



Given no official definition of the social and solidarity economy (SSE) in Latvia, **2 019 associations, 312 foundations** and 193 registered social enterprises provide a partial picture of the SSE landscape in the country. Together, they employ **14 005 people** as of 2021, which corresponds to **1.6% of total employment**.

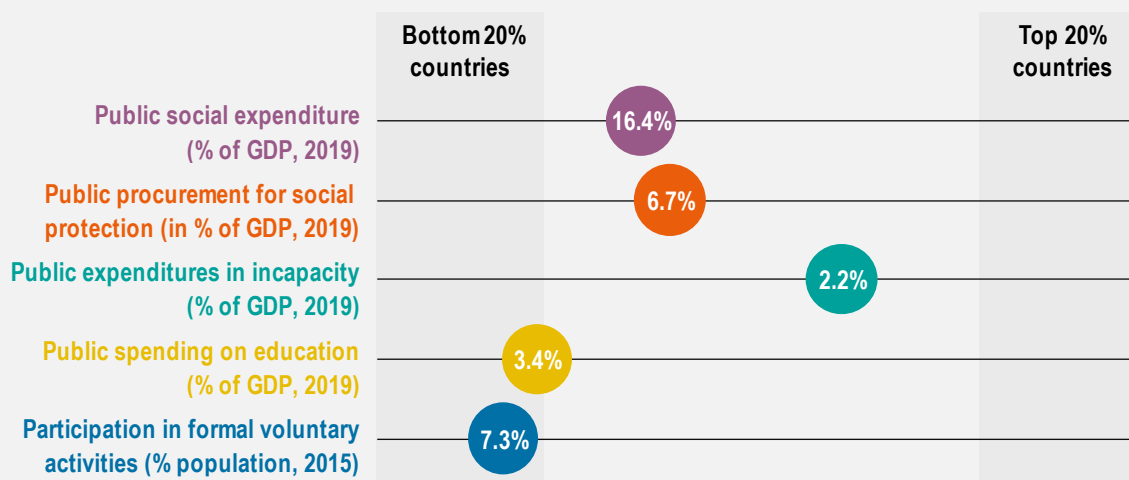
## SOCIO-ECONOMIC INDICATORS

Latvia is a unitary country and a member of the European Union. It is a high-income country with a very high human development level.

	GDP per capita	Labour force participation rate	Youth not in employment, education or training (NEET)	Poverty rate	Gini coefficient	Rural population	Stakeholder engagement for developing regulations
Latvia	USD 39 896	76.8%	14.9%	16.0%	0.343 / 1	21.6%	2.2 / 4
OECD	USD 53 937	73.2%	14.8%	11.0%	0.313 / 1	23.1%	2.1 / 4

Note: Data from Latvia refer to 2022, except for NEET (2021), poverty rate (2020), Gini coefficient (2021) and stakeholder engagement (2017). OECD data refer to 2022, except for poverty rate (2018), Gini coefficient (2020) and stakeholder engagement (2017). GDP per capita for OECD is an estimated value. Poverty rate for Latvia is a provisional value. See sources at the end of the document.

## Country position in selected social indicators



Note: For each indicator, the position of the bubble on the line represents the country's ranking compared to OECD and EU countries. Higher rankings are on the right. The panel of countries for the international ranking can vary from an indicator to another due to data availability. See sources at the end of the document.

## SOCIAL AND SOLIDARITY ECONOMY ECOSYSTEM

### Definition of the social and solidarity economy in Latvia

The social and solidarity economy (or social economy) is not defined in any legal or official text in Latvia. The country defines the term "social enterprise" as follows:

A **social enterprise** is a **limited liability company** which in accordance with the procedures laid down in the Social Enterprise Law has been granted the status of a social enterprise and which performs an **economic activity that creates a positive and important social impact by employing the target groups or improving life quality of groups** in society, the life of which is affected by fundamental societal challenges (for example, provision of social, health care, or education services, and also production of specialised goods), **or carrying out any other activities of relevance to society that create a lasting positive social impact** (for example, formation of an inclusive civil society, support for science, environment protection and conservation, protection of animals, or ensuring of cultural diversity).

