



Ministry of Welfare  
Republic of Latvia

# **SOCIAL ENTREPRENEURSHIP IN LATVIA**

**Baltic - United Kingdom Social Entrepreneurship Forum**

Riga, 04/06/2021



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# Content

1. Trends and development of social entrepreneurship
2. Legal framework and definition of social enterprises
3. Statistics and industries of social enterprises
4. Instruments of financial or other type support
5. Social enterprises cooperation with the ministry
6. Examples of social enterprises



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# 1. Trends and development of social entrepreneurship

- ❑ 30/10/2014 Cabinet of Ministers supported the **concept paper on social entrepreneurship** in Latvia
- ❑ **Parliamentary Working Group** established in autumn 2015, to develop a Social Entrepreneurship Law
- ❑ **Social Enterprise Law** adopted by the Parliament in October 2017, effective as of 01/04/2018
- ❑ Active **social enterprises – 187** (data on May 31, 2021)
- ❑ Constant interest: **5–7 applications per month**
- ❑ Gradually **increasing public awareness**, active role of NGO's, especially Social Enterprise Association
- ❑ **ESF project “Support for social entrepreneurship”** launched by the Ministry of Welfare in 2016, helps to strengthen the new sector of social enterprises:
  - ❑ grants
  - ❑ consulting and training
  - ❑ public awareness raising activities



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## 2. Legal framework and definition

### Law and Delegated Cabinet of Ministers Regulations

- ❑ Social Enterprise Law, effective as of 01/04/2018
  - ❑ Regulation on the Social Enterprise Commission (No 101 from 20/02/2018)
  - ❑ Regulation on Groups of People at Risk of Social Exclusion and on Procedures for granting, registration and supervision of social enterprise status (No 173 from 27/03/2018)

### Definition of Social Enterprise

A social enterprise:

- ❑ is a **limited liability company**
- ❑ has been granted **the status of a social enterprise**
- ❑ conducts an **economic activity** creating a **positive social impact**, e.g. provision of social services, formation of an inclusive civil society, promotion of education, support for science, protection and preservation of the environment, animal protection, ensuring of cultural diversity



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# Eligibility Criteria of Social Enterprise

- Shareholders have decided on obtaining the status of a social enterprise, **and objectives of a social enterprise** are defined in its articles of association
- The social objective may be achieved through:
  - 1) Employment of target groups
  - 2) Providing social benefits to specific groups of people
  - 3) Other activities of public interest, having a lasting social impact
- Profits are not paid out as dividends**, but are invested to achieve the social objectives
- Social enterprise employs **paid employees** (at least one)
- Inclusive management** in one of the two forms:
  - a target group represented on the company board
  - a consultative body is established including
    - (1) a representative of the target group, or
    - (2) a representative of the NGO representing the target group, or
    - (3) an expert of the subject area



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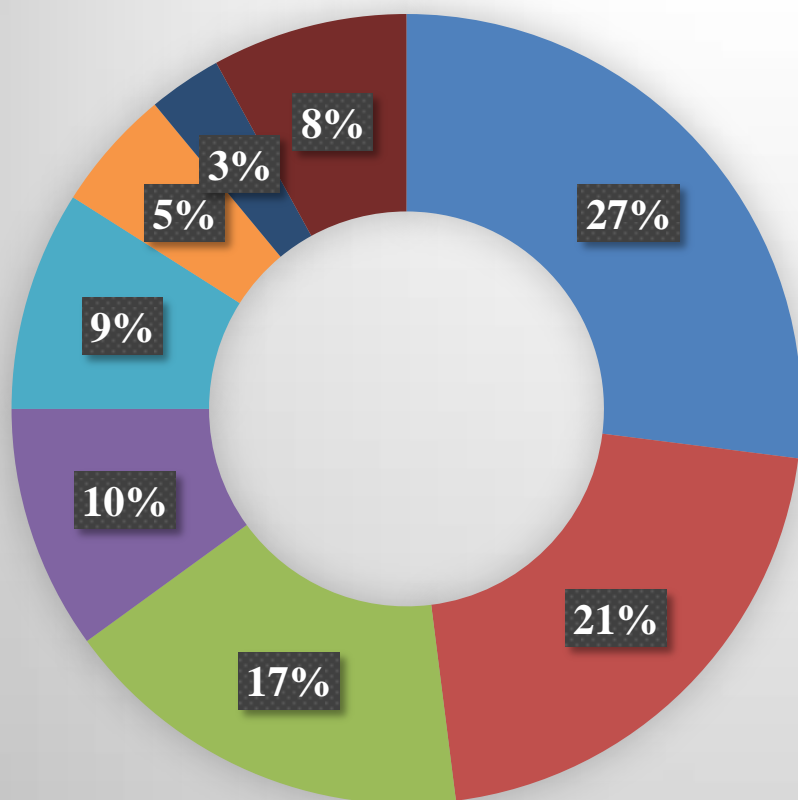
### 3. Statistics as at 31/05/2021

