

# COOPERATIVES AND ASSOCIATIONS IN GREECE

Reform proposals concerning establishment procedures

## INTRODUCTION

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This is a concise set of reform proposals that could facilitate establishment of cooperatives and associations in Greece. It is drawn up as a part of the ongoing public debate on how to build a sustainable Social Economy in member states and the European Union in general. It also aims at highlighting national specificities of substantial analytical value to the Social Business Initiative and the work of the Group of Experts on Social Entrepreneurship.

Our main consideration here is to focus on two of the most significant players in the Greek Social Economy, namely cooperatives and associations, on the basis of shared characteristics:

1. Cooperatives and associations are membership-based Social Economy organizations
2. Cooperatives and associations are governed democratically through the one-person-one-vote principle
3. Cooperatives and associations are institutional units that cannot be established without prior official recognition by Courts of First Instance
4. Cooperatives and associations present a massive membership basis in the Greek society
5. Cooperatives and associations are explicitly acknowledged by the Greek Constitution, Art. 12 for their social character:

(a) Greeks shall have the right to form non-profit associations and unions, in compliance with the law, which, however, may never subject the exercise of this right to prior permission.

(b) An association may not be dissolved for violation of the law or of a substantial provision of its statutes, except by court judgment.

(c) The provisions of the preceding paragraph shall apply, as the case may be, to unions of persons not constituting an association.

(d) Restrictions on the right of civil servants to associate may be imposed by statute. Restrictions on this right may also be imposed on employees of local government agencies or other public law legal persons or public corporations.

(e) Agricultural and urban cooperatives of all types shall be self-governed according to the provisions of the law and of their statutes; they shall be under the protection and supervision of the State which is obliged to provide for their development.

(f) Establishment by law of compulsory cooperatives serving purposes of common benefit or public interest or common exploitation of farming areas or other wealth-producing sources shall be permitted, on condition however that the equal treatment of all participants shall be assured

Greek Constitution, Art. 12

This report forms part of a set of inquiries that will expand further into administrative monitoring and economic audit of Social Economy organizations, coming soon.

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### **Issue: Costly and time-consuming establishment procedures**

Both cooperatives and associations demand establishment costs usually exceeding 700 euro and procedures or recognition by Courts of First Instance, which judge upon the legality<sup>1</sup> of the Statute filed with, that could take up to 12 months.

#### Costs:

- legal services and consulting
- drawing up the Statute
- court expenses
- publication in a commercial newspaper
- publication in the Judicial Publications' Bulletin of the Lawyers' Fund
- bailiff expenses

#### Timeline:

- Court of First Instance sets a hearing date (up to 8 months due to overload in some districts)
- Court of First Instance issues its decision (up to 2 months)
- Legal representative forwards the decision for publication in a newspaper and the Lawyers' Fund Judicial Publications' Bulletin
- Copies of publications are presented to the Court of First Instance in order for the association to be granted Registration Number
- Court decision on the Registration Number forwarded to the competent Provincial Authority via bailiff
- Legal representative to visit competent Tax Authority in person so as to acquire VAT ID number for the association
- Extra procedures apply in the case of cooperatives, such as registration to the Chamber of Commerce etc. or permission in cases of special productive or industrial activities.

### **Negative impacts: Discouragement of citizens to self-organize**

Cost and time can act as deterrents. In fact it is unacceptable to introduce fast-track procedures for regular enterprises while leaving social enterprises out. Cooperatives demand increased collaboration between founders and are of crucial role especially in the rural space or amongst excluded social groups such as the unemployed, immigrants, disabled, single-parents, illiterate etc. These social groups usually lack the capacity, time and knowhow to engage in lengthy, costly and intricate bureaucratic procedures. A welcome step was made through the introduction of Law 4019/2011 on Social Economy and Social Entrepreneurship by which a standardized Statute version is available online. Nevertheless, this does not at all affect actual costly and time-consuming procedures. No other actions are known to have been forwarded by the Ministry of Agricultural Development, or the Ministry of Justice.

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<sup>1</sup> In detail: Nasioulas I. (2012). *Greek Social Economy Revisited. Voluntary, civic and cooperative challenges in the 21<sup>st</sup> Century*. PETER LANG VERLAG.

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### **Proposal: An innovative fast-track establishment procedure utilizing online digital applications**

I herein propose an innovative proposal that could be of use in reforming the institutional framework of establishing cooperatives and associations in Greece. Its basic principles are: simplicity, accessibility, economy and direct applicability.

- **Applicability:** The basis of my argument is that we should not set off to reform fundamental institutional essentials but provide for a modality that would operate in the existing institutional framework.
- **Economy:** Zero costs for citizens.
- **Accessibility:** No natural presence and procedures taking place in Courts of First Instance, Local Administration Authorities and Tax Authorities.
- **Simplicity:** Minimum intermediation between groups of citizens and authorities.

I propose the introduction of an online platform provided and regulated by Courts of Instance. This platform would provide for the introduction of two broad categories of data: standard and quality.

Standard data are the basic organizational details such as names of individuals associating or cooperating, personal details needed, address of establishment, name of the entity etc. These are all the details that every group of citizens can easily provide without any legal or administrative support. Added to the above would be all clauses regarding management and internal operation of the legal entity, which in general are standardized in every cooperative and association (administrative organs, management and democratic procedures etc).

Quality data are those in relation with the scope, goals and means of sustainability that a cooperative or an association declares to utilize in pursuit of its mission statement. These in fact are the data that demand the involvement of a lawyer so as to abide by Law. Legality check is the only competency that Courts of First Instance are involved into. No purposefulness check is allowed.

I propose the introduction of a multiple choice entry modality with the widest possible detail in describing and breaking-down scope, activities, means of economic sustainability etc.

### **Advantages**

1. All entry choices provided will be LEGAL.
2. Filling-in the online Statute form will directly and instantly lead to legal recognition by the Court of First Instance.
3. The complete version of the Statute will directly and instantly be publicized in a given website, fulfilling the publicity criterion.
4. The complete version of the Statute will directly and instantly be forwarded to any competent Authority.
5. The legal entity will automatically be granted Registration Number and VAT ID number and will be ready to lawfully pursue its mission.
6. This online modality could be launched in a pilot action and remain available along with the standard bureaucratic procedure, which will eventually be of use only in cases where special, non-standardizable details are demanded for the drawing-up of the cooperative or associational Statute.

### **Possible prerequisites**

The development of digital signature applications in Greece.