

Latvia

BEEPS-at-a-Glance

Introduction

The EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS) is a joint initiative of the European Bank for Reconstruction and Development and the World Bank. The BEEPS has been carried out in three rounds in 1999, 2002, and 2005 and covers virtually all of the countries of Central and Eastern Europe and the former Soviet Union, as well as Turkey. (It has not been possible to implement this survey in Turkmenistan.)

The BEEPS covers a broad range of issues about the business environment, and this note presents some simple indicators for key areas.

Definitions

The 2005 round of the BEEPS consisted of two parts:

- The *Main BEEPS* sample was drawn from the universe of firms in a broad range of economic activities, with the split between services and industry roughly proportional to the contribution to GDP in each country. The *Main BEEPS* sampling approach was the same in all three rounds of the BEEPS.
- The *Manufacturing Overlay* refers to additional manufacturing firms that were added, above and beyond the Main BEEPS sample, in selected countries. The *Manufacturing Overlay* focused on a small number of narrowly defined manufacturing sectors, and a select number of geographical areas.

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Data Notes

- This note focuses exclusively on the *Main BEEPS* for 2002 and 2005 and presents simple averages over all firms with non-missing data. Regional aggregates are computed using firm-level data.
- Many of the apparent changes over time and difference between countries may not be statistically significant.

Citation

Please refer to the data in all uses as the “**EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS).**” Standard practice is to use this lengthy citation the first time the BEEPS is referenced in the document and the shorthand “BEEPS” thereafter.

Within the World Bank, both the Europe and Central Asia – Poverty Reduction and Economic Management Unit and the Investment Climate Unit contributed to the BEEPS. For more information on this document, contact James Anderson (janderson2@worldbank.org) or Laura Lanteri (llanteri@worldbank.org). Revised February-7-2006.

Latvia

Sample

Summary

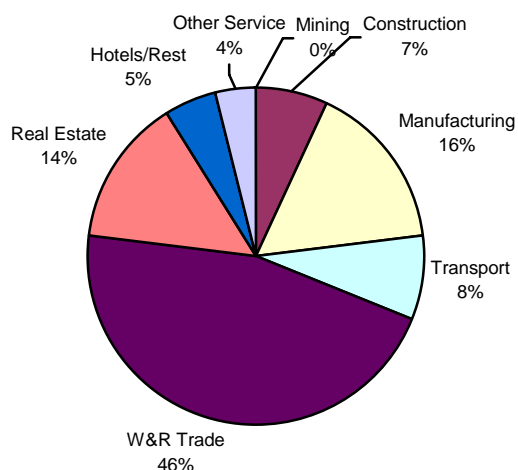
The BEEPS used an identical sampling approach in all years.

- Sector: In each country, the sectoral composition of the sample in terms of manufacturing (including agro-processing) versus services (including commerce) was determined by their relative contribution to GDP. Firms that operate in sectors subject to government price regulation and prudential supervision, such as banking, electric power, rail transport, and water and waste water, were excluded from the design of the sample
- Size: At least 10% of the sample was to be in the small (2-49 employees) and 10% in the large (250-9,999 employees) categories. Firms with only one employee or more than 10,000 employees were excluded
- Ownership: At least 10% of the firms were to have foreign control and 10% state control
- Exporters: At least 10% of the firms were to be exporters (firms that exports 20% or more of total sales)
- Location: At least 10% of firms were to be in the category "small city/countryside" (i.e., population under 50,000)
- Age: Enterprises which began operations in the three years prior to the survey were excluded.

Country	No. of interviews		City/Town			Sector		Main activity		Size of enterprise			Foreign owned	Export
	Target	Completed	Large	Medium	Small	Private	State	Industry	Services	Small	Medium	Large		
Albania	200	204	38.7%	40.2%	21.1%	91.2%	8.8%	49.5%	50.5%	74.0%	18.6%	7.4%	10.8%	20.1%
Armenia	200	201	51.2%	26.4%	22.4%	90.0%	10.0%	46.8%	53.2%	75.1%	13.9%	10.9%	11.4%	12.9%
Azerbaijan	200	200	64.5%	21.5%	14.0%	90.0%	10.0%	48.5%	51.5%	74.0%	18.0%	8.0%	11.0%	11.5%
Belarus	300	325	32.0%	52.0%	16.0%	88.6%	11.4%	42.2%	57.8%	71.4%	17.8%	10.8%	10.2%	16.3%
Bosnia	200	200	34.5%	49.0%	16.5%	90.0%	10.0%	45.5%	54.5%	61.0%	29.0%	10.0%	12.0%	18.0%
Bulgaria	300	300	23.7%	39.0%	37.3%	90.0%	10.0%	28.3%	71.7%	74.0%	16.0%	10.0%	10.3%	15.0%
Croatia	200	236	29.7%	31.8%	38.6%	89.0%	11.0%	44.9%	55.1%	64.8%	21.2%	14.0%	8.9%	19.1%
Czech Republic	300	343	21.9%	31.2%	46.9%	91.3%	8.7%	38.5%	61.5%	76.1%	16.0%	7.9%	9.0%	14.6%
Estonia	200	219	51.6%	21.0%	27.4%	90.9%	9.1%	32.4%	67.6%	74.4%	16.0%	9.6%	15.1%	14.2%
FR Yugoslavia	300	300	45.0%	35.3%	19.7%	86.3%	13.7%	37.3%	62.7%	65.7%	20.7%	13.7%	11.0%	16.3%
FYROM	200	200	60.5%	23.0%	16.5%	91.5%	8.5%	36.0%	64.0%	73.5%	16.5%	10.0%	10.5%	17.0%
Georgia	200	200	50.5%	32.5%	17.0%	88.0%	12.0%	30.0%	70.0%	74.5%	17.5%	8.0%	13.0%	13.5%
Hungary	300	312	34.6%	43.6%	21.8%	94.2%	5.8%	35.3%	64.7%	74.0%	16.3%	9.6%	13.8%	17.0%
Kazakhstan	300	300	40.3%	45.7%	14.0%	90.3%	9.7%	43.7%	56.3%	73.3%	16.0%	10.7%	11.0%	5.0%
Kyrgyzstan	200	202	32.3%	39.6%	28.2%	89.1%	10.9%	43.6%	56.4%	63.4%	26.2%	10.4%	14.4%	13.4%
Latvia	200	205	55.6%	10.7%	33.7%	88.8%	11.2%	22.9%	77.1%	74.1%	15.6%	10.2%	9.8%	12.2%
Lithuania	200	205	30.7%	37.6%	31.7%	87.8%	12.2%	36.1%	63.9%	68.3%	22.0%	9.8%	10.7%	19.0%
Moldova	200	200	44.0%	25.0%	31.0%	90.5%	9.5%	31.5%	68.5%	69.0%	21.5%	9.5%	10.5%	12.5%
Poland	550	580	14.1%	62.2%	23.6%	89.3%	10.7%	37.9%	62.1%	68.4%	21.9%	9.7%	9.5%	15.3%
Romania	300	315	19.0%	49.2%	31.7%	88.9%	11.1%	41.3%	58.7%	62.5%	27.0%	10.5%	11.7%	11.7%
Russia	550	599	56.9%	28.0%	15.0%	90.0%	10.0%	40.9%	59.1%	66.3%	21.9%	11.9%	10.0%	9.7%
Slovak Republic	200	220	41.4%	40.9%	17.7%	89.1%	10.9%	26.8%	73.2%	67.7%	22.3%	10.0%	11.8%	17.7%
Slovenia	200	223	21.1%	22.0%	57.0%	89.2%	10.8%	39.0%	61.0%	70.9%	16.6%	12.6%	7.6%	29.6%
Tajikistan	200	200	37.0%	41.0%	22.0%	90.5%	9.5%	44.0%	56.0%	61.5%	28.5%	10.0%	10.0%	12.5%
Turkey	550	559	54.4%	27.0%	18.6%	90.2%	9.8%	36.5%	63.5%	71.6%	18.8%	9.7%	9.8%	15.7%
Ukraine	550	594	36.5%	47.5%	16.0%	90.2%	9.8%	42.8%	57.2%	70.9%	19.0%	10.1%	10.9%	10.1%
Uzbekistan	300	300	29.0%	39.3%	31.7%	89.7%	10.3%	37.7%	62.3%	73.0%	17.0%	10.0%	11.0%	9.7%

Total 7600 7942

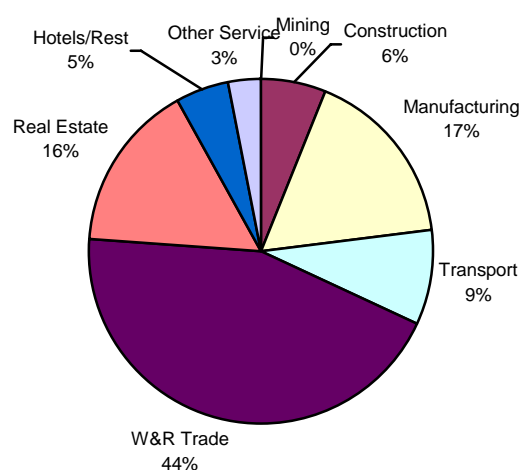
Sample in 2002 for Latvia



Mining
Construction
Manufacturing
Transport

Mining and quarrying
Construction
Manufacturing
Transport, storage and communication