Note: For more information, please refer to the [Social Enterprise Law \(2017\)](#), Article 2.

## Institutional frameworks



### Institutions

The **Ministry of Welfare** is responsible for developing and implementing social entrepreneurship policy in Latvia.



### Legal instruments

In 2014 the Cabinet of Ministers approved the “Concept paper about the **implementation of social entrepreneurship in Latvia**” designed by the Ministry of Welfare. In 2017, Latvia adopted **Social Enterprise Law**, allowing registered social enterprises to access specific support. The **Sustainable Development Strategy** of Latvia until 2030 also promotes social enterprises as a solution to foster social inclusion.



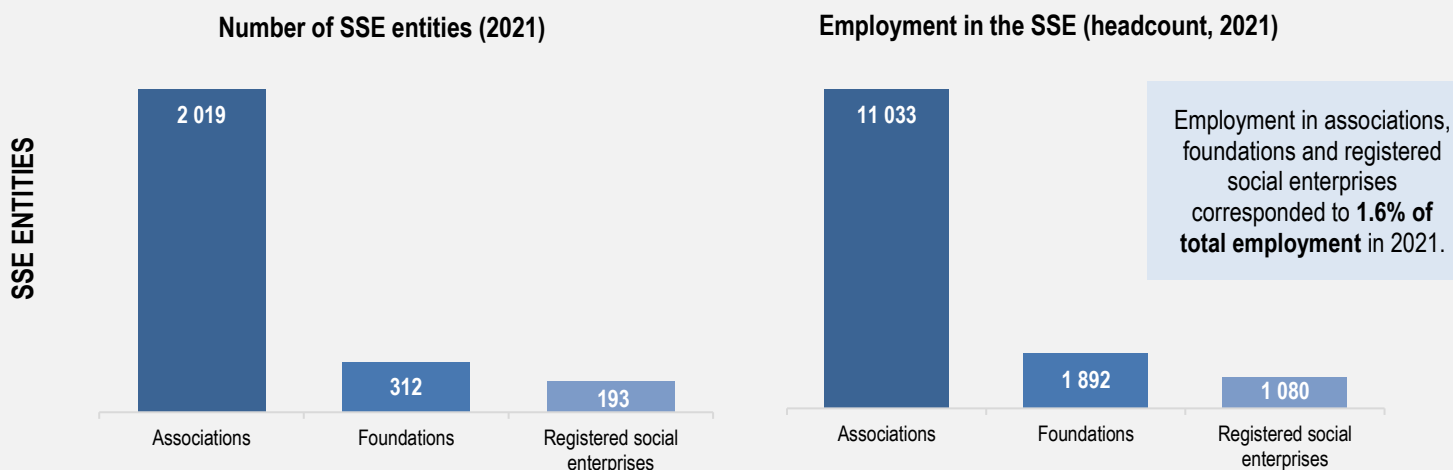
### Stakeholder engagement

The Ministry of Welfare, together with the Development Finance Institution ALTUM, implemented the project “**Support for Social Entrepreneurship**” funded through the European Social Fund.

