

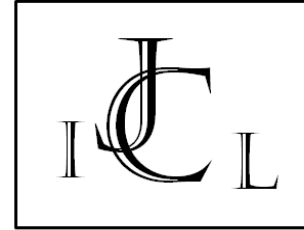


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### **LEGAL PROVISIONS FOR SOCIAL AND SOLIDARITY ECONOMY ACTORS. THE CASE OF LAW 4430/2016 IN GREECE**

*Sofia Adam*<sup>1</sup>

Heinrich Boell Foundation, Hellenic Open University

Greece

#### **Abstract**

The recent interest in Social Solidarity Economy has led to a proliferation of relevant laws in Europe. Greece has followed this trend with Law 4430/2016 on Social and Solidarity Economy and the development of its actors. This paper analyses the main provisions of this Law with regard to the scope, working definitions and legal entities eligible for registration as Social Solidarity Economy actors. The main intention is to open up the theoretical discussion on the legal entities which are entitled to be included in SSE and to explore the relevant debates on convergences and divergences between social solidarity economy and the cooperative sector. It also illustrates the difficulty of translating principles into legal provisions in the specific legal context of Greece with a highly fragmented cooperative legislation.

This paper is based on a research project implemented by Heinrich Boell Foundation Greece. The methodology is based on content analysis of relevant legal documents as well as the implementation of semi-structured interviews with relevant stakeholders (competent authorities, researchers, support organizations, national and international networks). The results demonstrate that despite good intentions, Law 4430/2016 does not manage to unite the diverse legal entities comprising the SSE sector under a common framework due to mainly two reasons: an internal misalignment within Law 4430/2016 concerning the different provisions for the legal persons automatically considered as SSE actors and other legal persons eligible for the legal status of an SSE actor; and an external misalignment between the criteria imposed by Law 4430/2016 and the legal frameworks of other legal persons belonging to the traditional social economy (associations, non-profit civil companies, agricultural cooperatives). The paper concludes with the necessity to follow a gradual approach of harmonization and unification based on a renewed cooperative legislation in Greece.

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<sup>1</sup> Social Solidarity Economy Project Coordinator, Heinrich Boell Foundation Greece, Adjunct lecturer, Master Program on Social Solidarity Economy, Hellenic Open University, Contact details: +30 6977201279, [sofia.adam@gr.boell.org](mailto:sofia.adam@gr.boell.org), [sof\\_adam77@yahoo.gr](mailto:sof_adam77@yahoo.gr)

## Introduction

The recent interest in Social Solidarity Economy (SSE) has led to a proliferation of laws aiming to recognize the various constituents of this field, delineate the guiding principles according to which they should function and provide for specifically designed support measures for their promotion. In Europe, Greece has followed this tendency and introduced a law on Social Solidarity Economy (Law 4430/2016) after similar initiatives taken by France, Spain, Portugal and Luxemburg. The Greek Law has been received with ambivalent feelings among the main SSE actors and networks for a number of reasons. One of the most prevalent areas of dispute lies in the criteria imposed on legal entities in order to be officially recognized as SSE actors. The debate mostly concerns the potential exclusion of certain types of cooperative legal forms which follow other provisions according to their different legal framework. This issue raises an interesting line of inquiry concerning the boundaries of SSE in relation to the traditional cooperative movement. Are cooperatives considered to be inherently part of SSE? On what grounds is this position sustained?

This paper intends to address this question with reference to the case of Law 4430/2016 in Greece. In the first section, we will address the definition of social and solidarity economy. The two terms have been combined recently under the common denominator Social (and) Solidarity Economy but they still convey different meanings. The second section will examine the main areas of dispute concerning the inherent inclusion of all types of cooperatives within the spectrum of social and solidarity economy. Next, the paper will shed some light on the provisions of Greek Law 4430/2016 with regard to the criteria which need to be fulfilled for the recognition of a legal entity as SSE actor. The following two sections will provide an analysis of two areas of misalignment in the Greek Law with regard to SSE actors. Internal misalignment refers to incoherence between the provisions for legal persons introduced within Law 4430/2016 and the criteria imposed on other legal persons eligible to be registered as SSE actors. External misalignment refers to differences between the criteria imposed by Law 4430/2016 and the provisions specified by other pieces of mainly cooperative legislation (particularly agricultural cooperatives). The paper concludes with specific policy implications with regard to the potential amelioration of the SSE legal framework in Greece.

