



Action "Pilotproject Latvia"

Final Technical Report

Beneficiary:

Latvian Chamber of Commerce and Industry (LCCI)

Co-beneficiary:

Central Statistical Bureau of Latvia (CSB)

Riga, August 2014

Approved by : Name

0.0 version : Name

Date: 22/09/2014



Action "Pilotproject Latvia"

This is the final technical report and financial statement of the Action "Pilotproject Latvia", project title: Pilot Project for Identification of Social Enterprises and Assessment of their Economic Impact in Latvia (Project), co-financed by EC, grant agreement No SI2.158357. Beneficiaries: Latvian Chamber of Commerce and Industry (LCCI) and Central Statistical Bureau of Latvia (CSB). Duration of the project is 14 months from 17 April 2013 to 17 June 2014. This report illustrates progress of the project during the period from November 2013 to June 2014.

Below is the table of contents for the current report:

Administration and project activities.....	3
Staff changes.....	4
Time schedule shift.....	5
Finances.....	7
Survey for identification of social enterprises in Latvia.....	8
Identification and discussions with potential social enterprises in Latvia.....	9
Final Conference.....	11
PR campaign.....	12
Recommendations to policy makers.....	15

Administration and project activities

During the partners' final meeting, all partners agreed that the project's administration was transparent and effective. The lead partner in cooperation with Central Statistical Bureau (CSB) and researchers from Creatura Ltd. organized the regular meetings below:

- Five technical partner's meetings to discuss the project's progress and next tasks. The meetings took place on January 29, 2014; March 25, 2014; April 24, 2014; May 5, 2014 and June 17, 2014;
- One political meeting with stakeholders from ministries, government agencies and NGOs working on promotion of the social entrepreneurship concept in Latvia (on February 11, 2014);
- Two meetings with enterprises that have been identified as social enterprises (on April 16, 2014 and May 22, 2014);
- The final conference on June 5, 2014.

The communication and cooperation between partners throughout the project was effective and deadline and results oriented. The successful cooperation within the current grant between LCCI, CSB and researchers from Creatura Ltd. laid ground for further cooperation in research and promotion of the concept of social entrepreneurship in Latvia.

Action "Pilotproject Latvia"

Staff changes

From December 27, 2013, Tatjana Titareva from LCCI took over the project's coordination role from Sarmite Putnina.

Previous staff	Engaged staff	Date of change	Impact
Sarmite Putnina	Tatjana Titareva	December 27, 2013	No

Professional background of a new Project Coordinator. Ms. Tatjana Titareva, IMPA from Tsinghua University in Beijing, China has been a Head of LCCI EU Projects Department since March 2012. Tatjana has very strong ICT and organizational skills, as well as advanced skills in project preparation and management. Her administration and coordination skills have been strengthened through representing LCCI in activities in European Commission in Latvia, Eurochambres, Baltic Association of Chambers of Commerce, Hanseatic Parliament and other international organisations. Since 2009, Tatjana has managed in LCCI over 18 EU-funded projects, including projects in the following programmes: Leonardo da Vinci, Grundtvig, KA3, INTERREG, East Alliance etc. Currently she is also a Head of the Europe Direct information centre (EDIC) in Riga and Coordinator of the centres in major cities of Latvia - Liepāja, Jēkabpils and Daugavpils. Tatjana is fluent in Russian, Latvian, English, has a good knowledge of Spanish and basic knowledge of German, French, Italian, Hindi and Mandarin.

During the second half of the project, no other staff changes were made either by the Lead partner or Co-beneficiary.

Action "Pilotproject Latvia"

Time schedule shift

During the technical partner's meeting on January 29, 2014, the partners reviewed the project's progress and agreed on a slight project's implementation time schedule's shift. The following positions have been shifted and successfully realized according to a new timetable:

N r.	Activity	Resp. Partner	08/13	09/13	10/13	11/13	12/13	01/14	02/14	03/14	04/14	05/14
4	Supplementation of the national statistical IT system			Initial schedule								
	Changes							Shift				
5	Pilot data collection			Initial schedule								
	Changes							Shift				
6	Mathematical processing, analysis of data and development of statistical summary					Initial schedule						
	Changes								Shift			
7	Content analysis of data and development of the content				Initial schedule							
	Changes								Shift			

Action "Pilotproject Latvia"

N r.	Activity	Resp. Partner	08/13	09/13	10/13	11/13	12/13	01/14	02/14	03/14	04/14	05/14
8	Development of a database of social enterprises								Initially			
	Changes									Shift		
9	Development of practical recommendations and legislative initiatives						Initial schedule					
	Changes										Shift	
10	Organizing the final conference										Initially	
	Changes											Shift

