

25 Latvia

This country profile benchmarks key self-employment and entrepreneurship indicators for women, youth, seniors and immigrants in Latvia against the average for the European Union. It also reports on the conditions for entrepreneurship and describes recent inclusive entrepreneurship policy actions.

Conditions for inclusive entrepreneurship

Entrepreneurship framework conditions are generally favourable and rank among the highest European Union (EU) Member States for several key indicators. Efforts to build on these strengths are ongoing, including the new Business Environment Plan (2019-21) that streamlines online business registration and increases the availability of digital public services as well as several measures to improve access to financing (i.e. start-up and micro loans, portfolio guarantees, the strengthening of venture capital programmes). Strategies and objectives for supporting specific groups such as youth, women, migrants or seniors have not been developed and tailored support schemes are generally not available.

Recent trends

Over the period 2016-20, the proportion of the population involved in starting or managing a new business was about three times the EU average (21% vs. 6%). However, nearly one-third of these entrepreneurs reported that they started their business due to a lack of opportunities in the labour market. Seniors (50-64 years old) had the highest levels of necessity-driven entrepreneurship (46% vs. 24% for the EU), followed by women (34% vs. 21%) and youth (18-30 years old) (27% vs. 16%). Gaps in activity rates can be observed across the population. If all groups engaged in early-stage entrepreneurship at the same rate as core-age men, there would be 84 000 more entrepreneurs. About 80% of these “missing” entrepreneurs are female and 70% are over 50 years old. However, there are virtually no “missing” youth entrepreneurs.

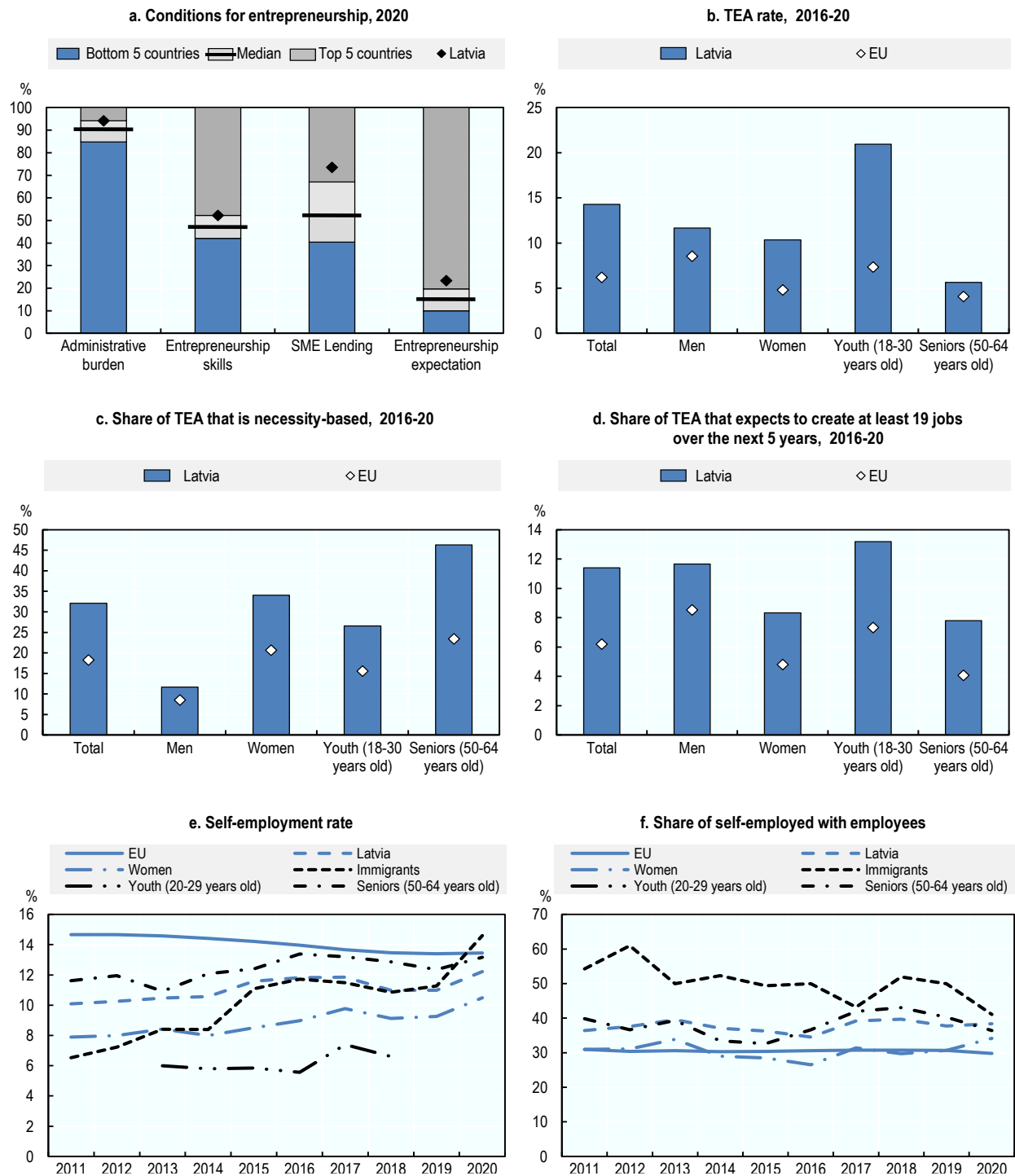
Self-employment increased over the previous decade, particularly among immigrants. The proportion of immigrants who were self-employed increased from 6.5% in 2011 to 14.6% in 2020.

Hot policy issue

In the wake of the COVID-19 crisis, several measures were implemented for the self-employed such as deferring late tax payments up to three years or paying in instalments. As of March 2020, a monthly allowance for idle time covered 75% of the average gross monthly wage, ranging from EUR 180 to EUR 700 per worker with a monthly supplement of EUR 50 per dependent child. For those who did not qualify, another support provided EUR 180 per month (plus EUR 50 per dependent child). This allowance was re-launched in November 2020. Unemployment benefits were also extended to micro-entrepreneurs with a benefit of EUR 180 for a period of four months (extended until 31 December 2021). Moreover, ALTUM (a national finance institution) extended guarantees and loans to entrepreneurs, postponed payments and offered liquidity loans up to EUR 1 million.

Inclusive entrepreneurship indicators

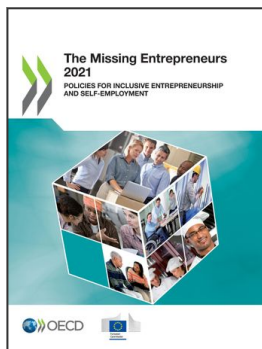
Figure 25.1. Entrepreneurship and self-employment in Latvia



Note: The EU average in panels b-d excludes Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. Please see Chapter 9 for notes on the figures.

Source: Panel a: (World Bank, 2020^[1]; Global Entrepreneurship Monitor (GEM), 2021^[2]; OECD, forthcoming^[3]); Panels b-d: (Global Entrepreneurship Monitor (GEM), 2021^[2]); Panels e-f: (Eurostat, 2021^[4]). Please see Chapter 9 for the full citations.

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