Sample in 2005 for Latvia



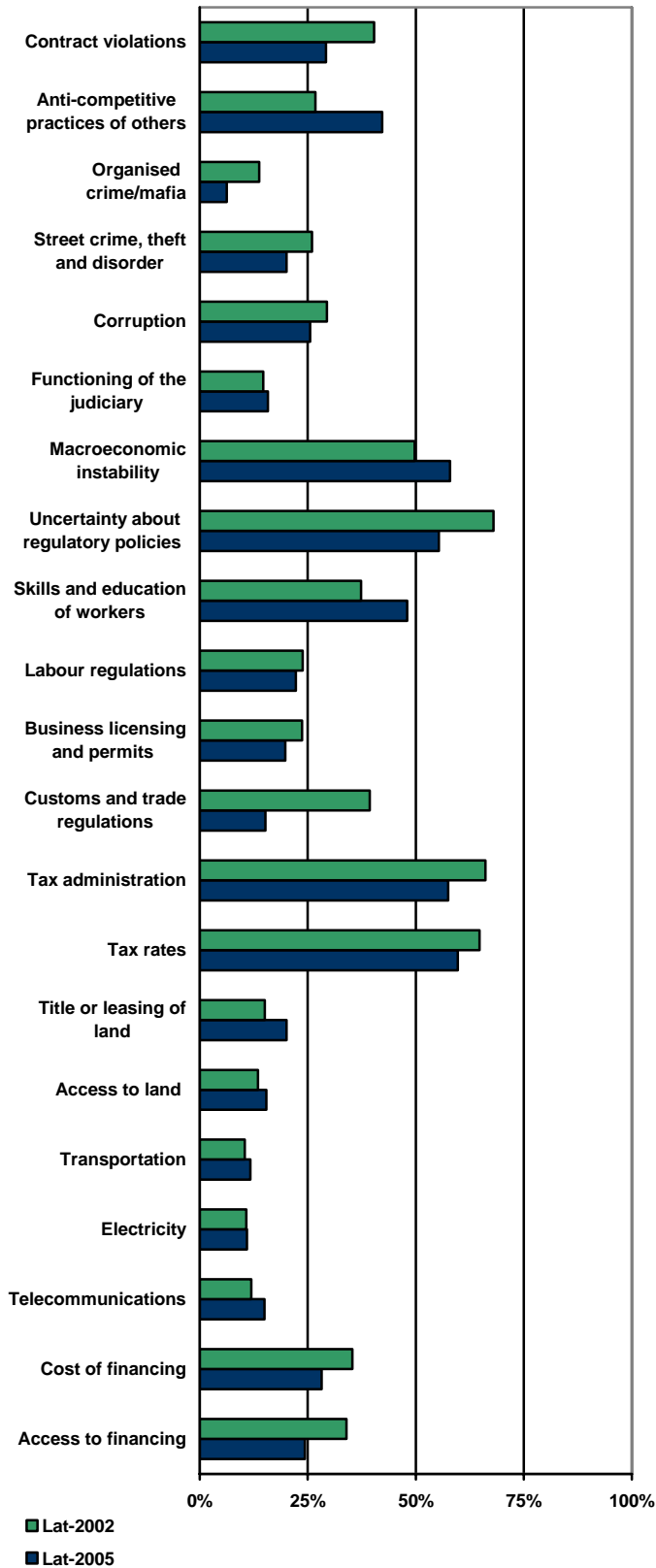
W&R Trade
Real Estate
Hotels/Rest
Other Service

Wholesale and retail trade
Real estate, renting and business services
Hotels and restaurants
Other services

