



Cabinet of Ministers
Republic of Latvia



The 27th High Council meeting between the Government of Latvia and the Foreign Investors' Council in Latvia

3 November 2023

The Cabinet of Ministers of Republic of Latvia and the Foreign Investors' Council in Latvia (FICIL), having regard to the common objective to enhance Latvia's competitiveness in attracting foreign investment and improving the business environment, agree to cooperate in implementing the following tasks until the next High Council meeting in 2024:

- An effective public sector is required that is adding value to economic development of the country and local governments. In the light of current challenges confronting the country, a continuous performance assessment of public administration institutions, including local authorities needs to be made. This proves to be necessary in order to identify the best legal and institutional framework in cases of overlapping competences and knowledge gaps, as well as to align the public sector's operational model with future economic, social and geopolitical challenges.
- It is necessary to implement a result-based budgeting, linking the funding of programmes and measures to their results and implementation. According to the Government Declaration, there is a need for a clear road map of how this will be implemented.
- It is vital to combat effectively the shadow economy, which affects fair competition, first by establishing a single governance and setting a clear path for reducing the level of the shadow economy, as well as by identifying key performance indicators that allow for practical evaluation of the progress made. In a year's time, it is necessary to put in practice a plan to limit the shadow economy in order to see additional revenue in the state budget.
- Development of a sound human capital is a prerequisite for long-term economic growth; therefore, it is essential to provide one specific body responsible for human capital policy with adequate authority. It is also necessary to strengthen the Human Capital Development Council to address short-term and long-term labour-related challenges.
- Drafting a forward-looking energy policy plan in line with the objectives of the European Union within the next six months that is linked to broader national priorities.
- Digital transformation remains a priority. A common approach is required: a single responsible body should be established for the development of the digital agenda, which would also foster opportunities for data exchange and analysis, by ensuring:
 - data sharing by public authorities as well as high-quality data analysis to facilitate data-based decision-making;
 - centralisation of IT systems;

- upgrading of digital skills of society as well as greater number of professionals with high-level digital skills.
- The principles of good governance are an important aspect that has increasingly been addressed in recent years. In order to promote fair competition, it is necessary to improve corporate governance, transparency and accountability by increasing the level of ambition of market-oriented capital companies of a public person and promoting their competitiveness with the ultimate aim of listing certain capital companies of public persons on the stock exchange.
- It is essential to increase investor confidence by ensuring a predictable and stable investment environment. The rule of law, the quality of legislation and the efficiency of legal acts need to be enhanced, in particular by continuing to:
 - improve the quality of the legislative process by specifying conditions for the inclusion of a requirement for an ‘ex post’ evaluation in major amendments to laws and draft laws on significant reforms;
 - discussions on possible specialisation of courts, facilitation of access to justice, strengthening of digital potential of courts;
 - introduce the necessary changes and adopt good practices in order to promote a broader framework for the evaluation of public tenders and to establish a system which does not regard price as the only qualifying factor.

FICIL submits six position papers containing proposals and recommendations for further evaluation by the Cabinet of Ministers regarding:

- Economic development of Latvia
- Human capital
- Rule of law
- Sustainable development for the future
- A level playing field
- Future public administration

The next High Council meeting between the Cabinet of Ministers and FICIL will be held in the autumn of 2024.

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Zlata Elksniņa-Zaščirinska
Chairperson of FICIL Board

/E. Siliņa/

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