

Digital Economy and Society Index¹ 2016²

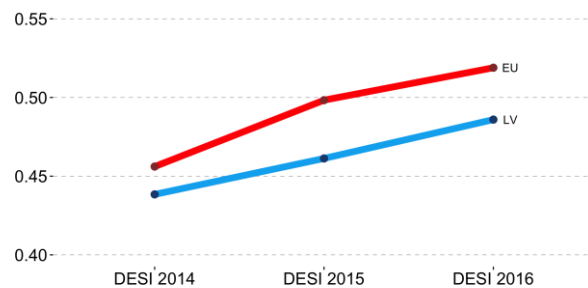
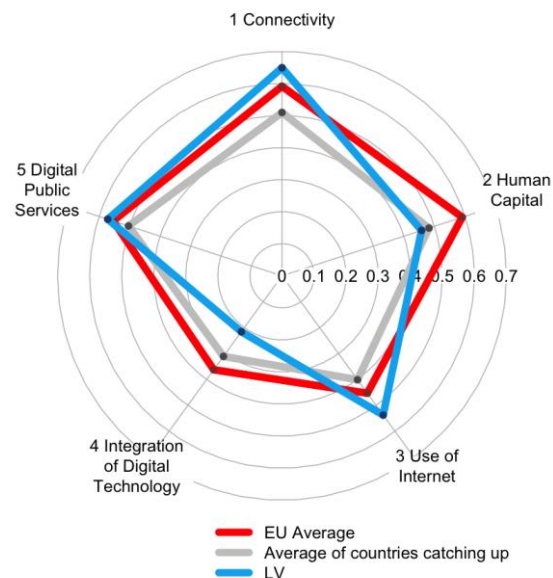
Country Profile

Latvia

In DESI 2016, Latvia has an overall score³ of **0.49** and ranks **19th** out of the 28 EU Member States. High speed broadband connections are available to 91% of homes and Latvia has seen increases in the take-up of fixed broadband (65% of households). More Latvians go online (75%), 36% of Internet users are using eGovernment actively and Latvians engage in a variety of online activities. Integration of digital technology by Latvian businesses remains a challenge. Even though we have seen slight increases from last year in this dimension, Latvia scores second lowest in the EU.

Latvia falls into cluster of countries **catching up**⁴. Scoring below the EU average and with an above average growth from last year.

	Latvia rank	Latvia score	Cluster score	EU score
DESI 2016	19	0.49	0.45	0.52
DESI 2015	19	0.46 ⁵	0.41	0.5



¹ The Digital Economy and Society Index (DESI) is a composite index developed by the European Commission (DG CNECT) to assess the development of EU countries towards a digital economy and society. It aggregates a set of relevant indicators structured around 5 dimensions: Connectivity, Human Capital, Use of Internet, Integration of Digital Technology and Digital Public Services. For more information about the DESI please refer to <http://ec.europa.eu/digital-agenda/en/digital-agenda-scoreboard>

² The DESI 2016 is constructed from indicators referring mostly to the calendar year 2015 (except when data is not available for that calendar year, in which case the latest prior data was used).

³ DESI scores range from 0 to 1, the higher the score the better the country performance.

⁴ In the DESI 2016, Latvia is part of the cluster of countries that are catching up: countries who score below the EU average but whose score grew faster than that of the EU as a whole (in comparison to the DESI 2015). Other catching up countries are Spain, Croatia, Italy, Romania and Slovenia.

⁵ The DESI 2015 was re-calculated for all countries to reflect updates and corrections to the underlying indicator data (which took place between May 2015 and January 2016). As such, country scores and rankings may have changed from the previous publication. For further information please consult the DESI methodological note.

1 Connectivity

1 Connectivity	Latvia		Cluster	EU
	rank	score	score	score
DESI 2016	10	0.65	0.51	0.59
DESI 2015	10	0.64	0.48	0.57

Currently, Latvia is ranked 10th in the Connectivity dimension of the DESI 2016. The country maintains its level of fixed broadband coverage of households, still lagging behind the EU, but ensures comprehensive Next Generation Access (NGA). Thus, while on average the EU is better served in terms of fixed broadband coverage (97% of households as compared to 93% in Latvia), the speed of connections in Latvia is higher (91% of households have access to NGA as opposed to only 71% in the EU).

