Executive Summary

Latvia has been growing fast and converging towards higher living standards since the early 2000s. However, considerable challenges lay ahead. Population size is declining fast due to aging and emigration, productivity growth declined after the 2008 global crisis and growth prospects are gloomy due to the impact of the COVID-19 pandemic.

Policies to enhance digital transformation have a key role to play in addressing these issues. *Going Digital in Latvia* examines the opportunities and challenges raised by digitalisation in Latvia, looks at current policies and makes recommendations to improve them, based on the OECD Going Digital Integrated Policy Framework. The Review also focuses on selected components of the framework according to the priorities expressed by Latvia.

Enhancing connectivity

Latvia is performing well in terms of deployment of both fixed and mobile broadband high-speed networks. However, differences in connectivity persist between urban areas and rural areas. There are also concerns about competition in the fixed broadband market, where the incumbent's share is 56%.

To be prepared for the forthcoming developments in communication technologies and markets, Latvia should:

- Evaluate the benefits of creating a convergent regulator for both telecommunication and broadcasting services.
- Establish a clear ministerial focal point for communication services.
- Simplify administrative procedures for network deployment and increase co-ordination between municipalities and the Ministry of Transport.
- Allow for a secondary spectrum market to promote more efficient use.
- Develop a comprehensive IPv6 strategy in co-ordination with all stakeholders.

Increasing adoption and use of digital technologies

Latvia has made significant progress in Internet usage in recent years, with the government now leading on digital government in Europe. Latvian people, however, remain moderate users of the Internet while businesses lag behind those in OECD countries.

Latvia should implement a coherent set of measures to:

Upgrade digital skills

- Update training under the Third Father's Son programme, provide libraries with sufficient resources for ICTs, and create a community-based ICT training programme.
- Support the development of modular programmes in higher education that include ICTs.
- Strengthen links between vocational schools and firms employing ICT specialists.
- Exempt foreign ICT specialists with proven experience, or who have completed their studies in Latvia, from labour market tests.

Increase digital uptake by firms

- Create a digital champions programme to support SMEs in sectors with low digital uptake.
- Provide consultancy and management advice to help firms catch up with highly digitised firms.
- Introduce incentives for businesses to interact with the government online.

Foster digital government

- Consolidate funding for digital government into a single ministry, which can then set priorities according to a national strategy.
- Create a civil service-wide training programme on the use of ICTs and the design of e-government services, and develop a manual of good practices.
- Promote an open data ecosystem. Establish a one-stop shop for researchers to access health and social care data.

Enhancing trust in a digital environment

Foster digital security

Latvia can build on solid foundations to address the challenges and opportunities of digital security. However, policy should better encompass the economic and social dimension of digital security, and:

- Promote the digital security strategy at the highest level of government.
- Better integrate the digital security strategy with the Information Society Development Guidelines.
- Promote upskilling and workforce-sharing programmes between public institutions.
- Enhance multi-stakeholder and international co-operation in the area of digital security, in particular with the other Baltic States.

Enhance privacy

Latvia has made significant progress in privacy and data protection though the enactment of the EU General Data Protection Regulation and the Personal Data Processing Law in 2018. However, further steps are necessary to enhance privacy:

- Provide the Data State Inspectorate (DSI) with the human and financial resources necessary to perform its tasks effectively.
- Develop DSI guidance on privacy and privacy management programmes, based on existing good international practice.
- Encourage co-operation between the DSI and other countries, for example, by joining the Global Privacy Enforcement Network.
- Establish appropriate data governance of artificial intelligence and the Internet of Things, through further collaboration with international fora such as the OECD.

Enhance consumer protection online

Latvia's consumer policy is consistent with the OECD *Recommendation of the Council on Consumer Protection in E-commerce*. The government could take further actions to:

- Enhance consumer awareness of issues associated with e-commerce.
- Improve evidence on consumer complaints related to e-commerce and assess the effectiveness of the dispute resolution and redress system.
- Enhance cross-border enforcement co-operation within and outside the European Union.

Unleashing digital innovation

Despite significant growth over the last two decades, productivity remains significantly lower in Latvia than in other OECD countries. Innovation, therefore, is key to increasing productivity and raising living standards.

To seize digital opportunities for innovation, Latvia should:

- Focus on digitalisation as a key enabler of innovation and growth.
- Promote digital innovation to address Latvia's societal and economic challenges.

- Increase research funding to ICT-related projects, including RIS3 projects.
- Raise the quality of research through competitive-based funds, higher private co-financing and systematic *ex post* evaluation.
- Assess the activities of the IT Cluster, the IT Competence Centre and other ICT-related bodies and clearly define their respective roles.

Building a whole-of-government approach

Leveraging the benefits and addressing the challenges of the digital transformation requires co-ordination across all policy domains. To help ensure a coherent and cohesive whole-of-government approach to digital transformation policies, Latvia should:

- Push digital transformation policies higher up the policy agenda.
- Define clear budget appropriations for the Information Society Development Guidelines.
- Institutionalise a co-ordination mechanism for digital transformation policies, (e.g. by investing the Deputy Prime Minister with the role of co-ordinator).

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