

SGI Sustainable
Governance
Indicators

2015 Latvia Report

Vita Anda Terauda, Daunis Auers,
Detlef Jahn (Coordinator)



Executive Summary

Latvia has performed exceptionally well economically, achieving its post-2008 policy goal of economic recovery. In January 2014, when Latvia entered the eurozone, it had the highest economic growth rate in Europe. Economic indicators suggest that this recovery will continue. However, the single-minded focus that propelled this achievement led to the marginalization of other key public policy areas. For example, there has been a failure to address social inequalities as well as to engage in structural reforms of innovation or higher education. High rates of income disparity persist, while health and education outcomes in Latvia continue to lag behind those in other EU countries. These failings threaten the long-term sustainability of Latvia's hard-earned economic growth.

Recent events in the Ukraine pose a threat to Latvia's security, while particular sectors of the economy are experiencing the effects of sanctions. In addition, the inadequacies of local media and bilingual nature of Latvia's population have led to contradictory information flows as pro-EU and pro-Russian narratives collide.

The new government has demonstrated a capacity to adapt to emerging challenges. In November 2013, 54 people died following the collapse of a supermarket building. In the aftermath of the tragedy, the government resigned. Although investigations are ongoing, the new government immediately addressed systemic failures by initiating institutional reform, reviewing liability issues and reaching out to victims' families.

With the establishment of the Cross-Sectoral Coordination Unit (PKC) in 2010, the government significantly improved its strategic capacities. However, although the PKC has secured a central and influential role in public policymaking, it has not fulfilled early expectations. It has become mired in the details of policy development, effectively duplicated the work of ministries and failed to provide the cross-sectoral approach that it was designed to offer. Nevertheless, Latvia's governance system has become increasingly open to evidence-based policymaking and to external advice. While underfunded and underappreciated, the participation of academic experts and NGOs in policy development is becoming the norm.

The parliament (Saeima) faces serious challenges in exercising executive oversight. Severe underfunding restricts parliament's ability to develop its own or commission independent policy expertise. A misalignment between the task areas of ministries and parliamentary committees further undermines the legislature's ability to hold ministries to account. During the period under review, no reforms have been introduced to improve parliament's capacity for oversight.

Although Latvia has a stable democratic framework, which respects civil rights, political liberties and institutions of democracy, Latvia's citizens do not trust the government and are reluctant to participate politically. Only 15% feel that they can influence decision-making and a negligible percentage engage directly in party politics. The government faces challenges in building trust, which restricts the performance of a democratic system. A number of reforms are necessary to improve governance. These reforms include eliminating excessive court backlogs that delay court cases, protecting the independence of public broadcasting and strengthening anti-corruption institutions by focusing on high-profile political corruption cases. Adopting innovative public engagement tools offer a promising opportunity to overcome political apathy. These tools include petitions to enable citizens to influence parliamentary debates or websites to facilitate direct communication between citizens, parliamentarians and civil servants. The government has taken encouraging steps in this direction, launching a public engagement website for the submission of complaints and suggestions and a mobile app that enables citizens to review their experiences of public institutions.

Key Challenges

The government has proven that it is capable of focused and driven policy achievements. With the economy consolidating, the focus needs to shift toward addressing the long-term drivers of economic competition and growth. These drivers include education and innovation. In addition, inattention to increasing social inequality will further undermine already low levels of trust in the political system and emigration rates. The new government will have to focus not only on pro-active policies, such as in the area of innovation policy, but also on removing barriers to economic development, such as the slow court system, inadequate insolvency procedures and corruption.

Given the tensions associated with the deteriorating situation in Ukraine, Latvia will have to develop policy responses to mitigate the economic effects

of these developments. Policies to strengthen the independence, quality and reach of public broadcasting will be required to ensure an acceptably impartial media environment, as conflicting pro-EU/-pro-Russian information and narratives circulate in the media space. Although, consideration must be given to the effects that this will have on freedom of speech.

