



MAGNETIC
LATVIA

GLOBAL BUSINESS SERVICES IN LATVIA

Investment and Development Agency of Latvia

www.investinlatvia.org

2022





**LATVIA –
HEART OF
THE NEW
NORDICS**



**A NATURAL
PLAYGROUND TO
EXECUTE IDEAS**



**MISSION 2030 –
CLEAN BALTIC SEA**



**CONNECTED
SOCIETY &
LIFESTYLE**



Riga

#1

Drone-friendly city in
the world

#2

Best ESG/sustainability
in the world

REASONS TO CHOOSE LATVIA



Location as a gateway



Territory: 64.6 ths.sq.km
Capital: Riga
Population: 1,9 million
Language: Latvian
Currency: euro (EUR)
S&P Credit Rating: A+

#1

as the most startup-friendly
country in the world
(Index Ventures, 2021)

#30

in the world in
Propesperity index
(The Legatum Prosperity Index, 2021)





COMPETITIVE TAX POLICY

#2

among OECD countries in
the International Tax
Competitiveness Index

0%

zero corporate income
tax on reinvested profit

Diverse pool of talent



EDUCATED

- 79 000 student pool
- 20 000 STEM students
- the highest foreign student share in the Baltics (13%).



MULTILINGUAL

- 95% speaks at least 1 foreign language
- 54% speaks at least 2 foreign languages (English and Russian)



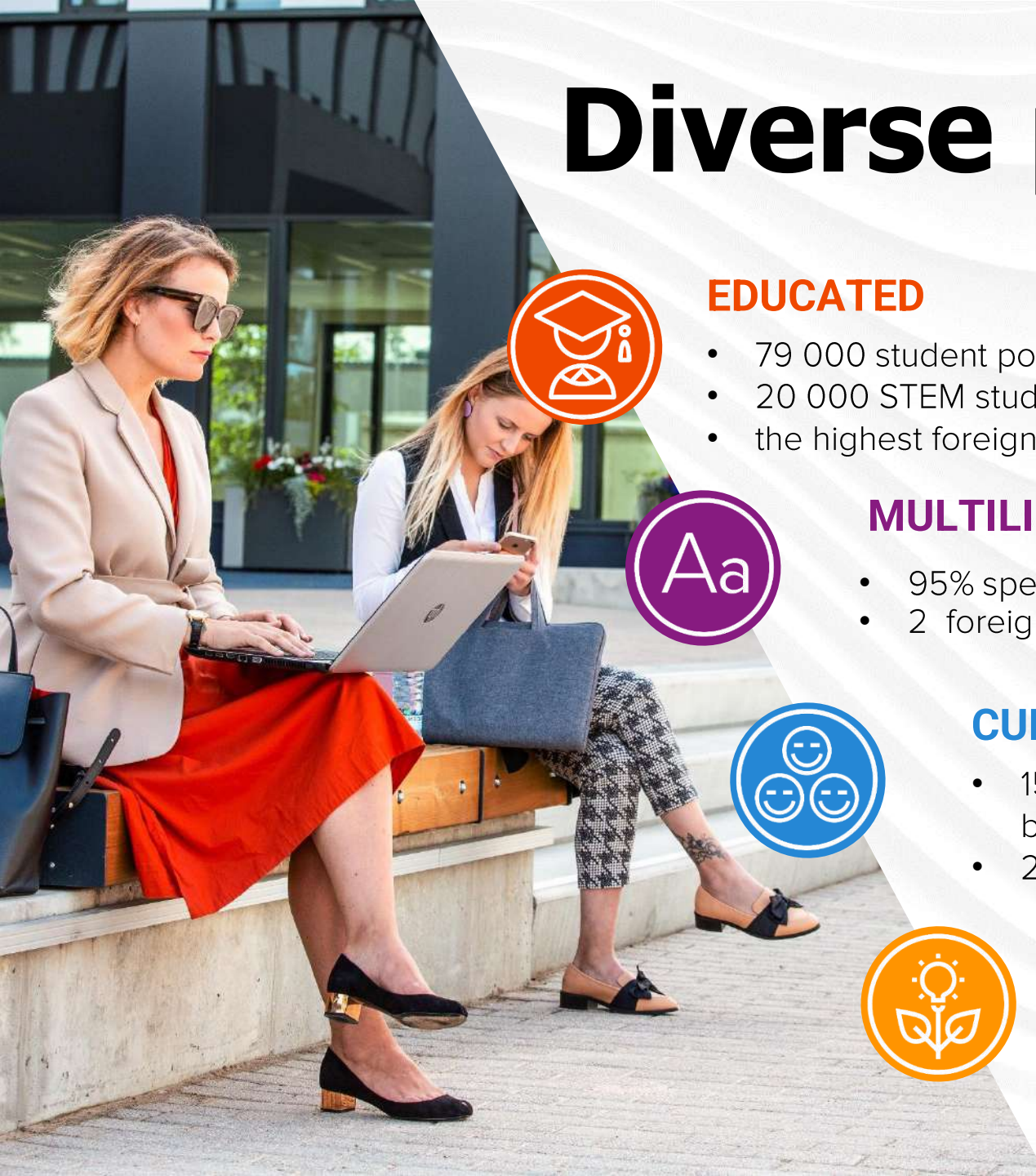
CULTURE FIT

- 150 nationalities, and 38% of the population is represented by minorities.
- 26% of FDI from Nordics



UPSKILLING

- Companies receive up to € 200 000 for training
- Competitive operational and labor costs





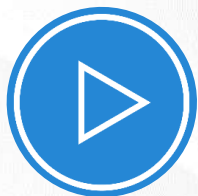
40+ investment incentives

for innovations and smart business development



Equal treatment

of foreign investors and direct dialogue with government institutions



Easy and quick

company registration in 1-3 days, access to digital government services with eID and eSignature



SUPPORTIVE INVESTMENT ENVIRONMENT





DIGITAL & INNOVATIVE

#1

in the Baltics in innovations
(Bloomberg Innovation Index,
2021)

eID

digital ID for signing documents
and remote access to 120+
government services

#10

in the EU in eGovernment
Benchmark 2021
(EC, 2021)

#14

in connectivity in the EU (DESI,
2021)



GENDER BALANCE

#1

in the EU with the largest share of women in management – 45% (Eurostat, 2020 Q3)

53%

of all employees in GBS are women

Superior Connectivity

Quick and easy access from Riga to the whole Europe

RIX airport

airBaltic most punctual airline in Europe

100+ direct flights

20 min to the city center

1,5-hour flight to Berlin, Copenhagen, Kyiv, Minsk, Moscow, Oslo, Prague, Stockholm, Warsaw

2,5-hour flight to Amsterdam, Brussels, Frankfurt, London, Milan, Munich, Paris, Stuttgart, Zurich

