

OECD ECONOMIC SURVEY OF LATVIA

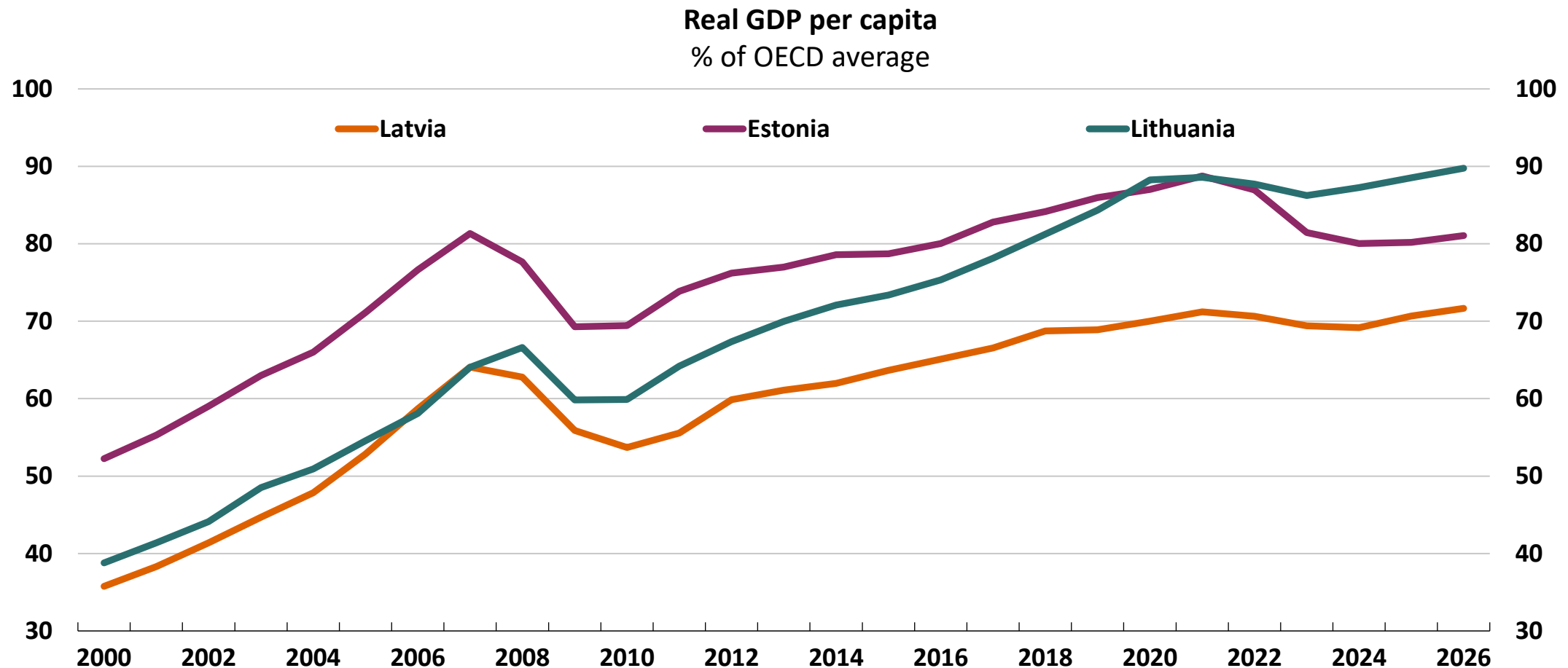
Strengthening public administration capacity
to support economic growth

Riga

15/16 September 2026

<https://oe.cd/LVA>

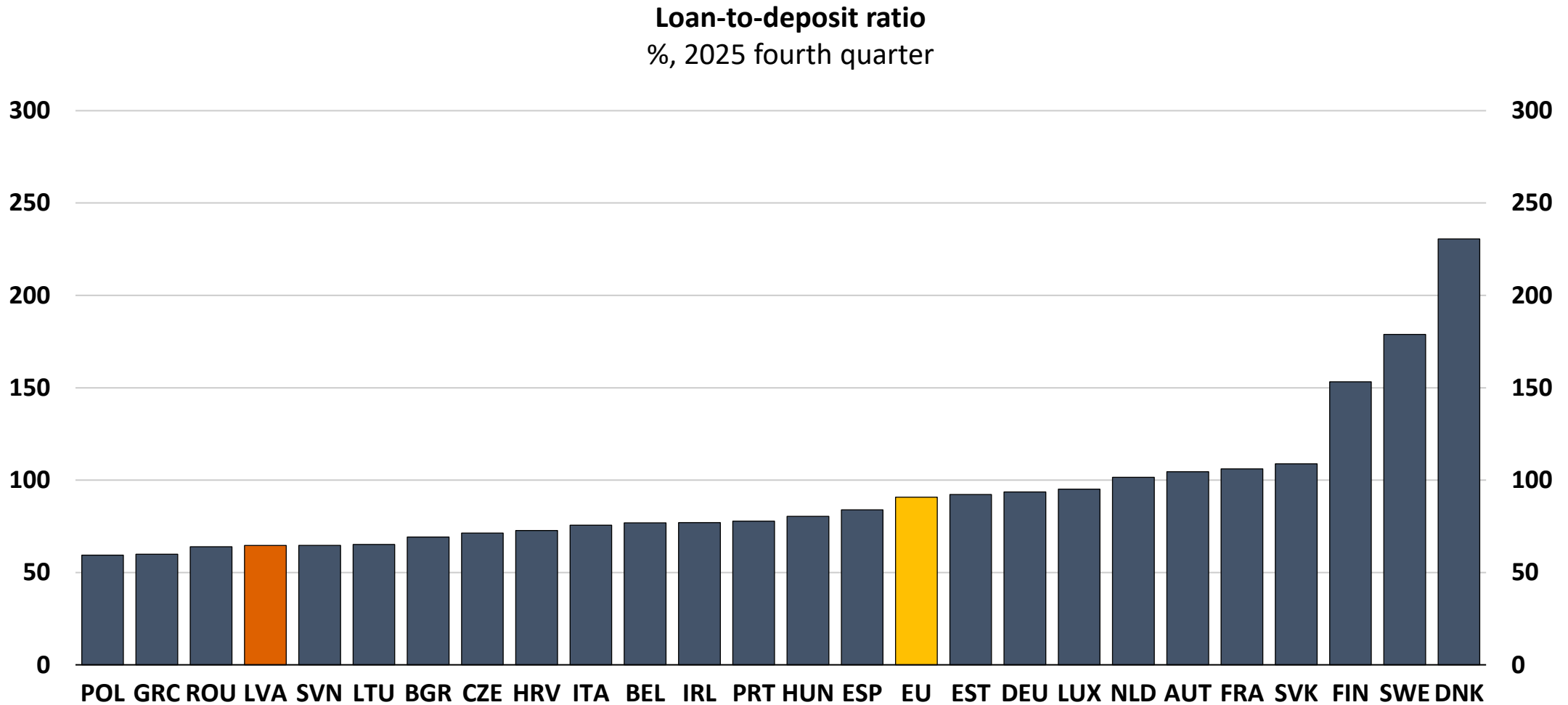
Living standards have converged towards the OECD average but renewed momentum is needed



Note: Real GDP per capita is measured in constant 2020 purchasing power parities.

Source: OECD National Accounts database; OECD Economic Outlook database.

Strengthening bank competition would support lending and investment



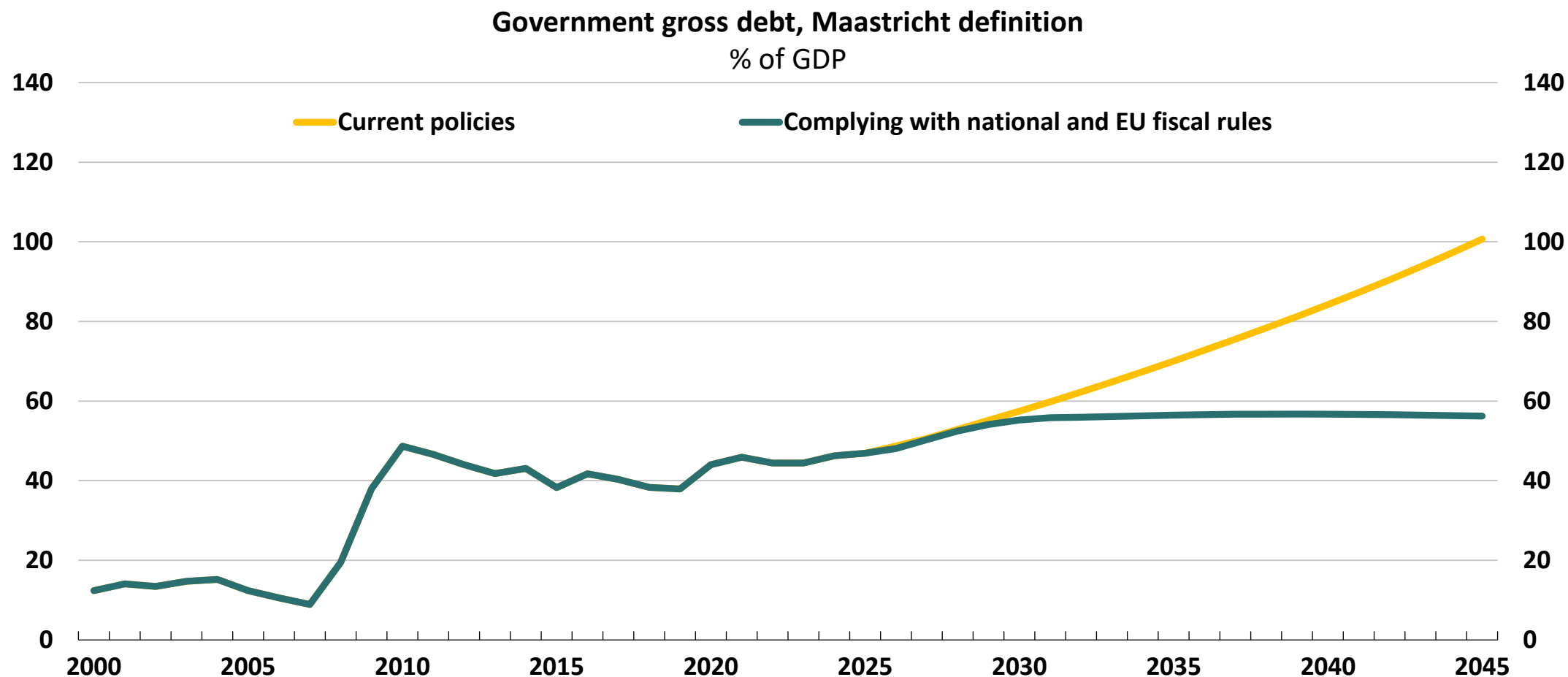
Source: Risk Assessment Indicators at the European Central Bank Data Portal; and OECD calculations.



Strengthening public finances



Pressures on fiscal sustainability are growing

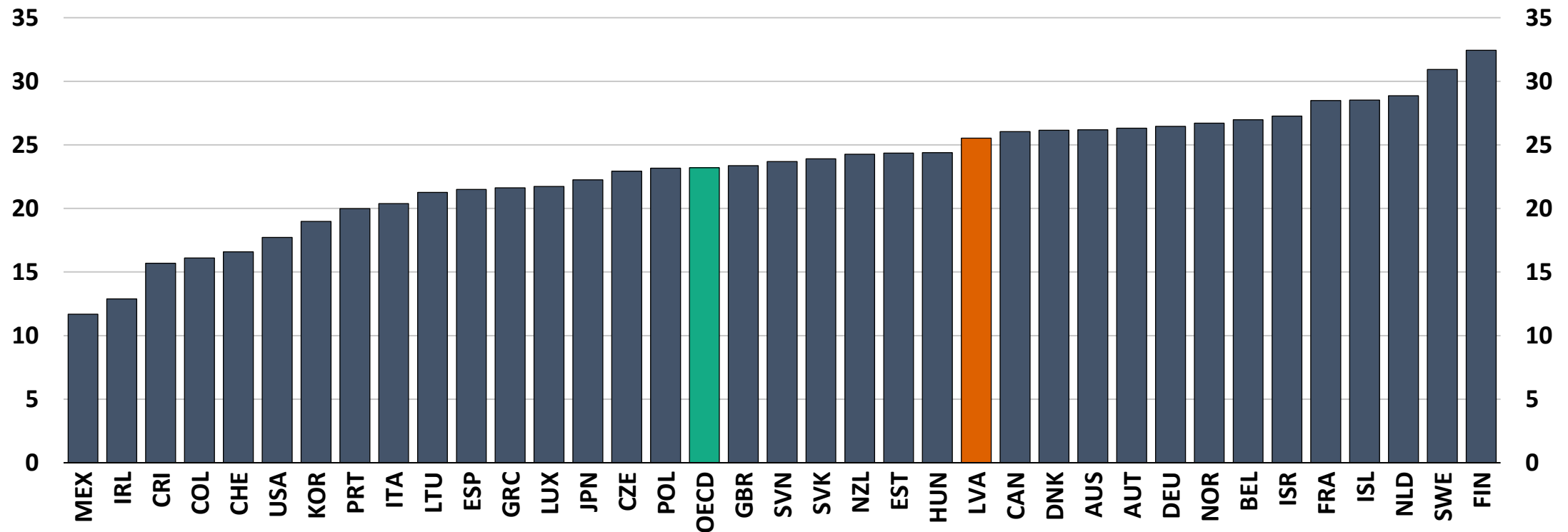


Note: The “Complying with national and EU fiscal rules” scenario assumes that the structural budget deficit reaches 3.7% of GDP in 2027 and is then gradually reduced to 1% of GDP by 2032 and remains constant thereafter. The scenario “Current policies” assumes that the primary balance remains at its 2026 level of -1.8% of GDP, while additional spending for health and long-term care due to population ageing is gradually added over the projection horizon.

