PARLIAMENTARY ASSEMBLY OF TURKIC- SPEAKING COUNTRIES

COMMISSION ON SOCIAL, CULTURAL AND HUMANITARIAN AFFAIRS

NINTH MEETING

Baku, 22 April, 2022

"SUPPORT OF SOCIAL ENTREPRENEURSHIP IN THE TURKPA COUNTRIES"

REPORT

I. INTRODUCTION

1. In accordance with the Plan of Activities for the year 2022 of the Secretariat, adopted during the 10th Plenary Session of the TURKPA, held in Turkistan, Kazakhstan, it was decided to take up subject "Support of social entrepreneurship in the TURKPA countries" as a main item of the Agenda for the Ninth Meeting of the TURKPA Commission on Social, Cultural and Humanitarian Affairs.
2. As well known, the struggle against poverty is the main item on the agenda of the World community. In the context of the ongoing COVID-19 pandemic, it is tough for states to maintain the achieved level of prosperity among the population. An increasing mass of people are falling into hopeless poverty. This situation in its worst scenario can drive destructive elements of society and radical groups, as well as the entrenchment of child poverty, the ambience of dependency and hopelessness of the situation. Unfortunately, the main risk group remains socially vulnerable segments of the population such as people with disabilities of various degrees, single-parent families, big families with low income, orphans, especially those who have come of age, people who have difficulty socializing, released from prison, and others.

3. Therefore, stimulating the reproduction of public goods, calling for participation in public life is important for this group of the population. The States should take all necessary measures to interest them to engage in the entrepreneurial activity.
4. Engaging socially vulnerable segments of the population in the entrepreneurial activity will greatly help in the process of poverty elimination, helping to improve social conditions and contributing to solving social problems, as well as allowing for a comprehensive positive effect for socially vulnerable groups, including the poor, women and youth. It is also important that this approach can make a significant contribution to ensuring sustainable development by stimulating economic growth, promoting the strengthening of productive capacity and employment.
5. The resolution adopted by the UN General Assembly on entrepreneurship for sustainable development on December 20, 2018 confirmed the central role of entrepreneurs and enterprises in the transition to sustainable and inclusive development. The resolution recognizes that entrepreneurship stimulates economic growth by forming workplaces and promoting innovation. In addition, the document recognizes positive contribution that entrepreneurship can make to the formation of social cohesion, reducing inequality and expanding opportunities for all, including women, youth, disabled and vulnerable segments of the population.
6. In this regard, it is important to identify priority areas for the development of entrepreneurship in order to ensure inclusive growth, namely social entrepreneurship, as well as a course for the economic empowerment of socially vulnerable groups, such as women and youth, within the framework of entrepreneurship programs.
7. In order to ensure the effective implementation of entrepreneurship policies that strengthen productive capacity and are linked to the long-term goal of poverty reduction, targeted measures are needed to accelerate productivity growth with its transfer to an inclusive and sustainable basis, as well as providing the necessary guarantees for the protection of vulnerable groups and the promotion of social integration. In this context, one of the solutions, for example, may be the involvement of vulnerable groups in the use of information and communication technologies.
8. Entrepreneurs from disadvantaged groups need basic training and business development services, including incubation and acceleration. In this regard, a comprehensive state approach is needed to support these segments of the population.

9. Socially vulnerable segments of the population are most susceptible to persistent poverty, which can lead to the formation of a sense of detachment from social development, helplessness, dependence and non-belonging. Worst of all, this situation can be transmitted to the younger generation, who will perceive their condition as insurmountable, as a result of which despair and hopelessness will engulf them. Ultimately, this can lead to a persistent sense of marginality, one's own inferiority and personal worthlessness in terms of the public good. The deeper these feelings take root in the consciousness of this group of people, the easier they will be prone to deviant behavior, and in the worst case, serve as a factor of destabilization of society, developing an integral part of the destructive elements of society.
10. Therefore, it is so important to involve them in the process of reproduction of the public good, to give them the opportunity to integrate into the system of social relations and feel involved in social life.

