the Social Cooperative Enterprise Law, assist you with its establishment and all the necessary process in the Social Economy Registry of the Ministry of Labor and in drafting your business plan.

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