



Office of Citizenship and
Migration Affairs
Republic of Latvia



NATIONAL REPORT

Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway LATVIA



Riga, 2019

Employment of third-country nationals in start-ups

Employment of employees from third-countries in start-ups shall take place in accordance with the conditions regarding the employment of foreigners in Latvia:

The employer must register a vacancy in the State Employment Agency, if there is no demand for a European Union Blue Card.

When inviting an employee, who will request the European Union's Blue Card, there is no need to register the vacancy.

Employer must approve request for a temporary residence permit for an employee if no citizen or resident of the European Union has applied for that vacancy within 30 days.

Must apply for a temporary residence permit!

A third-country national must present a valid travel document and pay the national fee (100 Euro for document review within 30 days), and submit:

- a filled form of a request for residence permit;
- photograph;
- a statement of a criminal record if the applicant is from a country, whose nationals need a visa to enter the Schengen Area.

The employer shall submit a request for an invitation or written request to the Office of Citizenship and Migration Affairs (together with the work contract of employment or the project and the educational documents of the third-country national).



More information available on National report of Latvia 'Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway'
www.emn.lv



Funded by the European Union's Asylum, Migration and Integration Fund



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EMN STUDY

Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway

National report of Latvia

Riga, 2019

Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway

Pursuant to Council Decision 2008/381/EC of 14 May 2008, the European Migration Network was established, its objective shall be to meet the information needs of European Union institutions and of Member States' authorities and institutions, by providing up-to-date, objective, reliable and comparable information on migration and asylum, with a view to supporting policymaking in the European Union in these areas. The European Migration Network also serves to provide the general public with information on these subjects.

The Network is composed by the European Commission and the contact points designated by the Member States. Each contact point establishes a national migration network.

The contact point of each state prepares studies, whose topics have been set in the respective annual program of activities. The topics of studies are related to the area of migration of third-country nationals.

The Latvian Contact Point of the European Migration Network is the Office of Citizenship and Migration Affairs.

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FOREWORD

One of the objectives of the European Commission is to encourage an environment conducive to entrepreneurship, a key element of which is the reduction of bureaucracy in setting up new businesses.

The overall focus of this Study are third-country nationals who are either start-up founders, start-up employees or are engaged in other form of innovative entrepreneurship.

The objectives of this report are:

- Describing the process and requirements for obtaining a residence permit or other type of residence permit for start-up or innovative entrepreneurs;
- Identify the existing attraction factors and challenges in Latvia for start-up founders/employees or other innovative entrepreneurs from third countries;
- Provide an overview of the number of founders/employees of third-country start-ups in Latvia.

The object of this Study¹ are third-country nationals who are either start-up founders, start-up employees or are engaged in other form of innovative entrepreneurship. The study will provide an overview of migration pathways available to start-ups and other innovative entrepreneurs in the European Union ("the EU") to stimulate economic growth, innovation and boost global economic competitiveness.

Although the EU has a special entry framework for highly qualified workers, its scope does not include start-ups, start-up employees and innovative entrepreneurs. The issue of migration schemes for start-up founders and employees from third countries has become a priority for many Member States. In addition, the Competitiveness Council has invited, in its Conclusions adopted on 27 May 2016 (9510/16), both the Commission and the interested Member States to explore whether a European start-up visa scheme would be of added value at EU level, could boost cross-border expansion of start-ups and EU's attractiveness for innovators. In the event of the introduction of a common EU regime, national interests should be respected and the necessary safeguards should be provided.

¹ The reports of the contact points of the European Migration Network shall be prepared in accordance with a common specification of the study according to which information is provided by the Member States of the European Union and Norway. The information submitted by the countries is used to develop a synthesis report of the study "Migratory pathways for start-ups and innovative entrepreneurs in the EU". The synthesis report will be available in Q4 2019 on the website of the Latvian Contact Point of the European Migration Network at www.emn.lv.

DEFINITIONS

The following key terms are used in the Common Template:

'Accelerator programmes' see 'Incubator' below.

'Entrepreneur/business-founder': An individual who founds and runs a business, assuming all risks and rewards of the venture. Commonly seen as an innovator, a source of new ideas, goods, services and business/or procedures (Source: Investopedia²)

'Entrepreneurship': Capacity and willingness to develop, organise and manage a business venture along with any of its risks in order to make a profit (Source: BusinessDictionary³);

'Entrepreneurial culture': Refers to the social environment in which entrepreneurship is seen positively, individuals are encouraged to start and grow a business and entrepreneurial success is celebrated. Risk-taking and innovation are prized and not excessively penalised (EY G20 Entrepreneurship Barometer 2013⁴);

'Ecosystem' (also known as a hub): environment or "ecosystem" made of private and public players, which nurture and sustain start-ups and entrepreneurs, making the action of entrepreneurs easier. For example, the existence of prior ventures, the availability of start-up financing mechanisms, a patent system and a culture tolerating failure all facilitate the creation of new firms (Source: Lexicon, The Financial Times⁵);

'Employee' means a worker holding an explicit or implicit employment contract, which gives them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work;

'Employer' means any natural person or any legal entity, for or under the direction or supervision of whom or which the employment is undertaken;

'Family members' is a third-country national, as specified in Art. 4(1) of Directive 2003/86/EC (normally members of the nuclear family – i.e. the spouse and the minor children), who has entered the territory of the European Union for the purpose of family reunification (EMN Glossary Version 6.0);

'Highly qualified migrant' is defined in the EU context as a third-country national who seeks employment in an EU Member State and has the required adequate and specific competence, as proven by higher professional qualifications (EMN Glossary Version 6.0);

'Hub': see 'Entrepreneurial ecosystem' above

'Incubator' is an organisation designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections. **Business incubation programs** are often sponsored by private companies or municipal entities and public institutions, such as colleges and universities. Their goal is to help create and grow young businesses by providing them with necessary support and financial and technical services (Source: <https://www.entrepreneur.com/encyclopedia>);

'Innovative entrepreneur' is an individual who founds and runs a business bringing to the market whether through introducing a new or improved product, a new method of production, a new market, a new source of supply or the reorganisation of management (European Commission, 2016a);

'Labour shortage' is defined as a shortage of labour of a particular type in a particular labour market which may be said to exist when the number of vacancies has been (or is expected to be) above a level considered to represent 'normal' turnover at the prevailing wages and working conditions for an extended period (EMN Glossary Version 6.0);

'Long-stay visa' means an authorisation issued by a Member State as provided for in Article 18 of the Schengen Convention or issued in accordance with the national law of Member States not applying the Schengen acquis in full; (EMN Glossary Version 6.0);

'Pull factor' is the condition(s) or circumstance(s) that attract a [migrant](#) to another country (EMN Glossary Version 6.0);

² <https://www.investopedia.com/terms/e/entrepreneur.asp>; see also <https://ec.europa.eu/epale/en/blog/innovative-entrepreneurs-why-are-they-different-others>

³ <http://www.businessdictionary.com/definition/entrepreneurship.html>

⁴ <https://www.q20yea.com/images/reports/EY-G20-Entrepreneurship-Barometer-2013-Report.pdf>

⁵ <http://lexicon.ft.com/Term?term=entrepreneurial%20ecosystem>

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'Residence permit' is defined as "an authorisation issued using the format laid down in Regulation (EC) No 1030/2002 entitling its holder to stay legally on the territory of a Member State" (EMN Glossary Version 6.0);

'Start-up': A start-up is an independent for-profit organisation, which is younger than five years and is aimed at creating, improving and expanding a scalable, innovative, technology-enabled product with high and rapid growth (European Startup Network – available [here](#));

'Short-stay visa' is defined as the authorisation or decision of an EU Member State with a view to transit through or an intended stay on the territory of one or more or all the EU Member States of a duration of no more than 90 days in any 180-day period (EMN Glossary Version 6.0);

In terms of short stay visas, the UK operates differently to the Schengen Area. In the UK - which is outside the Schengen Area - a Standard Visitor visa usually permits people to stay in the UK for up to six months, rather than 90 days, over a 180 day period, which is relevant duration for short-stay/visa free travel in the Schengen Area;

'Survival rate' is defined as the rate of start-ups which are still operating after a certain period of time (Hyytinen A. et al (2015), 'Does innovativeness reduce start up survival rates?', Journal of Business Venturing – available [here](#));

'Third-country national' is defined as "any person who is not a citizen of the European Union within the meaning of Art. 20(1) of TFEU and who is not a person enjoying the Union right to free movement, as defined in Art. 2(5) of the Schengen Borders Code" (EMN Glossary Version 6.0).

TOP-LINE FACTSHEET

National support policy in Latvia is driven towards improvement of competitiveness of entrepreneurship and support to innovative companies, including start-up companies, and provides equal opportunities for these companies, regardless of the country of origin of its founder. Ecosystem of start-ups has been developing during recent 5 years - the number of start-ups, volume of attracted investments is increasing and start-up hubs are being established. Business environment in Latvia is favourable for starting a company it is one the Top10 EU member states in the Doing Business rating created by the World Bank. Continuous activities are carried out to improve the business environment and eliminate the administrative burden for start-up companies.

Support to innovative companies is one of the priorities of the government, which is defined also in the national level planning documents - Guidelines of the National Industrial Policy for 2014 - 2020⁶ and Smart Specialization Strategy⁷. Promotion of such priority is a significant factor, when determining recommendations for the Plan of Measurements for Improvement of the Entrepreneurship Environment.

In order to facilitate creation of start-ups, a special support mechanism is established in the form of tax allowances and grants for attraction of highly skilled employees. The support is available within the framework of one stop agency - Investment and Development Agency of Latvia, as well as access to funding of publicly co-funded acceleration funds and venture capital funds is provided.

In the beginning of 2019, the Ministry of Economics in cooperation with the Latvian Start-up Association and Gateway & Partners carried out a study of the Latvian start-up ecosystem⁸. Purpose of the study was to identify the current status of Latvian start-up ecosystem, as well as to provide recommendations for further development thereof.

In 2017 Latvia introduced a special scheme to attract start-up founders from third countries, enabling to receive a residence permit for a time period not exceeding 3 years.

After introduction of the regulation for attraction of the third country start-up founders, a challenge was revealed in practice - the former mechanism for renewal of a temporary residence permit for start-ups determines too restrictive requirements- namely, the requirement to attract investment in certain amount within 6 months after registration of the company. If this requirement was not fulfilled, the temporary residence permit was annulled. Such requirement is determined in accordance with the regulation provided under the Law on Aid for the Activities of Start-up Companies, but after making amendments to the above-mentioned law in 2018, liberalizing the provisions for attraction of investments and receipt of support for start-up companies, the regulation of the Immigration Law was not amended, creating inconsistent regulation. In order to eliminate the identified obstacles in the current support mechanism, amendments to the Immigration Law have been approved by the parliament (*Saeima*) with a purpose to facilitate attraction of start-up company's founders from third countries. The facilitated requirements for start-up entrepreneurs from third countries entered into force on 1 July 2019.⁹

During the existence of the scheme for attraction of start-up companies' founders' 9 temporary residence permits were issued until the end of 2018, mostly for nationals of the CIS¹⁰ countries. In response to the information provided by experts, third country start-up are operating in the information and communication technology sector. It is not possible to collect statistics on how start-up companies have become profitable companies at this stage.

⁶ Cabinet Order No.282 "Regarding Guidelines of the National Industrial Policy for 2014 - 2020", adopted on 28 June 2013 - *Latvijas Vēstnesis* No. 125, 01.07.2013 - [came into force on 28.06.2013]

⁷ Informative report "Smart Specialization Strategy Monitoring - Available - https://www.izm.gov.lv/images/zinatne/IZMunEMZino_19122017_RIS3progress.pdf.

⁸ Study "Assessment of Latvian start-up ecosystem, identification of current status and development of recommendations on the basis of it". - Available: https://em.gov.lv/files/attachments/2019-03-27_11_46_18_Jaunuznemumu_petijums.pdf.

⁹ Law "Amendments to Immigration Law". - *Latvijas Vēstnesis* No. 123, 19.06.2019-[came into force on 01.07.2019.]

¹⁰ Countries of the Commonwealth of Independent States.

