

Support tools and legal system for the creative social entrepreneurship sector in Latvia, Sweden and Georgia – a comparative analysis

A report from the project

“Creative Social Entrepreneurship in the Baltic Sea Region”, 2019-2021.

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Introduction

In the project “Creative Social Entrepreneurship in the Baltic Sea Region”, financed by the Swedish Institute, the three partners Coompanion Östergötland (Sweden), Valmiera Development Agency (Latvia) and Europe Foundation (Georgia) collaborated in order to find new ways of supporting growth within the creative social enterprise-sector. All partners have special expertise in social entrepreneurship - a sector where creative and cultural activities could play a larger role. Therefore, the project views social entrepreneurship as the starting point and main focus, and Cultural and Creative Industries (CCI) as a beneficial tool to be utilized by the SE-sector in order to build social sustainability.

The project was supposed to mainly consist of international meetings in each country. Due to covid restrictions only one such meeting could take place. The rest of the project had to be done digitally. Therefore, most research within the partnership was conducted through online presentations in the form of webinars, but also a social innovation camp - a workshop method based on design thinking.

In this report we present a mapped oversight of support structures and legal frameworks for the sector in each country in order to learn from each other and to find gaps we can solve together in a joint project and future collaborations.

Summary

The Creative Social Enterprise (CSE) sector is a small sector with good potential. The sector is making the world a better place through goods and services within arts, crafts, music, computer games and more. In the process of producing these goods and services social innovation can and does happen. People with special needs can find opportunities for work integration, social integration and more. It all comes down to empowerment for the individual. When combining these factors with economic growth the CSE-sector has good potential for increased job creation and scaled up empowerment processes for different target groups with special needs.

In all three partner countries there are gaps in the official support system related to the CSE-sector. On strategic levels it is rarely even mentioned but in reality, the merge between social entrepreneurship and creative entrepreneurship happens all the time. In order to stimulate a strategic growth of the sector we need to fill in the gaps and create an ecosystem of support. Within CCI international trade is often a basis in the marketing strategy, why a social trade model could be of use in such a support system.

On a strategic level, officials need to collaborate cross-sector in house and between organizations in regard to for example the cultural sector, social economy sector, business sector and welfare sector. Finding common strategies together and with the official support

systems that already exist as well as with new ones, is key. This could include better practices in social procurement, support financing and collaboration agreements.

The strategic work on a regional and municipal level must also connect with strategies on a national level, which is why advocacy work for the CSE-sector is needed. Mapping of the CSE-sector is important, first and foremost in the regions where a potential implementation project will take place, but the need is on a national level in all countries.

Mobilizing individuals, creative and social businesses and organizations within the social economy is needed in order to promote the opportunities the CSE-sector can offer. A gained interest must be met with hands-on support tools in the form of training in sustainable business practices and best practices regarding methods for social inclusion and empowerment. Quality assurance in social work is important when dealing with people with special needs. Incubator services are good and tested tools both for creative- and social enterprise start-ups and could be offered as a service. Social innovation methodology could be implemented in an official incubator for the CSE-sector, in order to find cross-sector collaborations and include a larger part of the society in a mutual social effort. Social Innovation Camp is an example of such a method.

In order to promote real growth needed to create employment and more social inclusion, a social trade model should be tested in an implementation project for mature CSE's. But to get to that step, export readiness, the CSE's really must show quality in their goods and services. The social trade model could start small, and sell mostly within the home country, first. Still the CCI-sector as a whole is in large part relying on export, why CSE's really should look into addressing this field.

All partners see social entrepreneurship as the first priority in this project and the creative sector as a way of strengthening it (even though the positive effects, probably, will go both ways). In line with this view, the project has compared legal systems and general context in regard to social entrepreneurship in all three countries. They are quite different, but still there are many contextual likenesses.

Latvia has a new law for social entrepreneurship that clearly defines the sector. For example, a social enterprise must be a limited company. If becoming a certified social enterprise in accordance with the law - a lot of special benefits are activated, including the possibility of applying for a generous start up grant. Also, there are support structures like the organization SEAL that organizes support for the sector, including a national network of social entrepreneurship ambassadors. The law makes it easy to gather statistics of the sector. Already established business incubators and makerspaces could possibly be used also for the CSE-sector in Valmiera, in an implementation project.

Sweden has no special law for the social enterprise sector but a tradition of supporting work integrated social enterprises for the last two decades, on a strategic level. Most of them are organized as cooperatives, which differs from Latvia and Georgia. In Sweden the Public Employment Agency provides generous wage subsidies for individuals with special needs, which is systematically utilized by the WISE-sector. Since 2018 the Government of Sweden

has a strategy for the social enterprise sector, including not only WISE's but social entrepreneurship in a much broader sense. Coompanion is a semi-public support structure for the social entrepreneurship sector, with special focus on the social economy, in Sweden. It has 25 offices all over the country. In Sweden the statistics on the social enterprise sector, in the new broader sense, is poor at the moment. About 350 WISE's exist, and some of them are engaged in the creative sector.

Like Sweden, Georgia has no special law for social enterprise. Currently, no public strategy or support tools exist specifically for the sector. All the assistance comes from international donors, civil society, and the private sector. The technical and financial contribution of these actors plays a vital role in the development of social enterprises. A clear example of this is Impact Hub Tbilisi, founded by three private individuals and Europe Foundation, with support from SIDA. The Hub's services stand out as an inspiring example of what can be done outside the public support system. In Georgia, most of the enterprises are established within civil society. In total, around 100 social enterprises operate in Georgia. Many of them are members of a unified platform – Social Enterprise Alliance (SEA), which, among other activities, conducts statistical analysis of social enterprises and keeps the SE database on its website. No official SE statistics exist in Georgia, as the Georgian legislation does not recognize SE as a separate legal status.

The legal systems and strategic context differ in all three countries. Still the challenges for the social enterprise sector are very similar. The project concludes that whatever legal context, the social entrepreneurs must be better at providing high quality in both goods and services and become more economically sustainable, by their own merits. Donor dependency is a challenge for many of them - no matter if the donors are public or private. Very good examples of social enterprises that are sustainable exist in all countries. Some CSE's are not only economically sound but also successful on the international market, like the toymaker Kodala in Georgia. But as a whole, the social enterprise sector needs to be strengthened from a business perspective - that's why the pre-study suggests strategically implementing support tools as mentioned above.

Objectives and Conditions

This pre-study was conducted in order to compare the differences between the support systems and legal frameworks for social entrepreneurship in Sweden, Latvia and Georgia. This was done in regard to creative and cultural entrepreneurship, where the merging of the two sectors was a theoretical prerequisite.

The pre-study also wanted to investigate a social trade model (cross-border) and learn more about how to best set up an Ecosystem of support for the "creative social enterprise-sector".

The partnership consisted of Coompanion Östergötland (Sweden), Valmiera Development Agency (Latvia) and Europe Foundation (Georgia). The funding came from the Swedish Institute. It was eminent that all organizations had a clear focus on social entrepreneurship

first, creative and cultural industries second. The competencies were mostly related to the first as well. Therefore, also the activities.

Social trade model, cross-border	Theoretical model(s) conceptualised	New application
Knowledge sharing - support tools for creative social entrepreneurship	Shared knowledge about Impact hub, counselling models, (social) innovation systems, local examples, methods for social inclusion, financing etc.	Mobilising new cross-governance partners at local, regional and national level for new application.
Ecosystem of support	Theoretical model conceptualised	Mapped oversight of beneficial tools to be included in support ecosystem for CSE-sector – for stakeholders and new applications.
Knowledge sharing - Legal frameworks	Analysing legal differences between partnering countries, and respective connected challenges for Social entrepreneurship	Mapped oversight of legal challenges with proposals for ways of improvement – for stakeholders and new applications.

Image: The deliverables of the project.

Definitions

Creative Social Enterprise (CSE)

A social enterprise within the creative industries. The enterprise uses creative industry business models in order to reach social goals, like for example work integration, integration, poverty reduction etcetera. The enterprise will reinvest profits in order to promote the reaching of its social goals.

Creative and Cultural Industries (CCI)

According to the OECD this industry sector consisting of following industries:

Architecture	Art	Music	Crafts and Crafts
Design and Design	Cultural Heritage	Meal	Game Development
Film	Literature	Performing Arts	Experiential Learning
Photography	Media & Marketing Communication	Fashion	Software & IT-Services

Support Tools for Social Enterprises

According to the EU Commission, most commonly, policymakers are shaping the following policy areas in support of social enterprises in the European Union:

- a) Legal forms: for example, enacted laws that recognize new legal form for social enterprises.
- b) Fiscal Incentives: like Social Investment Tax Relief to benefit those who invest in social enterprises
- c) Public Procurement Systems: used by governments to demand and consume from social enterprises.
- d) Grants: used to strengthen the ability or capacity of actors in innovation ecosystems to generate knowledge and produce innovation.
- e) Public Venture Capital Funds: they look to achieve attractive, risk-adjusted returns through long-term capital appreciation of investments made in investee companies.
- f) Guarantee Funds: these facilitate the access to finance by extending credit guarantees for the liabilities of promising social enterprises, which lack tangible collateral.
- g) Social Impact Bonds: these are financial mechanisms through which investors pay for a set of interventions to improve social outcomes that are of critical interest to the government.

The model combines government initiation, private investment and implementation of a third actor that can be a non-profit organization or a social enterprise.

