

LAW
ON SOCIAL ENTREPRENEURSHIP
OF THE REPUBLIC OF SRPSKA

Article 1

This law shall regulate the concept, goals and principles of social entrepreneurship, conditions and procedure for acquiring the status of social enterprise, keeping the register of social enterprises, tasks and manner of work of the Council for Social Entrepreneurship Development, supervision and other issues of importance for social entrepreneurship in the Republic of Srpska.

Article 2

The aim of this law is using the potential of social entrepreneurship for sustainable economic and social growth and development of the Republic of Srpska

Article 3

(1) The development of social entrepreneurship shall be based on the following principles:

1) Involvement and transparency related to the participation of stakeholders in the creation of policies and strategic directions for the development of social entrepreneurship, and all data, results and assessments of the effects of support to social enterprises are transparent and accessible to the public,

2) participatory democracy, which means that in social enterprises, in addition to the holders of the ownership structure, employees also participate in decision-making process,

3) market sustainability of social enterprises which, in accordance with this Law and other regulations, continuously maintain liquidity,

4) social inclusion, which enables people at risk of poverty and social exclusion to have the opportunity and resources needed to participate fully in economic, social and cultural life, but also to achieve living standards and well-being, which are considered acceptable in the society in which they live and thus ensures greater participation of citizens in decision-making, which affects their lives and the realisation of fundamental rights,

5) environmental protection, which means that social enterprises in all business activities provide protection and preservation of the environment,

6) balance of development related to faster economic development of underdeveloped and extremely underdeveloped local self-government units,

7) synergistic action includes concerted and joint action of the public and private sectors of society in order to increase efficiency in the field of social entrepreneurship.

(2) Grammatical terms used in this law to denote masculine or feminine gender imply both sexes.

Article 4

(1) A social enterprise is a legal entity (company, foundation, association, cooperative, institution) that performs an activity from which the immediate or wider social community has a special benefit.

(2) The social enterprise provides the users of its products and services with these products and services without discrimination on any grounds.

(3) The provisions of special regulations relating to the organisation and operation of a particular legal form of a legal entity shall apply to all matters not regulated by this Law.

Article 5

(1) Social entrepreneurship is an organised activity based on market principles, for meeting social goals, i.e. creating opportunities for solving social, health, cultural, economic, environmental or other social problems of certain groups of citizens, immediate or wider community, as well as preventing the emergence and eliminating the consequences of social exclusion and strengthening social solidarity and cohesion.

(2) Social mission means social goals and results, which are achieved by the social enterprise through its business and which serves the interests of the immediate or wider social community.

(3) The social goal is aimed at fulfilling the social interests of the immediate or wider community.

(4) The social mission of a social enterprise shall be realised in one of the following ways:

1) by employing categories of persons with difficulty in finding employment during their stated status, namely:

1. Unemployed persons for over three years, persons over 50 years of age, children of killed soldiers, persons with disabilities, soldiers disabled in war and demobilised soldiers, civilian victims of war, persons who have been victims in criminal proceedings, members of national minorities, pregnant women and single parents, persons with socially unacceptable behavior, victims of psychoactive substance abuse, victims of domestic violence, victims of human trafficking and persons in social need due to poverty, natural disasters, war suffering, refugees, migration, repatriation, death of one or more family members, long-term medical treatment, serving a sentence, dismissal from institutions or other unforeseen circumstances,

2. Other persons who are in the category of persons with difficulty in finding employment in accordance with the regulations governing the field of employment,

2) by performing work in any activity that achieves social goals,

3) by financing projects of legal entities that achieve social goals.

Article 6

(1) For social enterprises operating in the form of companies or agricultural cooperatives, the share of profits paid to owners may not exceed 51% of profits.

(2) For the part of the profit that is not paid in accordance with paragraph 1 of this Article, the company and the agricultural cooperative shall make a plan of reinvestment or a plan of financing the social mission.

Article 7

(1) The conditions for acquiring the status of a social enterprise are:

1) being registered as a legal entity,

2) having its seat on the territory of the Republic of Srpska,

3) in relation to the total number of employees employed, there are at least 30% of persons belonging to the category of persons who are more difficult to employ from Article 5, paragraph 4, item 1) of this Law, if the social mission is achieved on the basis of employment,

4) it was founded with the aim of achieving a social mission,

5) the business is based on a limit in the distribution of gained profits,

6) the employees participate in the consideration of decisions for the adoption of which it is necessary to obtain their opinion in accordance with this law,

7) the social mission is clearly expressed.

(2) Public sector entities can have up to 49% ownership in a social enterprise.

(3) Public companies and public institutions cannot acquire the status of a social enterprise.