II. ACTIVITIES TO SUPPORT OF SOCIAL ENTREPRENEURSHIP AMONG THE TURKPA COUNTRIES

Azerbaijan

11. On September 17, 2021, a Forum on "Social entrepreneurship in Azerbaijan: current situation and prospects" was held with the support of the Agency for Development of Small and Medium Enterprises (KOBIA) and the State Employment Agency under the Ministry of Labor and Social Protection of the Population of Azerbaijan, the organization of the Public Council under KOBIA and the partnership of the Public Association "Organization of Disabled Entrepreneurs". The event was attended by representatives of the relevant government agencies, business and public associations, veterans of the Patriotic War and persons with disabilities engaged in social entrepreneurship or interested in business activities. At the forum, views exchanged on the importance of social entrepreneurship, the work done towards the development and promotion of this area in Azerbaijan.
12. According to KOBIA, as of January 1, 2021, 21.3% of entrepreneurs registered to engage in entrepreneurial activity without creating a legal entity are women. Over 30% of citizens who took advantage of the KOBIA's activity and support in the field of training entrepreneurs in Baku and various regions of Azerbaijan, expanding their knowledge and skills, and the access to the sales markets and financial resources accounted for women.

13. In 2021, trainings were held for women from Baku, Shamakhi-Ismayilli and Masalli-Jalilabad-Bilasuvar SMEs in the framework of “My School” project implemented jointly by the State Employment Agency and the United Aid for Azerbaijan (UAFA). During the trainings 65 women involved in the project were informed by experts of SMEs on the calculation of cost of products and services, group of goods, preparation of investment plan, income and expenses plan, profit and loss reports, planning of other expenses and preparation of business plan.
14. One of the social projects in Azerbaijan is “Flourishing Absheron”. The aim of the project is to contribute to the development of family farms by supporting the local population to receive more income within self-employment policy. Within the project, various plants are distributed to families living in the towns and villages of Baku for cultivation, and these plants are taken back after a while for the service fee provided to the families. Families receive additional income by growing crops without leaving their homes in their own courtyards and support family budgets. In particular, the plants used in the landscaping work began to be used in the production of cosmetic and pharmaceutical products and oils.
15. The aim of the project called “Youth Business Workshop” is to develop business skills of young people studying at vocational education centers, promote entrepreneurial activity, ensure self-employment, increase the number of young people who have received vocational education among micro and small entrepreneurs, support new business initiatives, increase interest in vocational education. Within the framework of the project, tailor, plant-growing and animal husbandry, carpet-weaving, agrotechnical services, carpenter, locksmith, cook, confectioner, tourism and welder will be involved in the business trainings and appropriate equipment will be provided for the establishment of micro business within the framework of the self-employment program.
16. The project “Support to disabled entrepreneurs” has been launched in order to integrate persons belonging to the disabled and vulnerable social groups into society and promote social entrepreneurship. Within the project, which covering the period of 2021-2023, persons with disabilities and interested in entrepreneurial activity will gain professional knowledge in carpet weaving, tailoring, photo and video operators, household and electronic equipment repair. For this purpose, the partners of the project will provide professional trainings, business plan preparation, consultancy services in the field of management and development of entrepreneurial activity in Masalli Industrial Zone. Persons who successfully complete the relevant trainings will be

provided with relevant equipment by the State Employment Agency within the framework of the Self-employment program.

Kazakhstan

17. Since June 24, 2021, the sphere of social entrepreneurship has been legally regulated in Kazakhstan. According to the Law on social entrepreneurship, those entrepreneurs who created workplaces for socially vulnerable categories of citizens in the amount of at least 50% of the total number of workplaces in their enterprises, or produced goods intended for socially vulnerable segments of the population, in the sale of which their income amounted to at least 50% of the total income of the enterprise, or provided social services, as well as services in the field of healthcare, education, upbringing, culture and sports, they can obtain the status of a subject of social entrepreneurship. This status will allow entrepreneurs to receive state support measures to provide infrastructure, grant financing, subsidizing loan rates, property support, tax benefits, training, information support, assistance in finding business partners, development through acceleration programs. According to the Ministry of Finance of the Republic of Kazakhstan, about 100 companies already enjoy preferential taxation.
18. From the beginning of 2022, an electronic platform for the registration of social entrepreneurship entities is launched by the Ministry of National Economy of the Republic of Kazakhstan. The electronic register includes subjects of social entrepreneurship in four categories, three of them are aimed at supporting socially vulnerable segments of the population, such as the disabled people, citizens from large and single-parent families, citizens released from prison and others, through ensuring their employment, facilitating the sale of goods produced by them, and the fourth one provides for socially useful goals and the solution of social problems in the sectors of the economy.
19. According to the Ministry of Labor and Social Protection of the Population, in Kazakhstan, a number of incentive measures are provided in the tax legislation to support social entrepreneurship. For example, entities with 51% of employees with disabilities are exempt from corporate income, social and land taxes, and have benefits in calculating property tax. In addition, for any entrepreneur, the tax burden is reduced by 2 times the amount of wages paid to persons with disabilities and by 50% of the amount of social tax on wages and other payments to persons with disabilities. Persons with disabilities are also exempt from paying individual income tax. Nowadays, about 674 thousand people with disabilities are registered in Kazakhstan and less than 3% of these people have jobs.