Source: OECD Economic Outlook database; OECD Long-Term Model; and OECD calculations.

Strengthening spending reviews and policy impact evaluation would help raise spending efficiency

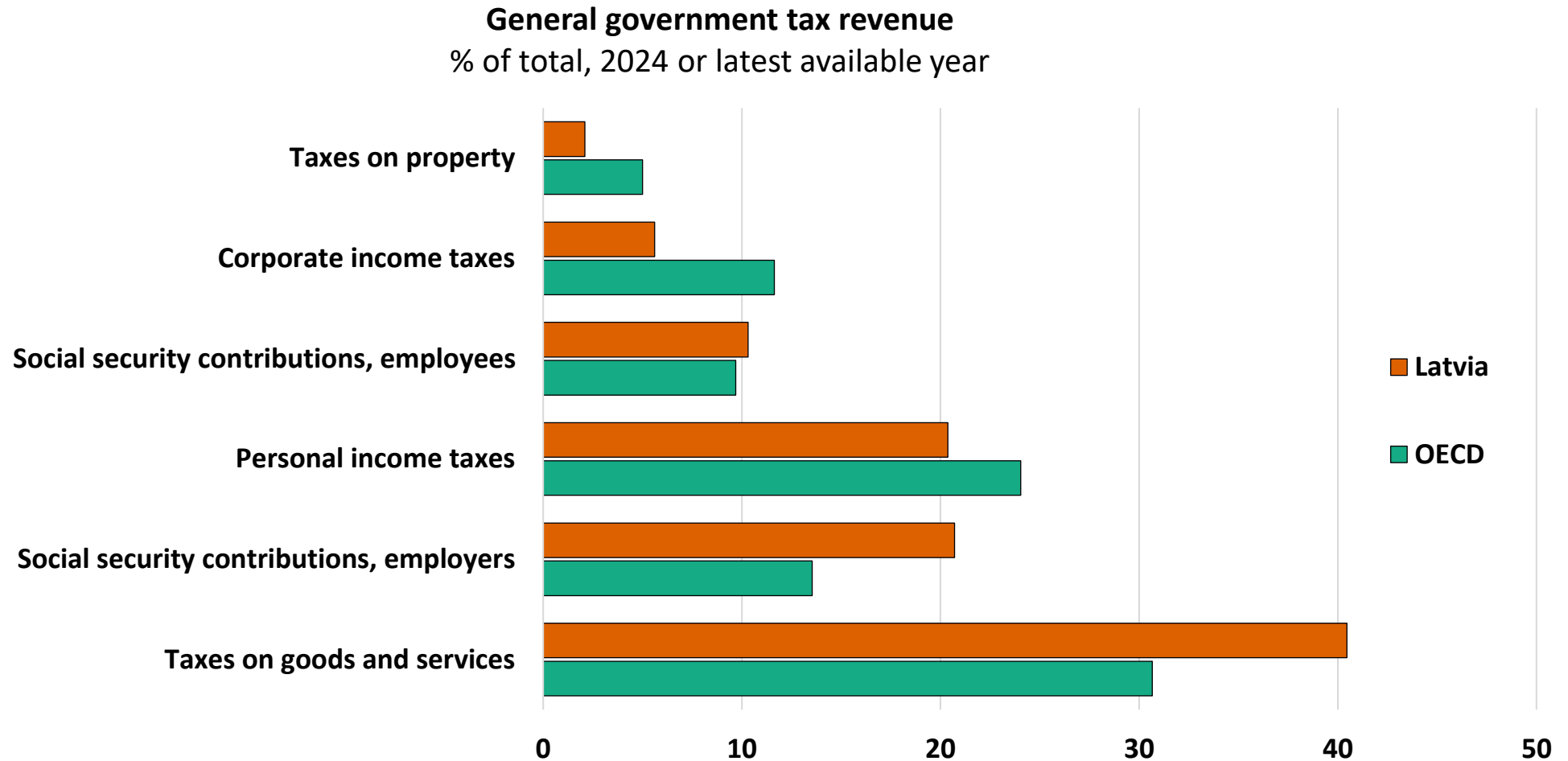
Expenditure on publicly provided goods and services
% of GDP, 2024



Note: Expenditure on publicly provided goods and services refers to the production costs of government. The production costs of government include compensation for government employees, costs of goods and services used and financed by government, and other production costs.

Source: OECD Government at a Glance database.

Reforming property and income taxes and improving tax enforcement can optimise revenues



Source: OECD Revenue Statistics.

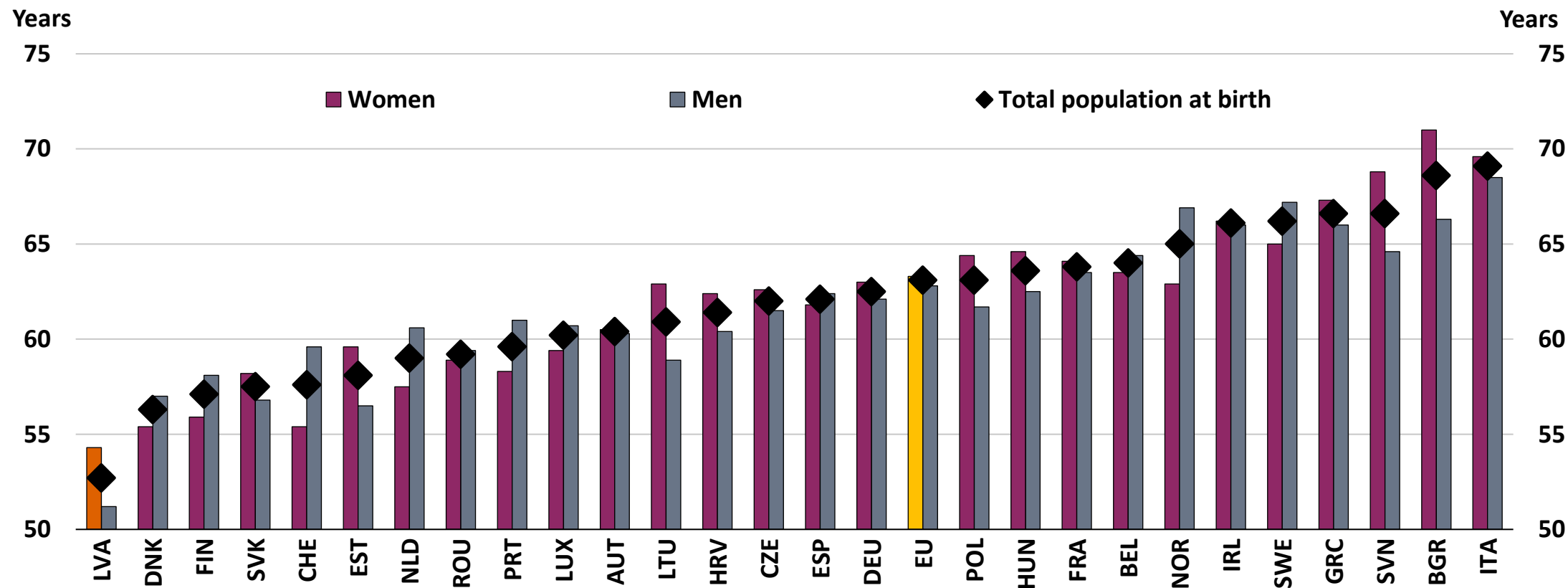


Improving
health
outcomes



Weak health outcomes weigh on well-being and labour supply

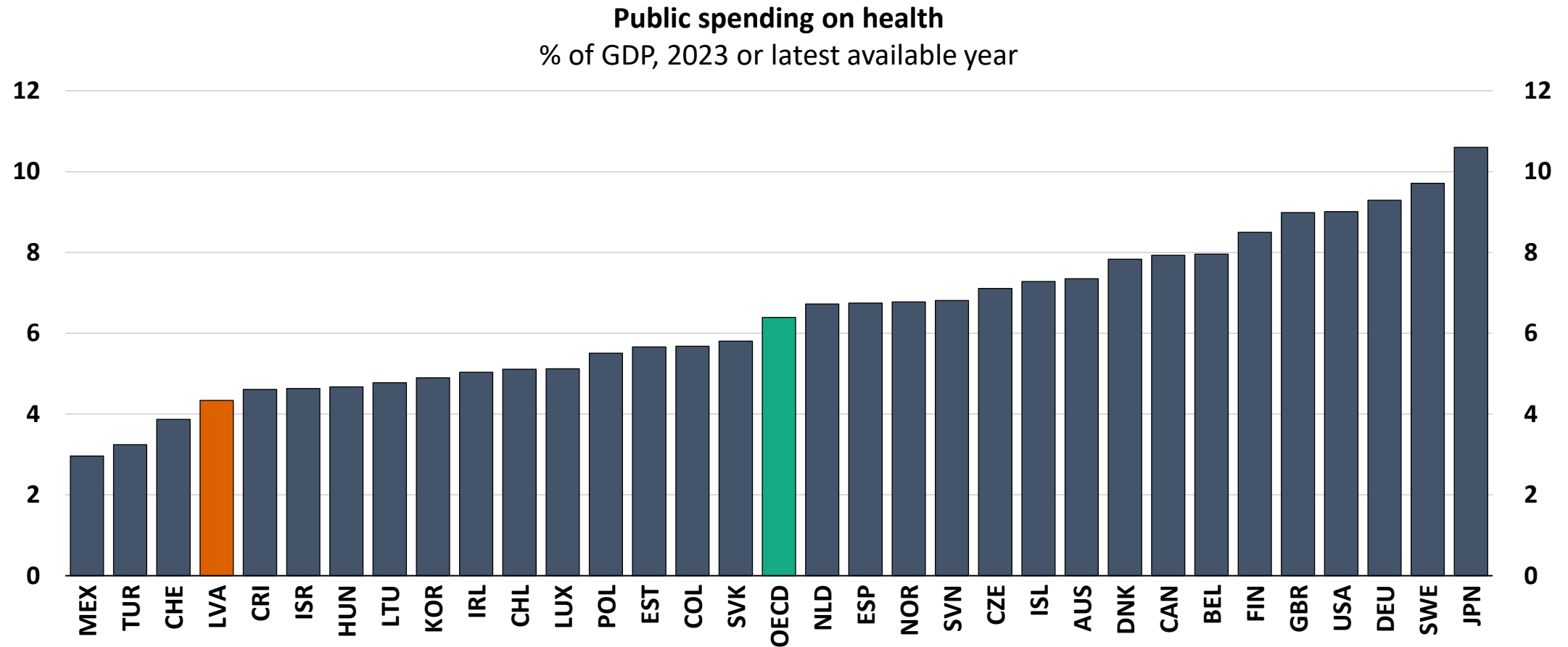
Healthy life years at birth
2023 or latest available year



Note: Healthy life years are defined as the number of years spent free of long-term activity limitation (this is equivalent to disability-free life expectancy).

