



## **Latvian Startup Association**

### **MANIFESTO 2016**

#### **Our Purpose**

To unite Latvian startup community around common values and speak with one voice

#### **Our Vision**

**Latvia in 2020 is recognized as a perfect launchpad for startups to go global.**

Latvia's ecosystem provides an unparalleled mix of reasonable startup costs, access to international entrepreneurial talent and capital, startup friendly regulation and excellent geographical connections.

#### **Our Manifesto**

We, stakeholders of the Latvian startup community – startups, startup founders and employees, coworking spaces, incubators, accelerators and other ecosystem service providers, individual and corporate supporters, individual and institutional investors and other players – have come to a conclusion that the only credible way for Latvian economy to move forward and to be competitive in the future is to embrace the startup movement and jointly build the economy of tomorrow. We believe that the only way startup community can develop and thrive is from bottom up – therefore we have agreed to self organize, to unite around a set of common values and to speak with one voice. For this purpose we have founded Latvian Startup Association with the following objectives:

#### **Latvian Startup Association's Objectives**

1. Development of startups and startup entrepreneurs in Latvia
2. Advocating for public policy conducive to startup entrepreneurship in Latvia
3. Promoting visibility of Latvian startup scene in Latvia and abroad
4. Enabling internal cooperation among Latvian startup ecosystem players
5. Development of education system conducive to innovation and talent development
6. Providing consultations and support to startups

**In order to achieve our vision 2020 – for Latvia to become a perfect launchpad for startups to go global – we will jointly collaborate with partners and stakeholders, including Latvian Government, Riga city, public, private and non-government sector stakeholders in Latvia and abroad, in the following activities:**

## 1. ECOSYSTEM

**OBJECTIVE:** Latvia should be recognized as one of the best countries in the world to pursue your startup in with an advanced ecosystem and startup friendly regulation

### Tasks:

- 1.1. Draft “Latvian Startup Law” and officially legally define *Startup*, primary with the purpose to separate startups from micro enterprises and SME's - lifestyle businesses. Define *success* of a startup and *Smart Money* for the purposes of developing startup oriented specific legislation and support programmes
- 1.2. On the basis of official legal definition of *Startup* develop world leading tax and regulatory arrangements that meet specific needs of startup enterprises such as shift income taxation to a later stage when startups generate revenue and original founders exit, and ease insolvency and liquidation procedures for early stage startups
- 1.3. Include startup ecosystem development as the main engine for Latvia’s long term competitiveness and prosperity upon revision of highest level national policy planning and strategies documents (e.g. Long-term Sustainable Development Strategy “Latvia 2030”, National Development Plan 2014-2020 etc.)
- 1.4. Include startup aspect in nation-branding and international promotion activities of national (LIAA, Latvijas Institūts, TAVA) and Riga city level (Live Riga) agencies
- 1.5. Define the government agency with exclusive and wide reaching mandate to coordinate and support startup ecosystem, similarly to Enterprise Lithuania and Enterprise Estonia and build world class support instruments for various stages of startup development, such as competitive acceleration programmes, exchange programmes with Silicon Valley, London, Berlin, Israel etc.
- 1.6. On the national and Riga City government levels appoint high level official to be in charge of issues concerning technological development and startup ecosystem – such as Chief Technology Officer of Latvia and Startup Commissioner of Riga
- 1.7. Provide necessary publicly supported infrastructure (location and buildings) in Riga to become the long-term low cost base - “The HUB” for Latvian startup ecosystem, such as Tech City UK in London
- 1.8. Set up a legislative and regulatory review process to speed up abolition of redundant and outdated regulations that prevent faster adoption of technological and business breakthroughs, such as sharing economy
- 1.9. Ensure representation of startup interests in decisions making; regular, structured and continuous policy dialogue of startup community with national and local governments, organized business and various other stakeholders to ensure achieving the vision and objectives

### Latvian Startup Association commits:

- To coordinate self-organization of the Latvian startup ecosystem, to ensure a united voice and open, transparent and inclusive dialogue with various stakeholders on relevant issues
- To create a single communication platform for the ecosystem – one “flag” / one hashtag policy
- To invest efforts in aggregating the best international practice in startup policy to support decision makers and policy planners, constructively support policy making and support implementation activities
- To educate Latvian society, media and decision makers about startups and their potential
- To aggregate and maintain relevant statistical data and valuable information on Latvian startup ecosystem
- To cooperate with organizations similar to Latvian Startup association in Lithuania and Estonia to establish strong pan-Baltic ecosystem cooperation, hold regular regional startup events and follow up on a yearly basis at Riga Venture Summit

## 2.TALENT

**OBJECTIVE:** To attract and keep the best talent to Latvian startup community; develop Latvia into the easiest place for highly skilled international tech talent to start a company and get a startup job.

