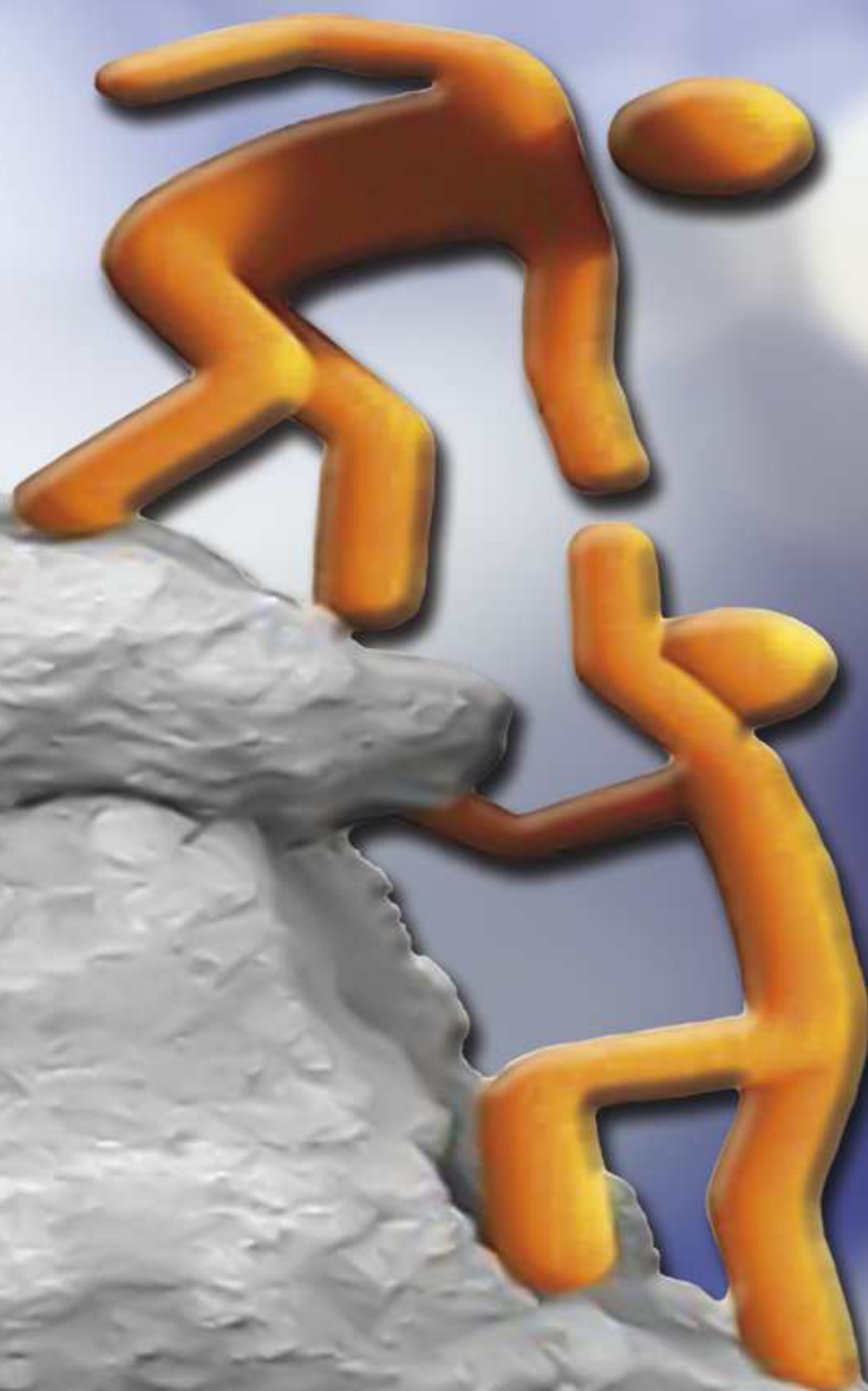


SOCIAL ENTREPRENEURSHIP

OPPORTUNITIES AND CHALLENGES



Ludza society of Disabled
2015



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fonds



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www.sif.gov.lv www.eeagrants.lv www.eeagrants.org

The EEA and Norwegian Grants, Iceland, Liechtenstein and Norway contribute to reducing the social and economic disparities and strengthening the cooperation with the beneficiary countries in Europe. All three countries are working closely with the EU according to the European Economic Area (EEA) agreement. In 2009-2014 the total amount of EEA and Norway Grants made 1.79 billion euros. Norway provides about 97% of the total funding amount. NGOs, research and academic institutions as well as public and private sector in 26 newest EU Member States, Greece, Portugal and Spain can apply for funding. Cooperation with donor institutions has a very wide range of activities and can be implemented until 2016.

