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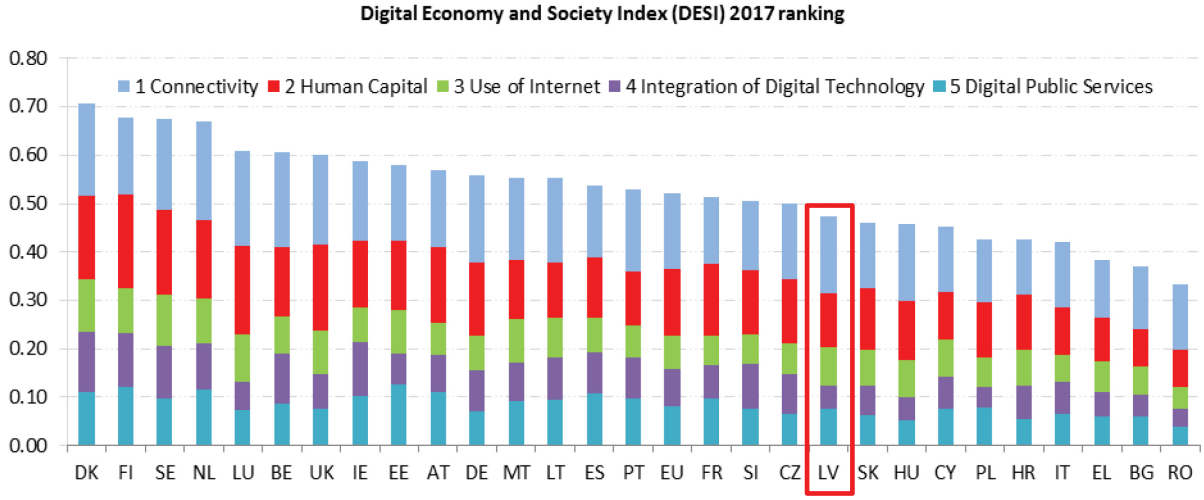
Europe's Digital Progress Report 2017

Europe's Digital Progress Report (EDPR) 2017 Country Profile Latvia

Europe's Digital Progress Report (EDPR) tracks the progress made by Member States in terms of their digitisation, combining quantitative evidence from the Digital Economy and Society Index (DESI)[1] with qualitative information on country-specific policies. It is structured around five chapters:

1 Connectivity	Fixed broadband, mobile broadband, broadband speed and prices
2 Human Capital	Internet use, basic and advanced digital skills
3 Use of Internet	Citizens' use of content, communication and online transactions
4 Integration of Digital Technology	Business digitisation and eCommerce
5 Digital Public Services	eGovernment



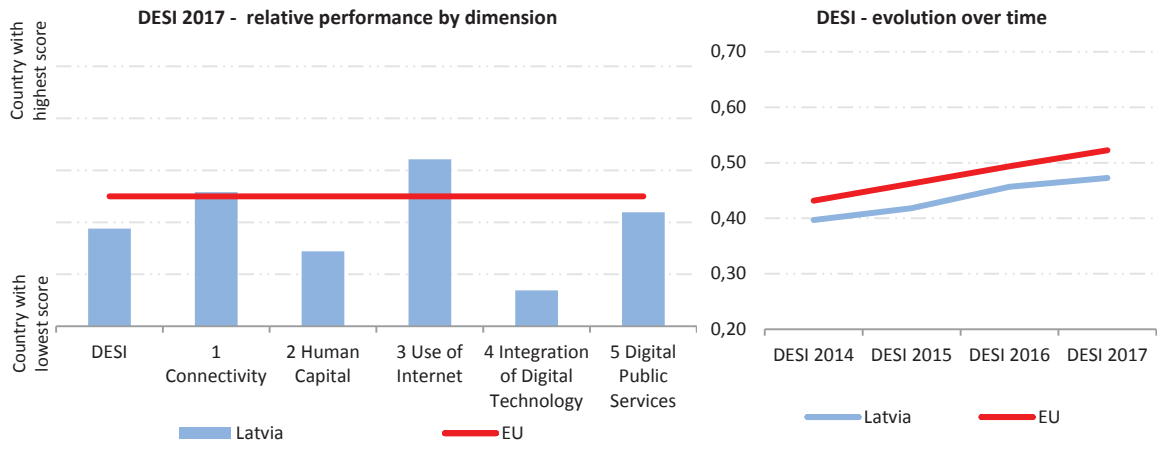
[1] https://ec.europa.eu/digital-single-market/en/desi