Problems Doing Business

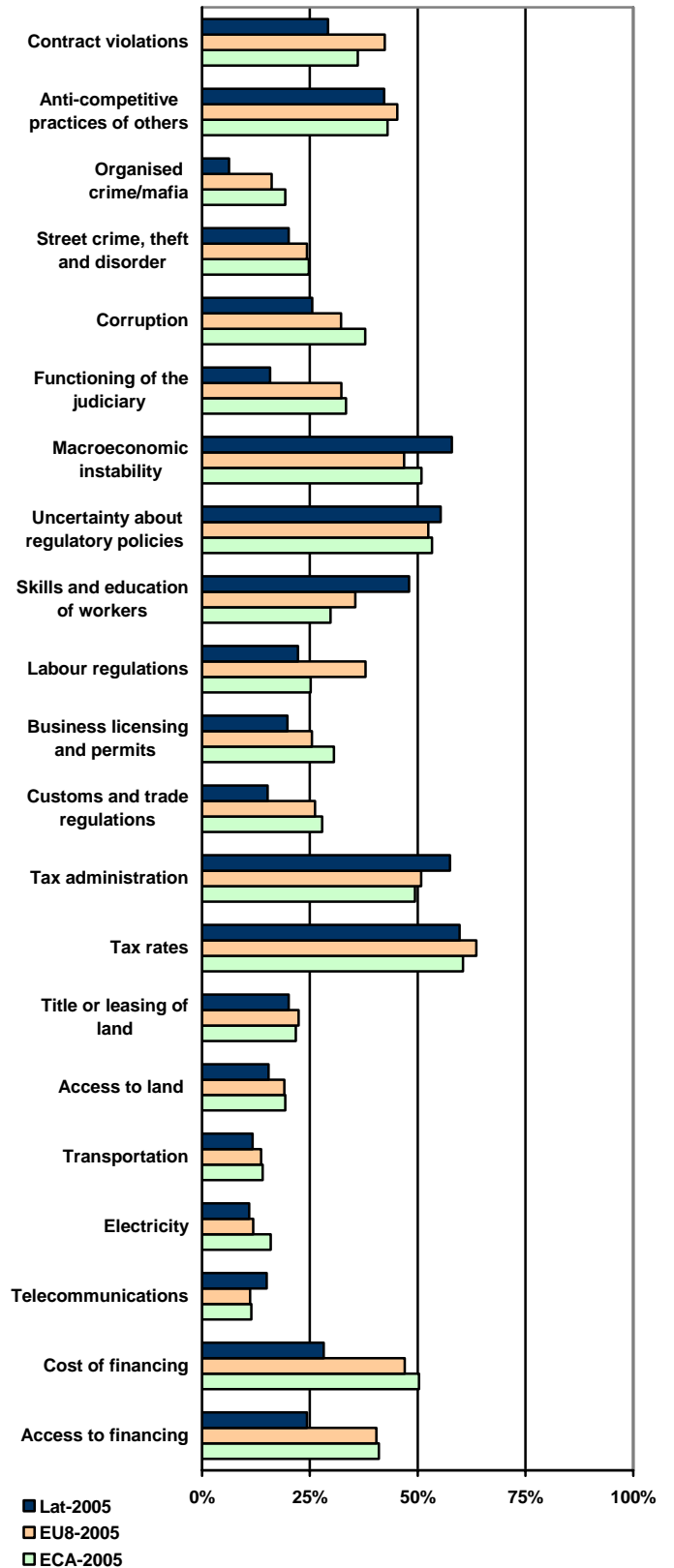
Problems Doing Business—Over Time

Percent of firms indicating a problem



Problems Doing Business—Across Countries

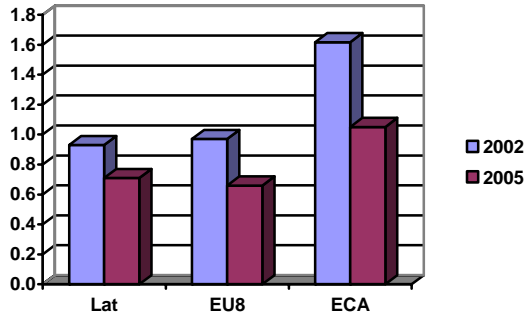
Percent of firms indicating a problem



Unofficial Payments and Corruption

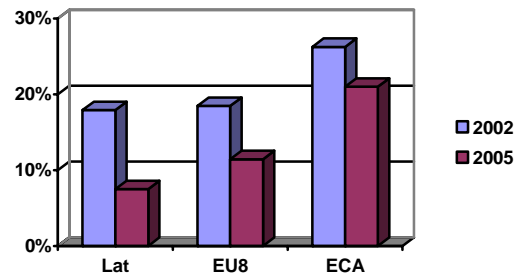
Bribe Tax

Bribes as a share of annual sales



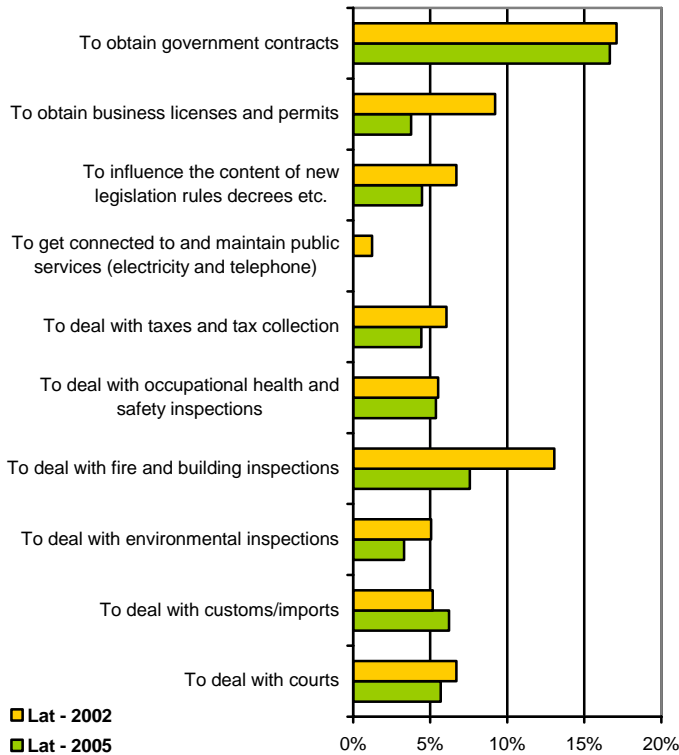
Bribe Frequency

Percent of firms saying unofficial payments are frequent



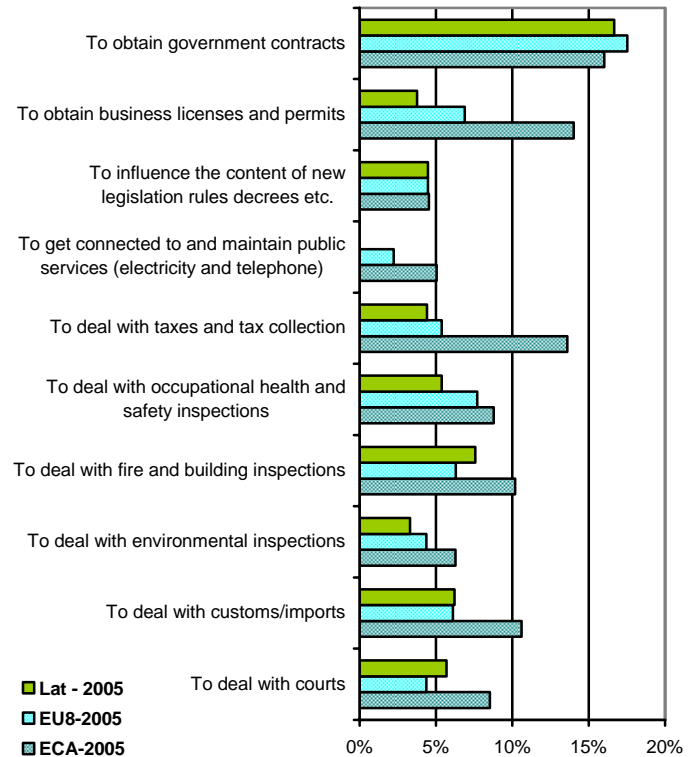
Unofficial Payments in Sectors—Over Time

Percent of firms saying bribery is frequent



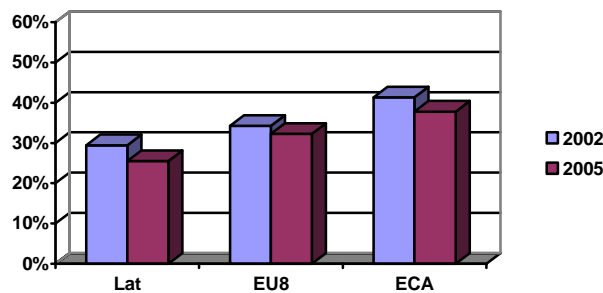
Unofficial Payments in Sectors—Across Countries

Percent of firms saying bribery is frequent



Corruption as a Problem Doing Business

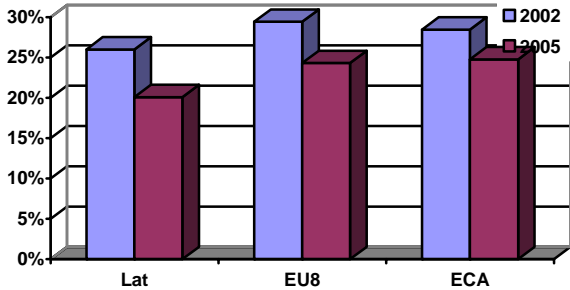
Percent of firms indicating corruption as a problem doing business



Crime

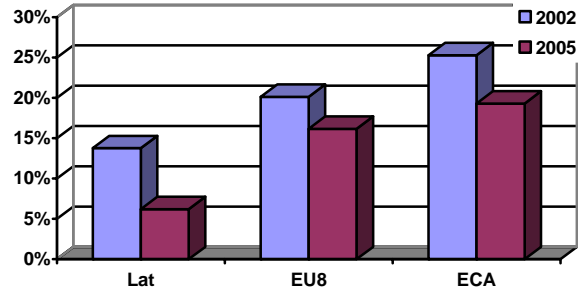
Street Crime as a Problem Doing Business

Percent of firms indicating street crime, theft and disorder as a problem doing business



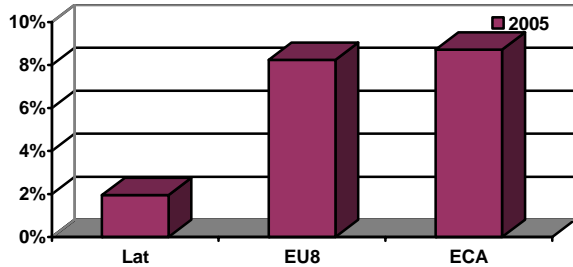
Organized Crime as a Problem Doing Business

Percent of firms indicating organized crime/mafia as a problem doing business



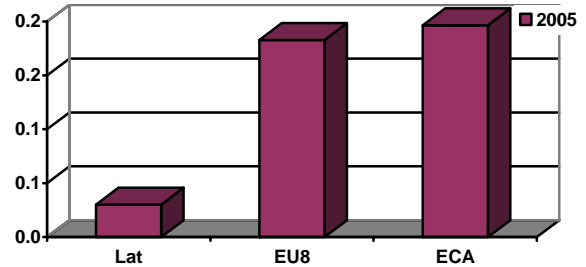
Protection Payments

Percent of firms that pay for protection payments, e.g. to organized crime, to prevent violence or property damage



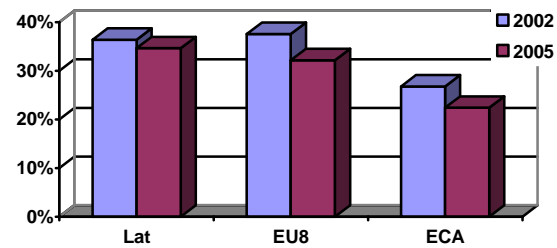
Protection Payments as a percent of annual sales

Percent of annual sales used for protection payments, for all firms



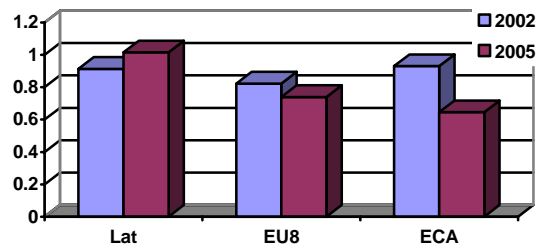
Losses as a consequence of crime

Percent of firms that suffered from losses as a result of theft, robbery, vandalism or arson against the firm over the previous 12 months



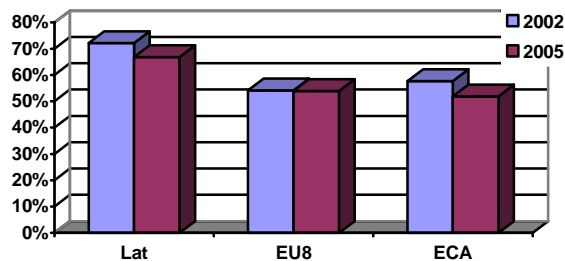
Losses as a percentage of annual sales

Estimated losses over the previous 12 months as a percentage of annual sales, for all firms



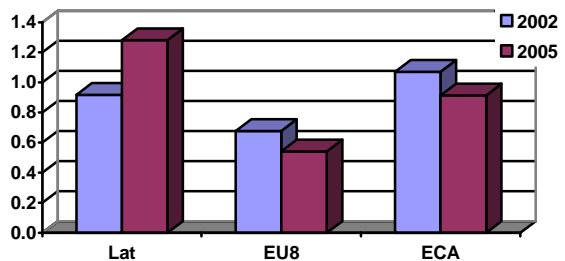
Security

Percent of firms that pay for security, e.g. equipment, personnel, or professional security services