Article 8

(1) The request for acquiring the status of a social enterprise shall be submitted to the Ministry of Economy and Entrepreneurship (hereinafter: the Ministry).

(2) Along with the request from paragraph 1 of this Article, the following shall be submitted:

1) Decision on registration with the competent court or other competent body,

2) Founding act or statute,

3) Business plan.

(3) The founding act or the statute must contain provisions confirming the fulfillment of the conditions from Article 7, paragraph 1, point 4) to 6) of this Law, and the business plan contains a part which confirms that the social mission is clearly expressed.

(4) Business plan is a document that contains elements of business for the future period and includes basic information about the social enterprise, market (customers, suppliers and competition), sales plan and marketing plan, projection of costs and required investments, expected financial results, cash flow plan, risk assessment, business organisation and profit distribution plan.

(5) In the case when the social enterprise accomplishes the social mission on the basis of employment, in addition to the documents referred to in paragraph 2 of this Article, employment contracts for all employees shall be submitted, as well as proof that at least 30% of workers belong to the category of workers who are difficult to employ.

(6) In addition to the documents referred to in paragraph 2 of this Article, a copy of the approval or consent of the competent authority shall be submitted, if they are necessary for the performance of a certain type of activity.

(7) The deadline for deciding on the request referred to in paragraph 1 of this Article is 30 days from the day of submitting a proper request.

(8) For the purpose of verifying the realisation of the social mission in the manner prescribed in Article 5, paragraph 4, item 1) and 2) of this Law, the Ministry ex officio, shall obtain the opinion of the competent ministry on the stated social goals.

(9) The Minister of Economy and Entrepreneurship (hereinafter: the Minister) may appoint a commission to verify the fulfillment of the conditions for acquiring the status of a social enterprise.

(10) The members of the commission shall not receive remuneration for their work.

(11) The Minister shall issue a rulebook regulating the content and form of the request, as well as other issues of importance for acquiring the status of a social enterprise.

Article 9

(1) If the conditions prescribed by this law are met, the Minister shall issue a decision on acquiring the status of a social enterprise.

(2) If it is determined in the procedure that the conditions are not met, the Minister shall issue a decision rejecting the application for acquiring the status of a social enterprise.

(3) Decisions from para. 1 and 2 of this Article are final and an administrative dispute may be initiated against them before the competent court.

Article 10

(1) The Ministry shall keep the Register of Social Enterprises (hereinafter: the Register), in which social enterprises are registered.

(2) The Register shall contain documents and data proving the fulfillment of the conditions for acquiring the status of a social enterprise in accordance with this Law, as well as any subsequent changes in documents and data.

(3) The social enterprise shall inform the Ministry of any change in the data entered in the Register, and no later than five days following the date of the change.

(4) The Minister shall issue a Rulebook on the content and manner of keeping the Register.

Article 11

(1) The status of a social enterprise shall cease by:

1) termination of the social enterprise,

2) the decision of the social enterprise to cease performing activities for the purpose of achieving the social mission.

(2) The social enterprise may make the decision referred to in paragraph 1, point 2) of this Article, provided that it has implemented all contracts, i.e. projects on the basis of which it has exercised its rights to cash and non-cash assets.

(3) In the case referred to in paragraph 2 of this Article, the social enterprise shall submit to the Ministry a request for termination of the status of a social enterprise, stating the contracts and projects with organisations or institutions where it has exercised its rights to cash and non-cash assets.

(4) Along with the request referred to in paragraph 3 of this Article, the social enterprise shall submit the decision of the social enterprise on the cessation of activities for the purpose of achieving the social mission.

(5) The Minister shall issue a decision on termination of status and deletion from the Register in the following cases:

1) after obtaining evidence of the occurrence of the fact referred to in paragraph 1, point 1) of this Article,

2) if the conditions from para. 2 and 3 of this Article are met.

(6) In case the conditions from para. 2 and 3 of this Article are not met, the Minister shall issue a decision rejecting the request for termination of the status of a social enterprise.

Article 12

(1) A social enterprise that does not operate in accordance with the provisions of this Law and internal acts related to the realisation of its social mission, profit distribution or the

obligation to adopt a business plan with a strong social mission, the Ministry shall call to harmonise its operations within 90 days.

(2) For a social enterprise that does not harmonise its operations within the period referred to in paragraph 1 of this Article, the Minister shall issue a decision on termination of status and deletion from the Register.

(3) A legal entity that has lost the status of a social enterprise in the manner referred to in paragraph 2 of this Article loses all benefits related to that status and must return budget funds and other assets obtained on the basis of that status to administrative bodies and local self-government units, if their return is provided for in contracts, i.e. decisions whose validity has not expired at the moment of termination of the status of a social enterprise.

