

Information report on operation and growth of social enterprises to be prepared every three years 3/5/24



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We have written before about what a social enterprise is and how it's different from a business entity in the classical sense. Latvian law has put the Ministry of Welfare (MOW) in charge of fostering and developing social business activity in Latvia, monitoring the development of this sector, and promoting the operation of social enterprises.

Section 4 of the Social Enterprise Act requires the MOW to prepare and submit to the Cabinet of Ministers an information report on the operation and growth of social enterprises. This report aims to summarise information on how social enterprise status is awarded, areas that social enterprises operate in, the Social Enterprise Commission, the Register of Social Enterprises, how the operation of social enterprises is monitored, and what support is available for social enterprises, and to highlight other key industry aspects and make proposals for improving the legal framework.

Before 2024 the MOW was required to present an information report on the operation and growth of social enterprises every two years.

Because social enterprises file reports on their activities in the previous financial year by 1 May in each financial year, and the MOW prepares an information report every two years before this date, the assessment of the operation and growth of social enterprises cannot be adequate. So the MOW found the two-year period was not sufficient to evaluate the operation and growth of social enterprises properly.

To make it possible to properly assess the effectiveness of the support programme, at the MOW's suggestion, the Cabinet of Ministers passed amendments to section 4(2) of the Social Enterprise Act on 5 January 2024, requiring the MOW to prepare and submit an information report on the operation and growth of social enterprises every three years.

The latest (second) available report on the operation and growth of social enterprises has been drawn up for the period from 1 April 2020 to 1 April 2022. The second report gives information on the measures included in the previous report and on their progress, as well as looking at the development of the social business environment and legislative amendments to enhance the significance of a social enterprise.

The information report describes changes to how social enterprise status is awarded and gives information on the Social Enterprise Commission's activities, creation of the Register of Social Enterprises, supervision of the operation of social enterprises and support for social enterprises during the period (from 1 April 2020 to 1 April 2022).

On 1 April 2024 it will be six years since the Social Enterprise Act came into force. The amendments mean the MOW will not be preparing an information report this year. We can expect one in 2025 for the period from 1 April 2022 to 1 April 2025.

As the economic, political and geographical conditions have changed drastically over this period, it will be interesting to read the report prepared in 2025 and see how the social business ecosystem has evolved in the face of changing external conditions.