Security payments as a percentage of annual sales

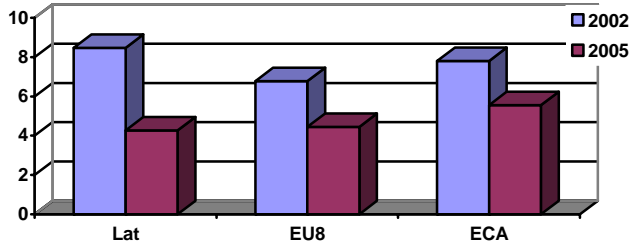
Payments for security as a percent of annual sales only for all firms



Regulations and Red Tape

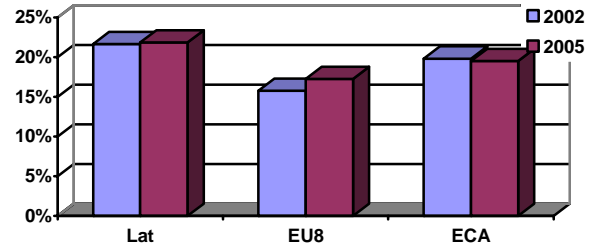
Time Tax

Percent of senior management's time over the last 12 months spent in dealing with public officials about the application and interpretation of laws and regulations and to get or to maintain access to public services



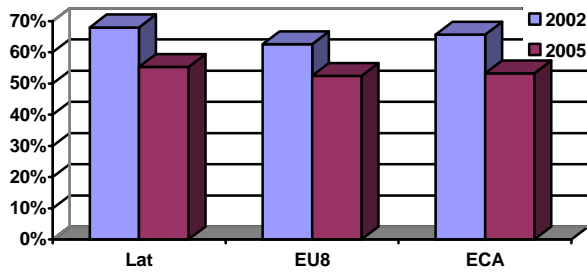
Lack of Recourse

Percent of firms that stated that this statement is NEVER true: "If a government agent acts against the rules I can usually go to another official or to his superior and get the correct treatment without recourse to unofficial payments/gifts."



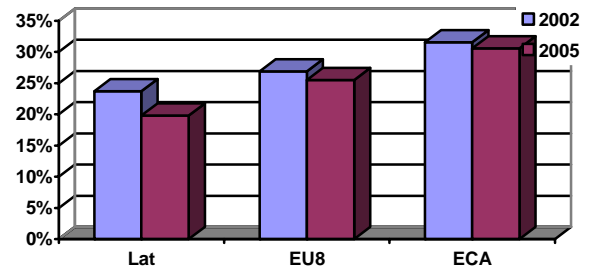
Regulatory Policies as a Problem Doing Business

Percent of firms indicating uncertainty about regulatory policies as a problem doing business



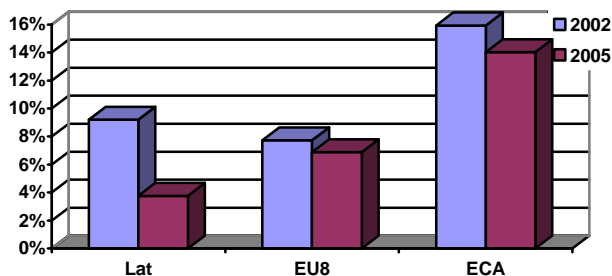
Business Licenses as a Problem Doing Business

Percent of firms indicating business licensing and permits as a problem doing business



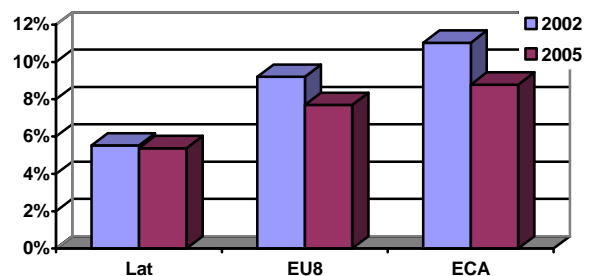
Unofficial Payments for business licensing

Percent of firms that stated that bribery is frequent for business licensing



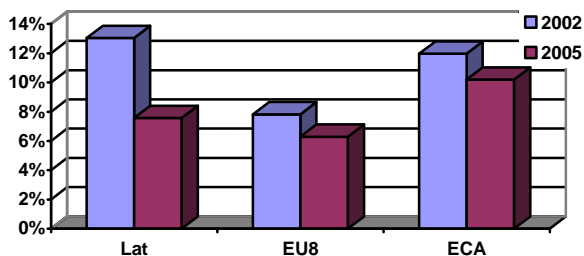
Unofficial Payments for occupational health and safety inspections

Percent of firms that stated that bribery is frequent for occupational health and safety inspections



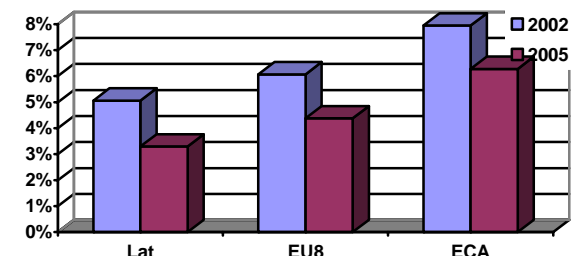
Unofficial Payments for fire and building inspections

Percent of firms that stated that bribery is frequent for fire and building inspections



Unofficial Payments for environmental inspections

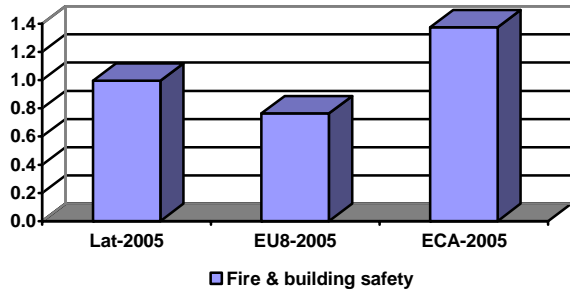
Percent of firms that stated that bribery is frequent for environmental inspections



Regulations and Red Tape

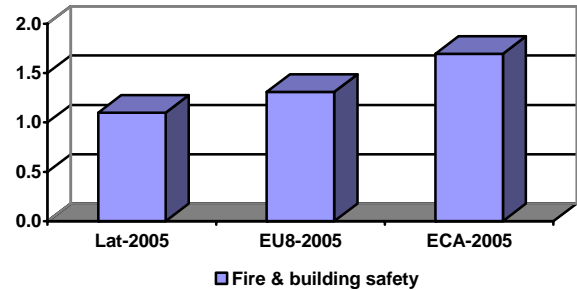
Number of Inspections – Fire and Building Safety

How many times in the last 12 months was your establishment inspected by this agency?



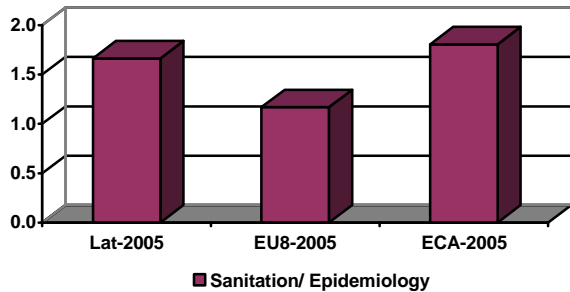
Duration of Inspections – Fire and Building Safety

What was the average duration of these inspections/meetings? (hours/visit)



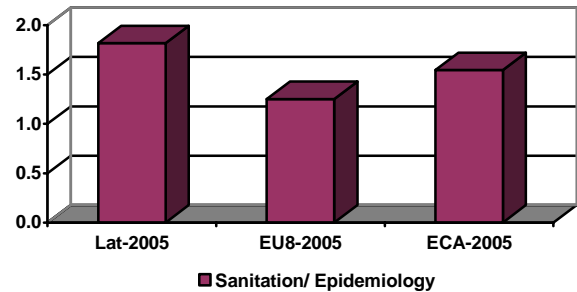
Number of Inspections – Sanitation/Epidemiology

How many times in the last 12 months was your establishment inspected by this agency?



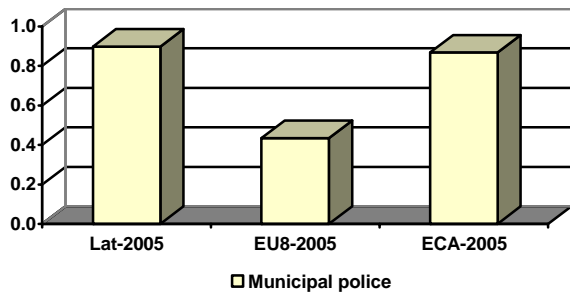
Duration of Inspections – Sanitation/Epidemiology

What was the average duration of these inspections/meetings? (hours/visit)



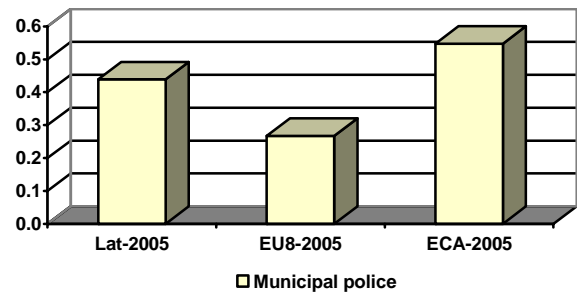
Number of Inspections – Municipal Police

How many times in the last 12 months was your establishment inspected by this agency?