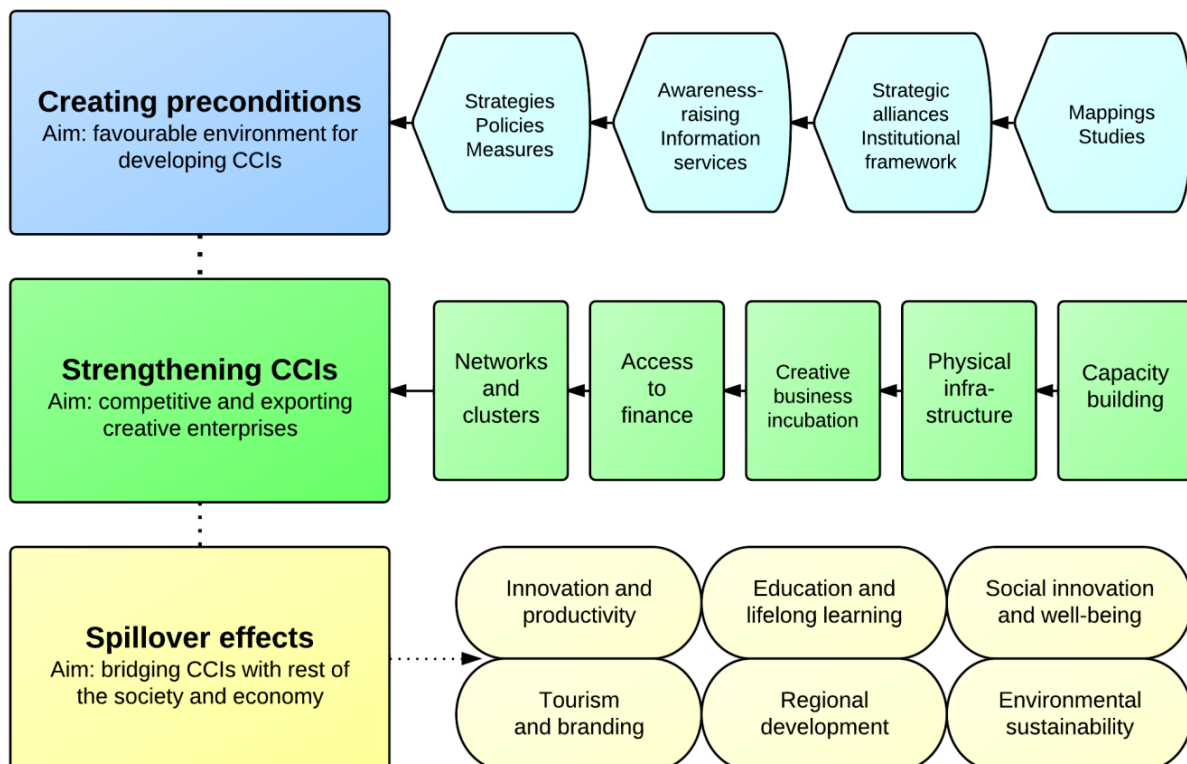
- h) Awareness Campaigns: helping to identify, engage and promote social innovators, entrepreneurs and scientists that are contributing to solve social problems.
- i) Incubation and Acceleration: some governments or support organizations are engaging or financing directly the incubation and acceleration of Social Enterprises.
- j) Training and Capacity Building: through mentorship programs and/or counseling social entrepreneurs are developing the commercial and social skills needed to develop their ventures. ¹

The list provides good examples but is not complete. Public strategies and policies, on all levels, are other support tools worth mentioning.

Support Tools for CCI

Framework for developing Cultural and Creative Industries (CCIs)

EU OMC Working Group on CCIs, 2012



According to the EU Policy Handbook for the creative and cultural industries, the CCI-sector needs the right preconditions complemented with support tools for strengthening enterprises within the sector. This will lead to positive spillover effects that will benefit both the economy and the society as a whole. Below are descriptions of the examples of support tools.

¹ EU Commission, 2020

Creating Preconditions

- a) Strategies, policies and measures: develop the adequate political tools for the sector. On different levels these tools might take different forms, including regional strategies, local development plans and national policy papers. These policies are basically always relating to other policy areas like export and internationalisation, tourism and social cohesion. Especially CCI policy relates to policies for culture and business development in general.
- b) Awareness raising information services: awareness-raising about the potential of CCIs in boosting socio-economic development is a continuous process that is essential on all levels.
- c) Strategic Alliances Institutional Framework: CCIs are by nature inter-disciplinary, they combine culture on one hand, economy on the other hand, and more. Therefore it is vital to get all different stakeholders involved.
- d) Mappings Studies: National statistics rarely give a comprehensive overview of the sector with all its sub sectors. Therefore mapping is a good first step.²

Strengthening CCI

- a) Networks and Clusters: are needed because the CCI-enterprises are usually micro-enterprises, which cooperate in the form of alliances on projects, also on the international level.
- b) Access to Finance: CCI-enterprises often rely heavily on intangible assets and other aspects that make them risky investments from a traditional financing perspective.
- c) Creative Business Incubation: incubators' focus specifically on quality and growth of their tenant companies, stimulating quality and scaling up.
- d) Physical Infrastructure: CCIs need networking and collaborative spaces organised in a multi-disciplinary environment with basic infrastructures, in which they can develop their activities, physically or virtually.
- e) Capacity Building: cultural and creative entrepreneurs are often lacking business skills and are in need of consulting, coaching and training.

SWEDEN

Social Enterprise (SE)

According to the Swedish Government social enterprises display in general a number of characteristics that may help define this group:

- They are companies, regardless of legal form, where the business operation is a means to achieve one or more specific public benefit goals, such as reducing exclusion, improving the climate and environment or contributing to a more secure living environment.
- The company's performance is measured in relation to the public benefit goals specified as being its purpose to achieve.
- The company's financial surplus is primarily invested in its operations. Alternatively, it is invested in a new public benefit project rather than primarily being taken as profits in the form of earnings for the owners.

² EU, 2012

Work Integrated Social Enterprise (WISE)

A form of legitimacy for this kind of social enterprise was reached when the Swedish Government in April 2010 launched an Action Plan for WISEs with four criteria.

- The term work integrated social enterprises aim at enterprises producing and selling goods or services to customers, groups, or organizations.
- These enterprises are creating participation for members and workers through ownership, agreements and in other well documented ways.
- The enterprises are re-investing their profit in their own businesses or in other firms or activities of similarity.
- The enterprises are autonomous organizations independent from the public sector.

Cultural and creative industries (CCI)

The term is defined in Sweden according to the Swedish Agency for Economic and Regional Growth as: Groups of companies that have culture and creativity as a key part of their business

These companies are run by individuals who:

- based on their own creative ideas, creates culture or culture-based services and products that others want to buy. This includes both large groups and self-employed people (a clear majority are small companies).
- Something that unites these industries is that many of the companies are so-called "Lifestyle companies" i.e. driven by commitment and creative joy .
- Non-profit actors / civil society actors or social entrepreneurs are not used in the term

Social Economy

According to the Swedish definition the social economy refers to organized activities that primarily have societal purposes, are based on democratic values and are organizationally independent from the public sector. These social and economic activities are conducted mainly in associations, cooperatives, foundations and the like. The businesses have a public benefit or membership benefit, not a profit interest - as a driving force.

LATVIA

Social Enterprise (SE)

According to the Latvian Social Enterprise Law, a social enterprise is a limited liability company that:

- 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

A social enterprise is entered in the register of social enterprises after the Ministry of Welfare of the Republic of Latvia has granted the status of a social enterprise.

The social enterprise employs employees and does not distribute its profits, but invests them in order to achieve the goals set out in the statutes.

To obtain the status of a social enterprise, an enterprise must meet one of the following requirements:

- 1) a representative of the target group is involved in the executive body or supervisory body of the undertaking;
- 2) a representative of the target group or a representative of the association or foundation representing the target group, or an expert in the specific field, is involved in the consultative institution of the enterprise, if such has been established.

The following are defined as target groups of social enterprises:

- 1) persons with disabilities;
- 2) persons with mental disorders;
- 3) persons who have been determined to comply with the status of a needy family (person);
- 4) the unemployed who have dependents, the unemployed over the age of 54 and the long-term unemployed;
- 5) ethnic minority Roma;
- 6) prisoners or persons released from prison;
- 7) persons with addiction problems to alcohol, narcotic drugs, psychotropic or toxic substances, gambling or computer games;
- 8) persons whose place of residence has been declared in a night shelter;
- 9) victims of trafficking;
- 10) persons who have been granted refugee, alternative or stateless status in the Republic of Latvia;
- 11) orphans and children left without parental care from the age of 15, as well as adults up to the age of 24 corresponding to this group.

Social enterprise is characterized by several features:

- 1) desire to solve a social problem using business methods and tools (business competing in the free market);
- 2) produces goods and provides services, uses paid labor with appropriate remuneration;
- 3) may start as a small local initiative in the common interest for the public good;
- 4) the founding documents (articles of association and founding agreement) must reflect the social purpose or problem for which the company is designed;

- 5) it must have a measurable positive social impact and be managed responsibly and transparently, involving employees and customers.

Cultural and creative industries (CCI)

According to the Ministry of Culture of the Republic of Latvia, Cultural and Creative Industries are activities, based on individual and collective creativity, skills and talents, which by way of generating and utilizing intellectual property, are able to increase welfare and create jobs. Creative industries generate, develop, produce, utilize, display, disseminate, and preserve products of economic, cultural and/or recreational value.

Creative Industries encompass the following sectors: Architecture, Design, Cinematography, Performing arts, Visual arts, Music, Publishing, Television, radio and interactive media, Advertising, Computer games and interactive software, Cultural heritage, Cultural education, Recreation, Entertainment and other cultural activities

CCIs are by nature interdisciplinary, they combine culture on one hand and economy on the other. Arts and culture are often described as the core in a system where the cultural and creative industries surround the core and the wider economy surrounds the cultural and creative industries. Together the core cultural and artistic expressions and the cultural and creative industries provide a great potential for local, regional and national development and spill-over effects on the wider economy.

CCIs produce many different types of positive spill-overs on the economy and society as a whole: from inspiring and nurturing creative and innovative entrepreneurship to designing new public service transportation or new interactions between patients and health service staff, from promoting innovation in other sectors of the economy to promoting behavioural shifts or fuelling digital devices and networks, from promoting a more quality-oriented tourism in regions and cities to helping social regeneration of deprived areas and innovative forms of teaching, from design thinking in all types of settings to the use of culture and creativity as a management tool for improving working relationships in companies etcetera. Spill-over effects inherent to CCI can help to build a more creative governance, innovative teaching methods and life-long learning, new quality social services and tourism, sustainable territorial development, more innovative economy, environment sustainability and a competitive identity – a creative country for creative and united people.

The importance of CCI to Latvia is also justified by the fact that a business incubator for creative industries is available to business idea authors and start-ups. Currently, it operates in Riga, but in the coming years business incubators for creative industries in the regions of Latvia will open as well.

Being aware of the context of the crisis caused by the Covid-19 infection, the main challenges and courses of action for the creative industries in Latvia are: support for innovation (technological and non-technological innovation), strengthening competitiveness and export support, cross-cultural and creative industries; closer cooperation between sectors to create innovative solutions, the development of a culture of experimentation, various support mechanisms for the creative industries ecosystem, access to information

and networking, the performance of the creative industries in overcoming the Covid-19 crisis, and the promotion of lifelong learning for professionals in creative industries.

GEORGIA

Social Enterprise (SE)

In Georgia, social entrepreneurship is not acknowledged on the state level. As a result, there is no official or unified definition in the country. The key actors in the SE development field interpret the term based on their missions. All of them, however, do have a thing in common - they highlight the necessity of a mixture of economic and social goals.

Europe Foundation supports social enterprise as one of the ways for CSOs to diversify the funding and ensure their long-term sustainability. For the Foundation, social enterprise is a business model that operates with social objectives and reinvests profits into the social mission of the organizations.

Centre for Strategic Research and Development of Georgia (CSR DG), one of the key players in social entrepreneurship development in Georgia, looks at SE as a revenue-generating business. Whether operated by a non-profit organization (NGO) or by a for-profit company, a social enterprise has two goals: to achieve social, cultural, community economic, and/or environmental outcomes. Economic goal is a secondary one, and for social enterprises, this is the way to accomplish the main goal - social efficiency.