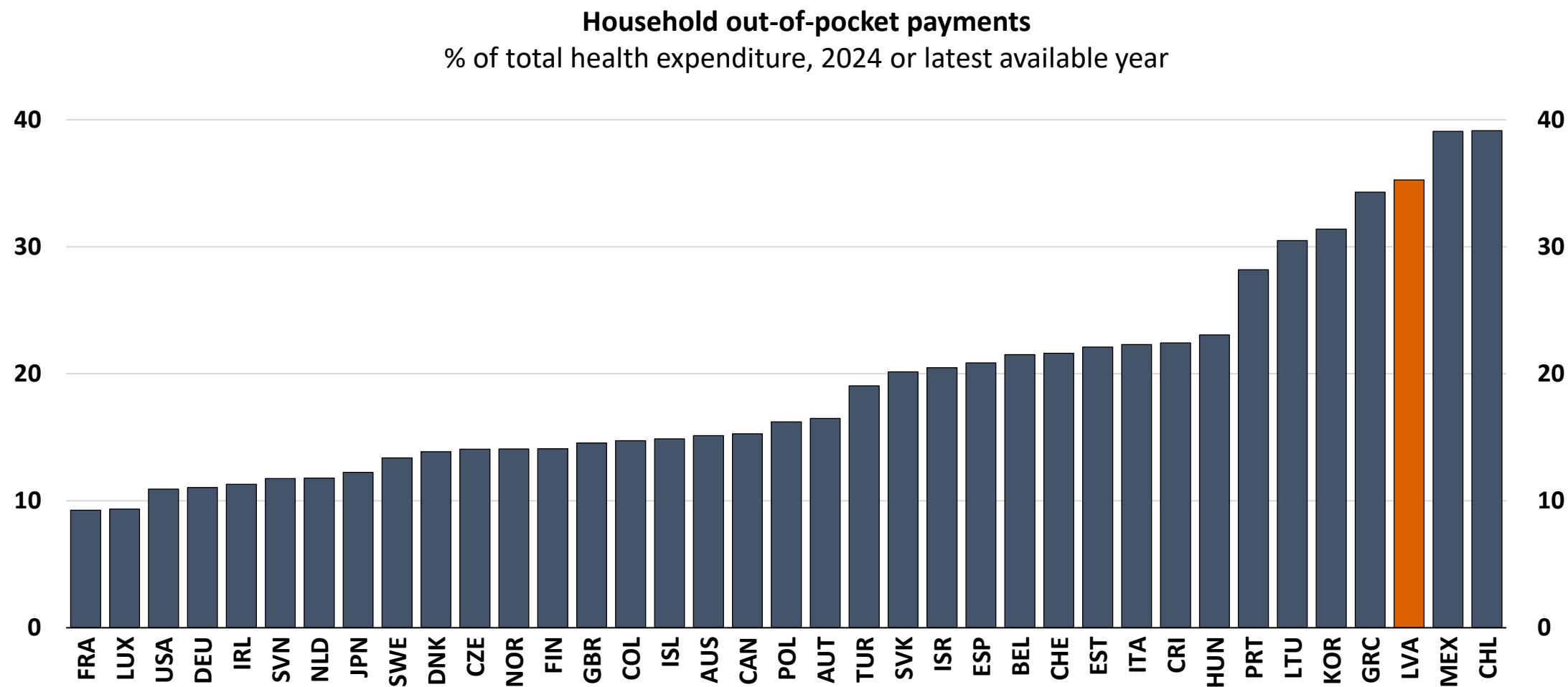
Source: Eurostat.

Public spending for healthcare is low



Source: OECD calculations based on OECD Health Statistics database.

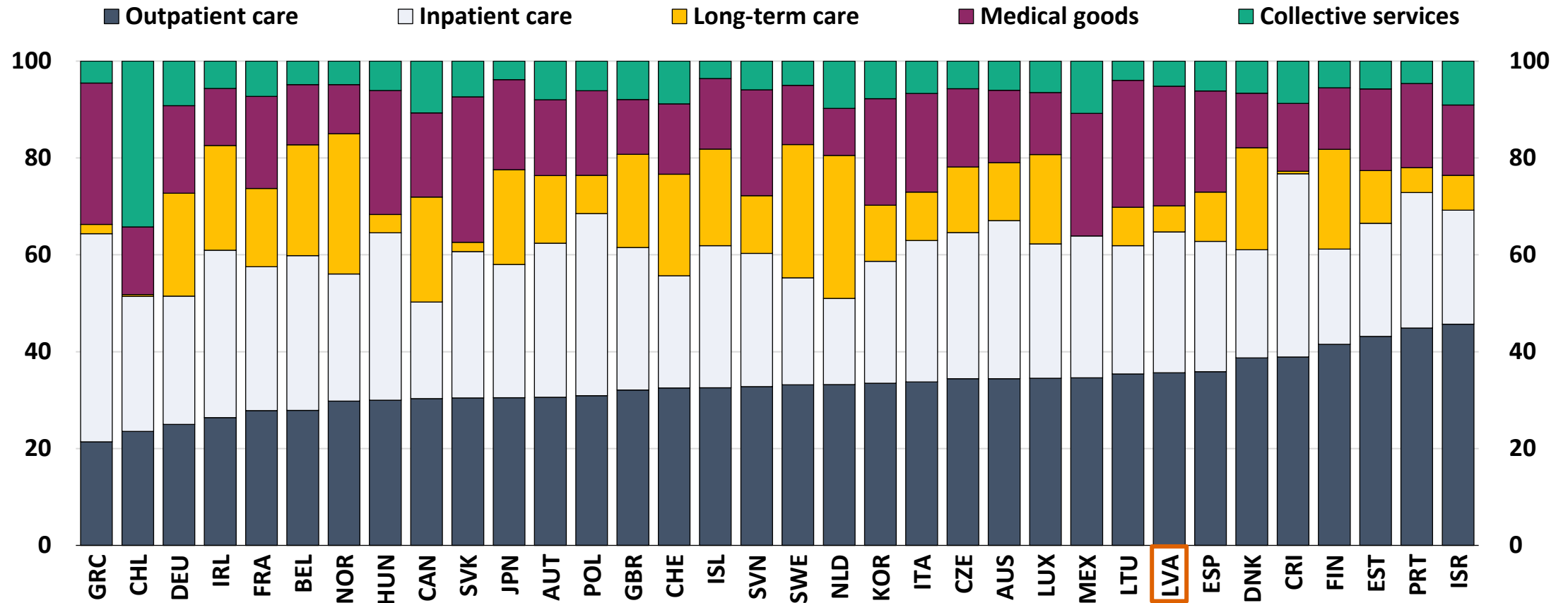
Out-of-pocket payments are high



Source: OECD Health Statistics database.

Further strengthening outpatient care would help improve treatment quality and spending efficiency

Health expenditure by type of service
%, 2024 or latest available year

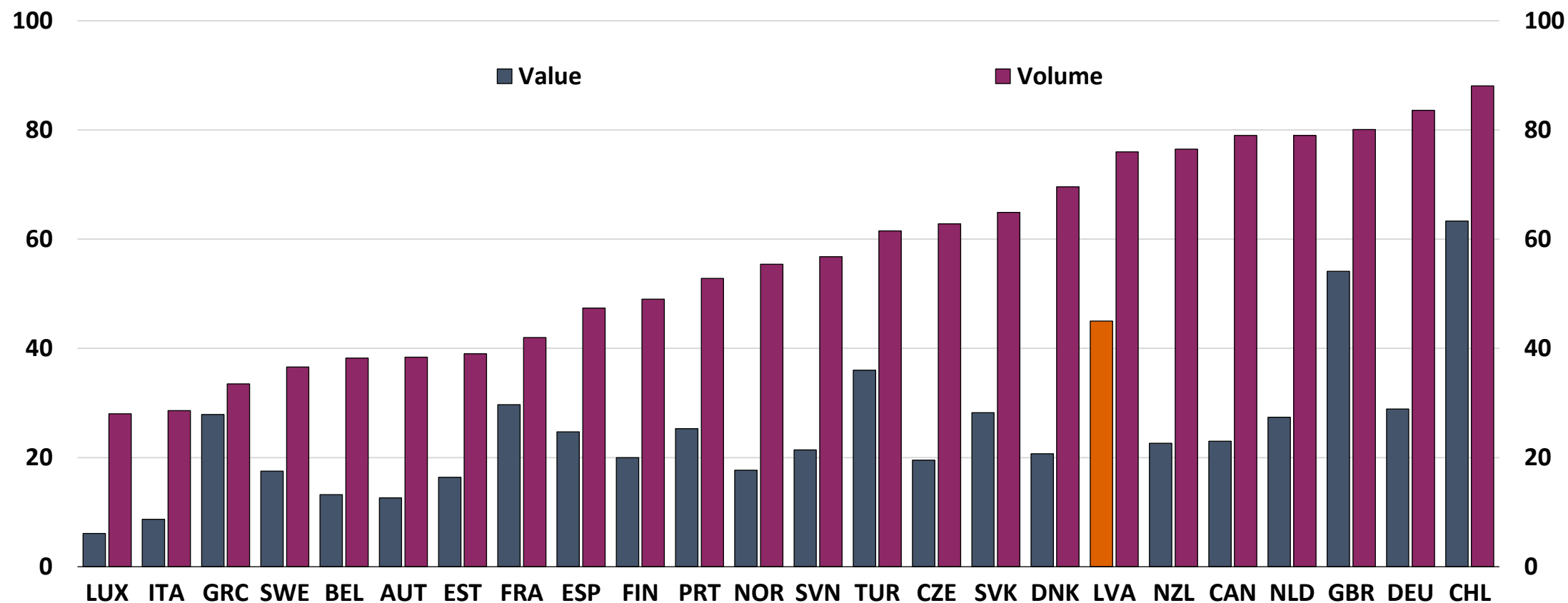


Note: In patient care refers to curative-rehabilitative care in inpatient and day care settings. Outpatient care includes home care and ancillary services.

Source: OECD Health Statistics database.

Competition should be further strengthened in pharmaceutical markets

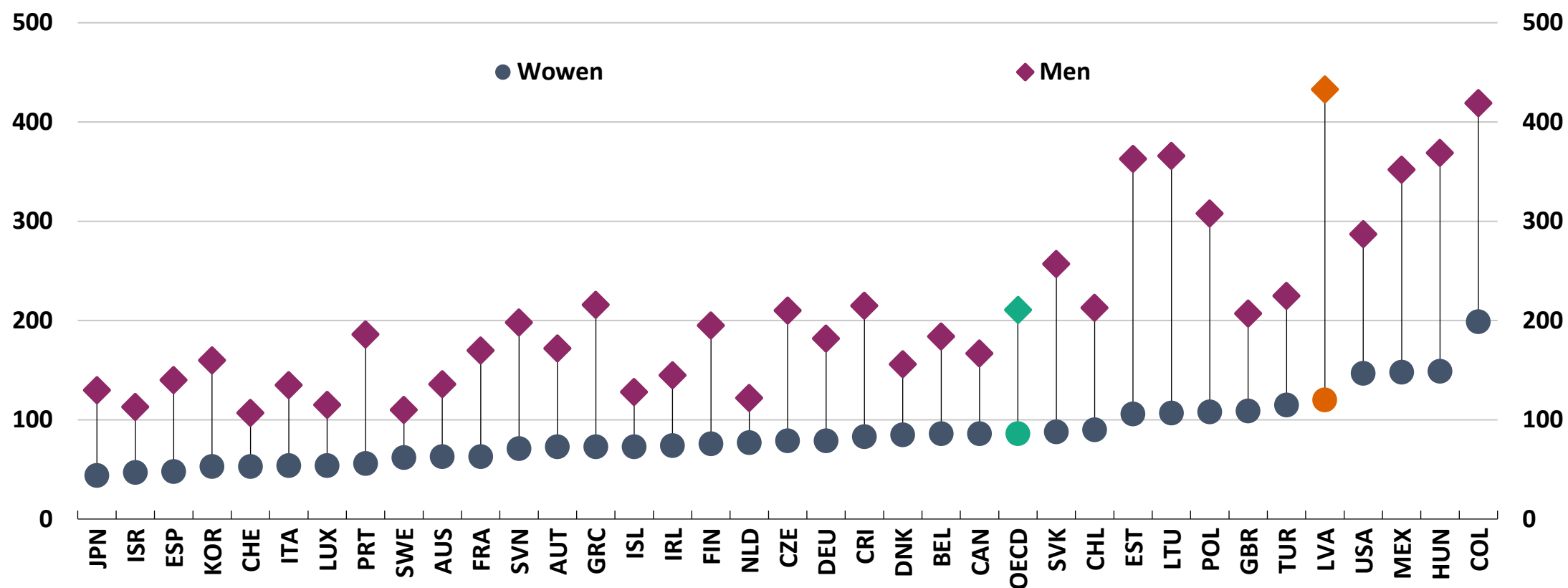
Share of generics in the total pharmaceutical market
%, 2024 or latest available year



Source: OECD Health Statistics database.