	Latvia		Cluster	EU
	rank	score	score	score
DESI 2017	**19**	**0,47**	**0,54**	**0,52**
DESI 2016[2]	19	0,46	0,51	0,49

Latvia ranks 19th in DESI 2017. Compared with one year ago, overall progress is driven by increasing shares of fast broadband subscriptions as well as by improved delivery of public services. More and more Latvians are going online and are using eGovernment services, but half of the population still has no or low digital skills. Latvians are increasingly shopping online, but businesses are exploiting technology in a limited way.

Latvia belongs to the medium performing cluster of countries[3].

On 1 October 2013, Latvia approved Information Society Development Guidelines for 2014 - 2020,[4] elaborated to determine priorities in the area of Information and Communication Technology for the European Union Structural Funds Programming period for 2014 – 2020.



[2] The DESI 2016 was re-calculated for all countries to reflect slight changes in the choice of indicators and corrections to the underlying indicator data. As a result, country scores and rankings may have changed from the previous publication. For further information please consult the DESI methodological note at https://ec.europa.eu/digital-single-market/en/desi.

[3] Medium performing countries are Latvia, Czech Republic, Slovenia, France, Portugal, Spain, Lithuania, Malta, Germany and Austria.

[4] http://www.varam.gov.lv/eng/darbibas_veidi/e_gov/?doc=13317

1 Connectivity

1 Connectivity	Latvia		Cluster	EU
	rank	score	score	score
DESI 2017	**13**	**0.64**	**0.63**	**0.63**
DESI 2016	10	0.63	0.60	0.59

	Latvia					EU
	DESI 2017			DESI 2016		DESI 2017
	value		rank	value	rank	value
1a1 Fixed Broadband Coverage % households	**93%** 2016	→	**24**	**93%** 2015	**24**	**98%** 2016
1a2 Fixed Broadband Take-up % households	**61%** 2016	↓	**24**	**65%** 2015	**21**	**74%** 2016
1b1 Mobile Broadband Take-up Subscriptions per 100 people	**78** June 2016	↑	**16**	**65** June 2015	**19**	**84** June 2016
1b2 4G coverage[5] % households (average of operators)	**91%** 2016		**15**	**NA**		**84%** 2016
1b3 Spectrum[6] % of the target	**90%** 2016	↓	**3**	**95%** 2015	**2**	**68%** 2016
1c1 NGA Coverage % households	**91%** 2016	→	**9**	**91%** 2015	**8**	**76%** 2016
1c2 Subscriptions to Fast Broadband % subscriptions >= 30Mbps	**62%** June 2016	↑	**6**	**56%** June 2015	**8**	**37%** June 2016
1d1 Fixed broadband Price[7] % income	**1.2%** price 2016, income 2015	→	**15**	**1.2%** price 2015, income 2015	**17**	**1.2%** price 2016, income 2015

In 2016 Latvia made some progress in the overall connectivity dimension (ranked 13th) but growing at a slower pace than the EU on average. The country is stagnating with regards to fixed broadband coverage of households, still lagging behind the EU average, ranked 24th with 93% household coverage. Remarkably, almost all coverage is NGA, 91% of households. Subscription to fast broadband is well above the EU average, 62% of total subscriptions as opposed to only 37% across the EU. In contrast, fixed broadband take-up is decreasing in Latvia. The significant increase in mobile broadband take-up on the Latvian market is compensating for the trend above, thanks to data bundles being widely available at affordable prices. In terms of assignment of harmonised spectrum Latvia is performing very well, 3rd in the EU with 90% of the spectrum assigned.