The government should take additional action to support the Cross-Sectoral Coordination Unit (PKC). It is at risk of becoming an extra layer of bureaucracy, instead of a strategic asset within central government. Issues of remuneration and human resource allocations need to be addressed. The PKC is well placed to support strategic planning, such as with the new medium-term budget framework. Furthermore, the PKC should be given the mandate to actively assess all initiatives on the basis of compatibility with Latvia's long-term development framework, Latvia 2030. This is currently the only strategic framework that identifies sustainability as a core issue within policymaking. Assigning the PKC an active oversight function would give authority to the issue of sustainability, introducing it into the heart of the Latvian policymaking process. Government decision-making processes are well managed, transparent and allow for stakeholder input. However, the practice of ministers fast-tracking policy proposals undermines this process. Government should take action to significantly reduce the use of fast-tracking, which at present accounts for one-third of proposals deliberated by the cabinet.

The parliament's (Saeima) capacity for executive oversight is severely constrained. This institutional imbalance should be addressed by drawing up and implementing a capacity-building plan for the parliament. This plan would include strengthening in-house systems of policy-analysis, authority of parliamentary committee staff and improving the parliamentary library's services. Even though junior coalition parties may be uncomfortable with a more centralized governance system, where ministers belonging to junior coalition parties is perhaps monitored by the prime ministers office, the governing parties need to recognize that leadership must be strengthened, if their policy goals are to be achieved.

The government needs to take decisive and symbolic action in order to rebuild public trust and motivate the public to engage in politics. For example, the persistent management crises within the Corruption Prevention Bureau has resulted in a collapse in public trust of this institution. Furthermore, eliminating court backlogs, by improving the efficiency of the court system and improving investigative capacities, will lead to the resolution of more corruption cases.

The government should build on the innovative public engagement platforms

it has already launched. For example, the government should embrace citizen engagement proposals generated by citizens themselves, such as a petition system that enables citizens to determine the agenda of a parliamentary debate or a mobile app that facilitates direct communication with parliamentarians. Although, special attention must be paid to trouble-shooting regulations of referenda. For example, if the current law enters into force in 2015 without a mechanism for e-signatures to be recognized, citizens will effectively be barred from initiating referenda.

Policy Performance

I. Economic Policies

Economy

Economic
Policy
Score: 8

Latvia met its long-standing economic policy goal of joining the eurozone on 1 January 2014. At the time, its economic growth rate of 4.1% was the highest in Europe. Following a difficult period of economic adjustment and after fulfilling its ambitious fiscal consolidation targets, Latvia's economy rebounded, returning to the international markets and to favorable economic growth rates. The heavy oversubscription of a seven year government bond, which was issued in January 2014 and priced at €1 billion, signaled the high level of confidence in the economy.

Latvia's economic policy had been governed by parameters accepted as part of financial assistance provided by the IMF and EU. As this assistance has since been repaid, these parameters have been withdrawn. While these parameters led the economy into a difficult period of adjustment, they provided a framework in which the economy established fiscal discipline. For example, in 2013, Latvia introduced legislation that placed a cap on the public budget deficit and launched a multi-year planning cycle.

Unemployment rates have fallen from 16.2% in 2011 to 11.9% in 2013 and have continued to fall through 2014 (as indicated by the Central Statistical Bureau). However, structural unemployment remains a challenge.

The government has focused strongly on meeting euro accession criteria. Nevertheless, structural reforms are also ongoing in the areas of education and science, the energy market and the judicial system, among others. These reforms are key to the future economic competitiveness of Latvia. Yet, the government's commitment and ability to implement these reforms is weaker than for euro-related policies. Significant parliamentary and stakeholder resistance has delayed reforms to the higher education system and the opening of the energy market to competition, for example.

