LATVIA
LATVIA – QUO VADIS?

- LATVIA – COUNTRY THAT SINGS!
- LATVIA – BALTIIC TIGER
- LATVIA – BRIDGE BETWEEN EAST AND WEST
- LATVIA – RESIDENCE PERMIT PARADISE
- LATVIA – SMALL SWITZERLAND
- LATVIA – ?
MAIN TARGET

ACHIEVE FASTER ECONOMIC GROWTH AND WELFARE OF THE POPULATION

GDP at constant prices, 2004 = 100

ECONOMIC DEVELOPMENT AS THE MAIN FACTOR FOR IMPROVING DEMOGRAPHIC SITUATION

THE GOVERNMENT DECLARATION

Population
Number of inhabitants, mln

TARGET SCENARIO
Changing the economic model - The competitive advantage of the Latvian economy is based on technological factors, production efficiency, innovations

2019-2024
GDP ↑ 5% PER YEAR

TREND SCENARIO
Lack of new competitive advantages hinders export growth. Growth is supported by slowly growing domestic demand

2019-2024, GDP ↑ 2.2% PER YEAR

TARGET SCENARIO
Economic growth reduces the economic emigration of the population, promotes re-emigration, improves the natural movement of the population

[VALUE]

TREND SCENARIO
Emigration continues the population is aging

[VALUE]
CONTINUOUS IMPLEMENTATION OF GOALS UNDER THE GOVERNMENT DECLARATION!

- CHANGE IN THE ECONOMIC GROWTH PARADIGM
  - focus from a labour-intensive economy to a knowledge-intensive and technology – intensive economy

- GLOBAL CHALLENGES AS LATVIA’S OPPORTUNITY
  - growth in the world population, aging societies (especially in Europe), external migration / internal mobility, industry 4.0, etc.

- LATVIA HAS TO BE ABLE TO PROVIDE SPECIFIC COMPETENCES AND APPROACHES in both science and business - integration of niche products into global value chains, public services as a platform for product incubation

LIVING STANDARDS, INCOME, PROSPERITY

- INVESTMENT (LOCAL & FOREIGN)
- INNOVATION
- HUMAN CAPITAL

ECONOMIC GROWTH
  - ECONOMIC DEVELOPMENT ENGINE - GROWTH OF INCOME FROM EXPORTS
  - GROWTH IN PRODUCTIVITY IS CRUCIAL FOR GLOBAL EXPORT GROWTH

INSTITUTIONAL FRAMEWORK: THE QUALITY OF THE BUSINESS ENVIRONMENT
  - MANAGEMENT EFFICIENCY
HOW TO CONTRIBUTE TO MORE RAPID DEVELOPMENT?

Government will continue to implement reforms in education and health, improve business environment and address the entrepreneurship «hygiene» issues.

In parallel, we should jointly develop:

- **SEGMENTATION OF PRODUCT DIRECTIONS IN THE FIELDS WHERE LATVIA HAS COMPETITIVE ADVANTAGE**
  - Bio-economy as a traditional sector - functional food, plant genetics, wood chemicals, production of wooden houses, etc.
  - Bio-medicine and smart materials in the sectors with high growth potential - genetic engineering, medical digital infrastructure, robotics – multi-robot systems etc.
  - Smart energy and ICT as horizontal areas - intelligent transport systems, climate change and energy generation and recovery solutions, etc.

- **DEVELOPMENT OF PRODUCT MANAGEMENT ECOSYSTEM** - for both domestic "players", incl. R & D, and attracting FDI
  - Public administration proactively addresses economic operators and R&D professionals regarding the solutions needed to change the investment structure – flexible adjustment of internal regulations or support instruments, export incentives which support entrepreneurs to integrate into global value chains, opening of public databases, creation of a «green corridor» for technology-intensive products
  - To introduce a principle that public services (transport, energy, healthcare, etc) can serve as a platform for incubation of technology-intensive export-oriented products
  - To develop a structured dialogue with the «best performers» of Latvian companies on the development of new products for the global market, thereby strengthening the cooperation between business and research
ECONOMIC DEVELOPMENT TRENDS

Arvils Ašeradens
Deputy Prime Minister
Minister of Economics
ECONOMIC DEVELOPMENT IS FOSTERING

Economic growth +4.2%
Manufacturing +5.3%
Exports +4.5%
Investment +20%
Private consumption +5.1%