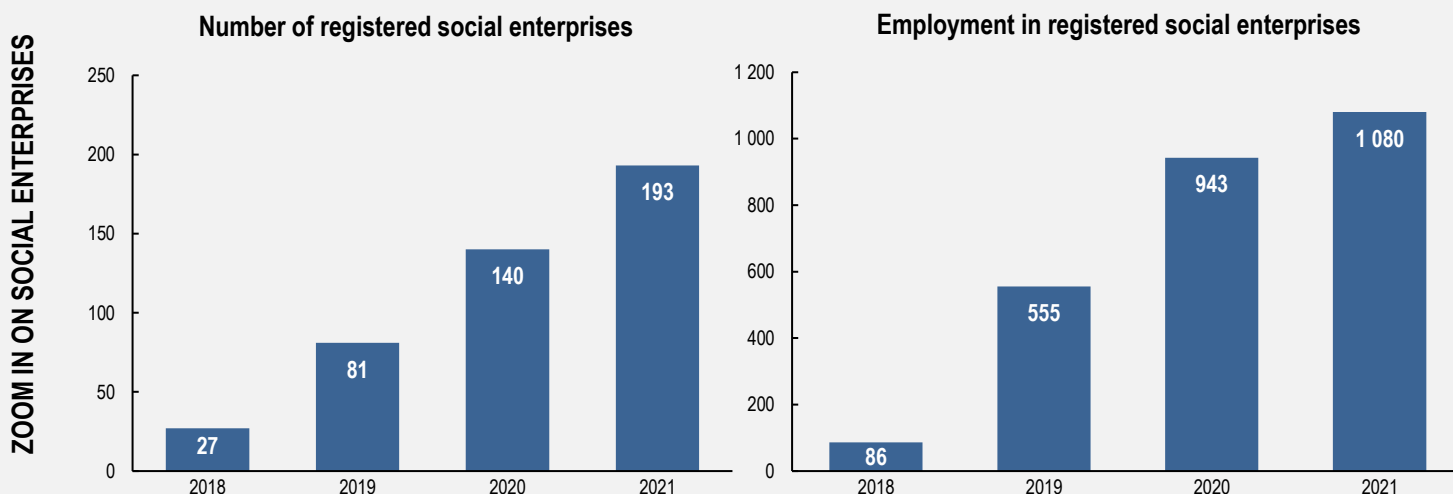
## Main figures

Available data on SSE entities cover **2 019 associations, 312 foundations**, namely those that have the status of public benefit organisations, and **193 social enterprises**, which jointly employ **14 005 people** as of 2021. This equals to 1.6% of total employment in Latvia. The number of and employment in registered social enterprises (in the form of limited liability company) have increased since 2018, reaching **193** and **1 080** in 2021, respectively.

**SCOPE** Data are provided on some components of the social and solidarity economy provided that there is no official definition of the SSE that would clarify what entities belong to the SSE. Data only include associations and foundations that do have the status of public benefit organisations. Additionally, the 2017 Social Enterprise Law defines the social enterprises and provides the criteria to register as a social enterprise, which includes taking the legal form of a limited liability company.



Note: The data only include the number of associations and foundations, and therefore do not reflect the entire SSE landscape. Employment information is provided in headcounts.



Note: The number of registered social enterprises was retrieved from the Social Enterprise Register on 31 May 2022. Employment in registered social enterprises data is based on the Information Report by the Ministry of Welfare on the operation and development of social enterprises between 1 April 2020 to 1 April 2022.

## Legal frameworks

Legal frameworks to support the development of the SSE can be adopted at the national and subnational levels. They can regulate the SSE as a whole, or specific legal entities of the SSE (such as associations, cooperatives, mutual societies, foundations and social enterprises).

<b>For the SSE</b>	<i>Not available</i>
<b>For specific SSE entities at national level</b>	<ul style="list-style-type: none"><li>• Social Enterprise Law (2017) – <a href="#">link</a></li><li>• Law on Associations and Foundations (2003) – <a href="#">link</a></li><li>• Public Benefit Organisation Law (2004) – <a href="#">link</a></li></ul>

Note: The list above is not exhaustive of all existing legal frameworks around SSE in Latvia.

## Fiscal treatment

Different fiscal treatment can be established for the social and solidarity economy as a whole, or for specific SSE entities, at the national and subnational level.