### 1. Social and/or Solidarity Economy

A terminological ambiguity characterizes a set of diverse practices that cannot be easily classified either in the public or in the private sector (Defourny, 2001). Keeping out of the picture the term and approach of the non-profit sector (Salamon & Anheier, 1992), we will focus in the following on the convergences and divergences between the main concepts of social and/or solidarity economy.<sup>2</sup> Based on our prior work (Adam & Papatheodorou, 2010), we will adopt a structural approach which combines institutional forms and operational principles for the definition of the relevant terms.

Social economy includes all economic activities undertaken by enterprises, mainly cooperatives, associations and mutual societies, which adhere to the following principles: providing members or the community a service rather than generating profit, independent management, democratic decision-making, and priority given to persons and work over capital in the distribution of income.

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<sup>2</sup> It is important to highlight that the use of the terms is different among the various geographical regions. The term solidarity economy emerged in the Latin American context and was transposed to France and the French-speaking Quebec of Canada with both of these countries also using extensively the term social economy.

Solidarity economy includes all economic activities which aim at the economic democratization on the basis of citizen participation and which involve a dual perspective: a) economic because they attempt to create economic relations based on reciprocity while making use of resources from the market and welfare state redistribution; and b) political because they attempt to create autonomous public spaces and open up discussion on both means and ends.

It is therefore significant to detect the main convergences and divergences between the two terms. They both refer to economic activities which do not follow the typical capitalist logic of profit maximization. However, the fact that the definition of social economy refers explicitly to economic activities undertaken by enterprises confers an institutional nuance in the relevant term. It implies a certain degree of reliance on market transactions and monetization whereas solidarity economy may more easily accommodate economic activities that are not related to a market activity and/or monetized. A second aspect, directly related to the first, is that solidarity economy does not only include legally recognized actors but also informal initiatives.

Both social and solidarity economy strive for economic democracy though adherence to the principles of independence and democratic decision-making procedures. The definition of the solidarity economy adds to the political element associated with the micro level (i.e. the modus operandi of a particular enterprise) the quest for a larger political project which entails a systemic social transformation. Therefore, another line of demarcation lies at the coexistence with or the need to surpass the existing socio-economic order. At least, this position is held by international networks such as RIPESS (RIPESS, 2015) and is acknowledged by international organizations (ILO, 2010). As such, solidarity economy can be seen as a social movement or a movement of movements (Kawano, 2010) with no blueprint on how to achieve socio-economic transformation; a process rather than a model of economic organizing (Miller, 2010) or an alternative to the existing development paradigm (Dacheux & Goujon, 2012).

Conceived as a social movement, solidarity economy unifies diverse practices through the following shared values (Miller, 2010; Kawano, 2010):

- Solidarity as an umbrella logic embracing cooperation, mutualism, gift-giving, altruism.
- Individual and collective well-being instead of profit and financial accumulation (buen-vivir).
- Economic and social justice along class but also race, gender, sexual orientation, physical abilities, etc.
- Sustainability considered as respectful and sustainable relations with our ecosystems.
- Robust or participatory democracy at the workplace and in the community based on self-management and collective ownership.
- Diversity and pluralism meaning a multiplicity of available paths towards equality and freedom.