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Ludza society of Disabled is fully responsible for the content of the booklet

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ABOUT THE BOOKLET

Dear reader,

Ludza society of Disabled (LDS) has prepared this booklet in the frames of the project "Work is life". The booklet highlights the theme of the project- the focus is on social entrepreneurship - and provides information on the activities within the project.

So that the reader can easily find the necessary information it is provided with the contents, information is grouped into thematic sections. Social entrepreneurship is an exciting and inspiring business trend of the 21st century that is now developing in the world very fast. Its essence is to promote positive social changes in people's lives. Almost a quarter of the companies in Europe are social enterprises.



Ludza society of Disabled is implementing the project «Work is life» in cooperation with the project partner – ÖRTAEKNI, the workshop of the Organization of Disabled in Iceland. That is why the project team had the opportunity to visit a number of social enterprises in Iceland, to learn about their activities, to meet people who promote and support employment. Information about this experience is briefly outlined in the section»SU in Europe.»

From 1st January 2016, the government of Latvia plans to implement a pilot project which is intended to provide support for social entrepreneurs. Paradoxically, many entrepreneurs do not realize that they are engaged in social entrepreneurship.

What is social entrepreneurship in Latvia? A fashion thing, a temporary phenomenon or an opportunity? You can read about the most popular social enterprises in our country in the section" SE in Latvia.»

The brochure is intended for distribution to non-governmental organizations, entrepreneurs, local governments, policy makers, educational institutions and all interested people in the region. The booklet has been prepared with financial support of Iceland, Liechtenstein and Norway, Latvia and Ludza municipality in frames of the project «Work is life».All project-related information is available in this booklet in the section " Project "Work is life" and on the website of Ludza society of Disabled www.ludzasib.lv inLatvian, Russian and English.

SOCIAL ENTREPRENEURSHIP –WHAT IS IT?

There is the business world and the world of charity. Why don't we combine these ideas -create income and solve social problems?

Muhammad Yunus



Very often we hear about various charitable activities at international level which are often associated with Mother Teresa's name. She embodies the world of charity, which includes a variety of activities aimed at tackling social or environmental problems important to the society, reducing poverty, providing assistance to socially sensitive groups of society. However, considering

the fact that funding of charitable organizations is limited, so it is not always possible to solve these problems continually.

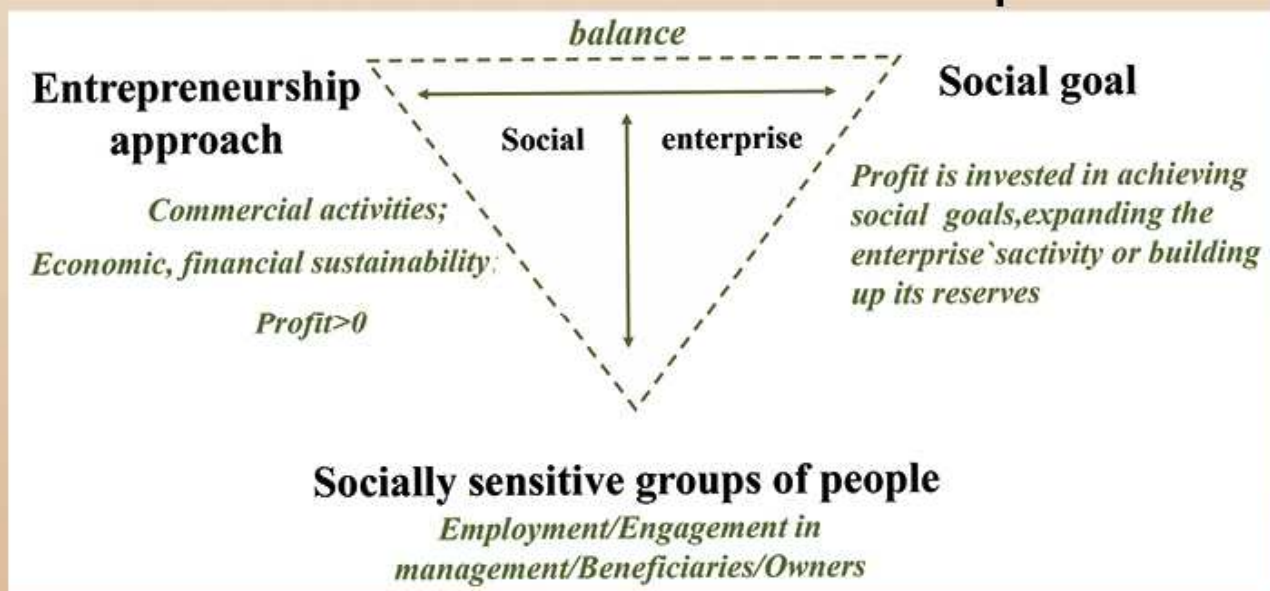
On the other hand, there is traditional business world that is involved in commercial activities (production, purchase and sale) in order to make profit and create wealth and financial sustainability. However, traditional entrepreneurs are often not interested in employing individuals of socially sensitive groups or solve social problems, as it threatens profit growth.