Mortality due to preventable diseases is high

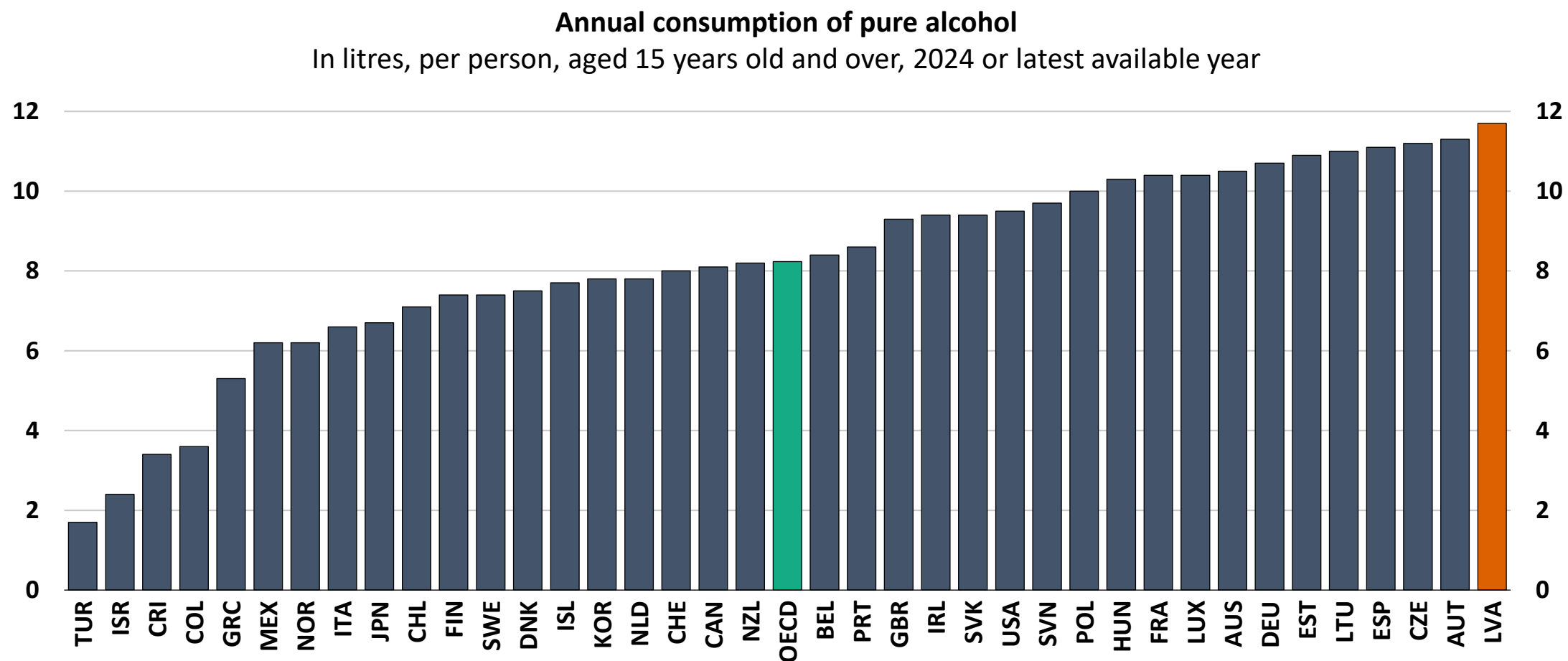
Mortality from preventable causes, persons aged less than 75 years
Rate per 100 000 inhabitants (standardised rates), 2023 or latest available year



Note: Rates are standardised to the 2015 OECD population to control for differences in age structures across countries and over time.

Source: OECD Health Statistics, based on the WHO Mortality Database.

Continuing to raise excise taxes on alcohol and tobacco would improve health outcomes



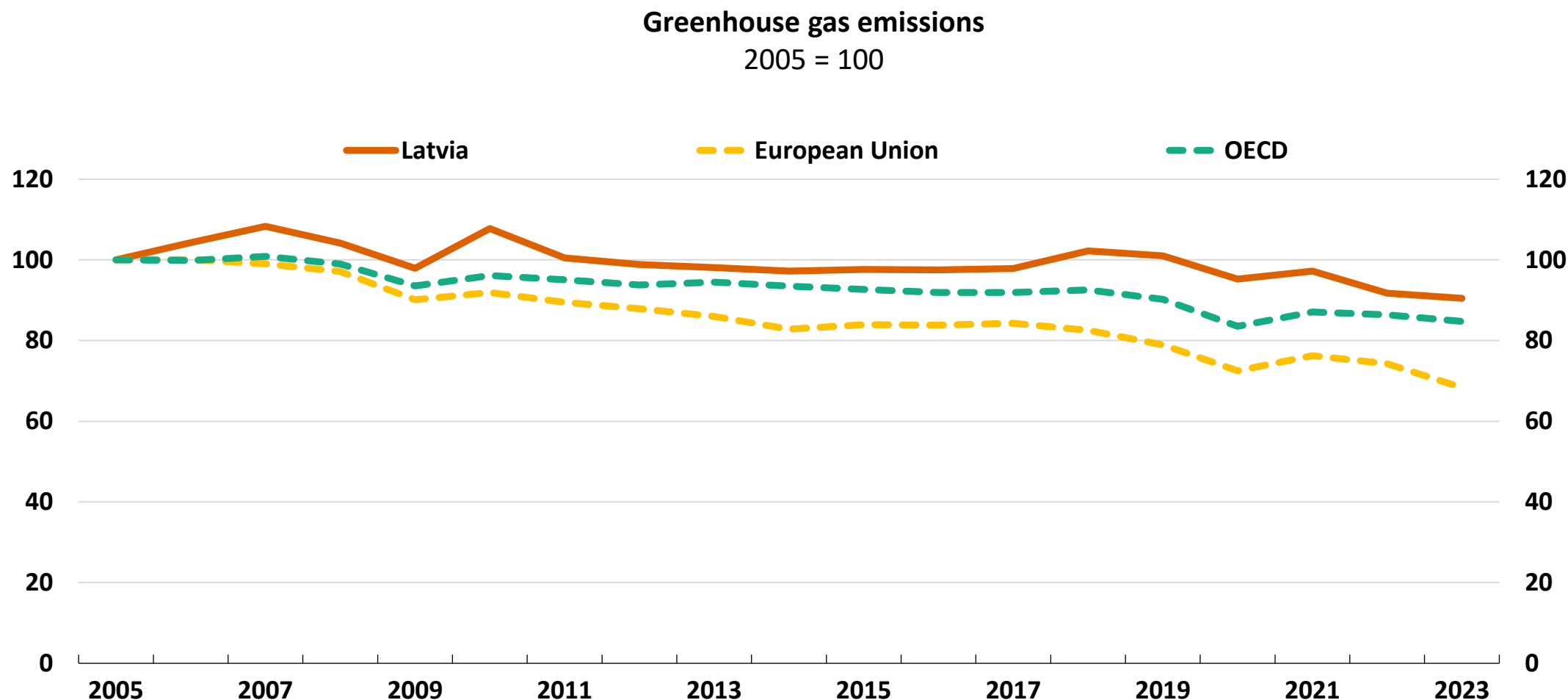
Source: OECD Health Statistics database.



Tackling climate change



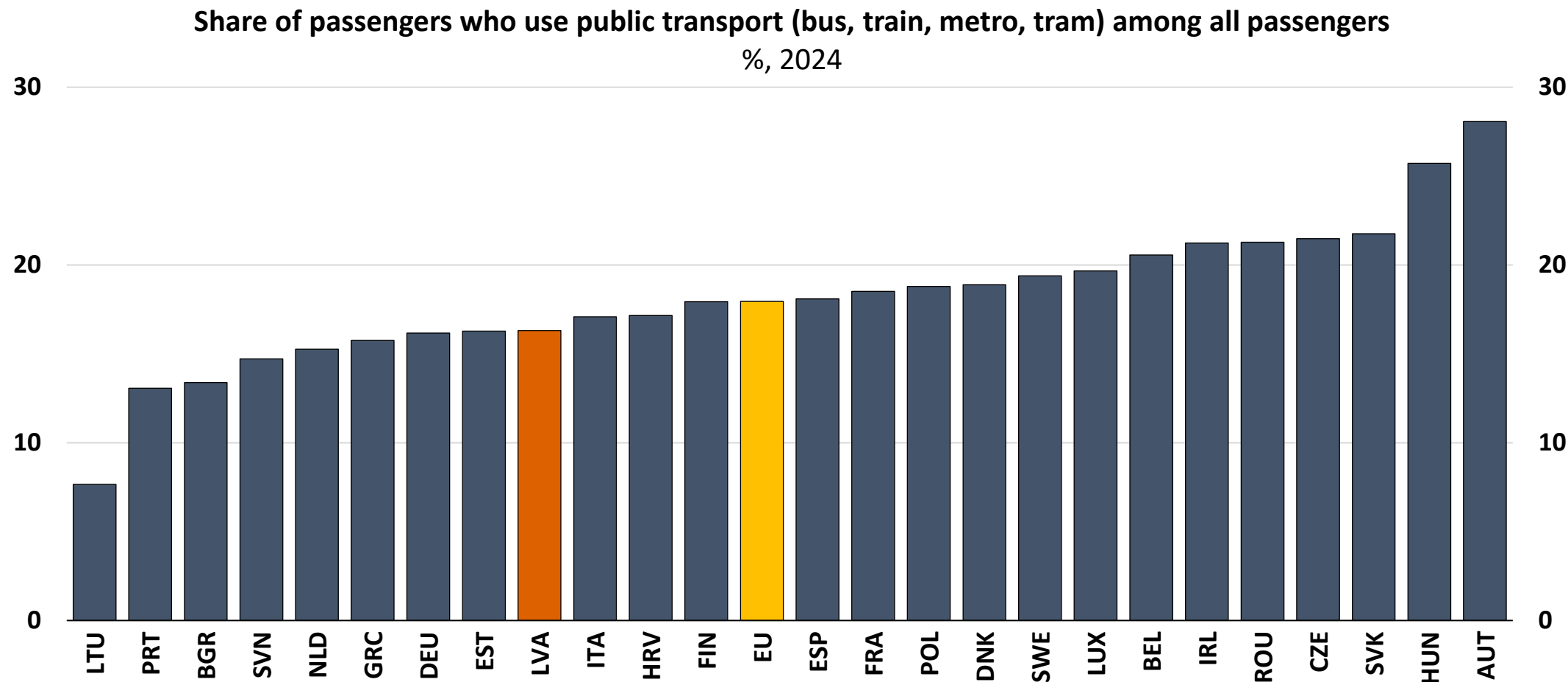
Greenhouse gas emissions reductions need to accelerate to meet climate goals



Note: Data exclude land use, land-use change and forestry.