From this perspective, social economy is seen as a distinct sector which may be or may be not part of this transformative project depending on the willingness of its actors to engage with the broader solidarity economy movement (Poirier, 2014). The case of France is indicative where the term social and solidarity economy has been used in regional consultations in order to foster links between accredited bodies of collective representation of social economy and solidarity economy networks. Increased interchange and dialogue led to the adoption of the term Social Solidarity Economy by the intercontinental network

RIPES. This development denotes an intention to include both “social economy (cooperatives and mutuals) and solidarity economy (new initiatives - not necessarily cooperatives)” (Poirier, 2014, p. 12).

Therefore, Solidarity Economy intends to influence traditional social economy actors in the direction of effecting systemic changes based on the principles of solidarity, buen-vivir, justice, sustainability and democracy by promoting a set of diverse practices within a plural framework of the economy (Laville, 2013). The shared values of social movements are issues to be contested and debated within the framework of the political and democratic deliberations taking place within these movements. From the perspective of the state, the need for formal recognition of the diverse agents constituting social (and) solidarity economy gave birth to a series of laws for the recognition of Social and Solidarity Economy in Europe and elsewhere.

## 2. Cooperatives and Social Solidarity Economy actors

In this section, we will focus on cooperatives as a pars pro toto of traditional social economy actors.

According to Henry (2012), cooperatives as distinct types of enterprises are expected to be conducive to four main aspects of the sustainable development paradigm: economic security, social justice, ecological balance and political stability. The most relevant cooperative principle from the perspective of sustainable development (SD) is the democratic participation of cooperative members. However, other features are also at play. Table 1 reflects the main aspects of the cooperative identity which contribute to sustainable development.

**Table 1: Features of the distinct cooperative identity which are conducive to sustainable development**

Sustainable Development Coop Identity	Economic security	Social Justice	Ecological Balance	Political Stability
Member-centered	Adaptability to changing circumstances	Members define needs and the way to satisfy them	Economy and ecology solutions	Preserving spaces of democratic deliberation
	Member loyalty	One member-one vote	Concern for a healthy environment	
	Low transaction costs	Not profit but surplus distribution based on transactions	Financial return on investment is not the priority, more environmentally friendly production	

			methods	
	Prefer surplus over profit	Appropriation of surplus for social security coverage		
Openness to new members		Increase in the number of constituents benefiting from the coop		
Indivisible reserves	Local stability		Intergenerational solidarity	
Audit mechanisms	Early signals			
Education		Information sharing		
Cooperation among coops	Collective guarantee funds		Pooling activities – less pollution	
Concern for the community/social audit			Ecological assessments	

Source: Henry, H. (2012). *Guidelines for Co-operative Legislation*, 3rd edition, ILO Geneva.

The previous analysis demonstrates why the main aspects of the distinct cooperative identity may be more conducive to general social well-being than capital-centered enterprises. However, there are no grounds to presuppose that cooperatives do strive for the fulfillment of these objectives, or more accurately that they are legally enforced to do so. What is of particular concern from the solidarity economy perspective outlined in the previous section is the organic incorporation of wider societal concerns in the everyday functioning of cooperatives.

These wider societal concerns are often equated with an explicit social character of the productive activity undertaken. However, this erroneously equates social (and) solidarity economy with a subsector of its actors, namely social enterprises, which can take various legal forms (not only social cooperatives). The EU impetus to treat social enterprises as the key social economy stakeholders<sup>3</sup> has contributed to this widely held misconception. Wider societal concerns do not necessarily mean the provision of general

<sup>3</sup> For example, see the Social Business Initiative (available at [http://ec.europa.eu/growth/sectors/social-economy/enterprises\\_en](http://ec.europa.eu/growth/sectors/social-economy/enterprises_en), accessed 26/8/2018).



interest social services,<sup>4</sup> the work integration of vulnerable social groups and/or social cohesion of underprivileged local areas.