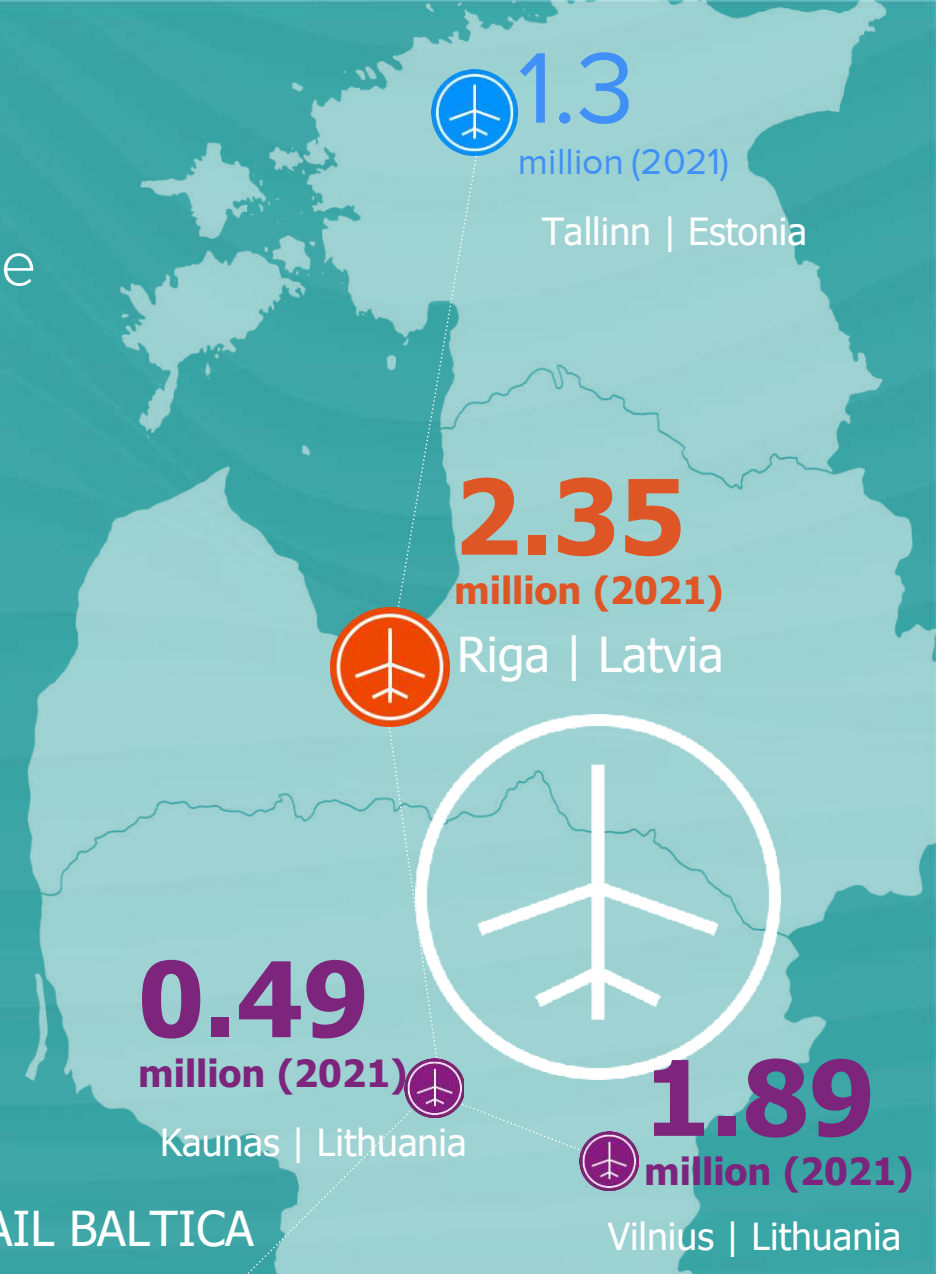
Rail Baltica

249 km/h speed for passenger trains

5-hour trip Riga – Warsaw

by 2026 - the railway connection Tallinn-Riga-Kaunas

RAIL BALTICA



The Ecosystem Approach

Launching the ecosystem approach — a dynamic process of identifying prospective, knowledge-intensive value chains and mapping out the ecosystems. 3 ecosystems so far, more to come.

Identifying prospective, knowledge-intensive value chains & mapping out the ecosystems

Bringing together ecosystem's expertise, defining common goals & challenges

Benchmarking ecosystem results, improving the approach, finetuning processes (process development with the OECD)

Proactively facilitate reach of these goals with the available support incentives.



Five Smart Specialization Sectors



Incentives and Support Mechanisms

Local companies have access to a broad range of 40+ incentives



IDEA DEVELOPMENT (4)

The Idea Cup
Business Incubators
Accelerators
Events and support
of municipalities



BUSINESS AND INNOVATIONS (24)

Startup benefits
Innovation vouchers
Cluster programmes
Financing programmes
Norwegian grants
Employee training



EXPORT DEVELOPMENT (7)

Export promotion
activities
Cluster programmes
Export credit
guarantees
LIAA network support



SPECIAL ECONOMIC ZONES (5)

80% CIT and RE tax
rebates in five special
economic zones in
Latvia



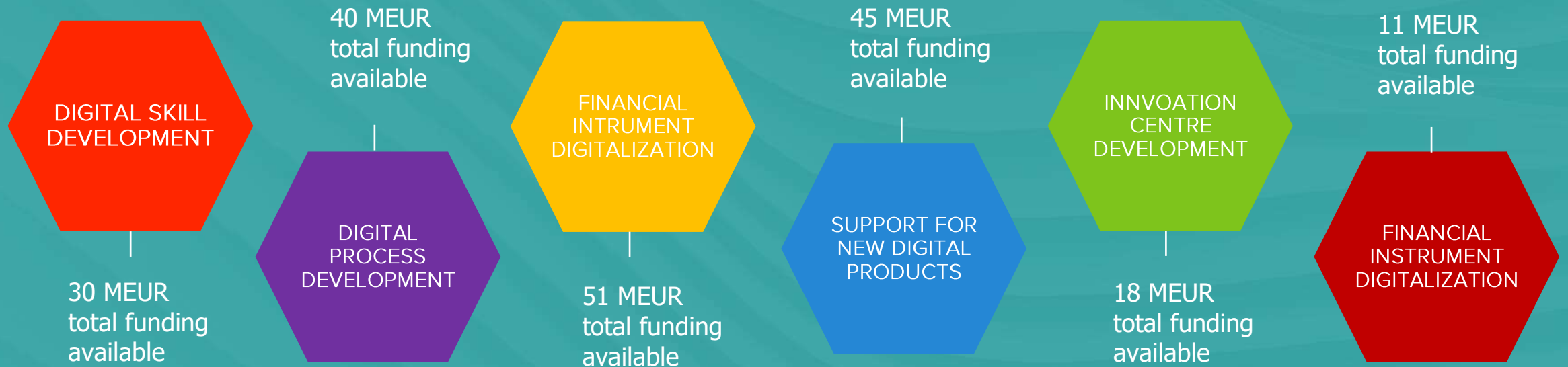
ADMINISTRATIVE FAST- TRACK

Twice faster procedures
for high priority FDI
projects



Incentives and Support Mechanisms

Grants from RRF and ERAF funds for digital transformation



Incentives for Innovation and Growth



EMPLOYEE TRAINING AND KNOWLEDGE TRANSFER
Up to 200,000 EUR per company
50-60% intensity



