



State Chancellery
Republic of Latvia

Taking Initiative and Acting Decisively

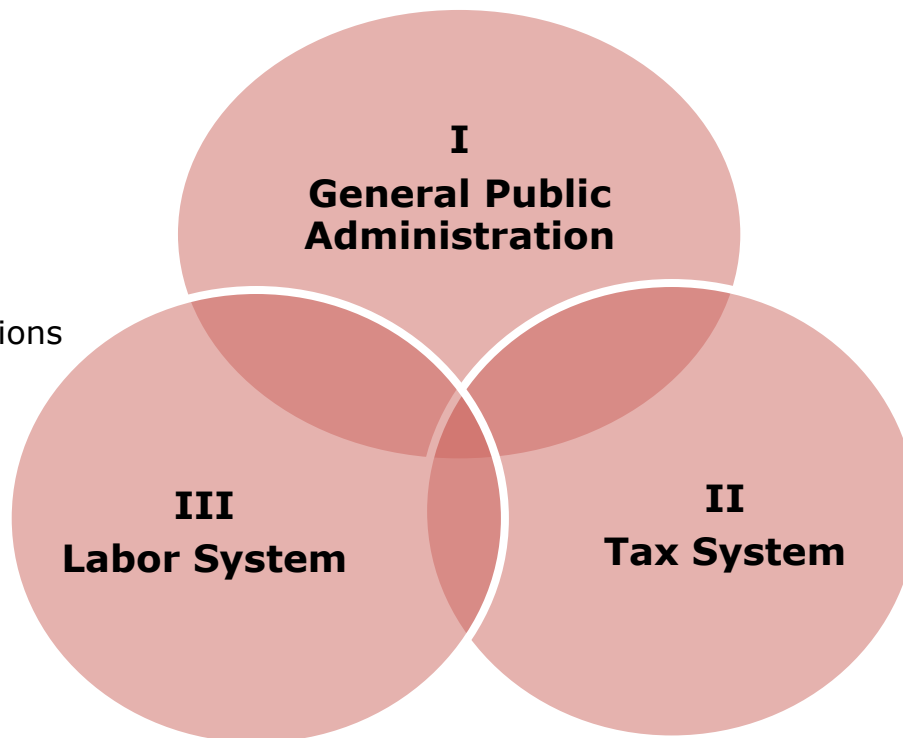
Mārtiņš Krieviņš
Director



Determinants of the Shadow Economy

Latent variables:

- Wealth and development level
- **Administrative system**
- Constitutional trust and values



Latent variables:

- Labor market regulations
- Unemployment
- Participation rights
- Labor wages

Latent variables:

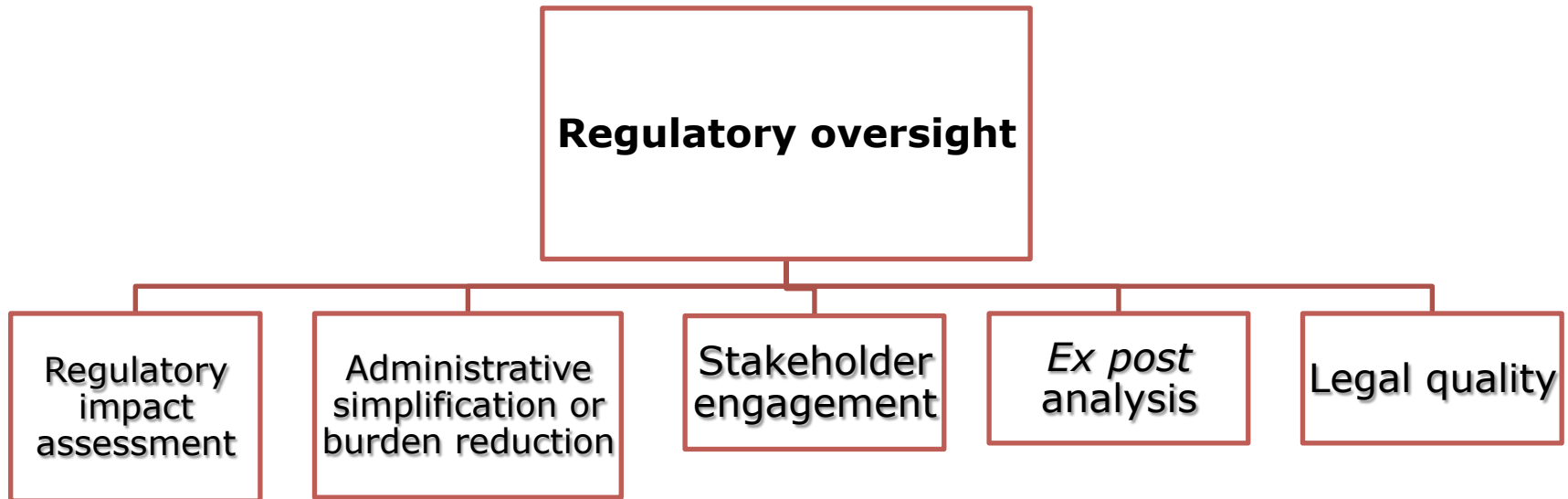
- Tax & social security payments
- Tax complexity & surveillance
- Tax ethics