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Section 1: Contextual overview of the business environment to start up a business in the (Member) State

Q1a. Are there **specific policies or strategies** which aim at fostering start-ups and innovative entrepreneurship in your (Member) State in general? ***Please note that this question refers to your MS' general start-up/entrepreneurship policy and is not specific to TCNs.**

Yes. Please describe briefly:

Various support instruments have been introduced for support of start-up companies and innovation. Law on Aid for the Activities of Start-up Companies¹¹ came into force on 1 January 2017 and offers start-up companies to receive allowances of the personal income tax and support for attraction of highly qualified employees. Start-up companies may also apply for aid for participation in exhibitions, conferences and investor contact exchanges. Investment and Development Agency of Latvia was established as one stop agency for start-up companies, providing broad information on the available support to start-up companies and innovative companies¹². In the beginning of 2018, representative office of Investment and Development Agency of Latvia was established in the USA, San Francisco, to facilitate opportunities of the Latvian entrepreneurs in the Silicon Valley. Innovation vouchers, offered to start-up companies by Investment and Development Agency of Latvia, support industrial design development, prototyping, as well as funding of other activities driven towards commercialization of start-up companies.

Venture capital funding is available to start-up companies in different stages of their development. Selection of financial intermediaries by financial institution ALTUM has ended in 20183 acceleration funds - "Buildit", "Overkill Ventures" and "Commercialization Reactor Fund" - have commenced the work in the 3rd quarter of 2018, providing acceleration programmes for start-up companies during the early stage of development and seed money investments up to EUR 150 thousand. The first 30 teams have already completed activities of the first acceleration programme calls. Besides, 3 new venture capital funds¹³ with public funding in the amount of EUR 60 million have commenced operations.

No

Q1b. Is fostering start-ups and innovative entrepreneurs in general a **national policy priority**?

Please note that this question refers to your (Member) State' general start-up/entrepreneurship policy and is not specific to TCNs.

Yes. Please describe briefly:

Support of innovative companies is one of the priorities of the government, which is defined in the national level planning documents - Guidelines of the National Industrial Policy for 2014 - 2020¹⁴ and Smart Specialization Strategy¹⁵, on the basis of which the Ministry of Economics develops recommendations for Plan of Measures for Improvement of the Entrepreneurship Environment.

Support to innovations is one of the priorities of the Latvian government, in order to promote sustainable and smart growth of economics and ensure economic transformation process in favour of production of products and services with high added value. Government declaration of the Prime Minister *Arturs Krišjānis Kariņš*¹⁶ includes as a priority the support to such start-up companies, who are offering market products on the European Union or global level.

No

Q2. Does your (Member) State have **(a) a legal definition** (e.g. provided in legislation or soft law) **or (b) a working definition** (e.g. in policy documents, strategies or internal definitions used by relevant institutions) **of a 'start-up' and/or 'innovative entrepreneur'**?

Yes, there is a legal definition of a start-up/innovate entrepreneur. Please explain:

¹¹ Law on Aid for Activities of Start-up companies - *Latvijas Vēstnesis* No. 241, 10.12.2016. - [came into force on 01.01.2017]

¹² Magnetic Latvia Start-up landing page.- Available: <https://startuplatvia.eu/>.

¹³ "ZGI-4", "FlyCap Mezzanine Fund II", "Expansion capital".

¹⁴ Cabinet Order No.282 "Regarding Guidelines of the National Industrial Policy for 2014 - 2020", adopted on 28 June 2013 - *Latvijas Vēstnesis* No. 125, 01.07.2013 - [came into force on 28.06.2013]

¹⁵ Informative report. Smart Specialization Strategy Monitoring - Available - https://www.izm.gov.lv/images/zinatne/IZMunEMZino_19122017_RIS3progress.pdf.

¹⁶ Declaration on the planned actions of the Cabinet of Ministers chaired by Arturs Krišjānis Kariņš.-Available: https://www.mk.gov.lv/sites/default/files/editor/kk-valdibas-deklaracija_red-gala.pdf.

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Law on Aid for the Activities of Start-up Companies defines a start-up company, the meaning of which, for the purpose of the law, is: a capital company with a high growth potential the basic activity of which is related to the development, production or improvement of scalable business models and innovative products.

In practice these are companies, younger than 5 years since the registration thereof in the Commercial Register of Latvia.

Yes, there is a working definition of a start-up/innovative entrepreneur. Please explain:

No

Q3a. What are the **requirements** for starting up a business (i.e. start-up) in your (Member) State?

Please describe briefly¹⁷:

Requirements for starting up a business are determined based on the chosen form of entrepreneurship. There are several forms of entrepreneurship currently existing in Latvia, which mostly differ according to the amount of the equity, liability of entrepreneurs, as well as forms of profit distribution: Individual merchant¹⁸, general partnership¹⁹ and limited partnership²⁰, Limited Liability Company²¹ and Joint Stock Company²². In practice, a distinction is made between commercial and economic activities. Commercial activity is performed by a merchant (individual merchant, general partnership, limited partnership, limited liability company and joint stock company), which is registered in the Commercial Register. In turn, a natural person as a person performing commercial activity is registered in the State Revenue Service taxpayer's register. Besides, a natural person may establish an individual company, which is registered in the journal of the Register of Enterprises.

The above-mentioned information and requirements for registration of a company for different forms of entrepreneurship are available on the website of the Register of Enterprises - <https://www.ur.gov.lv/en/>.

Q3b. What is the **process** for setting up a new business in your (Member) State, from the initial application to the official registration?

In order to register a merchant or individual company, it is necessary to submit documents to the Register of Enterprises of the Republic of Latvia. It is possible to perform it in presence at the regional offices of the Register of Enterprises. Besides, signed documents may be sent to any regional office of the Register of Enterprises by using postal services, or documents signed with a safe electronic signature may be submitted electronically on the portal Latvija.lv, by using the e-service "Registration in the registers maintained by the Register of Enterprises"²³.

Forms to be submitted for registration of entrepreneurship can be downloaded on the website of the Register of Enterprises, in the section Register²⁴, where, upon selecting the form of entrepreneurship, it is possible to view the description thereof as well as establish necessary steps for foundation, and by following instructions to receive information about registration of companies, and download necessary forms.

Q3c. **How long** does it take to set up a business in your (Member) State? Please distinguish between (a) maximum timeframe for registration as declared by the relevant institution and (b) the time it takes in practice:

¹⁷ Some information is available in the 'Starting a business portal' here: https://europa.eu/youreurope/business/running-business/start-ups/starting-business/index_en.htm

¹⁸ Registration of an individual merchant in the Commercial Register.- Available: <https://www.ur.gov.lv/lv/registre/uznemumu-vai-komersantu/individualais-komersants/>.

¹⁹ Registration of the general partnership in the Commercial Register.- Available: <https://www.ur.gov.lv/lv/registre/uznemumu-vai-komersantu/pilnsabiedriba/>.

²⁰ Registration of the limited partnership in the Commercial Register.- Available: <https://www.ur.gov.lv/lv/registre/uznemumu-vai-komersantu/komanditsabiedriba/>.

²¹ Registration of the LLC in the Commercial Register.- Available: <https://www.ur.gov.lv/lv/registre/uznemumu-vai-komersantu/sia/dibinasana/registracija-uznemumu-registra/apmaksanodevas/>.

²² Registration of the joint stock company in the Commercial Register.- Available: <https://www.ur.gov.lv/lv/registre/uznemumu-vai-komersantu/akciju-sabiedriba/>.

²³ Registration in the registers maintained by the Register of Enterprises.- Available: <https://www.latvija.lv/epakalpojumi/ep119/Apraksts>.

²⁴ Register.- Available: <https://www.ur.gov.lv/lv/registre/>.

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Depending on the amount of the paid State fee, registration of a company takes from one up to three working days. Namely, when paying the regular State fee, the application for registration is reviewed by the Register of Enterprises within three working days. In turn, if the customer pays the State fee in the triple amount, then the registration documents are reviewed by the Register of Enterprises within one working day. In case if an application is submitted for registration of an individual merchant or sole founder capital company (limited liability company and joint stock company) in the Commercial Register and the applicant has showed a wish to review the application for registration within one working day, then the triple rate of the State fee is not applied. More detailed information is available on the website of the Register of Enterprises²⁵. In practice the company is registered within one to three days.

Q3d. What is the cost to register a business?

Expenses of registration of the company depends on the selected form of entrepreneurship and type of submission of documents (for submission of documents in presence at the regional offices of the Register of Enterprises additional fee in the amount of EUR 4 is applied. But, if documents are submitted to the Register of Enterprises electronically by using the e-service of the Register of Enterprises available on the portal Latvija.lv and the customer has showed an intention to receive the decision electronically, then 10 percent discount is applied to the State fee). More detailed information is available on the website of the Register of Enterprises²⁶.

Start-up companies most often chose the possibility to establish the LLC - limited liability company and expenses of establishment thereof, depending on the specifics of the particular company, may differ²⁷ from EUR 32.23²⁸ in case of a small capital LLC up to EUR 481.03²⁹ in more complicated cases of registration of LLC. More detailed information is available on the website of the Register of Enterprises³⁰.

Q3e. Have there been any evaluations or public debates on the business environment in your (Member) State? – i.e. have any administrative barriers been identified on how easy or difficult (burdensome) is to set up a business in your (Member) State? What are the main conclusions? Please explain, providing evidence, if available:

The Ministry of Economics performs regular surveys and collects opinions of entrepreneurs regarding the improvements necessary in the legal environment and accordingly integrates them into the planning documents, such as “Plan of Measures for Improvement of Business Environment”. The last survey “Administrative procedure and business environment in Latvia”³¹ was conducted in 2017. Besides, the government holds regular discussions with the social partners - Employers’ Confederation of Latvia (LDDK), Latvian Chamber of Commerce and Industry (LTRK), Free Trade Union Confederation of Latvia (LBAS), Foreign Investors' Council in Latvia (FICIL), when working on the improvement of the normative regulation.

In general, the procedure for business commencement is to be assessed very positively³² and Latvia ranks in the 7th position from the European Union Member States in the Doing Business index established by the World Bank and globally taking the 19th position.³³ Foreign investors have indicated that they have faced bureaucratic hurdles in the business environment in Latvia³⁴. Third-country nationals may have difficulty registering the company because the documents have to be submitted in Latvian.

²⁵ Register of Enterprises – www.ur.gov.lv

²⁶ Register of Enterprises – www.ur.gov.lv

²⁷ How to set up a company in Latvia.- Available:<https://eng.ism.lv/article/economy/economy/how-to-set-up-a-company-in-latvia.a215329/>.

²⁸ Registration of a small capital LLC in the Commercial Register.-Available: <https://www.ur.gov.lv/lv/registre/uznemumu-vai-komersantu/mazkapitala-sia/dibinasana/registracija-uznemumu-registra>.

²⁹ Registration of a LLC (SIA) in the Commercial Register.- Available: <https://www.ur.gov.lv/en/register/company-or-merchant/limited-liability-company-sia/founding/registration-with-the-enterprise-register/>.

³⁰ Pay fees. - Available: <https://www.ur.gov.lv/lv/registre/uznemumu-vai-komersantu/sia/dibinasana/registracija-uznemumu-registra/apmaks-nodevas/>.

³¹“Administrative Procedure and Business Environment in Latvia”.- Available: https://www.em.gov.lv/files/nozares_politika/Zinojums_2016-2017.docx.

³²Doing Business.- Available: https://www.em.gov.lv/lv/nozares_politika/nacionala_industriala_politika/uznemejdarbibas_vidē/uznemejdarbibas_vidē_uzlabosana/doing_business/.

³³ Ease of doing business in Latvia.- Available: <http://www.doingbusiness.org/en/data/exploreconomies/latvia>.

³⁴ FICIL Sentiment Index 2015 - 2018 The development of the investment climate in Latvia: the viewpoints of foreign investors.- Available: https://www.ficil.lv/wp-content/uploads/2019/01/FICIL-Sentiment-Index-2018-report_eng.pdf.

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Q4a. Do hubs and ecosystems (see definitions) exist in your (Member) States?