Bank of Georgia, through its foundation - Tree of Life, provides grant and technical support to social enterprises and defines SE as having double goals: economic and social, where social is most important. The economic goal serves only as a means of achieving a second, more important - social goal. The success of the project is measured by its contribution to the solution of the social problem for which it was created.

Definition of Cultural and Creative Industry

Georgia's Culture Strategy 2025 adopted in 2016 defines the Creative Industries as follows: The industries producing and distributing goods or services which embody or convey cultural expression, irrespective of the commercial value they may have; also, industries in which the product or service contains a substantial element of artistic or creative endeavour. Besides the traditional arts sectors, creative industries encompass the audio-visual sector, publishing, media and broadcasting, and crafts, etc.³

The following 14 directions are classified as creative industries in Georgia: music, film and video, cultural heritage, media and broadcasting, visual arts, architecture, literature and publishing, design and fashion, performing arts, advertisement, gastronomy, and culinary, crafts, digital technologies industry, arts, and culture education

The strategy fostered the creation of the LEPL Creative Georgia (CG) under the Ministry of Education, Science, Culture, and Sport of Georgia. Its mission is to create an appropriate

³ http://creativegeorgia.ge/getattachment/Publications/Strategic_Documents/saqartvelos-kulturis-strategia-2025/FINAL-Culture-Strategy-2025-ENG.pdf.aspx

environment for creative industries development, via relevant programs, projects, and grants.

To fulfil the mission, Creative Georgia aims at:

- Raising awareness about creative industries;
- Building capacity of creative entrepreneurs through training programs, seminars, and other activities;
- Establishing networking platforms;
- Creating funding opportunities and spreading information about existing funding opportunities;
- Supporting export of creative goods and in general, internationalization of sector;
- Supporting the development of research activities in the creative industries sector.⁴

Background

The CCI-sector in Europe and Worldwide

The cultural and creative industries is a fast-developing sector. In 2012 it was considered to be the fastest growing sector in the world. Nearly 30 million people worked in the sector, which generated a total of 2,250 billion USD. Europe is home to more creators than any other part of the world. The success of the cultural and creative industries in Europe are based on two tracks: a strong concentration of creators (writers, composers etc.) and a large number of art and culture schools. Europe is the second largest market for cultural and creative industries, accounting for 32% of global sales (\$ 709 billion) and 26% of all jobs (7.7 million). The industry's turnover in 2012 corresponded to 2.6% of the EU's GDP. ⁵

Cultural and creative sectors are a significant source of jobs and income, and also generate important spillovers to the wider economy. Beyond their economic impacts, they also have significant social impacts, from supporting health and well-being, to promoting social inclusion and local social capital.

Social Enterprises in Europe

According to the Social enterprises and their ecosystems in Europe – Comparative synthesis report (2020) Social enterprises, being part of the social economy, are a dynamic element of

⁴ <http://creativegeorgia.ge/getattachment/773b6f8b-3d56-4d8b-bee7-d188a05db36d/Creative-Industries-Classification-GE-EN.pdf.aspx>

⁵ EU, 2012

the European economic landscape. They

- create jobs,
- innovate in welfare provision,
- provide opportunities to participate in economic life and
- help demographic, green and digital transitions, without leaving anybody behind.

The number of social enterprises in Europe is growing and their business models and fields of activities are getting more diverse. This is a result of both bottom-up developments as well as of policy measures and programmes initiated by governments.

Statistics show that there are approximately 2 million social economy enterprises in Europe, representing 10% of all businesses in the EU. More than 11 million people – about 6% of the EU's employees – work for social economy enterprises

Against the decrease in the number of traditional low-skills positions induced by digital technologies, innovative approaches to integrating disadvantaged people have, moreover, the potential for success in emerging fields, such as social farming, upcycling and culture, in which social enterprises are increasingly engaging.

The capacity of social enterprises to self-organise and set up networks has proved crucial for social enterprise expansion and the success of both nascent and existing social enterprises. The capacity of citizens to self-organise is, however, still far from being fully harnessed in more than a few countries. Lack of cooperation and networking between social enterprises are regarded as important obstacles to social enterprise development.

A well-balanced support ecosystem should ensure policy continuity and political commitment to supporting a relatively well-resourced and integrated infrastructure drawing on a variety of types of support, including the use of social enterprise champions, mentoring, grants to help social enterprise enter into new contracts while keeping their social value focus, and support for ethical chains as well as conventional support to all growing businesses.

Provided that the role and potential of the social enterprise is adequately understood, the main challenge seems to be to avoid silo working and to reinforce bridging among different sectors and policy areas that are relevant to social enterprises.

Sweden presented by Coompanion Östergötland

Social Enterprises (SE)

Regarding work integrated social enterprises (WISE's) so according to the department of growth the figures show that the number of work integrated social enterprises has increased in the nation from 174 in 2009 to 350 companies in 2016. The number of people working in these companies has doubled from about 3,000 to 6,000, up to that point.

Statistics also show that almost 20 percent more women than men work in work-integrating social enterprises. Men and women with a foreign background are the groups that have increased the most in these companies. The common perception is that those who work in work-integrating social enterprises are poorly educated. But statistics show that this is not the case. These companies act as a springboard to work for people who have become unemployed for various reasons.

The Swedish Government has a national strategy for social entrepreneurship, with regional projects as a method for implementation. The goal of the strategy is to strengthen the development of social enterprises so that they can better participate in solving challenges in society and help the public sector become aware of and make use of social entrepreneurship and social enterprises as valuable actors in the development of a sustainable society.

1. Needs and demands
2. Strengthening business and advisory skills
3. Financing
4. Clarifying and measuring impacts
5. Developing knowledge and meeting places

The goal of the strategy is to strengthen the development of social enterprises so that they can better participate in solving challenges in society and help the public sector become aware of and make use of social entrepreneurship and social enterprises as valuable actors in the development of a sustainable society. The executive format of the strategy is project calls.

Funding of social enterprises in Sweden is often through projects and grants. There are also cooperative banks and credit guarantee systems that are well suited for the sector. Above this Sweden has a national wage substitution system of up to 80% of the salary of an employee with special needs - long term employment, disabilities etcetera. Employers in all sectors can get financial support for personal supervision and guiding of such an employee. Work integrated social enterprises are specialised in this employment model that is time tested as well functioning. The backside is that WISEs may become too dependent on this system and therefore get into financial hardships when politicians change the level of economic support. Neither regular SE's or the WISE-sector receives any special treatment or benefits. There is no special legislation for the SE- sector in Sweden. Legal obligations are the same as for private enterprises in terms of taxes, support, financing etcetera.

Civil society is important for culture in Sweden. Volunteers, non-profit associations, cooperative schools, enthusiasts, etcetera are very important, and these actors are part of the cultural policy system. Collaboration between civil society and professional actors often works well. If it does not work, it is often due to resource competition. Today, agreements are often created between the public sector and civil society actors, such as the Östergötland Region's Agreement Work with organizations within the civil society working in the social sector.

It's worth mentioning that in despite a lot of supportive measures the Swedish system as a whole has not generated much growth in regard to social entrepreneurship participating in welfare production. The civil society as a whole is at a steady 3% of the total welfare production since the last 30 years. Which is lower than the for example neighbouring countries.⁶

CCI in Sweden and Östergötland

In Sweden, the cultural and creative industries account for 3.3% of GDP and have a growth rate of approx. 5.5%. Approximately 148,000 companies are active in the cultural and creative industries. The number of full-time job positions is approximately 200,000. The number of activities in the cultural and creative industries has increased in all 21 counties in Sweden in the last 5 years.

Employment figures in some CCI-sectors 2013:

- The number of employees in the sports industry is approximately 27,400.
- The number of employees in the music industry is approximately 5500.
- The number of employees in the fashion industry is approximately 56,000.

Among all companies as well as among cultural and creative companies, about 70% want to grow. However, there is a big difference, fewer cultural and creative companies want to grow by hiring. It can be due to the fact that many of the companies are solo companies.⁷

Artistic and creative industries are in a strong upswing both in terms of the number of jobs and market growth in general. According to more recent figures than stated above, from the Swedish Growth agency, artistic and creative industries are leading the digital service development. Working in these industries usually means that the goal is aimed at an international market already at the idea stage.⁸

To understand the needs of the cultural and creative companies in regard to internationalization - to export or sell products and services to tourists and other visitors - there are certain factors in need to take into consideration. Exporting requires a mature or strongly expansive business. The step to go from a local, regional or national entrepreneurship to establish oneself in an international market includes everything from choosing export market, segment the market, formulate sales arguments, set prices, analyse competition, choose distribution strategy, find partners, sign agreements, plan marketing and do an establishment calculation to check the export conditions.

Even though cultural and creative enterprises are on average smaller than other enterprises, it is more common that they export. Almost one in three small and medium-sized enterprises in the sector exports. It is almost twice as much compared to all companies. Among the

⁶ Nachemson-Ekwall, 2021

⁷ Lundqvist E, 2018

⁸<https://expressionumea.se/en/pressrelease/svenska-inkubatorer-for-konstnarliga-och-kreativa-naringar-kraftsamlar-i-nationell-intresseorganisation/>

large companies in the sector, over 80% exported. Over 70% of the cultural and creative companies that export, do it to Norway. Among the cultural and creative companies that export, exports to countries are more common outside the Nordic region in comparison with all business sectors.⁹

In 2008-2014: Region Östergötland carried out a dozen projects within CCI - all with a focus on the corporate aspect. These projects were a part of a national political agenda that prevailed during the period. Most of the country's regions needed to continue working, based on their potential linked to several areas. CCI's are important for the growth in many regions.

According to Region Östergötland Creative and Cultural Industries and social entrepreneurship needs to coordinate the goals and efforts of three policy areas:

- Culture
- Growth
- Social economy

Two traditional areas - culture and economic growth and a third: the social economy - the extensive and long-lasting historical social impact of this sector was highlighted upon accession to the EU. The challenges now are to get these coordinated and adapted to Agenda 2030 and active sustainability work.

How the assignment for CCI is organized at national, regional and municipal level plays a major role in order to get the CSE-sector growing. Knowledge of the needs and conditions for companies within CCI and social entrepreneurship is still weak, which constitutes a challenge. Many CCI-companies have a social dimension, but rarely as a primary driving force.