Marcus Ruge «Public Governance and the Shadow Economy»



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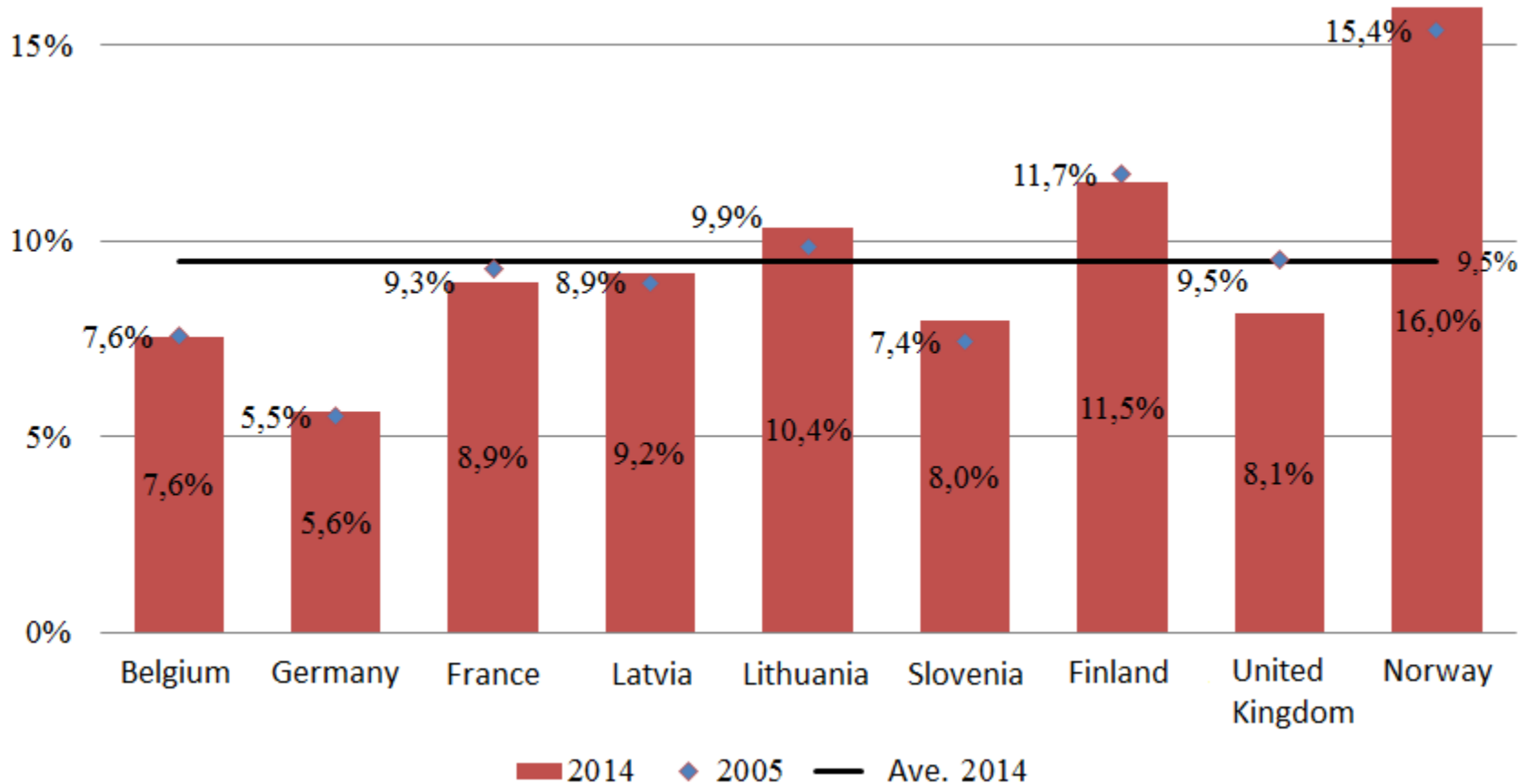
OECD Regulatory Quality Indicators