	DESI 2016		Latvia	DESI 2015		EU
	value		rank	value	rank	DESI 2016 value
1a1 Fixed BB Coverage % households	93% (June 2015)	↑	24	92% (December 2014)	24	97% (June 2015)
1a2 Fixed BB Take-up % households	65% (2015)	↑	21	63% (2014)	19	72% (2015)
1b1 Mobile BB Take-up Subscribers per 100 people	65 (June 2015)	↑	19	63 (December 2014)	17	75 (June 2015)
1b2 Spectrum % of the target for spectrum to be harmonised at EU level	95% (December 2015)	↓	2	99% (December 2014)	2	69% (December 2015)
1c1 NGA Coverage % households, out of all households	91% (June 2015)	↑	8	90% (December 2014)	7	71% (June 2015)
1c2 Subscriptions to Fast BB % of subscriptions >= 30Mbps, out of fixed BB subscriptions	56% (June 2015)	↑	8	54% (December 2014)	4	30% (June 2015)
1d1 Fixed BB Price % individual gross income spent for the cheapest standalone Fixed Broadband subscription (lower values are better)	1.3% (Access cost: 2015; Income: 2014)	→	14	1.3% (Access cost: 2014; Income: 2014)	15	1.3% (Access cost: 2015; Income: 2014)

The comprehensive availability of NGA has led to an increase in the share of subscriptions to fast broadband; however, while there has been a somewhat positive trend in fixed broadband take-up, Latvia is still somewhat below the EU average in terms of both coverage and take-up of fixed and mobile broadband.

2 Human Capital

2 Human Capital	Latvia		Cluster	EU
	rank	score	score	score
DESI 2016	23	0.46	0.48	0.59
DESI 2015	22	0.45	0.44	0.58

With a Human Capital score of 0.46, Latvia is positioned towards the lower end of the scale, and has been unable to improve its rank from the previous year.

	Latvia				EU DESI 2016 value
	DESI 2016 value	rank	DESI 2015 value	rank	
2a1 Internet Users % individuals (aged 16-74)	75% (2015) ↑	14	72% (2014)	16	76% (2015)
2a2 Basic Digital Skills % individuals (aged 16-74)	49% (2015)	20	n.a.	-	55% (2015)
2b1 ICT Specialists % employed individuals	2% (2014) →	25	2% (2013)	25	3.7% (2014)
2b2 STEM Graduates Graduates in STEM per 1000 individuals (aged 20 to 29)	13 (2013) ↓	23	14 (2012)	19	18 (2013)

The number of Internet users has increased slightly from 2015, and now closing in on the EU average, at the same time, the basic digital skills of Latvians 16-74 years old, is below the EU average.

Latvia has a lower share of ICT Specialists and STEM (science, technology and mathematics) Graduates than the EU on average. This can potentially hold back Latvian companies from digitally developing their business.

3 Use of Internet

3 Use of Internet	Latvia		Cluster score	EU score
	rank	score		
DESI 2016	9	0.54	0.4	0.45
DESI 2015	9	0.51	0.39	0.43

In terms of the propensity of individuals to use Internet services, Latvia is placed 9th among EU countries.

	Latvia				EU DESI 2016 value
	DESI 2016		DESI 2015		
	value	rank	value	rank	
3a1 News % individuals who used Internet in the last 3 months (aged 16-74)	87% (2015) ↑	5	86% (2014)	4	68% (2015)
3a2 Music, Videos and Games % individuals who used Internet in the last 3 months (aged 16-74)	52% (2014)	15	52% (2014)	15	49% (2014)
3a3 Video on Demand % households that have a TV	18% (2014)	20	18% (2014)	20	41% (2014)
3b1 Video Calls % individuals who used Internet in the last 3 months (aged 16-74)	55% (2015) ↓	4	57% (2014)	4	37% (2015)
3b2 Social Networks % individuals who used Internet in the last 3 months (aged 16-74)	73% (2015) ↑	7	70% (2014)	7	63% (2015)
3c1 Banking % individuals who used Internet in the last 3 months (aged 16-74)	81% (2015) ↑	6	75% (2014)	6	57% (2015)
3c2 Shopping % individuals who used Internet in the last year (aged 16-74)	48% (2015) ↑	19	44% (2014)	19	65% (2015)

More individuals use Internet banking (81%), read news online (87%), make Internet or video calls (55%), use social networks (73%) than in the average EU country.