Wider societal concerns do imply certain directions for the operation of Social Solidarity Economy actors from a transformative perspective:

- The selection of productive activities according to the social needs of the relevant community and not simply on the grounds of market opportunities.
- A commitment to explore productive methods and technologies that, if not beneficial, at least do not harm the environment and do not lead to the depletion of natural resources.
- A price policy that takes into account the potential exclusion of certain social groups in need of the relevant products and/or services.
- Payment schemes that foster an equitable system within the members of the initiative but also in relation with the external environment (i.e suppliers).
- An orientation towards collaboration with other SSE initiatives towards building viable ecosystems.
- The involvement of all the constituencies affected by the operation of the particular initiative through formal inclusion in the ownership and/or decision-making procedures or through informal procedures such as periodic assessment of the impact enacted upon them based on relevant methodologies (i.e. social impact measurement).

These directions cannot be fully grasped by the international cooperative principles. The arguments put forward in order to defend the inherent social character of cooperatives (Roelants, 2017) merit a further discussion in this light. Cooperatives are considered inherently social because of their:

- Openness to new members (Principle 1). Yet, it is crucial to remember, as noted by Henry (2012), that open membership is rightfully subject to persons being able to use the services and willing to accept the responsibilities of membership and as such it cannot be equated with the inclusion of the wider interests of the relevant community where one cooperative resides.
- Obligation to hold profits in indivisible reserves which in case of liquidation are used for similar purposes and cannot be returned to members. Yet, it is important to note that this caveat implies more a commitment to the collective character of the enterprise than a real social use of accrued profits.
- Cooperation among cooperatives (Principle 6).
- Explicit concern for the community (Principle 7).

For these two last arguments, it is important to note again one illuminating point made by Henry (2012, p. 30): the internationally accepted cooperative values and principles “referred to in Paragraph 3 of ILO R. 193 and included in the Annex to ILO R. 193 help understand the definition (of a cooperative), but fall short of delivering sufficient elements for the formulation of legal principles which could guide the cooperative lawmaker” even more so in the context of the tendency of an international unification and “companization” of cooperative legislation.

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<sup>4</sup> According to the official European Commission definition, social services of general interest include: social security, employment and training services, social housing, child care, long-term care and social assistance services (available at <http://ec.europa.eu/social/main.jsp?catId=794>, accessed 28/8/2018).

In this light, the problem of the legal recognition of the actors to be included in SSE is still open. As Dinerstein (2017) rightly argues, there is a problem of translation when the quest for social transformation is coded into legal frameworks. In the next section, we intend to shed some light on how the Greek Law on Social Solidarity Economy (Law 4430/2016) responded to the challenge of transforming principles into legal criteria and provisions.

### **3. Law on Social Solidarity Economy in Greece: turning principles into criteria**

This contribution is based on a research project implemented within my mandate as Program Coordinator at Heinrich Boell Stiftung Greece aiming to identify and reflect on the consultation process and the main provisions of Law 4430/2016 in Greece (Adam et al, 2018). The methodology is based on the analysis of relevant legal documents, content analysis of all interventions implemented during the consultation process as well as the implementation of semi-structured interviews with the main stakeholders (including representatives of the competent ministry, of accredited international, national and local SSE networks, support organizations and scholars).

Law 4430/2016 titled Social and Solidarity Economy and the development of its actors is effective as of the 20<sup>th</sup> of October of 2016 and constitutes the general legal framework over all legal entities registered as Social and Solidarity Economy Actors in Greece. In this paper, we will focus our analysis on the first three articles of the Law, which specify the scope (art. 1), working definitions (art. 2) and the definition of Social and Solidarity Economy Actors (art. 3).

The Law endorses a normative approach which intends to incorporate the political aspirations put forward by the late developments in the SSE movement in Greece and abroad. In this framework, Social and Solidarity Economy is considered as a means for both the productive reconstruction of the Greek economy and for socio-economic transformation because of its inherent features which distinguish SSE practices from typical private for-profit enterprises aiming at the reproduction of their capital base and profit-maximization. As such, the law intends the diffusion of SSE practices in all potential fields of economic activity and the support of productive initiatives based on self-management and collective social entrepreneurship. In particular, the preamble endorses certain values related to the solidarity economy perspective since SSE is expected to foster the democratization not only of the economy, but also of society in general, and to create or consolidate institutions for social provisioning to all regardless of their financial status based on different principles than the price mechanism of the market.