You can say that social enterprise is something midway between charity and traditional business. In addition, it is significant to engage in social enterprise individuals of socially sensitive groups of society.

Social entrepreneurship is a type of business, priority of which is tackling social or environmental problems important to society, ensuring the company's financial self-sustaining and sustainability.

Lāsma Dobele

Elements of identification of a social enterprise



10 GREATEST SOCIAL ENTREPRENEURS OF ALL TIMES



Bill Drayton isn't just a great example of a social entrepreneur, he actually helped to define and promote the term itself. Drayton is the founder and current chairman of Ashoka: Innovators for the Public, an organization that finds social entrepreneurs around the world and helps them. Drayton shares his experience in social entrepreneurship in other organizations as well, working as a chairman at Community Greens and Youth Venture in addition to his duties at Ashoka. As of 2010,

Ashoka Foundation has sponsored 2,145 people in 73 countries, some of which have developed successful social businesses that have made a huge impact.

One of the most famous entrepreneurs is **Muhammad Yunus**. Yunus has written books on social entrepreneurship, sharing his expertise in microfinance and social capitalism. Yunus is the founder of the Grameen Bank, an institution that provides microcredit loans to those in need to help them develop financial self-sufficiency. It gave microcredit loans to people in need, because other banks refused to do it. This bank is very unusual. It is owned by people who take credits.

Founded in 1983, the bank has brought in a net income of more than \$10 million, and his work with the organization landed Yunus a Nobel Prize in 2006..



Blake Mycoskie is the founder of TOMS, almost everyone with an awareness of pop culture has heard of this social brand, which aims at helping people. Mycoskie founded TOMS in 2006 after a visit to Argentina where he learned that many children get sick or injured because they do not have shoes. To change

this, he created TOMS, a business that gives one pair of shoes to poor people for every pair that's bought. So far, the company has donated more than a million pairs of shoes. In 2011, the company launched another initiative which aims to give away a pair of glasses or sight-saving surgery for every pair of sunglasses or glasses sold.



Lack of clean and accessible drinking water is sadly something that millions of people worldwide face every day. **Scott Harrison** decided to make it his mission to change that, founding the non-profit organization Charity: Water.



Since it began, the organization has delivered clean drinking water to more than a million people in 17 different countries around the world. Harrison is one of the most successful entrepreneurs of all times. The organization grew more than 100% in the first quarter of 2011, despite a major economic crisis that paralyzed many similar companies.

In 1988, **Jeffery Hollender** founded cleaning, paper, and personal care products company Seventh Generation. The company focuses on producing products that have a reduced environmental impact, avoiding the harsh chemicals that are part of many of today's leading cleaning and personal care products. In addition, the company donates 10% of pre-tax profits to funding nonprofit organizations and businesses focused on the community and the environment. Hollender and his associates have built Seventh Generation into a huge company, bringing in over \$150 million in revenue in 2010. Hollender left Seventh Generation in 2010, but he is still busy helping with the American Sustainable Business Council and writing books on responsible business practices. He is a member of the Social Venture Network and founder of the Community Capital Bank.



