

# **THE SOCIAL COOPERATIVES OF THE LAW 2716/99 (SCLR)**

## **AN INITIATIVE TO CREATE A FAVORABLE FRAMEWORK FOR THE GROWTH OF SOCIAL ENTREPRENEURSHIP IN GREECE.**

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### **1. The social cooperatives of Law 2716/99 in the framework of the social inclusion policy.**

The Greek state, by the L. 2716/99, chose, as an overall public policy, the growth of social cooperatives of limited responsibility (article No. 12 of the Law) for the socio-economic and professional integration of individuals with psychosocial problems. The new legislation constitutes an initiative of the Greek Ministry of Health Care, as it can also arrange and organise the shattering initiatives without explicit institutional frame of professional integration that were developed by informal therapeutic units in the field of mental health, and even more widely.

It is provided that, the Social Cooperatives of the L.2716/99 are established and operate on the basis of an original partnership between individuals of “target group”, workers in the psychiatric hospitals and institutions from the community. The participation of patients in new cooperatives should be at least 35% of associates, fact that constitutes the presence of patients very important and obligatory in the decision process of the cooperatives.

According to the new institutional frame, the Greek government gives particular importance in the facilitation of the social integration of mental patients through the operation and the consolidation of viable cooperative units.

The creation of Social Cooperatives is facilitated and encouraged with measures that, are provided already in the law and which are economic (i.e. preservation of social benefits for the members of cooperative that gather benefits and pensions at the same time and independently from their wage from the cooperative), taxation (i.e. exemption of cooperatives from income tax) and operational (i.e. transfer in the cooperatives of mental health professionals, concession for use of State movable or immovable property and installations).

The collaboration between the Ministry of Health Care and the Social Cooperatives is provided and ensured through the articles of the L. 2716/99 and more specifically through the provision of the incorporation of cooperatives in decentralised sectors of mental health, part of which constitutes the cooperatives.

Apart from the administrative integration of social cooperatives to the sectoral committees of mental health, the provision of the law for the operation of cooperatives as therapeutic units has the significance of benefit and necessary support for the patients - members (supporting therapeutic activities through the social cooperatives).

The creation of the Social Cooperatives, based on mental patients, constitutes the basis for the extension of this institution in other groups of disabled population. The model of the Law 2716/99 supports the total Greek policy for the social cooperatives through the objective for the generalisation of the model, as it is characteristically stated in the National Action Plan for the Employment. In any case, it constitutes an objective of Ministry of Health, the corporate form of Social Cooperatives of Limited Responsibility to be opened widely to the individual with mental problem and not to be limited to the hospital patients or of any other structures (i.e. apartments). With the tripartite partnership, the participation of members of another group of population (e.g. unemployed, etc.) as members of third category of associates (members from the Community) is feasible and desirable.

It is a fact that, during the last decade in the Europe, simultaneously with the tendency for abolition of the large psychiatric institutions, a tendency is observed for the transformation of the protected workshops of mental patients into productive units organised in operating basis and with real working conditions. This tendency has brought up a new type of organisational/legal form as the “Social Cooperative” and the “Social Enterprise” constituting the most widespread forms for the undertaking of such activities, during the last years. This general tendency is also reflected in Greece with the enactment of new legal frame for the “Development and modernisation of mental care services” (Law 2716/99) and more specifically with the enactment of Social Cooperatives of Limited Responsibility (SCLR - article 12).

With the enactment of this new and innovative institution of the SCLR, not only the administrative and legal settlement of all the existing initiatives, aiming to the social and occupational integration of mental suffering is undertaken but mainly the operational viability of professional structures that promotes the individuals of this ‘target-group’ into the working market. The existing structures constituted, in their large majority, protected therapeutic structures, while the exceptions of the units that produced products or services for the widely market were minimal. Their operational reorientation is placed furthermore as a reality that originated from the need of the individual of the ‘target- group’ integration into structures, that, in the one hand, ensure their viability conditions, on the other, offer real working conditions and, by extension, dignified living conditions for the mental patient workers.

Within this frame, the SCLR are presented, apart from fundamental direction of psychosocial rehabilitation, as operational structures, which are called to set up and operate as a different/alternative process for the promotion in the employment area, with reference to traditional operational structures of occupational rehabilitation (civil cooperatives, not profit organizations, etc.) as with reference to supported promotion of the employment.

## **2. What precisely provides the new institutional frame for SCLR**

### **The Social Cooperatives of Limited Responsibility (SCLR):**

- 1 They were legislated with the law 2716/99 of Ministry of Health Care
- 2 They are Private Legal Entities, with limited responsibility for their members.
- 3 They are aiming to the socio-economic inclusion and professional integration of individuals with psychosocial problems, contributing to their rehabilitation and economic self-sufficiency.
- 4 They are Units of Mental Health, the growth and the monitoring of which belong to the Ministry of Health Care and are directed by the Department of Mental Health of the Ministry.
- 5 They have commercial status.
- 6 They are able to develop any economic activity (i.e. agriculture, industrial, craft-based, touristic, commercial, etc).
- 7 Only one SCLR can be established in each Sector of Mental Health (S.M.H.).

### **Members of SCLR:**

The members of SCLR are divided into three categories:

1. **Mental patients old** of at least 15, in percentage of at least 35%
2. **Workers in the area of mental health, psychiatrists and psychologists**, in percentage of maximum of 45%
3. **Municipalities, communities, other physical persons, private individuals**, provided that, it is expected by the constitution of SCLR, in percentage of maximum 20%.

**They cannot become members** physical or legal persons who participate in other cooperative with the same or similar aim.