Yes. Please describe:

In the beginning of 2019, the Latvian start-up ecosystem organization consists of more than 400 start-up companies, more than 20 communities and non-governmental organizations, Start-up Association and associations of other industries, state authorities, more than 10 co-working premises as well as events organized by participants of the ecosystem and their cooperation partners.³⁵

"TechHub Riga"³⁶ has a significant role in the development of the Latvian start-ups ecosystem, offering start-up founders and teams co-working space, practical support and consultations of industry experts, and organising different public and educational events. Several co-working spaces are available to start-up companies, such as, "OracleTang Space"³⁷, "The Mill"³⁸, "DoBe", "Teikums"³⁹ etc.

Two international start-up and technology conferences are organized in Latvia every year - "Techchill"⁴⁰ and "Digital Freedom Festival"⁴¹, who not only organizes these forums, but ensures the international visibility of the ecosystem of Latvian start-ups and organizes various events for the year.

Currently there are more than 25 business incubators available to all new entrepreneurs in Latvia, including founders of start-up companies, which are located in Riga and regional cities. 15 out of them are business incubators of the Investment and Development Agency of Latvia⁴², and 11 business support centres and business incubators of universities. There are also other universities platforms available to companies for business promotion, such as innovation platform "Demola Latvia", RTU "Design factory"⁴³, etc.

4 accelerators are available to founders of start-up companies, providing necessary expert consultations during the early stage of start-ups and giving an opportunity for the most perspective projects to receive seed stage investments. Currently there are publicly co-funded 3 acceleration funds, - "Overkill Ventures"⁴⁴, "Buildit"⁴⁵ and "Commercialization reactor"⁴⁶, as well as a private accelerator "Startup Wise Guys"⁴⁷. The total public co-funding of ERDF⁴⁸ in the above-mentioned acceleration funds constitute EUR 15 million.

No, there are no major entrepreneurial hubs and ecosystems.

Q4b. What is the role of cities or specific regions in creating and supporting entrepreneurial ecosystems and start-up hubs in your (Member) State? Please describe by providing examples.

The state support for promotion of entrepreneurship in Latvia is planned on the national level. Many municipalities provide additional incentives to their population for promotion of entrepreneurship, for example, they create industrial zones and infrastructure for business. Municipalities may provide the possibility according to local binding regulation for start-up companies to receive real estate tax allowances. Many municipalities offer to entrepreneurs and start-up companies co-working spaces with a reduced rent or completely free of charge, as well as establish special Business Support Centres (for example, municipalities of Ventspils, Cesis etc.). Many municipalities organize project competitions to

³⁵ Study "Assessment of Latvian start-up ecosystem, identification of current status and development of recommendations on the basis of it". - Available: https://em.gov.lv/files/attachments/2019-03-27_11_46_18_Jaunuznemumu_petijums.pdf.

³⁶ TechHub Riga.- Available: <https://riga.techhub.com/>.

³⁷ OracleTang Space.- Available: <http://oraculetangspace.lv/>.

³⁸ The Mill.- Available: <http://www.millriga.com/>.

³⁹ Teikums.- Available: <https://www.teikums.lv/en>.

⁴⁰ Techchill.- Available: <https://www.techchill.co/>.

⁴¹ Digital Freedom Festival.- Available: <https://www.digitalfreedomfestival.com/>.

⁴² Business incubators of the Investment and Development Agency of Latvia.- Available: <http://inkubatori.magneticalatvia.lv/>.

⁴³ RTU Design Factory. - Available: <http://rtudf.rtu.lv/>.

⁴⁴ Overkill Ventures.- Available: <https://www.overkill.vc/>.

⁴⁵ Buildit.- Available: <https://www.buildit.lv/>.

⁴⁶ Commercialization reactor.- Available: <https://www.commercializationreactor.com/>.

⁴⁷ Startup Wise Guys.- <https://startupwiseguys.com/>.

⁴⁸ European Regional Development Fund.

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support of the most viable ideas, which are funded from local government budgets. Such initiatives exist in several municipalities of Latvia (in Liepaja⁴⁹, Riga "Atspēriens"⁵⁰, Venspils etc.).⁵¹

The majority (87%) of start-up companies operate in Riga and its surrounding.

Q5. What are the main **sectors** and **industries** in which your (Member) State aims to attract/attracts start-ups and innovative entrepreneurs? Please briefly explain, if possible to allow for comparison, with **reference to the main sections (i.e. section level classification)** of NACE Rev.2 classification of economic activities⁵².

State support programmes for support of innovative companies are defined in the Smart Specialization Strategy⁵³ and they are focused on the smart specialization, also known as RIS3⁵⁴ specialization areas: knowledge-intensive bio economy, biomedicine and biotechnologies, smart materials, smart power industry, ICT.

As of the beginning of 2019, the majority of start-up companies operate in areas such as digital technologies, artificial intellect and big data analysis, smart technologies and development of robots, sustainable solutions for production industry and financial technologies. From the perspective of the turnover of companies, the most significant contribution of start-up companies comes from IT, finances and insurance, as well as processing industry.⁵⁵

⁴⁹ Liepaja. Business project competition.- Available: -<https://www.liepaja.lv/mvk-projekti/projektu-konkursanosacijumi/>.

⁵⁰ For start-up companies.- Available: <http://www.investeriga.lv/jaunuznemeju-atbalsts/atspierens/>.

⁵¹ Source: the Ministry of Economics.

⁵² <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF/dd5443f5-b886-40e4-920d-9df03590ff91?version=1.0>.

⁵³ Informative report "Smart Specialization Strategy Monitoring - Available - https://www.izm.gov.lv/images/zinatne/IZMunEMZino_19122017_RIS3progress.pdf.

⁵⁴ Smart Specialization Strategy - the research and innovation strategy of the national level for transformation of economy, providing for constant finding of competitive advantages, selection of strategic priorities and creation of such policy tools that unleash know-how-based development potential to the maximum, thus facilitating economic development.

⁵⁵ Study "Assessment of Latvian start-up ecosystem, identification of current status and development of recommendations on the basis of it". - Available: https://em.gov.lv/files/attachments/2019-03-27_11_46_18_Jaunuznemumu_petijums.pdf.

Section 2: National legal and policy framework in the (Member) State for admission of start-ups and innovative entrepreneurs from third countries

Q6. *Is attracting start-ups and innovative entrepreneurs from third countries a national policy priority?*

Yes, this is a national policy priority. Please explain:

At the national level attraction of start-ups from third countries is encouraged because start-ups operate in high value-added industries and their core activities are linked to the creation of innovative products and services.⁵⁶ According to amendments made to the Immigration Law in 2017⁵⁷, as well as Cabinet Regulation No. 564 "Regulations Regarding Residence Permits", adopted on 21 June 2010⁵⁸, the preferential procedure to receive a temporary residence permit is aimed to attract start-up company founders from third countries.

No, this is not a major national policy priority. Please explain:

Q7a. *Does your national legislation provide for a special visa or residence permit to facilitate the immigration of start-up founders and innovative entrepreneurs from third countries?*

Yes, a special visa is in place to facilitate the immigration of TCN start-up founders. Please explain:

Yes, a special residence permit is in place to facilitate the immigration of TCN start-up founders. Please explain:

In accordance with the procedure determined in Section 23, Paragraph one, Clause 33 of the Immigration Law, a founder of a start-up company from a third country has the right to receive a temporary residence permit for a period of time not exceeding three years, if he or she plans to implement activities in the Republic of Latvia with a goal to manage and develop an innovative product and the following conditions are complied with after issuing the temporary residence permit:

a) within three months after a decision to issue a temporary residence permit has been taken, the third – country national has been registered as a member of the board of directors in a capital company which has been registered in the Commercial Register no longer than a year ago and within the scope of which he or she plans to implement the abovementioned activities,

b) the total investment of a qualified venture capital investor in the equity capital of the abovementioned capital company within 12 months after the first temporary residence permit was issued for implementation of the same activity has reached at least EUR 30,000 or has submitted a progress report on the activities carried out by the capital company during that period, which shows that the capital company continues to produce or develop the innovative product.

No, other type of residence permit is commonly used to facilitate the immigration of start-ups/innovative entrepreneurs from third countries. Please explain:

No, a visa or residence permit is not in place, however, there is a specific programme or other initiatives intended to facilitate the immigration of start-ups and innovative entrepreneurs from third countries. Please explain:

Q7b. *If your (Member) State has a special visa/residence permit in place for start-up founders, please explain your (Member) State's rationale for adopting such schemes:*

For the purpose to facilitate establishment of start-up companies in Latvia, as well as attraction of start-up founders from third countries, in 2017 the *Saeima* approved the amendments to the Immigration Law, in order to ease the procedure for start-up company founders from third countries to enter Latvia. Latvia supports attraction of start-up company founders because start-up companies operate in the industries with high added value and their principal activity is related to creation of innovative products and services.

Q7c. *If yes, when was the start-up scheme introduced?*

Attraction of start-up company founders from third countries was commenced in 2017.

⁵⁶ In 2018 the Ministry of Economics developed the preferential procedure for attraction of highly qualified specialists from third countries, specifying certain professions, having the biggest lack of labour force. This regulation refers to all third-country nationals, regardless of the type of company, where it is planned to employ them.

⁵⁷ Law "Amendments to Immigration Law" - *Latvijas Vēstnesis*, No. 36, 16.02.2017 - [came into force on 02.03.2017]

⁵⁸ Cabinet Regulation No. 300 "Amendments to the Regulation No. 564 "Regulation Regarding Residence Permits", adopted on 21 June 2010", adopted on 6 June 2017 - *Latvijas Vēstnesis* No. 114, 08.06.2017 - [came into force on 09.06.2017]

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Q7d. If yes, what legal pathways were used by start-up founders before introducing a specific start-up scheme?

Section 23 of the Immigration Law determines several types of temporary residence permits, related to entrepreneurship or employment activities. Start-up company founders used other types of temporary residence permits, such as a possibility to apply for a temporary residence as a member of the board or council of the already existing company registered in the Commercial Register⁵⁹, as well as by using other grounds for requesting a temporary residence permit provided for according to the Immigration Law. There are no high-quality statistics available at the disposal of researchers of the study regarding residence permits selected by founders of start-up companies from third countries before introduction of the special scheme in 2017.

Q7e. If no, has there been a policy debate about the reasons for not introducing a special scheme?

N/A

Q8a. Does your national legislation provide for a special visa/residence permit to facilitate the immigration of TCN start-up **employees**?

Yes, a special visa is in place to facilitate the immigration of start-up employees from third countries. Please explain:

Yes, a special residence permit is in place to facilitate the immigration of start-up employees from third countries. Please explain:

No. Please explain:

Start-up company employees use the legal mechanism determined in the Immigration Law for attraction of employees from third countries. In 2018 the Ministry of Economics developed the facilitated procedure⁶⁰ for attraction of highly qualified specialists from third countries, specifying certain professions with the largest labour shortage- majority such professions would qualify also as the employees of start-up companies.

Q8b. If your (Member) State has a special visa/residence permit in place for start-up employees, please explain the **rationale** for adopting such schemes:

N/A

Q8c. If yes, when was the start-up scheme for employees introduced:

N/A

Q9a. Are there any **planned changes** in law/ policy/ practice regarding start-ups or other innovative entrepreneurs from third countries in your (Member) State?

Yes. Please explain:

The Ministry of Economics submitted to the *Saeima* amendments to the Immigration Law with regard to procedure for issuing of a temporary residence permit to start-up company founders, which entered into force on 1 July 2019⁶¹.

As a result of the amendments mentioned above, period is extended for up to 12 months after the issuance of a temporary residence permit during which a third-country national has to submit information regarding the received early-stage venture capital investment to the extent specified in Section 4(1) of the Law on Aid for Activities of Start-up companies or has to submit a progress report on the activities carried out by the capital company during that period, which certifies that the capital company shall continue production or development of the innovative product.⁶² Considering the fact that there are no such requirements for analogous temporary residence permits existing in Lithuania or Estonia, establishing similar rules facilitate attraction of start-up company founders from third countries. The recommendations mentioned above remove the necessity to receive investments into the equity capital in the amount determined in Section 5, Paragraph 1 of the Law On Aid for the Activities of Start-up Companies⁶³, but determine that the Investment and Development Agency of Latvia shall make sure at the moment of submission of the application, whether the business model to be developed by a third-

⁵⁹ In accordance with Section 23, Paragraph one, Clause 3 of the Immigration Law.

