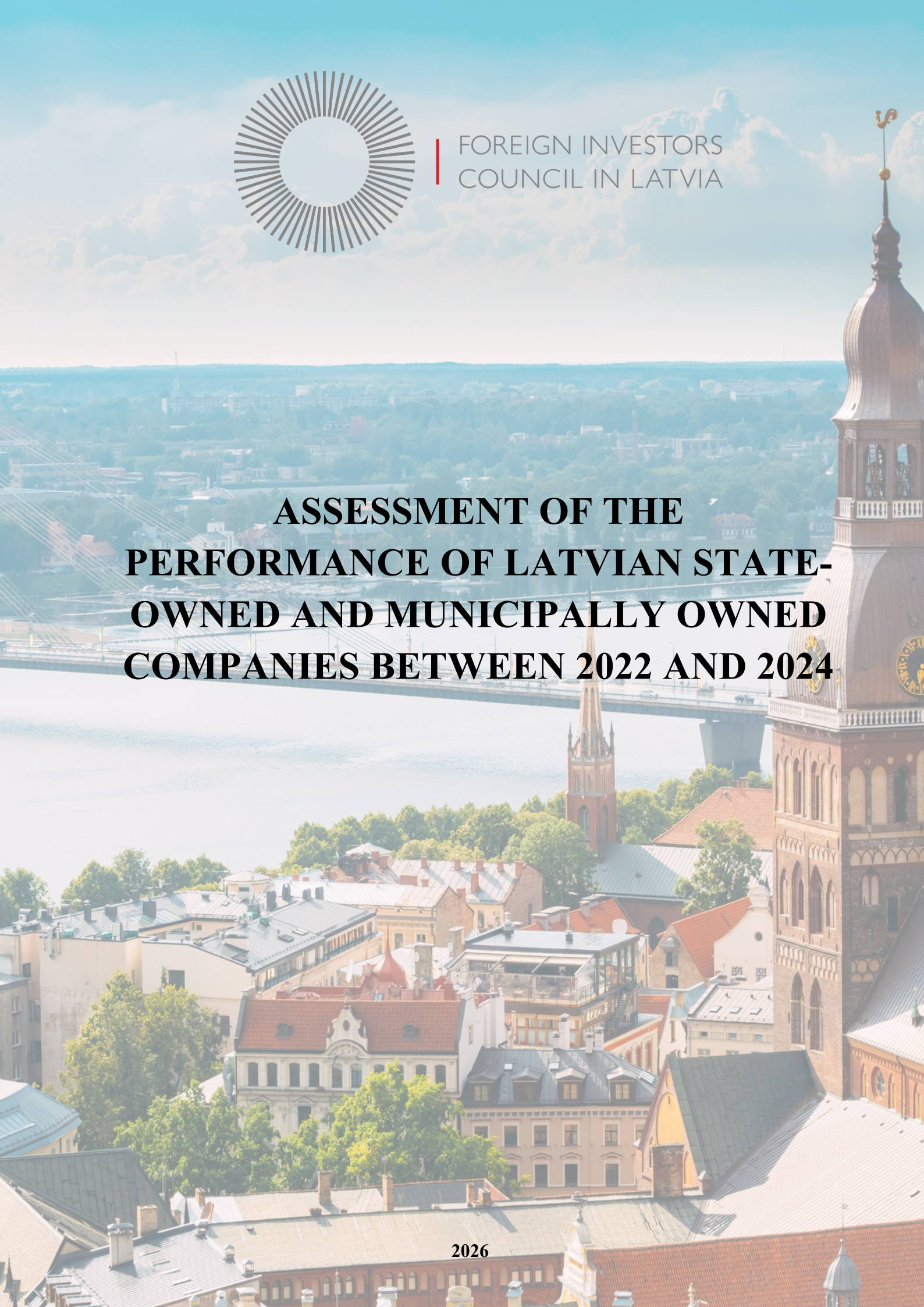


FOREIGN INVESTORS COUNCIL IN LATVIA

ASSESSMENT OF THE PERFORMANCE OF LATVIAN STATE-OWNED AND MUNICIPALLY OWNED COMPANIES BETWEEN 2022 AND 2024

2026

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INTRODUCTION

In recent years, one of the most widely discussed topics in Latvia has been the management of the state-owned and municipally owned companies (SOEs). Although state involvement in the economy could be justified in the strategic industries (transport, energy), where it provides public goods for the large part of society and/or prevents potential market failures,[1] it is nevertheless important to draw clear boundaries. Excessive state intervention in industries that are not strategically significant, such as "Real estate activities", may cause serious distortions of competition, given that the objectives of the public sector (political control, stability) differ sharply from the fundamental motive of the private sector – to maximise profit.[2]

Many Latvia's SOEs are not managing their resources efficiently – this could be related to several factors. Among them are the governance models, low competition, bureaucracy, satisfaction of political interests, and the fact that labour-related costs account for the largest share of expenses[1,3]. OECD in its 2024 publication "Economic survey of Latvia" emphasizes that SOEs employ a relatively large number of employees, namely 7% of the workforce in Latvia, which is three times higher than the OECD member-state on average. In addition, OECD indicates that the state manages a range of industries and no structural changes in the ownership structures of SOEs have been made since 2015, which reduces market competition.[4]

The aim of this report is to conduct an assessment of the performance of Latvian SOEs, based on available data for the period of 2022 and 2024. It will include the analysis by industry, company size and geographic location. Based on analysed data, the report will reflect on how to improve performance of the SOEs from the governance perspective. Given that the performance of SOEs is likely to have been affected by the energy crisis of 2022 – the report takes it into account while formulating conclusions.

The current report consists of four chapters: Chapter 1 outlines the methodology, Chapter 2 discusses results from the assessment of the SOE performance, Chapter 3 reflects on directions for strengthening the governance of the SOEs, while Chapter 4 summarises conclusions and provides recommendations.

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[1] Szarzec, K., Nowara, W. (15.02.2016.). The economic performance of state-owned enterprises in Central andEastern Europe. DOI: https://doi-org.datubazes.lanet.lv/10.1080/14631377.2017.1316546

[2] Grossi, G. (20.05.2010). Jointly owned companies as instruments of local government: comparative evidencefrom the Swedish and Italian water industries. DOI: https://doi-org.datubazes.lanet.lv/10.1080/01442872.2011.561695

[3] Hesary-Tagihazadeh, F. (31.08.2020.). Performance differential between private and state-owned enterprises: ananalysis of profitability and solvency. DOI: https://doi-org.datubazes.lanet.lv/10.1080/1540496X.2020.1809375

[4] OECD (2024), OECD Economic Surveys: Latvia 2024, OECD Publishing, Paris, https://doi.org/10.1787/dfeae75b-en.

This report has been developed as part of an internship at the Foreign Investors Council in Latvia (FICIL). The research and drafting were undertaken by Ieva Stankeviča, a former student at the University of Latvia, under the supervision of Zlata Elksniņa-Zaščirinska, FICIL Innovation, Institutions & Development Work Group leader, and Tatjana Guzņajeva, FICIL Executive Director. FICIL is grateful for methological consultations, provided by Oļegs Krasnopjorovs – Associate Professor at the Faculty of Economics and Social Sciences at the University of Latvia, and by Irina Skribāne – lecturer at the Faculty of Economics and Social Sciences at the University of Latvia.

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1. METHODOLOGY FOR ASSESSING THE SOEs PERFORMANCE

In subchapter 1.1., a detailed description of the data is provided on the total number of state/municipal owned companies in Latvia. In subchapter 1.2., a summary of the indicators selected for the analysis can be found; subchapter 1.3. explains how the "outlier" companies, which are separated out in the subsequent analysis, are identified; and subchapter 1.4. describes the share of below/above-average companies in the respective industry.

1.1. Description of the data

For the assessment of performance of SOEs, data available in the Lursoft database for the period from 2022 to 2024 were used. The choice of the analysis period was determined both by data availability and by the need to reduce the possible impact of the extraordinary circumstances caused by the Covid-19 pandemic on company performance indicators, thereby ensuring a more objective interpretation of results and a better-founded formulation of conclusions. Data were provided on status (eliminated, reorganisation, active) and information on industry affiliation (by NACE level 3), as well as 6 indicators of company performance – turnover (EUR), profit before tax (EUR), net profit (EUR), return on assets (ROA), number of employees, and total payments to the budget (EUR).

SOEs were grouped by NACE industry level 2 to incorporate a larger number of companies in the respective industry. In addition, since each year there were companies that had been eliminated or reorganised, the company selection was carried out separately for each of the 3 years (see Annex 1). After the selection of active companies for each year, they were divided into groups, based on their sizes, taking into account the number of employees therein [see Table 1.1].

Table 1.1

Classification of companies by size (number of employees)

SIZE	NUMBER OF EMPLOYEES
MICRO	up to 9
SMALL	up to 49
MEDIUM	up to 249
LARGE	over 250

Source: Created by the author based on the EU definition of the classification of small and medium-sized enterprises

After data preparation, the database contains information on 86 companies in 2022, 64 companies in 2023 and 103 companies in 2024. These companies operated in 40 different industries. The majority of companies (86 out of 253) can be classified as micro-enterprises, 65 companies are small, 55 are large, and 47 are medium-sized enterprises. This indicates that the majority of SOEs (namely, 60%) are micro or small enterprises.

1.2. Description of the indicators

To assess the financial condition of SOEs, the following financial performance indicators were used in the analysis:

- Average net profit (EUR) expressed in comparable 2015 prices (adjusted by the industry GDP deflator) – shows the financial condition of the company;
- Average return on assets (ROA) – shows how much a company can earn from its existing assets;
- Average productivity (EUR per employee) expressed in comparable 2015 prices (adjusted by the industry GDP deflator) – helps to assess the volume that each employee is able to produce.

The selection of indicators was based on existing studies, which used indicators such as ROA and net profit [see Table 1.2].

Table 1.2

Indicators used in studies

INDICATORS	SOURCE
- Marginal profit (profit/loss before tax/ operating income)*100 - ROE = profit/loss before tax/ shareholders' equity)*100. - Current assets/ current liabilities - (Shareholders' equity/total assets)*100	Szarzec, K., Nowara, W. (15.02.2016.). The economic performance of state-owned enterprises in Central and Eastern Europe. DOI: https://doi-org.datubazes.lanet.lv/10.1080/14631377.2017.1316546
- ROA - EBIT margin; - Liabilities/Assets	Kabacinski, B., Kubiak, J. (03.06.2020). Do state-owned enterprises underperform compared to privately owned companies? An examination of the largest Polish enterprises. DOI: https://doi-org.datubazes.lanet.lv/10.1080/1540496X.2019.1707653
- Liabilities/Assets ratio; - Total assets; - Net turnover (adjusted for inflation); - ROE; - ROA; - ROS	Laporšek, S. (16.05.2020). Ownership structure and firm performance – the case of Slovenia. DOI: https://doi-org.datubazes.lanet.lv/10.1080/1331677X.2020.1865827
- Assets; - Turnover; - Employees/Turnover; - Liabilities/Assets	Hesary-Tagihazadeh, F. (31.08.2020.). Performance differential between private and state-owned enterprises: an analysis of profitability and solvency. DOI: https://doi-org.datubazes.lanet.lv/10.1080/1540496X.2020.1809375

Source: Created by the author based on the EU definition of the classification of small and medium-sized enterprises

In addition, productivity was selected as one of the indicators, as it helps to reflect on efficiency in relation to the number of employees. The average value for each indicator was calculated if there were at least 4 companies in the industry, on the assumption that this would yield a better picture of the industry's financial performance and would help more precisely, in the final analysis, to identify those companies that operate below the industry average in each group on all 3 selected criteria (profit, profitability, productivity).