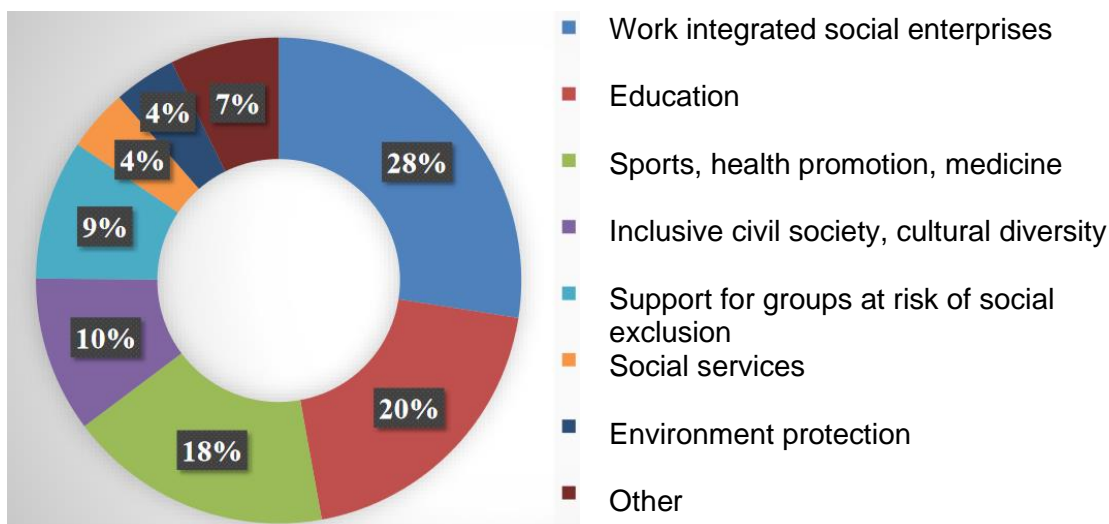
Latvia presented by Valmiera Development Agency

Social Enterprises (SE)

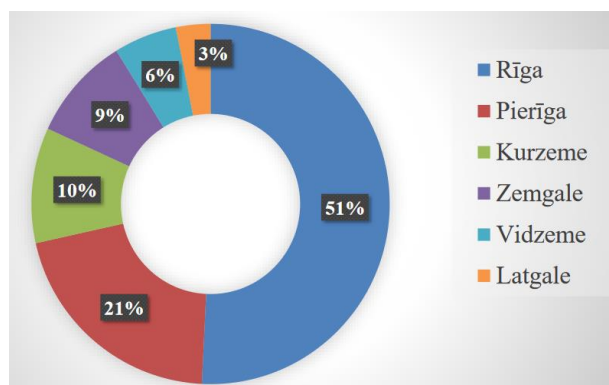
Latvia stands out in the partnership by having a special Social Enterprise Law. This makes it easy for the country to get statistics of the sector as each officially approved social enterprise is registered. If approved they may receive a funding grant from the government. By 31 October 2021, 193 active social enterprises were registered in Latvia. The status of a social enterprise has been revoked for 22 enterprises. 66 companies were denied the status of a social enterprise.

According to the Ministry of Welfare of the Republic of Latvia, by 31 October 2021 these are areas of activity of social enterprises:

⁹ Lundqvist E, 2018



Much more active work needs to be done by introducing entrepreneurs and business idea authors to the concept of social entrepreneurship in the regions of Latvia, as the most social businesses are located in Riga (capital city of Latvia) or adherent territories of Riga (Pierīga). According to the Ministry of Welfare of the Republic of Latvia, by 31 October 2021 this is the location of social enterprises in Latvia:



According to the state development finance institution ALTUM, until 30 September 2021, this is the statistics of the program "Support for Social Entrepreneurship" (since 2017), which is administered and implemented by the Ministry of Welfare of the Republic of Latvia in cooperation with the ALTUM:

- 1) 134 grants have been awarded to social enterprises for the total amount of 8.5 million;
- 2) 129 grant agreements have been concluded with social enterprises for the total amount of 8.3 million;
- 3) grant funding was issued to 123 projects for a total amount of 6.2 million;
- 4) 64 business projects for the total amount of 3.7 million were fully implemented.

The amount of ALTUM grants is from 5,000 to 200,000 EUR for investments and current assets (incl. remuneration costs).

The number of “official” social enterprises is still low and is expected to lower, as the ALTUM investment programme will end soon when the total budget is used up.

The SE-sector in Latvia needs building strategic partnerships and bringing awareness to all range of stakeholders – a united platform that brings stakeholders together.

Issues to address in Latvia (Valmiera) are for example:

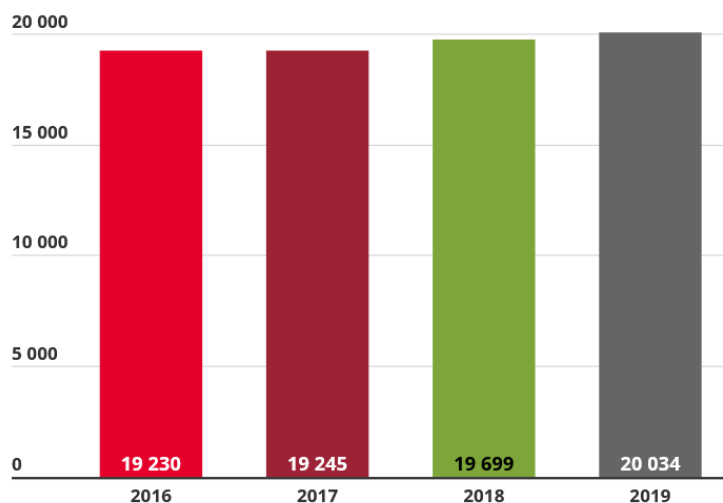
- The stereotype of social enterprises being only the work integration social enterprises still prevails
- Investments are still very needed – both public and private
- Interesting funding distorts the social entrepreneurship area - many “travellers” here only for funding
- It’s hard to measure and communicate the overall social impact created (as social enterprises are so different, no united measurement system, lack of motivation)
- High expectations from all sides, but it’s still experimentation phase, the impact is expected right away
- The main conclusions are still early to be made

Moreover, Latvia needs strengthening the capacity, skills and network of different level stakeholders about social entrepreneurship. Creating a local and national media narrative about social entrepreneurship as a tool for strengthening local communities and integrating vulnerable groups is also a factor. There is more work to be done regarding financial sustainability of social enterprises. Impact Investing development could play a role in this regard.

The role of municipalities in creating a supporting environment for social enterprises, for example by socially responsible public procurement, could be more developed.

Cultural and creative industries (CCI)

Cultural and creative industries form a significant sector of the economy which is also an important employment source in Latvia. According to the latest statistics, in 2019, there were 20034 creative industry companies in Latvia. The increase in the number of companies in the creative industries is gradual, which indicates slow but constant growth of the industry and a favourable environment for its development in Latvia. However, we must also take into account the large number of small and medium-sized enterprises, non-governmental organizations and the self-employed people in the cultural and creative sectors, which makes the cultural and creative sectors particularly vulnerable to fluctuations in the business environment.



In 2010, the Saeima (Latvian parliament) adopted the Latvian Sustainable Development Strategy "Latvia 2030", the main long-term development planning document of the country. One of the priorities for the well-being and balanced development of society is the creation of a creative society, which includes the need to create fertile ground for the cultural and creative industries. Promoting the development of creative industries is based on the possibility of thus diversifying the Latvian economy and promoting its sustainability.

The economic potential of culture is also updated in the medium-term planning document "National Development Plan 2014–2020. (NAP2020), which mentions the need to develop creative entrepreneurship. The inclusion of the sector as one of the priorities in this document significantly promotes and facilitates the attraction of funding from the EU development funds. Within the framework of the NAP2020 programme, for example, EU funds were attracted for the establishment of an incubator for creative industries.

According to Eurostat data for 2017, the cultural and creative industries in Latvia account for 4.4% of GDP. The study "Analysis of the European Cultural and Creative Industries Market" commissioned by the European Investment Fund found that Latvia is among the European leaders in the added value created by the cultural and creative industries (in the European Union - the average is 5.5%, in Latvia it exceeds 7%). Nevertheless, the stereotype of culture as a consuming rather than a profitable industry often dominates the debate on economic development. Therefore, the understanding of the cultural and creative industries as a vital economic sector with both direct and indirect effects on the economy should be strengthened in the coming years.

Until the crisis caused by Covid-19, the economic growth of the cultural and creative industries in Latvia was characterized by an upward trend. Exports of services and goods of the cultural and creative industries and related industries accounted for 5.82% in 2016, while in 2019 they already accounted for 14.62% of the country's total exports (data source: Central Statistical Bureau of the Republic of Latvia).

According to a study conducted by the Ministry of Culture in 2018, out of all NGOs currently registered in Latvia (23,008 in 2018), 3,397 non-governmental organizations correspond to the cultural and creative sectors. At the same time, the study concludes that 38% of cultural and creative NGOs that have submitted an annual report have not attracted funding or carried out any activities during 2017, while 27% of NGOs have neither staff nor revenue, so a quarter of NGOs are not considered as active. The number of employees of NGOs in the cultural and creative sectors makes up 25% of the total number of employees in the non-governmental sector, which shows that the sector employs a proportionately large number of employees. The total revenue of all 3397 cultural and creative NGOs in 2017 was 74.6 million euros or 17% of the total revenue of the NGO sector, however, only 5% of the revenue of cultural and creative NGOs exceeds 100,001 euros, which indicates that only a small number of NGOs in the cultural and creative industries are able to attract significant funding to achieve their goals.

Therefore, in order to strengthen the NGO sector in the cultural and creative sectors, appropriate support instruments are needed to ensure the sustainability of key NGOs, providing guarantees for long-term development. The most critical element of support for NGO support is the investment in NGO staff, given that many NGOs lack direct labor (the presence of at least one paid person in the organization) does not allow them to develop better, instead forcing NGOs to seek short-term solutions from project to project. In essence, this means that each implemented project is also used to pre-finance future projects. It is also necessary to continue the discussion on restrictions on economic activity in the NGO sector and wider opportunities to attract donations, as well as to evaluate the practice of NGO involvement in the implementation of public administration delegation and participation agreements, which is one of the decentralization methods.

The business incubator of the creative industries in Latvia plays an important role in supporting the creative industries. The incubator had the most applications - 191 - from 2017 to 2020, compared to other business incubators throughout Latvia (109 on average). In 2020, 15 companies in the creative industries business incubator were high-tech companies and 2 were medium-high-tech companies. From 2018 to 2020, the turnover of the companies in the creative industries business incubator was 5.54 million euros; the average turnover of other Latvian incubators was 4.38 million euros. Compared to 2018 and 2019, the amount of taxes paid by these companies has also increased significantly in 2020 (an increase of approximately 240%). While in other business incubators the productivity of companies or return per employee is 37 thousand euros, in the business incubator of creative industries the productivity is significantly higher, namely, 50 thousand euros.

Creative industry business incubator companies also have a stable export volume - from 2018 to 2020, it was on average 64%. This incubator is also the one where most companies export, namely 63% of all companies, while on average in Latvia 43% of all business incubator companies export. In business incubators in Latvia, the total volume of companies' exports was 42%. In 2020, out of 13 Latvian business incubators, the business incubator of creative industries ranked third in terms of attracting external funding (a total of 1.08 million).

This shows the ability of creative industries' enterprises to be equal and competitive.