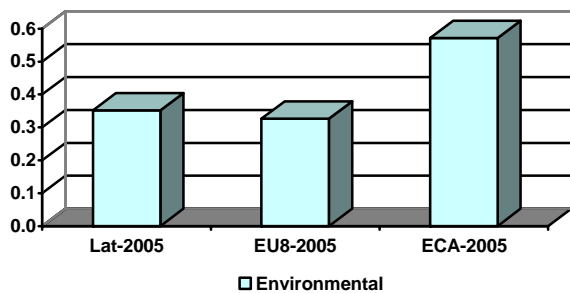
Duration of Inspections – Municipal Police

What was the average duration of these inspections/meetings? (hours/visit)



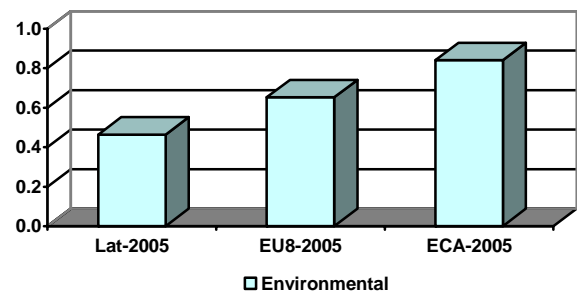
Number of Inspections - Environment

How many times in the last 12 months was your establishment inspected by this agency?



Duration of Inspections - Environment

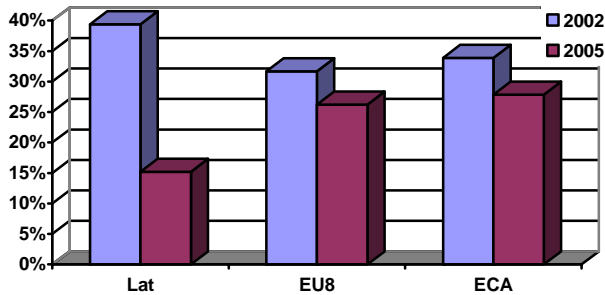
What was the average duration of these inspections/meetings? (hours/visit)



Customs and Taxes

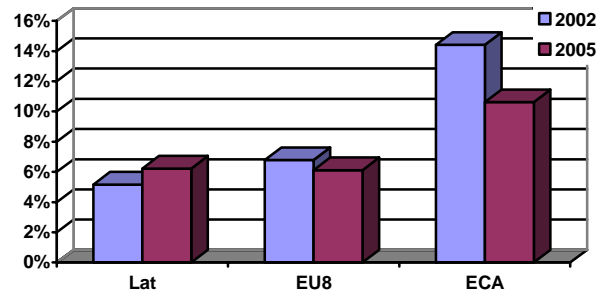
Custom Regulations as a Problem Doing Business

Percent of firms indicating custom regulations as a problem doing business



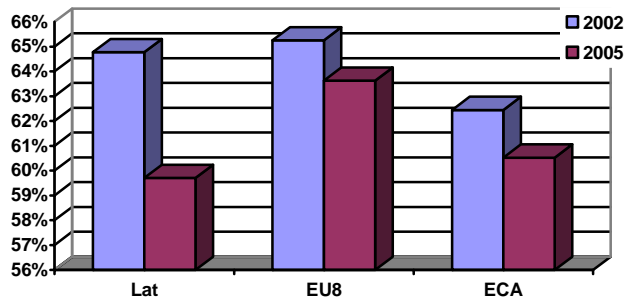
Unofficial Payments for Customs

Percent of firms that stated that bribery is frequent for customs



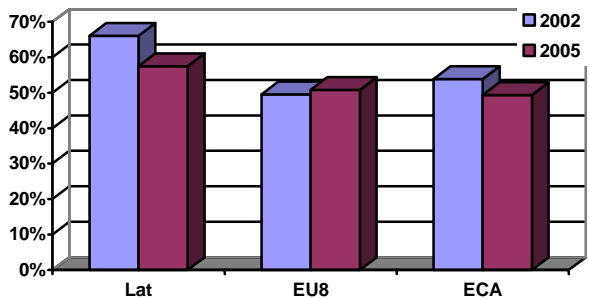
Tax Rates as a Problem Doing Business

Percent of firms indicating tax rates as a problem doing business



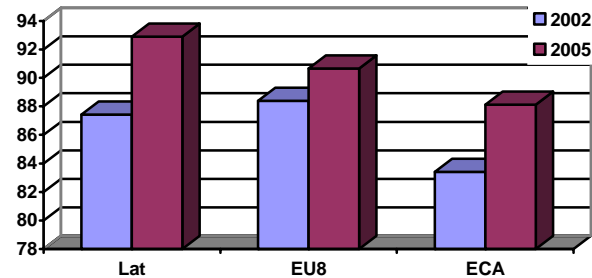
Tax Administration as a Problem Doing Business

Percent of firms indicating tax administration as a problem doing business



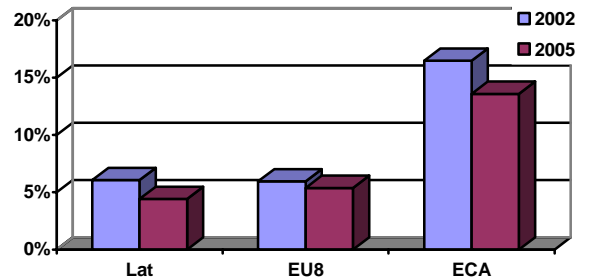
Annual Sales Reported for Tax Purposes

Percentage of total annual sales estimated to be reported for tax purposes



Unofficial Payments for Tax Collection

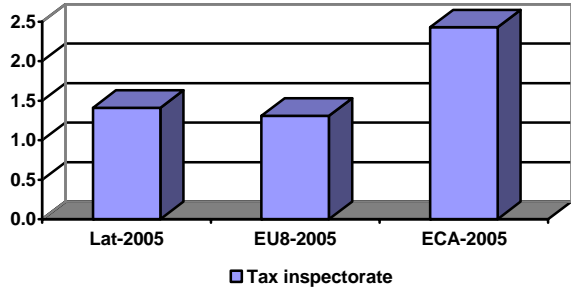
Percent of firms that stated that bribery is frequent for tax collection purposes



Customs and Taxes

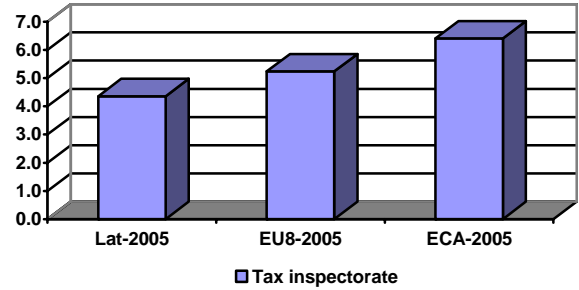
Number of Inspections – Taxes

How many times in the last 12 months was your establishment inspected by this agency?



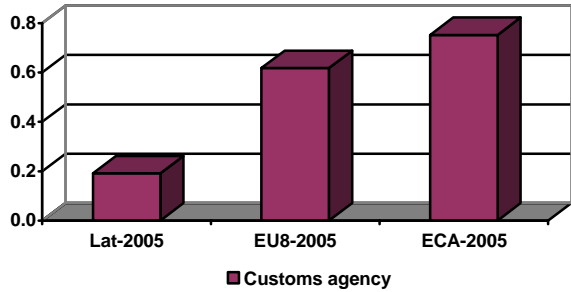
Duration of Inspections – Taxes

What was the average duration of these inspections/meetings? (hours/visit)



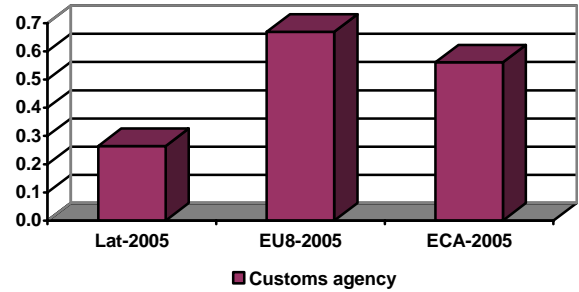
Number of Inspections – Customs

How many times in the last 12 months was your establishment inspected by this agency?