1.3. Identification of outlier companies

For a more precise assessment of the average performance of SOEs across industries, companies (in each group by company size), whose turnover was at least 2 times higher or lower than the industry average, were dismissed. The identification of outlier companies was carried out separately for each year, since some of the outlier companies differed from year to year [see Annex 2].

1.4. Calculation of the share of companies below/above average

After identifying the outlier companies and separating them from the other companies in each industry, the average values were calculated across industries in each group. The aim of this approach was to reduce the influence of extreme values on the averages. Next, information was compiled on companies whose results were below or above the industry average within their respective group across all three indicators (profit, profitability and productivity), and the companies performing below or above these averages were counted. The three-year average was calculated by summing the values for all companies across the three years and dividing this sum by the total number of observations.

2. RESULTS: STRUCTURAL SHORTCOMINGS AND REGIONAL DIFFERENCES IN STATE/MUNICIPALLY OWNED ENTERPRISES

The performance of Latvian SOEs in the period under review reflects deep structural differences — both between industries and between regions — that cannot be explained solely by external shocks – the short-term effects of the COVID-19 pandemic, the energy crisis, or EU sanctions against Russia. In the water supply and energy industries, relatively weak financial performance was observed in both the small and medium-sized enterprise groups; however, as company size increases, as for example in the energy industry, an improvement in financial indicators can be observed, whereas in the real estate industry structurally weak performance persists in both of the size groups examined. This indicates that company consolidation can improve efficiency in certain industries, but is not a universal solution — the regulatory environment of the industry, the quality of governance, and the cost structure are of decisive importance.

Particularly alarming is the geographical perspective: companies that systematically operate below the industry average are concentrated in the Latgale region, while better results are observed in Vidzeme and the Pierīga area. This polarisation is consistent across both industry and size-group breakdowns, indicating that the performance of SOEs is also linked to the level of regional development and the administrative capacity of municipalities — and not only to the internal governance of companies.

To improve the overall efficiency of SOEs, a differentiated policy approach is needed. For example, in the water supply industry, the tariff-setting mechanisms, which currently limit companies' ability to cover costs regardless of volume, should be reviewed, whereas in the real estate and energy industries the priority should be regular monitoring of performance results and strengthening of governance standards. Similarly, in order to promote regional convergence, it is necessary to provide targeted support for the administrative capacity of municipalities in less developed regions and to ensure more equal access to investment in municipal infrastructure.

2.1. The decline in the number of companies reflects the structural impact of the energy crisis

The number of SOEs decreased from 2022 to 2024, and this was mainly driven by reorganisation in the energy industry [see Figure 1].



Figure 1. Number of actively operating state and municipal companies from 2022 to 2024
Created by the author based on data from the LURSOFT database

The sharpest decline is linked to the 2022 energy crisis, as a result of which 11 micro and small enterprises in the industry "Electricity, gas, steam and air conditioning supply" were predominantly reorganised (see Annex 1). Reorganisation was most frequently carried out in the Bauska Municipality (4) and the Dienvidkurzeme Municipality (4). A similar trend with regard to the share of reorganised companies in the industry was also observed in 2024, where, of all 15 companies, 5 companies were reorganised in "Water collection, treatment and supply" and 3 in "Electricity, gas, steam and air conditioning supply". In contrast, more companies were eliminated in 2024 (2 – of Cēsis Municipality, 1 – of Jēkabpils Municipality) than in 2023, when only 1 company in Jēkabpils Municipality was eliminated.

Despite the fact that the industries "Electricity, gas, steam and air conditioning supply" and "Water collection, treatment and supply" are among the most strategically important for the state, the considerable number of reorganisations indicates the need to periodically assess the efficiency of the structure of existing SOEs. The potential benefits of reorganisation are linked to increasing the efficiency of operations by eliminating duplication of functions, optimising the allocation of resources and reducing administrative costs. Thus, with fewer resources it is

possible to ensure an equivalent or higher quality of services provided to society and added value created. This applies especially to cases where several small-scale companies with similar functions operate in parallel within one municipality, since consolidation of services can promote more efficient use of resources, cost optimisation and improved quality of governance. The Bauska and Dienvidkurzeme municipalities, in which the reorganisation of SOEs was carried out, can be cited as examples. Such decisions may have been prompted by the companies' unsatisfactory financial and operational indicators, which in turn may have been influenced both by external factors, including the cost increases caused by the energy crisis, and by internal factors related to company governance and the efficiency of resource use. Reorganisation can thus serve as an instrument not only for reducing costs, but also for strengthening companies' long-term operational efficiency and financial sustainability.

2.2. Analysis by company size: company scale improves performance, but does not resolve structural problems of industries

The analysis by company size shows that the financial performance of SOEs is influenced by both company scale and industry specifics. Larger companies in certain capital-intensive industries, especially energy, have advantages in covering fixed costs and exploiting economies of scale. However, the results of the water supply industry demonstrate that consolidation or increasing company size is not in itself a sufficient solution.

Therefore, improving the efficiency of SOEs requires a differentiated approach that takes into account company size, industry specifics, the regulatory environment and the nature of public services. Smaller-scale companies should assess the possibilities of merging and centralising functions where there is an overlap of functions or disproportionate administrative costs. In regulated and capital-intensive industries, especially water supply and energy, alongside consolidation options it is necessary to review tariff-setting, cost management and investment planning mechanisms, while at the same time setting clear efficiency and productivity targets. A more detailed overview with conclusions is provided below.

The water supply industry is the only one that showed negative profit across all size groups examined, whereas the financial performance of the energy industry improved significantly as company size increased — from losses in the small group to considerable profit in the medium group. This indicates that the scale effect is significant, but its impact is not uniform across all industries.

In the micro size group, data sufficiency was limited, and the only industry with a sufficient number of companies for analysis across the three years was "Real estate activities", where average profit was negative (-10 430 €), although profitability and productivity remained

positive (see Table 2.2.1). The negative profit in this group most likely reflects not only structural governance shortcomings, but possibly also broader macroeconomic pressure — the rapid inflation and high energy prices of 2022–2023 significantly increased property management costs, while reducing the purchasing power and solvency of residents. In this case, it is necessary to assess the operational efficiency, cost structure and long-term viability of the companies. Moreover, it should be assessed whether the existence of very small-scale companies is economically justified. If companies' functions overlap or their administrative costs are disproportionately high, merging or centralising functions should be considered.

Table 2.2.1

Average performance indicators of the micro size group industry from 2022 to 2024

INDUSTRY	AVERAGE_PROFIT	AVERAGE_PROFITABILITY	AVERAGE_PRODUCTIVITY
Real estate activities	-10 430.26 €	1.58	17 930.03 €

Source: Created by the author using data from the LURSOFT database

In the small size group the picture was more varied, but the energy and water supply industries stand out with the largest losses — 103 074 € and 34 179 € respectively (see Table 2.2.2). Both industries operate with regulated tariffs and high capital intensity, which limits their ability to adjust quickly to rising costs. Positive indicators in terms of profit and profitability were shown by "Real estate activities", "Residential care activities", "Human health activities" and "Creative, arts and entertainment activities" — industries in which service prices are more flexible or demand is more stable. This indicates that the financial performance of smaller companies is significantly influenced by the operating model and regulatory environment of the specific industry, and not only by company size.

Table 2.2.2

Average performance indicators of industries in the small enterprise group, 2022 to 2024

INDUSTRY	AVERAGE_PROFIT	AVERAGE_PROFITABILITY	AVERAGE_PRODUCTIVITY
Water collection, treatment and supply	-34 178.93 €	-2.68	59 808.61 €
Electricity, gas, steam and air conditioning supply	-103 074.26 €	-1.41	134 632.47 €
Real estate activities	75 897.14 €	1.07	28 620.69 €
Residential care activities	7 368.71 €	3.37	12 257.43 €
Human health activities	619.20 €	0.11	13 862.32 €
Sports activities and amusement and recreation activities	-96 929.39 €	0.71	19 939.92 €
Waste collection, treatment and disposal activities; materials recovery	-23 355.75 €	4.54	73 465.68 €
Creative, arts and entertainment activities	10 686.62 €	0.11	13 733.02 €

Source: Compiled by the author using data from the LURSOFT database

In the medium enterprise group the financial picture was considerably more favourable, and the energy industry in this group already showed an average profit of €171,527, while "Waste collection" showed €264,950, which are the highest indicators in the entire analysis (see Table 2.2.3). This indicates that larger energy companies have a better capacity to absorb fixed costs and to benefit from economies of scale. At the same time, the results of the water supply industry show that increasing the scale of a company does not in itself guarantee an improvement in financial performance. "Water collection, treatment and supply" also recorded losses in this group (-€129,778), which suggests that the problems of this industry cannot be resolved through the consolidation of companies alone. It is also necessary to assess the tariff regulation, cost structure, investment needs and the efficiency of service provision.

Table 2.2.3

Average performance indicators of industries in the medium enterprise group, 2022 to 2024

INDUSTRY	AVERAGE_PROFIT	AVERAGE_PROFITABILITY	AVERAGE_PRODUCTIVITY
Human health activities	51 488.39 €	1.99	18 906.18 €
Real estate activities	31 713.66 €	0.24	26 819.17 €
Creative, arts and entertainment activities	1 445.41 €	0.52	7 049.22 €
Electricity, gas, steam and air conditioning supply	171 527.38 €	-0.58	180 184.12 €
Water collection, treatment and supply	-129 777.98 €	-0.56	54 213.68 €
Waste collection, treatment and disposal activities; materials recovery	264 949.97 €	1.70	68 320.54 €
Land transport and transport via pipelines	-8 481.04 €	1.03	33 227.04 €
Services to buildings and landscape activities	-71 731.46 €	-0.67	25 618.41 €

Source: Compiled by the author using data from the LURSOFT database

In the large enterprise group, one industry dominated — "Human health activities" (24 companies), which on average over the three years operated without losses, with an average profit of €129,669 and a profitability of 1.29 (see Table 2.2.4). Given the limited industrial representation in the large enterprise group, these results are not directly comparable with other size groups. Nevertheless, they additionally point to the potential importance of scale advantages for the operational efficiency of capital companies.

Table 2.2.4

Average performance indicators of industries in the large enterprise group, 2022 to 2024

INDUSTRY	COUNT	AVERAGE_PROFIT	AVERAGE_PROFITABILITY	AVERAGE_PRODUCTIVITY
Human health activities	24	129 668.69 €	1.29	26 297.55 €

Source: Compiled by the author using data from the LURSOFT database

2.3. Analysis by the number of companies below and above the industry average on all three criteria: weak performance in the real estate and energy industries is a structural rather than incidental phenomenon

Based on the analysis of how many companies in each industry are above or below the industry average on all three criteria (net profit, profitability, productivity), it can be concluded that in the industries "Real estate activities" and "Electricity, gas, steam and air conditioning supply", in the size groups examined, the share of companies that performed below the industry average on all three criteria is larger than the share above it. This is a particularly alarming signal, given the size and economic importance of these industries,[5] and it indicates the need for an in-depth assessment of their operational efficiency, cost structure, regulatory environment and opportunities for economies of scale.