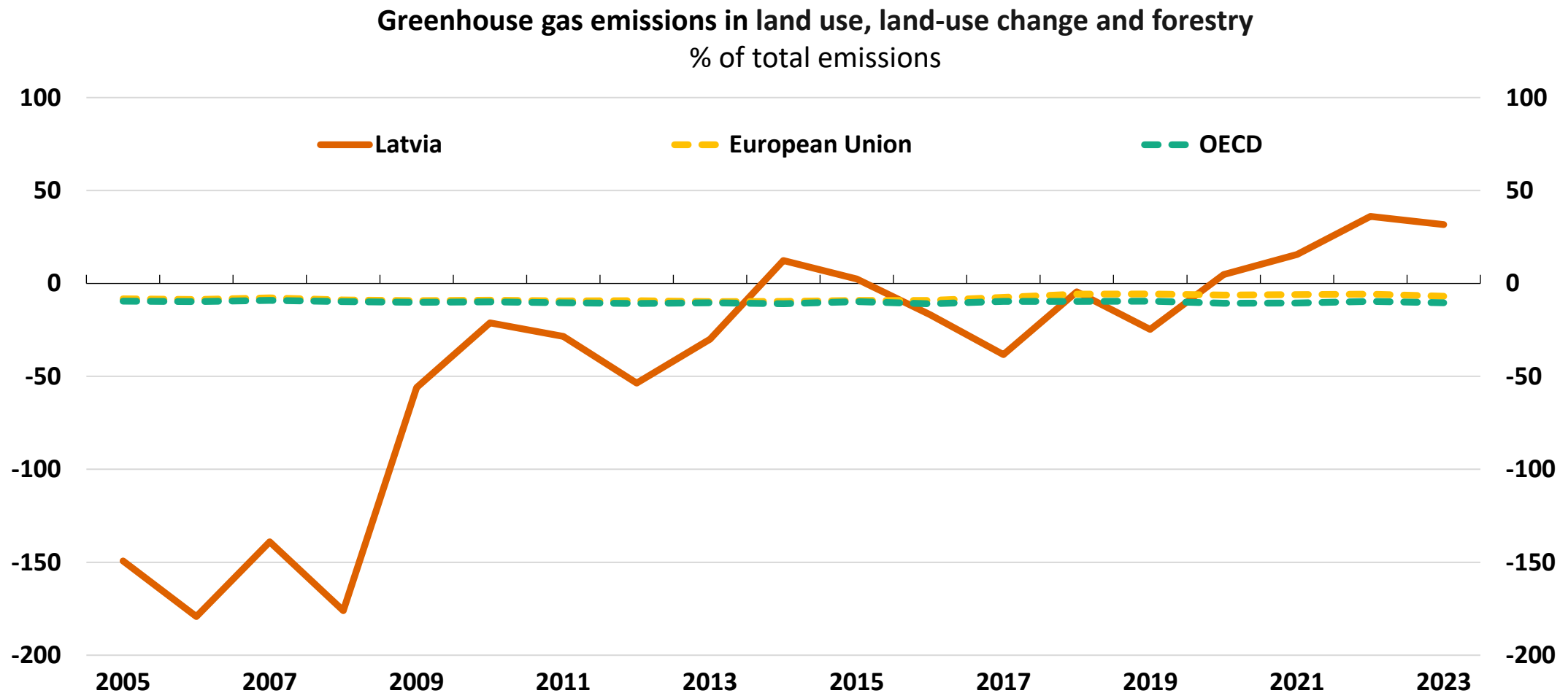
Source: OECD Environment Statistics database.

Establishing a metropolitan transit authority in the Riga area would help improve public transportation



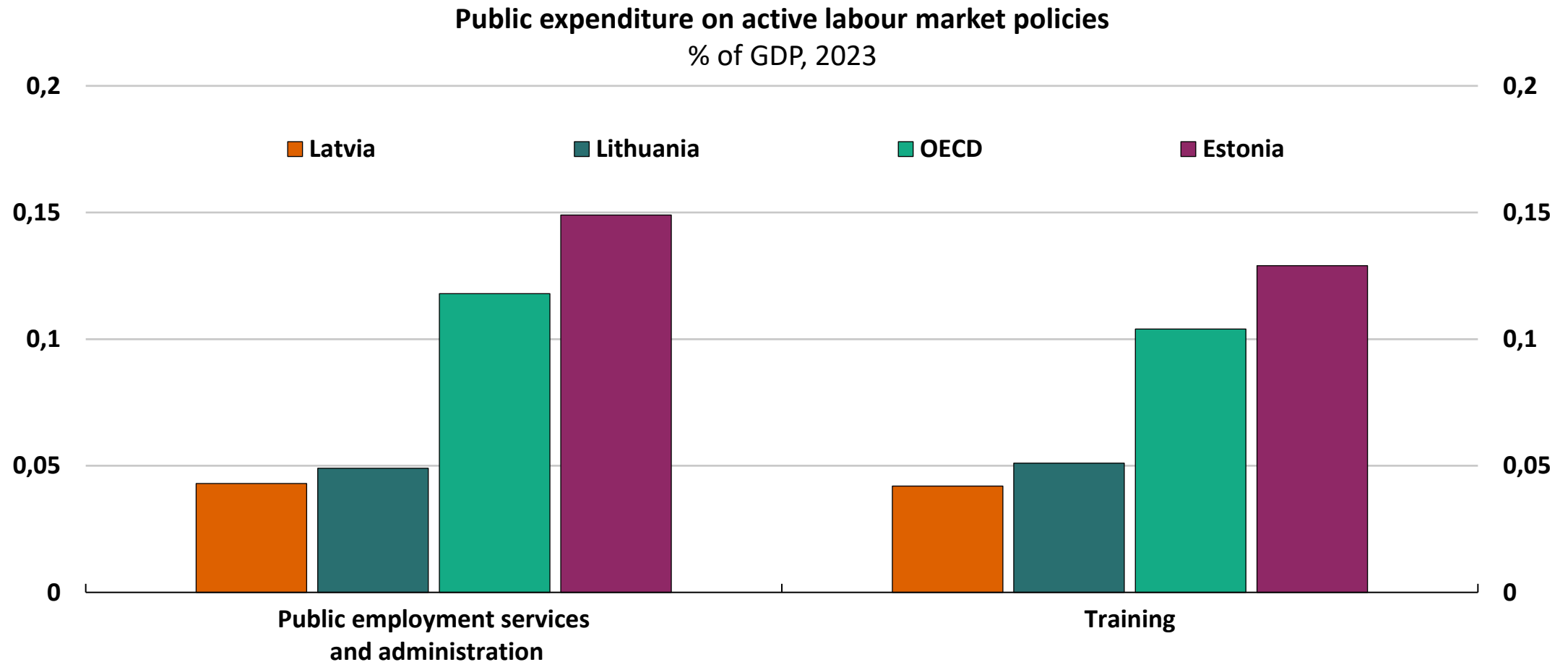
Source: Odyssee-Mure database.

Restoring drained peatlands and improving forest management are key to reduce emissions



Source: OECD Environment Statistics database.

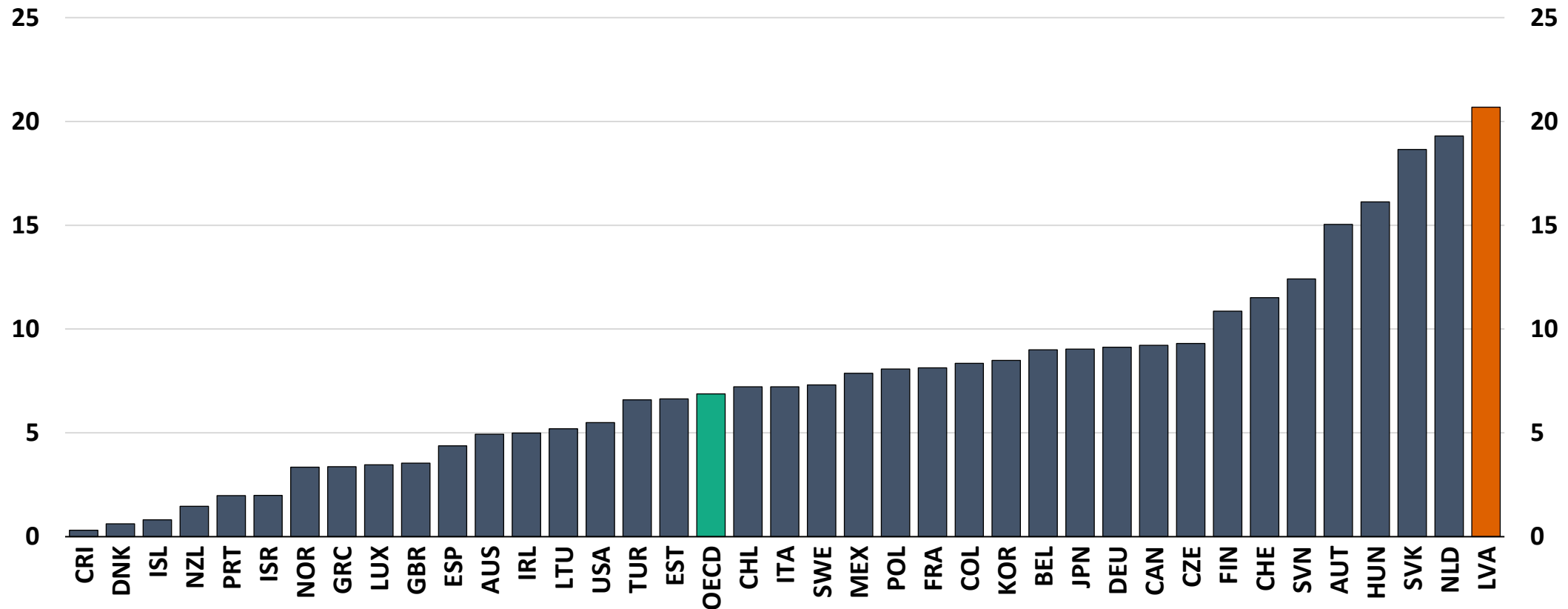
Helping workers move jobs and adapt to changing skills requirements is key for facilitating structural change



Source: OECD Labour Force Statistics.

Making climate risk insurance mandatory and improving drainage systems would support climate adaptation

Share of built-up area exposed to extreme flooding
%, 2022



Note: Extreme flooding refers to a “100-year flood”, meaning a flood that statistically has at least a 1% chance of occurring in any one year.
Source: OECD International Programme for Action on Climate dashboard.



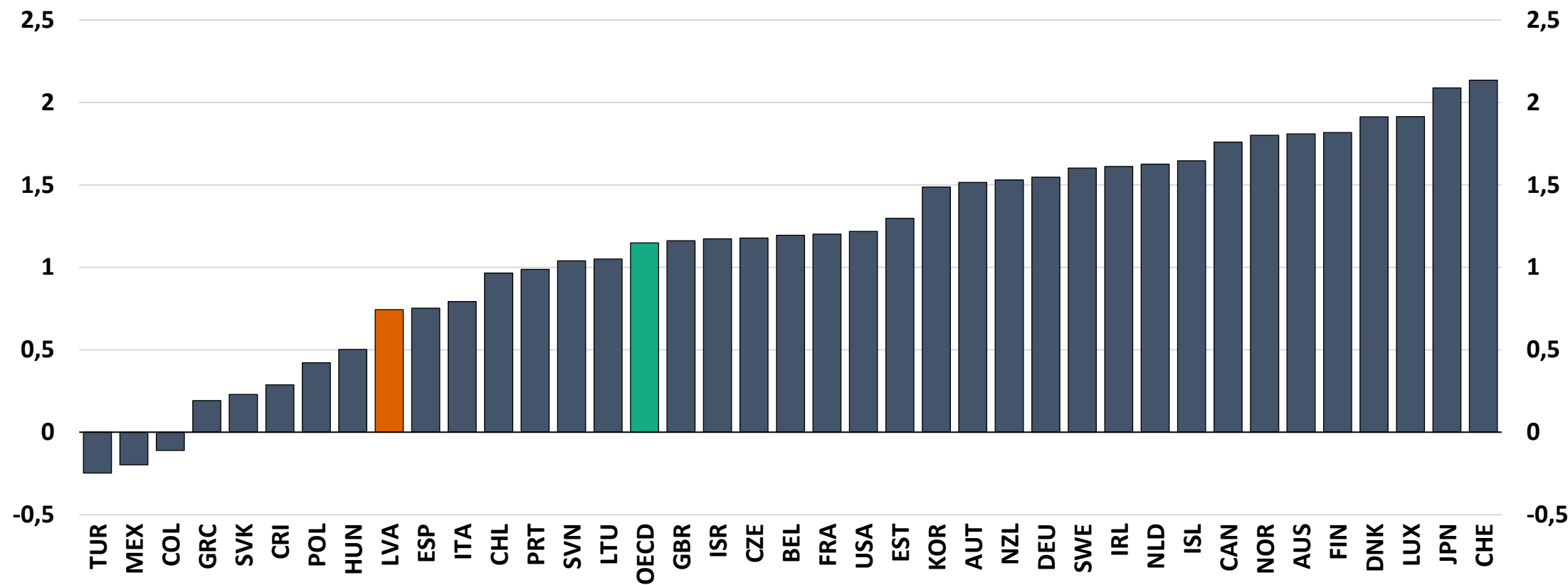
Enhancing the capacity of the public administration