Source: CSB, f - Forecast of MoE
MANUFACTURING GROWTH EXCEEDING EXPECTATIONS

Dynamics of manufacturing sectors
2017 against 2016, %

- Changes in production volumes (left axis)
- Share of the industry in manufacturing, in 2016 (right axis)

GDP structure
percentage

Manufacturing production volume index and structure by technology levels
2004 = 100, structure in 2016, percentage

Source: CSB
Exports more diversified

GDP, domestic demand and exports
Seasonally Adjusted Data, 2005 Q4 = 100

Countries with the greatest contribution in growth of exports in 2017
Percentage points

- Russia: 2.4%
- USA: 1.2%
- Germany: 0.9%
- Sweden: 0.9%
- Estonia: 0.7%
- Belgium: 0.4%
- Belarus: 0.4%
- Denmark: 0.4%

Structure of exports
By groups of products, %

- Other goods
- Machinery and electrical equipment
- Metals and metal articles
- Wood and articles of wood
- Products of light industry
- Chemical products
- Agricultural and food products

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- Belarus: 0.4%
- Denmark: 0.4%

Source: CSB
INVESTMENTS (GFCF) ARE REGAINING GROWTH

Investments = Gross fixed capital formation

In 2017 investments in gross fixed capital formation was EUR 5.4 billion
In comparison with 2016, they increased by 16%, int.al. Investments have increased in:

- Housing, other buildings and constructions – by 16,4%
- Machinery and equipment – by 13,7%
- Investments in the products of intellectual property (research, computer software, data bases, copyright, etc.) – by 25%

Source: CSB
MACROECONOMIC STABILITY IS MAINTAINED

Annual inflation
+2.6%

Crediting is weak
-2.5%

Budget is balanced
-1% of GDP

State debt
38% of GDP

Current account balance
-2.4% of GDP

Source: CSB, LB, f - Forecast of MoE, MoF
GROWING TENSION IN THE LABOUR MARKET

Number of economically active population decreases
-1%

Number of employed is not increasing
+0.4%

Unemployment rate decreases
8%

Vacancies increases
20 thsd

Wages increases
+8%

Source: CSB, f - Forecast of MoE
MAIN CHALLENGES

- DEMOGRAPHICS AND HUMAN CAPITAL DEVELOPMENT
- DYNAMIC PRODUCTIVITY / COMPETITIVENESS GROWTH
- INTEGRATION OF LATVIAN COMPANIES IN GLOBAL VALUE CHAINS
- FINANCIAL SECTOR DEVELOPMENT
- EFFICIENT PUBLIC SERVICES
TAX REFORM, SHADOW ECONOMY, FINANCIAL SECTOR

Dana Reizniece-Ozola
Minister of Finance
TAX POLICY CHANGES AS A COMPLEX SOLUTION

INCREASING COMPETITIVENESS AND EXPORT, REDUCTION OF INCOME INEQUALITY AND ENSURE TAX REVENUE 1/3 OF GDP

**STRATEGY FRAMEWORK**
- Review of tax structures and rates
- Improving tax administration
- The fight against the shadow economy

**PRINCIPLES**
- Predictability and a long-term vision
- Regional competitiveness
- Tax motivation for growth
- Tax neutrality
- Lending and capitalization improvement
- Reducing the cost of tax administration

**POSITIVE impact on economy**
- More competitive entrepreneurs, better capitalized businesses, more opportunities to raise additional funds for development;
- More equality between different income groups and types of income;
- Raise of disposable income of employees inducing private consumption;
- Higher tax revenue resulting from increased economic activity and less tax avoidance.
LABOR TAX WEDGE

Tax Wedge
(employee without dependants)

Latvia 2017
Latvia 2018
Latvia 2019
Latvia 2020

Tax Wedge
(employee with one dependant)

Latvia 2017
Latvia 2018
Latvia 2019
Latvia 2020

Tax Wedge
(employee with two dependants)

Latvia 2017
Latvia 2018
Latvia 2019
Latvia 2020

Gross wage, EUR per month

32% 34% 36% 38% 40% 42% 44% 46%

400 600 800 1000 1200 1400 1600 1800 2000 2200 2400 2600 2800 3000 3200 3400 3600 3800 4000 4200 4400 4600 4800 5000 5200 5400 5600 5800 6000 6200 6400 6600 6800 7000 7200 7400 7600 7800 8000 8200 8400 8600 8800 9000 9200 9400 9600 9800 10000