20. In 2020, according to the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan, 309 companies were winners of awards within the framework of the Social Responsibility Business Competition “Paryz”, including in the nomination “The best social project implemented in Kazakhstan”. In addition, in the same year, within the State Program “Enbek” for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021, 364 grants were issued in the amount of 460 million Tenge.

Kyrgyzstan

21. The Order of the Cabinet of Ministers of the Kyrgyz Republic from June 1, 2021 under the № 20-r approved the procedure and conditions for the establishment of the Social Entrepreneur Service Center (hereinafter – SSC) in the Kyrgyz Republic. Within the framework of the mentioned order of the Cabinet of Ministers of the Kyrgyz Republic the SSC was launched on November 25, 2021 in Bishkek. The objectives of the management system are to simplify tax administration procedures, issue licenses, and develop the competencies and skills of entrepreneurs through training in obtaining qualitative and in time public and other services provided by governmental agencies, local governments and financial institutions (individuals and legal entities). In the future, it is expected that such SSCs will be open in Osh and other regions of the country.
22. The program of support and development of women’s entrepreneurship for 2022-2026 was approved by the order of the Cabinet of Ministers of the Kyrgyz Republic dated by November 17, 2021 № 270. The European Bank for Reconstruction and Development (EBRD) plans to support women’s entrepreneurship through loans for the next five years. In particular, the EBRD plans to provide 12 million US dollars to Kyrgyzstan for further lending to companies run by women. In addition, another $ 1 million will provide entrepreneurs with access to mentoring from local consultants and international experts for business development. Support for women’s entrepreneurship will be provided under the Women’s Entrepreneurship Development Project in Kyrgyzstan for 2022-2026.
23. Development funds such as the Kyrgyz-Uzbek and Kyrgyz-Hungarian Development Funds with a total charter capital of $ 66 million have been established to provide entrepreneurs with low percentage long-term money.
24. On December 6, 2021, the Decree of the President of the Kyrgyz Republic was adopted, according to which the Cabinet of Ministers of the Kyrgyz Republic submitted to the Jogorku Kenesh of the Kyrgyz Republic the draft

legal document on exemption from income tax and other taxes of the entrepreneurs whose income less than 8 million soms.

25. In order to provide a state support to social businesses in Batken oblast affected by the conflict on the Kyrgyz-Tajik border, the President of the Kyrgyz Republic signed a Decree “On regular measures”. In accordance with this Decree, the Resolution № 115 of the Cabinet of Ministers of the Kyrgyz Republic of August 6, 2021 was adopted. In accordance with this resolution, the Cabinet paid a lump sum compensation in the amount of 14,505,000 soms to 76 social entrepreneurs in Batken oblast and under the following conditions, the affected social entrepreneurs were obliged to be provided a budget loan in the amount of 15,200,000 soms.

Türkiye

26. The Ministry of Labor and Social Security of Türkiye (hereinafter – MLSS) carries out works to ensure that all segments of the society, especially women, youth, disabled people and other groups that require special policies to reach employment with equal opportunities. In this context, the National Employment Strategy (2014-2023) was prepared by MLSS with the contributions of all stakeholders of working life in order to solve the structural problems of the labor market.
27. MLSS carries out policy, project and awareness studies in order to increase the employment of women and to remove the barriers to their entry into the labor market. In addition, under the grant component of the “Project for Improving the Social Integration and Employability of Disadvantaged Persons” funded by the European Union Instrument for Pre-Accession Assistance (IPA) and carried out between 2016-2017, a total of 23 million Euros was transferred to 137 projects, and 5 million Euros of these funds were allocated for 30 projects related to women’s employment and their social inclusion.
28. Taking into account the needs, expectations and concerns of the labor market, National Youth Employment Strategy (NYES) and Action Plans covering the period of 2021-2023 were prepared with the participation of various organizations, including the relevant public institutions, professional organizations, social partners, universities and non-governmental organizations, in order to eliminate the obstacles to the employment of young people and to enable them to develop a comprehensive range of skills and knowledge to participate in the current and future labor market.