More Latvians engage in online banking and online shopping. Although less people in Latvia shop online (48%) than in the EU on average (65%).

4 Integration of Digital Technology

4 Integration of Digital Technology	Latvia		Cluster	EU
	rank	score	score	score
DESI 2016	27	0.22	0.31	0.36
DESI 2015	28	0.19	0.27	0.33

In Integration of Digital Technology by businesses, Latvia scores 0.22, and is overall the second worst performing country within the EU. Not only are Latvian businesses lagging behind the EU in all aspects of eCommerce, the performance in on-line commercial activities is developing slowly when compared to the previous year.

	Latvia				EU DESI 2016 value
	DESI 2016		DESI 2015		
	value	rank	value	rank	
4a1 Electronic Information Sharing % enterprises (no financial sector, 10+ employees)	16% (2015) ↑	28	9.6% (2014)	28	36% (2015)
4a2 RFID % enterprises (no financial sector, 10+ employees)	2.8% (2014)	21	2.8% (2014)	21	3.8% (2014)
4a3 Social Media % enterprises (no financial sector, 10+ employees)	10% (2015) ↑	24	8.8% (2014)	22	18% (2015)
4a4 eInvoices % enterprises (no financial sector, 10+ employees)	n.a.	-	10% (2014)	16	n.a.
4a5 Cloud % enterprises (no financial sector, 10+ employees)	5.9% (2015) ↑	25	4.1% (2014)	26	n.a.
4b1 SMEs Selling Online % SMEs (no financial sector, 10+ employees)	8.3% (2015) ↑	23	6.9% (2014)	26	16% (2015)
4b2 eCommerce Turnover % turnover of SMEs (no financial sector, 10-249 employees)	n.a.	-	7.5% (2014)	15	9.4% (2015)
4b3 Selling Online Cross-border % SMEs (no financial sector, 10+ employees)	3.9% (2015) ↓	24	4.1% (2013)	23	7.5% (2015)

Latvia is progressing in the integration of digital technologies (such as electronic information sharing, RFID, cloud services, and the use of social media) necessary to operate in the digital economy. However, the take-up of these practices is slow.

Since online sales are an important vehicle for enterprises to access wider markets and grow, it is somewhat worrisome that only a minor fraction of Latvian SMEs are selling on-line (8.3%) and that an even smaller percentage of SMEs are engaged in cross-border online sales (3.9%), which may hamper development in such a small country.

5 Digital Public Services

5 Digital Public Services	Latvia		Cluster	EU
	rank	score	score	score
DESI 2016	14	0.57	0.5	0.55
DESI 2015	18	0.49	0.45	0.54

According to DESI 2016, Digital Public Services is one of the dimensions where Latvia have seen important progress. With a score of 0.57, Latvia ranks 14th among EU countries, an improvement in rank from the previous year and now scoring above the EU average.

	Latvia				EU DESI 2016 value
	DESI 2016		DESI 2015		
	value	rank	value	rank	
5a1 eGovernment Users % individuals returning filled forms, out of Internet users in the last year (aged 16-74)	36% (2015)	↑ 14	25% (2014)	20	32% (2015)
5a2 Pre-filled Forms Score (0 to 100)	51 (2015)	↑ 14	38 (2014)	16	49 (2015)
5a3 Online Service Completion Score (0 to 100)	85 (2015)	↑ 13	82 (2014)	11	81 (2015)
5a4 Open Data Score (0 to 700)	315 (2015)	→ 17	315 (2014)	17	351 (2015)

In Latvia there has been a positive growth in the number of eGovernment users (36%), and the country have surpassed the EU average (32%). Latvia has done well in terms of increasing the availability of complete services online⁶ and improving their sophistication⁷. have improved. These improvement might be one of the factors boosting the take-up of eGovernment services.

⁶ 85/100 in the Online Service Completion indicator (measuring the extent to which the various steps in an interaction with the public administration – life event – can be performed completely online)

⁷ 51/100 in the Pre-filled Forms indicator (measuring the extent to which data that is already known to the public administration is pre-filled in the forms that are presented to the user)