



Promoting Social Considerations into Public Procurement Procedures for Social Economy Enterprises

Mapping the ecosystem in which social economy enterprises operate, including access to public procurement contracts, in Latvia



Authors: Kristīne Gaigule-Šāvēja and Agnese Frīdenberga

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1. List of Acronyms & Abbreviations

EIS	national e-procurement portal
IUB	Procurement Monitoring Bureau
KNAB	Corruption Prevention and Combating Bureau
LIAA	Investment and Development Agency of Latvia
MoF	Ministry of Finance
PPL	Public Procurement Law
SAO	State Audit Office
VRAA	State Regional Development Agency

2. The state of play of Public Procurement

2.1. Public procurement structure at national, regional and local level

In Latvia, public procurement is regulated by the Public Procurement Law (PPL)¹; new PPL was adopted on 15 December 2016² implementing EU Directive 2014/24/EU of 26 February 2014. In addition to the PPL there are a number of subordinated regulations adopted by the Cabinet of Ministers governing public procurement procedures and other related issues.

The purpose of the PPL is to establish the procedure for public procurement and to enable efficient use of public funds through competition for public contracts. The core principles of the PPL are: transparency of procurements, free competition and equal treatment, and effective use of public funds.

The PPL applies to public bodies and their institutions, and private entities that meet both of the following criteria: (i) are established for the specific purpose of meeting needs for the common good, not having an industrial or commercial character, and (ii) are financed for the most part by public authorities or the above private entities and/or subject to management supervision by those authorities/entities.

Public procurement system in Latvia is decentralised; public procurement procedures are organised at national level by public bodies and their institutions, and private entities meeting the above criteria, and at a local level by local municipalities, their institutions or private companies meeting the above criteria.

The exception to the above decentralised system is the mandatory requirement for state and local municipalities and their institutions to use centralised system if within a 12-month period expenditure on certain standard goods and services reaches EUR 1 000 – for state institutions – or EUR 10 000 – for local government institutions–. In this case, state and local government institutions need to choose respective standard goods or services in an e-catalogue (operates similarly to internet shop) that is available on the national e-procurement portal. To acquire rights to offer standard goods and services concerned tenderers need to participate and win the public procurement organized by the central procurement institution.

Starting from 2019 all public procurement procedures (with certain exemptions) must be organised electronically in the national e-procurement portal (EIS). EIS consists of four subsystems - e-catalogues (the management of centralised framework agreements for the purchase of standard goods), e-auctions (currently not used), e-tenders (for organising procurement procedures electronically), as well as e-certificates (to obtain information together from different state registers). Also starting from 2018, a progressive transition to procurement document submission electronically using EIS has been introduced.

¹ Public Procurement Law. Adoption: 15.12.2016. Entry into force: 01.03.2017. Publication: "Latvijas Vēstnesis", 254 (5826), 29.12.2016.

² Came into force on 1 March 2017.

2.2. Competencies and responsibilities of the authorities involved in public procurement

The Ministry of Finance (MoF) has primary responsibility for procurement policy making and drafting legislation.

The Procurement Monitoring Bureau (IUB), a State administration institution that is supervised by the MoF, is responsible for monitoring procurement compliance with legal requirements and for conflicts of interest, preparing guidelines and instructions, and drafting standardised tender and contract documents. The IUB also prepares annual reports to the Latvian government on the monitoring and functioning of public procurement. In addition, the IUB acts as a first instance review body for complaints regarding public procurement. It also carries out *ex-ante* controls before the start of procurement procedures in cases of projects co-financed by European Structural and Investment (ESI) Funds.

The State Regional Development Agency (VRAA) is responsible for promoting harmonised and comprehensive public purchases nationwide through the management of e-procurement and the conclusion of framework agreements for certain types of goods and services. For central government and municipality institutions, purchasing from the e-catalogues based on these framework agreements is mandatory. The Providing State Agency for Internal Affairs and the State Agency for Defence Properties of the Ministry of Defence also act as central purchasing bodies in the security and defence sectors.

The main external supervision body in public procurement is the State Audit Office (SAO). The SAO is an independent collegial supreme audit institution. It performs audits in order to ascertain whether resources of central and local public bodies are used in a lawful, economical and efficient manner, and to provide recommendations for the reduction of deficiencies. One of its tasks is to audit public procurement activities and to control the implementation of EU co-funded programmes. The SAO reports its findings to the IUB which can consequently impose fines to contracting authorities for violation of the PPL.

