



CoSED

COALITION FOR SOLIDARITY
ECONOMY DEVELOPMENT

Law on Social Entrepreneurship of Republic of Serbia

“A social enterprise is an enterprise whose objective is to achieve a societal or environmental impact, rather than maximising profit for its owners or shareholders. It pursues its objective by trading on an ongoing basis through the provision of goods and/or services and by reinvesting surpluses into achieving social objectives“

Miodrag Nedeljkovic

Coalition for the Solidarity Economy Development

10 years of development of legal framework

- 2008 – 2014 - two mappings - around 1200 social enterprises
 - 2010 - Prof. Muhammad Yunus, a Nobel Peace Prize winner, presented his concept of social entrepreneurship to government. businesses and CSOs in Belgrade (ERSTE foundation)
 - 2010 - Coalition for the Development of Social Entrepreneurship (CoSED) was established as informal network of 6 CSOs
 - 2012 SE sector employed over 10.000 people in Serbia
 - 2013 the 1st draft of Law on SE prepared
 - 2013 – 2018 few more attempts to draft the Law on SE failed
 - August 2018 the PM cabinet request support from GIZ (German Development Agency)/funds have been determined - experts
 - 2018 Draft Law on SE developed **with CSOs and social enterprises**
 - 2019 MoLEVSA adopted significantly different draft Law
 - 2019 – 2021 debate on policy framework
 - 2021 New working group formed
 - October 2021 social dialogue

Finalisation 2022.

- February **adoption of the Law**
- June - Council for promotion of Social Entrepreneurship was formed * **an advisory body that provides expert advice related to support for social entrepreneurship – projects development, networking, incentives. It brings together experts from all interested group**
- June – November Development of bylaws and programs for development of SE
- September - MoLEVSA organized Donor Conference to Call for support for the Programme
- November the start of full implementation of the Law on SE expected

Present situation

- On February 4, 2022, the National Assembly adopted the *Law on Social Entrepreneurship*, entered into force on February 15, 2022, beginning of implementation on November 16, 2022 (in less than two weeks)
- The aim of the law is **to create** a favorable business environment for the development of social entrepreneurship, **to develop** awareness of the importance of social economy and social entrepreneurship and **to meet** identified social needs
- The law provides **status, not a new legal form**, for social enterprises

Conditions for acquiring the **status of social entrepreneurship**

The social entrepreneurship status can be acquired by:

- 1) an Sole Proprietor who keeps business books in accordance with accounting regulations, i.e. an entrepreneur who is not flat-rate taxed
 - 2) business entity – limited liability company,
 - 3) a civil sector entity registered for the performance of economic activity that has accepted by its act or statement that:
 - realizes one or more social roles
 - All employees and members have the right to vote in a social enterprise. One member, one vote, regardless of participation in the capital, or the type of employment contract. (governing of SE – employees from vuln. groups, final users and employees)
 - distributes profits in accordance with the limit - 50% has to be invested in social aim
 - is obliged to report on social impact (each two years) **business, profit, management method**
- CSOs, cooperatives, foundations, W.I.S.Es

Areas of operation

- The subject of social entrepreneurship **works in various sectors** focusing of the social role, goal of social entrepreneurship. One of the most important social goals is **social, cultural, economic and labor inclusion of members of the vulnerable groups**. Also, subject is the realization of other identified general interests within the local community and at the national level – environmental goals for instance.

Profit distribution

The enterprise or other entity with the *status of social entrepreneurship* has the obligation to 50% of the realized profit:

1) **Reinvests in internal support programs for socially vulnerable groups or in costs related to the employment of able-bodied members of socially vulnerable groups**, i.e. in activity programs aimed at solving community problems in the areas of operation

and/or

2) **Donate to other legal entities or entrepreneurs with the status of social entrepreneurship** to solve community problems.

- An **entrepreneur** with the *status of social entrepreneurship* has the same obligations, with the fact that he can donate funds to another entrepreneur or civil sector entity with the status of social entrepreneurship.
- A **civil sector entity** with the *status of social entrepreneurship* from the profit it realizes from registered economic activity acts in accordance with the law governing its legal position, and can donate it exclusively to another civil sector entity with the status of social entrepreneurship for solving community problems in the areas of activity in which it itself works.

Conclusions

This is an open type of law that has broad criteria and has a lot of **advantages**

- It is harmonized with the EU - respects and monitors the development of the sector
- Recognies different legal forms
- The council that was established is a very good move, because the state does not have experts for SE at any level (it opened up and gathers people from the sector and experts). The Council has an important role, it develops strategies and various documents. (monitor the implementation of the law and prepare the planned development program)
- with the law, the Social Entrepreneurship will be more easily recognized by the public administration, banks, donors (previously there were many obstacles)

On the othe hand:

This law is only a framework, there are no concrete measures (yet), and it is not harmonized with other laws. In order for this law to achieve its full potential, several laws need to be aligned. And that's a huge job.

Thank you