With regard to the scope of productive activities envisaged, no exclusions are made explicit. All SSE actors<sup>5</sup> are requested to achieve a wider social benefit, which is defined as serving the social needs of the local or wider community by engaging in socially innovative practices, through activities related to sustainable development or the provision of general interest social services or social inclusion. Therefore, the three subcategories delineate to a certain extent the spectrum of productive activities to be undertaken by SSE entities. Sustainable development refers to the promotion of environmental sustainability, economic and social equality, gender equality, and the protection and development of the commons by placing emphasis on the particular needs of local communities. An indicative list of such activities is provided in order to exemplify the definition of sustainable development. This indicative list leaves ample

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<sup>5</sup> Apart from Worker Cooperatives allowed to be registered as SSE actors only by pursuing collective benefit for their members-workers (art. 24).

room for engaging with a wide spectrum of activities. We could say that its normative direction expresses more a general political will to define SSE as an alternative paradigm rather than explicit provisions which can be clearly enforced and monitored. The other two sets of activities (provision of general interest social services and social inclusion) cover the main types of productive activities associated with social enterprises all over Europe.

According to Article 3, the Law makes a distinction between legal persons introduced within the framework of Law 4430/2016 which are automatically considered as SSE actors and other legal persons eligible for registration upon the fulfillment of certain criteria specific in the Law.

In the first category, we have:

- Social Cooperative Enterprises-SCEs (art. 14-23)
- Social Cooperatives of Limited Liability<sup>6</sup>
- Worker Cooperatives (art. 24-33)

In the second category, the Law specifies that any other legal person consisting of more than one member is eligible for registration, given that it fulfills cumulatively the following criteria (art.3 § 1, case d):

- i. It explicitly strives for both collective and social benefit (as defined earlier).
- ii. It takes due care for information-sharing and the participation of its members and applies a democratic decision-making system based on the principle “one person-one vote” irrespective of financial contribution.
- iii. It foresees limited profit distribution according to the following rules: a) 5% of the profits are held in reserves; b) up to 35% is shared among the employees; and c) the rest is used for the creation of employment opportunities within the enterprise and the expansion of productive capacity.
- iv. It applies convergence payment schemes according to which the highest salary cannot be greater than three times the minimum salary within the same enterprise unless otherwise decided by 2/3 of the members of the general assembly.
- v. It strives for the empowerment of its economic activities and for the maximization of the produced social benefit through horizontal networking with other SSE actors.
- vi. It is not founded and/or managed directly or indirectly by a legal entity of the strict or wider public sector and/or first/second level local authorities.

From the previous list of criteria, we can detect certain principles that adhere to the perspective of SSE movements in Greece and Europe. These include the quest for a wider social benefit rather than solely focusing on the collective benefit of members. The second criterion also extends the distinctiveness of the cooperative identity (namely democratic decision-making) to all SSE actors. The third criterion imposes limited profit distribution systems on all SSE actors but in a very specific manner as we shall see in the following. The fourth criterion intends to safeguard equitable payment schemes. The fifth criterion promotes networking among SSE actors as a constitutional goal. The last criterion delineates independence of SSE actors from the wider public sector.

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<sup>6</sup> A pre-existing work integration social enterprise for people with mental health problems based on Law 2716/1999, art. 12.