The Corruption Prevention and Combating Bureau (KNAB), as the leading specialised anti-corruption authority of Latvia, plays a supporting role in the public procurement system. Its aim is to fight corruption in a coordinated and comprehensive way through prevention, investigation and education. In particular, it detects corruption in public procurement procedures in collaboration with the IUB and is responsible for prosecuting cases of corruption and other criminal offences in public procurement cases.

Ultimately, there are judicial review procedures applicable to public procurement complaints. Aggrieved parties may request the administrative court to annul, terminate, amend or reduce the contractual terms of a tender procedure, even if it is already executed. An appeal to the administrative court does not suspend the public procurement processes, but may result in the annulment of the process and/or the award of damages.

2.3. Use of public procurement

The PPL regulates procurement procedures both above and below EC thresholds.

Latvia has two levels of national thresholds below the EU thresholds. First, direct procurement is allowed for small-value contracts of less than EUR 10 000 for supplies and

services, and EUR 20 000 for works. For these procurements there are no mandatory procedures to be followed by contracting authorities, save for observing the main principles of public procurement. Complaints regarding these procedures are reviewed by administrative courts - the IUB does not act as a first instance review body.

Second, simplified procedures can be used for contracts between EUR 10 000 and EUR 42 000 for supplies and services, and EUR 20 000 and EUR 170 000 for works. Complaints regarding the “simplified procedures” (within limits of the above thresholds) are reviewed according to the same procedure as regarding the procedures above the thresholds - IUB acts as a first instance review body.

“Simplified procedures” are substantially simplified in comparison with the basic procurement procedures, so that the administrative resources and time of the contracting authority necessary for the performance of the procurement are proportionate with the contract price. The contracting authority is required to form a procurement commission, draft procedure regulation, announce procurement and evaluate tenders, and take a decision regarding the winning tender. During evaluation, the contracting authority has to take into account provisions for exclusion, the requirements in relation to the general conditions of the supplier, the capacity of a tenderer to perform professional activities, the economic and financial situation, as well as the technical and professional abilities of the tenderer.

Contracting authorities have to publish information once a year regarding planned “simplified procurements” that includes all the necessary information, including planned subject-matter of the contract, CPV code, the planned year and quarter or month of the procurement notice, etc. Term of submission of a tender must be at least 10 days from when the date notice about procurement has been published.

Above this second level, the same procedures and rules apply as above the EU thresholds, except for shorter time limits.

2.4. Application of articles of the Directive

Article 20 and 77: Reserved contracts

The EU Directive articles on reserving contracts to certain social operators were transposed to the PPL, thus allowing contracting authorities to:

- where the subject of procurement allows, require that only economic operators who employ persons with disabilities, provided that at least 30% of the employees of those economic operators are workers with disabilities, can participate in the procurement procedure (Paragraph 1 of Article 16 of the PPL); and/or
- (for certain social services³) to reserve the right to participate in the procurement procedure for economic operators having social enterprise status⁴ and which provides

³ CPV code 75121000-0, 75122000-7, 75123000-4, 79622000-0, 79624000-4, 79625000-1, 80110000-8, 80300000-7, 80420000-4, 80430000-7, 80511000-9, 80520000-5, 80590000-6, from 85000000-9 to 85323000-9, 92500000-6, 92600000-7, 98133000-4, 98133110-8.

⁴ For detailed information on pre-conditions / requirements to obtain the status of a social enterprise, please refer to Section 3.3 of this Mapping Report.

such services, and which has not been granted a contract for the services referred to in this clause within the last three years (Paragraph 2 of Article 16 of the PPL).

Please note that Paragraph 1 of Article 16 of the PPL allows reserved contracts to be fulfilled with companies employing persons with disabilities, but the article does not cover disadvantaged persons.

During our research we have identified that there are no guidelines or special training on how to use reserved contracts in public procurement procedures. Thus, the local governments and state authorities are not aware of how to use reserved contracts.

The PPL is silent and there are no guidelines if it is possible to use reserved contracts in procurement procedures being below the threshold, when public procurement procedures are to be applied. Some governmental institutions would like to procure goods or services with social clauses or from social enterprises, but they do not know how to do it. There is a lack of guidelines and practical advices.