Citation:

1. European Commission, Unemployment Statistics, Available at http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Unemployment_rate,_2001-2012_%28%25%29.png&filetimestamp=20130417141135, Last Assessed: 20.05.2013.
2. Central Statistical Bureau (2012), Growth Rate Indicators, Available at: <http://www.csb.gov.lv/en/real-gdp-growth-rate>, Last assessed: 20.05.2013.
3. Central Statistical Bureau (2013), "Employment is still growing", Update, Available at: <http://www.csb.gov.lv/en/notikumi/employment-still-growing-36470.html>, Last assessed: 20.05.2013.
4. IMF (2014), Article IV Consultation Report, Available at: <http://www.imf.org/external/pubs/ft/scr/2014/cr14115.pdf>, Last Assessed: 02.11.2014
5. European Commission (2013), EU BOP Assistance to Latvia - Second Review Under Post - Programme Surveillance, http://ec.europa.eu/economy_finance/eu_borrower/balance_of_payments/pdf/lv_efc_note_2nd_pps_mission_en.pdf, Last assessed: 21.05.2013.

Labor Markets

Labor
Market
Policy
Score: 8

Unemployment rates have fallen from 20% in 2010 to 16.2% in 2011 and to 11.9% in 2013. The government is revising its active labor market policies to focus more on structural unemployment. For example, in 2012, the government reformed vocational training programs, extended the use of short-term vocational training programs and introduced mobility allowances.

Further reforms to labor market policy, as well as to social security and tax policy, followed in 2013. These reforms were influenced by the publication of a World Bank Study that investigated Latvians' labor market status and use of social security programs. These reforms are intended to introduce a more nuanced approach to identifying and responding to the needs of particular job seekers. However, with four different politicians holding the post of Education and Science Minister between April 2013 and December 2014, there has been a lack of consistent leadership.

Citation:

1. European Commission, Unemployment Statistics, http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Unemployment_rate,_2001-2012_%28%25%29.png&filetimestamp=20130417141135, Last Assessed: 20.05.2013.
2. IMF (2012), Article IV Consultation and Second Post-Program Monitoring Discussions Report, Available at: <http://www.imf.org/external/pubs/ft/scr/2013/cr1328.pdf>, Last Assessed: 20.05.2013
3. European Commission (2013), EU BOP Assistance to Latvia – Second Review Under Post – Programme Surveillance, Available at: http://ec.europa.eu/economy_finance/eu_borrower/balance_of_payments/pdf/lv_efc_note_2nd_pps_mission_en.pdf, Last assessed: 21.05.2013.

Taxes

Tax
Policy
Score: 7

Overall Latvia has one of the lowest rates of tax in the EU. However, more than in many other EU countries, the burden of tax falls disproportionately on wage earners and, in particular, low income groups, as a result of its flat rate of tax. With the aim of minimizing the tax burden for low income groups, legislation introduced during the economic and financial crises, reduced the tax rate for micro-enterprises. However, in November 2013, the parliament voted to gradually reverse this reduction, with rate of tax for micro-enterprises increased from 9% to 15% by 2017. Meanwhile, some tax policies have sought to increase the burden on the wealthy. Such policies have included the introduction of a tax on dividends or an increase in property tax. In 2012, the government reduced the rate of personal income tax for 2013 by one percentage point to 24%. Further reductions were planned to reduce the rate of personal income tax to 20% by 2016. However, the additional reductions were revised in 2013. The rate will now remain at 24% for 2014, before being reduced to 23% in 2015 and to 22% in 2016. In addition, tax allowances for dependents were increased in 2014.

In 2011, the Law on Declaration of Property and Undeclared Income of Private Persons was passed. By requiring all individuals to file asset declarations in 2012, the policy aimed to combat tackle tax avoidance, prevent the development of a shadow economy and improve anti-corruption measures. While tax collection has improved, no data is available on how these declarations may have contributed to this improvement.

Latvia's corporate tax rate of 15% is one of the lowest in the EU, which contributes to attractiveness for inward investment into the economy.

Economic recovery, structural reforms, improvements in tax collection and a reduction in the overall share of the informal economy have enabled the government to exceed its target for reducing the budget deficit. In 2011 and 2012, the budget deficit was equal to 3.6% and 1.2% of GDP, respectively. In 2013, the budget deficit was reduced to 1.0%, exceeding the target of 1.4%. This success came in spite of an increase in public expenditure, resulting from a government guarantee for the failed steel company Liepajas Metalurgs. Following Liepajas Metalurgs's default, reforms to the sovereign guarantee system were introduced.