In theory, Law 4430/2016 intends to unite the disparate legal forms usually adopted by the traditional social economy actors, namely the diverse types of cooperatives<sup>7</sup> as well as civil non-profit companies (GCC article 741), associations (GCC articles 78 – 106) and foundations (GCC article 108) under the registry of the Social Solidarity Economy and enforce a set of unified criteria for their operation. However, the criteria posed by Law 4430/2016 do not in practice unite these legal entities under a common guiding framework for mainly two reasons: a) a misalignment between the provisions specified for the legal entities introduced by Law 4430/2016 and the criteria imposed on any other legal entity to be registered as a SSE actor (internal misalignment); and b) a misalignment between the criteria imposed on any other legal person and the provisions foreseen by the respective legal frameworks of these legal persons (external misalignment). In the following two sections, we will explore in detail these two types of misalignment.

#### 4. Internal misalignment

The quest for a convergence payment scheme within the SSE actor (criterion iv) could be considered as the transformation of a guiding Solidarity Economy principle into a legal criterion. The problem arising here is that by the very structure of art. 3 § 1, this criterion is not enforced on the legal persons treated automatically as SSE actors by Law 4430/2016, namely Social Cooperative Enterprises (SCEs), Social Cooperatives of Limited Liability and Worker Cooperatives. It could be argued that this criterion is not extended to these legal persons because other legal provisions counterbalance this omission. For example, there are thresholds with regard to the ability to hire employee non-members in both SCEs and Worker Cooperatives.<sup>8</sup> However, the quest for equitable payment schemes and the self-management principle should not be equated either in theory or in practice. Therefore, Law 4430/2016 does not pursue these principles in a coherent manner. Even though we understand the imposition of thresholds for worker non-members in the case of Worker Cooperatives, it is difficult to explain the different provisions between SCEs<sup>9</sup> and other legal entities active in similar fields of activity.<sup>10</sup> On the contrary, the other legal persons are required to enforce equal payment schemes even though these criteria are not posed in the case of SCEs and Worker Cooperatives.

The other case of internal misalignment is the criterion of horizontal networking (criterion v). If this criterion is to be enforced and audited legally, it might create a series of problems. First, the field of SSE actors is not so mature in Greece as to have numerous and/or well-established networks, unions, federations where one could join, let alone a variety of geographical and/or sector-relevant networks. Second, the imposition of this criterion only on the other legal entities may lead to a situation of hostage,

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<sup>7</sup> These include: women's cooperatives (Law 921/1979), civil cooperatives (Law 1667/1986), credit cooperatives and cooperative banks (Law 2076/1992), social cooperatives of limited liability (Law 2716/1999, art. 12), agricultural cooperatives (Law 4384/2016), forest cooperative organizations (Law 4434/2016) and energy communities (Law 4513/2018).

<sup>8</sup> The threshold is set at 40% for employee non-members to the total number of employees in SCEs (art. 18) and 25% for worker non-members to the total number of members in Worker Cooperatives (art. 28 § 2). Exceptions can be granted following a procedure of written approval by the Registry and only for seasonal reasons.

<sup>9</sup> Two types of Social Cooperative Enterprises (SCE) are envisaged: social inclusion (further split into social inclusion of vulnerable and special social groups according to the type of their beneficiaries) and collective social benefit SCEs providing social services of general interest or engaging with sustainable development activities as defined by Law.

<sup>10</sup> It has been argued that the threshold of 40% worker non-members in SCEs poses extra and unnecessary operational challenges for SCEs active in the field of consumption and/or catering services.

where these legal entities are dependent on their admission to these networks in order to maintain their legal status while any SCE and/or Worker Cooperative might be inclined to express opportunistic behavior.

In any case, it is not clear why these criteria, if deemed significant for safeguarding SSE core principles against mission drift and institutional isomorphism, are not extended to all SSE actors within the same piece of legislation. The most probable explanation seems to be a technical one. The fact that the structure of the relevant article (art. 3) changed in the process of consultation, with the end result that certain criteria only apply to other legal entities and not to the ones considered automatically as SSE actors by Law 4430/2016.