Efforts to boost national broadband investments in should continue according to the 2012 Latvian National Broadband Plan till 100 % coverage with 30 Mbps service is achieved and

[5] This is a new DESI indicator measuring the average coverage of telecom operators' 4G networks.

[6] There is a decrease in most of the Member States due to the additional EU harmonisation of the 700 MHz band in April 2016.

[7] Due to a slight methodological change, historical data was re-calculated.

50% household penetration with 100 Mbps service is attained, by 2020. In order to ensure the availability of high-speed broadband network access everywhere including in scarcely populated, remote territories where telecommunications providers do not see any commercial incentive, Latvia will deploy the second phase of the "Next generation network for rural areas" state aid scheme. This uses ESIF funds and seeks to cover defined white areas with 2800 km of optical cable and create approximately 220 optical network access points.

Latvia's broadband coverage, in particular NGA, illustrates the urban-rural digital divide. Currently, broadband deployment, in particular in rural areas, is supported with by ESIF co-funding. However, regulatory support to NGA deployment is not fully in place as the transposition of the Cost Reduction Directive has suffered significant delays.

2 Human Capital

2 Human Capital	Latvia		Cluster	EU
	rank	score	score	score
DESI 2017	**23**	**0.44**	**0.57**	**0.55**
DESI 2016	22	0.42	0.55	0.53

	Latvia					EU
	DESI 2017			DESI 2016		DESI 2017
	value		rank	value	rank	value
2a1 Internet Users	**77%**	↑	**16**	**75%**	**14**	**79%**
% individuals	2016			2015		2016
2a2 At Least Basic Digital Skills	**50%**	↑	**19**	**49%**	**20**	**56%**
% individuals	2016			2015		2016
2b1 ICT Specialists[8]	**2.2%**	↑	**24**	**2.0%**	**24**	**3.5%**
% employed individuals	2015			2014		2015
2b2 STEM Graduates	**13**	→	**25**	**13**	**24**	**19**
Per 1000 individuals (aged 20-29)	2014			2013		2014

In the Human Capital dimension, Latvia is below average, making only limited progress. More and more people are going online. In 2016, 77% of all Latvians were using the Internet, and the levels of digital skills are slowly improving; nevertheless 50% of citizens are still lacking basic digital skills. The number of ICT specialists is increasing but is still below the EU average.

In Latvia, the digital skills development strategy is included in the National Development Plan for 2014–2020, the section entitled Information Society Development Guidelines 2014–2020,[9] as well as in the National Reform Programme. The Education Development Guidelines 2014-2020 include actions addressing the use of ICT in the learning process and development of digital skills, with support from the state budget and EU financial instruments. Another strategic document addressing the importance of digital skills is the National Cyber Security strategy of Latvia 2014-2018,[10] where the importance of cybersecurity skills at all levels is underlined.

Latvia has a strong National Coalition for Digital Skills and Jobs which is active in the context of the Digital Skills and Jobs Coalition. This partnership involves several ministries from the national government, ICT industry associations and companies as well as the Chamber of Commerce and Industry of Latvia. The coalition is coordinated by the Latvian Information and Communications Technology Association (LIKTA). The actions of the coalition span basic everyday skills to highly specialised ICT professional skills. One of its goals is to increase the

[8] Historical data have been revised by Eurostat.

[9] *Available in English: http://www.varam.gov.lv/eng/darbibas_veidi/e_gov/?doc=13317*

[10] https://www.enisa.europa.eu/topics/national-cyber-security-strategies/ncss-map/latvian-national-cyber-security-strategy

number of young people choosing ICT careers. For this goal, a new computing programme standard was introduced in over 150 pilot schools in Latvia starting with grade 1 in September 2015. The results of the pilot phase received a very positive evaluation and the new standard will be introduced into all schools by 2018.

A follow-up to the ICT Training Scheme for Small and Micro Enterprises for raising competitiveness and productivity started in 2016 with a target of over 7000 training course. The scheme aims to raise productivity, innovation and to increase long-term competitiveness of small and micro-enterprises by teaching participants how to effectively apply ICT technologies and e-skills. All training modules proposed are linked to the DigCOMP 2.0.[11]

Latvia recognises the importance of digital skills and is taking action to reduce skills gaps in order to make Latvia's private and public sector efficient and competitive.