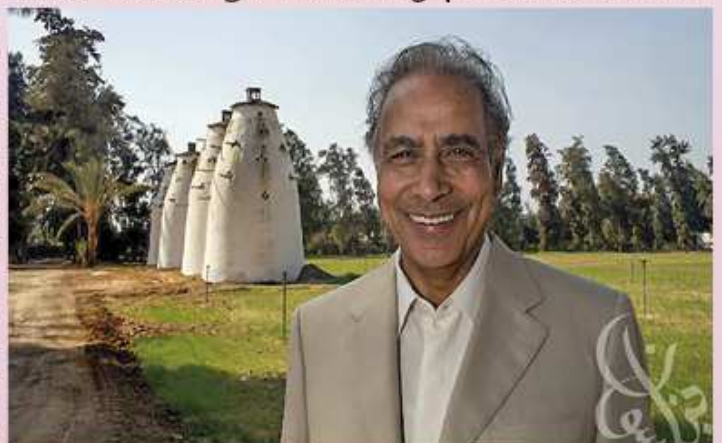
Xavier Helgesen, Chris «Kreece» Fuchs and Jeff Kurtzman are the founders of the corporation Better World Books. This corporation is one of the most successful examples of social enterprises. It was founded in 2002. Its mission is to maximize the value of every book and to help promote literacy around the world. The company works by reusing or recycling books through sales on their website and donations to schools, and so far has used 84 million volumes to raise \$12.1 million for literacy funding. The company cares not only about profits but also about the social and environmental impact of everything they do.



Akhtar Hameed Khan was one of the pioneers of the microfinance and played a great role in developing rural communities in Pakistan, which earned him a nomination for the Nobel Prize. Two of Khan's most major projects during his life were the Comilla Cooperative Project and the Orangi Pilot Project. The Comilla Cooperative aimed at building local infrastructure in rural communities while also helping businesses grow through microfinance initiatives. It wasn't successful, but was a learning experience for Khan. In contrast to Comilla, the Orangi Pilot Project would be quite successful, helping a community solve their own problems with sanitation, health, and housing, while offering microfinance, education, and family planning.

Some aspects of Khan's plan are still in use today in areas all over Karachi.

Early in his career, **Ibrahim Abouleish** was working in leading pharmaceutical firms in Europe, developing new treatments for osteoporosis and arteriosclerosis, but a trip to Egypt in the mid-'70s would change that. He left Europe and moved back to Egypt, where he founded the company "Egyptian Organic Food" and the development initiative SEKEM (Ancient Egyptian for «vitality from the sun»). Abouleish hoped that by using



biodynamic farms, schools and vocational training centres, a medical centre, and trading company he could not only help save the environment but also help the Egyptian farmers. SEKEM grows plants that are developed into herbal teas, fresh produce, and even organic cotton. Abouleish has also played a key role in developing new chemical-free methods to process cotton and developing Egypt's first private pharmaceutical company. His business has been so successful that ideas from it are being exported to South Africa, India, Palestine, Senegal, and Turkey.

Microbiologist **Willie Smits** never really expected to become a social entrepreneur, but when he found an abandoned baby orangutan in 1989 while working in Indonesia, his career changed its direction. Smits' work with orangutans developed into the Borneo Orangutan Survival Foundation, which not only works to help orphaned or imperiled apes, but also helps locals learn sustainable farming methods and the benefits of reforestation. Smits also takes part in the Masarang Foundation, an amazingly innovative social enterprise that uses thermal energy to turn sugar palm juice into sugar and ethanol, providing jobs and power to the community and at the same time preserving the local forests. In recognition for his work, Smits has received knighthood in his native Netherlands as well as an Ashoka Fellowship and a variety of other conservation-based awards.



Indian social activist and entrepreneur **Sanjit «Bunker» Roy** has helped thousands



of people in Asia and Africa learn vital technical skills and bring solar power to their sometimes remote villages. Roy founded the Barefoot College, an organization which specializes in teaching illiterate women from poor villages how to become doctors, engineers, and architects. What's more impressive is that each of the college's campuses are solar powered and often built and designed by former students. In founding the college, Roy's

goal wasn't to make a profit for himself, but to help improve quality of life of women throughout his native India. Women are leading and running most of the Barefoot College's operations, so it's clear that he's been pretty successful in achieving that goal.