    The main objectives of the Strategy Document for 2023 are:

- reducing the youth unemployment rate, which was 25.3% as of 2020, to 17.8% by 2023,
- increasing the youth labor force participation rate, which was 39.1% as of 2020, to 46% by 2023,
- it has been determined that the rate of neither education nor employment, which was 28.3% as of 2020, will be reduced to 20% in 2023.

29. Within the “Additional Employment Incentive”, all premiums and taxes of each insured employed in addition to the average number of insured persons in the previous year are covered by government if private sector employers recruit them. In this context, monthly support is provided between 1,556.53 and 3,792.47 TL per insured. If young people (18-25 years old), women and disabled citizens are recruited, the benefit period is applied as 18 months.
30. Since 2011, the employer’s share of social security premiums has been covering within the scope of “Incentive for Women, Young People and Holders of Vocational Qualification Certificates” from 6 months to 54 months up to the upper limit of earnings subject to premium (733.39 to 5,500.41 TL).
31. Business Clubs is an intensified business and professional consulting program aimed at providing method and motivational support for groups requiring special policies, such as women, young people, the disabled, the long-term unemployed persons, ex-convicts, etc. The Business Clubs, which were put into practice at the beginning of 2017, are aimed to be expanded throughout Türkiye by the end of 2021.
32. In Türkiye, the quota for the employment of persons with disabilities in the public sector is 4%, in the private sector is 3%; 2% employment quota for ex-convicts is applied.
33. Disabled Job Coaching is a method that is used effectively in the transition of persons with disabilities to employment and in ensuring their adaptation to work while in employment, and therefore in ensuring the sustainability of employment of persons with disabilities. Within the scope of the branching of Job and Vocational Counselors, consultancy services are currently provided by 265 Disabled Job Coaches in 73 units in 51 provinces of Türkiye.
34. Within Grant support for people with disabilities to start their own business, up to 65 thousand TL grant support is provided to disabled people who want to have their own business. Since 2014, 3,198 disabled people have been provided with the opportunity to start their own businesses.
    In this context, the supports provided are:
    - establishment transactions support: up to 5,000 TL for expenses such as official transactions, approvals, permits, licenses made for the establishment of the workplace;

- operating expense support: a maximum of 15,000 TL per year in total, not exceeding 60% of operating expenses (water, electricity, communication, heating, rent promotion) in accordance with the invoice, provided by the enterprise within 12 months from the date of signing the contract;
- organization support: up to 45,000 TL for costs related to the main field of activity of the enterprise, such as machinery, equipment, software, hardware, raw and intermediate materials, consumables, office supplies, including invoice for 12 months from the date of signing the contract.

III. CONCLUSIONS

35. In conclusion, it should be noted that the TURKPA member countries are carrying out real activities to develop the sphere of social entrepreneurship. Each country has a unique experience in this field and further cooperation of the TURKPA member countries will significantly increase the effectiveness of the promotion of this public institution in the TURKPA region.
36. By 2030, the development of social entrepreneurship would make it possible to achieve the main indicators of the Goals of the 2030 Agenda on Decent Work and Economic Growth (SDG 8) and Reduced Inequalities (SDG 10). Thus, the one of the main objectives for the future cooperation of the TURKPA member countries should be to achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value, as well as empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
37. The TURKPA member countries recognize the need to stimulate social entrepreneurship as an important element of sustainable growth and economic development. International cooperation is the one of the main informational platforms in promoting research and development in this area. Therefore, it is necessary to expand cooperation and interaction between the TURKPA member countries through joint events and actions, such as seminars, conferences or experience exchange programs. The organization of such events will contribute to the development and preparation of model laws, which is one of the main activity directions of the TURKPA.