At the same time, the results indicate that efficiency problems differ depending on company size and industry. In the case of smaller companies, limited opportunities to exploit economies of scale and to absorb fixed costs may play a significant role, whereas for medium-sized companies an additional challenge may be more complex governance and higher administrative and capital costs. This points to the need to assess whether there are opportunities to improve resource utilisation, governance practices or the organisational structure of companies, especially in those segments where weaker performance persists over a long period. A more detailed overview of the different company groups by size is provided below.

In the small enterprise group (see Table 2.3.1), the largest negative difference between "below" and "above" the industry average is observed in the industries "Residential care activities" (43% versus 26%), "Waste collection" (40% versus 27%) and "Real estate activities" (31% versus 8%). In the energy industry the difference is smaller (22% versus 16%), but the negative trend persists. The opposite picture is observed in the industries "Sports activities" and "Human health activities", where the share of companies above the average exceeds the share below it. This indicates that the performance of companies is influenced not only by their size, but also by economies of scale, governance and operational efficiency, cost structure, the regulatory environment and the specific business model.

[5] The analysis covered the small and medium-sized enterprise groups; the micro and large groups were excluded due to the limited volume of data.

Table 2.3.1

Share of companies in the small enterprise group above and below the industry average on all three criteria

INDUSTRY	BELOW INDUSTRY AVERAGE	ABOVE INDUSTRY AVERAGE
Waste collection, treatment and disposal activities; materials recovery	40%	27%
Electricity, gas, steam and air conditioning supply[6]	22%	16%
Services to buildings and landscape activities	25%	–
Real estate activities	31%	8%
Creative, arts and entertainment activities	30%	27%
Residential care activities	43%	26%
Sports activities and amusement and recreation activities	17%	28%
Water collection, treatment and supply	6%	14%
Human health activities	14%	28%

Source: Compiled by the author using data from the LURSOFT database

In the medium enterprise group (see Table 2.3.2), the trend in the industries "Real estate activities" (29% versus 24%) and "Electricity, gas, steam and air conditioning supply" (40% versus 34%) persists. Unlike in the small enterprise group, where the third problematic industry was "Residential care activities", in this group it is replaced by "Human health activities" (35% versus 25%). It can also be observed that as the size group of companies increases, the share of companies whose financial performance is below the industry average decreases, as illustrated by the small and medium enterprise groups in the real estate industry (31% - small; 29% - medium). This indicates that, although larger companies can potentially benefit from economies of scale, their operational efficiency may be constrained by growing administrative and capital costs as well as a more complex governance structure, which applies especially to the health care industry.

[6] Industries in which the given enterprise size group contained the largest number of companies were marked in yellow

Table 2.3.2

Share of companies in the medium enterprise group above and below the industry average on all three criteria

INDUSTRY	BELOW	ABOVE
Waste collection, treatment and disposal activities; materials recovery	14%	24%
Electricity, gas, steam and air conditioning supply	40%	34%
Services to buildings and landscape activities	27%	37%
Real estate activities	29%	24%
Creative, arts and entertainment activities	16%	13%
Land transport and transport via pipelines	33%	38%
Sports activities and amusement and recreation activities	25%	25%
Water collection, treatment and supply	21%	25%
Human health activities	35%	25%

Source: Compiled by the author using data from the LURSOFT database

2.4. Regional analysis: The geographical distribution of companies in less well-governed industries indicates the existence of persistent regional inequality

Based on the regional analysis, companies operating in the industries "Real estate activities" and "Electricity, gas, steam and air conditioning supply" whose performance is below the industry average on all three criteria are concentrated mainly in the Latgale region. In turn, there are more companies from the Vidzeme region and Pierīga whose performance is above the industry average.

In the industry "Real estate activities", in the small enterprise group the companies operating below the industry average were mainly in Jēkabpils municipality (SIA "Pils rajona namu pārvalde" — 3 years in a row; SIA "Vīgants" — 1 year) (see Figure 2.4.1 (left)), while those above the average were in Riga and Pierīga (SIA "Publisko aktīvu pārvaldītājs Possessor" — 2 years; SIA "ZEMGALES 29" — 1 year) [see Figure 2.4.1 (right)].

Share of companies in the medium enterprise group above and below the industry average on all three criteria

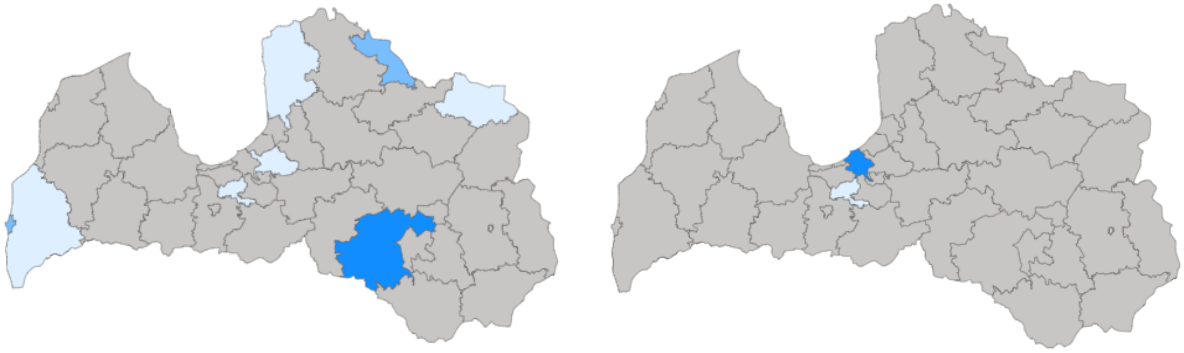


Figure 2.4.1 Geographical distribution of small-sized companies in the industry "Real estate activities"
Source: Created by the author using Power BI

In the medium enterprise group, poor results for 2 years were recorded by companies of the Latgale region: SIA "ORNAMENTS" of Augšdaugava municipality; SIA "Rēzeknes namsaimnieks" of Rēzekne; SIA "Līvānu dzīvokļu komunālā saimniecība" of Līvāni municipality (see Figure 2.4.2 (left)). In contrast, SIA "Valmieras namsaimnieks" of Valmiera municipality recorded results above the industry average in all three years [see Figure 2.4.2 (right)].

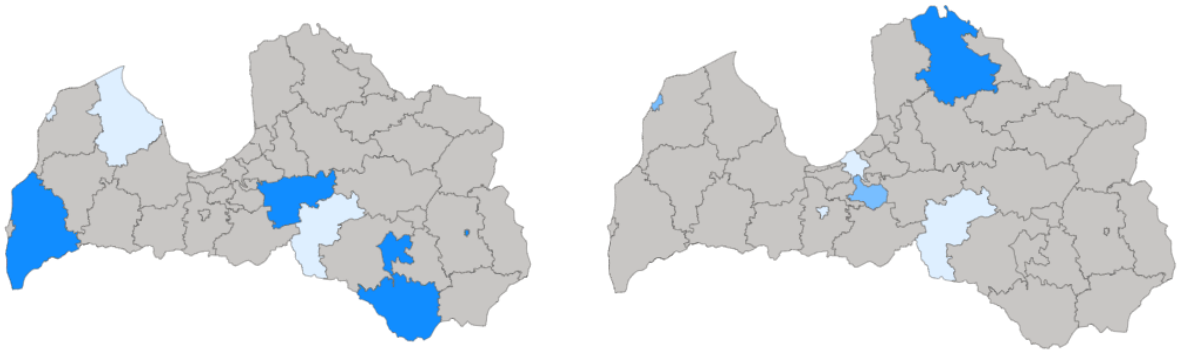


Figure 2.4.2 Geographical distribution of medium-sized companies in the industry "Real estate activities"
Source: Created by the author using Power BI

In the industry "Electricity, gas, steam and air conditioning supply" the geographical polarisation is even more pronounced. In the small enterprise group, companies from Latgale were more often below the industry average — AS "Balvu enerģija" and SIA "Līvānu siltums" (both — 2 times in the 3-year period) [see Figure 2.4.3 (left)], while those above the average

were companies from the Vidzeme region, SIA "Limbažu siltums" and SIA "Alūksnes enerģija" [see Figure 2.4.3 (right)].

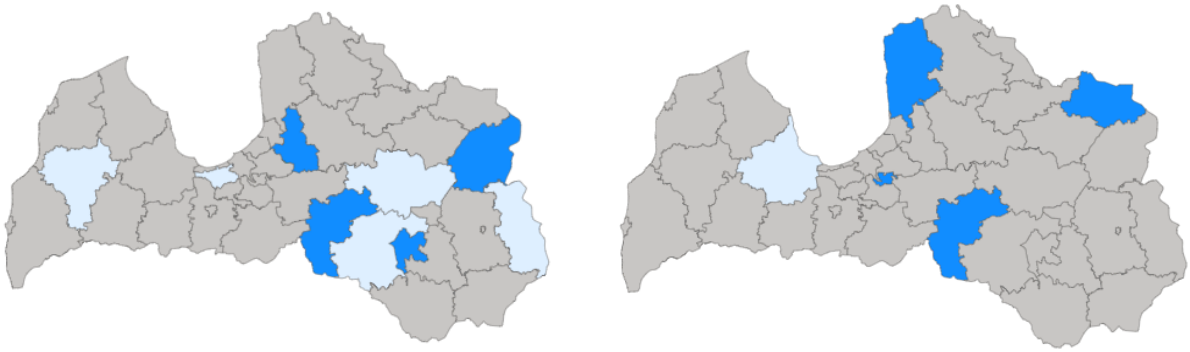


Figure 2.4.3 Geographical distribution of small-sized companies in the industry "Electricity, gas, steam and air conditioning supply"
Source: Created by the author using Power BI

In the medium enterprise group, the dominance of Latgale persisted: SIA "NAUJENES PAKALPOJUMU SERVISS" (Augšdaugava municipality) and SIA "Preiļu saimnieks" (Preiļi municipality) operated below the average for 3 years in a row, while SIA "Krāslavas nami" did so for 2 years [see Figure 2.4.4 (left)]. SIA "Valmieras ūdens" (Valmiera municipality) and SIA "Jūrmalas siltums" (Jūrmala) operated above the industry average in all three years [see Figure 2.4.4 (right)].