SE in EUROPE

During the period from 2003 to the economic crisis, culminating in 2009 - 2010, the number of employed in social enterprises in Europe increased from 11 to 14.5 million people, which is 6.5 percent of the total number of employed and for many of them it became the key to the exit from the hopelessness and crisis. Almost a quarter of the companies in Europe are social enterprises.

Association BLIND-LIECHT aims at promoting dialogue and mutual



understanding between people who can see and blind people. The association develops and support projects that offer jobs for blind and visually impaired people. BLIND-Liecht Association is the largest private employer of people with visual impairments. The most significant projects that have been implemented are: DIE BLINDE KUH (the blind cow) in Zurich, BLINDE KUH Pavilion at the Expo.02 and DIE BLINDE KUH BASEL with the bar and event room in Hellen. This association has won several awards.

In London the homeless are not sitting with their arms outstretched, they are selling a magazine. Social enterprise **THE BIG ISSUE** employs the homeless, people

living in deprived areas or those people who are put at risk to get on the street because of the financial crisis or as a result of unemployment. The idea began in 1991 as a response to the large number of homeless people lying in the streets of London. Gordon Roddick and John Bird believed that this problem can be solved. They founded a social enterprise, thus they provided an opportunity for the homeless to control their lives and reintegrate into society. The Big Issue gives them a small income, so they can begin to find somewhere to live.

What is important –the vendors decide themselves how many copies to buy/sell. The first numbers of «The Big Issue» are given for free, but the next time they have to buy them. They buy a copy for 1.25 pounds, but sell it for 2.50 pounds, thus gaining 1.25 pounds



for every copy sold. Around 100 people a week come to «The Big Issue» to get out of the crisis. «The Big Issue» tries to support 2,500 homeless across the country.

Rehabilitation centre in Italy helps people who have various addictions. It all began with one man's initiative, who gave a shelter to people with addictions taking them to his home. Currently, it has grown to the size of the village, where people produce variety of things, for example, pasta or furniture. These people come for the period of 3 years, moving away from any communication with the outside world, they live without the Internet, telephone and so on.



The centre helps them not only overcome the addiction, but reveals their talents and abilities. Everything is based on work therapy. This social enterprise has been operating since the late 70s so people coming out of this centre are the best experts. Employers recruit them willingly.

As one of the most prominent examples of social entrepreneurship in Lithuania is the salad bar in Vilnius «**Mano Guru**» («My Guru»), where 70% of workers were addicted to drugs in the past. Being involved in the company has helped these people to start a new life. While working in «Mano Guru» salad bar for the period of six months the project participants acquire necessary cooking and serving skills. At the same time the restaurant promotes healthy eating and tries to break stereotypes about people with addictions.



Örtækni workshop (Iceland) is producing and selling cables in different colours and sizes, computer accessories and parts, software and hardware, also goods, which are suitable for people with special needs. For example, the programme for visually impaired, special keyboards, developing programmes for children, etc. The workshop was founded in 1976. Its aim is to provide people with disabilities with work practice and / or job, temporary or permanent, and help them with special equipment. Örtækni is an independent company



(owned by the Organization of Disabled in Iceland) with a total staff number of around 30- 40 people. There are usually about 15 - 20 employees in the technical workshop, most of whom are people with disabilities.

Örtækni is also running the cleaning department which provides services for apartments and offices. The workshop is employing people with disabilities, as well as helping people with special needs by providing those services and selling a variety of devices which make their daily life easier

Surprising is the diversity and quality of products.

In the **workshop Múlalundur** people with reduced work capacity are given

the opportunity to do some simple jobs and work flexible hours.

Múlalundur is the largest and the oldest workshop in Iceland for people with disabilities. It was founded in 1959. Currently the company is employing about 40 people. The company specializes in manufacturing plastic and paper products for offices.



Ás Vinnustofa. It is run by the parents association called Ás styrktarfélag. The goal of As Vinnustofa workshop is to create jobs for people with disability and reduced work capacity. They are paid monthly wages, sick leaves and holiday pays, contributions to the pension funds according to the labour law are made as well.

In 2001 the AS styrktarfélag and the Ministry of Social Affairs signed a delegation agreement, so the company receives subsidies from the state budget. Of course, the workshop also gets profit through charity lotteries, producing greeting cards, selling its products- towels, baby diapers, etc.