⁶⁰ Cabinet Regulation No. 108 "Specialities (Professions), Where Significant Shortage of Labour Force is to be Expected and Where Foreigners May be Invited for Work in the Republic of Latvia", adopted on 20 February 2018. - *Latvijas Vēstnesis*, No. 47, 06.03.2018 - [came into force on 07.03.2018]

⁶¹ Law "Amendments to Immigration Law".- *Latvijas Vēstnesis* No. 123, 19.06.2019-[came into force on 01.07.2019.]

⁶² Law "Amendments to Immigration Law".- *Latvijas Vēstnesis* No. 123, 19.06.2019-[came into force on 01.07.2019.]

⁶³ Law on Aid for Start-up Companies - *Latvijas Vēstnesis*, No. 241, 10.12.2016 - [came into force on 01.01.2017]

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country national complies with the definition of a start-up company, as well as shall achieve assurance during the period of receipt of a temporary residence permit that the company growth is continuing and work on the above-mentioned business idea is performed, reserving the possibility for the Office of Citizenship and Migration Affairs to cancel the temporary residence permit in case if the requirements determined in the Immigration Law are not fulfilled.

No.

Q9b. If your (Member) State does not have any special schemes in place for start-up founders/employees, is your (Member) State **planning to introduce** these regulations in coming years?

Yes. Please explain:

No. Please explain:

N/A

Q9c. Have there been any recent or ongoing **national public/policy debates** with regard to facilitating the immigration of start-ups and innovative entrepreneurs from third countries?

Yes. Please explain, providing qualitative evidence:

In 2019 the Ministry of Economics performed a general survey of Latvian start-up ecosystem⁶⁴, which, among other things, compared the existing entry schemes for start-up company founders.. Although formally in the Latvian case the issued temporary residence permit provides more beneficial provisions with regards to duration of issue, as well as other provisions, however, in practice it determines restrictive requirements in particular with regard to the necessity to receive venture capital investments within 6 months after receipt of the temporary residence permit. *Raimonds Aleksejenko*, the Deputy State Secretary of the Ministry of Economics, indicated that "*significant limitations of the start-up company operations is also the provision currently in force that the assistance can be received only by a company registered in Latvia*".

In its turn, *Līva Pērkone*, member of the board of the Latvian Start-up Association, emphasized that "*The key challenge for start-up ecosystem is uniform national strategy due to the fact that so far there was no uniform national approach. For example, Lithuania agreed that they will have start-ups in the "fintech"*⁶⁵ *field that the state will support. Besides, attraction of talent is a challenge. Currently there are approximately 6000 students in the information technology field and the number of students is decreasing. This is a very small number due to the fact that salaries are increasing, unemployment is reducing, and therefore we have to think how to attract talent*".⁶⁶

On the basis of conclusions of the study, the involved institutions identified necessary amendments to the Law on Aid for the Activities of Start-up Companies, which could help to mitigate qualification criteria for start-up companies, as well as reduce the administrative burden, when applying for support programmes. At the same time the Ministry of Finance and the Ministry of Economics has initiated amendments to the Law on Alternative Investment Funds and Managers Thereof⁶⁷ with a purpose to reduce registration and licensing costs to fund managers, which are currently one of the highest in the European Union, as well as to reduce administrative burden for fund managers. The proposed Amendments have been supported in the responsible Committee of *Saeima*.

In cooperation with the representatives of the start-up companies industry it is planned to prepare action plan with necessary improvements for provision of sustainable ecosystem development by June 2019.⁶⁸

No.

⁶⁴ Study "Assessment of Latvian startup ecosystem, identification of current status and development of recommendations on the basis of it". - Available: https://em.gov.lv/files/attachments/2019-03-27_11_46_18_Jaunuznemumu_petijums.pdf.

⁶⁵ Finance technologies.

⁶⁶ Research: Legal framework has to be improved for successful development of start-up companies.- Available: <https://www.diena.lv/raksts/latvija/zinas/petijums-sekmigai-jaunuznemumu-attistibai-japilnveido-tiesiskais-regulejums-14214746>.

⁶⁷Law On Alternative Investment Funds and Managers Thereof. - *Latvijas Vēstnesis* No. 142, 24.07.2013-[came into force on 07.08.2013]

⁶⁸ Research: Legal framework has to be improved for successful development of start-up companies.- Available: <https://www.diena.lv/raksts/latvija/zinas/petijums-sekmigai-jaunuznemumu-attistibai-japilnveido-tiesiskais-regulejums-14214746>.

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Section 3: Admission conditions for start-ups and innovative entrepreneurs from third countries

3.1. Admission conditions from the business (start-up) perspective – evaluating the business plan and conditions that need to be met to qualify as a start-up [ONLY FOR THOSE (MEMBER) STATES WHICH HAVE SPECIFIC PROCESS TO EVALUATE THE BUSINESS/START-UP]

Q10. Please explain what are the **requirements/criteria to be qualified as a start-up or innovative entrepreneur** (e.g. investment, innovative scalable business model⁶⁹, prior registration in the MS, etc)?

When applying for a temporary residence permit, a start-up company founder, in addition to the documents to be submitted, which are determined by "Regulations Regarding Residence Permits", Part 3." Basic Documents for the Request of a Residence Permit"⁷⁰, shall submit a free form application with a descriptive information on the innovative product which he or she plans to create or develop and information on the planned commercial activities in the next three years^{71,72}.

Q11. Please explain the **process of evaluating** the start-ups/innovative entrepreneurship, with regard to:

The Office of Citizenship and Migration Affairs requests the Investment and Development Agency of Latvia⁷³ for an opinion regarding the compliance of the innovative product specified by a third-country national in the application with the definition set forth in the Law on Aid for the Activities of Start-up Companies with a purpose to assess, whether the above-mentioned company corresponds with the definition of the start-up company, namely, it produces (or plans to produce) innovative product or service, or a scalable business model is applied for the implementation thereof.

Q11a. Who assesses the eligibility of the start-up? Please explain:

Investment and Development Agency of Latvia evaluates the compliance of the innovative product with the definition set forth in the Law on Aid for the Activities of Start-up Companies.

Q11b. What **documents** have to be submitted for the assessment? Please explain and indicate in case it differs for TCNs that have already founded a start-up abroad and those who are yet to set up a business:

- Business plan. Please explain:
- Means of financing (e.g. bank statements). Please explain:
- Patents, trademarks, intellectual property. Please explain:
- Qualifications and diplomas of the start-up founder. Please explain:
- Evidence of registration in a national commerce register. Please explain:
- Others. Please explain:

Description of the innovative business idea in a free form, specifying descriptive information on the innovative product which he or she plans to create or develop and information on the planned commercial activities in the next three years.

Q11c. On average, **how long** does it take to make a decision on whether the start-up qualifies for the scheme? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

⁶⁹ "Scalability is one of the most important factors for entrepreneurs considering starting a new business or hoping to take a current business to the next level. Successful business growth depends on a scalable business model that will increase profits over time, by growing revenue while avoiding cost increases." Source: www.entrepreneur.com

⁷⁰ Cabinet Regulation No. 564 "Regulation Regarding Residence Permits", adopted on 21 June 2010 - *Latvijas Vēstnesis* No. 101, 29.06.2010 - [came into force on 01.07.2010]

⁷¹ In accordance with Paragraph 481 of the Cabinet Regulation No.564 "Regulation Regarding Residence Permits",

⁷² when applying for a residence permit, the existence of investments shall not be proved, as well as a company should not be registered.

⁷³ Administrating input of support programmes determined in the Law On Aid for the Activities of Start-up Companies.

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The time period for review of submitted documents for requesting a temporary residence permit is 30 days. It is possible to receive the decision within 10 or five working days by paying the increased State fee. If any insufficiencies are found during review of the submitted documents any shortages are established or it is necessary to perform additional examination and for elimination of thereof, the time period for decision making may be prolonged for a time period up to four months.⁷⁴

Q11d. How long after the decision has been communicated to the applicant, s/he can register their company/apply for the residence permit? Please explain:

Registration fact of the company is not related with process of granting of a temporary residence permit - a third-country national shall be entitled to register a company also before submission of the application regarding requesting of a temporary residence permit.

Q11e. How is the application process managed? Please explain:

Online. Please explain:

In person. Please explain:

Other. Please explain:

Documents are submitted in person or through an authorised person in Latvia to the Office of Citizenship and Migration Affairs, or to the diplomatic or consular representative office of the Republic of Latvia in a foreign state.

3.2 Admission conditions from the person perspective (start-up founders and employees) [ONLY FOR THOSE (MEMBER) STATES WHICH HAVE A SPECIFIC START-UP SCHEME]

Q12a. What are the **requirements** for applying for a **start-up visa** – if applicable (e.g. sufficient means, prior approval of start-up by the responsible authority, insurance, etc.)? Please differentiate in case it applies to:

Start-up founders. Please explain:

Start-up employees. Please explain:

N/A

Q12b. What are the **requirements** for applying for a start-up **residence permit** – if applicable (e.g. sufficient means, prior approval of start-up by the responsible authority, insurance)? Please differentiate in case it applies:

Start-up founders. Please explain:

When applying for a temporary residence permit, the applicant shall:

Present a valid travel document, pay the State fee (EUR 100 for review of documents within 30 days), as well as shall submit:

- Questionnaire for requesting of a residence permit;
- Photograph;
- Documents confirming sufficient amount of financial means (at least EUR 430 per month⁷⁵);
- Statement regarding non-existence of criminal records, if the person requesting for a permit is from a state, the nationals of which need a visa for entering the Schengen Area;
- Detailed description about the innovative product that the company plans to develop.
- When receiving a temporary residence permit, a third-country national shall:
 - Present a valid travel document;
 - Present a valid health insurance policy;
 - Submit a statement issued by the medial treatment institution of Latvia regarding the fact that he or she does not suffer from tuberculosis;
- Submit documents, confirming the planned place of residence⁷⁶.

⁷⁴ Source: The Office of Citizenship and Migration Affairs.

⁷⁵ Minimum monthly salary

⁷⁶ The above-mentioned documents shall not be submitted if they are submitted at the same time with request for a call or residence permit and if a third-country national has a declared place of residence in Latvia.

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Start-up employees. Please explain:

Q12c. Are there different requirements for TCNs **applying from abroad and those looking to change their status** (e.g. from a student to a start-up visa)? Please differentiate in case it applies:

Start-up founders. Please explain:

Start-up employees. Please explain:

Both, the start-up founders as well as employees of start-up companies, who have already received a temporary residence permit or visa in Latvia, are entitled to change the status, except the case, if they stay in the country in relation to studies (in such a case the change of a status, without leaving the country, is possible only after completion of studies). If a third-country national wants to change the status, he or she does not need to repeatedly submit, for example, a statement regarding non-existence of criminal records, documents confirming the place of residence (if it does not change), statement regarding the fact that he or she does not suffer from tuberculosis.

Q12d. Are different **statuses** compatible and/or possible **at the same time**? (e.g. a TCN that is in your country as a highly skilled employee (or under other migratory category), and at the same time is setting up a start-up, or even running it)

Yes. Please explain:

If a third-country national stays in Latvia in relation to studies, he or she shall be entitled to employment or performance of commercial activities for up to 20 hours per week, without receiving a special permit for employment or performance of commercial activities. Students of the higher-level studies (master's or doctor's degree) have the right to employment for up to 40 hours per week. If the stay in Latvia is related to commercial activity, also then the third-country national shall be entitled, without receipt of a special permit, to register additional company and act in the board of the company. If a third-country national stays in Latvia in relation to employment, but wants to establish a company and act in the board thereof, he or she shall receive an additional entry in the residence permit, giving the right to perform commercial activity.⁷⁷

No.