Public sector effectiveness has room for improvement

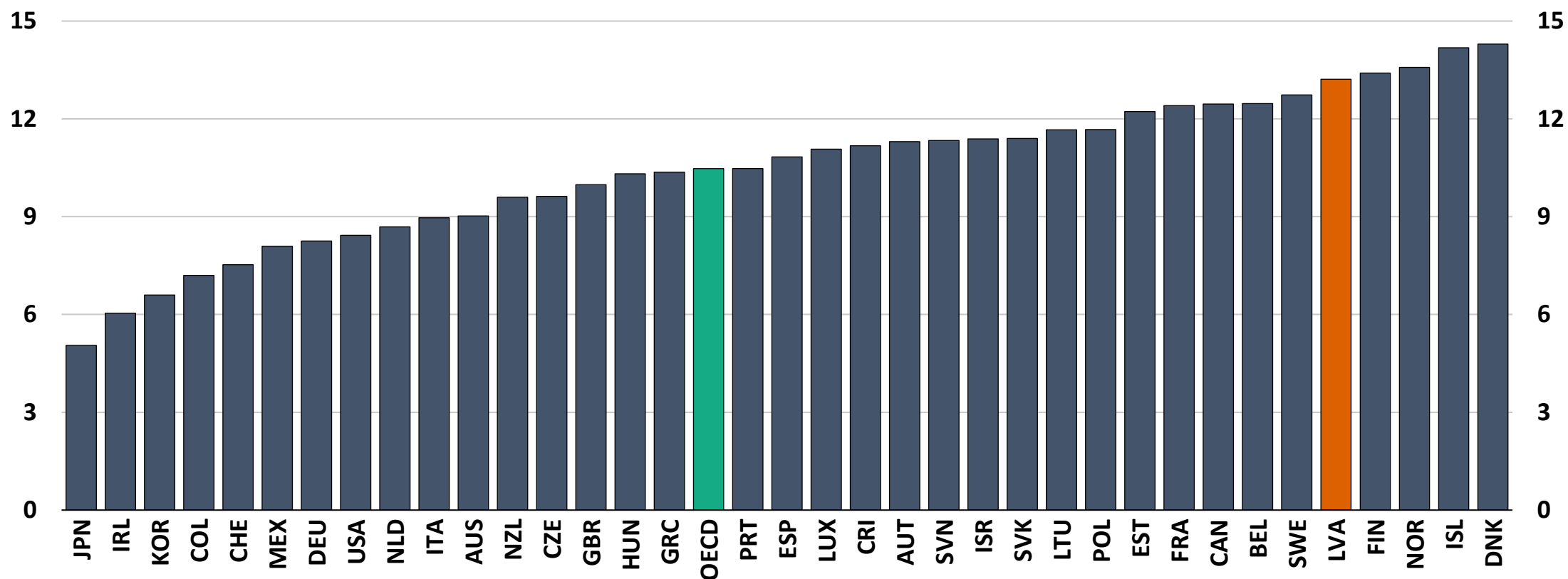
Perceptions of public sector effectiveness
Higher values indicate stronger perception of effectiveness, 2024



Note: The indicator reflects perceptions of public service quality, civil service competence and independence, quality of policy formulation and implementation and the government's credibility in its commitments. The indicator is measured in standard normal units (ranging from -2.5 to 2.5).
Source: World Bank, Worldwide Governance Indicators (WGI).

The public-sector wage bill is high

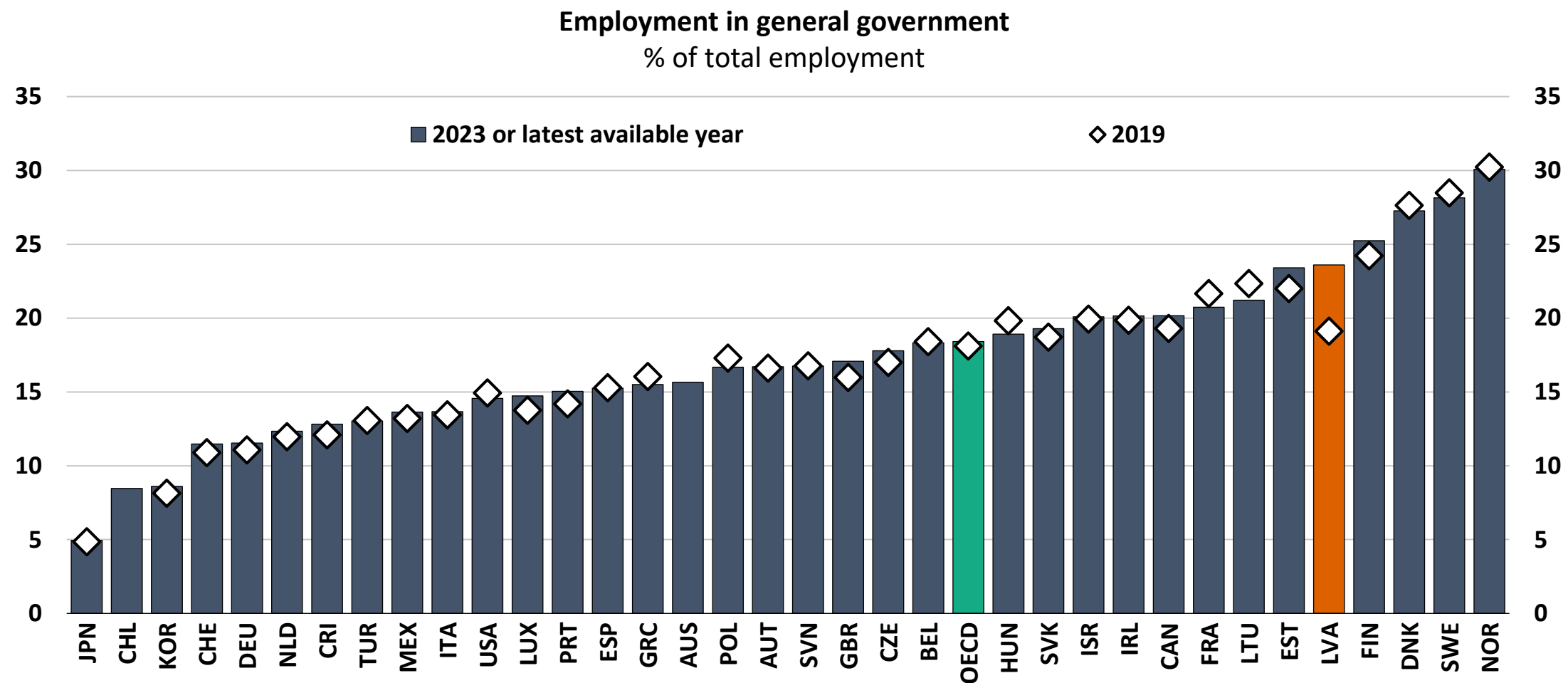
General government compensation of government employees
% of GDP, 2024



Source: OECD Government at a Glance database.



Public employment has further increased

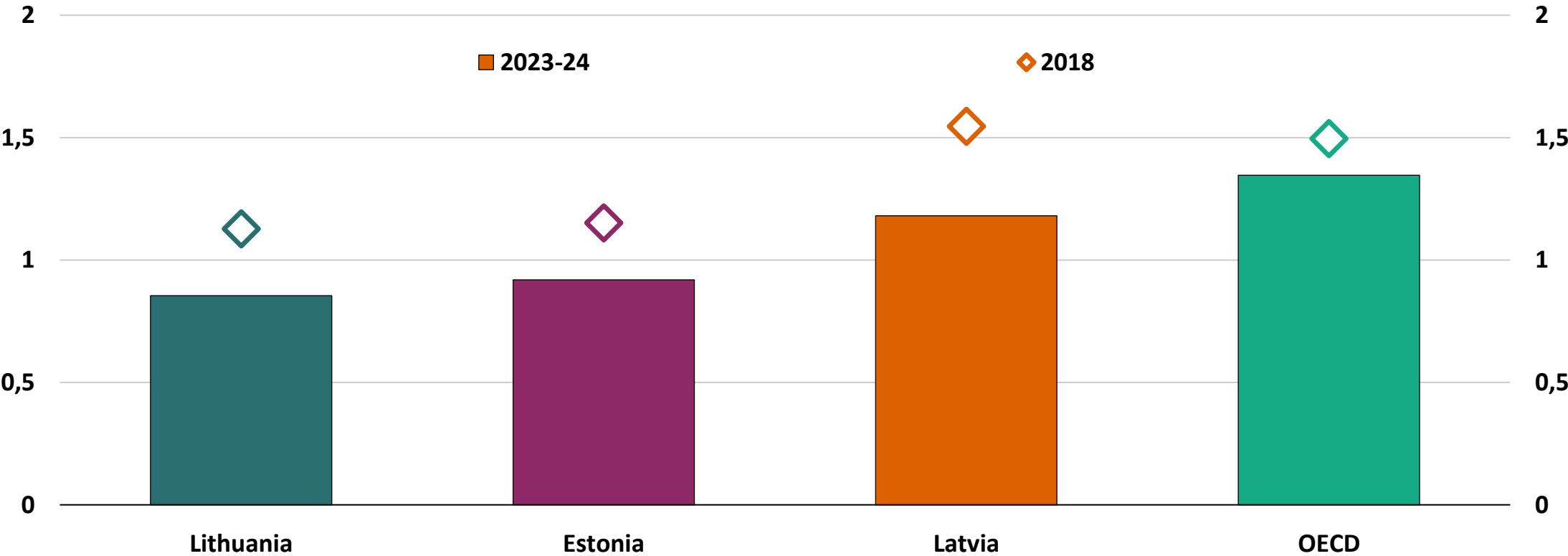


Source: OECD Government at a Glance database.



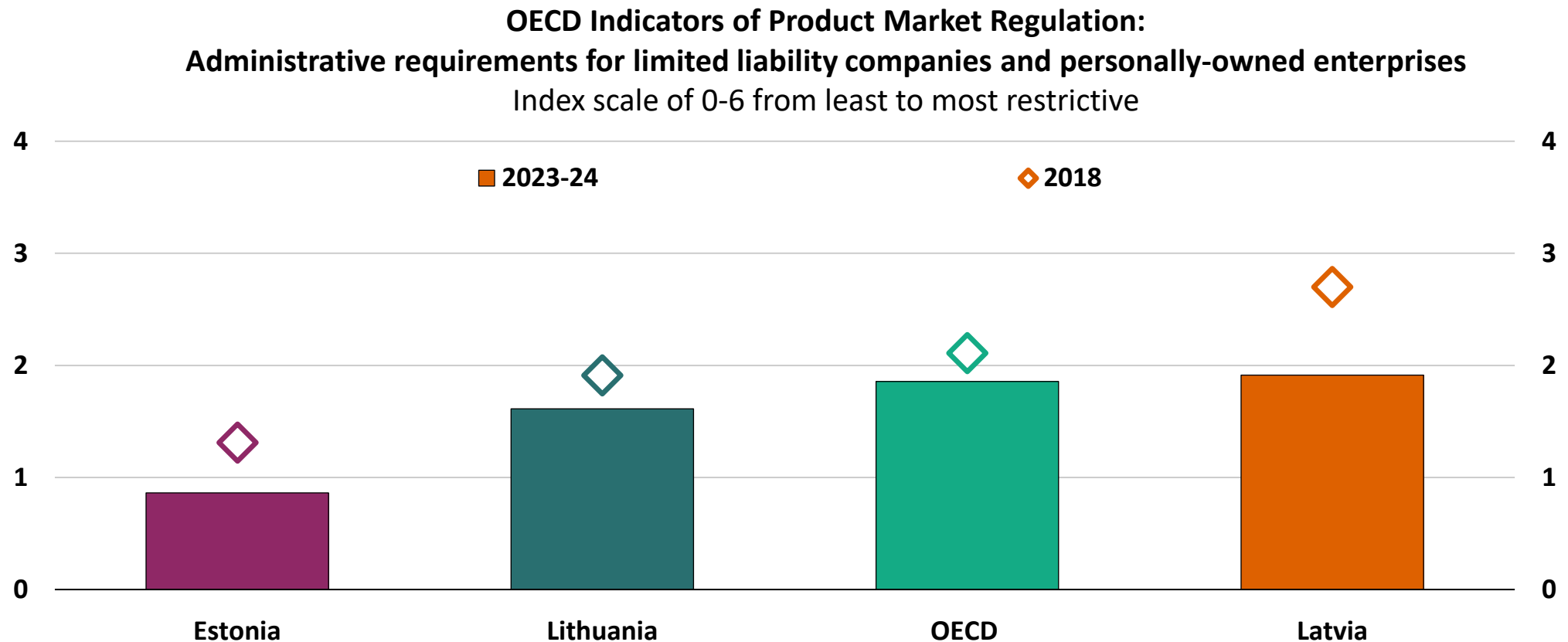
The administrative burden has declined

OECD Indicators of Product Market Regulation:
Overall indicator
Index scale of 0-6 from least to most restrictive



Source: OECD Product Market Regulation database.