Indicator	Number	Amount in millions, EUR
<b>Status of Social Enterprise</b>		
MoW approved the status of social enterprise, of them	203	-
- <b>Active social enterprises</b>	<b>187</b>	
- Status withdrawn or canceled	16	
Status declined, or application withdrawn	63	-
<b>Altum Grants</b>		
Applied for Altum grant	262	-
Grants approved	120	7,673
Grants declined, or cancelled by the applicant	94	-
<b>Grant Agreements signed</b>	<b>119</b>	<b>7,514</b>
Of them, with social enterprises	86	4,900
Business projects completed	51	2,942



Labklājības ministrija

## Social enterprises (187 companies) by area of activity (% from total number of companies) as at 31/05/2021



- Work integration
- Education
- Sports, healthcare, medical services
- Inclusive civic society, Culture diversity
- Support to population at risk of social exclusion
- Social services
- Environment
- Other



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## 4. Support instruments

### Statutory support (set by the Law):

- Tax relief (company tax, real estate tax)
- Assets may be granted or leased for free by the public persons (state, municipality, public enterprises)
- Volunteers may be involved

### ESF project “Support for social entrepreneurship”:

- Altum Grants up to 200 000 euro (50 000 euro for new companies)
- Consulting and training of social entrepreneurs and beginners
- Promotion of start-up social enterprises – competition of business ideas, counselling of start-ups
- Compensations of social security payments (23.59% of remuneration) – for employees with disabilities
- Awareness raising campaigns and events





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## 5. Social enterprises cooperation with the Ministry

The principles of cooperation derive from the Ministry's functions as set by the Law:

- ❑ Registration and supervision of social enterprises
- ❑ Organizing events with participation of social enterprises (week of social entrepreneurship etc.)
- ❑ Exchange of information: visits, interviews, surveys



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# The Social Enterprise Commission

- ❑ The Commission is an advisory body that makes recommendations to the Ministry of Welfare:
  - ✓ when granting the status of a social enterprise
  - ✓ when reviewing the annual social activity reports
- ❑ The commission consists of 10 members:
  - ✓ 5 members from ministries: Ministry of Welfare, Ministry of Finance, Ministry of Economy, Ministry of Environment & Regional Development, Ministry of Culture
  - ✓ 5 members from NGOs selected through open competition
- ❑ The term of office of the Commission is three years



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## 6. Examples of social enterprises

### SIA "RB Cafe"

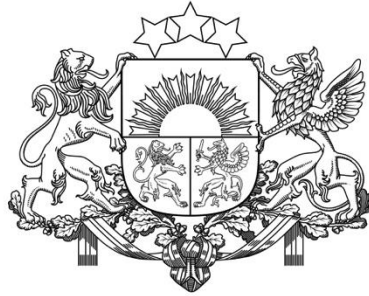
- ✓ Work integration
- ✓ Employing persons with mental impairment
- ✓ Catering services



### Cēsu Jaunā skola (Cēsis New School)

- ✓ Pre-school and primary education
- ✓ Modern education methods used





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**Thank you!**

<https://www.lm.gov.lv/lv/social-entrepreneurship>