Action "Pilotproject Latvia"

Finances

The financial flow of the project from November 2013 to July 2014 is reflected below:

Budget line	Partner	Amount (EUR) Current period Nov 2013-July 2014	Amount (EUR) Reported before Apr 2013- Nov 2013	Total real spending (EUR)	Total per initial budget
Personnel costs	LCCI	10 131,00	19 598,62	29 729,62	20 421,11
Personnel costs	CSB	13 026,77	4 482,00	17 508,77	16 970,53
Financial management	LCCI	2 800,00	2 800,00	5 600,00	5 600,00
PR services	LCCI	750,00	750,00	1 500,00	1 500,00
Consumables and supplies	LCCI	2400,00	0	2400,00	2400,00
Elaboration of the methodology	LCCI	0	9 000,00	9 000,00	9 000,00
Indirect costs	LCCI	2037,54	2 250,40	4 287,95	2724,48
Indirect costs	CSB	911,87	313,74	1 225,61	1187,94
TOTAL		32 057,19	39 194,76	71 251,95	59 804,06

Survey for identification of social enterprises in Latvia

Based on the research conducted in the framework of the current project by two experienced researchers from Creatura Ltd. (Dr. Veronika Bikse and Dr. Nīna Linde, attached to this report are: the full research version in Latvian and the short summary in English ; **Attachments 1 & 2**), beneficiary 2 – Central Statistical Bureau (CSB) – developed the survey for identification of social enterprises in Latvia (in attachment to this report are: the full version of the survey and the visualization of results in Latvian prepared by CSB, **Attachments 3 & 4**).

From 44 833 (forty four thousand eight hundred thirty three) economically active enterprises that represented such industries as manufacturing; wholesale and retail; transportation and storage; accommodation and catering; information and communication services; professional, scientific and technical services; education; healthcare and social care, etc. have been selected 1296 (one thousand ninety six). The survey questionnaire has been sent out to all 1296 selected enterprises and in the end were received 1164 (one thousand six hundred four) responses (response rate: 89,8%). Results were the following (they have been presented during the final project's conference to policy makers and other interested as well as laid ground for LCCI recommendations about promotion of social entrepreneurship's concept in Latvia):

- 66 enterprises that answered to the survey questions that equals to 3% of respondents stated that they carried out social entrepreneurship;
- 2% of them used the profit for achieving social goals;
- 35 enterprises considered that their main goal was to solve social problems for the public's good;
- 33 enterprises (50%) reinvested the profit into the social sphere;
- 82% of respondents (social enterprises) stated that they did not receive financial support as social enterprises from the government's side; on the other hand – 18% responded that they received financial support mainly via tax incentives.
- Breakdown of funding sources received by the social enterprises (from total number of social enterprises): 88% respondents stated that they did not receive any financing, however, 12% that received the financing due to their status as a social enterprise named such sources as : financing from the EU funds (7% of respondents that received financing); state/municipality subsidies (2%) and other sources (3%).
- The typical characteristics of a director of a social enterprise in Latvia are: entrepreneurial spirit; ability to work in teams; ability work on his/her own; enthusiasm; ability to overcome failures and start new activity; creativity; ability to switch activities and start a new direction; tolerance; and ability to set social goals and to achieve them.

Identification and discussions with potential social enterprises in Latvia

The first discussion with potential social enterprises (identified during the secondary research conducted by CSB) took place on April 16, 2014 in LCCI premises. Two enterprises that according to their answers to the CSB survey corresponded to the social enterprise's definition took part in the discussion - SIA Irlavas sarkanā krusta slimnīca (Irlava Red Cross Hospital Ltd.) and SIA Sociālais uzņēmums (Social Enterprise Ltd.). Unfortunately, after in-person discussion the researchers came to conclusion that none of the selected enterprises was a real social enterprise (Latvia is still at the stage when majority of enterprises' owners confuse terms "socially responsible enterprise" and "social enterprise").

In order to identify social enterprises in Latvia, LCCI contacted their partners from government and non-governmental sectors that have tried to identify such enterprises in the country before. A help came from a centre for public policy PROVIDUS that provided LCCI with names and contacts of 5 (five) social enterprises in Latvia:

- 1) **mammu.lv Ltd.** (<http://mammu.lv/about/>) - a fashion company that closely cooperates with young Latvian mothers in need;
- 2) **Ziedot.lv Ltd.** (<http://www.ziedot.lv/en/info/about-ziedot-lv>) - a pan-Latvian charity organization;
- 3) **Lude Ltd.** (<http://www.lude.lv/?section=about>) - a social enterprise that employs senior citizens and utilizes potential textile waste creating design rugs;
- 4) **Hopp Ltd.** (<http://hopp.lv/>) - a company producing tricycles for disabled people;
- 5) **mammamuntetiēm Ltd.** (<http://www.mammamuntetiem.lv/>) - a news portal about family topics, f.e., how to decorate home, bring up children, build relationships in a family, etc.