Citation:

1. IMF (2012), Article IV Consultation and Second Post-Program Monitoring Discussions Report, Available at: <http://www.imf.org/external/pubs/ft/scr/2013/cr1328.pdf>, Last Assessed: 20.05.2013

2. European Commission (2013), EU BOP Assistance to Latvia – Second Review Under Post - Programme Surveillance, Available at: http://ec.europa.eu/economy_finance/eu_borrower/balance_of_payments/pdf/lv_efc_note_2nd_pps_mission_en.pdf, Last assessed: 21.05.2013.

Budgets

Budgetary
Policy
Score: 9

Latvia's budgetary policy has been recognized as fiscally sustainable by both the European Commission and the IMF. Although, achieving future obligations remain a challenge. For example, in 2013 previously legislated reductions to income tax rates were rolled back, while mandatory pension contributions rates (part of the second pillar of Latvia's pension system) had not rebounded to pre-crisis levels.

In 2012, the parliament passed its first medium-term budget framework for 2013 – 2015, which will allow for longer-range planning and stability. In 2013, the parliament approved a Law on Fiscal Discipline that capped government debt at 60% of GDP and introduced mechanisms to automatically correct to restore budgetary balance. The preparation processes for the 2014 and 2015 budget indicate that this budget framework and government debt cap will be maintained.

In 2013, the budget deficit was equal to 1.0% of GDP, below the target of 1.4%, despite an unexpected increase in public expenditure caused by a government guarantee following the default of a major steel producer, Liepajas Metalurgs.

Citation:

1. IMF (2012), Article IV Consultation and Second Post-Program Monitoring Discussions Report, Available at: <http://www.imf.org/external/pubs/ft/scr/2013/cr1328.pdf>, Last Assessed: 20.05.2013

2. European Commission (2013), EU BOP Assistance to Latvia – Second Review Under Post - Programme Surveillance, Available at: http://ec.europa.eu/economy_finance/eu_borrower/balance_of_payments/pdf/lv_etc_note_2nd_pps_mission_en.pdf, Last assessed: 21.05.2013.

Research and Innovation

R&I
Policy
Score: 3

Research and development (R&D) expenditure in Latvia was equal to 0.66% of GDP in 2013, an increase on previous years driven by an increase in EU funding. Latvia is the only EU member state where more than half of all investment into R&D comes from non-domestic sources. Between 2009 and 2013, private sector investment into scientific research was equal to 0.2% of GDP, significantly below the average EU-27 rate of 1.2% of GDP. Furthermore, public sector investment into R&D was the lowest of any EU member state. The Ministry of Education identified the lack of public funding as a major impediment to the development of science, technology and innovation in Latvia.

Public funding for research institutions fluctuates year to year. This creates an environment of uncertainty that discourages young people from entering the fields of science, technology and innovation or encourages these young people to look for

opportunities abroad. Furthermore, there is a persistent lack of public funding for the development of international research networks and collaborative projects.

The Union Innovation Scoreboard 2014 ranks Latvia 26th out of 27 EU countries in terms of innovation. However, Latvia has a strong record of improvement, placing the country among the top three in the EU.

National industrial policy guidelines for the period 2013 to 2020, adopted in 2012, established a framework for public support of innovation. The Ministry of Economy and the Latvian Investment and Development Agency (Latvijas Investīciju un attīstības aģentūra, LIAA) initiated a range of innovation-support projects in 2013 to promote high value added business activity. The aim of these projects is to support new product design and technology development as well as to promote cooperation between the research and business sectors. A new framework document for science, technology and innovation support was adopted in 2013 for the period 2014 to 2020. The new framework aims to rebalance investment flows by increasing the share of domestic public and private investment.