Q13. How is the application processed? Please explain:

The Office of Citizenship and Migration Affairs reviews the request of a third-country national for a temporary residence permit within 30 days (or within 5 or 10 working days, if the relevant State fee has been paid for accelerated review of documents). Before making decision examinations are performed in the information systems, such as Schengen Information System, Register of Enterprises etc., Office of Citizenship and Migration Affairs, and in case of need⁷⁸ by attracting the national security authorities, assesses the immigration conditions of the applicant - third-country national - whether the third-country national will have sufficient financial means for supporting him or her and his or her family, whether his or her entry does not cause the risk of illegal immigration or a threat to the national security, public order or public health. The Office of Citizenship and Migration Affairs is entitled to request to the Investment and Development Agency of Latvia⁷⁹ an opinion regarding the compliance of the innovative product specified in the application of the third-country national with the definition set forth in the Law on Aid for the Activities of Start-up Companies.

Q13a. To which **authorities** is the application submitted?

A third-country national has to submit documents regarding request for a residence permit to the diplomatic or consular representative office of the Republic of Latvia, which is not located in the Member State of Schengen Treaty, or when staying in Latvia - to any territorial unit of the Office of Citizenship and Migration Affairs.

Q13b. Where can the application for the start-up visa/residence be submitted? Please explain:

Online. Please explain:

In person. Please explain:

⁷⁷ Source: The Office of Citizenship and Migration Affairs.

⁷⁸ For example, if a third-country national comes from the country of the increased risk of terrorism.

⁷⁹ Administrating input of support programmes determined in the Law On Aid for the Activities of Start-up Companies.

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Documents must be submitted in person or through an authorised person.

Other. Please explain:

Q13c. Could the start-up founder **employ third-country nationals**? Under which scheme? What are the conditions that they have to fulfil?

There is no special scheme for employment of employees of third-country nationals in start-up companies, however, it falls under the current schemes. A start-up company is entitled to employ third-country nationals, however, there is a number of restrictions for employment with regard to both, entry (visa), stay (residence permit) as well as employment (right to employment), besides the employer shall undertake full responsibility both, for employment (including limitations in terms of compensation), stay (including place of residence and health care) as well as, in case of need - expenses of removal of a third-country national.

If an employee is invited, who does not request a European Union Blue Card, a company has to register the vacant job position with the State Employment Agency. If a national of any European Union country or permanent resident has not applied for the position within 30 days, the company has to approve the invitation for requesting of a temporary residence permit for the employee. At the moment of submission of the application a company shall not have any tax debts. The application shall be enclosed with documents confirming the education or experience of the third-country national.

When inviting an employee, whose profession is included in the list of professions approved by the Cabinet of Ministers, where the shortage of labour force is established⁸⁰, the vacant job position shall be registered in the State Employment Agency 10 working days before invitation of the employee (instead of the regular 30 days), but, when inviting an employee, who will request a European Union Blue Card, the vacant job position shall not be registered at all.

After approval of a request for the residence permit a third-country national shall be entitled to submit documents⁸¹ to request of a temporary residence permit.

When applying for a temporary residence permit, the applicant shall:

Present a valid travel document, pay the State fee (EUR 100 for review of the documents within 30 days), as well as shall submit:

- Questionnaire for requesting a residence permit;
- Photograph;
- Statement regarding non-existence of criminal records, if the person requesting for a permit is from the state, the nationals of which need a visa for entering the Schengen Area.

When receiving a residence permit, a third-country national has to submit documents, confirming his or her planned place of residence, present a health insurance policy and submit a statement regarding the fact that he or she does not suffer from tuberculosis.

An employer shall register the vacant position with the State Employment Agency, if the employment is planned on the basis of an employment contract:

An employer shall submit to the Office of Citizenship and Migration Affairs request for invitation or a request for residence permit (enclosed with an employment contract or draft thereof and education documents of the third-country national):

A third-country national shall submit to the diplomatic or consular representative office of the Republic of Latvia in a foreign country documents for requesting of a visa or residence permit. Information about the right to employment shall be included in the visa (residence permit).

⁸⁰ Cabinet Regulation No. 108 "Specialities (Professions), Where Significant Shortage of Labour Force is to be Expected and Where Foreigners May be Invited for Work in the Republic of Latvia", adopted on 20 February 2018. - *Latvijas Vēstnesis*, No. 47, 06.03.2018 - [came into force on 07.03.2018]

⁸¹ The application documents and filled in questionnaire may be submitted in 5 languages - Latvian, English, French, German and Russian.

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Q13d. What is the **processing time** for application of start-up visa/ start-up residence permit? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

The time period for review of submitted documents for requesting a temporary residence permit is 30 days. It is possible to receive the decision within 10 or 5 working days by paying the increased State fee. In case if during review of the submitted documents any insufficiencies are found, for elimination thereof the time period for decision making may be prolonged for a time period up to four months.

The time period for processing of applications corresponds with the time period determined in the law - if the person has paid the State fee for review of documents within 30 days, then the decision usually is made on the 30th day. The production of a residence permit (eID card) may last 2 or 10 working days (depending on the amount of the paid state fee).

Q13e. What is the **duration** of the visa/residence permit granted?

Residence permits are granted for a time period up to 3 years, but eID card is issued for one year. Once per year the permit shall be renewed (registered). Within the framework of this process the Office of Citizenship and Migration Affairs makes sure that the third-country national has performed the activities determined in the Immigration Law within the set time period, namely, has registered the company in the Latvian Commercial Register and has received venture capital investments.

Q13f. What are the **challenges** regarding admission of start-ups and innovative entrepreneurs from the national stakeholders' perspective as well as if possible, from the TCNs perspective? *For each challenge mentioned, please describe a) for whom it is a challenge (e.g. policy-maker, organisation, other stakeholders), b) why it is considered a challenge and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

Upon evaluating the results of activities of start-up company founders, having temporary residence permits, within the first two years, it is concluded that that the Immigration Law in the current wording in Latvia determines more requirements for start-up companies founders from third countries than in Lithuania and Estonia, which is proved by the survey conducted by the Ministry of Economics regarding Latvian start-up ecosystem⁸². It was concluded that the requirement to receive early stage venture capital investments within a time period of six months after receipt of a temporary residence permit determines significantly more strict conditions than in other Baltic States. The Ministry of Economics has initiated amendments to the Immigration Law, simplifying the requirements for receipt of a temporary residence permit.⁸³ Amendments provide to prolong the term up to 12 months after issuing the temporary residence permit, during which a third-country national has to provide information about the received early stage venture capital investment in the amount determined in Section 4, Clause 1 of the Law on Aid for the Activities of Start-up Companies or has to submit a progress report on the activities implemented by the capital company during this period of time, which confirms that the capital company continues the development, production or development of the innovative product⁸⁴.

Q13g. What are the **good practices** identified in your (Member) State? *For each good practice mentioned, please describe a) for whom it is a good practice (e.g. policy-maker, organisation, other stakeholders), b) why it is considered a good practice and c) c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

Successful cooperation between the Office of Citizenship and Migration Affairs and Investment and Development Agency of Latvia, when reviewing applications of start-up company founders from third countries for temporary residence permits.⁸⁵

⁸² Study "Assessment of Latvian start-up ecosystem, identification of current status and development of recommendations on the basis of it". - Available: https://www.em.gov.lv/files/attachments/2019-03-27_11_46_18_Jaunuznemumu_petijums.pdf.

⁸³ Source: the Ministry of Economics.

⁸⁴ Draft Law "Amendments to the Immigration Law (No.208/Page 13)".- Available:<https://titania.saeima.lv/LIVS13/SaeimaLIVS13.nsf/0/B80EB1B96AFF1B60C22583EE0033491C?OpenDocument>.

⁸⁵ Source: Ministry of Economics and Office of Citizenship and Migration Affairs.

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3.3 Admission conditions in those (Member) States which do not have a specific scheme for start-ups [FOR THOSE (MEMBER) STATES WHICH DO NOT HAVE A SPECIFIC START-UP SCHEME]

Please note that this section should only be answered by (Member) States which do not have a specific scheme for start-ups/innovative entrepreneurs in place.

N/A

Q14a. What types of **visas / residence permits** does your (Member) State have in place that could be used by TCN start-up founders / innovative entrepreneurs to establish themselves in your country?

Q14b. What are the **requirements** for obtaining the residence permit?

Q14c. What are the **factors/conditions that incentivise** start-ups and innovative entrepreneurs to use specific immigration routes?

Q14d. Which **authority** (ies) is/are responsible for granting the residence permit?

Q14e. What is the **processing time** for application for the residence permit in your legislation? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

Q14f. What is the **duration** of the visa/residence permit?

Q14g. Could the start-up founder **employ third-country nationals**? Under which scheme? What are the conditions that they have to fulfil?

Q14h. What are the **challenges** regarding admission of start-ups and innovative entrepreneurs from the national stakeholders' perspective as well as if possible, from the TCNs perspective? *For each challenge mentioned, please describe a) for whom it is a challenge (e.g. policy-maker, organisation, other stakeholders), b) why it is considered a challenge and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

Q14i. What are the **good practices** identified in your (Member) State? *For each good practice mentioned, please describe a) for whom it is a good practice (policy-maker, organisation, other stakeholders), b) why it is considered a good practice and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

3.4. Case study scenarios [FOR ALL (MEMBER) STATES]

With the use of fictional scenarios, the following question aims to provide an understanding of the possible admission options of different types of start-ups and innovative entrepreneurs. This question should be answered by all (Member) States – i.e. those with a specific scheme in place and those without such a scheme.

Q15. Please consider the following fictional scenarios (case studies) and for each scenario, please answer the following questions:

1. What are the migratory pathways (visas/residence permits) available?
2. Would the person qualify for the permit and if yes, under what specific conditions?
3. Which authority would assess the eligibility of the applicants?
4. What is the application process?
5. How long would it take for the person to obtain the permit?

1. TCN outside of the EU, has not set up business yet: Start-up at business plan stage, has not registered the company in the Member State, wants to apply from outside the EU

Vihaan is a highly skilled professional from India with a Master's degree from University of Delhi, currently living in Delhi. For the past few months he has been working in an IT company there, but he plans to start his own business in the near future. He already has a business plan for a service-based app that he thinks could do well in your Member State. His goal is to come to your Member State and start his company there. What is the process that Vihaan would have to go through to build his start-up in your Member State?

1. What are the migratory pathways (visas/residence permits) available?

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In accordance with the procedure determined in Section 23, Paragraph one, Clause 33 of the Immigration Law,⁸⁶ the third-country national mentioned in this example has the right to request for a temporary residence permit, by submitting a free form application, specifying the descriptive information about the innovative product, which is planned to be created or developed, and information about the planned measures of commercial activity within the next three years⁸⁷.

A third-country national shall submit to the Office of Citizenship and Migration Affairs:

- A travel document recognized by the Republic of Latvia;
- Questionnaire⁸⁸ for requesting of a residence permit in a specified form;
- photograph;
- A document, confirming the necessary provisions of support (at least EUR 430 per month (minimum monthly salary));
- Application in a free form, specifying a descriptive information on the innovative product which he or she plans to create or develop and information on the planned commercial activities in the next three years.
- Payment documents, confirming payment of the State fee.

The Office of Citizenship and Migration Affairs is entitled to request to the authority administering the support programme determined in the Law on Aid for the Activities of Start-up Companies - Investment and Development Agency of Latvia for an opinion regarding the compliance of the innovative product specified in the application of the third-country national with the definition set forth in the Law on Aid for the Activities of Start-up Companies.

2. Would the person qualify for the permit and if yes, under what specific conditions?

The person would qualify, if he would submit all necessary documents and an opinion of the Investment and Development Agency of Latvia would be received regarding compliance of the product with the definition of the innovative product.

3. Which authority would assess the eligibility of the applicants?

The Office of Citizenship and Migration Affairs and the Investment and Development Agency of Latvia assess the eligibility of the applicant. In certain cases, if the applicant comes from the country with increased risk of terrorism, the application is assessed in addition also by the competent security authorities.

4. What is the application process?

A third-country national has to submit the documents⁸⁹ for requesting a residence permit to the diplomatic or consular representative office of the Republic of Latvia in Deli, or if the person stays in the Republic of Latvia on the basis of a visa - to the Office of Citizenship and Migration Affairs.