In 1930 an ecovillage called **Sólheimar** (Iceland) was established, where roughly 100 people live and work together. The focus in the village is on the well-being of people and nature. It has a variety of workshops and training programs, such as growing organic vegetables, woodcarving, weaving, making candles and fine art, eco-cosmetics production and other crafts. Inhabitants of the village with various backgrounds and disabilities get the opportunity to gain work experience and have a rich social life.

At **Örvi**, Training Workshop and Vocational Rehabilitation centre people with



disabilities are tested, trained and so prepared to the labour market, as well as are helped to find a job. Testing helps to assess a person's ability to work, determines the level of knowledge and motivation. The Centre's objective is to create more opportunities for people with limited abilities to work in the private sector. They are taught packing, as well as producing various plastic products for packaging. Training and rehabilitation programme is determined by the individual needs of each learner; it lasts maximum 18 months. Örvi is financially supported by both the national and the local social services.

SE in LATVIA

The Ministry of Welfare in Latvia has developed the concept about «Possibilities for the introduction of social entrepreneurship in Latvia», which aims at promoting social enterprises and creating a favorable operating environment for these companies. However, in Latvia there is no legal framework regulating social enterprises and supporting their activities. Social enterprises operate on the same principles as any classic company.

There is a number of examples of social enterprises in Latvia. However, very often social entrepreneurs do not realise that they are dealing with social entrepreneurship, and therefore it is difficult to identify the real number of social enterprises in Latvia.



One of the first social enterprises in Latvia is **MAMMU**.

Young mothers, who often have difficulty to combine a job and minding a child, are engaged in this company. MAMMU offers the opportunity to work at home and create exclusive, multi-functional and high-quality linen and knitted scarves.

For young mothers it is not just a job, but also a basis for the future career. The head of the company Fionn Dobbin says that later ex-workers of Mammumu continue their career in other companies and often have leading positions.



Social enterprise **HOPP** designs and adapts bikes for people with disabilities.

Madara Makare, co-author on the company says:

«HOPP <...> dates back to late 2010, when we applied for the participation in the competition

«Brigade». We did not realize at that time that the idea of adapted tricycles under the umbrella of freakbike movement will transform into conviction.

Together with the other co-author Edgar Spridzans we came to the idea of a tricycle adapted to special needs. He had worked for several years creating freakbikes, was one of the founders of this movement in Latvia. At one point, people with various disabilities asked him to make a special vehicle adapted to their needs. It seemed like a wonderful idea, because there was nothing similar to it in Latvia at that time! Talking to people, we realized that it is an extremely needed thing - understanding needs of people and contrasting them to their capabilities, so HOPP came into being."





Ziedot.lv kiosk was the first trade place in Latvia, which offered to purchase handicrafts, toys, ceramics, textile products and other goods made by socially sensitive members of society. These wonderful

things were made by young people with intellectual disabilities, single mothers, unemployed, disabled people from care centres, grandmothers and students. In addition, all staff members of Ziedot.lv are single mothers, the unemployed, and people at pre-retirement age and other socially vulnerable individuals who need financial support. Each purchase that is made at Ziedot.lv kiosk, provide support for any of these good people who have created the product, besides, the profit is donated to one of the charity projects of Ziedot.lv which has been chosen by the customer.



Social enterprise **Woolly World**, founded in April 2011, produced its first product line- teddy bears- in June. Four people with disabilities, which make 50% of the total number of employees, members of Liepaja Society of the Blind, are involved in the creation of toys.

Taking into account the problems of product sales, the staff is employed only 1 time per week, but anyway it gives these people substantial additional income every week.



LUDE is one of the latest success stories of a social enterprise in Latvia. The word «Lude» is an abbreviation of the words "rag rug", and at the same time it means "to play" in Latin.

Social enterprise LUDE was created in 2013 by two girls. The idea of the company is to give senior ladies an opportunity to meet other ladies of the same age 2-3 times a week and create stylish colourful rugs.

Retirement is a very critical moment for people who are used to working. The founders of LUDE mean that people at pre-retirement age are an undervalued treasure thrown out of the labour market. LUDE gives them an opportunity to socialize, earn some money and utilize textile waste creating beautiful things.