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THE SHADOW ECONOMY
OBJECTIVE – 18% OF GDP IN 2021

Estimates of the amount of the shadow economy in Latvia 2010-2015 (% of GDP, according to Prof. Dr. F. Schneider)

- The main tasks for reducing shadow economy implemented according to the National Authorities’ Action plan for the shadow economy restriction for 2016-2020 were:
  - Broadening use of the VAT reverse charge;
  - An obligation on credit institutions and payment service providers to provide information on a individual if his account turnover exceeded EUR 15 000 in the previous year;
  - Introduction of electronic records of employees on the construction site;
  - Broadening the exchange of information;
  - etc.
- The implementation of the plan continues in 2018 and Ministry of Finance with relevant authorities working on introduction of single account for all tax payments, improvement of the tax control process, improvement of legislation in the real estate market field, etc.
Facilitating more effective role of State Revenue Service: Established common Tax and Customs Police Department

Concentrated specialised resources in a new SRS unit – Anti-Money Laundering Department

Enhanced analytical capacity of SRS:

- improved and streamlined process of risk analysis and analysis of taxpayer data; a taxpayer rating system will be established; cooperation with business associations; improving analytical and audit capacity through the World Bank project

Based on the proposal of the Association of Latvian Commercial Banks JMLIT (UK) type co-operation model has been introduced
FINANCIAL SECTOR – CHANGE OF BUSINESS MODELS AND TOUGHER AML/CFT REQUIREMENTS

Timeline for the enforcement of the amendments to the Law on the Prevention of Money Laundering and Terrorism Financing

- Government approves the amendments to the Law on the Prevention of Money Laundering and Terrorism Financing
  - 1st reading in the Parliament (Saeima)
- 2nd reading in the Parliament (Saeima)
- The amended Law is fully effected
- The deadline of 2-week notice by Banks to their clients in question
- The deadline for banks to close all accounts opened for clients in questions

Share of foreign client deposits shrinks

- All credit institutions in Latvia specialising in foreign customer service have been provided with initial information about the necessity to ensure faster changes in the business model of the bank, in order decrease the share of high risk transactions. In doing so foreign clients servicing banks had to submit to the FCMC plans for restructuring of their business models.
- FCMC is supervising the change of the business models of the credit institutions, by reducing the share of highest risk customers.
- Strengthening of EU framework and international engagement (Moneyval, OECD, etc.)

Not-Eurozone deposits as percentage form the total deposits

- 47%
- 34%
- 25%
- 16%
LATVIA’S CREDIT RATING HAS STABLE POSITION

RATING AGENCIES ACKNOWLEDGED LATVIA’S LOW GENERAL GOVERNMENT DEBT, FISCAL DEFICIT AND INSTITUTIONAL STRENGTH

- Latvia's economic growth unexpectedly outperformed our base case and continued at a faster pace than currently anticipated, without raising worries about overheating.
- Eurozone membership enhances Latvia’s creditworthiness by underpinning economic policy coherence and credibility, improving fiscal and external financing flexibility, reducing foreign-currency risks on balance sheets and giving Latvian banks access to European Central Bank liquidity facilities.
- Being member of the OECD
- Ratings on Latvia remain primarily supported by the sovereign’s strong fiscal position

Key strengths of the Latvian sovereign credit rating

Credit rating challenges

- Social expenditures and defence spending could be higher than anticipated
- External financing risks and geo-political tensions with Russia continue to constrain the ratings
- Latvia is a small and highly open economy, making it vulnerable to external shocks
- Despite the positive short-term economic dynamics, Latvia still faces longer-term challenges

Source: S&P Global (22 September 2017), (23 March, 2018), Fitch (27 October 2017). Note: (1) Selected quotes. Full report can be obtained from respective rating agency
SPENDING REVIEW 2017 AND PRIORITIES FOR 2018

REVISING BUDGETARY PROCEDURES AND POLICY

• Requesting and deciding on additional funding to line ministries
• Methodology for estimating no-policy change (baseline) expenditure
• Streamlining and cutting back procedures for public financial management

SUGGESTING POLICY CHANGE FOR MINISTERIAL SPENDING

• Reevaluate policy change suggestions developed (yet not implemented) in 2016
• Reducing number of long-term vacancies in public service
• Piloting zero-based budgeting: reimbursed medicines and libraries
• Identifying functionally-alike institutional arrangements
• Revising additionally financed policy measures since 2014
• Other methods