The application documents and filled in questionnaire may be submitted in 5 languages - Latvian, English, French, German and Russian.

5. How long would it take for the person to obtain the permit?

Processing of the application requires 30 days (or 5 or 10 working days, if the relevant state fee has been paid for accelerated review of documents), and after the positive reply, the temporary residence permit may be received within 2-10 days.

2. TCN already in the EU, working as a highly skilled employee: Highly skilled third-country national who came on an EU Blue Card or an alternative national permit for highly skilled workers working for a company in a certain industry; after 2 years of working for the company wants to start his/her own business

Amel is a Tunisian citizen working for "B Solutions", a biotech company in your Member State on an EU Blue Card permit or an alternative national permit for highly skilled workers arranged through her employer. After having worked for the company for two years, she feels that she is ready to take on a new challenge. She would like to start her own business in the same sector and set up a company

⁸⁶ Immigration Law.- *Latvijas Vēstnesis*, Nr. 169, 20.11.2002 -[came into force on 01.05.2003]

⁸⁷ In accordance with Paragraph 481 of the Cabinet Regulation No.564 "Regulation Regarding Residence Permits"

⁸⁸ Questionnaire.- Available:

https://www.pmlp.gov.lv/lv/assets/images/Uztur%C4%93%C5%A1an%C4%81s/UA_anketa_2016.pdf.pdf.

⁸⁹ The application documents and filled in questionnaire may be submitted in 5 languages - Latvian, English, French, German and Russian.

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that offers high-tech solutions to recycle waste in new, innovative ways, remaining in your Member State. What are her possibilities?

1. What are the migratory pathways (visas/residence permits) available?

The status of stay in Latvia should be changed, that is, a temporary residence permit should be requested as for a start-up company founder.

2. Would the person qualify for the permit and if yes, under what specific conditions?

Yes, if the planned activity corresponds with the concept of a start-up company and innovative product.

3. Which authority would assess the eligibility of the applicants?

The Office of Citizenship and Migration Affairs and the Investment and Development Agency of Latvia assess the eligibility of the applicant.

4. What is the application process?

The person submits the documents of the application for a residence permit⁹⁰ to any territorial unit of the Office of Citizenship and Migration Affairs.

5. How long would it take for the person to obtain the permit?

The time period for review of submitted documents for requesting a temporary residence permit is 30 days. It is possible to receive the decision within 10 or 5 working days by paying the increased state fee. In case if during review of the submitted documents any insufficiencies are founded, for elimination thereof the time period for decision making may be prolonged for a time period up to four months.

The time period for processing of applications corresponds with the time period determined in the law - if the person has paid the state fee for review of documents within 30 days, then the decision usually is made on the 30th day. The production of a residence permit (eID card) may last 2 or 10 working days (depending on the amount of the paid state fee).

3. TCN outside of EU, registered company: Start-up just started, registered company outside the EU would like to set up in the Member State

Sergey from Minsk, Belarus owns a company "Icomp Technologies", a manufacturing company which has just launched the production of electronic components in IoT (Internet of Things) technology sector. The company has already shipped some experimental production to third country markets, such as Japan and Malaysia, and based on the initial success it was decided to reallocate company's headquarters to your Member State for further business development. What is the process that Sergey would have to go through to move the headquarters? Are there any additional provisions for other staff members aiming to reallocate to a Member State?

1. What are the migratory pathways (visas/residence permits) available?

A residence permit in relation to a start-up company should be requested, and within a three months period from the day of receipt of the residence permit such company should be registered in Latvia.

2. Would the person qualify for the permit and if yes, under what specific conditions?

Yes, if the planned activity corresponds with the concept of a start-up company and innovative product.

3. Which authority would assess the eligibility of the applicants?

The Office of Citizenship and Migration Affairs and the Investment and Development Agency of Latvia assess the eligibility of the applicant.

⁹⁰ The application documents and filled in questionnaire may be submitted in 5 languages - Latvian, English, French, German and Russian.

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4. What is the application process?

The person submits the documents of the application for a residence permit⁹¹ to any territorial unit of the Office of Citizenship and Migration Affairs.

5. How long would it take for the person to obtain the permit?

The time period for review of submitted documents for requesting a temporary residence permit is 30 days. It is possible to receive the decision within 10 or 5 working days by paying the increased State fee. In case if during review of the submitted documents any insufficiencies are found, for elimination thereof the time period for decision making may be prolonged for a time period up to four months.

The time period for processing of applications corresponds with the time period determined in the law - if the person has paid the State fee for review of documents within 30 days, then the decision usually is made on the 30th day. The production of a residence permit (eID card) may last 2 or 10 working days (depending on the amount of the paid state fee).

4. TCN already in the EU, PhD or master student

Auri is a Dominican PhD student at a university in your Member State in the field of biotechnology studies. In parallel to her studies (outside her PhD contract), Auri researched fermentation and revealed yet unknown characteristics of the investigated ferment. Auri discovered that the reaction between the researched ferment and a specific enzyme could have a particular effect on human's skin regeneration. She was approached by a potential investor who saw the potential of the discovery in the medical cosmetology sector. Auri would like to register a company in your Member State and undertake further necessary research to receive patents and start the production of agents as a next stage. What are her possibilities?

1. What are the migratory pathways (visas/residence permits) available?

PhD or Master's student may register a company, without changing his student status in the country, as well as he may perform operational management activities of the company because students of PhD or Master's studies are granted with unlimited access to labour market.

2. Would the person qualify for the permit and if yes, under what specific conditions?

The person would qualify, if he would submit all necessary documents and an opinion of the Investment and Development Agency of Latvia would be received regarding compliance of the product with the definition of the innovative product.

3. Which authority would assess the eligibility of the applicants?

The Office of Citizenship and Migration Affairs and the Investment and Development Agency of Latvia assess the eligibility of the applicant.

4. What is the application process?

The person should submit application documents for a residence permit⁹² to any territorial unit of the Office of Citizenship and Migration Affairs, if the person has completed PhD or Master's studies at the moment of submission of documents. If studies are not completed, then in accordance with the general procedure documents should be submitted abroad - to the diplomatic or consular representative office, but the head of the Office of Citizenship and Migration Affairs, when assessing the importance of the project, may permit to submit documents without exiting Latvia.

5. How long would it take for the person to obtain the permit?

The time period for review of submitted documents for requesting a temporary residence permit is 30 days. It is possible to receive the decision within 10 or 5 working days by paying the increased State fee. In case if during review of the submitted documents any insufficiencies are found, for elimination thereof the time period for decision making may be prolonged for a time period up to four months.

⁹¹ The application documents and filled in questionnaire may be submitted in 5 languages - Latvian, English, French, German and Russian.

⁹² The application documents and filled in questionnaire may be submitted in 5 languages - Latvian, English, French, German and Russian.

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The time period for processing of applications corresponds with the time period determined in the law - if the person has paid the State fee for review of documents within 30 days, then the decision usually is made on the 30th day. The production of a residence permit (eID card) may last 2 or 10 working days (depending on the amount of the paid State fee).

Section 4: Attracting start-ups and innovative entrepreneurs from third countries

Q16. Does your (Member) State have specific **measures** in place to **attract** start-up founders and innovative entrepreneurs from third countries?

Yes. Please explain briefly here the main measures and complete table in Q18 below:

There is a facilitated procedure established start-up company founders from third countries for receipt of a temporary residence permit with a purpose to develop innovative entrepreneurship in Latvia. Various support instruments are available in Latvia (Q1a) for innovative companies and start-up companies, but they determine general requirements and there are no special support instruments established directly for third-country nationals. Also, third-country nationals residing in Latvia, who have registered and perform commercial activity in Latvia, may apply for receipt of any support, providing equal possibilities to all start-up company founders.

No

Q17a. Are the following **actors** involved in attracting and encouraging the start-ups and innovative entrepreneurs from third countries?

Private sector. If yes, please elaborate how are they involved:

Several larger companies in Latvia offer mentoring services as well as their accelerator programmes funding to start-up companies. Founders of start-ups from third countries have support available according to the general procedure.

Universities and Higher Education Institutions (i.e. encouraging international students to stay as start-up entrepreneurs). Please elaborate:

Within the framework of universities business incubators and entrepreneurship support centres students from third countries have access to support in accordance with the general procedure.

Local and regional authorities (e.g. cities and regions). Please elaborate:

Entrepreneurship support centres and support offered by municipalities is available in accordance with the general procedure, and there are no special requirements determined with regard to third-country nationals.

Other actors. Please elaborate:

Latvian Start-up Association, "TechChill", "Riga Tech Girls" and "Startup Nes"t, who organize events related to start-up companies or organize trainings.

Q17b. Do government authorities cooperate with the **private sector** in attracting start-ups and innovative entrepreneurs from third countries? Please specify which government institutions and private-sector actors (e.g. companies, employer associations etc.) are involved.

Yes. Please explain:

Investment and Development Agency of Latvia works on the promotion of international visibility of the Latvian start-up ecosystem, as well as popularizes Latvia as the place, where to potentially establish a start-up company. In the last two years various events were organized during the recent 2 years in cooperation with the key players from the Latvian start-up ecosystem. The financial agents selected by ALTUM within the framework of the acceleration programme act in an especially active manner by attracting of start-ups and innovative companies from third countries. Commercialization Reactor Fund is engaged in attraction of scientific idea commercialization and deep tech start-up companies from third countries.

No

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Q18. Please complete the table below with regard to the (applicable) **(I) Rights and (II) Incentive measures** in place to attract start-up founders (not employees) from third countries in your (Member) State.

I. RIGHTS

Rights	Brief description of the rights granted⁹³
Facilitation to access permanent residence	Start-up company founders from third countries, who plan to develop innovative product or service in Latvia, have accelerated procedure for receipt of a temporary residence permit (section 3.2). There are no allowances planned for the procedure of receipt of the permanent residence permit - it is granted in accordance with the general procedure.
Access to employment	Start-up company founders are permitted to be employed only by the companies founded by them as members of the board.
Possibility to be accompanied by family members	A spouse and children of minor age, as well as persons, being under the guardianship and custody, have the right to request for a temporary residence permit together with the main applicant.
Family members allowed to access the labour market	Unlimited access to labour market is granted to family members.
Other rights (social benefits)	Start-up company founders, who are third-country nationals, have the same right to receive social benefits as any other employed third-country national with a temporary residence permit.

⁹³ Source: The Office of Citizenship and Migration Affairs.

II. INCENTIVE MEASURES (refers to governmental, private sector and structural incentives)⁹⁴

Measure	Brief description of the measure	Are the attraction measures campaign-like or permanent measures?	Who implements the measure? (state, private sector, in cooperation etc)	Applies to:	
				TCNs only	General
Facilitations for admission ; <i>If yes, please explain what they entail (shortened processing time, reduced documentary requirements etc.)</i>	N/A				
Access to special funding and investments (e.g. micro-loans)	<p>One of the priorities of the government is to promote availability of funding, therefore a broad support is offered in the form of financial tools.</p> <p>Export credit guarantees enable the exporter to secure against insolvency long-term non-payment of a foreign buyer, when selling goods or providing services with the deferred payment. Since 2017 there are also medium term and long-term export credit guarantees available for merchants, covering up to 95% from the risk of the production period or losses of the export credit risk, and up to 100% from export credit risk or losses of the production period risk;</p> <p>- Portfolio guarantees, financial services offered to merchants with the reduced loan interest rate, where credit institutions are combined into an individual guarantee portfolio.</p> <p>- Micro crediting and start loans for business starters, as well as newly established companies, offering to receive a funding for implementation of business ideas and implementation of viable business projects;</p> <p>- Loan guarantee programmes - the purpose is to provide credit for commercial activity performers to implement into their own business, if the current collateral is not sufficient to receive the funding from the bank.</p> <p>- Parallel loans – the purpose of the programme is to facilitate development and competitiveness of commercial performers activity, providing a funding in the form of</p>	Support is available constantly.	Development Financial Institution ALTUM.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

⁹⁴ Support provisions are determined in accordance with the general procedure and are available to third-country nationals provided that a company is registered in Latvia.