INNOVATION VOUCHERS
Up to 25,000 EUR for designing prototyping, testing etc.
45-100% intensity



PROMOTION OF INTERNATIONAL COMPETITIVENESS
Up to 40,000 EUR per year
50% intensity



STARTUP BENEFITS
Up to 200,000 EUR for employee salary co-financing, or tax benefits.
Startup visa for 5 founders and family



INCENTIVES BY INDUSTRY ASSOCIATIONS
Various projects and training programmes co-financed by the EU



LOANS AND GRANTS
Various programmes for business and individuals by state financial institution “Altum”, up to 10 MEUR per project

Green corridor to enable new investment

Benefits: twice shorter administrative procedures including territorial planning, construction permits, foreign workforce relocation.

CRITERIA: 3 OUT OF 4 FOR A POSITIVE EVALUATION

1.

5 M €
investment
in 3 years

2.

50-75
jobs

3.

Exports worth
over 3 M €
in 3 years

4.

Over 250 000 €
R&D or employee
development



International Rankings and Infrastructure

Latvia provides world-class ICT infrastructure and secures high rankings in ICT

93%

is the broadband (NGA) coverage, and 71% are fibre connections (OECD & EC, 2020)

#3

in the world in mobile data usage (OECD, 2021) and #33rd fastest internet speed (Cable, 2021)

#10

in the European Union in Digital public services (DESI, 2021)

23%

Of ICT specialists are females, twice higher than in the EU (19%) (Eurostat, 2021)

90%

share of households with Internet access in Latvia in 2020 (CSP, 2020)

1st

5G military test site in Europe



Growing Impact of GBS in Latvia

Continues development and growth of export-oriented service industry

15,5k specialists in GBS centers

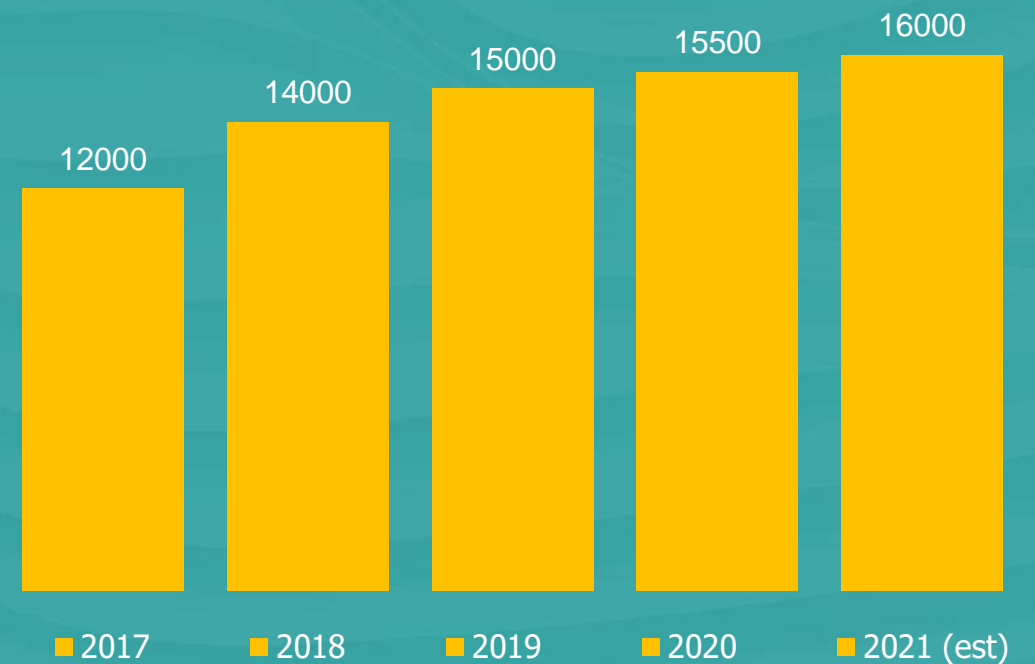
51 global business service centers

80% of GBS centers are expanding

1,5% GBS saturation rate in Riga region

100% satisfaction with the accessibility and quality of life of the location

Number of employees in the GBS sector



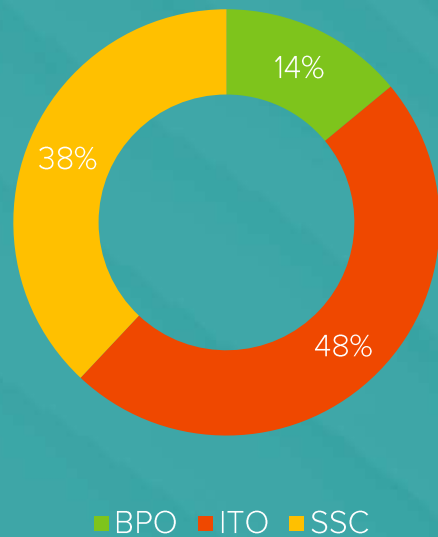
Source: LIAA, ABSL Latvia (2021)



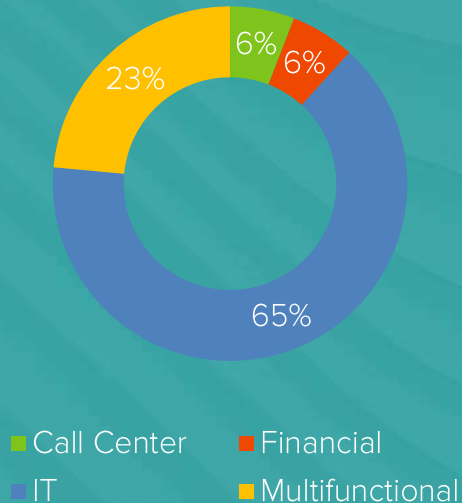
Breakdown of the GBS Centers in Latvia

Most of GBS centers are BPOs from the Nordics (30%) with IT, customer care, financial and accounting services as dominating functions