Georgia presented by Europe Foundation

Social Enterprise (SE)

The concept of social enterprise was first introduced in the country in 2009, as a result of the efforts of civil society organizations Europe Foundation, CSRDG, and the British Council, with the financial support of international donors. Together with its partners, Europe Foundation started with the concept promotion by collaborating with local and international players waging public information campaigns and supporting SEs to create positive examples for both CSOs and the Government to emulate. Just as importantly, the Foundation succeeded in creating lasting collaboration between CSOs, businesses, and public authorities. Europe Foundation helped CSOs to establish social enterprises so that they could diversify sources of income and increase their financial sustainability.

These efforts lead to the promotion of the concept among the wider public, CSOs, and private sector, the development of new SE support mechanisms and funding opportunities, and the creation of new social enterprises.

According to a study done by the Civil Society Institute (CSI) in 2020, around 100 operational SEs exist in Georgia. The main objectives of SEs are very diverse. But the majority of them are aimed at the employment of different vulnerable groups (about 64%). By types of activity, 57% of the SEs offer goods, and 43% - services. By legal form: 72% of SEs are operating under the legal status of Non-entrepreneurial (Non-commercial) Legal Entity (NNLE); the 25% have the status of Limited liability Company (LLC), and the 3 % are cooperatives or other forms.

Different types of organizations support social entrepreneurship in Georgia. Among them is Impact Hub Tbilisi, launched in 2016 with financial investment from Europe Foundation. One of the largest networks that focus on building entrepreneurial communities for impact at scale, the hub runs the social enterprise support program - Social Impact Award. It is an annual international education and incubation program implemented in more than 15 countries to support early-stage social entrepreneurs in developing and implementing innovative business solutions to tackle the most important societal challenges of our times. The hub also conducts a capacity-building program for the Cult-Up Commission to empower young entrepreneurs working in the cultural heritage field in the Mediterranean and Eastern Europe.

Another significant support hub for SEs is Social Enterprise Alliance (SEA), founded by CSRDG and six leading social enterprises with support from the EU. SEA represents an untied platform for social enterprises, aiming to support the joint interests of the members, raise awareness about the field, promote experience sharing and develop an effective cooperation mechanism between SEs the different sectors. Currently, SEA unities 33 member organizations: social enterprises and CSOs working in the field. The SEA also keeps track of social enterprise statistics and has a social enterprise database on its website.

Over the years, the number of funding opportunities has also increased. In addition to the Visegrad Fund, Arbeiter Samariter Bund, CSRDG, organizations such as Mercy Corps, and local organizations like CENN and Association Rural Development for Future Georgia started providing grant support to SEs.

The social enterprise efforts lead to the creation of support mechanisms from the private sector as well. A leading financial institution in the country, the Bank of Georgia launched a program that offers grant and capacity assistance to new and existing social enterprises. Another example is micro-finance organization Crystal, which provided "social" credit with zero interest rate to SEs before the pandemic.

More challenges remain regarding public support to social enterprises. Although much effort has been made in advocating for the SE-related issues, only sporadic cases of SE support from the Government exist. A sole example of a more strategic support mechanism is the legal entity of public law (LEPL) Children and Youth Development Fund. Before its dismantling in 2018, the Fund ran a social enterprise program and funded 42 projects in 2013-2016. Since then, social enterprise has been mentioned in the 2019-2022 strategic document of Youth Agency and in that of LEPL National Agency for Crime Prevention, Execution Non-custodial Sentences and Probation. Currently, no state institution provides support specifically to social enterprises. No municipal funds: loans, grants, and other forms of financial assistance are available.

On the other hand, some public agencies: Enterprise Georgia and Georgian Innovation and Technology Agency (GITA), run SME support programs. In many cases, social enterprises find it challenging to qualify for these programs due to their specific needs.

More encouraging public support to social enterprises is business accelerator Spark, a joint project of Tbilisi City Hall and the European Union. The accelerator offers special business development programs to existing small and medium-sized businesses and startups. With Europe Foundation efforts, the project incorporated social enterprise into its incubation module. This is noteworthy, as the capacity of social enterprises in running successful businesses is low.

Regarding public support for SEs, an issue of relevant legislation is relevant. Currently, Georgian legislation has no mention of social enterprise. Since 2015, some organizations working on social enterprise issues, such as CSRDG and CSI, have been advocating for the legislative initiative with little success so far. A new draft law is planned to be resubmitted for the hearings.

Since there is no law in Georgia, there is no specific legal form for SEs. Therefore, theoretically, any entrepreneurial and non-entrepreneurial legal entity can operate as a social enterprise. However, in practice, social enterprises with the following legal forms dominate (a) Non-entrepreneurial, (Non-commercial) Legal Entity, and (b) Limited Liability Company.

The lack of unified government vision and support mechanisms regarding social enterprise remains a challenge. More needs to be done in the capacity building of social enterprises to run successful businesses. Many social enterprises are driven solely by their social missions. They have to learn to prioritize economic goals to become sustainable enterprises.

Project activities

LATVIA

Feasibility Visit

25-27 of November 2019: 3 days in Valmiera Municipality with host Valmiera Development Agency.

Presentations were made by Valmiera Development Agency, Valmiera Municipality (the Mayor), Ministry of welfare, Magnetic Latvia - incubator, SEAL, Sempre Accelerators and Vidzeme Planning Region.

Partner participants:

2 representatives from Europe Foundation

1 representatives from Coompanion Östergötland

2 representatives from Valmiera Development Agency

Webinar

June 21, 2021: CSE-Webinar - SEAL and Valmiera Development Agency (reminder webinar)

SWEDEN

Webinars:

September 30, 2020: Creative and social entrepreneurship in the municipality of Norrköping. With Norrköping Municipality as guest presenter.

October 8, 2020: Strategies for creative and social entrepreneurship in Region Östergötland (Region of East Sweden). With Region Östergötland as guest presenter.

October 20 2020: Financing of creative social entrepreneurship in Sweden
With Region Östergötland, Mikrofonden Sverige (www.mikrofonden.se) and Ekobanken (<https://www.ekobanken.se/en/>) as guest presenters.

December 9, 2020: Coompanion and good examples - Wise Academy & social economic trade and local example of CSE (Skäggbyrån). Guest presenter Skäggbyrån (WISE)

December 15, 2020: Last webinar of the "Sweden-series - Wise-certification, Social return on investment and Social innovation Camp. Guest presenters SKOOPI, SERUS and Coompanion Kronoberg.

GEORGIA

Webinars:

March 9, 2021: CSE Webinar : State of SE in Georgia (major players, existing schemes, situation with regard to the legislative framework), with Europe Foundation, Center for Strategic Research and Development of Georgia (CSRDG) and Impact Hub Tbilisi as guest presenters.

March 23, 2021: CSE Webinar : entrepreneurship support mechanisms from public and private sector in Georgia with Bank of Georgia, Microfinance organization Crystal, Youth Agency of Georgia and Enterprise Georgia as guest presenters.

March 30, 2021: CSE Webinar: Experience of Social Enterprises from Georgia with Georgian Heritage Crafts Association, social enterprises - Istoriali, Ikorta, Babale and Kodala (Woodpecker) as guest presenters.

JOINT ACTIVITY

June 9, 2021: SOCIAL INNOVATION CAMP

In this digital social innovation camp, specifically invited key stakeholders contributed in a process of modelling an "ecosystem of support" to the CSE-sector. The event lasted 4,5 hours (ex lunch break). The three country groups pitched ideas for project applications.

Participants:

Sweden:

- 2 representatives from Coompanion Östergötland
- 1 representative from Norrköping Municipality
- 1 representative from Skäggbyrån (WISE within the creative sector)

Georgia:

- 2 representatives från Europe Foundation
- 2 representatives from Impact Hub Tbilisi
- 1 representative from the National Crafts Association

Latvia:

- 1 representative from Valmiera Development Agency
- 1 representative from Latvian Social Entrepreneurship Association
- 1 representative from Ministry of Welfare in Latvia
- 2 representatives from Vidzeme Planning Region
- 1 social entrepreneur

Results from the project's activities

Support tools for creative social entrepreneurship by country

Latvia - Support tools presented by Valmiera Development Agency

Ministry of Welfare

The Ministry of Welfare of the Republic of Latvia has come with the evaluation report on the social entrepreneurship support system in Latvia (full report available in Latvian), specifically focusing on the assessment of socially responsible entrepreneurs, their impact, and support mechanisms in order to provide viable recommendations for improvement of legal framework addressing social entrepreneurship.

In spring 2017, Latvia launched Social Entrepreneurship Law allowing social entrepreneurs registered as such to receive support in tackling social and environmental challenges more effectively. However, social entrepreneurship is still a new concept to be promoted in public, therefore research focuses on two groups of social entrepreneurs in Latvia: de jure entrepreneurs (recognized by The Ministry of Welfare) and de facto or sustainable entrepreneurs without the formal status of social entrepreneurs.

Social Entrepreneurship Law in Latvia allows applying for the state- and municipality-provided benefits, such as a grant for social entrepreneurs (ALTUM grant), citizen income and real estate tax credits, right to involve volunteers, opportunities to receive state grants, and rights to exploit the movable or immovable property of municipalities for free, privileges in public procurement assessment, corporate tax relief for specific expenditure groups. Also, the support of the Social Entrepreneurship Association of Latvia is provided for the members, social entrepreneurs, and their support organizations.

Link: socialenterprisebsr.net/2021/05/social-entrepreneurship-support-in-latvia-assessment-in-short

ALTUM

Starting with the first half of 2017, grant financing for enterprises conducting social entrepreneurship is available to promote establishment and development of social enterprises.

Link: altum.lv/en/services/enterprises/grants/Social-Entrepreneurship-Programme/about-the-programme/

Latvian Association of Social Entrepreneurship (SEAL)

NGO “Social Entrepreneurship Association of Latvia” (SEAL) is a member organization to promote the development of social entrepreneurship in Latvia. It brings together like-minded organizations, companies and people who believe that social entrepreneurship in Latvia has huge potential and who are ready to participate in the development and strengthening of the sector.

SEAL is involved in:

- Advocacy of interests at local, regional and national levels
- Capacity building of members, development of the experience and knowledge sharing platform
- Communication and information activities

Link: sua.lv/en/who-we-are/

Network of Social Entrepreneurship Ambassadors

SEAL takes part in various events to inform the wider community about the opportunities offered by social entrepreneurship. The organisation has created a network of social entrepreneurship ambassadors in the regions of Latvia. This network consists of 43 active professionals from various fields who help create an environment that supports social entrepreneurship and nurtures the creation of new social enterprises in regions of Latvia.

SEAL regularly participate in the events organized by our ambassadors. Every year SEAL organizes the industry’s largest and most ambitious event – the Social Entrepreneurship Forum. SEAL maintains the largest source of information in the Latvian language about social entrepreneurship.