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Measure	Brief description of the measure	Are the attraction measures campaign-like or permanent measures?	Who implements the measure? <i>(state, private sector, in cooperation etc)</i>	Applies to:	
				TCNs only	General
	mezzanine loans (i.e. together with the funding of the credit institution or subsidiary company thereof registered in Latvia) for implementation of viable business projects. Seed capital, start capital and growth capital funds - purpose of the financial tools is to facilitate establishment, development and competitiveness of commercial activity performers, providing an investment of the seed capital, start capital and growth capital for implementation of business projects. Funding of EUR 60 million is available for implementation of the seed capital, start capital and growth capital for the period of 2014-2020.				
Co-working and dedicated spaces (facilities for shared use of start-ups/businesses)	<p>"TechHub Riga"⁹⁵ has a significant role in the development of the Latvian start-up ecosystem, offering to the authors of start-up ideas the premises for co-working, practical support and consultations with experts of the industry, and organises different public education events. Several co-working spaces are available to start-up companies, such as, "OraculeTang Space"⁹⁶, "The Mill"⁹⁷, "DoBe", "Teikums"⁹⁸ etc.</p> <p>There are more than 25 business incubators available to all business starters in Latvia, including founders of start-up companies, in the beginning of 2019, which are located in Riga and regional towns. 15 out of them are business incubators of the Investment and Development Agency of Latvia⁹⁹, as well as 11 business support centres and business incubators of universities. There are also other university platforms available to companies for business promotion, such as innovation platform "Demola Latvia", RTU "Design factory"¹⁰⁰, etc.</p> <p>In 2016 with support from the state in 2016 the Business Incubators Programme was commenced, within the framework of which 15 business incubators units were established (8 national importance development centres in municipalities, six regional</p>	Support is available constantly.	Techhub Riga, Investment and Development Agency of Latvia, individual joint creation rooms.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

⁹⁵TechHub Riga.- Available: <https://riga.techhub.com/>.

⁹⁶ OraculeTang Space.- Available: <http://oraculetangspace.lv/>.

⁹⁷ The Mill.- Available: <http://www.millriga.com/>.

⁹⁸ Teikums.- Available: <https://www.teikums.lv/en>.

⁹⁹ Business incubators of the Investment and Development Agency of Latvia.- Available: [inkubatorihttp://inkubatori.magneticlatvia.lv/](http://inkubatori.magneticlatvia.lv/).

¹⁰⁰ RTU Design Factory.-Available: <http://rtudf.rtu.lv/>.

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Measure	Brief description of the measure	Are the attraction measures campaign-like or permanent measures?	Who implements the measure? (state, private sector, in cooperation etc)	Applies to:	
				TCNs only	General
	importance development centres in municipalities and one creative industry business incubator in Riga). Until the December of 2018 in total support was granted to 423 merchants within the framework of Business incubators activities ¹⁰¹ . Events are regularly organized in business incubators, ensuring attraction of new merchants as well as knowledge increase of receivers of support on the issues of entrepreneurship (including, master classes, lectures, workshops, etc.), attraction of mentors is provided for merchants, as well as goals to be achieved during the support period are determined for each merchant individually.				
Access to incubation/accelerator support programmes	Four accelerators are regularly available in Latvia, providing necessary expert consultations during the early stage of start-ups and giving an opportunity for the most perspective projects to receive seed stage investments. There are three publicly co-funded acceleration funds operating in Latvia – “Overkill Ventures” ¹⁰² , “Buildit” ¹⁰³ and Commercialization reactor ¹⁰⁴ , as well as a private accelerator “Startup Wise Guys” ¹⁰⁵ . Publicly co-funded acceleration funds provide business ideas to innovative start-up companies, to establish and develop the company and product, with a purpose to promote their growth and competitiveness, in particular to technological and industrial projects. Support to entrepreneurs is provided in two stages - pre-seed funding for establishment of the company, consultations, product development, research, assessment and approval (up to EUR 50 thousand), and seed funding for companies, who have successfully passed the pre-seed investment stage for further growth, product and commercial activity model development (up to EUR 250 thousand). In total EUR 15 million are planned for implementation of three acceleration funds (“Buildit Latvia”, “Commercialization Reactor Fund, “Overkill Ventures”) during the planning period of 2014-2020.	Support is available constantly.		<input type="checkbox"/>	<input checked="" type="checkbox"/>

¹⁰¹ Funding is granted to local companies.

¹⁰² Overkill Ventures.- Available: <https://www.overkill.vc/>.

¹⁰³ Buildit.- Available: <https://www.buildit.lv/>.

¹⁰⁴ Commercialization reactor.- Available: <https://www.commercializationreactor.com/>.

¹⁰⁵ StartupWiseGuys.- Available: <https://startupwiseguys.com/>.

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Measure	Brief description of the measure	Are the attraction measures campaign-like or permanent measures?	Who implements the measure? (state, private sector, in cooperation etc)	Applies to:	
				TCNs only	General
Tax incentives (benefits, reductions, exemptions, etc.)	Law on Aid for the Activities of Start-up Companies offers start-up companies the possibility to receive allowances of the personal income tax and support for attraction of highly qualified employees. Companies may apply for making a fixed social tax payment and additional discount of the personal income tax to the amount of 0%, as well as to receive 45% co-funding for attraction of highly qualified employees.	Constantly.	Investment and Development Agency of Latvia	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consultation services/facilitators help in networking/accessing networks	In 2018 the new support provision form has been commenced for start-up companies - support for participation in the international exhibitions abroad , participation in conferences related to entrepreneurship and direct visits to potential investor or cooperation partners in foreign countries for up to EUR 4000 for one company.	In the form of campaigns twice a year.	Investment and Development Agency of Latvia	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Training programmes for start-ups	The purpose of the Innovation motivation programme is to inform and encourage as large as possible part of the society to commence entrepreneurship and introduce of innovations. Total funding available in the programme is EUR 5.7 million. In 2018 within the programme framework there were various events for different target groups, including students, business starters, current companies and start-up companies, as well as every interested person, involving different innovative and entrepreneurship activities in a practical and interactive manner.	Constantly.	Investment and Development Agency of Latvia	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial support to cover administrative and/or staff costs	Law on Aid for the Activities of Start-up Companies offers the possibility to receive co-funding in the amount of 45% from compensation for attraction of highly qualified employees.	Constantly.	Investment and Development Agency of Latvia	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Besides, within the framework of the regional business incubators programme of the Investment and Development Agency of Latvia, it is possible to receive a support to cover different kind of administrative costs.	In the form of campaigns twice a year.	Investment and Development Agency of Latvia	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other special incentives <i>Please add new rows as applicable</i>	N/A			<input type="checkbox"/>	<input type="checkbox"/>

Q19. Are there any measures to encourage and foster innovative entrepreneurship and start-ups for third-country nationals **already present** in the (Member) State? (e.g. in the context of integration measures)

Existing measures to promote start-ups are not targeted specifically at third-country nationals, but are available to all. The Society "Shelter "Safe House"" is currently implementing a project¹⁰⁶ which one of the aims is to set up a hub for third-country nationals wishing to start companies in Latvia which should start work in 2022¹⁰⁷.

Q20a. Does your (Member) State carry out **promotional activities and dissemination of information** targeted to start-up founders and innovative entrepreneurs?

Yes. *If yes, please explain/elaborate, specifying which actors are responsible (and whether it is a public or private actor) giving examples:*

Investment and Development Agency of Latvia within the framework of the Innovation motivation programme informs and encourages the widest possible part of society to commence entrepreneurship and introduce innovations. Within the framework of the programme there are events for different target groups organized, including students, business starters, current companies and start-up companies, as well as every interested person, involving in different innovative and entrepreneurship activities in a practical and interactive manner.

If yes, please specify if the promotional activities are carried out in your (Member) States or abroad:

The purpose of the innovation motivation programme is to inform and encourage society to commence innovative entrepreneurship, by also using awarding as an incentive mechanism. Besides, it is planned to inform society about the events in relation to innovations and their potential, thus stimulating the society and entrepreneurs turn to development and use of innovative solutions, as well as to increase the proportion of innovative merchants in the economy and motivate commencement of commercial activity.

Target group of the event is potential commercial activity starters, self-employed persons, natural persons (business ideas authors), unions and foundations, students of educational institutions, merchants, universities, scientific institutions, municipalities and municipal authorities, state authorities and public in general.

Various activities are implemented in Latvia within the framework of the project, for example, competition of innovative business ideas "IDEA CUP", events within the framework of the programme "Pupils Study Companies", as well as the new ones are introduced - annual event for several days with involvement of foreign experts and master classes on the promotion of technological interests and innovation, management innovation training course for merchants and others.

Besides, in cooperation with other organizations, currently already being professionally engaged in development of business ideas and newly commenced business projects, there are events organized for different target groups - networking workshops, discussions, master classes, new product creation workshops (hackathons) etc.

No.

Q20b. Does your (Member) State aim to create a national / regional '**brand**' (e.g. visual image, perception, etc.) of the start-up scheme?

Yes. Please explain:

Magnetic Latvia Startup is a brand name, being used for communication in the international environment and operates in the structure of the Investment and Development Agency of Latvia. By using this brand name, the informative support is provided to start-ups, as well as visibility of the Latvian start-up ecosystem is promoted abroad of Latvia.

Within the framework of it the Investment and Development Agency of Latvia creates and maintains also several information platforms and communication channels, providing information on the events in

¹⁰⁶ Project "Migrant Talent Garden" is started implementing in cooperation with partners from six countries - Croatia, Bulgaria, Lithuania, Greece, Norway and Iceland.

¹⁰⁷ A project to support immigrant business has been launched. -Available at: <http://www.patverums-dm.lv/en/a-project-to-support-immigrant-business-has-been-launched/960>.

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the start-up ecosystem and creation of innovations: Internet platform www.startupLatvia.eu – one step agency for information on the Latvian start-up ecosystem; Internet platform *Labs of Latvia*; Magazine *Baltic Startup Mag*.

Hashtag #startinlatvia is used for communication on social networks.

No.

Q20c. Have there been any **evaluations of the effectiveness** of promotional activities in Q19a. carried out?

Yes. Please explain and by whom, provide qualitative evidence:

No.

Q21. Based on existing national sources (evaluation reports, media reports, etc.), what are the **factors affecting the attraction of start-up founders/employees** in your (Member) State – including both *positive factors and obstacles*? Please select all relevant boxes.

Hubs and locations for start-ups (e.g. cities). If yes, please elaborate:

The Latvian Start-up Ecosystem Assessment¹⁰⁸ conducted in 2019 concludes that in general there are beneficial conditions for establishment of start-up companies in the Baltic States, including Latvia. Riga is strengthening its position as the centre for Latvian start-up companies, where broad and various co-working spaces are available (see more in Q4a). The state aid tools - both, financial as well as non-financial - are available to founders of start-up companies, including from third countries. Venture capital funding is available in Latvia, as well as in general the number of start-up companies is increasing and the start-up ecosystem is expanding, which, according to international studies, is an important attraction factor for the place of foundation of start-up companies.

Culture. If yes, please elaborate:

Socio-economic factors (e.g. living costs). If yes, please elaborate:

In general, the Baltic States rank among TOP6 in Europe, when assessing suitability of the business environment for commencement of entrepreneurship. In the Doing Business rankings for 2019 created by the World Bank Latvia holds the 19th position in the competition of 190 countries, but the first position in terms of tax payment in the Baltics. Total expenses for entrepreneurship are lower than in West European and Central European countries, assessing according to expenses of the lease of office premises or co-working spaces (see Chapter¹⁰⁹ 4.1. Of the study), and also the wages of IT specialists and programmers are more competitive than in other European countries, which makes Latvia attractive for founding a start-up company. At the same time, Riga International Airport makes Latvia accessible also from the geographical point of view, making it easy to travel to other EU Member States. Besides, because Latvia belongs to the community of the European Union countries, and has a stable legal system, it makes Latvia an attractive destination for start-up company founders from CIS¹¹⁰ countries.¹¹¹

Other (please specify):

Q22a. What are the main **challenges** in attracting start-ups and innovative entrepreneurs from third countries in your (Member) State? For each challenge mentioned, please describe a) for whom it is a challenge (policy-maker, organisation, other stakeholders), b) why it is considered a challenge and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).