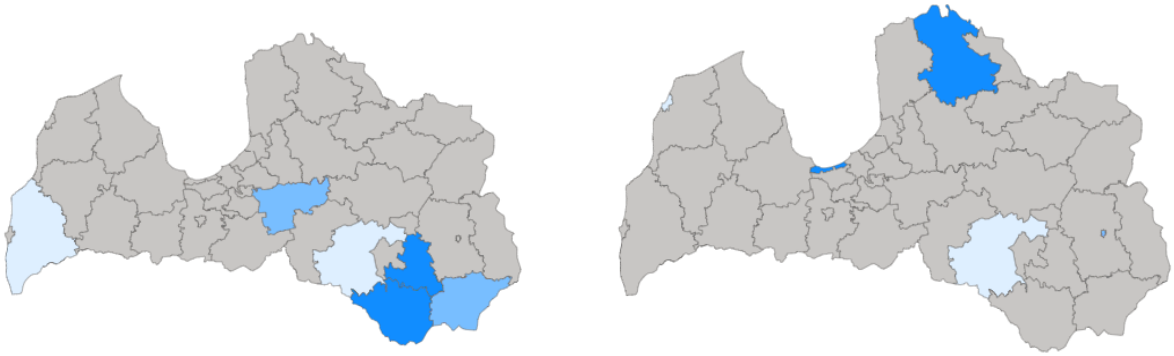


Figure 2.4.4 Geographical distribution of medium-sized companies in the industry "Electricity, gas, steam and air conditioning supply"
Source: Created by the author using Power BI

Regional disparities suggest that infrastructure quality and investment availability may significantly influence SOEs performance. Strengthening investment in regional energy and municipal infrastructure, particularly renewable energy and energy efficiency, could improve enterprise productivity, support regional convergence, and reduce disparities across Latvia.

3. DIRECTIONS FOR STRENGTHENING THE GOVERNANCE EFFICIENCY OF STATE AND MUNICIPALLY OWNED ENTERPRISES

Latvian SOEs face challenges related to insufficient transparency, fragmented use of resources and limited investment efficiency. To improve the quality of governance, it is necessary to strengthen institutional discipline, promote a more efficient use of public resources and ensure a clear strategic orientation in capital-intensive industries. A broader use of financial market instruments, the consolidation of functions or privatisation in appropriate areas, as well as targeted investment in innovation and infrastructure, can increase the return on public capital and strengthen the competitiveness of the Latvian economy in the long term.

3.1. Strengthening transparency through financial market instruments

The governance problems of SOEs in Latvia are substantially linked to insufficient transparency and the weak effect of external control mechanisms. State Audit Office audit data for 2020–2022 indicate that 34% of municipally owned companies operated without a medium-term strategy, while 50% showed low profitability and liquidity. This suggests that some companies function without sufficiently structured governance and without pressure to improve results. Likewise, the 2024 evaluation by the State Chancellery concluded that fewer than 40 % of state owned companies published complete and sufficiently high-quality information in accordance with the requirements of regulatory enactments.[7]

Under such circumstances, financial market instruments can serve as an institutional mechanism for strengthening transparency and discipline. A stock exchange listing entails stricter disclosure requirements, regular financial supervision and higher requirements for the quality of corporate governance, thereby reducing the impact of internal control deficiencies. In Latvia, this instrument has so far been used to a limited extent – it is more often used by the private industry (see Figure 3.1).

[7] State Chancellery. (2024). Report on state and municipal capital companies for 2024 published. Available: https://valstskapitals.gov.lv/lv/jaunums/publicets-parskats-par-valsts-un-pasvaldibu-kapitalsabiedribam-2024-gadahttps://valstskapitals.gov.lv/lv/jaunums/publicets-parskats-par-valsts-un-pasvaldibu-kapitalsabiedribam-2024-gada

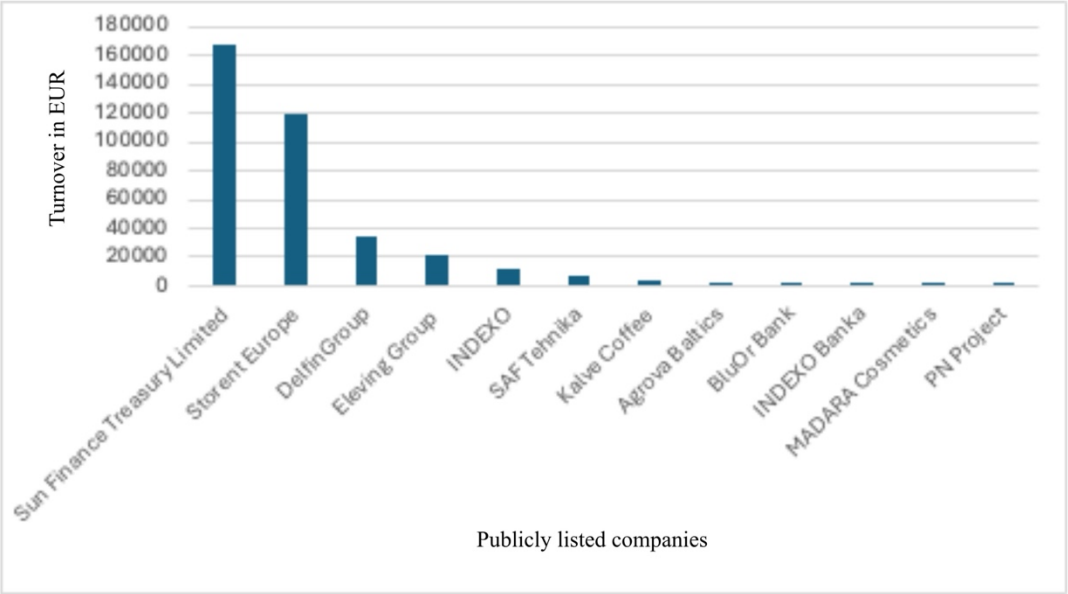


Figure 3.1 Turnover of Latvian companies listed on the "Nasdaq" exchange, 26.06.2026.
Created by the author using Nasdaq database data

However, significant steps have recently been taken towards its broader introduction also in SOEs. Namely, in July 2026 AS "LAU Infra Group" carried out the first initial public offering (IPO) of a SOEs in Latvia,[8] while in 2026 the Riga municipality began preparing AS "Rīgas namu pārvaldnieks" for a stock exchange listing.[9] Nevertheless, the use of the equity market for financing and governing SOEs remains relatively limited, since such large state enterprises as "Latvenergo" and "Augstsprieguma tīkls" operate mainly in the bond market, where transparency requirements are narrower. (see Figure 3.1) [10]

International experience shows that such an approach can deliver measurable results. In Romania, the listing of state owned companies substantially deepened the local capital market — in the period from 2000 to 2019, five public offering issues by state enterprises in the energy and utility industries accounted for approximately 90% of total stock exchange IPO proceeds, which in total reached 1.3 billion euros.[11] This example illustrates that the entry of state owned companies into the equity market is not merely a governance instrument — it simultaneously promotes capital market development, attracts institutional investors and creates structural pressure to improve results. In Latvia, where the depth of the capital market remains limited, such a step could have a multiplier effect both on the governance of individual companies and

[8] Eversheds Sutherland Bitāns. (06.07.2026.). Our team advises LAU Infra Grupa. Available: https://www.eversheds-sutherland.com/lv/latvia/insights/eversheds-sutherland-bitans-advises-lau-infra-grupa?
[9] Riga State City Municipality. (26.02.2026.). On the listing of the Riga house manager on the stock exchange. Available: https://www.riga.lv/lv/par-rigas-namu-parvaldnieka-kotesanu-birza?
[10] Nasdaq. Statistics. Available: https://nasdaqbaltic.com/statistics/en/statistics
[11] OECD (2022), Capital Market Review of Romania: Towards a National Strategy, OECD Capital Market Series, OECD Publishing, Paris, https://doi.org/10.1787/9bfc0339-en. https://doi.org/10.1787/9bfc0339-en

on the broader financial ecosystem. In this context, the planned listing of "Rīgas namu pārvaldnieks" signals a possible move towards greater transparency and market discipline.[12]

3.2. Optimising resource management through consolidation or privatisation

The limitations to the efficiency of resource management in municipally owned enterprises in Latvia stem largely from the fragmentation of functions and the existence of parallel structures. As the analysis carried out in Chapter 2 shows, the financial performance of municipally owned enterprises differs depending on company size, pointing to potential opportunities to improve the efficiency of resource use. For example, in the industry "Real estate activities" an average loss of EUR 10 430,24 was recorded in the micro-enterprise group, whereas in the small and medium enterprise groups the average profit reached EUR 75 897,14 and EUR 31 713,66 respectively. These results point to possible economies-of-scale benefits that could contribute to reducing administrative costs, using infrastructure more efficiently and improving the financial sustainability of companies.

One of the potential solutions is the consolidation of functions of SOEs and the exploitation of the advantages of economies of scale. An audit by the State Audit Office (2023) found that, following the administrative territorial reform, in certain municipalities several SOEs operate simultaneously providing similar services, including in the areas of heat supply, water management and property management.[13] OECD (2026) also stresses that the duplication of functions and insufficient coordination in public administration increase administrative costs, and therefore recommends assessing the possibilities of institutional consolidation.[14]

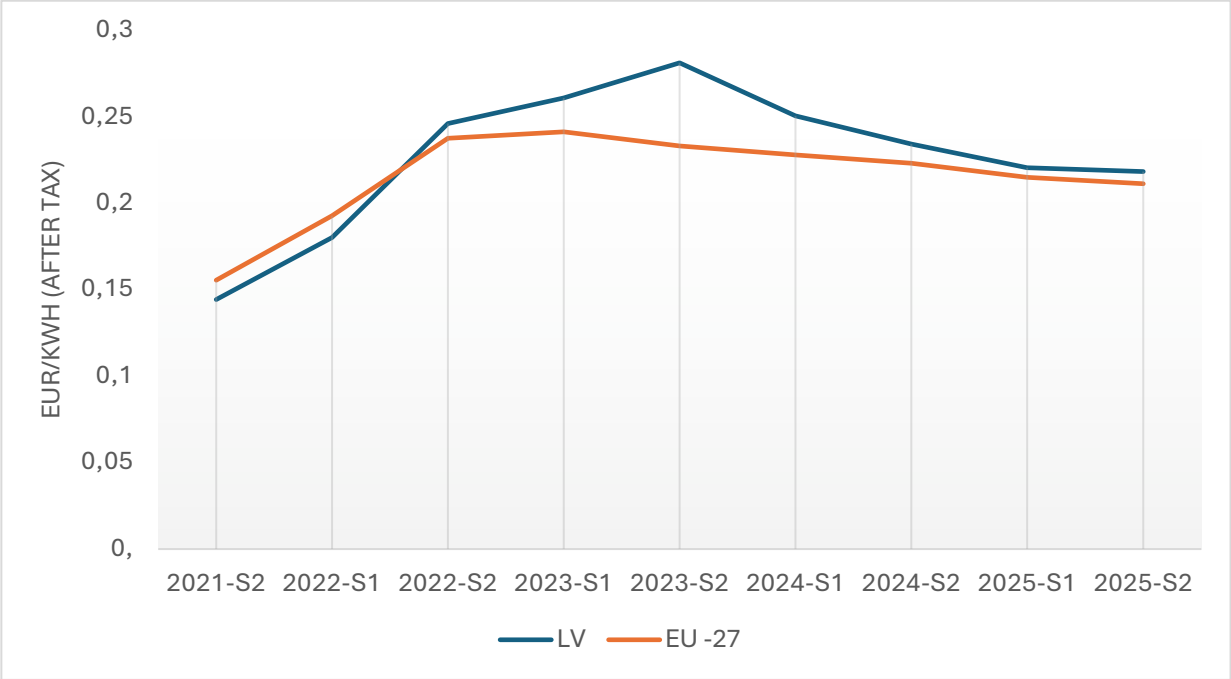
A second potential solution is to expand private sector involvement in areas where municipal ownership of enterprises is not economically or strategically justified. This could promote more efficient use of capital while reducing the administrative and investment burden on municipalities. For example, local experience demonstrates that SIA "GREN Latvija" centralised district heating model can improve management efficiency and reduce cost fragmentation.[15] Furthermore, FICIL believes that developing a regulatory framework for Real Estate Investment Trusts (REITs) could help attract private capital to real estate and relevant

[12] Riga City Council. (26.02.2026.). On the listing of the Riga house manager on the stock exchange. Available: https://www.riga.lv/lv/par-rigas-namu-parvaldnieka-kotesanu-birza
[13] State Audit Office of the Republic of Latvia. (15.06.2023.). Municipalities need to assess their participation in capital companies more comprehensively and critically. Available: https://lrvk.gov.lv/lv/jaunumi/pasvaldibam-vispusigak-un-kritiskak-javerte-lidzdaliba-kapitalsabiedribas
[14] OECD. (2026). OECD Economic Surveys: Latvia 2026. Available: https://www.oecd.org/en/publications/oecd-economic-surveys-latvia-2026_34d15460-en.html
[15] Gren. Mūsu pakalpojumi. Pieejams: https://gren.com/lv/pakalpojumi/

infrastructure projects, diversify financing sources, and create opportunities for more efficient use of capital invested in public assets.[16]

3.3. Development of innovation and infrastructure as a prerequisite for long-term competitiveness

The role of Latvian SOEs in ensuring long-term competitiveness is manifested especially in the infrastructure and energy industry, where long-term investment and coordinated development are needed. Electricity prices have decreased following the energy crisis, but they remain above the EU average, which affects the competitiveness of both households and companies (see Figure 3.2).