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Employment at General Government Sector from Population



Source: CSB

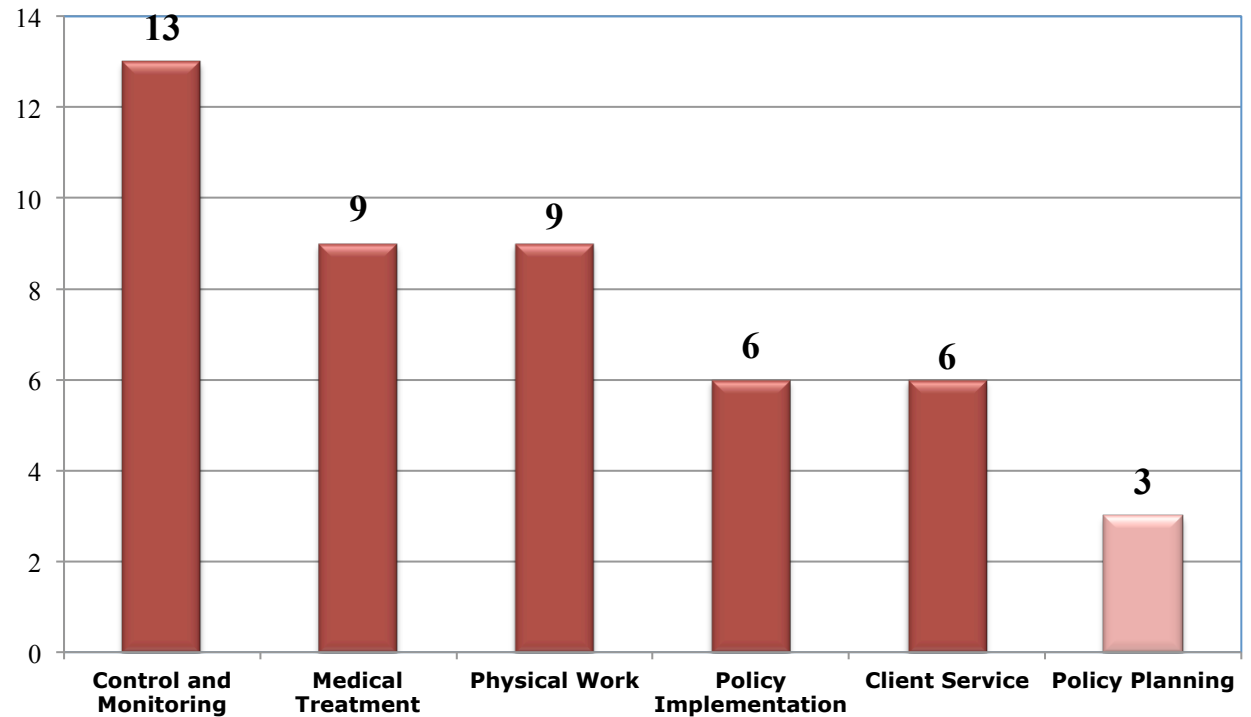


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Public Administration Job Classification

Job Families

(31.01.16., % out of 37181 jobs,
officials with special service ranks excluded)





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What is on the Agenda: Culture Change

- Whistleblower protection
 - Development of a new, dedicated whistleblowing and whistleblower protection law
 - To apply to both – public and private sector
 - Will promote creation of internal reporting channels including in business sector for workers to come forward with credible information about misconduct observed at workplace
- Public sector values and Code of Ethics
 - Development of an «umbrella regulation» - setting out core values and principles of behaviour common to all public servants
 - Promoting practical application
- Horizontal cooperation between institutions
 - Cross-sectoral policies need cross-sectoral response – strengthening cooperation by removing legal, administrative barriers; best practice



