

## EXTERNAL EVALUATION OF THE LOGISTICS SECTOR OF LATVIA

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### ABSTRACT

Historically the dynamics of the major indicators related to logistics does not correlate harmoniously, thus creating conditions in which the external evaluation of performance is not flawless. One of the most significant reasons for the occurrence of these conditions is the methods and approaches applied by different assessors. The most accurate evaluation results can be received integrating the most popular techniques while eliminating their most biased parts.

*Keywords:* logistics performance, indicators, infrastructure, international trade, transit, Baltic region

### 1 GENERAL

Uneven and not identical evaluation results create uncertain platform for investments and development in the field of logistics in Latvia. This disproportion is based on the differences in evaluation methodology for different assessment bodies. These differences can be categorized by source positioning and index components.

Information sources in each of the four major evaluations are positioned using three dimensions:

- Primary / Secondary source dimension;
- Single / Multisource dimension;
- Insource / Outsource dimension.

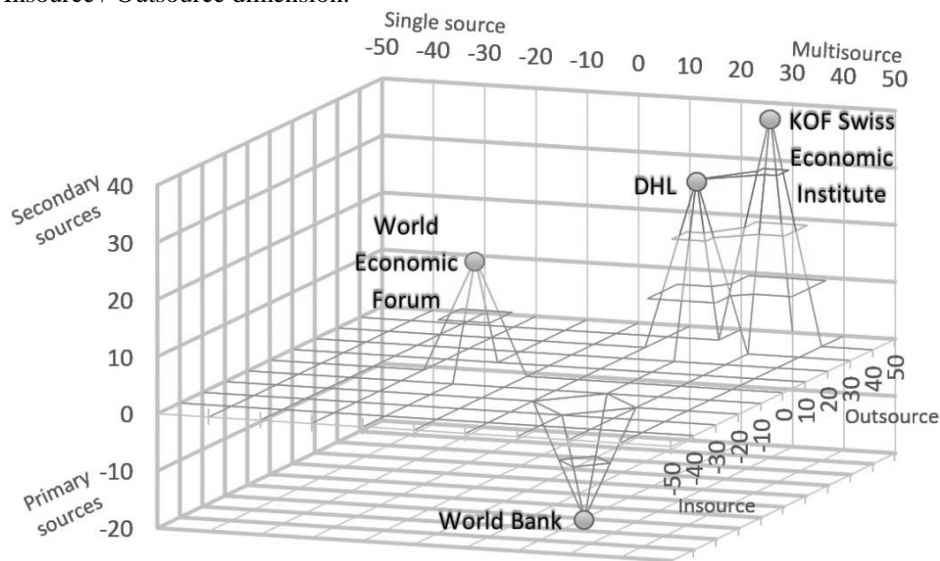


FIGURE 1 ASSESSMENT INSTITUTIONS SOURCE POSITIONING

Index components are more diverse, but their classification is less complicated, mainly due to the specifics of international logistics. Four major index component categories are the following:

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- Procedures & Governance;
- Infrastructure & Transit System;
- Quality of Logistics Services;
- Security.

•••• World Bank •••• KOF Swiss Economic Institute •••• DHL •••• World Economic Forum

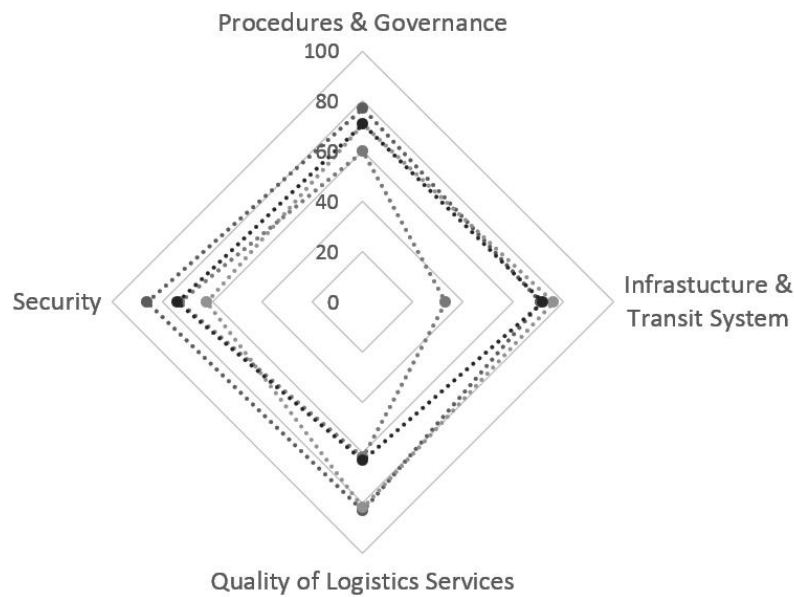


FIGURE 2 LATVIAN LOGISTICS SECTOR PERFORMANCE BY INDEX COMPONENT

External evaluation of Latvia's logistical sector in all index components shows similar results but these results are achieved using different levels of objectivity. The next universal evaluation methodology must eliminate the biased sources or enlarge the sampling to the probable confidence limit. The latest introduction of the World Bank's Domestic LPI for Latvia also adds precision to valuation, as for the economies with GDP below 50 billion USD it plays complimentary rather than independent part.

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