Duration of Inspections – Customs

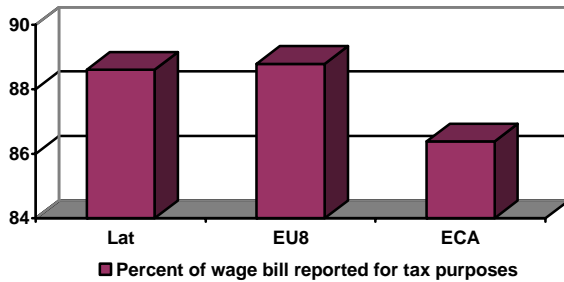
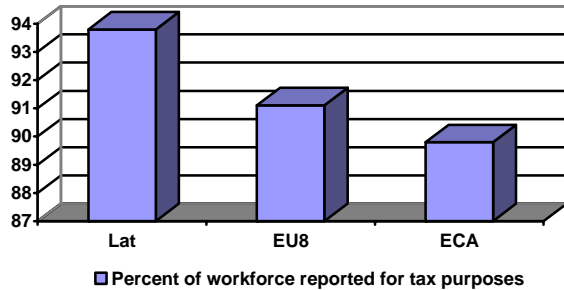
What was the average duration of these inspections/meetings? (hours/visit)



Labor Issues

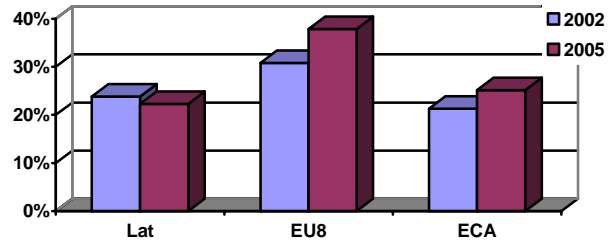
Labor Costs and Taxes

Percent of workforce reported for tax purposes and percent of wage bill reported for tax purposes (2005)



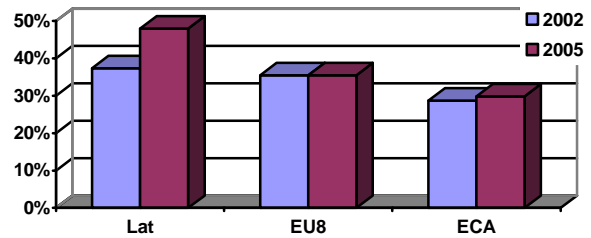
Labor Regulations as a Problem Doing Business

Percent of firms indicating labor regulations as a problem doing business



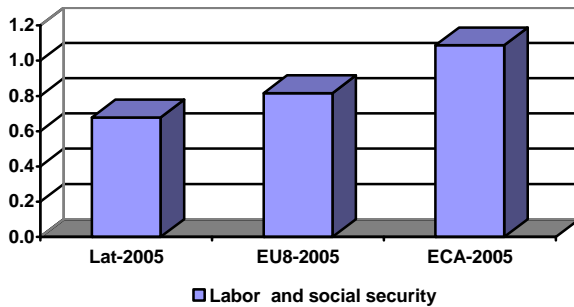
Workers' Education as a Problem Doing Business

Percent of firms indicating skills and education of available workers as a problem doing business



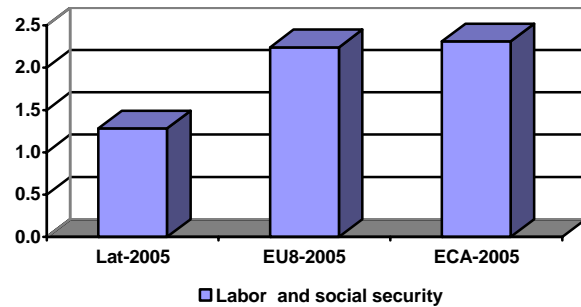
Number of Inspections – Labor

How many times in the last 12 months was your establishment inspected by this agency?



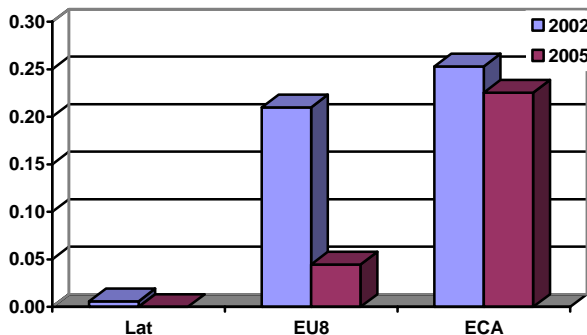
Duration of Inspections - Labor

What was the average duration of these inspections/meetings? (hours/visit)



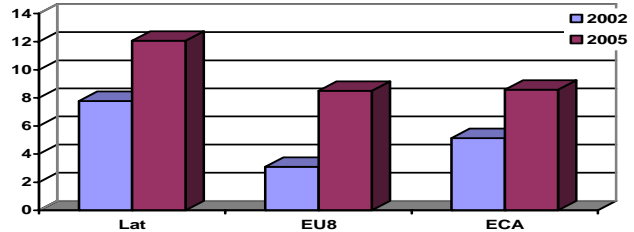
Days lost as a consequence of strikes

How many working days did your firm lose over the last 12 months due to strikes or labor disputes?



Underemployment due to Labor Regulations

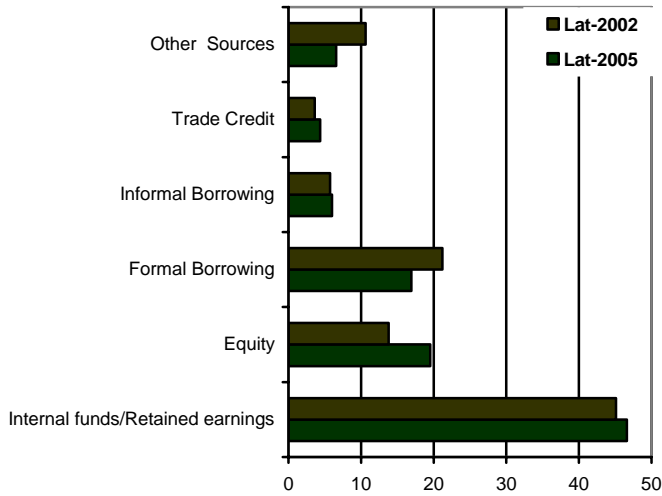
If you didn't have any restrictions (i.e. you didn't have to seek permission, make severance payments, etc.), and you could increase the number of regular full-time workers your firm currently employs, by how much would you increase your number of employees as a percent of your existing workforce?



Firm Financing

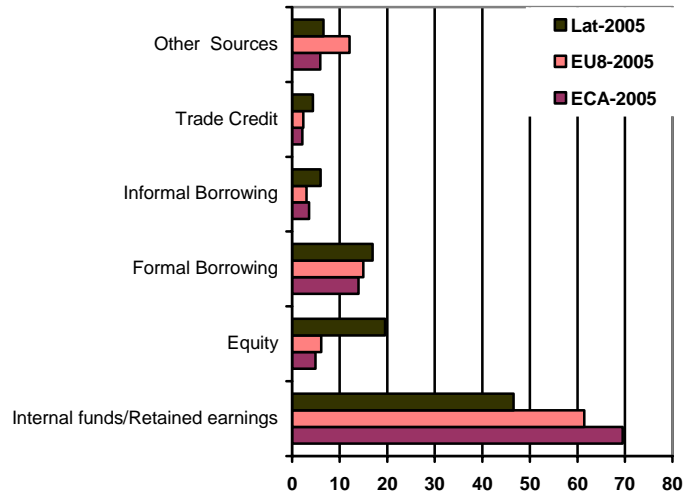
Sources of Financing—Over Time

Percent of new investments financed by:



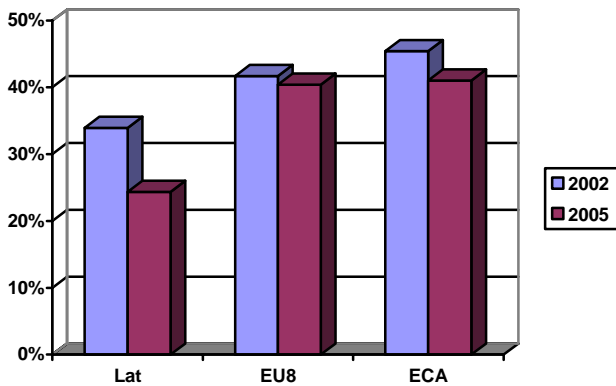
Sources of Financing—Across Countries

Percent of new investments financed by:



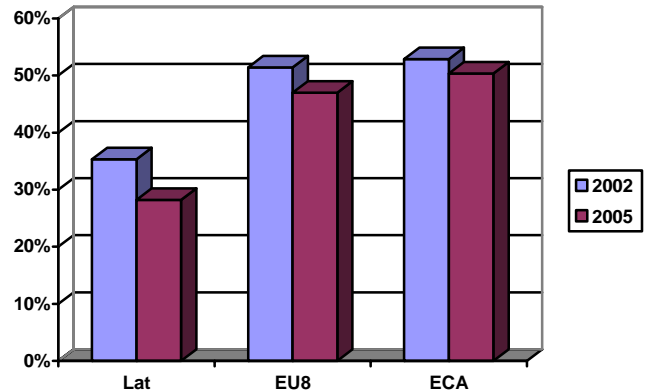
Access to Financing as a Problem Doing Business — Over Time