### Tasks:

- 2.1. Revise immigration regulations to simplify recruitment of international talent in qualified startups and SMEs
- 2.2. Revise labour legislation to remove unnecessary burden from early stage startups and reduce their failure rate due to inflexibility of labour regulations
- 2.3. Revise tax legislation to allow for flexible motivation of startup employees with stock options to avoid taxing uncertain future income
- 2.4. Revise employee and social taxation model for early stage startup employees, particularly those not yet generating revenue, provided that Latvia currently has the highest employee tax “burn rate” among the Baltic countries
- 2.5. Implement support programme to recruit Latvian emigrants, students studying abroad and scientists / researchers to return to Latvia and engage in startup, technological and scientific activities
- 2.6. Increase provision of free or highly subsidized college/university education in STEM and related creative disciplines (design, audiovisual, digital) and extend these provisions to talented foreign students
- 2.7. Provide extensive support to university students starting businesses before graduation and support relevant infrastructure, such as incubators, accelerator and international exchange programmes
- 2.8. Update primary and elementary school curriculum to teach our kids passion for technology, science and creative problem solving from young age, foster entrepreneurial spirit and equip them with digital literacy skills and help them become tech “super users”

### Latvian Startup Association commits:

- To engage and support talent development activities on all stages – from primary school to universities partnering up with education institutions
- To educate Latvian society, media and decision makers about potential of startup employment and assist in professional orientation activities by organizing educational and outreach events
- To invest efforts in aggregating the best international practice in talent development to support decision makers and policy planners, constructively support policy making and support implementation activities
- To develop skills and abilities of Latvian startup talent by organizing educational and experience sharing activities, providing advice and support to startups
- To promote visibility of Latvia as an excellent startup location internationally to support talent recruitment

### **3.CAPITAL**

**OBJECTIVE:** Latvia should be among leading locations in the world to invest in and find investment for startups.

**Tasks:**

- 3.1. Expand scope and make permanent the successful “soft loan” program that supports pre-funding startups
- 3.2. Amend procurement procedures and e-governance framework to ensure guaranteed demand for, utilization and fast adoption of innovative tools and services created by Latvian and other startups in the public sector
- 3.3. Remove unnecessary tax burden from venture capitalists, alternative investment funds, angel investors to invest in startup companies, shift tax burden to the moment of successful exit
- 3.4. Revise enterprise laws to ease entry and exit of investors and shareholders from startup companies
- 3.5. Address issues with double taxation where it still exists today to avoid foreign investors being taxed twice for their investments in Latvian startups
- 3.6. Revise existing constraints to publicly financed venture capital funds and allow them to invest on the Baltic scale and internationally as Latvian startups tend to change their jurisdiction to advanced ecosystems in later stages of their development (“Money follows startup” principle) as well in order to attract international startup teams
- 3.7. Create Technology Cluster in coordination with national and Riga city government
- 3.8. Provide public funding that maximizes investments at every stage of startup development and fosters development of “smart money”, provide tax incentives for successful VCs and successfully exited startup founders to reinvest in Latvian startups
- 3.9. Revise financial sector regulations to make it easier for startups to raise capital through public markets

**Latvian Startup Association commits:**

- To participate and assist in implementation of activities and programmes aimed at attracting investments to Latvian startups
- Promote knowledge among startups of successful raising of capital, “smart money” and investor relations
- To invest efforts in aggregating the best international practice in attracting investments and venture capital to support decision makers and policy planners, constructively support policy making and support implementation activities
- To engage in a regular and structured policy dialogue with Latvian public sector bodies concerning all relevant issues to make Latvia a welcoming country for startup investors