The comparatively restrictive mechanism to receive a temporary residence permit for start-up companies currently makes the biggest obstacle for start-up company founders from third countries - namely, the requirement to receive investments within 6 months from registration of the company may be restrictive. If this requirement is not fulfilled, the temporary residence permit is annulled. At the same time, there are no similar requirements in Lithuania and Estonia. Taking into account the enhanced requirements for prevention of proceeds of crime and money laundering in Latvian banks according to the Law on the Prevention of Money Laundering and Terrorism Financing, in certain cases start-up company founders from

¹⁰⁸ Study "Assessment of Latvian start-up ecosystem, identification of current status and development of recommendations on the basis of it". - Available: https://em.gov.lv/files/attachments/2019-03-27_11_46_18_Jaunuznemumu_petijums.pdf.

¹⁰⁹ Assessment of Latvian start-up ecosystem, identification of current status and development of recommendations on the basis of it.

¹¹⁰ CIS - Commonwealth of Independent States.

¹¹¹ Source: the Ministry of Economics.

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third countries had difficulties to open bank accounts, on the basis of suspicious transactions or suspicious business partners.

Q22b. What are the **good practices** identified in attracting start-ups and innovative entrepreneurs from third countries in your (Member) State? *For each good practice mentioned, please describe a) for whom it is a good practice (policy-maker, organisation, other stakeholders), b) why it is considered a good practice and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

The first cross-border event - hackathon "Minsk - Riga Start-up Train" took a place on 27 - 31 August 2018. The purpose of the international hackathon was to strengthen relations between start-up ecosystems of Belarus and Latvia and to stimulate attraction of start-up founders to Latvia. The hackathon was organized by Investment and Development Agency of Latvia and "Imaguru Startup Hub Minsk" with the support of "TechChill" and Startin.LV. 20 creators of start-up companies from both countries participated in the competition, having a possibility to develop their ideas and use assistance of experts and mentors. The most exciting part for both, teams as well as mentors, was the night activities on the train Minsk - Riga, in the special hackathon wagon.

Similarly, with the purpose to popularize the Latvian start-up ecosystem internationally, the Investment and Development Agency of Latvia in cooperation with participants of the ecosystem - Startin.lv, "Techchill, Techchub", DFF and other organizations - organize individual events within the framework of the biggest start-up conferences with a purpose to promote visibility of the Latvian start-up ecosystem.

Section 5: Renewal of residence permits/visas and retention measures for start-ups and innovative entrepreneurs

Q23a. Is it possible to **renew** the start-up visa/residence permit?

Yes. Please describe:

No. A temporary residence permit is granted for three years. After this period of three years a start-up company founder has to change the reason of stay in the country - he or she should either receive a residence permit in relation to commercial activity or employment. The temporary residence permit issued in relation to the start-up company is not prolonged.

Q23b. If yes, what is the renewal period and are the following renewal options possible:

a time limited extension to a visa/residence permit. Please describe:

a permanent residence. Please describe:

Q23c. What are the **main requirements for renewal** of an initial start-up visa/residence permit?

N/A

Q23d. Is the actual establishment of the business checked by the responsible authorities when deciding on the extension of the residence permit?

N/A

Q23e. What are the procedures foreseen for TCNs with start-up visas/residence permits if:

- Their business ceases being a 'start-up' (e.g. they manage to turn their company into a successful business – *this may be defined differently in different (Member) States*). Please elaborate, explaining after what period and under what conditions the business is no longer considered as a 'start-up':

Further stay after the initial period of three years would be in accordance with the general procedure - see the reply to Q23a.

- Their start-up fails. In this case, please clarify what would happen to the start-up founder and whether there are other visas/residence permits available for the TCNs to remain in your MS:

The temporary residence permit issued in relation to the start-up company will be annulled. If the person would like to continue to stay in the country, he or she should request for a residence permit in relation to any other reason for stay, such as employment.

- Their business plan changes after approval:

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It will be assessed, whether the activity of the company still complies with the concept of a start-up company and introduction of an innovative product. If yes, then changes in the business plan shall not affect the validity of the temporary residence permit.

Q24a. Are the following **retention measures** in place for the start-up founders and innovative entrepreneurs?

- Simplified renewal process
- Tax relief schemes

Various support instruments are introduced to support of start-up companies and innovations. Law on Aid for the Activities of Start-up Companies¹¹² offers start-up companies to receive allowances of the personal income tax and support for attraction of highly qualified employees¹¹³.

- Others. Please elaborate:

Q24b. What are the main **challenges** regarding the retention of start-ups and innovative entrepreneurs in your MS? For each challenge mentioned, please describe a) for whom it is a challenge (policy-maker, organisation, other stakeholders), b) why it is considered a challenge and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).

Significant obstacle in all European Union Member States, including Latvia, is retention of start-up companies in their initial home country during the development stages, when rapid growth starts and it is necessary to attract venture capital investments during the venture capital attraction cycles of series C and D. In this stage start-up companies often move or transfer a part of activities of the company to the USA, Silicon Valley, where more voluminous funding is available for such kind of transactions¹¹⁴

Q24c. What are the **good practices** identified with regard to retention of start-ups and innovative entrepreneurs in your (Member) State? For each good practice mentioned, please describe a) for whom it is a good practice (policy-maker, organisation, other stakeholders), b) why it is considered a good practice and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).

Latvia has established support instruments for start-up companies and innovative companies in order to motivate them to operate in Latvia. Four accelerators are available in Latvia, providing necessary expert consultations during the early stage of start-ups and giving an opportunity for the most perspective projects to receive seed stage investments. There are three publicly co-funded acceleration funds operating in Latvia - Overkill Ventures¹¹⁵, Buildit¹¹⁶ and Commercialization Reactor¹¹⁷, as well as a private accelerator Startup Wise Guys¹¹⁸. In the beginning of 2019 there were more than 25 business incubators available to all business starters in Latvia, including founders of start-up companies, which are located in Riga and regional cities. 15 out of them are business incubators of the Investment and Development Agency of Latvia¹¹⁹, as well as 11 business support centres and business incubators of universities. There are also other university platforms available to companies for business promotion, such as innovation platform Demola Latvia, RTU Design factory¹²⁰, etc.

Ministry of Economics increasingly promotes Latvia as the destination country for start-up founders from third countries via mass media.¹²¹

Q25a. Has any **misuse of the migratory pathway** for start-ups and innovative entrepreneurs has been detected in your (Member) State (for example, if someone applies for a start-up/entrepreneur visa to gain access to your (Member) State's territory without the actual intention of founding a start-up/business)?

¹¹² Law on Aid for Activities of Start-up companies.- *Latvijas Vēstnesis* No. 241, 10.12.2016. - [came into force on 01.01.2017]

¹¹³ Law On Aid for the Activities of Start-up Companies. <https://likumi.lv/ta/en/en/id/287272-law-on-aid-for-the-activities-of-start-up-companies>)

¹¹⁴ Source: the Ministry of Economics.

¹¹⁵ Overkill Ventures.- Available: <https://www.overkill.vc/>.

¹¹⁶ Buildit.- Available: <https://www.buildit.lv/>.

¹¹⁷ Commercialization reactor.- Available: <https://www.commercializationreactor.com/>.

¹¹⁸ Startup Wise Guys.- Available: <https://startupwiseguys.com/>.

¹¹⁹ Business incubators of the Investment and Development Agency of Latvia.- Available: <http://inkubatorihttp://inkubatori.magneticlatvia.lv/>.

¹²⁰ RTU Design Factory.-Available: <http://rtudf.rtu.lv/>.

¹²¹ Establishing Start-up in Latvia: guidelines for third-country nationals.- Available at: https://www.delfi.lv/bizness/biznesa_vide/jaunuznemuma-dibinasana-latvija-vadlinijas-treso-valstu-pilsoniem.d?id=51236931.

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Yes. Please elaborate and answer Q24b.:

No

Q25b. Do you have any information or statistics on the **misuse of migratory pathways**¹²² for start-ups and innovative entrepreneurs in your (Member_ State?)

There are no cases of misuse of rights established in relation to start-up companies in Latvia.

Q25c. What is the **survival rate** of start-ups launched by TCNs in your (Member) State? *Survival rate refers to the number of start-ups that manage to become profitable businesses (see definition).* Please explain:

Taking into account the fact that the scheme exists for a comparatively short period of time, currently it is not possible to evaluate the above-mentioned statistics. Representative of the Latvian Start-ups Association indicated that it is presumed in the environment of start-up companies to consider that out of every ten start-up companies one survives¹²³.

Q25d. Have there been **any evaluation or studies** of your national schemes on start-ups or other innovative entrepreneurs? Please summarise the main findings.

In 2019 the Ministry of Economics performed a comprehensive mapping of the Latvian start-ups ecosystem¹²⁴, as well as assessment of current support tools. The current support schemes for founders of start-up companies from third countries in Latvia were analysed in comparison with the models existing in Lithuania and Estonia.

In general, it can be concluded that in the Latvian case the time period for review of the application is shorter than in Lithuania and Estonia and takes for up to 30 days. Documents may be submitted also in English in all three countries. At the same time, there was a significant limitation existing only in Latvia out of the three countries with regard to the necessity to attract investments within 6 months from issue of the residence permit.

The Ministry of Economics submitted to the *Saeima* proposals for amendments to the Immigration Law with regard to procedure for issuing of a temporary residence permit to start-up company founders. The proposed amendments to the Immigration Law entered into force on 1 July 2019.

Section 6 Conclusions

Q26. With regard to the aims of this study, what conclusions would you draw from your findings reached in elaborating your national contribution? In particular, what is the relevance of your findings to (national and/or EU level) policy-makers?

Two years after introduction of the regulation on attraction of start-up company founders from third countries only nine temporary residence permits have been issued, which does not indicate on the popularity of the attraction regulation among start-up companies from third countries.

Taking into account the fact that the most beneficial possible regime is determined for start-up company founders for requesting a residence permit (free choice of the place of submission of the application, minimum amount of documents, no requirement to register the company before submitting the request for a temporary residence permit), it can be concluded that the small number of applications is significantly affected also by other factors related to the national economic situation, provisions for granting of the state aid and visibility of the country in the world. Foreign investors have pointed to the need to digitize public services and ensure the interoperability of the various national information systems¹²⁵.

There is no special procedure for hiring of employees of start-up companies in Latvia, therefore it should be assessed, whether it would not be useful to determine such a procedure, for example, by releasing

¹²² Misuse of migratory pathways refers solely to the cases in which someone has used the start-up visa/residence permit channel but does not intend to really set up a business and does not refer to potential illegal practices start-ups may be involved in as part of their business.

¹²³ Why start-up companies bankrupt in Latvia? Available: <https://medium.com/@dagnijalejia/k%C4%81p%C4%93c-latvij%C4%81-bankrot%C4%93-startupi-2514d721d2ce>.

¹²⁴ Study "Assessment of Latvian startup ecosystem, identification of current status and development of recommendations on the basis of it". - Available: https://em.gov.lv/files/attachments/2019-03-27_11_46_18_Jaunuznemumu_petijums.pdf.

¹²⁵ FICIL Sentiment Index 2015 - 2018 The development of the investment climate in Latvia: the viewpoints of foreign investors.- Available: https://www.ficil.lv/wp-content/uploads/2019/01/FICIL-Sentiment-Index-2018-report_eng.pdf.

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employers from the obligation to register a vacant job position before invitation of the employed third-country national, determining a shorter period of time for examination of documents etc.

Annex 1 National statistics

Please fill in the attached excel sheet with the respective statistics for your (Member) State – provided in a separate Excel file. The Statistical Annex consists of the following:

Annex 1.1. Applications and decisions for visas/residence permits for start-ups and innovative entrepreneurs and start-up employees (where applicable)

Annex 1.2. Status changes

Annex 1.3. Renewals

Annex 1.4. Main sectors and industries of start-ups launched by TCNs in your (Member) State

Annex 1.5. Survival rates after 3 and 5 years after launch and other success measures

Annex 1.6. Other data



Start-up Statistical
annex.xlsx