Percent of firms indicating access to financing (collateral required or financing not available from banks) as a problem doing business



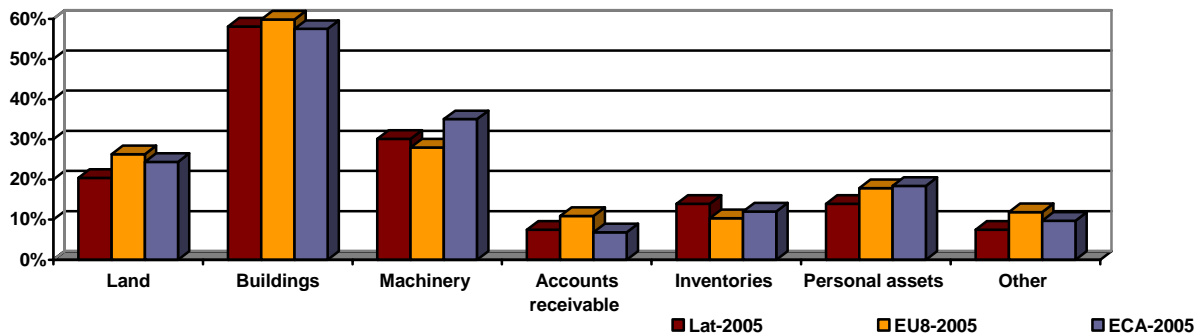
Cost of Financing as a Problem Doing Business — Over Time

Percent of firms indicating cost of financing (e.g., interest rates and charges) as a problem doing business



Type of Collateral - Across Countries

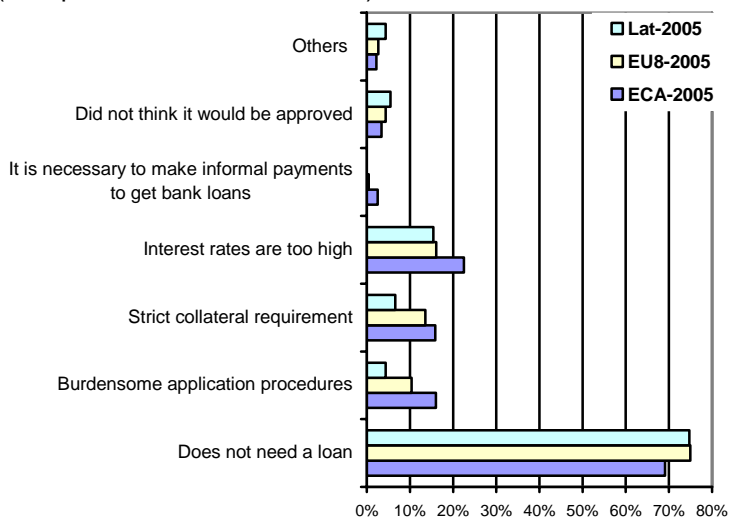
What kind of collateral was required when you asked for a loan, (only for firms that asked for a loan and were required collateral)? Multiple answers were allowed.



Firm financing

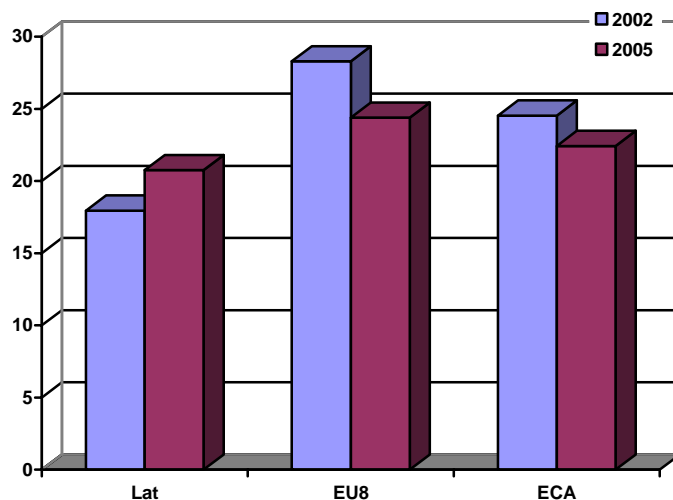
Loan Application – Across Countries

If a firm did not apply for a loan, it was mainly because...
(Multiple answers were allowed).



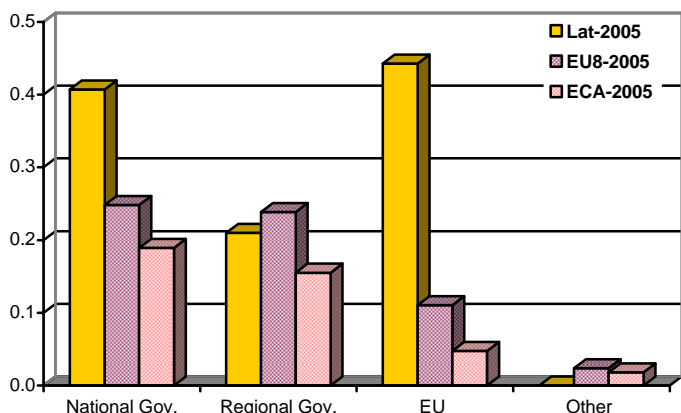
Time required to negotiate a loan – Across Time

Average number of days required to agree on a loan with a bank from the date of the application



Subsidies – Across Countries

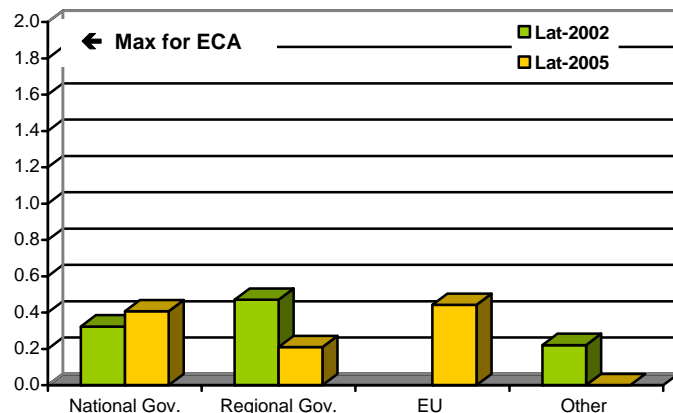
Amount of subsidies received during the last three years as a percent of the total annual sales



Subsidies – Across Time*

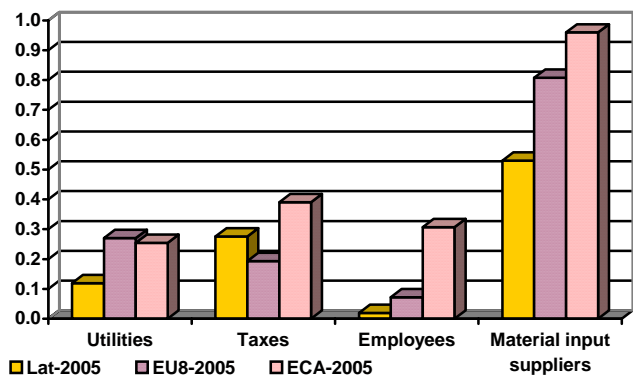
Amount of subsidies received during the last three years as a percent of the total annual sales

*Note: There was no EU category for the 2002 question in the survey



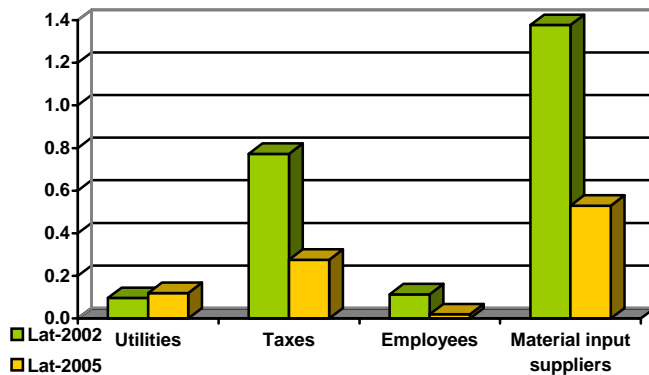
Payments overdue – Across Countries

Amount of the overdue payments (by more than 90 days) as a % of total annual sales



Payments overdue – Across Time

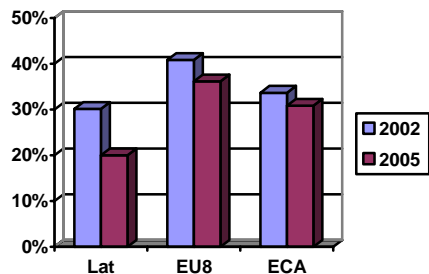
Amount of the overdue payments (by more than 90 days) as a % of total annual sales