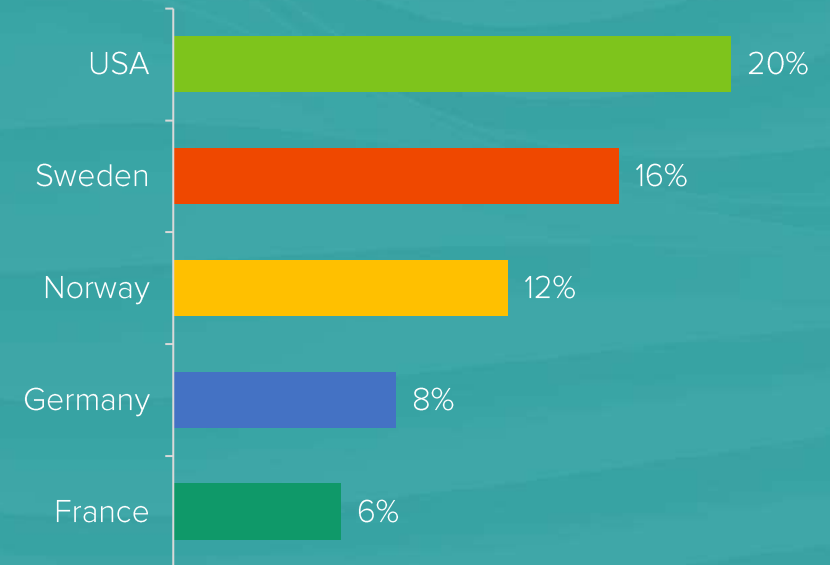
GBS Centers by Type



GBS Centers by Core Function



GBS Centers by the Country of Origin



Core services of a multifunctional GBS: customer care, finance, accounting, procurement, logistics.

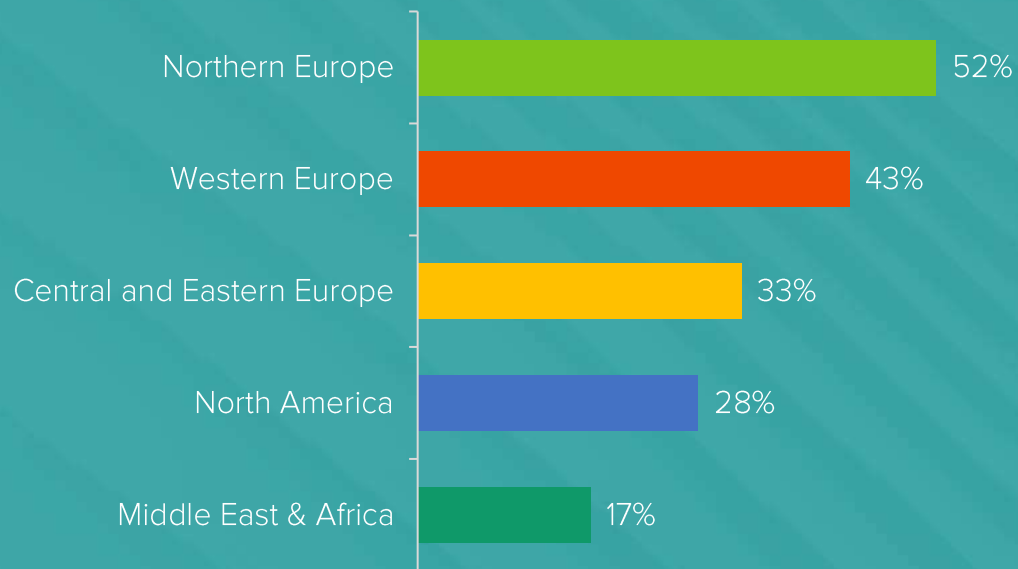
Source: LIAA, ABSL Latvia (2021)



Breakdown of the GBS Centers in Latvia

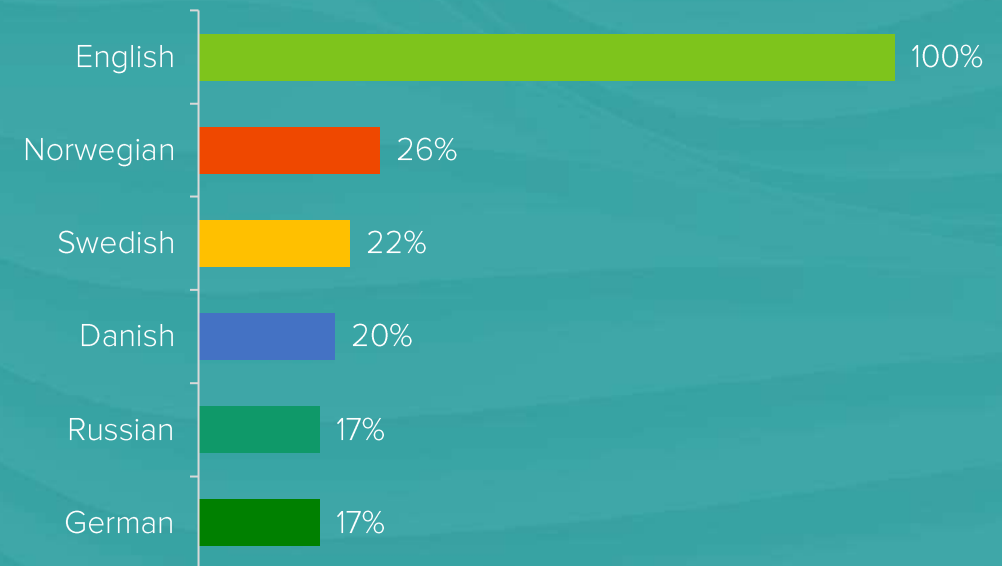
Most of GBS centers serve European markets with 100% English language knowledge and widespread use of Scandinavian languages

Main Markets Served



Other regions: Asia, Latin America, Southern Europe

Language use in GBS Centers



Other languages: Italian, French, Lithuanian, Estonian, Finnish, Polish, Dutch, Spanish, Czech, Japanese, Chinese