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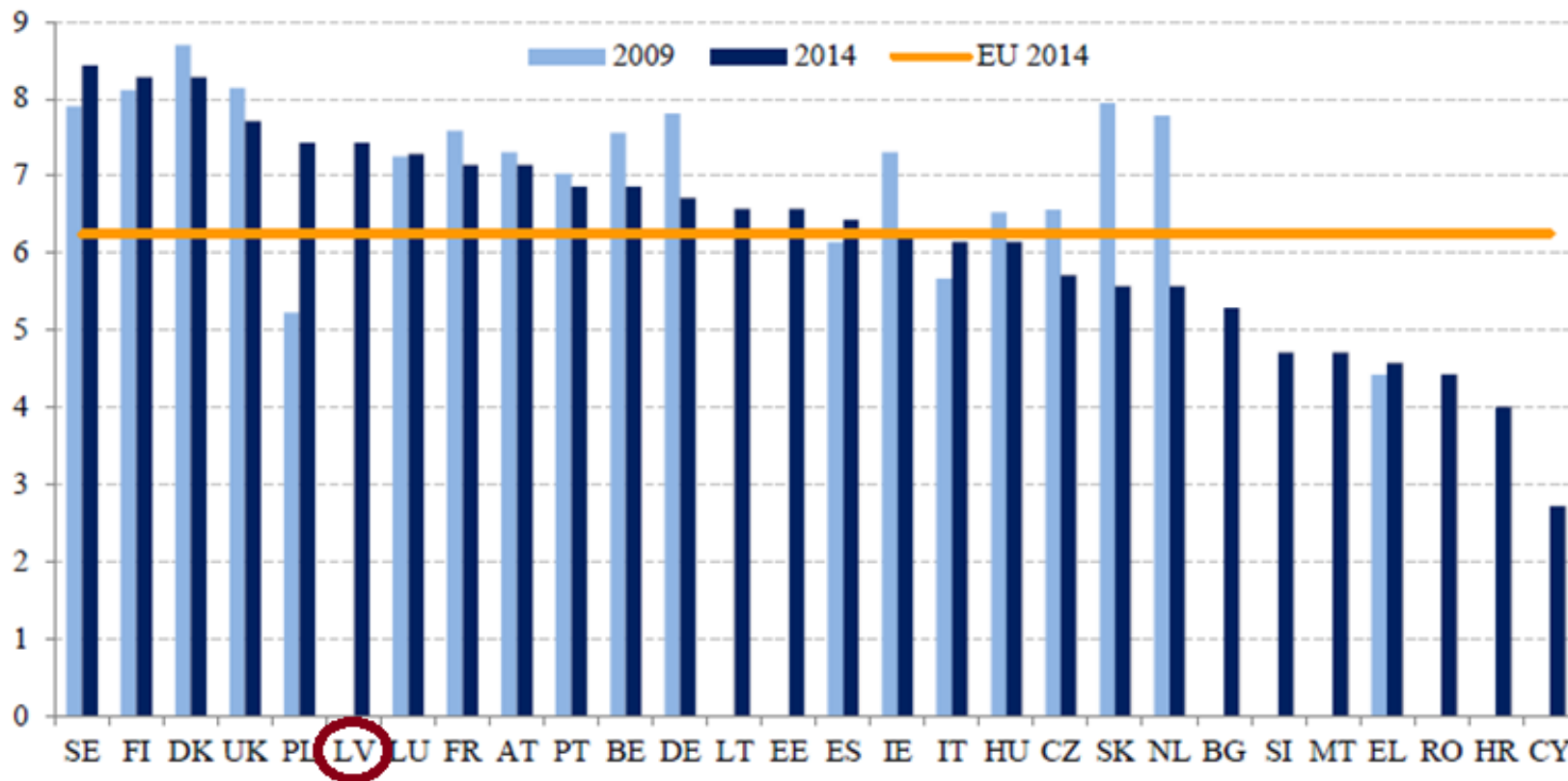
What is on the Agenda: Regulatory Quality for Good Governance

- Annual state budget spending review
 - Our challenge: to create a methodology for evaluation of economy, efficiency and effectiveness of public spending
- Improvement of ex-ante impact assessment - a step towards evidence-based decision making
 - Revision of framework to respond more precisely to policy aims and established results
- Development of Legal Drafts Information System
 - Announcement of legal drafts, coordination between institutions and review
 - Key: involvement of civil society, organisation of debates
- Introduction of ex-post impact assessment
 - Pilot projects to evaluate if the new framework contributes to the necessary outcomes
 - A tool to support international discussions - such as EU and OECD

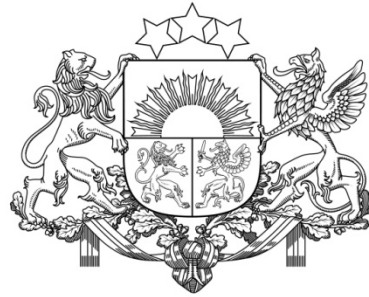


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Effectiveness of Government Policy Implementation



Source: EU, 2014



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**Cooperation is a win – win.
We are always open to discuss your proposals
and improve the investment climate in Latvia!**