[11]https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/digcomp-20-digital-competence-framework-citizens-update-phase-1-conceptual-reference-model

3 Use of Internet

3 Use of Internet	Latvia		Cluster	EU
	rank	score	score	score
DESI 2017	**10**	**0.54**	**0.45**	**0.48**
DESI 2016	9	0.55	0.42	0.45

	Latvia					EU
	DESI 2017			DESI 2016		DESI 2017
	value		rank	value	rank	value
3a1 News % individuals who used Internet in the last 3 months	**84%** 2016	↓	**9**	**87%** 2015	**5**	**70%** 2016
3a2 Music, Videos and Games[12] % individuals who used Internet in the last 3 months	**77%** 2016		**19**	**NA**		**78%** 2016
3a3 Video on Demand[13] % individuals who used Internet in the last 3 months	**15%** 2016		**15**	**NA**		**21%** 2016
3b1 Video Calls % individuals who used Internet in the last 3 months	**51%** 2016	↓	**9**	**55%** 2015	**4**	**39%** 2016
3b2 Social Networks % individuals who used Internet in the last 3 months	**71%** 2016	↓	**11**	**73%** 2015	**7**	**63%** 2016
3c1 Banking % individuals who used Internet in the last 3 months	**78%** 2016	↓	**6**	**81%** 2015	**6**	**59%** 2016
3c2 Shopping % internet users (last year)	**55%** 2016	↑	**17**	**48%** 2015	**19**	**66%** 2016

In terms of the propensity of individuals to use Internet services Latvians are increasingly buying online. Latvians are frequent users of different online services but there's been a decrease in the usage of most services over the last year. While online shopping saw some increase, it's still below the EU average. Online banking however is still a service where Latvians stand out as very frequent users.

[12] Break in series due to a change in the Eurostat survey.

[13] Break in series due to a change of data source. New source is Eurostat.

4 Integration of Digital Technology

4 Integration of Digital Technology	Latvia		Cluster	EU
	rank	score	score	score
DESI 2017	**25**	**0.23**	**0.40**	**0.37**
DESI 2016	26	0.21	0.37	0.35

	Latvia				EU
	DESI 2017		DESI 2016		DESI 2017
	value	rank	value	rank	value
4a1 Electronic Information Sharing	**16%**	**28**	**16%**	**28**	**36%**
% enterprises	2015		2015		2015
4a2 RFID	**2.8%**	**21**	**2.8%**	**21**	**3.9%**
% enterprises	2014		2014		2014
4a3 Social Media ↑	**11%**	**25**	**10%**	**24**	**20%**
% enterprises	2016		2015		2016
4a4 eInvoices	**19%**	**10**	**NA**		**18%**
% enterprises	2016		2015		2016
4a5 Cloud →	**6%**	**24**	**6%**	**25**	**13%**
% enterprises	2016		2015		2016
4b1 SMEs Selling Online →	**8%**	**25**	**8%**	**23**	**17%**
% SMEs	2016		2015		2016
4b2 eCommerce Turnover	**8.2%**	**17**	**NA**		**9.4%**
% turnover	2016		2015		2016
4b3 Selling Online Cross-border	**3.9%**	**24**	**3.9%**	**24**	**7.5%**
% SMEs	2015		2015		2015

In the Integration of Digital Technology by businesses dimension, Latvia ranks 25th, up from 26th last year,, but is not closing the gap with the EU. The share of enterprises purchasing at least one of the following cloud computing services, database hosting, accounting software applications, etc., is stable at 6% of enterprises. Despite citizens' increased interest in eCommerce activities, very few SMEs make use of electronic sales channels, with only 8% of SMEs selling on-line. Those which do engage in eCommerce, however, make significant turnover from online sales, 8.2% of their turnover versus the 9.4 % in the EUaverage.

Latvia does not have an overarching strategy in place for the digitisation of businesses. This being said, there are several actions supporting digital entrepreneurship in place and Latvia has achieved a relatively good performance in ICT startups.[14] The Latvian Government aims to restructure its economy by making use of technology to improve businesses, both in terms of modernising more traditional businesses as well as facilitating digital entrepreneurship. The Government is planning to grant innovation vouchers that would ensure 60% national co-funding for R&D research and product testing.