<b>Fiscal treatment of SSE entities</b>	<b>Fiscal treatment for contributors to the SSE</b>
<ul style="list-style-type: none"><li>• Associations and foundations are exempt from enterprise income tax.</li><li>• For economic entities or their subsidiaries registered as social service providers (i.e. providing social care, social rehabilitation, vocational rehabilitation and social work services), the following services are exempt from Value Added Tax: social care, vocational and social rehabilitation, social assistance and social work services, as well as catering services to their social service clients.</li><li>• Social enterprises are reimbursed social insurance contributions for employees with physical disabilities or mental disorders through a temporary measure financed under the European Social Fund programme.</li></ul>	<ul style="list-style-type: none"><li>• Donors to associations and foundations that have the status of public benefit organisations are eligible for certain tax reimbursements.</li></ul>

Note: The list above is not exhaustive. Information is retrieved from OECD desk research and "Relevant taxation frameworks for Social Economy Entities" published in 2023 by the European Commission.

## Social impact measurement initiatives

Driven by a mission of social purpose, SSE entities are increasingly requested to demonstrate the positive value that they generate through their activities. Social impact measurement enables them to assess their positive contribution to society. A diverse range of possible initiatives are available to governments and practitioners to foster a social impact measurement culture.



### Guidance-based initiatives

- [Evaluation Report on the Social Entrepreneurship Support System in Latvia](#) △ Ministry of Welfare

Note: Guidance-based initiatives deliver guidance on social impact measurement approaches, which are tailored to the specific needs of the social and solidarity economy.

## FURTHER READING ON THE SSE IN LATVIA

[Ministry of Welfare: Evaluation of mid-term results of the measure "Support for social entrepreneurship"](#) | [Social Entrepreneurship Association of Latvia: Social entrepreneurship in Latvia: a brief overview of the current situation](#) | [Social Entrepreneurship Accelerator NewDoor](#) | [Reach for Change Latvia](#) | [European Commission: Social Enterprises and Their Ecosystems in Europe Latvia](#) | [Social Enterprises Database by the Social Entrepreneurship Support Network of the Baltic Sea Region](#) | [EU Social Economy Gateway: Latvia](#)

## DATA SOURCES

- Socio-economic data refer to 2022 unless stated otherwise, and relate to data downloaded as of 17 July 2023. Datasets used: GDP per capita, current PPP: OECD national accounts statistics, <https://doi.org/10.1787/na-data-en>; Labour force participation rate (15-64 year old): OECD Employment and Labour Market Statistics, <https://doi.org/10.1787/data-00310-en>; NEET (15-29 year olds, all levels of education): OECD Education at a Glance 2022, <https://doi.org/10.1787/19991487>; Poverty rate (after taxes and transfers, poverty line 50%): OECD Social and Welfare Statistics (database), <https://doi.org/10.1787/data-00654-en>; Gini coefficient (disposable income, post taxes and transfers): OECD Income Distribution Database, <https://www.oecd.org/social/income-distribution-database.htm>; Rural population (OECD): OECD, CFE Regions and Cities databases, <http://oe.cd/geostats>; Stakeholder engagement for developing regulations: OECD Better Life Index, <https://www.oecdbetterlifeindex.org/#/111111111111>; Public social expenditures: OECD Social Expenditure Database (SOCX), <http://dotstat.oecd.org/Index.aspx?QueryId=26920>; Share of public procurement for social protection (in % of total general government procurements): OECD (2022), "Government at a Glance - 2021 edition", <http://dotstat.oecd.org/Index.aspx?QueryId=107598>; Public spending on incapacity: OECD (2022); Public spending on incapacity (indicator), <https://doi.org/10.1787/f35b71ed-en> (Public spending on incapacity refers to spending due to sickness, disability and occupational injury); Spending on education (primary to tertiary level, in % of GDP): OECD Education Statistics (database), <https://doi.org/10.1787/c4e1b551-en>; Participation in formal voluntary activities (% of people): Eurostat table [ilc\_scp19], based on the 2015 EU-SILC ad-hoc module.
- SSE data were collected through OECD questionnaire in May 2022. The data were provided by the Ministry of Welfare and the Ministry of Finance in Latvia.
- Further information on the methodology followed in the country fact sheets can be found [here](#).

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