Citation:

1. Ministry of Education and Science (2011), Development of Science and Technology in Latvia, p.14, Available at: http://izm.izm.gov.lv/upload_file/Zinatne/zinatnes-un-tehnologiju-attistiba-Latvija-2011.pdf, Last assessed: 17.05.2013
2. European Commission (2014), Union Innovation Scoreboard 2014, Available at: http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf, Last assessed: 01.11.2014.
3. Ministry of Economy, Guidelines on National Industrial Policy, Available at (in Latvian): <http://www.em.gov.lv/em/2nd/?cat=30765>, Last assessed: 21.05.2013
4. Ministry of Education and Science, Framework document on Science, Technology Development and Innovation 2014 - 2020 (in Latvian). Adopted 28.12.2013. Available at: <http://polsis.mk.gov.lv/view.do?id=4608>, Last assessed: 31.10.2014

Global Financial System

Stabilizing
Global
Financial
Markets
Score: 5

The volume of bank deposits made by non-residents continues to present a systemic risk, despite a reduction in the growth rate of such deposits from 17.1% in 2012 to 11.1% in 2013. In 2013, non-resident deposits comprised close to half of all deposits. In 2012, the financial regulator ruled that a bank specializing in non-resident clients was under-capitalized. Consequently, a risk-mitigation strategy is being developed to inject new, domestic private capital into the system. The November 2011 insolvency of Latvijas Krajbanka represented a regulatory failure to adequately verify the availability of liquid assets as security for non-residents. Since mid-2011, the regulator has required extra capital to be held by banks issuing a large proportion of loans to non-residents. The government has also taken steps to strengthen supervision of banking activities involving

non-resident clients, for example, through the implementation of periodic liquidity stress tests.

The government is participating in EU discussions aimed at reforming European and international financial regulation. However, the government is not an agenda-setter in these discussions.

Citation:

IMF (2014), Article IV Consultation Report, Available at: <http://www.imf.org/external/pubs/ft/scr/2014/cr14115.pdf>, Last Assessed: 02.11.2014

II. Social Policies

Education

Education
Policy
Score: 5

Latvia has a well-educated population. Currently, 96% of young people of the relevant age are enrolled in secondary education, while 57% are enrolled in tertiary education. However, the quality of secondary schools varies substantially. Due to low salaries, the average age of staff at lower-quality secondary schools tends to be older than in comparison to the average age of staff during Latvia's Soviet period. As a result, secondary education fails to prepare students sufficiently for university. Furthermore, the Programme for International Student Assessment (PISA) study (2012) places Latvia slightly below the OECD average for secondary level education results.

The higher education system is made up of state schools and a comparatively large number of private institutions. The latter are more focused on attracting students than on quality. The quality of the education varies significantly between schools and faculties. Meanwhile, low wages in the higher education sector is encouraging younger and older teaching staff to look for employment opportunities abroad.

Following the 2011 parliamentary elections, a professor of the Stockholm School of Economics' Riga campus was appointed Minister of Education. This appointment was made with the aim to reform the higher education system. Proposed reforms included reducing the number of schools and ensuring that students are taught skills demanded by the labor market. However, no concrete policy proposal was ever developed. After resistance among established education institutions developed, following the proposal to privately financed higher education, the minister stepped down in 2013. Higher education reform has subsequently stalled. In 2014, the World Bank published a study

that, among other things, analyzed financing models for higher education. While the study's recommendations are expected to be implemented in large part, the exact form of this reforms will be defined by the incoming government in November 2014.

Vocational education programs are perceived as being of low quality. Survey evidence presented by the Latvian Competitiveness Report shows that employers believe vocational education institutions are failing to supply students with sufficient skills for their professions. Enrollment in vocational education institutions has been steadily declining, from a total of 15,000 students in 2005 to just 12,000 in 2011. The government launched a reform of the vocational education institutions in 2010 and in 2011 began providing additional funding to particular vocational education programs identified as future competence centers.

At the tertiary level, Latvia is striving to reach the EU 2020 educational target of 40% of 30 to 34 year olds holding university-level qualifications. In 2009, this ratio was 26% in Latvia. Latvian researchers are conspicuously absent from the Social Science Citation Index (with just 112 SSCI articles in the 1990 – 2008 period). Reform attempts undertaken between 2011 and 2013 saw proposals for change to the accreditation system, to education financing and to the language of instruction. However, proposed reforms have been met with substantial resistance from educational institutions themselves, leaving doubt as to the government's ability to implement these changes. The physical and communication infrastructure of 29 institutions was modernized between 2011 and 2013, supported by public funds in the amount of 65.3 million Latvian lats.