Further digitalising the public administration is key to improve administrative efficiency



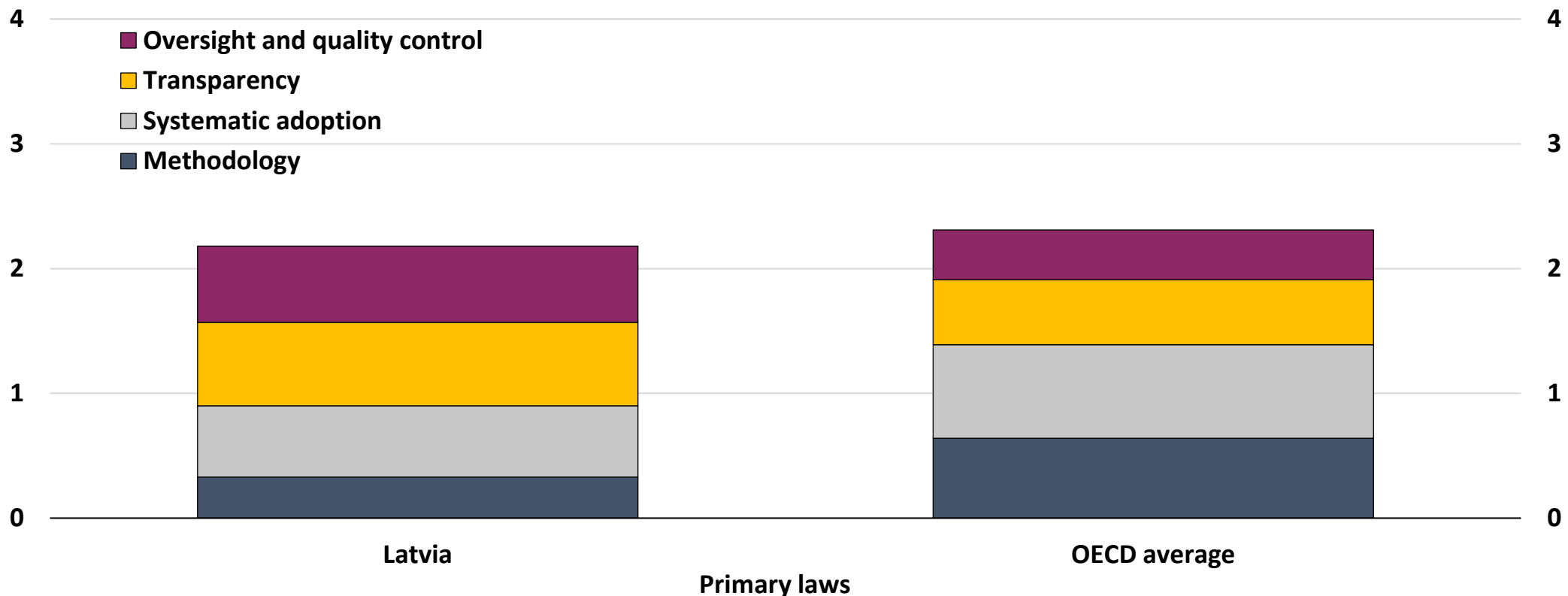
Note: The administrative burden for limited liability companies and personally-owned enterprises indicator measures barriers to domestic and foreign entry through the complexity, cost, and regulatory efficiency of starting a business, including the number of procedures and institutions involved, financial requirements, availability of information and legal time limits for administrative processing.

Source: OECD Product Market Regulation database.



Ex-ante regulatory impact assessment can improve

Performance of ex-ante regulatory impact assessment systems
2024, higher value indicates better performance

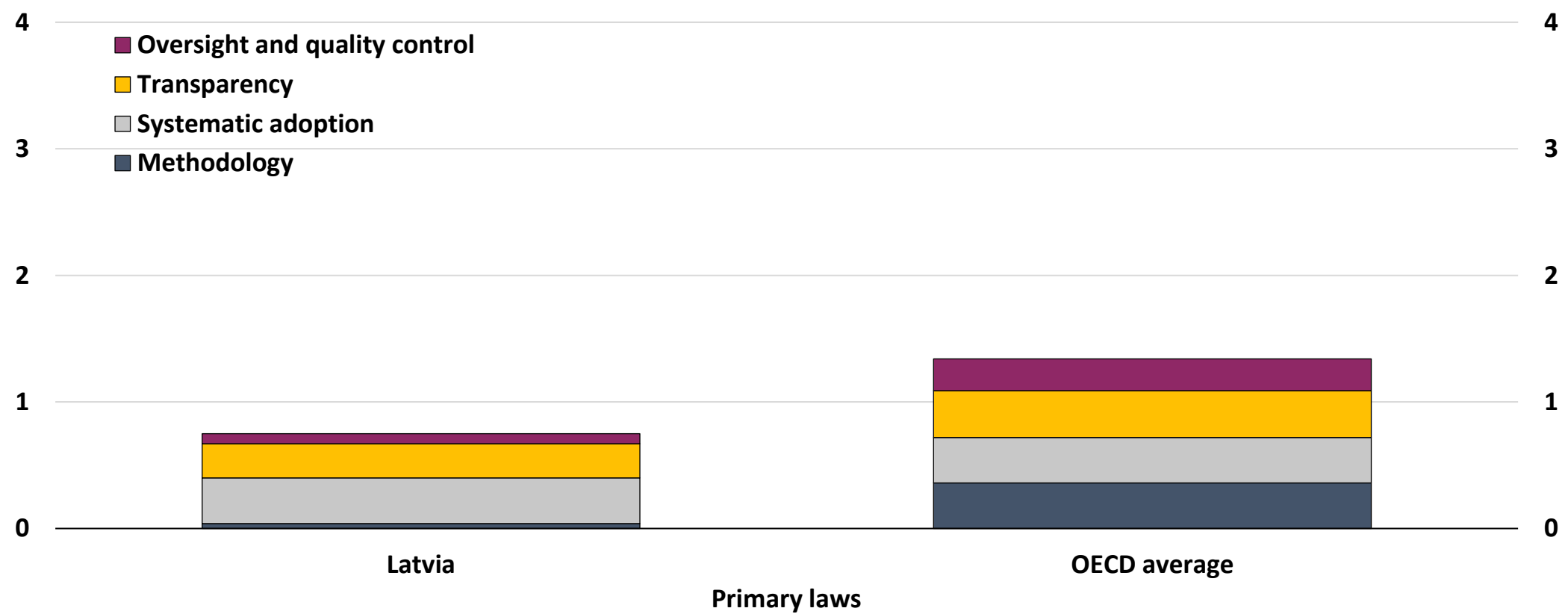


Note: The indicator measures the quality of regulatory impact assessment systems on a scale of 0 to 4.
Source: Indicators of Regulatory Policy and Governance (iREG) Survey 2024.



Ex-post regulatory impact assessment is weak

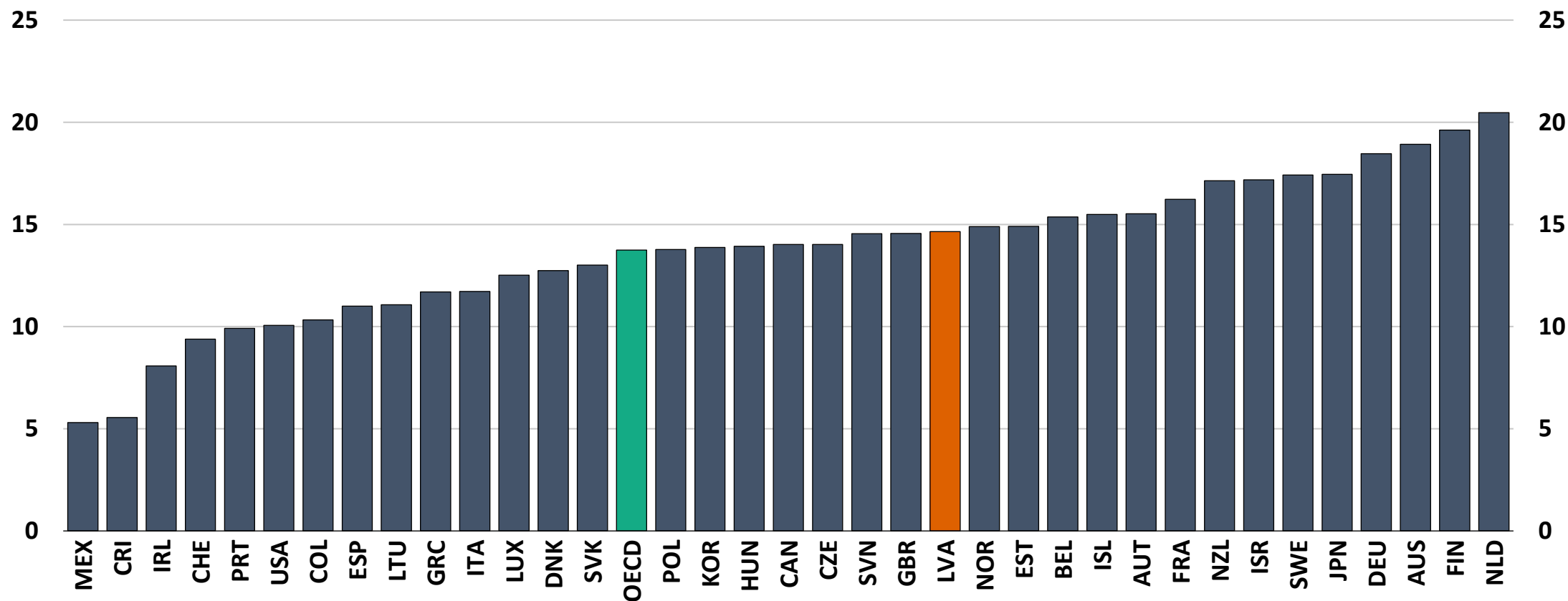
Performance of ex-post impact evaluation systems
2024, higher value indicates better performance



Note: The indicator measures the quality of ex-post impact evaluation systems on a scale of 0 to 4.
Source: Indicators of Regulatory Policy and Governance (iREG) Survey 2024.

There is room to improve spending efficiency in public procurement

General government procurement spending
% of GDP, 2024

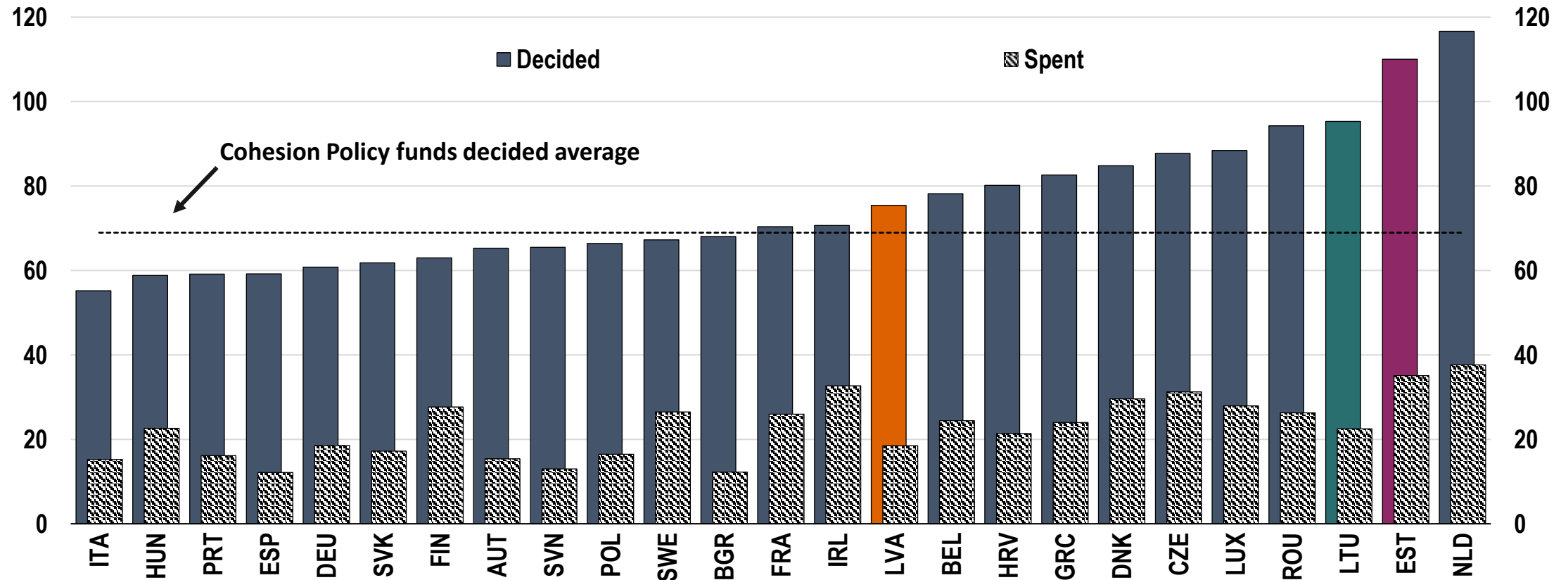


Source: OECD Government at a Glance indicators.