## 5. External misalignment

Law 4430/2016 (art. 3 § 1) replicates the profit distribution system foreseen for Social Cooperative Enterprises and Worker Cooperatives to all other legal entities wishing to register as SSE actors. More importantly, the exact wording signifies an obligation to enforce this profit distribution system. As such, it is questionable whether traditional social economy actors are easily accommodated within this framework.

Legal persons that do not distribute profits at all should not be registered as SSE actors if Law 4430/2016 is to be interpreted *stricto sensu*. This is the case with civil non-profit companies (GCC article 741) and associations (GCC articles 78 – 106) which by their respective legal frameworks are not allowed to distribute any profits at all. The registration of civil non-profit companies as SSE actors is based on a loose interpretation of art. 3 § 3 considering that the limited profit distribution criterion of Law 4430/2016 is more than fulfilled with the stricter non-profit distribution constraint of these legal persons. In that case, however, the wording of the criterion should be indicative and not restrictive.

Further problems arise with regard to other types of cooperatives. In particular, Law 4384/2016<sup>11</sup> on agricultural cooperatives foresees a different limited profit distribution system than the one specified by Law 4430/2016. Law 4384/2016 makes a distinction between surplus and profit (art. 23 § 1), with the former being the positive result produced from transactions with members and the latter the positive result produced from transactions with non-members. Surplus is to be distributed as follows (art. 23 § 3): 10% is held in reserves until these equal the value of all cooperative shares. The rest is a) distributed among members based on their transactions with the cooperative, b) reinvested in the cooperative for its further development, c) directed towards the implementation of social purpose activities and sustainable development programs in the local community and d) used for the education of its members (at least 2% of the surplus should be directed towards educational activities). After-tax profits are to be held in reserves and/or used for the implementation of social purpose activities and sustainability programs for the local community (art. 23 § 4). Hence, the provisions of Law 4430/2016 with regard to profit distribution do not comply with the provisions of Law 4384/2016. This leaves existing and future agricultural cooperatives with the following puzzle. They will first have to be registered as agricultural cooperatives according to the provisions of their relevant legal framework and then apply for the legal status of an SSE actor by complying with the respective provisions of Law 4430/2016.

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<sup>11</sup> The two laws, drafted within the same year (2016), serve as an illustrative example of the uncoordinated legislative process in Greece with regard to cooperatives.

The decision to frame profit distribution of all SSE actors according to the provisions of Social Cooperative Enterprises and Worker Cooperatives indicates the priority given by Law 4430/2016 to the legal persons introduced in this piece of legislation. In this light, the dual intention of Law 4430/2016 to both introduce legal persons and specify the criteria according to which any other legal entity can be registered as SSE actor falls short of the aspirations for two main reasons.

First, the Law bases all profit distribution systems on the specific operational model of worker cooperatives, with the associated alignment between members and workers as a guiding principle.<sup>12</sup> However, this specific organizational type may not, and often does not, cover the needs of other types of cooperatives created to fulfill other needs than the collective benefit of their members through paid work (producer cooperatives, consumer cooperatives and so forth).

Second, the previous analysis illustrates the problems posed by the fragmented cooperative legislation in Greece. Law 4430/2016 specifies unified criteria for the registration of SSE actors but is compelled to walk on unstable grounds given the disparate cooperative laws in Greece. The incompatibility among the two laws is not justified on specific policy intentions but can be explained by the fragmented cooperative legislation in Greece, a result in turn of the particular operation of the central government lacking a culture of collaboration and/or coordination enforcement mechanisms (Papageorgiou, 2016a).

The Greek cooperative legislation is far from what accredited scholars in the field define as a well-designed cooperative legislation: a general cooperative regulation with special regulations for specific types of cooperatives based on differences in the goods/services provided, the relations between the cooperative and its members (as in the case of the worker cooperatives) and/or the purpose pursued (as in the case of social cooperatives) (Fici, 2013, p. 13). On the contrary, what we are witnessing in Greece is a proliferation of cooperative legislative acts without serving the particular needs of diverse types of cooperatives (Papageorgiou, 2016a). More importantly, the disparate pieces of legislation (i.e. Law 4384/2016 on agricultural cooperatives) sometimes violate or do not endorse the international cooperative principles (Papageorgiou, 2016b) according to recent interpretations by the relevant international research community (Fajardo-Garcia et al, 2017) and/or the International Cooperative Alliance (ICA, 2015).