COMPREHENSIVE REVIEW OF ICT: THE MAIN PRIORITY FOR 2018

• Initiated at least 2-year long reviewing area
• Needs thorough analysis and data examination
• One of the largest spending areas
• Most of ICT projects result in higher costs for budget
• Investment portfolio requires centralised management
EXPENDITURE REVIEW RESULTS

2016

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<th>∑</th>
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2017

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<td>162,2</td>
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Reallocating resources to common government priorities
Internal resources for own sectoral priorities
Earmarked revenue collection

General budgetary priorities
Individual sectorial priorities
CREATION OF KNOWLEDGE BASE
INVESTMENT IN HUMAN CAPITAL

Līga Lejiņa
State Secretary
SMART SPECIALIZATION OF LATVIA (RIS3)

RIS3 CONCEPT
ECONOMIC TRANSFORMATION

Knowledge and technology

Education

Business models

Innovation

Economic growth

Increased product and process technology capacity in businesses

The challenge is the creation of new competitive advantages: investing in cutting edge technologies, innovation, research, human capital, i.e. efficient allocation and redistribution of resources
**Objective:**
Transformation of the economy by creating high value-added products and more efficient usage of resources

- Knowledge-based bioeconomics
- Bio-medicine, medical technologies, bio-pharmacy and biotechnologies
- Advanced materials, technologies, engineering systems
- Smart energy
- Information and communication technologies:
  - Higher education and research institutions in cooperation with IT&ICT industry are building digital skills for professionals and knowledge base
HIGHER EDUCATION INSTITUTIONS AS «KNOWLEDGE HUBS» IN DIGITAL AGE

Knowledge base
To create a diversified knowledge base in all science areas by focusing R & D in areas that have the largest potential of growth

Innovation
To increase the innovation capacity of enterprises

Human capital
To create human resources in R & D that are both locally embedded and globally connected

Collaboration
To merge resources from different sources and to collaborate with different universities in the region
QUALITY AND RELEVANCE OF HE IN LATVIA

OECD Recommendations

- Move forward with the implementation of the three-pillar financing model
- Continue improving the quality of tertiary education and science
- Continue efforts to realign system capacity with demographic decline, fiscal reality and labour market needs
- Strengthen the capacity for strategic leadership and management
INTERNAL FUNDING AND GOVERNANCE IN LATVIAN HEIS – INPUT FROM THE WORLD BANK

**Phase I:**
- **University-internal Governance and Performance-based Financing**
- Outcomes: 4 reports

1. Doctoral studies and promotion system
2. International Trends and Good Practices
3. STATUS QUO report
4. Recommendations for:
   - the Latvian HEIs
   - the government
   - the use of ESF funding

**Phase II:**
- **Doctorate, Selection, Promotion and Remuneration of Academic Staff**

1. International Trends and Good Practices
2. STATUS QUO report
3. Recommendations for:
   - the Latvian HEIs
   - the government
   - the use of ESF funding

**SO No. 8.2.3** better governance in HEIs
**SO No. 8.2.2** to strengthen academic personnel of HEIs

**Workshop, June 14, 2017:** the outcomes of the Phase 1, focus on the Phase 2

**Closure events, April 23 – 24, 2018:** the outcomes of the Phase 2, conclusion of the research

May 2016

April 2018
EDUCATION DEVELOPMENT GUIDELINES

Educational environment
Individual skills
Effective governance
VOCATIONAL EDUCATION

- Transition from low to higher skills
- Companies as learning organisations
- Skills forecasts
- Skills contests
- Quality internships and work based learning
- Revised occupational standards/Modular programs
- VET Competence centres - attractive, accessible and modern VET environment
COORDINATED GOVERNMENT DIGITAL TRANSFORMATION
EGOVERNMENT POLICY MAIN ACTION LINES

- Coordinated eGovernment projects
- 100% electronic Gov communication
- Once only principle by default
- Unified Customer Service Centers
- Official eAdress
- Service quality and performance management

- Digital skills for government employees and intermediaries
- Public awareness and skills
- Open data initiative, Open data portal, Data Driven Nation initiative
- Digital participation

- Cloud computing strategy
- Data center consolidation
- Modern & efficient ICT infrastructure
- Shared services and platforms
- Modern and trusted eID (mobile)