[14] Digital Transformation Scoreboard 2017

http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=9076

5 Digital Public Services

5 Digital Public Services	Latvia		Cluster	EU
	rank	score	score	score
DESI 2017	**15**	**0.51**	**0.59**	**0.55**
DESI 2016	18	0.46	0.56	0.51

	Latvia					EU
	DESI 2017			DESI 2016		DESI 2017
	value		rank	value	rank	value
5a1 eGovernment Users	**38%**	↑	**13**	**36%**	**14**	**34%**
% internet users (last year)	2016			2015		2016
5a2 Pre-filled Forms	**58**	↑	**12**	**51**	**14**	**49**
Score (0 to 100)	2016			2015		2016
5a3 Online Service Completion	**91**	↑	**8**	**85**	**13**	**82**
Score (0 to 100)	2016			2015		2016
5a4 Open Data[15]	**15%**	↑	**28**	**10%**	**27**	**59%**
% of the score	2016			2015		2016

Over the past year, Latvia has progressed well in the provision and use of digital public services and Latvia's performance is just below the EU average: Latvia scores 0.51 versus EU 0.55. Latvia ranks 8th in the EU for availability of online government services. The number of citizens using eGovernment services is at 38% slightly higher than the EU average of 34%. However, despite progress in terms of Open Data readiness, Latvia ranks last, largely due to the lack of National open data portal which is being developed throughout 2017..[16]

eGovernment policy is mainly set out in the Information Society Development Guidelines for 2014 -2020.[17] In December 2015 the Natural Person Electronic Identification Law came into force. The law defines citizen identification requirements for public services in the electronic environment; it is expected to increase the use of eGovernment services. Latvia's e-index is the assessment of the e-environment of state institutions and municipalities. It provides an overview of how actively and appropriately state institutions use modern ICT solutions to improve the quality and availability of their services to citizens and businesses. Latvia's e-index consists of two measurements: Latvia's municipality e-index and Latvia's state institution e-index. Municipalities participate in the measurement scheme on a voluntarily basis.

Availability of e-Health services was expected to become mandatory from January 2017. However, the Association of Latvian family doctors has been refusing to sign agreements with the state on using e-health for two main reasons, citing "speed of service," as it takes up to three minutes to produce an e-prescription whereas a handwritten one takes only 30

[15] Change of data source. The historical data have also been restated. The new source is the European Data Portal.

[16] "Open Data maturity in Europe 2016," produced by Capgemini

[17] http://www.varam.gov.lv/eng/darbibas_veidi/e_gov/?doc=13317

seconds; and "patient data protection," fear over the potential for unauthorised access to sick leave diagnosis online. The mandatory switchover to e-health services in now set for 1 September 2017.

Highlight 2017:[18] **Latvian mobile app "Football"**[19] **to be used also in other EU Member States**

The mobile application "Football" provides the chance for everyone to rate the performance and the service quality of the public institutions as well as to record any problems and make suggestions. The app was developed by the Latvian State Chancery as a digital tool to promote public participation, improve the customer service culture in public administration and to assess the performance. Latvia provided the source code, operational guidelines and the necessary technical documentation to the European Commission The EC plans to develop a free app "Open Football", to ensure a similar platform for residents' feedback on public services in all Member States of the European Union.

[18] Highlight 2016: "ICT training for small and micro enterprises for raising competitiveness and productivity was initiated by Ministry of Economy of Latvia with 80 % ESF financing and co-ordinated by LIKTA. The project aimed to increase long-term competitiveness of small and micro-enterprises by teaching how to effectively apply ICT in their businesses. More than 6,000 employees in 1,500 SMEs got trained. A follow-up will start in 2016. " A follow-up project started in 2016 with a target of over 7000 trainings. All training modules proposed are linked to DigCOMP2.0 : www.mmu.lv

[19] http://mazaksslogs.gov.lv/futbols/sakums/