3.2. Figure. Energy prices (EUR/kWh) in Latvia and the EU-27 average from 2021 to 2025
Compiled by the author using Eurostat database data

In this context, the investment capacity of SOEs plays an important role, particularly in the development of innovation and infrastructure. European experience shows that state-owned enterprises can be significant drivers of innovation where they have a clear strategic mandate. Sweden's "Vattenfall" invests substantial funds in research and development,[17] while France's "EDF" acts as an instrument for implementing the state's energy strategy with a long-term orientation towards 2050. In Latvia,[18] a significant example in this direction is the "Latvijas vēja parki" project, jointly established by "Latvenergo" and "Latvijas valsts meži", which

[16] FICIL. FICIL Position on Investment protection 2025. Available: https://www.ficil.lv/wp-content/uploads/2025/10/IPCE-FICIL-POSITION-PAPER-ON-INVESTMENT-PROTECTION_ENG.pdf
[17] Vattenfall. (2024). Breaking society free from fossil fuels. Available: https://group.vattenfall.com/globalassets/com/sustainability/vattenfall-annual-and-sustainability-report-2024.pdf
[18] OECD (2025), State-Owned Enterprises and Sustainability: Leading by Example, OECD Publishing, Paris, https://doi.org/10.1787/c99c7ef0-en.

demonstrates the potential for cooperation between the state-owned companies in strategically important investment areas.[19] This points to the potential of developing such a model as a structured approach to the transformation of infrastructure and energy.

Overall, improving the governance of SOEs in Latvia rests on the need to consistently strengthen institutional discipline, to use public resources more efficiently and to direct investment in a targeted manner towards strategically important industries. The coordinated implementation of these elements forms the basis for raising the quality of governance and for a more sustainable use of public capital, bringing it closer to good governance standards.

[19] State Audit Office of the Republic of Latvia. (2026). Imrpovements are needed in the management of JSC "Latvijas Valsts Meži". Available: https://lrvk.gov.lv/en/getrevisionfile/29803-Uu1Swr4H77hCNg7qGP87ORGeqbZprIKy.pdf?

4. CONCLUSIONS AND RECOMMENDATIONS

1. **The performance efficiency of SOEs differs substantially across industries and enterprise size groups**. The study for 2022–2024 found that comparatively weaker financial performance is observed in the water supply, energy and real estate industries. This highlights the need to review not only the governance practices of individual enterprises, but also the economic and strategic justification for SOEs across different industries, as well as the efficiency of resource utilisation.

2. **The water supply industry experiences persistent financial performance challenges.** Negative average profit was identified in both the small and medium-sized enterprise groups, with losses of EUR 34.2 thousand and EUR 129.8 thousand respectively. This suggests that increasing enterprise size does not in itself guarantee better financial results. Tariff regulation, infrastructure maintenance costs and investment needs may play a significant role.

3. **In the energy industry, potential economies of scale are observable, yet efficiency problems persist.** In the small enterprise group, average losses reached EUR 103.1 thousand, whereas the medium-sized enterprise group recorded an average profit of EUR 171.5 thousand. At the same time, return on assets in the medium-sized enterprise group remained negative, indicating that a larger scale of operation does not always ensure efficient use of capital.

4. **In the real estate industry, particular attention should be paid to the economic justification of the operations of the smallest SOEs.** In the micro-enterprise group, average losses of EUR 10.4 thousand were identified, while average profit in the small and medium-sized enterprise groups was positive. Moreover, in the latter two groups the share of companies performing below the industry average on all three evaluation criteria exceeded the share of those performing above average. This indicates the need to assess the consolidation of functions and the justification for state involvement.

5. **The financial results of SOEs are influenced not only by the quality of governance, but also by external economic and structural factors.** In the period analysed, increases in energy resource prices, inflation, regulated tariffs and the cost structure of capital-intensive industries played a significant role. Therefore, weak financial indicators do not always reflect only ineffective governance, and their evaluation requires taking into account the operating conditions of the specific industry.

6. **There are significant regional differences in the performance results of SOEs.** In the real estate and energy industries, companies with indicators below the industry average are more frequently concentrated in Latgale, whereas better results are observed in Vidzeme and the Pierīga region. These differences may be related to infrastructure quality, availability of investment and the administrative capacity of local governments, indicating the need for more targeted regional development measures.

7. **Improving the efficiency of Latvia's SOEs requires targeted reforms focused on transparent governance, efficient resource allocation, and clearly defined strategic objectives.** FICIL calls for regular assessments of the economic performance of SOEs and the continued need for state or municipal ownership, consolidation of administrative functions across SOEs to reduce duplication and achieve economies of scale, and greater private sector participation, where this demonstrably improves efficiency, service quality or value for money while safeguarding public interests. At the same time, governance and financial discipline should be strengthened by exploring opportunities for stock exchange listings and developing a regulatory framework for Real Estate Investment Trusts (REITs). In strategically important industries, public ownership should prioritise infrastructure modernisation, innovation, and long-term investment efficiency to support Latvia's economic growth and competitiveness.

ANNEXES

Annex 1

Number of eliminated companies from 2022 to 2024

GOVERNING BODY	NAME	INDUSTRY	SIZE
Cēsis Municipality	SIA "Jaunpiebalgas pašvaldības ambulance"	Human health activities	MICRO
Cēsis Municipality	SIA"UNGURMUIŽA"	Accommodation	
Jēkabpils Municipality	SIA "Zasas aptieka"	Retail trade, except of motor vehicles and motorcycles	
Jēkabpils Municipality	SIA"Gārsene 3"	Real estate activities	

Source: Compiled by the author using LURSOFT database data

Number of reorganised companies from 2022 to 2024

GOVERNING BODY	NAME	INDUSTRY (NACE level 2)	SIZE
Ropaži Municipality	Pašvaldības sabiedrība ar ierobežotu atbildību "VANGAŽU AVOTS"	Sewerage	MICRO
Talsi Municipality	SIA "ZIEMEĻKURZEME"	Water collection, treatment and supply	
Tukums Municipality	Pašvaldības sabiedrība ar ierobežotu atbildību "Jaunpils KS"	Water collection, treatment and supply	
Talsi Municipality	Sabiedrība ar ierobežotu atbildību "KOLKAS ŪDENS"	Water collection, treatment and supply	
Ventspils City Council	Pašvaldības SIA "Ventspils tirgus"	Real estate activities	
Talsi Municipality	SIA "MĒRSRAGA ŪDENS"	Water collection, treatment and supply	
Madona Municipality	Ērgļu pagasta SIA "ŪDAS"	Electricity, gas, steam and air conditioning supply	
Madona Municipality	Sabiedrība ar ierobežotu atbildību "Lubānas KP"	Electricity, gas, steam and air conditioning supply	
Jēkabpils Municipality	Sabiedrība ar ierobežotu atbildību "Rubenītis"	Land transport and transport via pipelines	
South Kurzeme Municipality	SIA "AIZPUTES KOMUNĀLAIS UZŅĒMUMS"	Electricity, gas, steam and air conditioning supply	
South Kurzeme Municipality Council	Sabiedrība ar ierobežotu atbildību "Durbes KS"	Water collection, treatment and supply	
South Kurzeme Municipality	SIA "VĒRGALES KOMUNĀLĀ SAIMNIECĪBA"	Electricity, gas, steam and air conditioning supply	
South Kurzeme Municipality	SIA "KS Cīrava"	Electricity, gas, steam and air conditioning supply	
South Kurzeme Municipality	SIA "Pāvilostas komunālais uzņēmums"	Electricity, gas, steam and air conditioning supply	

Bauska Municipality	SIA "Jaunolis"	Civil engineering	
Valmiera Municipality	Sabiedrība ar ierobežotu atbildību "BANGA KPU"	Sewerage	
Olaine Municipality	Sabiedrība ar ierobežotu atbildību "ZEIFERTI"	Water collection, treatment and supply	
Tukums Municipality	Pašvaldības sabiedrība ar ierobežotu atbildību "Krants"	Water collection, treatment and supply	
Bauska Municipality	Sabiedrība ar ierobežotu atbildību "Īslīces ūdens"	Water collection, treatment and supply	
Ropaži Municipality	Sabiedrība ar ierobežotu atbildību "Vangažu Namsaimnieks"	Real estate activities	SMALL
Mārupe Municipality	Sabiedrība ar ierobežotu atbildību "BABĪTES SILTUMS"	Electricity, gas, steam and air conditioning supply	
Sigulda Municipality	Krimuldas novada pašvaldības sabiedrība ar ierobežotu atbildību "Entalpija-2"	Electricity, gas, steam and air conditioning supply	
Sigulda Municipality	Pašvaldības sabiedrība ar ierobežotu atbildību "NORMA K"	Electricity, gas, steam and air conditioning supply	
Jelgava Municipality	SIA "Ozolnieku KSDU"	Services to buildings and landscape activities	
Limbaži Municipality Council	SIA "ALOJAS VESELĪBAS APRŪPES CENTRS"	Residential care activities	
Limbaži Municipality	Sabiedrība ar ierobežotu atbildību "Alojas Saimniekserviss"	Sewerage	
Limbaži Municipality	Sabiedrība ar ierobežotu atbildību "Rekreācijas centrs "Vīķi""	Residential care activities	
Ludza Municipality	Sabiedrība ar ierobežotu atbildību "ZILUPES LTD"	Water collection, treatment and supply	
Krāslava Municipality	Sabiedrība ar ierobežotu atbildību "Dagdas komunālā saimniecība"	Water collection, treatment and supply	
Jēkabpils Municipality	Sabiedrība ar ierobežotu atbildību "Spunģēni-Daugavieši"	Real estate activities	
Rēzekne Municipality	Sabiedrība ar ierobežotu atbildību "VIĻĀNU SILTUMS"	Electricity, gas, steam and air conditioning supply	
Rēzekne Municipality	Sabiedrība ar ierobežotu atbildību "VIĻĀNU NAMSAIMNIEKS"	Water collection, treatment and supply	
Rēzekne Municipality	Sabiedrība ar ierobežotu atbildību "STRŪŽĀNU SILTUMS"	Water collection, treatment and supply	
Bauska Municipality Council	SIA "BAUSKAS SILTUMS"	Electricity, gas, steam and air conditioning supply	
Bauska Municipality	Sabiedrība ar ierobežotu atbildību "KŪDRINIEKS"	Electricity, gas, steam and air conditioning supply	
Bauska Municipality	Sabiedrība ar ierobežotu atbildību "Mūsu saimnieks"	Electricity, gas, steam and air conditioning supply	