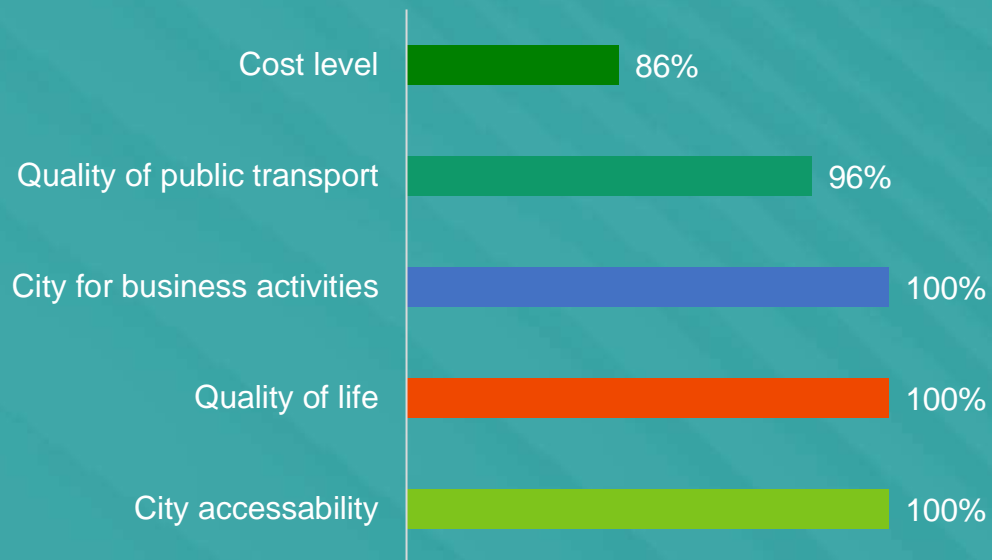
Source: LIAA, ABSL Latvia (2021)



Breakdown of the GBS Centers in Latvia

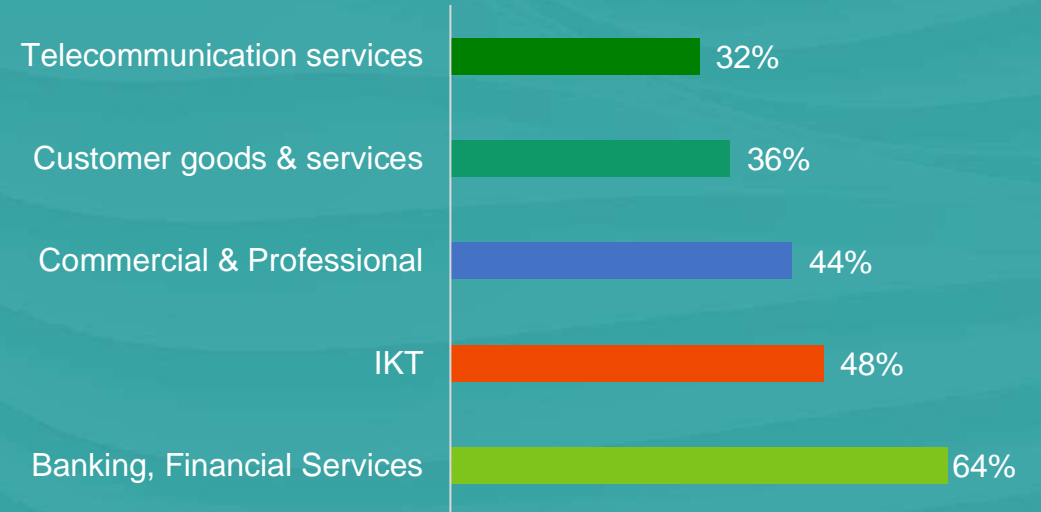
Investors are 100% satisfied with Riga as a place for business activities, and quality of life

Satisfaction with certain factors in Riga, 2020



Source: LIAA, ABSL Latvia (2021)

Business sectors with BPO, SSC/GBS, ITO from Latvia, 2020

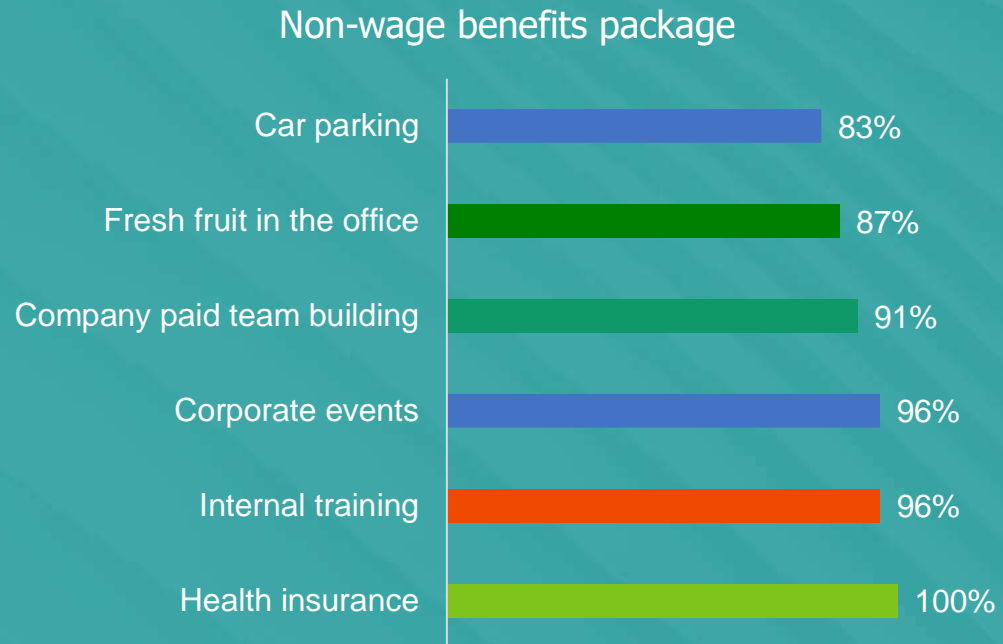


Source: LIAA, ABSL Latvia (2021)