Legal and Judicial Issues

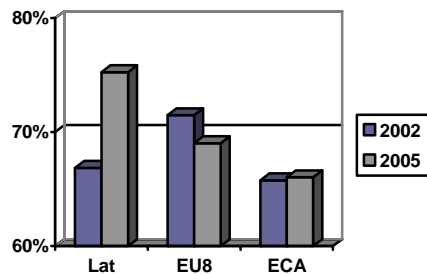
Use of Courts

Percent of firms that have been to court in the past three years



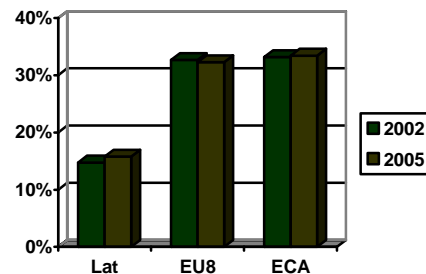
Legal Framework

Percent of firms stating that information on laws is easy to obtain

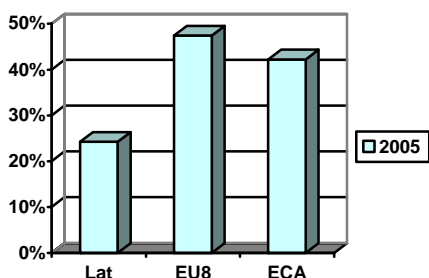


Summary Assessments

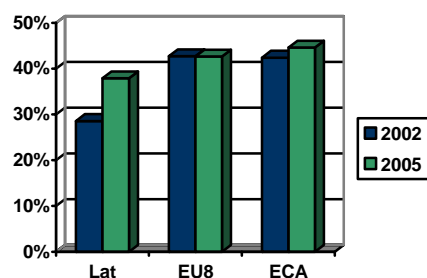
Percent saying the functioning of the judiciary is a problem doing business



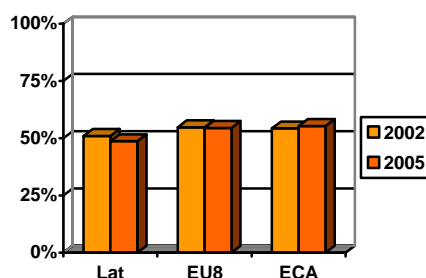
Percent of firms that have used courts to solve an overdue payment (of those firms with overdue payments)



Percent of firms stating that implementation of laws is consistent and predictable



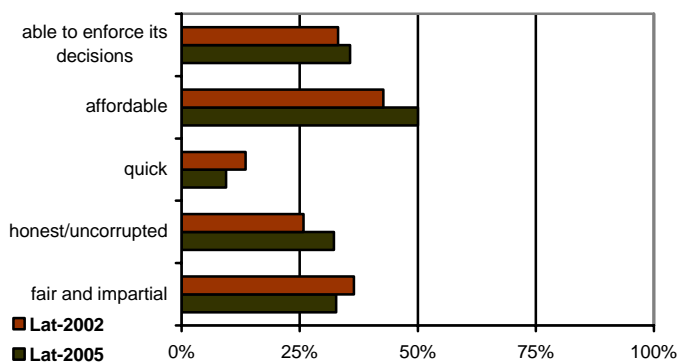
Percent saying they are confident the legal system will uphold property and contract rights



Judicial Assessments—Over Time

Percent of firms agreeing that ...

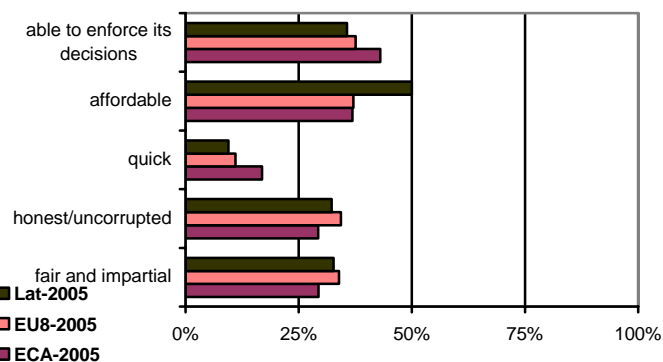
All Firms



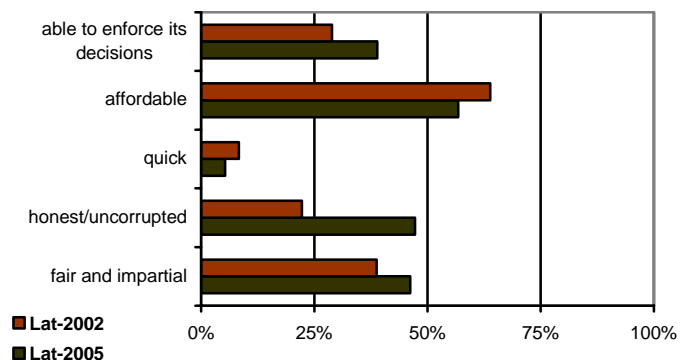
Judicial Assessments—Across Countries

Percent of firms agreeing that ...

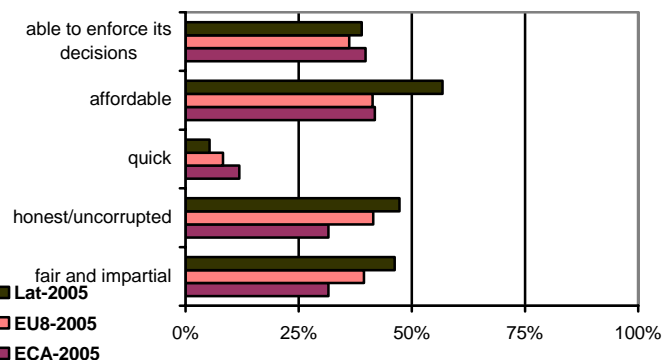
All Firms



Firms that Use Courts



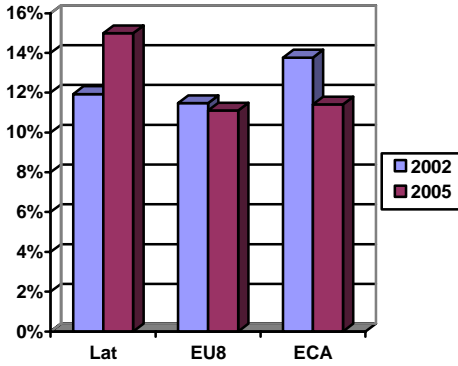
Firms that Use Courts



Infrastructure

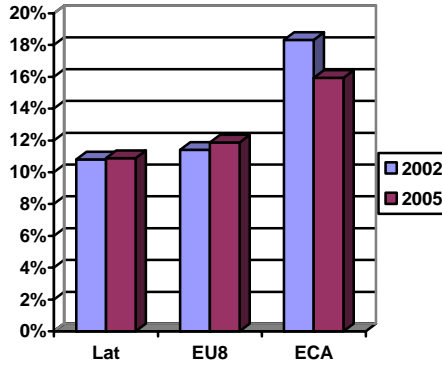
Telecommunications as a Problem Doing Business

Percent of firms stating that the functioning of the telecommunication system is a problem doing business



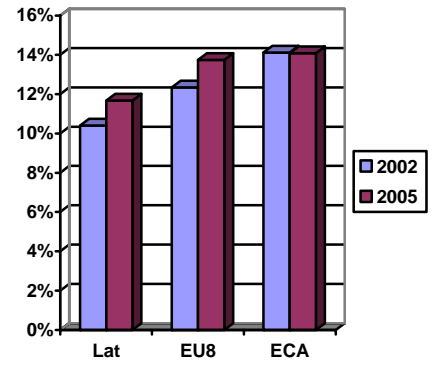
Electricity as a Problem Doing Business

Percent of firms stating that the provision of electricity is a problem doing business



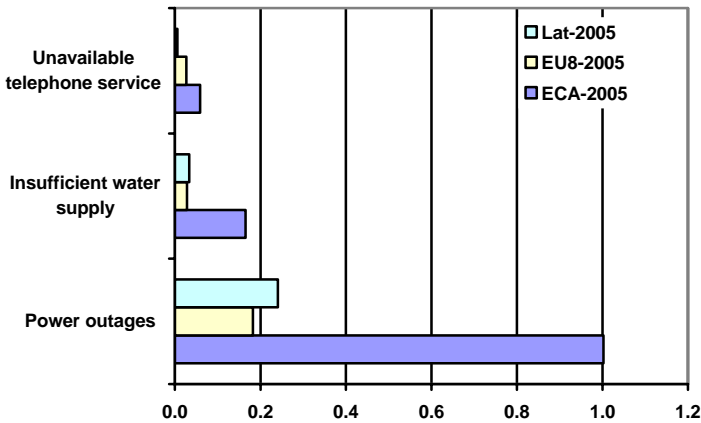
Transportation as a Problem Doing Business

Percent of firms stating that transportation is a problem doing business



Sales lost as a consequence of service interruption

Losses as a consequence of service interruption as a percent of total annual sales, for all firms



Unofficial Payments for services

Percent of firms that stated that bribery is frequent to get connected to and maintain public services (electricity and telephone)