LCCI has contacted five social enterprises above and invited to the meeting. Three out of five enterprises responded positively and attended the meeting on May 22, 2014 in LCCI premises. After in-person discussion with three enterprises that attended the meeting - **Hopp Ltd.; Lude Ltd. and mammamuntetiēm Ltd.** - the researchers came to conclusion that their activities are fully in line with definition of a social enterprise. Three enterprises were invited to the project's final conference with participation of major policy makers in the field of promotion and support of social entrepreneurship in Latvia and private organisations and companies interested in the topic. Two enterprises agreed and participated in the conference - Hopp Ltd. and Lude Ltd. - where they shared their experience in starting and leading a social enterprise in Latvia. However, the third enterprise -

Action "Pilotproject Latvia"

mammamuntetiem Ltd. – was ready to participate but had already other commitments on the day of the conference.

Final Conference

The public activities of the project were concluded by the final conference that took place on June 5, 2014 in LCCI premises. In total, 40 representatives from public administration, NGO sector, educational institutions and private enterprises took part in the conference. There are available video and audio records as well as photo gallery from the conference. Presentations from the conference and developed products (research, LCCI recommendation to policy makers, CSB survey results, mathematical analysis and visualisation of data, etc.) are posted and publicly available at (all information in Latvian): http://www.chamber.lv/lv/ltrk_dokumenti/dokumentu_saraksts/document/767-1402041603.

The conference was opened by LCCI Chairperson – Mr. Jānis Endziņš; next were presentations from the researchers Dr. Nīna Linde and Dr. Veronika Bikse about what is the social enterprise in Latvia (Dr. Linde) and social enterprise's role and characteristics (Dr. Bikse). Afterwards, the representative from the Ministry of Welfare of Latvia spoke about support and promotion of the social entrepreneurship in Latvia. Later, representative from the center for public policy PROVIDUS presented the center's research results "Social entrepreneurship in Latvia – opportunities and challenges for NGO sector". In the end of the conference two social enterprises (Hopp Ltd. and Lude Ltd.) shared their experiences and LCCI presented their recommendations to policy makers for development of social entrepreneurship in Latvia.

PR campaign

In the framework of the project, has been conducted a vast PR campaign that results are listed below:

I) Website

- Information about the project published on LCCI website: <http://www.chamber.lv/lv/jaunumi/ltrk-jaunumi/2013-05-06/1399384641>;
- Information about the final project's conference published on LCCI website: <http://www.chamber.lv/lv/jaunumi/notikumi/2014-05-22/1400742388>
- Prepared information for posting on partner's website.

II) Social networks

- Regular postings on chamber.lv **Facebook special sub-account named "Sociālā uzņēmējdarbība"** (eng: Social entrepreneurship): https://www.facebook.com/pages/Soci%C4%81%C4%81-uz%C5%86%C4%93m%C4%93jdarb%C4%ABba/355232147952411?ref_ty pe=bookmark (created on February 19, 2014; in total 113 followers and 27 posts).
- Regular postings on the largest social network in Latvia **Draugiem.lv**: <http://www.draugiem.lv/socialauznejdarbiba/>).
- Regular postings on **Twitter**: https://twitter.com/LTRK_info.

III) PR activities for the final conference:

- Development of the conference's agenda: http://www.chamber.lv/doc_images/donnica2013/socialas_uznemejdarbiba_s_konference_darba_kartiba_5_06_2014.pdf;
- Posting information about the conference in social networks: Facebook, Twitter & the largest local social network - Draugiem.lv;
- Prepared and sent out information about the conference in LCCI weekly news in Latvian and Russian languages (03.06);
- Communication with media about the final conference.