Hence the issue of whether supplementary criteria should be imposed on cooperatives to be registered as SSE actors in order to denote the transformative potential of these entities is a secondary issue given the fragmented picture of cooperative legislation in Greece. A general framework law on Social Solidarity Economy should normatively follow a process of harmonized interpretation of international cooperative principles in the framework of present challenges posed by globalization and in the direction of ensuring sustainable development objectives (Henrÿ, 2018) and a subsequent redrafting of cooperative legislation with general and special cooperative regulations according to the diverse needs of the diverse cooperative types. Had these preliminary steps been taken first, a law on SSE would have been a much easier task at hand.

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<sup>12</sup> We use the term Worker Cooperatives with capital letters when we refer to the specific legal entity introduced by Law 4430/2016 and the term worker cooperatives with lower case when we refer to worker cooperatives as a specific organizational type of cooperatives.

## 6. Concluding remarks and policy implications

The preceding analysis has attempted to shed light on the challenges posed when principles are translated into legally enforced criteria with reference to the case of Law 4430/2016 in Greece. We started by highlighting convergences and divergences between the concepts of social and solidarity economy. From then on, we identified demarcation lines between the umbrella term of social solidarity economy and cooperatives. By doing so, we explained why there is not yet a solid base to guide law-making and transform principles into law-making provisions for SSE: a) international cooperative principles may not suffice to capture the wider societal concerns put forth by social solidarity economy as a transformative movement; b) these principles are not easily transformed into specific legal provisions; and c) cooperative legislation is different in each country, with the case of Greece being an example of a highly fragmented legislative culture not because of responding to different organizational needs.

Law 4430/2016 has attempted for the first time a bold move towards the formal recognition of all the constituent parts of SSE in Greece. It also attempted to identify the shared values and principles that are put forth in the current debates of the SSE movement in Greece and abroad. However, path dependency in law-making procedures and in particular a lack of coordination culture and enforcement mechanisms at the ministerial levels have not allowed for these aspirations to be satisfied in practice. We identified blockages in this process of unification which are mostly a matter of misalignment at two respective levels: a) between the provisions of legal entities specified within Law 4430/2016 and the criteria imposed on other legal persons to be registered as SSE actors; and b) between the criteria imposed by the different legal frameworks addressing the traditional social economy actors in Greece and the provisions of Law 4430/2016.

The case of Law 4430/2016 in Greece demonstrates that for reasons which do not follow from an adherence to the values and principles of SSE, law-making might lead to the exclusion of relevant legal actors for other reasons than safeguarding against mission drift. The resulting messy picture may create impediments for the diffusion of SSE practices despite initial good intentions.

It is more than urgent that the task of the unification and harmonization of cooperative legislation is undertaken in Greece with a dual purpose: a) to explore how the international cooperative principles can be transformed into legal provisions; and b) to renew the interest in cooperative legislation in order to safeguard the distinctiveness of the cooperative identity. This process should go hand in hand with a procedure of institutional consolidation where a clear mandate is given to the newly formed SSE Special Secretary to supervise and approve all relevant legislation in the field, meaning that no new legal framework is to be proposed without a clear check and balance of coherence among the various cooperative laws and with the overall strategy for the promotion of SSE in Greece.

If these steps are taken in a systematic and persistent manner, SSE initiatives and networks might be able to flourish and create their own, autonomous peer monitoring mechanisms and debate their values, principles and operational guidelines within their own procedures of democratic deliberation. It definitely needs two to tango. For the time being, we are still in the midst of numerous isolated dancers in the field.

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## **Legislation**

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