Effective process and service digitalization
Accessible and easy to use government services
Open government and data for growth
Modern & efficient ICT infrastructure
eSkills for everyone
EXAMPLE RESULTS OF EGOVERNMENT POLICY (AND FOCUS AREAS FOR NEXT PERIOD)

Digital Economy and Society Index (DESI) 2018

<table>
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<th>Year</th>
<th>DESI</th>
<th>Connectivity</th>
<th>Human Capital</th>
<th>Use of Internet Services</th>
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<td>23</td>
<td>10</td>
<td>25</td>
<td>14</td>
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Citizens Interacting online with government
- LV: 83.2%
- EU28: 57.4%
- #: 7

eGovernment services for business
- LV: 93.1%
- EU28: 82.7%
- #: 6

Figure 6: Country ranking - average results for top-level benchmarks per 2016 life event (EU28+, %)
DEPOSIT REFUND SYSTEM (DRS)

Lack of trustworthy, unbiased information among Stakeholders

Producers

Operator of the DRS

Retailers

Development of Regulations in cooperation with Stakeholders

Conceptual agreement

Optimal, clear and practically applicable Regulations

Producers

Operator of the DRS

Retailers
Undoubtedly, there are materials that cannot be recycled or their recycling is economically inefficient, but the basic principle of the circular economy is to keep the materials in the economic cycle for as long as possible.
REFORMS IN THE FIELD OF JUSTICE

Laila Medin
Deputy State secretary on sectoral policy
Insolvency policy reform

- In 2016 Insolvency Policy Development Guidelines 2016–2020 and their implementation plan were adopted. Part of tasks and measures have already been completed and further implementation will continue.

- Since January 1, 2018, when the amendments to the Criminal Law entered into force, the application of criminal liability for delaying insolvency proceedings and violating provisions of the legal protection proceedings is more clearly separated from administrative liability.

- The Insolvency Administration (from July 1, 2018 – the Insolvency Control Service) will continue to inform and educate the society on matters relating to the field of insolvency and will also continue to intensify its monitoring of the cost of insolvency proceedings.

Results

- 142 processes examined preventively:
  - Result - positive: 98 (69%)
  - Result - negative: 26 (18%)
  - 18 (13%) suspended certificate/post

Performance indicators of administrators:

- submitted an application for suspension of the post: 1
- not applied for qualification exam: 4
- received a negative rating in the qualification exam: 15
- convicted of committing a deliberate criminal offence: 5
- 244 administrators in Insolvency register

- Certificate terminated: 25
- Suspended from the post: 2
- Suspended certificate/post: 6
ENHANCING THE BUSINESS ENVIRONMENT

Actual situation

• In 2015 Intellectual Property Rights Protection and Enforcement Guidelines for 2015-2020 were adopted and since then the Ministry of Justice is working towards their implementation.

• In 2018 new Law on Trade secrets has been drafted which will significantly improve the protection of confidential information and know-how in Latvia.

• A number of amendments to the Commercial Law (2017):
  • facilitated procedure for increasing the equity capital of joint stock companies
  • strengthened rights of creditors and employees of joint stock companies
  • strengthened rights of minority shareholders
  • strengthened rights of existing shareholders and the acquirer of the shares of limited liability company in the expropriation process
  • simplified procedures for companies

Developement directions

Modern business environment regulation

Services provided by public authorities

Corporate governance and investor protection

Liability for unlawful conduct
ACHIEVEMENTS IN JUDICIAL SYSTEM

**EFFICIENCY**

- **Court House reform** to ensure judicial specialization, random distribution of cases, prevent uneven judicial capacity, reduce length of proceedings.
  The impact of the reform has received a positive assessment from CEPEJ experts, as the reform makes the system more easily understandable for its users. During the presentation of the CEPEJ report, the experts have noted that there were no particular problems with regard to case loading and processing times.

- **Specialization** (Jurisdiction over a matter to one specific court) ensured in industrial property rights, illegal transfer of child across the border, recognizing the decisions of company member meetings void (Jelgava court).

- **Promoting ADR, mediation**
  - Improved state control mechanism over Arbitration courts ensure higher quality.
  - Law on Mediation adopted in 2014 and court annexed mediation in civil cases introduced.
  - Promotion of mediation services, two pilot projects
  - Further steps - evaluation of Court integrated mediation options. OECD, CEPEJ emphasizes importance of mediation as well.

- **Electronic services**
  - ICT tool development, use of videoconferencing, electronic (audio) minutes, electronic communication promoted.