Link: socialauznemejdarbiba.lv

Vidzeme Planning Region (VPR)

VPR services at regional level:

1. Ensuring the planning - organization and implementation of territorial development planning at the regional level, involving all stakeholders; issuing adjustments on local planning documents;
2. Representation of interests - representation of the regional development interests on the national and international levels;
3. Support to development and partnership - organizing cooperation events, providing consultations, organizing project competitions, involvement of other regions and foreign partners, implementation of projects for local governments, NGOs, entrepreneurs and other groups;
4. Provision of information – compiling statistical information, management of different kinds of research, compiling and publishing information on various current issues;
5. Coordinating the work of local governments - promoting cooperation of local authorities by organizing events and ensuring successful work of the Development Council;
6. Implementation of specific functions - strategy for the period - public transport planning in the region.

Link: vidzeme.lv/en/about_vidzeme

Creative Industry Business Incubator in Riga and Valmiera Business Incubator in Valmiera

Incubation is intended for existing companies that have been engaged in economic activity for a maximum of three years. There are 13 Latvian Investment and Development Agency business incubators throughout Latvia that implement the business incubation programme. One of them, located in Riga, specializes in supporting the ideas of creative industries. The creative industries are architecture, design, cinema, performing arts, visual arts, music, publishing, television, radio and interactive media, advertising, computer games and interactive software, cultural heritage, cultural education, recreation, entertainment and other cultural activities.

During the incubation, participants receive a variety of counseling, including mentors who are knowledgeable in the industry, the opportunity to attend seminars, access to co-working spaces and the community, and financial support. The business incubation programme lasts for four years or as long as the participant has achieved their development goals. The task of incubation members is to develop their products / services, as well as increase their resources and knowledge in order to become a globally competitive and exporting company in the future. During this process, the incubator helps to set the company's priorities and find solutions to problem situations.

Business incubation is suitable for various types of small and medium-sized enterprises, both service providers and manufacturers, provided that the company is not older than three years. A typical participant of an incubator is an entrepreneur who wants to receive support and improve their skills, as well as gain new knowledge and actively participate in the community of incubator entrepreneurs - to share both their knowledge and contacts.

Link: <https://inkubatori.magneticlatvia.lv/>

Valmiera Development Agency (VDA) and Makerspace DARE

VDA since 2016 provides support programmes for various entrepreneurs, incl. social entrepreneurs in Valmiera city (located in Northern Latvia, largest city in Vidzeme region).

Key sectors:

- Business environment and business support
- Development of industrial territories and industries
- Talent attraction, education and career development support
- Digitalisation and innovations
- Knowledge and technology transfer
- Makerspace DARE and maker community

Makerspace DARE is an open workshop for entrepreneurs, especially in creative sectors, artists, creative people, creativity enthusiasts, students and families. The makerspace has modern equipment, tools, cosy facilities and technical support so the clients can work on new products and creative projects. The equipment and services allow visitors to perform 3D scanning and printing with 3D printers, screen printing, laser cutting, milling, sewing, gluing, soldering, photography, working with graphic design and drawing programmes and much more.

Link: <https://developvalmiera.lv/> & <https://developvalmiera.lv/dare/>

Sweden - Support tools presented by Coompanion Östergötland

Ekobanken

Ekobanken provides a place where savers who want their money to be managed in a more transparent and responsible manner can meet those working to provide ecological, social and cultural added value.

All loans and credit facilities granted to companies are published on the internet and in the customer magazine "Goda Affärer" ("Good Business").

Most of the loans granted by Ekobanken are granted to schools, ecovillages, community housing, ecological agriculture and food production, renewable energy production, fair trade retailers, newspaper production, houses of culture, social worker's cooperatives and artistic activities.

Link: ekobanken.se/en

Micro Fund Sweden

A credit guarantees cooperative for the social economy of Sweden. Up to 100 000 EUROS in loan guarantees can be given. 117 financed cases have shared 150 000+ EUROS so far.

Link: mikrofonden.se

Region of East Sweden (Region Östergötland)

Region Östergötland's most comprehensive mission is to offer the inhabitants of Östergötland good health and medical care, which also includes dental care. Within the highly specialized care, the Östergötland Region also has regional and national responsibility. The region leads the regional development work for a long-term and sustainable development in the region through its responsibility for regional tasks and the task of implementing measures in areas such as community building, skills supply, entrepreneurship, hospitality, culture, public education and public health. The region is also responsible for all public transport in the county.

The region's assignments in regard to CSE-Sector are regulated by the Local Government Act, and the Regional Development Responsibility Act.

Region Östergötland provides various grants for the cultural sector and manages projects for the WISE-sector/social economy. Also, organizes a network of NGOs working within the social sector called "the agreement between the region and the civil society working in the social sector". The aim of this network is to increase the participation of NGO's within the welfare system and the social sector in a broader sense.

Link: regionostergotland.se

Social Economic Trade Cooperative

A regional support cooperative owned by WISE-sector in East Sweden. Helps with bookkeeping, sales and marketing.

Link: setrade.se

SKOOPI

SKOOPI is a National Umbrella Organization to promote Work Integrated Social Enterprises in Sweden

- Started in 2000 initiated by representatives from social cooperatives.
- About 180 members, there are about 350 WISEs in Sweden (Oct 2018).

SKOOPI has 5 Purposes:

- to work for initiating and promoting WISEs in Sweden
- to be a knowledge bank for members, authorities and organizations
- to advocate for the enterprises ability to solve the need for work and integration for persons with disabilities or other work problem
- to take part in public investigations and proposals about WISEs and their conditions
- to work for national and international cooperation (Skoopis statutes §3)

Via SKOOPI social enterprises filling the criteria for WISE can apply to be certified according to SKOOPI's standards, including strategies for quality assurance.

Link: skoopi.coop/om-skoopis

COOMPANION

Coompanion initiates development projects with a focus on cooperation and social entrepreneurship. This often leads us to seek development funds for implementation or to collaborate with a third party. 25 offices, including Coompanion Östergötland, work to actively contribute to the development of respective regions. This is done by broadening the view of innovation and entrepreneurship, creating a diversity of businesses and fostering an inclusive society.

The business consultancy and development services of Coompanion are financed in part by the Swedish Agency for Economical and Regional Growth and are thus offered free of charge. This is due to a regulation letter from the Government. These services are provided to those who plan to start and lead businesses together as well as those who want to solve a societal challenge through social entrepreneurship. The cooperative organizational model is our key competency.

Coompanion offices all over Sweden have led or been a part of several projects for developing the CSE-sector. One outcome of this is that Coompanion has its own

methodology for supporting the sector (handbook for its advisors). In Östergötland, the organisation has also developed a complementary trading model, Swedish Barter (svenskarbarter.se), in the form of a Trade Exchange cooperative for SMEs and the social economy that could potentially become a future trading tool for the CSE-sector.

Link: coompanion.se

Georgia - Support tools presented by the Europe Foundation

Europe Foundation (EPF)

Europe Foundation's mission is to empower people to effect change for social justice and economic prosperity through hands-on programs, helping them to improve their communities and their own lives. EPF engages citizens in social, economic, and political developments, in order to effect substantive and sustainable positive socio-economic change at the local, regional, and national level through both operational programs and grantmaking.

Europe Foundation has long been supporting social enterprise as an additional tool for improving CSO capacity in Georgia. Over the past ten years, the Foundation has been providing technical and financial support to those CSOs that have created or are interested in setting up social enterprises as a means for diversifying their income and ensuring their long-term financial health. Europe Foundation will continue to support civil society organizations in achieving their missions and advancing their organizational capacities, including through the provision of grant support for social enterprise development. In addition, the Foundation seeks to invest in social enterprises that can generate profits to be reinvested into the Foundation's work.

To support social enterprise development, Europe Foundation has employed the following mechanisms:

- Concept promotion (outreach events, study tours, etc.)
- Advocacy work for the creation of policy and support mechanisms
- Promotion of the concept in the private sector
- Grant support mechanisms (20 grants awarded)
- Technical assistance and learning for CSOs (study tours, training, consultations)
- Technical support to national and local public institutions and business entities to introduce platforms and mechanisms for SE support
- Investment in social enterprises, i.e. Impact Hub

Europe Foundation is one of the founding partners of the Impact Hub Tbilisi.

Link: epfound.ge

Centre for Strategic Research and Development of Georgia (CSRDG)

CSRDG's mission is to promote good governance, stable and inclusive economic development, and the formation of an active civil society for the welfare of Georgian society.

Social Enterprise Development has been one of its program directions since 2009. CSRDG sees social enterprise as a wheel for wider social and economic inclusion of vulnerable and disadvantaged groups and addressing social and environmental issues. To support SE development, it cooperates with the public, private and CSO sector.

CSRDG offers the following support mechanisms to SEs:

- Financial Support through grants for newly established SEs' and grants for existing SE's
- Trainings/Consultations: Social Entrepreneurship LAB, tailored consultations, advanced Trainings
- Concept Popularization: Students Competition, promotion campaigns, fairs/exhibitions; publications.
- Ecosystem Improvement: Advocacy, increasing accessibility on finances, networking, creating umbrella.
- CSRDG is a founding member of the Social Enterprise Alliance (SEA) in Georgia, with a mission to foster enabling environment for social enterprises by empowerment of its members advocacy and lobbying, promotion of the SE concept and support cross sector-partnerships. It currently unites 36 member organizations,

Link: new.csrddg.ge

Impact Hub Tbilisi

Impact Hub is one of the largest networks focused on building entrepreneurial communities for impact at scale — home to the innovators, the dreamers and the entrepreneurs who are creating tangible solutions to the world's most pressing issues. It is a co-working space where one can meet, collaborate, produce, learn, network and create.

Impact Hub

- Connects a community of entrepreneurs, freelancers, investors, corporates, and NGOs;
- Enables entrepreneurs with customized programs, mentorship, events and a strong network;
- Inspires innovation by hosting a creative, collaborative workspace.
- Impact Hub Tbilisi, as part of this large network, was opened in 2016. With support from donors and partners, it runs various programs to support entrepreneurship, to name the few:

Social Impact Award (SIA) – an international education and incubation program that is being implemented in more than 15 countries in Europe, Africa and Asia (from 2016, in Georgia) to support early-stage social entrepreneurs in developing and implementing innovative business solutions to tackle the most important societal challenges of our times. See more at: socialimpactaward.net

Cult-Up - is a capacity building program from Impact Hub and the European Commission to

empower young entrepreneurs working in the field of cultural heritage in Mediterranean and Eastern Europe. The participants (aged between 18 and 30) from both of these European regions will learn together, inspire one another and exchange best practices of smart approaches to tourism and cultural heritage promotion.

See more at: facebook.com/cultup.impacthub

Link: tbilisi.impacthub.net

Bank of Georgia (BoG)

Bank of Georgia is one of the largest financial institutions in the Georgian market. Its mission is to support people to create a successful future together. Within the framework of corporate social responsibility, Bank of Georgia has been providing grant support to social enterprises since 2017. Up to date, the bank has invested over 161,000 EUR (650,000 GEL) in grants to support establishment of 15 social enterprises. The creation of each enterprise was funded with about 15,100 EUR (50,000 GEL) In addition to financing social enterprises, Bank of Georgia also:

- Finances and supports B2B exhibitions
 - Conducts seminars for social entrepreneurs
 - Teaches them online sales
 - Involves them in business training.