Preliminary market consultations: Article 40

The option of preliminary market consultations has not been used in practice. It has been recognised that contracting authorities lack information about social entrepreneurship (SE), entrepreneurs themselves and what they can offer to a market. Institutions lack knowledge of the scope of available goods or services produced or provided by social economy organisations (e.g. goods produced by associations or organisations of vulnerable groups of people). Even the state register of social enterprises does not give the full scale of information about goods produced by social enterprises or services providing by them. The state register gives only the NACE codes which are not easily understandable and do not help to identify potential suppliers.

Contract award criteria: Article 67

A concern discovered during interviews in this regard is understanding the concept of “social clause” in Latvia; in the majority of cases it is limited to the amount of social tax / insurance paid. Guidelines and training are needed to explain the concept and fill it in with the proper content.

There are very limited number of guidelines or special trainings on how to use social clauses. Thus, local governments and state authorities are not aware of how to use social clauses. They prefer to use other criteria to define public procurement, but not social clauses.

However, some industry sectors have been active and progressive in developing guidelines covering use of social clauses as evaluation criteria for economically most advantageous bids. As the best example, we would like to mention Guidelines for Choosing the Economically Most Advantageous Tender in Construction and Design-and-Build Procurements⁵, which describe the following social clauses which may be included as evaluation criteria: (i) payment of average social tax; (ii) employment of persons with

⁵ 27 April 2017. Partnership of Latvian Construction Entrepreneurs Guidelines “The most economically advantageous tender determination in construction”. Available at: https://www.iub.gov.lv/sites/default/files/upload/20170531_Vadl%C4%ABnijas_public%C4%93%C5%A1anai_WEB_lap%C4%81.pdf

disabilities, persons of pre-retirement age and persons being on probation; (iii) employment of persons within scope of study praxis.

During our research we also identified a lack of political support. Municipalities should include support to social enterprises in their policy documents and policy agenda that will help them to procure using social clauses

Conditions related to the performance of the contract: Article 70

Social clauses related to the performance of a contract are not widely used in Latvia.

One of the challenges preventing authorities from using social clauses is the question of control. How can and should a contracting authority follow up on a contract to ensure that the promised number of employment opportunities, or the like, has in fact been delivered by the winning tenderer?

2.5. Cross-border dimension of socially responsible public procurement

We have not been made aware of any in our research.

2.6. Guidance and training material on the new Directive

IUB has issued a number of guidelines and recommendations, which are available on its home page: <https://www.iub.gov.lv/lv/node/98>, amongst them are presentations on the new Public Procurement Law and Novelties (2017)⁶ and Novelties of Public Procurement Law (2018)⁷.

Presentation of Latvian Association of Local and Regional Governments “Procurements after 1 March 2017”⁸.

Guidelines for Choosing the Economically Most Advantageous Tender in Construction and Design-and-Build Procurements developed by Latvian Architects Association, Partnership of Latvian Construction Entrepreneurs, Procurement Monitoring Bureau⁹.

⁶ 14 February 2017 Procurement Monitoring Bureau presentation “On the new Public Procurement Law and Novelties” Available at: https://www.iub.gov.lv/sites/default/files/upload/Jaunais%20PIL_14.02.17.pdf

⁷ 31 May 2018 Procurement Monitoring Bureau presentation “Novelties of Public Procurement Law” Available at: https://www.lps.lv/uploads/docs_module/06.06.18_PIL%20grozijumi_aktualitates_LPS.pdf

⁸ 2017. Latvian Association of Local and Regional Governments presentation “Procurements after 01.03.2017.” Available at: https://www.lps.lv/uploads/docs_module/Jaunais%20iepirkumu%20likums.pdf

⁹ 27 April 2017. Partnership of Latvian Construction Entrepreneurs Guidelines “The most economically advantageous tender determination in construction”. Available at: https://www.iub.gov.lv/sites/default/files/upload/20170531_Vadl%C4%ABnijas_public%C4%93%C5%A1anai_WEB_lap%C4%81.pdf

3. The Social Economy ecosystem

3.1 Main definitions and concepts used: social economy, social enterprise

Social entrepreneurship is a relatively new concept in Latvia. In 2008 the first social enterprises were created to support young mothers, offering job opportunities while they are at home with children – social enterprise “Mammu” and charity shop – local funding instrument for social projects - “Otra Elpa”. Until 1 April 2018, when the Social Enterprise Law¹⁰ came into force, social entrepreneurship was implemented in different legal forms – association, foundation, limited liability companies, etc.

From 1 April 2018, social enterprises are limited liability companies with social enterprise status if they fulfil certain criteria. They should be companies which conduct an economic activity that creates 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).

