

News

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Social Enterprise Law came into force on 1 April 2018 



The Social Enterprise Law was adopted by the Parliament on 12 October, 2017 and came into force on 1 April, 2018. The purpose of the Social Enterprise Law is to improve the quality of life and to promote employment for groups at risk of social exclusion, through creation of an economic environment supportive to social enterprises. The Law creates the legal framework by providing both the criteria for obtaining the status of a social enterprise and the procedure for state support for this type of entrepreneurship.

A social enterprise as defined in the Social Enterprise Law is a limited liability company which has been granted the status of a social enterprise in accordance with the procedures laid down in the Law and which 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, or ensuring of cultural diversity).

A decision to grant the status of a social enterprise is taken by the Ministry of Welfare. The Register of Social Enterprises is maintained and published on the website of the Ministry of Welfare.

The Commission for Social Enterprises is established to provide a motivated opinion to the Ministry of Welfare on the compliance of the applicant with the status of a social enterprise.

Meanwhile the ESF co-funded project "Support for Social Entrepreneurship" has been launched by the Ministry of Welfare in 2016. The purpose of the project is to identify and verify the optimal solutions for creation and development of social enterprises, including the support to work integration. The project includes such activities as awareness raising measures about the social enterprises, their role and possible contribution for economic growth and society, as well as the development of a support system for social enterprises and the promotion of social start-ups. Financial grants for social enterprises, both start-ups and already operating companies, and wage subsidies for employing vulnerable groups are provided within the project.



The Ministry of Welfare forecasts a further decrease in unemployment with the unemployment rate reaching 5.9% in 2019. A more significant reduction in registered unemployment is expected in the second and third quarters, which will be considerably influenced by the increase in seasonal employment opportunities during this period. At the end of 2019, however, the registered unemployment rate could drop even to 5.7%, with the number of registered unemployed falling to 50 thousand in the autumn. Demographic factors will also have an impact on the reduction of unemployment, as the working population as a whole is decreasing.

Overall, the labour market situation is expected to improve in 2019 as well – although volatile, the situation in export markets is still relatively favourable, household consumption has a tendency to increase, availability of EU funds and activity in the construction sector will also contribute to growth of employment and creation of new jobs, decreasing unemployment and rising income for employees.

At the same time, in 2019, many employers will have to think about making their businesses more efficient and boosting productivity through introduction of automation and other solutions. Similarly, when competing for work force, one must be aware that investments in education and motivation of the employees, as well as in maintaining safe, healthy and motivating working environment, will become increasingly important in order to retain and attract employees.

Statistics show that at the end of 2018, 59 thousand unemployed were registered with the State Employment Agency and the registered unemployment rate was 6.4%. The lowest registered unemployment rate at the end of 2018 was in Riga (3.9%) and Riga region (4.2%), but the highest - in eastern part - Latgale (14.7%).

Data show that the number of unemployed in Latvia has been on a decreasing trend already for several years. The pre-crisis lowest unemployment rate was recorded in May 2008 - 4.8%, when the number of unemployed in the country was 52 thousand. While during the crisis, the highest unemployment rate was recorded in March 2010 reaching 17.3% and there were 194 thousand unemployed registered.

Compared to employment rates in Estonia, Lithuania and Scandinavia, in Latvia it is lower. This however means that the country still has the potential to attract economically inactive people to the labour market.

Since July 1, 2019 the new type of allowance shall be implemented – allowance for child adoption. Procedure of new support for adopters after the decision of court on the adoption approval coming into effect is regulated by amendments to *Law on State Social Allowance* issued by the Saeima this spring and provisions “*Procedure how allowance for child adoption shall be granted and paid*” issued by the Cabinet of Ministers.

Amount of monthly allowance shall depend on the age of child. For each child since the birth till 7 years allowance shall be amounted in 25 percent from minimal monthly salary stated by Government. While the minimal salary in Latvia is EUR 430, amount of this allowance shall be EUR 107,5 per month. Amount of allowance for each child from 7 years to 18 years shall be 30 percent from minimal monthly salary stated by Government (EUR 129 per month).

Due to the proposal of the Minister of welfare, the Cabinet of Ministers can review the amount of allowance pursuant to the options of State Budget upon assessment of national economic situation and considering average actual consumer price index stated by Central Statistics Bureau.

Allowance for child adoption shall be granted and paid by State Social insurance agency (VSAA) on the basis of the application of person. Granting and payment of the allowance for child adoption for the period from July 1, 2019 shall be launched by VSAA not later than from October 1, 2019. This period is required for VSAA to ensure all necessary changes in the information systems.