IV) Publications in local business media:

- Latvian information agency LETA, 05.06.2014. Diskutēs par sociālo uzņēmējdarbību ES un Latvijā - <http://www.leta.lv/search/find/?patern=soci%C4%81%C4%81%20uz>

[%C5%86%C4%93m%C4%93jdarb%C4%ABb*&mode=nonozare,stem&item=88924C55-5CF0-440E-944E-5A1C9AF1EDF2\);](#)

- Latvian information agency LETA, 05.06.2014. LTRK aicina atzīt un stiprināt sociālos uzņēmumus kā īpašu grupu ([http://www.leta.lv/search/find/?patern=soci%C4%81%C4%81%20uz%C5%86%C4%93m%C4%93jdarb%C4%ABb*&mode=nonozare,stem&item=A7C1CF63-448F-4429-85BF-9E07BDD2F751\);](http://www.leta.lv/search/find/?patern=soci%C4%81%C4%81%20uz%C5%86%C4%93m%C4%93jdarb%C4%ABb*&mode=nonozare,stem&item=A7C1CF63-448F-4429-85BF-9E07BDD2F751);));
- BNS Rīta Avīze, 05.06.2014. (<http://kalendars.bns.lv/>)
- Dienas bizness, 14.02.2014. "Sociālos uzņēmējus vilinās ar jaunu likumu";
- Diena, 27.05.2014. "Ielēkt braucošā vilcienā";
- Bizness & Baltija, 09.06.2014. Ideja (http://public.monitorings.lv/2014_06/TOP_PRESE/09/BB-09062014-3.pdf);
- Dienas bizness, 19.06.2014. Jāņa Endziņa komentārraksts "Jānosaka īpašs – sociālāuzņēmuma – statuss".

V) Radio podcasts:

- 1.Biznesa radio, 19.06.-25.06. plkst. 11:34, 14:34 un 18:34 ik dienu "Latvijas uzņēmēju balss: Saruna ar LTRK vadību par sociālo uzņēmējdarbību Latvijā" (http://public.monitorings.lv/2014_06/VID/20/2014-06-20_1BR_11-35_Latvijas-uznemeju-balss_LTRK.wma);
- 1.Latvijas Radio, 06.06.2014. "Eiro spogulī" – Labāks un ilgtspējīgāks veids sociālo problēmu risināšanai būtu sociālu uzņēmumu veidošana (http://public.monitorings.lv/2014_06/Lielveikali_un_tirdzniecibas centri/06/2014-06-06_LR1_17-35_Eiro-spoguļi_LTRK.wma)

VI) Printed materials:

- Developed the **project's brochure** (attached to the current report) and distributed during the final project's conference and during regular events in LCCI premises for policy makers and SMEs; Buklets pieejams CSP Informācijas centrā.
- Electronic version of the project published on LCCI website: http://www.chamber.lv/doc_images/SOC_UZN_buklets.pdf as well as sent

Action "Pilotproject Latvia"

out in LCCI weekly news in Latvian and Russian on 26.06.14; 17.06.14;
10.06.14.

Recommendations to policy makers

Based on the research, survey, meetings with policy makers and social enterprises, a vast communication with public and media about the social entrepreneurship in Latvia and other activities in the framework of the project, LCCI Political department has developed the recommendations to policy makers about promotion and encouragement of the social entrepreneurship in Latvia (the full version of recommendations in Latvian is attached to the current report, **Attachment 5**). The recommendations document to the policy makers in Latvia included: clear definition of the social entrepreneurship and its aims; main characteristics of a social enterprise; unclear definition of a social enterprise in the current Latvian legislation; main obstacles for development of social enterprises in the European Union identified by the European Commission; summary of CSB's research & survey results and main conclusions; as well as **7 (seven) major recommendations** to the policy makers:

- 1) **Recognition, strengthening and promotion of social enterprises in Latvia** not only among policy makers and businesses but also a wide public. It is important to show the added value of solving social problems and positive impact on the society as a whole.
- 2) **Development of a separate legal framework for social enterprises** by providing clarity and predictability both for starting a social enterprise as well as functioning of a social enterprise, including support mechanisms.
- 3) **Creation of possible support mechanisms.** For example, applying to social enterprises corporate income tax incentives; exempting social enterprises from the employers' social contributions; foreseeing that in public procurements the social enterprises are given additional points during the evaluation process; setting up special funds in municipalities and government institutions that could provide financial support for creation of social enterprises. As one of the support mechanisms, LCCI suggested that business incubators that are supported by the public funds should support also enterprises that main goal is solving social problems.
- 4) To foresee opportunity for **delegation of functions** of state and municipality institutions to social enterprises, especially in providing social services as well as event organisation for people with special needs and other activities related to achievement of social goals.
- 5) **Implementation of the concept of social entrepreneurship into the educational system.** For example, to develop in universities study programmes/courses in social economy, conduct research about social entrepreneurship, etc.

Action "Pilotproject Latvia"

- 6) Development of a database with **good case studies of social enterprises** and describing their criteria, economic models, economic categories, the legal status and tax scheme criteria, etc.
- 7) **Providing stable business environment** in the country not only for social enterprises but for businesses in general. It is important that the business related legislation is flexible and supportive for accepting into the job market employees at risk of social exclusion who are the primary employees' group for social enterprises.