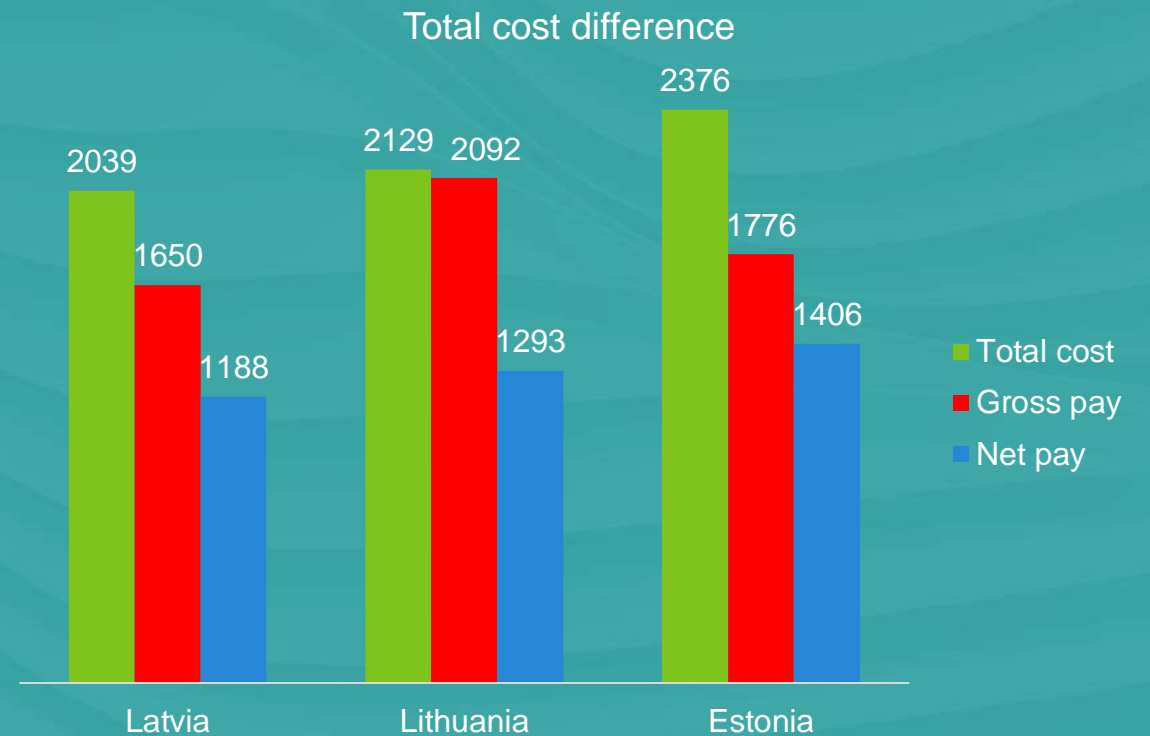


Competitive cost-structure

Benefits package 970 EUR an average budget for benefits per employee in SSC sector.



Source: LIAA, ABSL Latvia (2021)



Source: LIAA, ABSL Latvia (2021)



Leading GBS Centers in Latvia

Large GBS centers continue to expand in Riga and consider other cities in Latvia



Accenture

World's leading provider of technology and IT consulting services.

Origin: Ireland | Industry: IT

Established in Latvia: 2002 | FTEs: 1700

Functions: IT delivery and consulting, IT customer support



Webhelp

A multinational business process outsourcing and consultancy company with rapid expansion in Latvia.

Origin: France | Industry: Customer support & IT

Established in Latvia: 2017 | FTEs: 810

Functions: customer experience solutions, social media moderation, payment services



Tieto Evry

A leading digital services and software company with local presence and global capabilities.

Origin: Finland / Norway | Industry: IT

Established in Latvia: 2005 | FTEs: 970

Functions: IT helpdesk, project management, business analytics, finance, accounting, sales, HR



Circle K Business Centre

An international chain of convenience stores and gas stations across North America and Europe

Origin: Canada | Industry: Fuel and retail

Established in Latvia: 2012 | FTEs: 670

Functions: Finance, control, HR, logistics, customer support, IT, tax, purchases



SEB Global Services

A leading Swedish bank with business service centre in Riga.

Origin: Sweden | Industry: Banking

Established in Latvia: 2006 | FTEs: 820

Functions: Wire transfers, securities market, stock exchange



Atea Global Services

Northern Europe's market leader in IT infrastructure that delivers world class services and software products.

Origin: Norway | Industry: IT

Established in Latvia: 1996 | FTEs: 400

Functions: IT as BPO, finance & control, HR, procurement, client management, contract management.



Notable Newcomers and Expansions

Largest FDI projects in ICT and Business Services in 2019, 2020 and 2021

	2019	2020	2021
Newcomers	 <p>+310 workplaces</p>	 <p>+850 workplaces</p>	 <p>+340 workplaces</p>
Expansions	 <p>+140 workplaces</p>	 <p>+175 workplaces</p>	 <p>+200 workplaces</p>

ABSL Latvia Business Services Association

The only international Association of Business Service Leaders in the Baltics



International Association of Business Service Leaders was launched in Latvia in 2019 and represents GBS industry. The organization is present in five countries across Europe.

Activities:

- knowledge sharing platform;
- employee training and upskilling with EU co-financing programmes;
- annual industry report;
- cooperation with the government, ministries and universities.

Members and partners in Latvia



Webpage:

Latvia - www.absl.lv

International – www.absl.pl/en



Video Testimonials

Cabot Corporation (US)



Video link: <https://youtu.be/M7m5BqCYDVE>

Visma Labs (Norway)



Video link: https://youtu.be/7dt_nPvrcGo

Tieto Evry (Norway / Finland)



Video link: <https://youtu.be/zpKnW0WrdZA>



Video link: <https://youtu.be/FPhwtqYBRN8>



Video playlist: https://youtube.com/playlist?list=PL-GAjBmq_k4o_RhI7Zs-ZqF2dURVRp5I6



ICT and Business Education

Internationally recognized education to match the demand of the industry

52 higher education institutions

79k students and 15k graduates

26k students in social sciences, business and law

20k STEM students and 97 ICT programmes

13% of students are foreigners



World-class ICT bachelor programme in cooperation with **University at Buffalo** and **BI Norwegian Business School**.



A public-private initiative for IT education promotion in Latvia that brings together top high schools, IT companies and other stakeholders. www.bits.education

Sources:

Ministry of Education of the Republic of Latvia;
RTU Riga Business School «Bachelor of IT Leadership»



Incentives for Smart Company Growth

Government support for employee upskilling and knowledge transfer

Up to 50-60% of costs coverage capped at **EUR 200 000 per project** for **professional trainings** or **knowledge transfer** activities:

Eligible costs:

- Training course costs (implementation of digitalization, automation and robotization, specialized language courses, training materials etc.)
- Transportation and accommodation costs in Latvia and abroad.
- Salaries of employees during trainings.

Total available funding **EUR 7,9 million**

Project duration: until **31.12.2023**



Sources: Investment and Development Agency of Latvia



Availability of Office Space in Riga

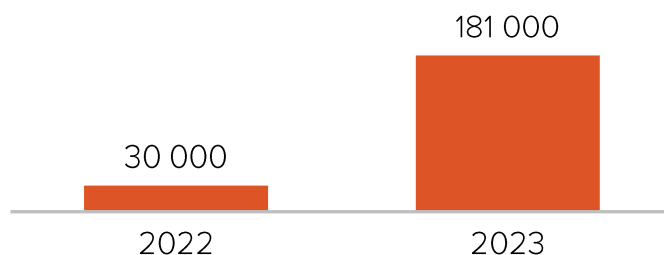
Large-scale A-class office project pipeline for 2022-2023

800 000 sqm A and B class office stock in Riga

1500+ coworking stations

211 000 sqm development pipeline until 2023

Office development pipeline in Riga (sqm)