Social entrepreneurship is not a widespread and recognisable concept in society, therefore the number of enterprises who have obtained social enterprise status is low. Historically, social enterprises have operated in various legal forms, many of those that follow the criteria describing social enterprises are still operating as associations, foundations or regular business companies¹¹. Mostly they are organisations with minor economic activities or start-up organisations, therefore the new legal form is not suitable for them. Some non-registered social enterprises are working in the social care area, where historically organisations have been operating under NGO legal form (mostly associations), which is a more appropriate legal form for them.

Many regular business companies that can be considered as social enterprises because they create a positive social impact, for example, by providing work places for vulnerable persons, are not registered as social enterprises due to the reason they are not aware of the social enterprise concept and the benefits social enterprises can get.

3.2 Data and figures

According the statistics (for the period to 20 December 2018), in Latvia there are 27¹² organisations that have obtained the social enterprise status. There are also about 200 organisations that could be considered as social enterprises, but due to the fact that until 2018 there was no legal definition and official registry of social enterprises, a precise number of other organisations which can be considered as social enterprises is unknown.

¹⁰ The Social Enterprise Law. Adoption: 12.10.2017. Entry into force: 01.04.2018. Publication: "Latvijas Vēstnesis", 212 (6039), 25.10.2017.

¹¹ Lešinska A, "Sociālie uzņēmumi - nevalstiskās organizācijas Latvijā". Available at: <http://providus.lv/article/socialie-uznemumi-nevalstiskas-organizacijas-latvija>

¹² Register of social enterprises. Available at: <http://lm.gov.lv/lv/es-finansejums/lm-istenotie-projekti/aktualie-projekti/esf-projekts-atbalsts-socialajai-uznemejdarbibai/socialo-uznemumu-registrs>

Most social enterprises are relatively new, having been established only within the last year to 3 years, and usually do not employ more than 5 people. The majority of social enterprises that have obtained social enterprise status are companies with an NGO background or where the owner of the company is an association or foundation. Only a few social enterprises that have obtained social enterprise status are older than 7 years, some of them have changed the profile of a previous business model from regular business to social business, some of them got the status to be legally recognised.

Social enterprises that are “work integration enterprises” employ people from different vulnerable groups – ex-prisoners, persons with disabilities, long-term unemployed persons and family members with a low income. According to statistics, five social enterprises (from 27) are working with social care issues, three are producing goods, and the rest of them are active in other different fields¹³.

3.3 Legal framework and legal forms of social economy enterprises

The Social Enterprise Law, which came into force on 1 April 2018, stipulates that a social enterprise is a limited liability company with a special social enterprise status. In order to gain the social enterprise status, the company must fulfil certain criteria:

- 1) **company has to have positive social aim** as the main purpose of the company. The aim must be stipulated in the Statutes of the company;
- 2) **owners have all agreed to obtain the status of social enterprise for their company**. The decision is deemed adopted if at least two thirds of the votes represented in the meeting are cast in favour, unless the articles of incorporation require more votes for adopting such a decision;
- 3) **a restriction on profit distribution to company owners** – profits must be either reinvested in the company or invested in reaching the social aim;
- 4) **the company employs paid staff** - at least one employee with an employment contract; and
- 5) **a representative of the target group is in the executive body or supervisory body of the company**; or a representative of the target group, or a representative of associations and foundations representing the target group, or a relevant expert is in the company’s consultative body, if it has one.

To get the social enterprise status, organisations must submit documents to the Ministry of Welfare, which is a government institution responsible to support and promote social entrepreneurship in Latvia. The Register of Social Enterprises is maintained and published on the website of the Ministry of Welfare.

As social enterprise is quite new, social entrepreneurship activities are still implemented in different legal forms – by using association or foundation form or ordinary business form. These are not legally recognised forms to do social entrepreneurship activities in Latvia, but can be used to start or to test business ideas.

¹³ Register of social enterprises. Available at: <http://lm.gov.lv/lv/es-finansejums/lm-istenotie-projekti/aktualie-projekti/esf-projekts-atbalsts-socialajai-uznemejdarbibai/socialo-uznemumu-registrs>

3.4 National policies supporting social economy enterprises

On 30 October 2014, the Government of Latvia adopted the policy document "Promoting development of social entrepreneurship in Latvia" ("Par sociālās uzņēmējdarbības ieviešanas iespējām Latvijā"), and the social entrepreneurship concept became recognized by the State. The aim of it was to "recognise and appreciate the potential of social enterprise, to launch a full and effective support system and to create a legal framework for the development of social entrepreneurship, to offer definitions and eligibility criteria, as well as the directions of support for social enterprises". The document recognised social entrepreneurship as a concept to be incorporated in policy-making processes and social enterprises as a specific legal form to solve societal problems. The document cited existing problems of social enterprises and different legal forms used by organisations acting as social enterprises in Latvia.