With respect to equity, free formal education to the end of secondary level is accessible to everyone. PISA survey data from 2000 and 2009 demonstrate positive changes showing a decoupling of socioeconomic status and educational performance. Tertiary education is state funded for a limited cohort of students, who access publicly funded university spots through a competitive process. Students who do not receive a publicly funded spot have the option of taking out a government-supported student loan to pay tuition costs.

At the primary and secondary education levels, there is an disproportionate division of resources between state and local governments. As a part of structural reforms accompanying the government's austerity program between 2009 and 2010, Latvia changed the system by which public funding was provided to local governments for primary and secondary education. Funding allocations are now tied to pupil enrollment, which has resulted in a restructuring of the school system and reduction in the number of schools. State funding is matched by local government funding at an inconsistent rate, based on the local government's own funding situation. A persistent decline in pupil enrollment due to demographic change creates further financial pressure. The system promotes consolidation and efficiency. However, local governments' inability to pay also translates into unequal access and quality of education at the local level.

Public expenditure on tertiary education is low overall and is spread over a high number of institutions. With a population of just two million, Latvia has 58 accredited higher education institutions. The IMF has observed that the combination of a disproportionately high number of institutions, limited financing and falling student numbers generates unsustainable strains on the system. The government has expressed its intent to reform the financing model for higher education. To date, however, the only major changes approved were in the accreditation system, in September 2012. The new regulations foresee pulling state funding from poor-quality programs. However, the implementation of these changes has been fraught with delays and subject to intense public criticism.

Citation:

1. World Bank (2011), World Development Indicators: Education efficiency, Available at: <http://wdi.worldbank.org/table/2.12>, Last assessed: 20.05.2013
2. Latvian Competitiveness Report (2011), Available at: http://www.mk.gov.lv/files/latvian_competitiveness_report.pdf, Last assessed: 20.05.2013.
3. IMF (2013), Republic of Latvia: Selected Issues, Country Report, Available at: <http://www.imf.org/external/pubs/ft/scr/2013/cr1329.pdf>, Last assessed: 20.05.2013

Social Inclusion

Social
Inclusion
Policy
Score: 5

While economic growth and stabilization is evidenced by some economic and social indicators (such as poverty rates), the depth of the economic crisis and persistence of high unemployment rates have had a lasting impact on citizens' welfare and quality of life. Latvia has one of the highest levels of income disparity among EU member states, with a Gini index of 35.2 in 2013. This situation has been exacerbated by policy decisions that favored rapid economic recovery at the cost of social security provision for at-risk population groups.

Between 2011 and 2014, income tax rates have been reduced from 26% to 24%, the threshold at which tax would be levied on income was increased and social taxes have been reduced slightly. These are all measures expected to reduce the risk of poverty for low-income wage earners.

European Union Statistics on Income and Living Conditions (EU-SILC) indicators show that the size of the at-risk population in Latvia decreased from 2011 to 2012 by an impressive 3.9% to 36.2% in 2012.

Latvia's economic recovery package included policies to address poverty and unemployment. Some of these policies are ongoing, such as emergency food provision and temporary job-creation programs, which have been extended through June 2014. The social safety net includes a Guaranteed Minimum Income (GMI) program addressing the

needs of unemployed people and at-risk population groups. The minimum GMI benefit has since been increased, but responsibility for financing the program has been transferred from central to local government. This has undermined the program's financial sustainability and, as the economy recovers, a gradual phase out is being considered.

A major indicator of marginalization and the lack of opportunity is the emigration rate. A total of 167,766 people left Latvia between 2006 and 2011, with a further 30,380 people emigrating in 2012. In 2012, a governmental working group was charged with devising policies to encourage emigrants to return to Latvia. The working group's report, *Proposals for Measures to Support Re-emigration*, was approved by parliament on 29 January 2013. The report recommended: the provision of relevant information to potential returnees using a single one-stop website, including labor market information; a focus on attracting a highly skilled workforce; the provision of Latvian language training when necessary; engaging in active cooperation with the diaspora (especially regarding development of business relationships); and the provision of support for students and school-aged children returning to the country. The Ministry of Foreign Affairs has appointed an ambassador-at-large to support and promote these initiatives.