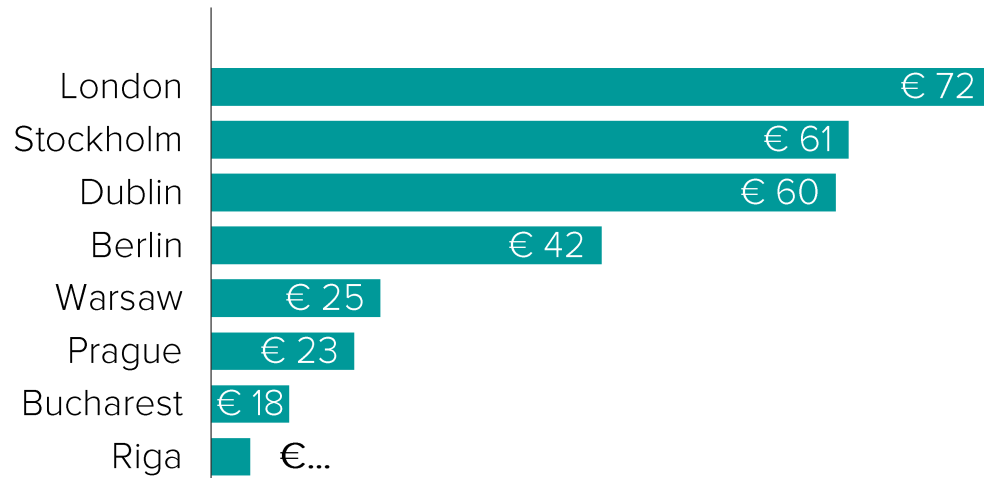
Source: Colliers International (Q3 2021)



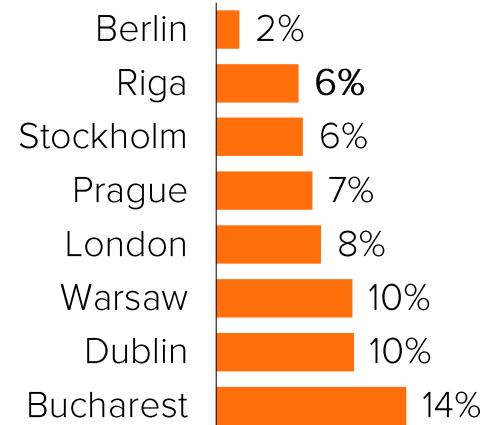
Availability of Office Space in Riga

Nearly 1 million sqm of affordable A and B class office space by 2023

A-class office monthly rent rates per sqm



A-class office vacancy rates



Note: vacancy rate in Riga excluding recently commissioned A-class office center in the large-scale «Z-Towers» project. **The average vacancy rate for A and B class offices in Riga is 14.5%.**

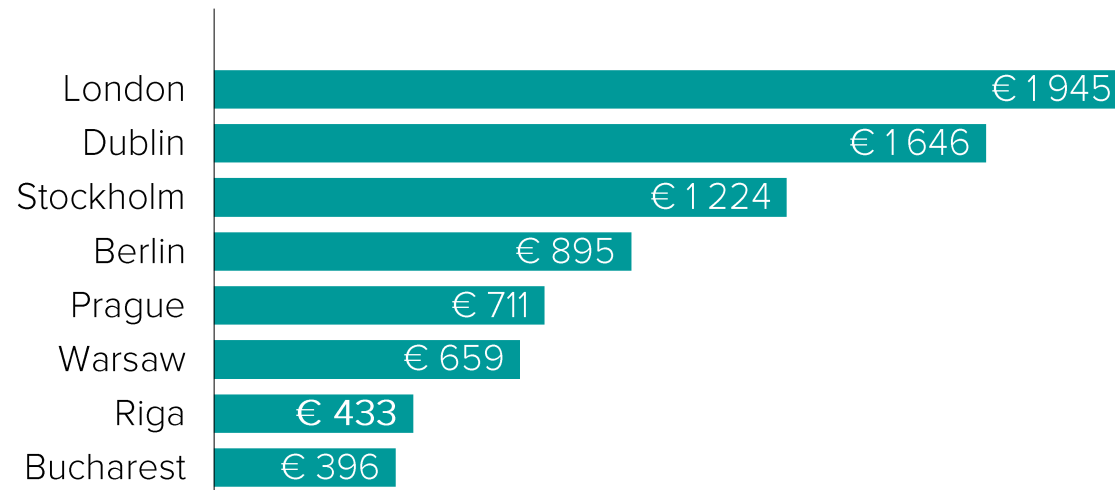
Source: Colliers (Q4, 2021)



Affordable Housing and Increasing Development

Latvia has the most affordable housing among the Baltic countries

One-bedroom monthly rent in the city centre



Riga ranked #1 in Baltics with highest score in housing availability index (198.5) and with lowest average apartment transaction price in new housing projects (1256 EUR/sqm).

Sources: Numbeo.com, Swedbank Baltic Housing Affordability Index (Q3, 2021)



Labour Cost in GBS Centers

Position	Net monthly salary, EUR		Gross monthly salary, EUR		Total monthly costs for the employer, EUR	
	Min	Max	Min	Max	Min	Max
Customer Support and Operations Specialist (Entry Level)	650	700	907	977	1122	1209
IT Helpdesk Specialist / HR / Finance / Logistics / Accountant Specialist	650	850	907	1187	1122	1468
Team Lead	950	1400	1326	1968	1640	2432
Software Developer	2100	2600	2988	3717	3693	4594
Managing Director	2500	4500	3665	6597	4548	8186
HR Manager	1300	2500	1822	3665	2252	4414

Indicated salary levels are related to companies in Riga and available to qualified specialists with good English. Salary levels for similar positions are up to 15-20% lower outside Riga city. There is no premium for English and Russian language knowledge.