Valmiera Municipality	SIA "BN KOMFORTS"	Water collection, treatment and supply	
Bauska Municipality	Sabiedrība ar ierobežotu atbildību "Iecavas siltums"	Electricity, gas, steam and air conditioning supply	
Bauska Municipality Council	SIA "VIDES SERVISS"	Services to buildings and landscape activities	MEDIUM
Bauska Municipality	Sabiedrība ar ierobežotu atbildību "Dzīvokļu komunālā saimniecība"	Water collection, treatment and supply	

Source: Compiled by the author using LURSOFT database data

Annex 2

Number of outlier companies from 2022 to 2024

MANAGER	ENTERPRISE	INDUSTRY	FREQUENCY
Olaine Municipality	Akciju sabiedrība "OLAINES ŪDENS UN SILTUMS"	Water collection, treatment and supply	3
Ogre Municipality	Ogres novada pašvaldības sabiedrība ar ierobežotu atbildību "MS siltums"	Electricity, gas, steam and air conditioning supply	3
Daugavpils State City Municipality	Pašvaldības akciju sabiedrība "Daugavpils siltumtīkli"	Electricity, gas, steam and air conditioning supply	3
Jūrmala State City Municipality	Sabiedrība ar ierobežotu atbildību "Dzintaru koncertzāle"	Creative, arts and entertainment activities	3
Mārupe Municipality	Sabiedrība ar ierobežotu atbildību "Mārupes komunālie pakalpojumi"	Real estate activities	3
STATE	Sabiedrība ar ierobežotu atbildību "Tiesu namu aģentūra"	Real estate activities	3
Valmiera Municipality	Sabiedrība ar ierobežotu atbildību "VTU VALMIERA"	Land transport and transport via pipelines	3
Riga State City Municipality	SIA "Getliņi EKO"	Waste collection, treatment and disposal activities; materials recovery	3
Liepāja State City Municipality	SIA "LIEPĀJAS RAS"	Waste collection, treatment and disposal activities; materials recovery	3
STATE	SIA "Rīgas Austrumu klīniskā universitātes slimnīca"	Human health activities	3
STATE	Valsts sabiedrība ar ierobežotu atbildību "Bērnu klīniskā universitātes slimnīca"	Human health activities	3
STATE	Valsts sabiedrība ar ierobežotu atbildību "Dailes teātris"	Creative, arts and entertainment activities	3
STATE	Valsts sabiedrība ar ierobežotu atbildību "Paula Stradiņa klīniskā universitātes slimnīca"	Human health activities	3
STATE	Valsts sabiedrība ar ierobežotu atbildību "Zemkopības ministrijas nekustamie īpašumi"	Real estate activities	3
Riga State City Municipality	Rīgas pašvaldības sabiedrība ar ierobežotu atbildību "Rīgas satiksme"	Land transport and transport via pipelines	2
Liepāja State City Municipality	Sabiedrība ar ierobežotu atbildību "Liepājas Olimpiskais centrs"	Real estate activities	2
Dobele Municipality	SIA "Dobeles enerģija"	Electricity, gas, steam and air conditioning supply	2

Sigulda Municipality	SIA "Siguldas slimnīca"	Human health activities	2
STATE	Valsts sabiedrība ar ierobežotu atbildību "Jaunais Rīgas teātris"	Creative, arts and entertainment activities	2
STATE	Valsts sabiedrība ar ierobežotu atbildību "Šampētera nams"	Real estate activities	2
STATE	Akciju sabiedrība "Pasažieru vilciens"	Land transport and transport via pipelines	1
Ropaži Municipality	Pašvaldības SIA "Garkalnes inženiertīkli"	Water collection, treatment and supply	1
Valmiera Municipality	Sabiedrība ar ierobežotu atbildību "KOCĒNU KOMUNĀLĀ SAIMNIECĪBA"	Water collection, treatment and supply	1
Riga Technical University	Sabiedrība ar ierobežotu atbildību "ĶĪPSALAS PELDBASEINS"	Sports activities and amusement and recreation activities	1
Limbaži Municipality	Sabiedrība ar ierobežotu atbildību "Salacgrīvas ūdens"	Water collection, treatment and supply	1
Bauska Municipality	SIA "Bauskas novada komunālserviss"	Water collection, treatment and supply	1
Talsi Municipality	SIA "MĒRSRAGA ŪDENS"	Water collection, treatment and supply	1
Ventspils City Council	SIA "VATS"	Electricity, gas, steam and air conditioning supply	1

Source: Compiled by the author based on LURSOFT database data Annex 3

Average number of companies in the industry from 2022 to 2024

INDUSTRY	NUMBER	AVERAGE
Human health activities	206	68.67
Electricity, gas, steam and air conditioning supply	122	40.67
Water collection, treatment and supply	121	40.33
Real estate activities	120	40.00
Creative, arts and entertainment activities	63	21.00
Waste collection, treatment and disposal activities; materials recovery	45	15.00
Residential care activities	43	14.33
Land transport and transport via pipelines	40	13.33
Sports activities and amusement and recreation activities	33	11.00
Warehousing and support activities for transportation	30	10.00
Services to buildings and landscape activities	27	9.00
Architectural and engineering activities; technical testing and analysis	15	5.00
Education	15	5.00
Sewerage	14	4.67
Other professional, scientific and technical activities	12	4.00
Public administration and defence; compulsory social security	12	4.00
Civil engineering	10	3.33
Telecommunications	9	3.00
Scientific research and development	9	3.00
Retail trade, except of motor vehicles and motorcycles	8	2.67
Food and beverage service activities	6	2.00
Financial service activities, except insurance and pension funding	6	2.00
Information service activities	6	2.00
Forestry and logging	6	2.00
Programming and broadcasting activities	6	2.00
Remediation activities and other waste management services	6	2.00
Accommodation	5	1.67
Crop and animal production, hunting and related service activities	3	1
Gambling and betting activities	3	1
Libraries, archives, museums and other cultural activities	3	1
Office administrative, office support and other business support activities	3	1
Travel agency, tour operator and other reservation service and related activities	3	1
Construction of buildings	3	1
Air transport	3	1
Manufacture of fabricated metal products, except machinery and equipment	3	1
Publishing activities	3	1
Postal and courier activities	3	1
Other personal service activities	3	1
Activities of membership organisations	3	1
Water transport	3	1

Source: Compiled by the author using LURSOFT database data

Annex 4

Average number of companies in the micro-level group over three years by industry

INDUSTRY	NUMBER
Human health activities	8
Electricity, gas, steam and air conditioning supply	5.67
Water collection, treatment and supply	5.67
Real estate activities	5
Retail trade, except of motor vehicles and motorcycles	2.67
Warehousing and support activities for transportation	1.67
Civil engineering	1.33
Architectural and engineering activities; technical testing and analysis	1
Waste collection, treatment and disposal activities; materials recovery	1
Office administrative, office support and other business support activities	1
Manufacture of fabricated metal products, except machinery and equipment	1
Information service activities	1
Education	1
Accommodation	1
Sewerage	1
Other personal service activities	1
Residential care activities	1
Sports activities and amusement and recreation activities	1
Telecommunications	1
Water transport	1
Scientific research and development	1
Food and beverage service activities	1
Programming and broadcasting activities	1
Services to buildings and landscape activities	.0.33
Land transport and transport via pipelines	0.33

Compiled by the author based on LURSOFT database data

Annex 5

Turnover of companies in the micro-level group in 2024

NAME	GOVERNING BODY	INDUSTRY	TURNOVER 2024 (EUR)
Sabiedrība ar ierobežotu atbildību "Krimuldas doktorāts"	Krimulda Municipality Council / Sigulda Municipality	Human health activities	368,195
Sabiedrība ar ierobežotu atbildību "Bēnes doktorāts"	Dobele Municipality	Human health activities	159,325
Sabiedrība ar ierobežotu atbildību "Viļakas Veselības aprūpes centrs"	Balva Municipality	Human health activities	66,980
Inčukalna pagasta pašvaldības bezpeļņas uzņēmums "INČUKALNA AMBULANCE"	Inčukalns Parish Council	Human health activities	0
Alūksnes rajona padomes pašvaldības bezpeļņas organizācija "APES DOKTORĀTS"	Alūksne District Council	Human health activities	0
SIA "Auces slimnīca"	Dobele Municipality	Human health activities	0
Sabiedrība ar ierobežotu atbildību "AlgoMed"	Babīte Municipality (2021)	Human health activities	0
Kalnciema medicīniskās aprūpes pašvaldības uzņēmums "JELGAVAS RAJONA KALNCIEMA PILSĒTAS SLIMNĪCA"	Kalnciems Town with Rural Territory Council	Human health activities	0

Source: Compiled by the author based on LURSOFT database data

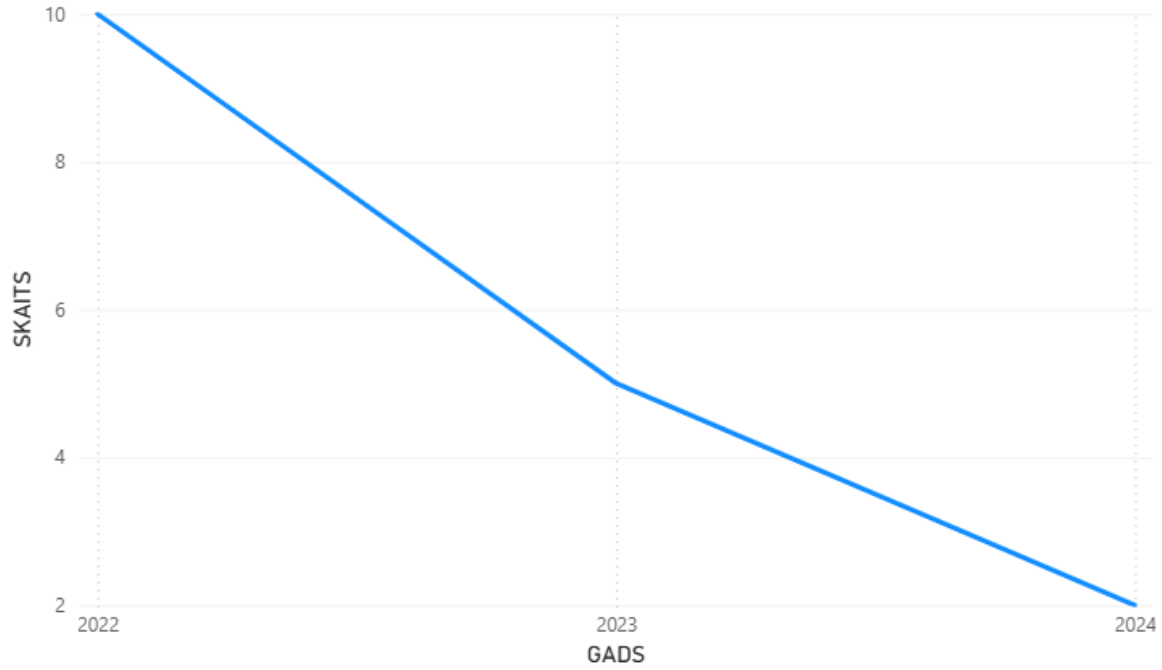


Figure 4.1. Number of companies in the industry "Water collection, treatment and supply" from 2022 to 2024
Compiled by the author based on LURSOFT database data

