



Measure for commencing commercial activity, Latvia

What?

This project was launched as a pilot scheme in 2008 and continues to operate with an aim to support qualified unemployed people in business creation. The scheme offers business advisory services, a small grant and a bridging allowance. The goal is to ensure that the businesses started by unemployed people can sustain operations for two years. To qualify for support under this measure, potential candidates must be registered as unemployed with the State Employment Agency (SEA) and have knowledge and experience related to business management, or have relevant qualifications.

Why?

The SEA launched this initiative as a pilot project in 2008 to test the potential for moving unemployed people back to work through self-employment. Unemployment in Latvia increased rapidly following the onset of the crisis, causing a strain on the public employment services. The unemployment rate reached a peak of 19.8% in 2010. In 2009, the Latvian government launched a new vision for supporting self-employment and setting up of micro enterprises. In addition to reduced personal income tax rates and special terms for payment of social security contributions by self-employed people, amendments were made in business legislation to make the regulatory environment more favourable for micro businesses.

Key activities

The scheme provides support in two phases. First, participants attend a series of consultations that provide individual assistance in the preparation and development of a business plan. Each participant can attend up to 20 individual consultation sessions over a period of six weeks. The sessions focus on identifying sustainable business ideas and building a plan around them. These consultation sessions are delivered by business professionals who are contracted by the SEA. Once the consultations are completed and participants have developed a business plan, participants can apply for the second stage of support that provides additional individual business consultations and financial grants. The SEA evaluates applicants prior to providing in-depth support to ensure that projects are feasible. These evaluations are done by a committee of industry experts and business start-up and development professionals. The committee examines the potential of the business plans and the feasibility of the entrepreneur successfully implementing them. The most important factors in their

decision are the uniqueness of the product or service, the level of innovation, and potential demand for the product or service. Projects that are selected for the second stage of support are eligible for the following support measures: (i) post start-up business consultations in the first year of implementing self-employment or business (20 consultations); (ii) a grant of up to EUR 3 000 for implementing the business plan; and (iii) a monthly allowance equal to the minimum wage, approximately EUR 320, for the first six months after start-up.

Impact

Between 2013 and 2017, the total number of unemployed people who participated in the initial consultations on preparing a business plan was 1 124. Of these, 30% were long-term unemployed, 8% were youth (18-24 years old), and 6% had a disability. Approximately 90% of supported projects resulted in a business start-up and 71% were still operating after two years.

This case study was adapted from material published in: OECD/EU (2016), Inclusive Business Creation: Good Practice Compendium, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264251496-en> [1]

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Links

[1] <http://dx.doi.org/10.1787/9789264251496-en>