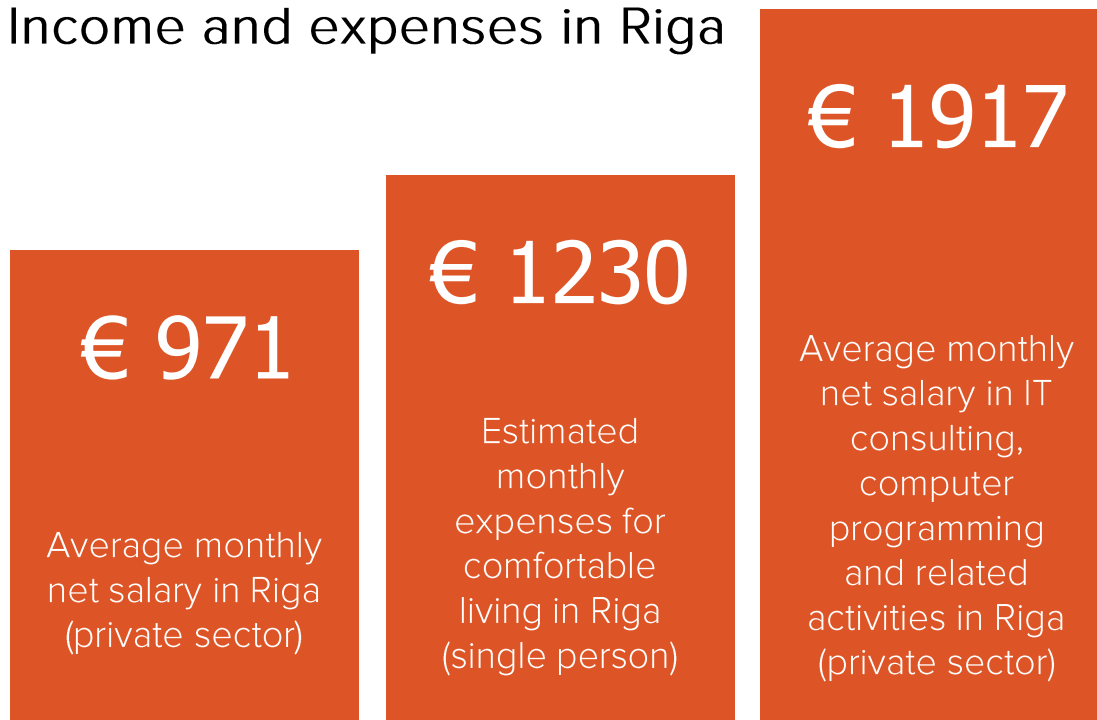
Source: Manpower Latvia (2021)



Excellent Value for Money

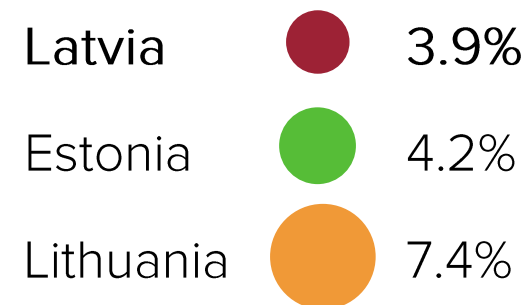
ICT talent will have sufficient means for comfortable living in Latvia

Income and expenses in Riga



Sources:
Central Statistical Bureau of Latvia (Q4 2020)
Fontes Recruitment agency annual ICT industry salary report 2020

STABLE salary growth in ICT in Latvia



Latvia has a [stable ICT salary growth rate](#) in Baltics in 2021 (research by Fontes).

RIGA

Most Dynamically Developing City
(CEE Business Services Awards, 2021)

#1 drone-friendly city in the world (FDI,
2022)

The third largest city in the Nordics
with 1,1 million inhabitants in Riga region

20 minute drive to the seaside and to
the airport

The most affordable housing and
offices in the Baltics



#2 greenest country in the EU
45% of Latvia covered in forests
20 min away from the nature
500 km of sandy beaches

LATVIA





LOW COMPETITION

EASY TO ENTER & SCALE

TRAINING INCENTIVES

FAST-TRACK PROCEDURES

EXCELLENT VALUE FOR MONEY

SUPERIOR ACCESSIBILITY

MODERN ICT INFRASTRUCTURE

Welcome on board

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MAGNETIC
LATVIA

About Us

Investment and Development Agency of Latvia

Government agency with global presence

300 employees

20 representative offices around the world

4 departments



Investment



Trade



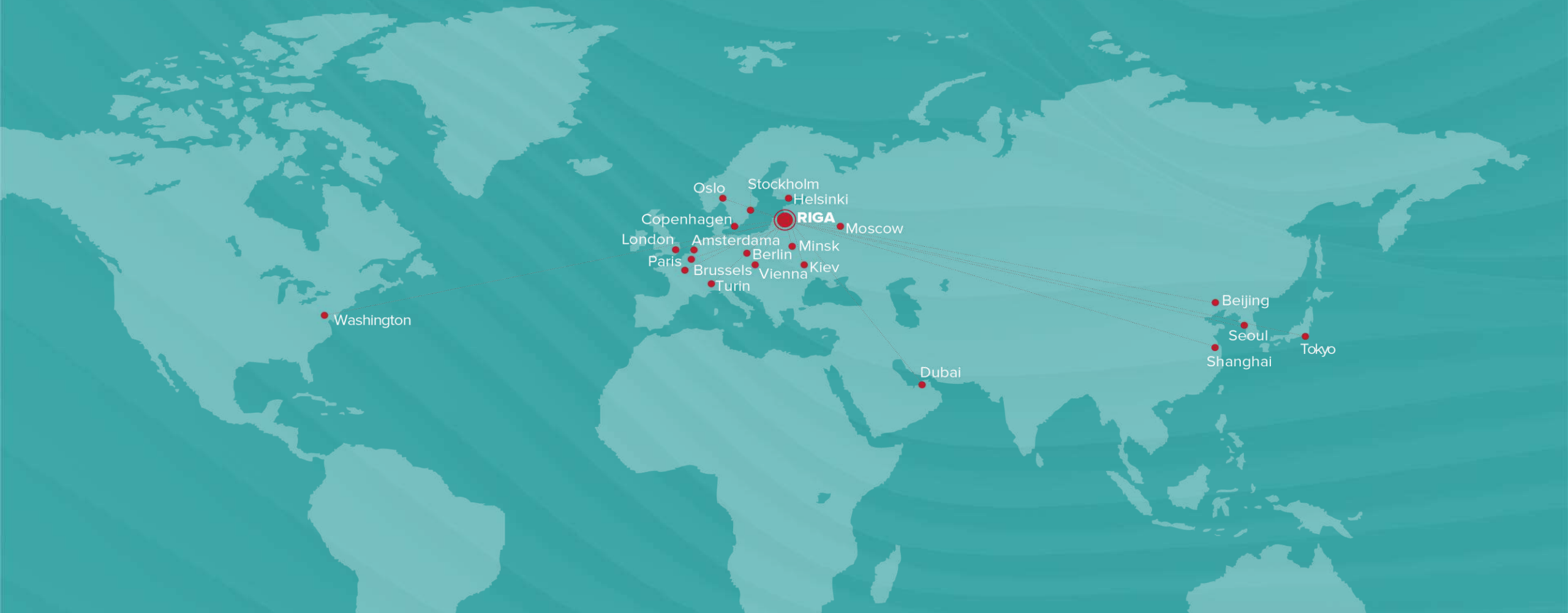
Innovation



Tourism



LIAA international presence



Investment and Development Agency of Latvia

Your personal guide for setting up business operations in Latvia



Assistance with investment location selection & implementation of investment projects.



Provision of all relevant information on business opportunities & business incentives.



Identification of the best property options for manufacturing facilities, offices, & greenfield development.



Assistance in establishing contacts with Latvian business partners, municipalities, & associations.



Successful LIAA FDI Cases