Bank of Georgia offers different training programs for businesses and when a training program is launched, representatives of BoG-funded social enterprises are asked to join the program (offered this opportunity Pro-Bono), together with other business sector representatives.

Bank of Georgia has been the main sponsor of the Social Impact Award, implemented by Impact Hub Tbilisi and provided monetary prizes to each winning team for their SE ideas.

Link: bankofgeorgia.ge/en/about/csr#programs

Youth Agency of Georgia

Mission of the Youth Agency of Georgia is to create a youth ecosystem that ensures the participation and decent employment of young people as full members of society protects the health and well-being of young people, and provides equal access to information, resources and development opportunities.

It develops, implements, and coordinates the Government's Youth Strategy and ensures that young people, youth organizations and other relevant stakeholders are involved in all the stages of strategy development, implementation, and evaluation.

The agency doesn't have social enterprise development as its strategic direction per se, but it supports different youth empowerment activities, including youth entrepreneurship. The Agency runs a Development Fund of approx. 257,100 EUR (850,000 GEL) to support enhancement of youth organizations.

The Fund has 2 thematic directions:

- Supporting of youth initiatives: One project budget – approx. 600 – 4,500 EUR

(2.000-15.000 GEL)

- Strengthening of youth organizations: One project budget approx. 4,500 EUR – 15,100 EUR (15.000-50.000 GEL)

Link: youthagency.gov.ge

JSC Microfinance organization Crystal

Crystal is the leading financial inclusion organization and the largest non-banking financial institution in Georgia. It mainly targets supporting of micro entrepreneurs and farmers in the regions and remote and underserved areas of Georgia.

Between 2016-2018, Crystal was one of the partners within the EU-funded project; Social Entrepreneurship - Innovative Approach for Economic and Social Change; which was implemented by the Center for Strategic Research and Development of Georgia. Crystal offered custom tailored loans, so called Social Credit for start-up and already existing social enterprises. The main objective of the loan product was to support social entrepreneurship strengthen business skills of entrepreneurs and improve the financial sustainability of social enterprises.

Basic conditions for the social credit were:

- Maximum loan amount: approx. EUR 1,500 (GEL 5,000)
- Maximum loan terms: 24 months
- Annual interest rate: 0 %
- Loan currency: GEL
- Loan issuance fee: 0%
- Loan provision: without collateral

Payment of the loan was scheduled according to income. During 2 years, Crystal financed 11 social enterprises and also provided pro-bono business consultations.

Link: crystal.ge

Enterprise Georgia

Enterprise Georgia is a government agency, operating under the Ministry of Economy and Sustainable Development of Georgia, responsible for running a government program, Produce in Georgia. The program's objective is to promote an entrepreneurial culture throughout the country by stimulating the establishment new enterprise and supporting the expansion of existing operations. The program Enterprise Georgia works in three main directions: business development support, export support and attracting foreign direct investment.

There is no particular program specially tailored to support social enterprises, due to legislative restrictions - there is no legally defined term in Georgia and social enterprise isn't legally registered form. However, business development division runs many programs that any social enterprise, having legal form of LLC, can benefit from.

Main directions of the business development division for SMEs and MSMEs are: better

access to finance, opportunities to get credit co-financing, credit guarantees and micro grant support.

Micro grants program - up to 9,000 EUR (30,000 GEL) allocated per grant. It covers more than 2,000 economic activities, such as, textile, leather, wood production, furniture production, paper and cardboards production, chemical production etc. It doesn't not cover – food production and firsthand agricultural production. People with disabilities, women entrepreneurs, internally displaced persons, persons living in high mountainous parts of Georgia is given additional scores in the assessment process.

Loan co-financing - up to 11.5% of the interest rate is covered by Enterprise Georgia. The loan amount can be from about 15,100 EUR (50,000 GEL) up to 3 million EUR (10 million GEL)

Credit guarantees for businesses which do not have opportunity to provide their own collateral to the bank - Enterprise Georgia provides up to 90 % of the loan amount but these loans should range up to 1,510,000 EUR (5 million GEL).

Link: enterprisegeorgia.gov.ge/en/home

Georgian Heritage Crafts Association and its social shops – Ethnodesign

Georgian Heritage Crafts Association is a membership organization, which acts to safeguard Georgian heritage crafts traditions and works towards a sustainable framework for sector's development in the future. The Association aims to overcome the existing challenges through the creation of a networking platform for individuals, craftspeople, organizations and guilds, which care about the loss of traditional crafts skills.

It is the only association in the country that brings together craft makers (almost 350 craft makers) from all over Georgia. The association directly engages with the craft makers and develop with them products that are marketable and attractive, not only for the tourists, but for the local customers as well and ensures the selling of those products. This said, the Association employs a market intermediary model.

Often, people, especially those living in the remote areas of Georgia, usually lack information on modern trends and have no access to marketing points, so the Crafts Association provides training and personal consultations to them to develop functional, modern items that unite quality and cultural heritage. As a source for inspiration, the Association tries to connect craftmakers with the museums as well.

The items developed by the craftmakers are sold in the Ethnodesign shops (items can be purchased online as well) and on Etsy platform. In future, the organization plans to focus more on e-commerce platforms, that might need to make "serial" production of handmade items.

Link: crafts.ge/en (Ethnodesign: ethnodesign.b2c.ge)

Legal framework and context for social entrepreneurship by country

Latvia

Latvia has a special legal framework for social enterprises, adopted on 1st of April 2018. Responsible institution is the Welfare Ministry. Social enterprise status is given by a special commission. The law defines what a social enterprise is, not what social entrepreneurship as a field is.

According to the law a social enterprise is a limited liability company which in accordance with the procedures laid down in this Law has been granted the status of a social enterprise and which conducts an economic activity that creates a positive social impact

The purpose of the Law is to facilitate improvement in the quality of life of the society and to foster employment of population groups at risk of social exclusion, creating an economic activity environment favourable to social enterprises.

TARGET GROUPS

If WISE, 50% of the employed persons should be from target groups. This is defined in the “Regulations Regarding the Population Groups at Risk of Social Exclusion”, “Risk and Procedures for Granting” and “Registration and Supervision of the Status of a Social Enterprise” .

The target groups are:

- persons with disability;
- persons with mental disabilities;
- persons for whom the conformity with the status of the needy family (person) has been determined;
- unemployed persons who have dependent persons, unemployed persons older than 54 years of age and long-term unemployed persons;
- ethnic minority the Roma;
- prisoners or persons released from the place of imprisonment;
- persons with problems of addiction to alcohol, narcotic, psychotropic or toxic substances, gambling or computer games;
- persons whose place of residence is declared in a night shelter;
- victims of human trafficking;
- persons to whom the status of a refugee, alternative status or the status of a stateless person has been granted in the Republic of Latvia;
- orphans and children left without parental care at the age from 15 years, and also adult persons conforming to this group until reaching 24 years of age.

REQUIREMENTS

The status of a social enterprise shall be granted to a limited liability company if:

- The social goal is the only and primary goal of the enterprise and has been stated in the company bylaws
- Owners have agreed that it will be a social enterprise
- Profits cannot be distributed but are reinvested in the company OR put towards the social goal of the company;
- It employs paid employees;
- Democratic governance element.

BENEFITS

- Certain expenses not included in the base taxable with the enterprise income tax
- The right to involve volunteers
- The right to receive donations and gifts
- Municipalities have the right to support social enterprises in various ways (if they choose to do so) – reduced real estate tax, other support instruments, grant programs etc.
- The right to participate in the privileged procurement procedure
- The right to apply for Ministry of Welfare & ALTUM investment program (90% grant 5-50 thousand euro)

RESTRICTIONS

- Cannot distribute profit (earned in any reporting year) as dividends.
- The property and financial means of a social enterprise may be used only for the objectives defined in the articles
- A social enterprise is not entitled:
 - to carry out transactions in securities or immovable property, except for the lease or rent of premises;
 - 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;
 - 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.

The objectives of a social enterprise shall be defined in its articles of association. The social objective may be achieved through:

- Employment of target groups (work integration social enterprise – WISE)
- Providing social benefits to specific groups of people experiencing social problems
- Other activities of public interest, having a lasting social impact (e.g., environment protection, creating inclusive society, cultural diversity)

Throughout its lifetime, the social enterprise is obliged to meet the eligibility criteria, to observe the restrictions and to submit an Activity Report to the Ministry of Welfare until 1st of May annually; the report certifies conformity with the above requirements, as well as confirms fulfilment of tasks set for the reporting year.

The Social Enterprise 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: Welfare (Chairperson), Finance, Economy, Environment & Regional Development, Culture
- 5 members from NGOs selected through open competition (Vice Chairperson elected from NGOs)

The Ministry of Welfare keeps and publishes a social enterprise register. The register stores information about companies that have been granted, or revoked social enterprise status

The following data shall be included in the register:

- information about a company
- information about the representatives of the target groups employed by the company (not published)
- information on the decisions taken in respect to the company
- information on the grants received

Sweden

Sweden has no special law for social enterprises. Most are organized as economic associations or NGO's. But some are limited companies (AB) or the special legal form AB (svb) - "Limited Company with limitations on dividends" (no economic dividends to shareholders allowed). The SE/WISE sector has no special privileges above the regular private business sector, except for "reserved procurement contract". This is a social procurement tool that can be utilized by public bodies, like Regions and Municipalities, and stipulates that only organizations with at least 30% employed from disadvantaged target groups may apply for the procured contract.

The Swedish Employment Agency provides generous wage subsidies for individuals with special needs (not for businesses), these benefits have been changed many times and social enterprises that have become dependent on using them when hiring often become vulnerable when this happens. The WISE sector uses these wage subsidies structurally as a tool in work integration.

As mentioned above the Swedish Government created a "Strategy for social enterprises – a sustainable society through social entrepreneurship and social innovation", 2018-2020. It is still ongoing but with no more calls of funding, at the moment.

Georgia

Social enterprise is not defined in the Georgian legal system. Some of the organizations working with social enterprise development have actively lobbied for the social enterprise draft law since 2015. It is covering legal bases for institutionalization and further development of SE, including definition and mechanisms for obtaining the status.

In 2018, ten members of the parliament initiated the draft for a law on social enterprise and relevant amendments to several legislative acts. After the 2018 parliamentary elections, the process was suspended. Currently, relevant the organizations are working actively to launch the process again.

As mentioned above, there is no public strategy on social enterprise. Financial support to the SE-sector comes mainly from international donors and local non-profit foundations. Several local resources are available from the private sector. However, access to loans in banks remains a problem due to specific nature of social enterprises. Also, many social enterprises do not qualify for state programs, such as GITA and Enterprise Georgia support mechanisms, due to their specific requirements.