SOCIAL ENTERPRISE „SINAVITA”



In Latgale there is only one officially registered social enterprise - «SinaVita». It was founded by Ludza Society of Disabled (LSD). «SinaVita» is the company where people with disabilities, young mothers and unemployed people at pre-retirement age have the opportunity to engage in the production of knitwear.

2010 LSD participated in the project organized by Soros Fund. The project was supported and 4 knitting machines «Brother» and other equipment were bought. A training course in knitting was organized and first articles were made. The assortment of products is very diverse - from scarves to poncho.

At the moment the staff is mainly knitting socks for folk- dance groups. The company employs self-employed people, since SU is unable to provide social guarantees for employees because of lack of funding.



The company is having hard times because of the current economic situation. The main problem is the sale of products. The product prices are high compared to the Chinese product, so the company has no possibility to produce large competitive quantities of garments.



The leader of LDS and the founder of «SinaVita» Ilona Senkova says «It is not possible to plan anything for the long term, because laws in this country are continually changing and there are many regulations. You have to live in tension all the time in order to meet all the law requirements. Disability is something that restricts your functions. Therefore, there is always possibility that the work done by

people with disabilities will be unprofitable. «

However, the intention of SE 'SinaVita' is to engage socially sensitive people to learn new skills and abilities, introduce them to people nearby and become economically independent.

PROJECT „WORK IS LIFE“



The economic and financial crisis intensified different social problems in Latvia: unemployment and its consequences, problems connected to inefficient healthcare system in the country, emigration, social exclusion and degradation of the environment. These problems are particularly seen in the region of Latgale. Social entrepreneurship is one of the ways to find a solution to social problems. Therefore Ludza Society of Disabled implemented the project «Work is life» and organized publicity and promotional activities regarding SE within the framework of the project.

The goal of the project is to ensure financial stability, support the development of social enterprise in the Eastern Latgale, promote the social inclusion of people who are at risk of social exclusion and raise their standard of living.

The project was implemented from 1st November 2013 to 1st May 2015 in county Ludza (Latvia) and Reykjavik (Iceland), since the partner of LSD in this project is Örtækni, the workshop of the Organization of Disabled in Iceland. The project has a budget of 36 270.78 euros; programme funding - 32 € 643.70euros; Project is co-financed by Ludza Municipality.

Now about the project.



Two training courses have been organized. The goal of 96-hour training course «Establishment of social enterprise, its operation and management» was to raise awareness of activities and the management of social enterprise and to encourage trainees to become self-employed. The training took place in 2014, from January to April. The course took place at the day time and in the evening, so people who were working had the opportunity to participate. There were 20 participants in each group - from Ludza Cibla, Rezekne and county Karsava. They learned about the legal aspects of the establishment of social enterprise, developing of a business plan and the basics of marketing.



An individual 20-hour training course in machine knitting (with no preliminary knowledge) was organized in frames of the project as well. 10 ladies applied for the two months long course.

The timetable of the course was very flexible. The time was coordinated with every participant of the course. So ten ladies from Ludza learned about the technical structure and the maintenance of the knitting machine, about different types of materials and specific methods of machine knitting and designing a jumper. Two exchange visits were organized. LS D visited social enterprises in Iceland and participated in the discussion about social equality. The representatives of Örtækni, the workshop of the Organization of Disabled in Iceland visited Ludza Society of Disabled, the social enterprise «SinaVita», met the leaders of Ludza municipality and representatives of Ludza county Business Advisory Council and participated in the regional discussion.



In order to promote and improve the activities of LSD, to ensure publicity of the project activities the website of Ludza Society www.ludzasib.lv was created. Three TV reports were shown on regional and national television, information about the activities was provided in the media.

Three public discussions were organized as well. The first meeting was held in Reykjavik. The other regional discussion «Social entrepreneurship in Latgale - to be or not?» was held in September 2014 in Ludza, the third took place in Kraslava in February 2015. The participants of the discussions in Latvia (from 12 counties in Latgale, Daugavpils, Rezekne, Riga, Jelgava and Reykjavik) said that the government should urgently recognize and support social enterprises as a special group, not only in order to distinguish this group from other types of business, but also because it is an effective solution to long-standing problems. The expert Lasma Dobeles means: "The individuals of socially sensitive groups of society usually are not given an opportunity for development. SU could give these people the opportunity to contribute to their professional and personal growth". Wouldn't it contribute to the development of the whole region and the country? Let's take a challenge and establish social enterprises!