(4) The decision referred to in paragraph 2 of this Article is final and an administrative dispute may be initiated against it before the competent court.

(5) The Ministry shall publish decisions on termination of status and deletion from the Register on the website, and inform the contracting parties on termination of status of the legal entity with which they had concluded contracts and whose status has been terminated.

Article 13

(1) The opinion of employees must be obtained when deciding on the following issues:

- 1) distribution of the net profit of the social enterprise,
- 2) acquisition or disposal of high value assets in accordance with the regulation governing the work of companies,
- 3) cessation of business as a social enterprise.

(2) The founding act or the statute of the social enterprise shall regulate the deadline within which it is necessary to obtain the opinion referred to in paragraph 1 of this Article, as well as the procedure for obtaining it, which can be achieved through trade union declarations, declarations through workers' councils, at the plenary meeting of all employees or in some other way.

(3) By the founding act or the statute, the scope of participation of employees of the social enterprise may be extended to the participation in decision-making on other issues from the operation of the social enterprise.

Article 14

The social enterprise shall make all its financial and business reports and plans, as well as documents on organisational and ownership structure, governing bodies in the enterprise, decisions and other internal acts of the social enterprise available to the public via its website, except for documents that the social enterprise marks as a business secret.

Article 15

(1) The social enterprise shall submit to the Ministry all business and financial plans and reports, decisions on profit distribution, plan of reinvestment or financing from profit, decisions and reports on realisation of the company's social mission and democratic participation in decision-making, but also other data important for monitoring the application of this law.

(2) In the report on the realisation of the social mission of the company, the social enterprise shall state the contracts and projects on the basis of which it exercised the right to cash and non-cash funds.

(3) The social enterprise shall keep all contracts, projects and other documentation on the basis of which it has exercised the right to cash or non-cash funds, for at least five years from the date of fulfillment of all obligations in accordance with these acts.

(4) The acts referred to in paragraph 1 of this Article shall be submitted regularly, annually, until the end of the first quarter of the current year for the previous year or extraordinarily at the request of the Ministry.

Article 16

The Council for the Development of Social Entrepreneurship of the Republic of Srpska (hereinafter: the Council) is an advisory body of the Government of the Republic of Srpska (hereinafter: the Government), which monitors the situation in the field of social entrepreneurship with the aim of improving its development.

Article 17

The tasks of the Council shall be:

- 1) promoting the importance and principles of social entrepreneurship development,
- 2) analysing the business environment and proposing to the Government the directions of development of social entrepreneurship and the necessary measures, plans and programmes for their implementation,
- 3) considering the effects of the measures taken in the implementation of the principles of development of social entrepreneurship,
- 4) giving proposals and suggestions in the process of enacting regulations in the field of social entrepreneurship,
- 5) giving proposals and suggestions on the necessary financial benefits for the development of social entrepreneurship,
- 6) initiating and assisting in activities between stakeholders within the framework of social entrepreneurship,
- 7) giving proposals and suggestions on projects in the field of social entrepreneurship,
- 8) adopting rules of procedure for its work,
- 9) once a year submitting a report on its work to the Government,
- 10) considering other issues of importance for the field of social entrepreneurship.

Article 18

(1) The Council shall consist of 16 members, appointed by the Government for a period of four years, taking into account equal gender representation.

(2) The Council shall consist of one representative each from the Ministry of Economy and Entrepreneurship, the Ministry of Health and Social Welfare, the Ministry of Labor, War Veterans and Disabled Persons' Protection, the Ministry of Agriculture, Forestry and Water Management, the Ministry of Finance, the Chamber of Commerce of Republic of Srpska, the Development Agency of Republic of Srpska, The Federation of Municipalities and Cities of Republic of Srpska, a representative trade union at the level of the Republic of Srpska, a representative association of employers at the level of the Republic of Srpska and three representatives of each social enterprise and non-governmental organisation whose activities are in the field of social entrepreneurship.

(3) Representatives of other institutions, organisations and experts may, upon invitation, participate in the work of the Council, but without the right to vote.

(4) The President and Deputy President shall be elected by the members of the Council.

(5) Members of the Council shall not receive remuneration for their work.

(6) The Ministry shall perform administrative and professional-technical tasks for the needs of the Council.

(7) The Ministry shall elect the representatives of social enterprises and non-governmental organisations, on the basis of a public call for accreditation to work in the Council, which defines in more detail the conditions for the election of members.

Article 19

(1) The Strategic Framework for Social Entrepreneurship in the Republic of Srpska shall consist of all strategic documents that recognise social entrepreneurship as a way to improve the position of persons referred to in Article 5, paragraph 4, point 1) of this Law, but also as an opportunity for growth and development of social entrepreneurship, innovation, entrepreneurial skills and balanced development of the Republic of Srpska.