Analysis

The special law for social enterprises in Latvia stands out to the other partners. It is an interesting experiment with a clear framework on how the Government should or should not support different companies working in the social field. It also helps with gathering clear statistics about the sector. The Georgian parliament has discussed the case for a social enterprise law for many years without reaching a decision. In comparison to Sweden and Latvia, there is basically no public financial support to the sector. In Sweden there are no talks about creating a special law. The general line of thought is that all forms of association should be treated equally, even though exceptions like public social procurement forms that favours work integrated social enterprises exist by law (rarely practiced), in Sweden.

In Sweden Coompanion stands out as a unique semi-public support tool with 25 offices across the country - supporting projects and free counselling to new social enterprises and cooperatives. In Latvia a network of SE-ambassadors is growing that may come to play a similar role, in close cooperation with the Latvian Social Enterprise Association (SEAL). In Georgia, as in other countries, different organizations support social enterprise; among them is Europe Foundation.

Regarding funding the WISE/SE-sector, in Sweden all employers have access to generous wage subsidies when employing people with disabilities or people having been long term unemployed. In Latvia registered social enterprises, in accordance with the special law, can receive very generous start-up funding from the Government. In Georgia there are no special subsidies but instead the sector relies on international and private donors to a major extent. In all countries there are different forms of organizations within the financial sector that can help, banks with special social niches or programs for the sector, for example.

In all countries there are interesting examples of social enterprises within the creative industry sector. But not a whole lot. Example of an accelerator program for this sector in Latvia (Sempre project, now closed) as well as a nationwide organization in Georgia (Ethnocode) helping NGOs to sell craftwork internationally, is inspiring from the point of view of Sweden. Could those two support structures be combined in an accelerator program with a connected social trade model for the international market?

Mobilizing on all levels to promote growth in the CSE-sector is of need in all three countries. For example, only 10% of all SE in Latvia work within the cultural sphere. As all partners have clear distinctions in their national support and legal systems, they would probably benefit from following the development of one other's CSE-sector.

Programming and blockchain-solutions are on the rise worldwide and could potentially play a role in a future collaboration. This is highly relevant and coding skills are important in all three countries, and part of the CCI-sector. Coding is a very suitable activity for certain target groups for the SE-sector. It should be possible to combine activities in this sector with the social enterprise as the association form to empower such individuals and create jobs.

Support tools for the CCI sector oftentimes are the same or similar as when supporting the social enterprise sector. It should be cost effective to combine them in support programs, for example regarding business incubation. Oftentimes the target group for social entrepreneurship can be found within the CCI-sector, for example culture and arts and coding and gaming. Also, the CCI-sector is growing and oftentimes aimed at exporting. Most CCI-enterprises want to grow, which is a good opportunity for creating jobs and work-integrating activities. But also, activities for the empowering of individuals and communities in a broader sense. Organizing creative business activities within the social enterprise-sector, the CSE-sector, is a good opportunity in this regard.

Collaborating in a broader sense using creative social entrepreneurship as a tool for human rights, anti-discrimination, democratic development, inclusion etcetera is also of interest to the partners. This is about supporting CSEs and "pre-CSEs", including organizations and individuals. For example, empowering street artists, musicians, music clubs, film spaces, performing artist, etcetera as agents of change, so that they can:

- a) mobilize and advocate for specific issues relevant to their communities
- b) create inclusive spaces for civic participation

This could also include cooperative development or other forms of democratic organising of activities. It would preferably also lead to strengthening of existing CSEs or start up CSEs. The cooperative as an organization format has in some regard a negative status in post-Soviet countries, due to historical experiences. One idea here could be to show good examples from Sweden on cooperative social enterprises, within the creative sector, to help mitigate that bad reputation. The bad reputation is slowly decreasing in Latvia and Georgia, but still few social enterprises in these countries are cooperatives.

SWOT-Analysis by Country

GEORGIA

Strength

- Enterprise Georgia SME-program can benefit SE, if they are LLC/LTD, but not in all cases
- Private companies and non-profit foundation can, and often do, provide funds for SE-sectors

Weakness

- No strategic public support, only sporadic cases
- No uniform definition of social enterprise
- No national funding programs for SE and few for community supported organizations (CSOs)
- Some SEs tend to depend too much on donor funds

Opportunities

- For the really business-minded there are ways of succeeding
- SE in the form of CSOs can perform services for the government
- New programs must focus on strong business models and product quality to help SE-sector take hold of opportunities in better ways
 - o the products and services must come first, the message of social effects later

Threats

- Weaker SEs will have difficulties finding support/financing
- Very often SE products are of low quality
- Poor business models are a continuous issue for the sector
- Donor dependency
- Low capacity of CSOs in running businesses

SWEDEN

Strength

- Clear definition of WISE.
- No special law, all businesses are treated equally.
 - o This is often viewed as positive as it is considered competition neutral.
- Generous wage subsidies for individuals (not the businesses) from the Swedish Employment Agency, this is considered competition neutral
 - o Any employer can get paid to provide extra day to day support for employees with special needs, when they are on wage subsidies

Weakness

- The system has not generated much growth in regard to social entrepreneurship participating in welfare production
 - o The civil society as a whole is at a steady 3% of the total welfare production since the last 30 years
- Donor dependency towards the public sector is common

Opportunities

- The Government has a strategy to support social entrepreneurship. This generates resources via the support system
- Coompanion is a support organization with economic support (regulation letter) from the government to strengthen the cooperative sector and not for profit social enterprises. SE/WISE are often cooperatives in Sweden
- Special financiers exist for the social economy that could be better utilized
- A very broad definition of Social Entrepreneurship makes room for experimentation in the sector

Threats

- Too much focus on social effects and too little on business sustainability in the SE-sector
- Donor dependency in regard to the Government, but also Municipalities sometimes
 - o This especially concerns the WISE-sectors use of wage subsidies from the Public Employment Agency
 - o From time to time the sector gets into economic hardships due to policy changes in wage subsidies and similar contracts with the public sector

LATVIA

Strength

- Uniform definition of a social enterprise
- Social enterprises can be clearly identified in the Social Enterprise register
- The status of a social enterprise is supervised, and the Social Enterprise Register is kept up-to-date
- The support system for SE involves several ministries via the Social Enterprise Commission

Weakness

- There is quite a number of enterprises making social impact, but not registered as social enterprises because of different reasons
- No flexibility to update the definition of the social enterprise, in short term
- The Law is still young with not much “field experience”

Opportunities

- Generous benefits like for example a start-up grant (from Altum) for certified SE’s
- By building experience and continuous improvements the system will be able to find opportunities to create better conditions for the SE-sector, on an ongoing basis
- Digitalization via creative sector activities

Threats

- The rigid framework provided by the Social Enterprise Law might create problems not known today
- The law does not cover the whole social entrepreneurship sector which might create today unknown gaps in the support system
- The SE-sector still is struggling with economic sustainability
- The generous grants may cause donor dependency
 - o Already there are “fortune seekers” in the system

Conclusion

In Latvia there is a new Social Enterprise Law with clear definitions and demands for the organizations wanting to call themselves a social enterprise - also with very high benefits included for certified social enterprises. This includes for example a public start up fund with grants for certified start-ups. In Sweden and Georgia social entrepreneurship is treated mostly like any other business.

The most important conclusion from this project is that all partners have very similar challenges that can be addressed in similar ways. It doesn't seem to matter at this point at least what laws are in place as long as they are in line with a functional market economy. The challenges for social enterprises are becoming more sustainable from an economic point of view. This is absolutely necessary in order to be able to finance their social activities. An ecosystem of support must focus on these issues. Business counselling and mentoring, incubation services, investment readiness and similar traditional support tools are still an important basis - and suitable both for CCI and SE sectors. This report presents a number of potential collaborators from each partner country, in this regard. New digital tools, like blockchain technology, and coding activities could probably serve a purpose for the developing CSE-sector as well.

The project has successfully tested a tool for developing social innovations in group format ("social innovation together") called "Social Innovation Camp". Also, this has proven a good support tool, also when cooperating internationally on a given social challenge.

All countries have seen how donor dependency, whether public or private, can cripple a social enterprise. In Sweden dependency of wage benefits from the Swedish Employment Agency is such a problem (but the system is also really good, when it works) that may create huge economic problems for the WISE-sector by political decisions. All countries have seen examples of strong social enterprises standing on their own merits, not dependent on donors, making a positive social impact. Georgia stands out from having basically no public support programs for the social entrepreneurship sector - which could serve as an interesting example for the other partners... as the SE-sector really needs to work on its own merits and those private donors play a more important role. Per population size, there are not a lot less SEs in Georgia (3.5 million, 100 SEs) in comparison to for example Sweden (10 million, 350 WISES, for regular SE's there are no statistics). Latvia has 1.8 million people and has 194 certified enterprises in the social enterprise register.

In Latvia the statistics over the SE-sector seem to work better than in Sweden. In Georgia Social Enterprise Alliance, CSR DG and CSI conduct research and keep track of SE statistics, but the process is not systemic. No official statistics exist regarding social enterprises, as SE is not recognized as a separate legal entity. In Latvia due to the registration demand in accordance with the new Social Enterprise Law the statistics on social enterprises are kept updated. Sweden could probably learn from this in order to gather better statistics. It's a bit difficult though as the Swedish definition of a social enterprise is

very broad. A WISE in Sweden is more clearly defined and the statistics are better as well. With that said, Georgia has no usable statistics for the CCI-sector, at this point. Mapping of the CSE-sector is therefore a suitable activity in a future collaboration.

In all countries the SE-sector is still small. Awareness raising, mobilizing from a broad perspective and doing advocacy work within the public sector on all levels are very important. Also networking and collaborating present support structures. Economic growth of the sector is vital in order for the CSE's to be able to fund addressing the social challenges.

The ecosystem of support and the social trade model this project has researched could form a theoretical basis for a joint collaboration and must focus on decreasing donor dependency and economic brittleness and strengthen long term economic sustainability and growth first. This includes higher quality in goods and services and better marketing strategies and channels. Next comes strengthening the quality of social innovation and effectiveness in the related activities in order to better address social challenges and reach social goals. Third comes advocacy work in the public sector which is very important but must be done in a way not promoting donor dependency, but strengthening the sector's ability to reach social goals. Mapping the CSE-sector and mobilizing to stimulate growth of start-ups could be a good starting point in a future next step collaboration.

The partnership was mainly focused on the SE-sector in the pre-study, as in their regular activities. The positive aspect is that both the SE and CCI sectors oftentimes can make use of the same sort of support tools. This should make the future activities cost effective, for example in an implementation project. Also, the growth potential and international focus of the creative sector should be able to strengthen the social enterprise sectors focus on social goals, and vice versa. Supporting them together as one sector is likely to be a productive strategy for the partnership going forward.

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