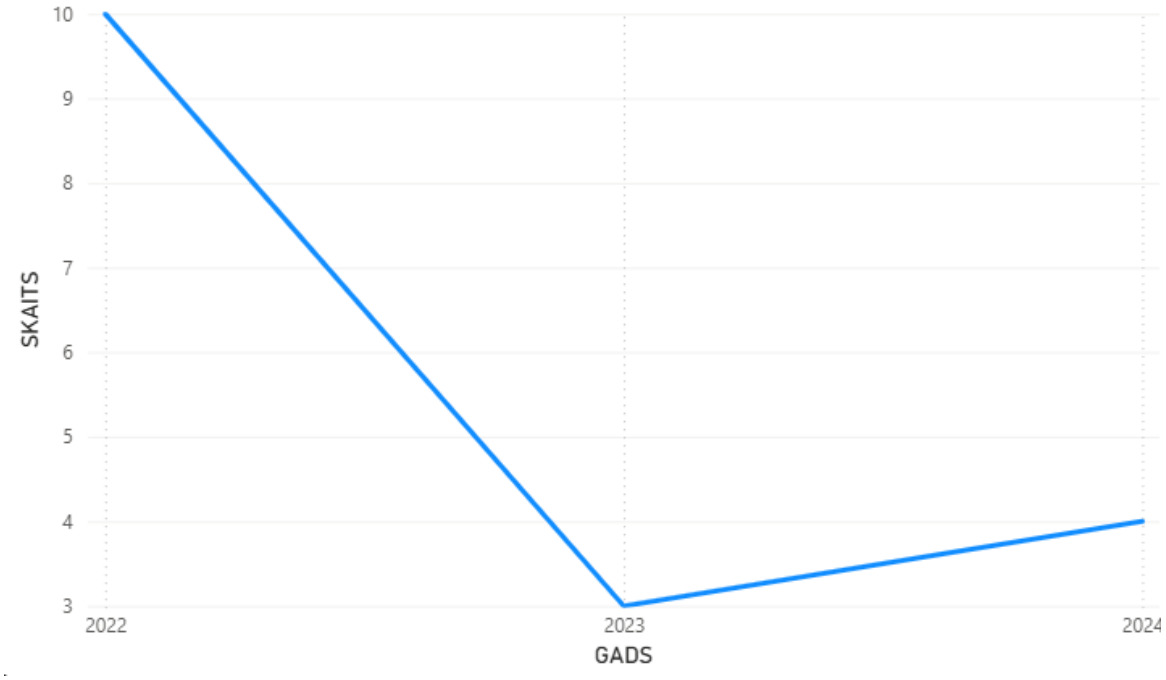


Figure 4.2. Number of companies in the industry "Electricity, gas and heat supply" from 2022 to 2024
Created by the author based on data from the LURSOFT database

Annex 6

Average number of companies in the small enterprise group by industry

INDUSTRY	NUMBER
Water collection, treatment and supply	20.67
Electricity, gas, steam and air conditioning supply	20
Real estate activities	13
Residential care activities	10.33
Human health activities	7.33
Sports activities and amusement and recreation activities	6
Waste collection, treatment and disposal activities; materials recovery	5
Creative, arts and entertainment activities	5
Architectural and engineering activities; technical testing and analysis	2.67
Services to buildings and landscape activities	2.67
Warehousing and support activities for transportation	2.33
Scientific research and development	2
Sewerage	1.67
Food and beverage service activities	1.33
Education	1.33
Travel agency, tour operator and other reservation service and related activities	1
Other professional, scientific and technical activities	1
Financial service activities, except insurance and pension funding	1
Information service activities	1
Remediation activities and other waste management services	1
Land transport and transport via pipelines	1
Accommodation	0.67

Created by the author based on data from the LURSOFT database

Annex 7

Average number of companies in the medium-sized enterprise group by industry

INDUSTRY	NUMBER
Human health activities	25.67
Real estate activities	14.67
Creative, arts and entertainment activities	12.33
Electricity, gas, steam and air conditioning supply	10
Water collection, treatment and supply	9.33
Waste collection, treatment and disposal activities; materials recovery	7
Land transport and transport via pipelines	7
Services to buildings and landscape activities	5
Sports activities and amusement and recreation activities	3.67
Residential care activities	3
Warehousing and support activities for transportation	3
Sewerage	2
Public administration and defence; compulsory social security	2
Education	1.67
Architectural and engineering activities; technical testing and analysis	1.33
Crop and animal production, hunting and related service activities	1
Gambling and betting activities	1
Libraries, archives, museums and other cultural activities	1
Other professional, scientific and technical activities	1
Construction of buildings	1
Civil engineering	1
Publishing activities	1
Remediation activities and other waste management services	1
Financial service activities, except insurance and pension funding	0.33

Created by the author based on data from the LURSOFT database

Annex 8

Average number of companies in the large enterprise group by industry

INDUSTRY	NUMBER
Human health activities	24
Real estate activities	3
Land transport and transport via pipelines	3
Warehousing and support activities for transportation	3
Other professional, scientific and technical activities	2
Electricity, gas, steam and air conditioning supply	2
Forestry and logging	2
Telecommunications	2
Water collection, treatment and supply	2
Public administration and defence; compulsory social security	2
Programming and broadcasting activities	1.33
Services to buildings and landscape activities	1
Air transport	1
Civil engineering	1
Education	1
Postal and courier activities	1
Creative, arts and entertainment activities	1
Activities of membership organisations	1
Financial service activities, except insurance and pension funding	0.67

Created by the author based on data from the LURSOFT database

Annex 9

Small enterprise group companies with indicators below the industry average over 3 years

INDUSTRY/ COMPANY	FREQUENCY
Waste collection, treatment and disposal activities; materials recovery:	**6**
• Pašvaldības sabiedrība ar ierobežotu atbildību "GARKALNES KOMUNĀLSERVISS"	1
• Sabiedrība ar ierobežotu atbildību "Zemgales EKO"	1
• SIA "Madonas namsaimnieks"	2
• Varakļānu "Dzīvokļu komunālais uzņēmums" SIA	2
Electricity, gas, steam and air conditioning supply:	**13**
• Akciju sabiedrība "BALVU ENERĢIJA"	2
• Pašvaldības sabiedrība ar ierobežotu atbildību "NORMA K"	1
• Sabiedrība ar ierobežotu atbildību "BABĪTES SILTUMS"	1
• Sabiedrība ar ierobežotu atbildību "KĀRSAVAS NAMSAIMNIEKS"	1
• Sabiedrība ar ierobežotu atbildību "Kokneses Komunālie pakalpojumi"	2
• Sabiedrība ar ierobežotu atbildību "KULDĪGAS SILTUMTĪKLI"	1
• Sabiedrība ar ierobežotu atbildību "LĪVĀNU SILTUMS"	2
• Sabiedrība ar ierobežotu atbildību "Siltums KIM"	1
• Sabiedrība ar ierobežotu atbildību "Viesītes komunālā pārvalde"	1
• SIA "Bērzaunes komunālais uzņēmums"	1
Services to buildings and landscape activities:	**1**
• SIA "Rojas DzKU"	1
Real estate activities:	**12**
• Sabiedrība ar ierobežotu atbildību "ALŪKSNES NAMI"	1
• Sabiedrība ar ierobežotu atbildību "LIEPĀJAS NAMU APSAIMNIEKOTĀJS"	1
• Sabiedrība ar ierobežotu atbildību "NAMSAIMNIEKS"	1
• Sabiedrība ar ierobežotu atbildību "Pils rajona Namu pārvalde"	2
• Sabiedrība ar ierobežotu atbildību "PRIEKULES NAMI"	1
• Sabiedrība ar ierobežotu atbildību "Valkas Namsaimnieks"	2
• Sabiedrība ar ierobežotu atbildību "Vangažu Namsaimnieks"	1
• Sabiedrība ar ierobežotu atbildību "VĪGANTS"	1
• Sabiedrība ar ierobežotu atbildību "ZEMGALES 29"	1
• SIA "Liepājas latviešu biedrības nams"	1
Creative, arts and entertainment activities:	**3**
• SIA "Kurzemes filharmonija"	1
• Valsts sabiedrība ar ierobežotu atbildību "KREMERATA BALTICA"	1
• Valsts sabiedrība ar ierobežotu atbildību "Rīgas cirks"	1
Residential care activities:	**13**
• Sabiedrība ar ierobežotu atbildību "Aknīstes veselības un sociālās aprūpes centrs"	3
• Sabiedrība ar ierobežotu atbildību "Ērgļu slimnīca"	2
• Sabiedrība ar ierobežotu atbildību "Kārsavas slimnīca"	2

• Sabiedrība ar ierobežotu atbildību "Zilupes veselības un sociālās aprūpes centrs"	2
• SIA "Dundagas veselības centrs"	1
• SIA "Varakļānu veselības aprūpes centrs"	3
Sports activities and amusement and recreation activities:	**2**
• SIA "ZEMGALES OLIMPISKAIS CENTRS"	2
Water collection, treatment and supply:	**4**
• Pašvaldības SIA "Garkalnes inženiertīkli"	1
• Sabiedrība ar ierobežotu atbildību "Līgatnes komunālserviss"	2
• SIA "BN KOMFORTS"	1
Human health activities:	**3**
• Sabiedrība ar ierobežotu atbildību "GRĪVAS POLIKLĪNIKA"	2
• Sabiedrība ar ierobežotu atbildību "Viļakas Veselības aprūpes centrs"	1

Created by the author based on data from the LURSOFT database

Annex 10

Medium-sized enterprise group companies with indicators below the industry average over 3 years