**QUALITY**

- **ESF Project “Justice for Growth”** to increase competence of courts and law enforcement authorities in order to facilitate improvement of the business environment.

  Project activities include: assessment of the Latvian judicial system, extensive training programs, conferences, development of handbooks, guidelines, and summaries of case-law.

- **Review of the procedures for selection of a candidate to the office of a judge**

- **Amendments to the Judicial Disciplinary Law** - allows the Judicial Disciplinary Board to direct a judge to take an extraordinary evaluation of his/her professional work, in case there are doubts arising regarding the professional competence of a judge.

**STRENGTHENING THE JUDICIAL INDEPENDENCE**

- **Amendments to the Law on Judicial power entered into force in 2018 with a view to strengthen role of the Judicial Council.** Passes several competences to the Judicial Council. Amongst other, procedures for the selection, apprenticeship and passing of qualification examination of candidates to the office of a judge.
THE IMPACT OF THE REFORMS OF THE JUDICIAL SYSTEM

Positive evaluation and ratings

• EC “Justice Scoreboard 2018” – Positive emphasis on availability of ICT, electronic communication. Ability to submit a case, to monitor the stages of a proceeding, to transmit summons.

• “Doing Business” - ease of doing business ranking: Latvia in 19th position amongst 190 countries in 2018. - enforcing contracts indicator which measures the time and cost for resolving a commercial dispute through a local first-instance court is lower than average in the EU member states.

• A positive evaluation and support from CEPEJ experts towards the already implemented and planned reforms.

• OECD experts emphasize during the presentation of the assessment within the project «Justice for Growth»: Latvia is the fastest growing economy in Europe, allowing for an attractive business environment.
THE FURTHER ENHANCING OF THE JUDICIAL SYSTEM
MID TERM GOALS

- Further strengthening independence of the judiciary
- Further reducing workload, and making court processes faster
- Broadening usage of e-services and modernization of courts
- Strengthening human resources capacity
- Further ensuring quality of free legal professions
- Ensuring effective court expertise system
- Strengthening provision of effective legal cooperation processes
Combating economic crime is a priority of the State Police

Ongoing projects and future plans in combating economic crime

Rihards Kozlovskis
7 June 2018
Riga, Latvia
1. New salary system introduced between 2016 and 2017
Aiming to set salary according to functions and responsibilities. Allocated financial resources – 52 000 000 €

2. Improvement of the education system for law enforcement agencies

3. Legislative initiatives
Confiscation of a criminally acquired property, if the value is not proportionate to the legitimate income of the person and the person cannot prove legitimacy

An umbrella policy document addressing organised crime, including economic crime and cybercrime.

5. National investments in combating cybercrime
- Strengthening capacity of the State Police in 2018 – 2020. Allocated financial resources - 1 671 400 €
- Return of investments – capacity strengthening to fight intellectual property crime started in 2017. Arrested equipment worth of 825 000 €

Crimes committed by the state and municipality officials.
SIGNIFICANT INSTITUTIONAL DEVELOPMENTS

1. Strengthened institutional capacity of the Economic Crime Enforcement Department (ECED) at the State Police
Changes in human resources policy of the Department with an objective to attract skilled professionals and centralised approach to threat analysis

2. Asset Recovery Office established at the end of 2016
Under the State Police. Actions – identification, arrests and confiscations. Supports national investigations and contributes to international cases

3. Significant investigative results in fields of raiderism, insolvency and corruption

Assets arrested: 18 600 000 € in 2015
74 500 000 € in 2017
Related projects and future plans

1. SIMPLIFYING CRIMINAL PROCEDURES
   Effective use of investigative resources with a focus on serious crime

2. NCIM
   Enhancing the National Crime Intelligence Model

3. GUIDELINES
   Joint guidelines on investigating economic crime

4. EDUCATION / TRAININGS
   Large scale training programme in the field of corruption and reduction of shadow economy

5. INTERNATIONAL PROJECTS
   • Improved efficiency;
   • SRAP (functional audit)
   • up to date infrastructure and equipment (economic crime, cybercrime; forensics)
GAME CHANGERS
HUMAN CAPITAL

MIGRATION SALDO
LOWEST SINCE 2007
IMPROVED BY 5234

ALLOCATED FUNDS FOR LIFE-LONG LEARNING
150 M € FOR 150 000 PEOPLE

SMART IMMIGRATION
700 PEOPLE
237 PROFESSIONS

REGIONAL MOBILITY SUPPORT
(SKAIT) NEW FAMILIES AND HIGHLY SKILLED SPECIALISTS
DEVELOPING RENT HOUSES IN CITIES (+800 APARTMENTS)
PRODUCTIVITY