### **Employment of the members of SCLR:**

- 1 **The mental patients** work and are paid according to their productivity and their time of employment. These wages are added to their benefits and pensions. In case that they are not registered in any insurance institution, SCLR insures them accordingly.
- 2 **The workers in the area of mental health - public employees - psychiatrists and psychologists** can work on full- or part- time basis, according to the constitution of the SCLR.
- 3 **More specifically, the workers in psychiatric, general or other hospitals with their consensus** can be moved from their institution to the SCLR or to work simultaneously with their employment to the SCLR.

**In any way, the institution, where they belong, will cover their wages.**

### **Co-operative shares**

As in any cooperative, there are co-operative shares in the SCLR, which are separated in two categories:

- 1 **Obligatory co-operative shares:** corresponds one obligatory share for each member, which is equal and indivisible for all the members. Its contribution starts one month after the registration of the member, unless it is stated differently in the Constitution of the SCLR.
- 2 **Optional co-operative shares:** (if it is provided by the Constitution): correspond up to five optional shares for each member and unlimited number of optional shares for state legal entities or for not profit private legal entities of the public or private sector.

### **3. The qualitative difference, the challenge and the prerequisites**

The L.2716/99 regarding the development and modernisation of Mental Health Services undertakes a qualitative (leap breakthrough) in the effort of the creation of integration structures in the work market, providing the foundation of a Social Cooperative of Limited Responsibility (SCLR) per Psychiatric Sector (article no. 12 of the law). According to the new law, the SCLR are constituted on the basis of unprecedented relation between groups of patients, workers in the hospitals and institutions from the community. The flexibility that the new institutional framework offers, the possibility of continuous renewal of the cooperative basis with the provision of entry of new members and their constitution with operational and viability criteria, creates a completely new horizon for the operation and development of these structures.

Until today, the structures of social and occupational integration that were created, constituted - in their large majority - exclusively protected therapeutic structures, with minimal exceptions of units that produced products or services for the market. Operational reorientation which is undertaken with the creation of the SCRL is a reality, based on the necessity of patients integration in structures, which will offer them real working/dignified living conditions and structures, operating with criteria and terms of viability.

The Law of Ministry of Health Care presumes to arrange a series of pendencies, which characterized the operation of different structures (i.e. tax, labour, etc) and **to start the institutionalisation of social enterprise in Greece**. This undertaking is necessary, but also particularly ambitious. The creation of SCLR will inaugurate the starting of a complete dialogue for the institution of Social Enterprise and the creation of essential legal, institutional and financing frame for its support. Indicatively, the creation of SCLR demonstrates the need for financing regulations of their investment programs, something that does not constitute relevance of the Ministry of Health Care. The affair of the Social Enterprise should constitute a collaboration project of similar ministries and institutions, activated in the area of social economy. The guarantee of resources for the support of SCLR (and more widely the Social Enterprise) refers to the questions as: guaranties, institutions of social venture capital, etc. The exploitation of important possibilities of financing such institutions using financing tools of E.U (i.e. European Investment Bank) presupposes wider mobilisation and co-ordination.

It should be cleared that, the SCLR should not be entrenched in the narrow limits of relations of hospitals with the Ministry of Health Care. The new Law gives this possibility to Local Authorities Organizations, other community institutions and private individuals to participate to SCLR. The most important is their need of wider possible attendance in the processes of the constitution and operation. The affair of SCLR will only achieve its aim when it becomes an affair of institutions of local economy and society.

The SCLR are presented as operational structures, apart from their fundamental objective of psychosocial rehabilitation, which are called to be set up and operate in a particularly favorable institutional and tax frame (i.e. preferential arrangements concerning the public supplies, exemption from income taxation, etc).

A basic question is, and will also remain as a question for a long time, if the SCLR constitute a different/alternative process in comparison with the supported promotion of the employment or traditional operational structures, with regard to the rehabilitation (i.e. protected workshops, civil cooperatives, civil companies, etc). The question is also extended in how long the therapeutic workshops will be supposed to continue existing as they are or to be included in new structures or, in any case, what will be their relations. The only possible answer is that the situation is so unclear and flexible as it does not impose neither excludes combinations or different choices.

#### **4. Conclusions**

The success of SCLR depends on the formation of a complete public policy and plan for the social enterprise. It is obvious that the continuity will be based on a combination of institutional and political initiatives for administrative, financing and technical support of Social Enterprises.

A national plan for financial and technical support of the social cooperatives can be drawn as a necessity even at the existing period but also as a guarantee of effective exploitation of the financing resources that are intended for the social sector of the economy. But mainly, the plan is aiming at the activation of a favourable frame for SCLR, via a suitable legal and institutional frame, the creation of specialised agreements and programs, with the State, the EU and the private sector of economy, appropriate agreements essential for the support of effective business plans. Such a plan imposes the participation of a technical adviser, during the creation and the first stages of the operation of SCLR.

It is important the technical advisor to work together with the groups activated in the frames of large psychiatrist hospitals and the community, in order to ensure the administrative support for the cooperatives, for the planning of the activity program, based on realistic possibilities and proposals. At the same time, the technical adviser should provide regular technical support to the cooperatives on issues concerning organisation, production, marketing of products and services. As the needs for coordination are great, it is necessary the creation of an institution that will operate obligatorily as resources center for the performance of the optimal choice concerning the technical adviser.

The constitution of a national supporting institution for the social enterprises is connected with the need of coordinated effort for an effective exploitation of the resources that are intended for the SCLR. At the same time, it is a requirement to configurate their support mechanism with modern financial tools and to facilitate the access of cooperatives in the credit system.

In the first case, the institution is called to operate as an **intermediary body of management** of co-financed programs and, in the second, as **financing institution**, which will function as collecting mechanism of financing resources and distribution to social cooperatives with the use of appropriate financing tools. Although the intermediary body of management is a priority, the two above activities must be combined and supported between each other.