In 2016 the Ministry of Welfare started to implement the ESF co-funded project "Support for Social Entrepreneurship". The purpose of the project is to create a supportive eco-system for social enterprises and to provide grants for social enterprises, for both start-ups and companies that are already operating. The grant programme is operated by ALTUM - a state-owned development finance institution. The size of a grant available for social enterprises ranges from EUR 5 000 to 200 000. The funding can be used for capital expenses (except for land, real estate and infrastructure), for wage subsidies for employees of target groups and other employees, for training and consultations and for other working capital expenses. The total grant amount cannot exceed 90% of eligible costs. The grant programme for social enterprises will be available until 2022¹⁴.

The main fiscal advantages for social enterprises (once obtained the status) are stipulated in the Social Enterprise Law. According to the law, the social enterprise shall not include the following expenses in the taxable base with the enterprise income tax:

- 1) ensuring recreational and social inclusion measures to employees of the social enterprise belonging to the target group;
- 2) integration of persons belonging to the target group in the labour market and improvement of the quality of life;
- 3) purchase of such assets that serve for the purpose of attaining the objectives defined in the articles of association of the social enterprise;
- 4) ensuring of social integration measures to persons belonging to the target group; and
- 5) donations to a public benefit organisation for such purposes that conform to the objectives defined in the articles of association of the social enterprise, if by the end of the reporting year the recipient of the donation has submitted information to the donor on the utilisation of the donation.

¹⁴ Cabinet Regulation No. 467 "Implementation Regulations for 9.1.1.3 measure "Aid to Social Entrepreneurship" of 9.1.1 Specific Aid Goal "To Increase Inclusion in the Labour Market of Unemployed Persons Being in a More Unfavourable Situation" of the Activity Programme "Growth and Employment". Adoption: 11.08.2015. Entry into force: 21.08.2015. Publication: "Latvijas Vēstnesis", 162 (5480), 20.08.2015.

In order to obtain the objectives defined in the articles, the social enterprise is entitled to involve volunteers. Volunteers cannot be involved in activities that are related to the enterprise management and accounting or in roles to fulfil the core functions of the enterprise.

The Social Enterprise Law allows local governments and public organisations to provide support for social enterprises. Local government can grant a lower immovable property tax rate or launch a specific grant scheme for social enterprises. The public organisations and local municipalities can transfer movable property into ownership of a social enterprise without remuneration or use the reserved public procurement procedures to purchase goods or services provided by social enterprises.

The State Employment Agency provides the financial aid for organisations employing unemployed persons or persons with disabilities. To support organisations to create work opportunities for unemployed persons, the State Employment Agency provides: 1) subsidy of wages for the unemployed person equal to 50% of the monthly wage not exceeding the minimum monthly wages established in Latvia; 2) subsidy for work supervisor's wage (additional payment or monthly wage if a contract on performing a work supervisor's duties has been signed) equal to 50% of the minimum wage established in Latvia; and 3) subsidy for compulsory state social insurance payments¹⁵.

To support organisations integrating persons with disabilities into work life by providing employment opportunities, the Agency provides the following financial support:

1. Subsidy of wages not exceeding 1.5 minimum wages established in Latvia or equal to the minimum wage established in Latvia if the employer plans to employ the unemployed persons in work requiring low qualification (low-skilled professions in accordance with the ninth basic group of the Classification of occupations);
2. Subsidy for work supervisor's wage to the amount of 50% of the minimum monthly wage established in Latvia;
3. Subsidy for compulsory state social insurance payments if the employer is an association or foundation with the purpose to provide support to persons with disabilities and who employs unemployed people in the following professions – assistant or companion to persons with disabilities, hearing impaired translator, Latvian sign language translator, teacher of an interest group or specialised teacher for persons with disabilities or, if the employer is an association or foundation and support to persons with vision disabilities is laid out in the statute of such employer.
4. One-time subsidy for costs of health examinations in accordance with laws and regulations; and
5. One-time subsidy for costs of purchase of equipment and technical supply as well as purchase and production of technical accessibility aids in order to adjust the workplaces for unemployed persons with disabilities.