(2) The Government shall adopt the Strategy for the Development of Social Entrepreneurship in the Republic of Srpska.

Article 20

(1) A social enterprise may exercise the right to special tax and customs privileges and exemptions in the manner prescribed by special regulations on taxes, customs duties and contributions.

(2) A social enterprise may also be entitled to special benefits and exemptions from other types of fees, charges or membership fees in the manner prescribed by special laws or bylaws.

(3) A social enterprise that employs persons with disabilities in accordance with a special regulation on professional rehabilitation, training and employment of persons with disabilities may exercise the right to special benefits and exemptions in accordance with that regulation.

Article 21

(1) Social enterprises are of special interest to the Republic of Srpska and local self-government units, which actively support them with economic and social policy measures in achieving their social mission.

(2) The Republic of Srpska and local self-government units may actively support the establishment and operation of social enterprises by integrating into their strategic documents of developmental and inclusive nature specific measures of infrastructural, administrative, financial, promotional, educational and other types of support.

(3) Local self-government units may organise a contact point for social entrepreneurship, which would be in the function of connecting social enterprises and presenting the infrastructure for social entrepreneurship to potential investors.

(4) The contact point at the level of the Republic of Srpska for social entrepreneurship shall be the Ministry.

Article 22

(1) In order to perform financial support for the establishment and operation of social enterprises, the Republic of Srpska or a unit of local self-government may establish a Social

Entrepreneurship Fund in accordance with the regulation on the public service system (hereinafter: the Fund).

(2) Two or more local self-government units may establish a joint Fund under conditions determined by agreement between the competent bodies of local self-government units.

(3) The decision on the establishment of the Fund shall regulate the activities and affairs of the Fund, the conditions under which the Fund operates, the rights and obligations of the founders in managing the Fund, the funds at its disposal, sources of funds and placement conditions, potential beneficiaries and other issues of importance.

Article 23

(1) Administrative supervision over the application of this Law and regulations adopted on the basis thereof shall be performed by the Ministry.

(2) Inspection supervision over the application of this Law shall be performed by the Republic Administration for Inspection Affairs, in accordance with the provisions of this Law and the regulation governing the procedure of inspection supervision..

(3) Inspection supervision, performed by inspectors within their area of supervision, refers to the supervision over the operations of a social enterprise, i.e. control of possession of a decision on acquiring the status of a social enterprise and fulfillment of conditions for maintaining the status of a social enterprise.

(4) The inspector shall notify the Ministry in writing of all measures taken and acts adopted, within eight days of the inspection.

Article 24

(1) A fine of BAM 2,000 to BAM 6,000 shall be imposed on a company and an agricultural cooperative for a misdemeanor if they pay a profit higher than prescribed (Article 6, paragraph 1).

(2) For the misdemeanor referred to in paragraph 1 of this Article, the responsible person in the company and agricultural cooperative shall be fined from BAM 600 to BAM 1,800.

Article 25

(1) A fine of BAM 1,000 to BAM 3,000 shall be imposed on a company or agricultural cooperative for a misdemeanor if they fail to draw up a reinvestment plan or a plan for financing the social mission (Article 6, paragraph 2).

(2) For the misdemeanor referred to in paragraph 1 of this Article, the responsible person in the company and agricultural cooperative shall also be fined from BAM 300 to BAM 900.

Article 26

(1) A fine of BAM 1,000 to BAM 3,000 shall be imposed on a social enterprise if it:

- 1) does not inform the Ministry about the change of data (Article 10, paragraph 3),
- 2) does not obtain the opinions of employees (Article 13, paragraph 1),
- 3) does not make acts available to the public (Article 14),
- 4) does not list contracts and projects in the report on the realisation of the social mission (Article 15, paragraph 2),
- 5) does not keep contracts, projects and other documentation within the prescribed period (Article 15, paragraph 3),

6) does not submit acts to the Ministry within the prescribed deadlines (Article 15, paragraph 4).

(2) For the misdemeanor referred to in paragraph 1 of this Article, the responsible person in the social enterprise shall also be fined from BAM 300 to BAM 900.

Article 27

The Minister shall issue, within six months of the entry into force of this law:

1) Rulebook on the content and form of applications for acquiring the status of a social enterprise (Article 8, paragraph 11),

2) Rulebook on the content and keeping of the Register of Social Enterprises (Article 10, paragraph 4).

Article 28

This Law shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of Srpska.

Number:

Date:

PRESIDENT OF THE
NATIONAL ASSEMBLY

Nedeljko Čubrilović