0% TAX FOR REINVESTED PROFIT

406 M € STRUCTURAL FUNDS FOR NEW PRODUCT DEVELOPMENT

63 M € FOR EXPORT PROMOTION AND EXPORT GUARANTEES

CLIENT ORIENTED PUBLIC SERVICES

«CONSULT FIRST»

DIGITALIZATION OF GOVERNMENT SERVICES

REDUCING ENERGY COSTS

REVIEW OF MANDATORY PROCUREMENT COMPONENT

MEMORANDUMS OF COOPERATION:

- CONSTRUCTION & SHADOW ECONOMY
- GBS & REAL ESTATE
- MANUFACTURING DEVELOPMENT

0% TAX FOR REINVESTED PROFIT

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MEMORANDUMS OF COOPERATION:

- CONSTRUCTION & SHADOW ECONOMY
- GBS & REAL ESTATE
- MANUFACTURING DEVELOPMENT
INTEGRATION IN GLOBAL VALUE CHAINS

LATVIA GOES GLOBAL
VALMIERA GLASS
PRINTFUL, PRINTIFY, SAF ETC.
2’500 JOBS IN USA
LATVIJAS FINIERIS
UPB

GLOBALLY WELL INTEGRATED START-UP ECOSYSTEM
DIGITAL FREEDOM FESTIVAL, TECHCHILL
STARTUP WISE GUYS
BIG CORPORATE ACCELERATORS
PRESENCE IN SILICON VALLEY

GLOBAL JOINT R&D PROJECTS
PRECISION MEDICINE (ROCHE, BGI, MICROSOFT)
AUTONOMOUS CARS (NOKIA, MITSUBISHI, LMT)
5G DEVELOPMENT

MULTINATIONALS CHOOSING LATVIA
COGNIZANT
IKEA
BGI
GENPACT
DINAIR
NCC
WEBHELP
VISION

Ministry of Economics
Republic of Latvia
Cross-sector partnerships

Data Driven Nation through smart specialisation

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Bio-Economy

Precision Medicine

Smart & Secure City

Robotics
Innovation Platform

- Cross-sectoral collaboration
- Government support by agile policy regulations
- Key players
- Unintended effect of the cross-sectoral collaboration

Startups
Innovative ideas, link between Academia & Multinationals
- Outsourced R&D
- Acquisitions
- FDI inflow

Academia
Local universities providing In-house competences such as Machine Learning, AI, engineering, etc.
- Joint research platforms
- Innovation hubs
- Business incubators

Government
National Strategies Agile Policy making Public funding & support mechanisms
- Key players
- Unintended effect of the cross-sectoral collaboration

Multinationals
Global know-how and experience. High brand value
- Additional services
- High-Tech export focused products

Local Champions
Operating in traditional and high potential industries
- Local talent development
- In-house education programs
Focus Areas

Bio-Economy
- Geospatial systems
- Functional Food

Smart & Secure City
- ITS & Test track
- Climate Technologies
- CPS solutions
- Energy Efficiency & Recovery

Precision Medicine
- Physical infrastructure
- 3D printing in medicine

Robotics
- Emotional computing
- Multi-robot systems

Industry Players

Bio-Economy
- LATVIJAS FINIERIS
- Latvenergo
- Orkla

Smart & Secure City
- IMT
- Microsoft
- NOKIA
- THALES

Precision Medicine
- LATVIJAS UNIVERSITATE
- BGI
- Roche

Robotics
- Riga Technical University
- AIRBUS
- DAIMLER
- VOLVO
LV WELL INTEGRATED IN N88 – MOST INNOVATIVE REGION OF EU

- 100 direct flight destinations
- Global leaders in internet speed and consumption
- IT sector - strategic priority
- State-funded IT education
- 5G ready internet
- Highest green-tech startup density in the EU
- Startup Ecosystem
- 83.2% of population interacts with public authorities online
- Top 3 world leaders in the mobile data consumption

Baltic Region Innovation Platform
LV, LT, EST Euro GDP (2016) - 85 bn
Population: 6 m

Baltic Sea Region
GDP (2016) - 1 805 bn
Population: 71 m
Thank you!