INDUSTRY/ COMPANY	FREQUENCY
Waste collection, treatment and disposal activities; materials recovery:	**3**
• Pašvaldības SIA "Ventspils labiekārtošanas kombināts"	2
• Sabiedrība ar ierobežotu atbildību "JĒKABPILS PAKALPOJUMI"	1
• Electricity, gas, steam and air conditioning supply	12
• Sabiedrība ar ierobežotu atbildību "Jēkabpils siltums"	1
• Sabiedrība ar ierobežotu atbildību "Krāslavas nami"	2
• Sabiedrība ar ierobežotu atbildību "LIELVĀRDES REMTE"	2
• Sabiedrība ar ierobežotu atbildību "NAUJENES PAKALPOJUMU SERVISS"	3
• Sabiedrība ar ierobežotu atbildību "PREIĻU SAIMNIEKS"	3
• SIA "GROBIŅAS NAMSERVISS"	1
Services to buildings and landscape activities:	**3**
• Sabiedrība ar ierobežotu atbildību "AUCES KOMUNĀLIE PAKALPOJUMI"	2
• Sabiedrība ar ierobežotu atbildību "VILKME"	1
Real estate activities:	**13**
• Aizkraukles novada sabiedrība ar ierobežotu atbildību "LAUMA A"	1
• Pašvaldības SIA "Ventspils nekustamie īpašumi"	1
• Sabiedrība ar ierobežotu atbildību "AIZPUTES NAMI"	1
• Sabiedrība ar ierobežotu atbildību "Ikšķiles māja"	2
• Sabiedrība ar ierobežotu atbildību "LĪVĀNU DZĪVOKĻU UN KOMUNĀLĀ SAIMNIECĪBA"	2
• Sabiedrība ar ierobežotu atbildību "ORNAMENTS"	2
• Sabiedrība ar ierobežotu atbildību "PRIEKULES NAMI"	1
• Sabiedrība ar ierobežotu atbildību "RĒZEKNES NAMSAIMNIEKS"	2
• SIA "TALSU NAMSAIMNIEKS"	1
Creative, arts and entertainment activities:	**6**
• SIA "LIEPĀJAS TEĀTRIS"	1
• Valsts sabiedrība ar ierobežotu atbildību "Daugavpils teātris"	1
• Valsts sabiedrība ar ierobežotu atbildību "Latvijas Nacionālais simfoniskais orķestris"	2
• Valsts sabiedrība ar ierobežotu atbildību "Valmieras drāmas teātris"	1
• Valsts sabiedrība ar ierobežotu atbildību "Valsts Akadēmiskais koris "Latvija""	1
Land transport and transport via pipelines:	**7**
• Sabiedrība ar ierobežotu atbildību "Daugavpils autobusu parks"	3
• Sabiedrība ar ierobežotu atbildību "GULBENES AUTOBUSS"	1
• Sabiedrība ar ierobežotu atbildību "Jēkabpils autobusu parks"	2
• Sabiedrība ar ierobežotu atbildību "LIEPĀJAS TRAMVAJS"	1
Sports activities and amusement and recreation activities:	**1**

• SIA "Valmieras Olimpiskais centrs"	1
Water collection, treatment and supply:	**6**
• Sabiedrība ar ierobežotu atbildību "Komunālserviss TILDe"	2
• Sabiedrība ar ierobežotu atbildību "LIEPĀJAS ŪDENS"	2
• Sabiedrība ar ierobežotu atbildību "LUDZAS APSAIMNIEKOTĀJS"	1
• Sabiedrība ar ierobežotu atbildību "RĒZEKNES ŪDENS"	1
Human health activities:	**27**
• Pašvaldības sabiedrība ar ierobežotu atbildību "ĀDAŽU SLIMNĪCA"	1
• Pašvaldības sabiedrība ar ierobežotu atbildību "Kauguru veselības centrs"	1
• Sabiedrība ar ierobežotu atbildību "Daugavpils bērnu veselības centrs"	3
• Sabiedrība ar ierobežotu atbildību "Daugavpils zobārstniecības poliklīnika"	3
• Sabiedrība ar ierobežotu atbildību "JELGAVAS KLĪNIKA"	1
• Sabiedrība ar ierobežotu atbildību "Ludzas medicīnas centrs"	2
• Sabiedrība ar ierobežotu atbildību "REHABILITĀCIJAS CENTRS "RĀZNA""	1

Created by the author based on data from the LURSOFT database

Annex 11

Small enterprise group companies with indicators above the industry average over 3 years

INDUSTRY	FREQUENCY
Waste collection, treatment and disposal activities; materials recovery:	**4**
• "JUMIS" Siguldas pilsētas sabiedrība ar ierobežotu atbildību	3
• Pašvaldības sabiedrība ar ierobežotu atbildību "GARKALNES KOMUNĀLSERVISS"	1
Electricity, gas, steam and air conditioning supply:	**9**
• Aizkraukles novada pašvaldības sabiedrība ar ierobežotu atbildību "AIZKRAUKLES SILTUMS"	2
• Sabiedrība ar ierobežotu atbildību "Alūksnes enerģija"	2
• Sabiedrība ar ierobežotu atbildību "Salaspils Siltums"	2
• Sabiedrība ar ierobežotu atbildību "Tukuma siltums"	1
• SIA "LIMBAŽU SILTUMS"	2
Real estate activities:	**3**
• Sabiedrība ar ierobežotu atbildību "ZEMGALES 29"	1
• SIA "Publisko aktīvu pārvaldītājs Possessor"	2
Creative, arts and entertainment activities:	**4**
• SIA "Kurzemes filharmonija"	1
• SIA "Vidzemes koncertzāle"	2
• Valsts sabiedrība ar ierobežotu atbildību "Rīgas cirks"	1
Residential care activities:	**8**
• Sabiedrība ar ierobežotu atbildību "Aprūpes nams "Urga""	1
• Sabiedrība ar ierobežotu atbildību "Mazsalacas slimnīca"	1
• Sabiedrība ar ierobežotu atbildību "Viesītes veselības un sociālās aprūpes centrs"	3
• Sabiedrība ar ierobežotu atbildību "Zilupes veselības un sociālās aprūpes centrs"	1
• SIA "ALOJAS VESELĪBAS APRŪPES CENTRS"	2
Sports activities and amusement and recreation activities:	**5**
• Pašvaldības sabiedrība ar ierobežotu atbildību "Tukuma ledus halle"	2
• Sabiedrība ar ierobežotu atbildību "ĶĪPSALAS PELDBASEINS"	1
• Sabiedrība ar ierobežotu atbildību "Siguldas Sporta serviss"	1
• SIA "OLIMPISKAIS CENTRS "LIMBAŽI""	1
Water collection, treatment and supply:	**9**
• Cēsu pilsētas sabiedrība ar ierobežotu atbildību "VINDA"	1
• Pašvaldības sabiedrība ar ierobežotu atbildību "Valgums-S"	2
• Sabiedrība ar ierobežotu atbildību "Tukuma ūdens"	2
• SIA "Ādažu ūdens"	1
• SIA "Bauskas novada komunālserviss"	1
• SIA "Kandavas komunālie pakalpojumi"	1
• SIA "TALSU ŪDENS"	1

Human health activities:	**6**
• Sabiedrība ar ierobežotu atbildību "Irlavas Sarkanā Krusta slimnīca"	1
• Sabiedrība ar ierobežotu atbildību "JAUNLIEPĀJAS PRIMĀRĀS VESELĪBAS APRŪPES CENTRS"	1
• Sabiedrība ar ierobežotu atbildību "REHABILITĀCIJAS CENTRS "RĀZNA""	1
• Sabiedrība ar ierobežotu atbildību "Rehabilitācijas centrs "Tērvete""	1
• SIA "Zemgales mutes veselības centrs"	2

Created by the author based on data from the LURSOFT database

Annex 12

Medium-sized enterprise group companies with indicators above the industry average over 3 years

INDUSTRY	FREQUENCY
Waste collection, treatment and disposal activities; materials recovery:	**5**
• Sabiedrība ar ierobežotu atbildību "ATKRITUMU APSAIMNIEKOŠANAS DIENVIDLATGALES STARPPAŠVALDĪBU ORGANIZĀCIJA"	3
• SIA "Atkritumu apsaimniekošanas sabiedrība "PIEJŪRA""	1
• SIA "ZAAO"	1
Electricity, gas, steam and air conditioning supply:	**10**
• Pašvaldības SIA "Ventspils siltums"	1
• Sabiedrība ar ierobežotu atbildību "Jēkabpils siltums"	1
• Sabiedrība ar ierobežotu atbildību "Jūrmalas siltums"	3
• Sabiedrība ar ierobežotu atbildību "Rēzeknes siltumtīkli"	2
• SIA "Valmieras ūdens"	3
Services to buildings and landscape activities:	**4**
• Sabiedrība ar ierobežotu atbildību "Labiekārtošana-D"	1
• SIA "DOBELES NAMSAIMNIEKS"	2
• SIA "Rēzeknes novada komunālserviss"	1
Real estate activities:	**10**
• Aizkraukles novada sabiedrība ar ierobežotu atbildību "LAUMA A"	1
• Pašvaldības SIA "Ventspils nekustamie īpašumi"	2
• Sabiedrība ar ierobežotu atbildību "Jelgavas nekustamā īpašuma pārvalde"	1
• Sabiedrība ar ierobežotu atbildību "Ķekavas nami"	2
• Sabiedrība ar ierobežotu atbildību "VALMIERAS NAMSAIMNIEKS"	3
• SIA "Publisko aktīvu pārvaldītājs Possessor"	1
Creative, arts and entertainment activities:	**5**
• Valsts sabiedrība ar ierobežotu atbildību "Jaunais Rīgas teātris"	1
• Valsts sabiedrība ar ierobežotu atbildību "Latvijas Koncerti"	1
• Valsts sabiedrība ar ierobežotu atbildību "Latvijas Leļļu teātris"	1
• Valsts sabiedrība ar ierobežotu atbildību "Latvijas Nacionālais teātris"	1
• Valsts sabiedrība ar ierobežotu atbildību "Mihaila Čehova Rīgas Krievu teātris"	1
Land transport and transport via pipelines:	**8**
• Pašvaldības SIA "Ventspils reiss"	2
• Sabiedrība ar ierobežotu atbildību "GULBENES AUTOBUSS"	2
• Sabiedrība ar ierobežotu atbildību "RĒZEKNES SATIKSME"	2
• SIA "JELGAVAS AUTOBUSU PARKS"	2
Sports activities and amusement and recreation activities:	**2**
• Sabiedrība ar ierobežotu atbildību "Latvijas Nacionālais sporta centrs"	1
• Sabiedrība ar ierobežotu atbildību "Siguldas Sporta serviss"	1
Water collection, treatment and supply:	**7**

• Pašvaldības SIA "ŪDEKA"	1
• Sabiedrība ar ierobežotu atbildību "BALOŽU KOMUNĀLĀ SAIMNIECĪBA"	2
• Sabiedrība ar ierobežotu atbildību "JELGAVAS ŪDENS"	2
• Sabiedrība ar ierobežotu atbildību "LIEPĀJAS ŪDENS"	1
• SIA "TALSU ŪDENS"	1
Human health activities:	**19**
• Sabiedrība ar ierobežotu atbildību "JELGAVAS KLĪNIKA"	1
• Sabiedrība ar ierobežotu atbildību "Krāslavas slimnīca"	2
• Sabiedrība ar ierobežotu atbildību "LIMBAŽU SLIMNĪCA"	3
• Sabiedrība ar ierobežotu atbildību "Preiļu slimnīca"	3
• Sabiedrība ar ierobežotu atbildību "Zemgales veselības centrs"	3
• SIA "Bauskas slimnīca"	2
• SIA "Sarkanā Krusta Smiltenes slimnīca"	1
• SIA Aizkraukles klīnika	3
• Valsts sabiedrība ar ierobežotu atbildību "Piejūras slimnīca"	1

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