Improving cost-benefit analysis methodologies for EU-funded projects would help raise public investment

Cohesion policy financial implementation for 2021-2027

In per cent of planned total cost, as of 31 March 2026

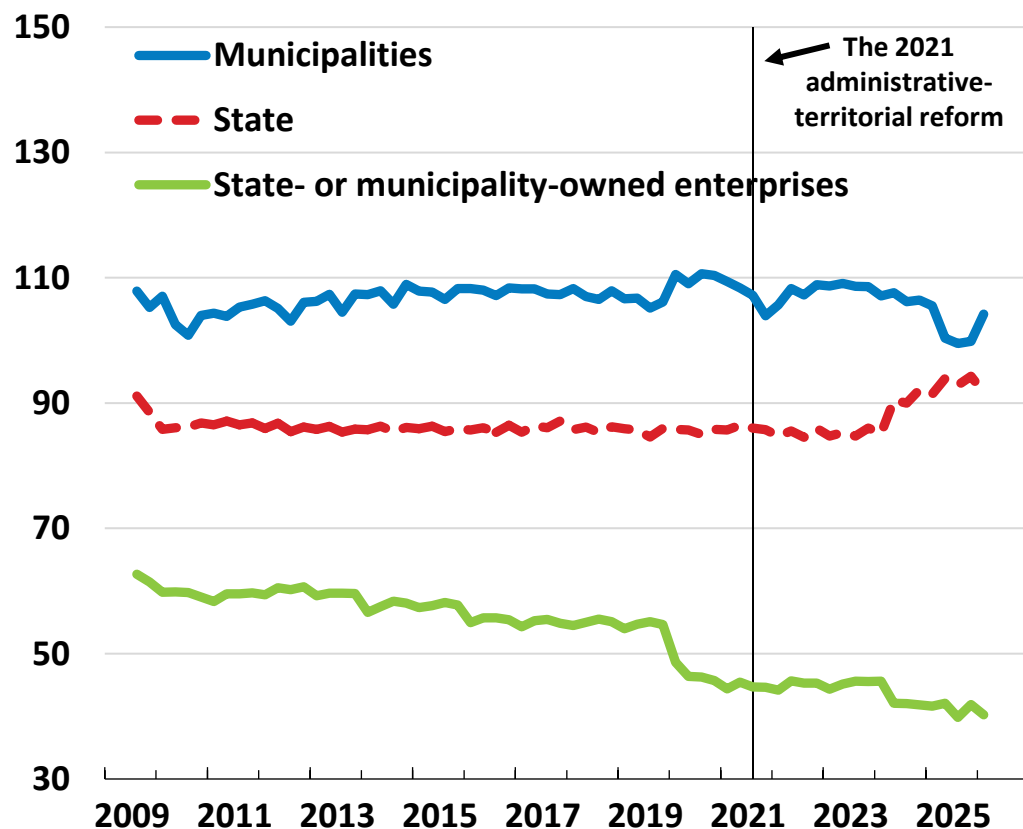


Note: "Decided" refers to financial resources allocated to selected projects. "Spent" refers to expenditure reported by the selected projects.

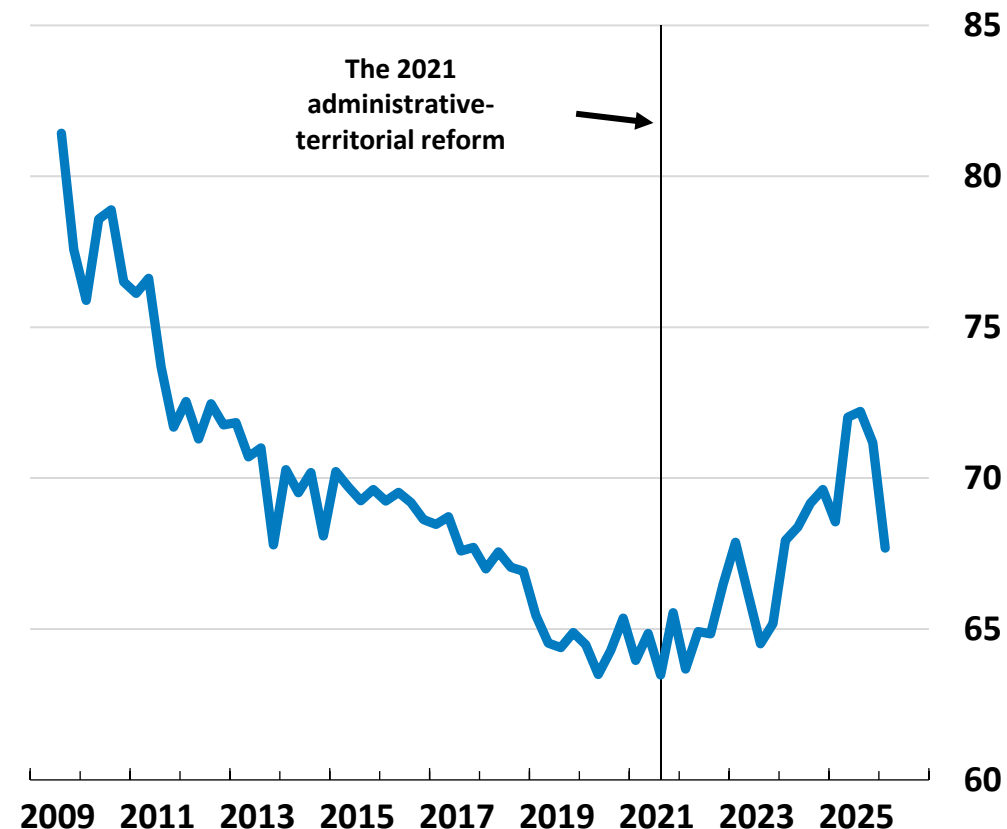
Source: European Commission Cohesion Open Data Platform, https://cohesiondata.ec.europa.eu/cohesion_overview/21-27/#finance-implementation

Strengthening municipal cooperation and bundling of tasks would help improve local administrative capacity

Average number of employees
In work full-time units, thousands



Ratio of average wages in municipalities
to central government, %

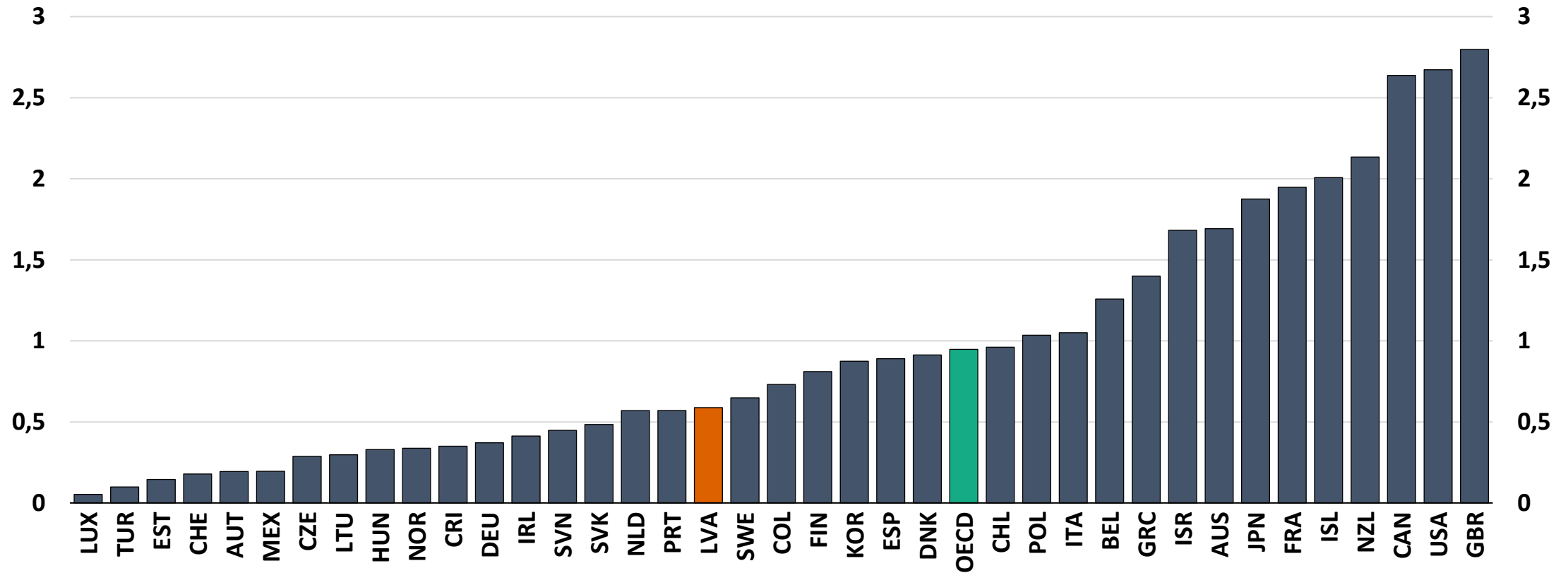


Note: In Panel A, state- or municipality-owned enterprises include entities where central or local government holds at least 50% of capital or exercises control, as well as foundations, associations and funds. Their workforce is estimated by subtracting the general government workforce from the public sector workforce. The administrative-territorial reform took effect on 1 July 2021.

Source: Central Statistical Bureau; State Chancellery; and OECD calculations.

Regularly updating cadastral values would help increase revenue from property taxes

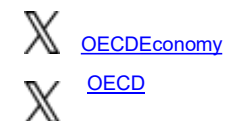
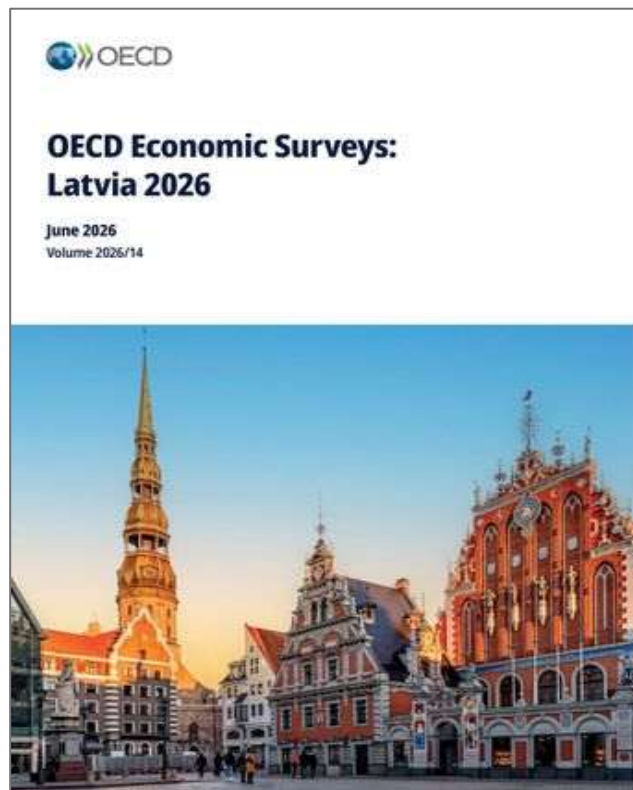
Recurrent taxes on immovable property
% of GDP, 2024 or latest available year



Source: OECD Revenue Statistics.



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