

YOUTHShare | A Place for Youth in Mediterranean EEA: Resilient and Sharing Economies for NEETs

Cyprus to introduce new legislation on social enterprises

Cyprus will join the EU country-members that endorse social enterprises, promoting thus alternative entrepreneurship models. A new bill has been prepared entitled 'Law for the development and maintenance of a Registry for Social Enterprises', which is currently before the House of Representatives. Its approval by the Parliament is expected to define the registration requirements of social enterprises, to regulate their monitoring and consequently to enhance the ecosystem of social enterprises, underlining thus their importance on social economy in the Cypriot context.



One of the most prominent concepts of the science of political economy is the “social character of the production”. Each person, as subject of the production process, is not a Robinson Crusoe of the economy but an active co-participant, along with other persons; each one of them uses the products of the work of other persons and offers what is being produced as material to be used or transformed by others.

To that extent, the social impact of the economy is undeniable, yet limited by the prevalence of the personal benefit. In other words, the maximisation of the social benefit is hindered by the orientation of the production in the extraction of the

maximized personal benefit, which in that case is a lot more than meeting the living needs of the productive person.

Would it be then possible to refocus the production process from the personal to the prevalence of the social benefit? And what would have been the impact? Social economy, the hybrid between private and public sectors, has been doing exactly that.

According to the Working Paper of the European Commission *Building an Ecosystem to Promote Social Enterprises at the Heart of the Social Economy and Innovation* (SEC(2011)1278), a social enterprise is “an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders.

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It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.”

According to the Charter of Principles of the Social Economy promoted by Social Economy Europe (formerly known as the European Standing Conference on Co-operatives, Mutual Societies, Associations and Foundations, CEP-CMAF) - the EU-level representative institution for these four forms of social economy organisations – the driving principles of social economy are the following:

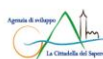
- The primacy of the individual and the social objective over capital
- The voluntary and open membership
- The democratic governance
- The combination of interests of members and the general interest
- The application of the principles of solidarity and responsibility
- The autonomous management and independence from public authorities
- The reinvestment of the profits for sustainable development

These principles are combined in the social enterprise, namely the delicate complex of a goal to support the general interest, of an idea on how to achieve that in a sustainable way and of the human capital that is mobilised in the process. Under that light, the reinvestment of profits ensures the continuous growth of the enterprise and consequently the continuous service of the general interest.



The social economy in the European context has always been a low profile, yet very dynamic, sector between the public and the private ones. In 2009 over 207.000 cooperatives were economically active in the EU-27, providing direct employment to 4.7 million workers and had 108 million members. This number doesn't count the health, social welfare and insurance mutuals that represent almost one fourth of the market share or the associations that employed 8.6 million people in 2010 (CIRIEC 2012 – The Social Economy in the European Union). However, in 2019, there was a significant reduction of cooperatives in the EU, amounting to 131.000. The economic crisis had certainly its impact, leading a lot of cooperatives of same type to merges; utilizing, thus, the economies of scale for the purpose of a better operational effectiveness. Despite of the above reduction in cooperatives number and with more than 4.3 million employees and an annual turnover of €992 billion, the cooperative sector remains an important cog in the European economic machine (EPRS – PE 635.541/Feb.2019). An important factor for the resilience of cooperatives, particularly during periods of economic crises, is mainly the high percentage of profit (surplus) that is re-invested back to Cooperatives, accumulating, thus, significant capital reserves.

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Recent initiatives, by the European Commission (see for example the GECES - The Commission Expert Group on Social Entrepreneurship) and EU country members, have shed light on the importance and the potential social impact of the social economy. Among them, the recent bill in Cyprus is expected to further develop the interest for the economy's third sector.

Cyprus has a long path in the cooperative movement. Cooperatives' presence in the Cypriot economy for more than a century confirms the existence of a cooperative culture and a general positive stance towards social economy among the populace.



What is more interesting is that the Cypriot initiative combines successfully in that bill the accumulated experience of endorsing the social economy in other European countries. An Action Plan has been also drafted for the support of Social Enterprises. It focuses, amongst else, on the establishment of a positive social entrepreneurial environment, on the promotion of social entrepreneurship culture and most importantly on the available opportunities on the access to financing. Overall, the new initiative is expected to form a thriving ecosystem of social enterprises.

The YOUTHShare project which is funded by Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment, focuses on developing the employability of young people not in Employment, Education or Training (NEETs), from Cyprus, Greece, Italy and Spain. The project particularly focuses on skills acquisition in social and sharing economy. The partnership of the YOUTHShare project includes three organisations from Cyprus. Neapolis University Pafos, CARDET and the Authority for Cooperative Societies form a powerful local alliance with the wider and the most representative social economy sector of the Mediterranean island.

The interest of the YOUTHShare project on the social economy sector of Cyprus is undeniably strong and by that we can only wholeheartedly wish the best of success to the new bill.

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