¹⁵ Information from the State Employment Agency website. Available at: http://www.nva.gov.lv/index.php?cid=355&mid=359&new_lang=en

3.5 Support structures for social enterprises

In 2015 the Social Entrepreneurship Association of Latvia (SEAL) was established. It is a membership organisation aiming to promote the development of social entrepreneurship in Latvia, which brings together companies, organisations and people who believe that social entrepreneurship in Latvia has a potential and are ready to participate in co-creating and strengthening the sector. The Association operates in four main areas.

First of all, the Association advocates interests at local, regional and national levels. Secondly, the Association participates in the development of the Social Enterprise Law, focusing its attention on social entrepreneurship opportunities at the Latvian level, as well as participating in the development of a social entrepreneurship support programme. Thirdly, the Association provides capacity building activities for its members to help achieve their goals by providing joint activities, fast and effective information exchange, up-to-date information on finance and cooperation opportunities, and counselling support. Fourthly, the Association supports informative activities by organising its largest and most ambitious event – the annual Social Entrepreneurship Forum – and maintaining the largest source of information in the Latvian language about social entrepreneurship – www.sua.lv.

In 2013 the accelerator programme “New Door” started its work in Latvia. “New Door” is an International Social Entrepreneurship Accelerator aimed at: 1) helping start-ups to transform their social initiatives into sustainable social business, by providing them with concentrated relevant knowledge, access to best experts in the field and the support of mentors; 2) educating and consulting companies in the field of corporate social responsibility; and 3) organising social entrepreneurship fora and experience exchange programmes.

In 2014 the incubator “Reach for Change” started its work in Latvia. “Reach for Change” is an international social entrepreneurship incubator that aims to improve children’s lives by providing support to like-minded social entrepreneurs and authors of ideas. They offer trainings and consultations on company development, social impact measurement, marketing and team expansion. The new members are admitted once a year in the ‘Goodwill Entrepreneur’ competition and continue to participate in the incubator for up to 3 years.

Since 2016, there are 15 business incubators provided by the Investment and Development Agency of Latvia (LIAA). They are not established to support social enterprises and they do not have any special programme for social enterprises, therefore only some social enterprises have access to the services provided by them. LIAA supports new and innovative enterprises at their initial stages of development, promotes the commercialisation of inventions, and prepares new and existing enterprises for investment attraction as well as entry and expansion into export markets. There is an LIAA Creative Industries Incubator, which can be used by social enterprises, as they often combine the innovative approach to art and business in their activity. LIAA Creative Industries Incubator provides 100% funding for activities and seminars held at the incubator and access to shared creative rooms, 50% co-funding for other services and a grant.

4. Access to markets

4.1 Fields of activities of social economy enterprises

Social enterprises can perform economic activities in various fields to create a positive social impact. According to the Law, social enterprises can provide social services, promote an inclusive civil society, promote education, support science, protect and preserve the environment, animal protection, or ensuring of cultural diversity, etc.

Social enterprises that have obtained status operate in various sectors including, but not limited to:

- providing social and health services for elderly people or persons with disabilities, by running a day care centre, social care centre;
- providing catering services by creating jobs for persons with special needs or excluded persons (persons with disabilities, refugees, ex-prisoners);
- providing online platform services to support elderly people in nursing homes, social care centres;
- providing bookkeeping services by creating a work place for long-term unemployed persons and lone parents;
- producing health care equipment for persons with disabilities;
- producing eco-friendly packages;
- producing clothing by creating a workplace for persons with special needs and long-term unemployed persons;
- promoting environmental and nature protection by running a zero-waste café/shop;
- promoting environmental and nature protection by running a zero-waste market place; and
- providing education services for persons with special needs and the persons that support them.

There are several restrictions in the law regarding activities of social enterprises. A social enterprise is not entitled:

- 1) to carry out transactions in securities or real estate property, except for the lease or rent of premises;
- 2) to operate in such areas as the manufacture and trade of explosives, weapons and ammunition, production of alcoholic beverages (except for small alcoholic beverage producers), production and trade of tobacco products, gambling and betting activities, financial and insurance activities, or in areas posing a threat to public health and safety; and
- 3) to issue loans, except for loans to the target groups if the latter is provided for in the articles of association of a social enterprise.

4.2 Fields of interest to social economy enterprises and not subject to public procurement

Social enterprises are not excluded from any type of public procurement.

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