Citation:

1. European Commission, Unemployment Statistics, Available at: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Unemployment_rate,_2001-2012_%28%25%29.png&filetimestamp=20130417141135, Last Assessed: 20.05.2013.
2. State Employment Agency (2013), Unemployment Statistics Report, Available at: <http://www.nva.lv/index.php?cid=6#bezdarbs>, Last assessed: 20.05.2013.
3. Central Statistical Bureau, Database, Available at: <http://data.csb.gov.lv>
4. Ministry of Economy (2013), Re-emigration Plan, Report and Supporting Documents, Available at: <http://www.em.gov.lv/em/2nd/?cat=30791>, Last assessed: 20.05.2013

Health

Health
Policy
Score: 4

In 2011, Latvia adopted a new Public Health Strategy for 2011 to 2017, setting a high policy priority on primary care, essential medicines, outpatient services, integrated emergency services and serving the poor via a new social safety net. The economic crisis resulted in a decrease in financial resources made available for health care and created new impetus for structural reforms aimed at reducing costs, for example, by shifting from hospital to outpatient care. Attempts to tie individual access to health services and income tax payments stalled at the political level. As of 2014, a “diagnosis-related group” system is being introduced to improve the financing of health care services.

Public expenditure on health care was equal to 3.7% of GDP in 2011. Latvia has one of the highest private, out-of-pocket health care expenditure rates among EU member states. Patients' private expenditure on health care constituted 40% of total health care

financing in 2011. Total expenditure on health care was equal to 6.6% of GDP for 2011, under the EU average for public health care expenditure.

Health outcomes for Latvia continue to lag behind those of most EU member states and dissatisfaction with the system remains high. Mortality rates for men, women and infants are higher than in most other EU countries. According to European Commission survey data, 66% of citizens evaluate their overall quality of health care as bad (2011) and 65% believe that the quality of care in Latvia is worse than in other EU countries (2010).

Latvia performs poorly in the Euro Health Consumer Index. In 2012, Latvia ranked 31 out of 34 countries and dropped another place to 32 in the 2013 index. The health care system is based on a residence principle. Residents have free access to a family physician, who approves state-paid further treatment. This system results in long queues. Health care benefits are available at state- and municipality-owned institutions as well as private inpatient and outpatient facilities. The large co-payment required to access services restricts access for low-income groups. The implementation of the Social Safety Net Strategy 2009 – 2011 sought to address this by introducing a compensation mechanism for low-income groups. Low-income and other at-risk patients receive full exemptions from co-payments and pharmaceutical charges. In total, 61,000 outpatient visits and 3,800 inpatient visits were covered for low-income and other at-risk patients under the program. However, lower income patients not qualifying for assistance continue to face steep co-payments and pharmaceutical charges, limiting access to care.

Financial constraints focus public funding on the provision of emergency care, while creating long waiting times for non-emergency care.

Private polyclinics and physician practices offer their services for higher prices, making them unaffordable for low-income groups.

In terms of cost efficiency, the European Observatory on Health Systems and Policies, in its evaluation of allocative efficiency in Latvia's health sector, concluded that:

- the share of resources allocated to health care is inadequate
- the allocation of resources among different providers is improving – shifting from expensive hospital care to less costly ambulatory care, while also increasing the priority given to primary care. Inpatient care expenditures were reduced from 50% of total health care expenditures in 2008 to below 35% in 2011
- the share of resources allocated to different types of services is not efficient, as evidenced by long waiting lists, a lack of attention to chronic conditions and a lack of focus on preventable lifestyle diseases.

1. World Health Organisation and European Observatory of Health Systems and Policies (2012), Latvia: Health System Review, Available at: http://www.euro.who.int/__data/assets/pdf_file/0006/186072/e96822.pdf, Last assessed: 20.05.2013.
2. International Social Security Association (2010), ISSA Crisis Case Study: Latvia, p.1, Available at: www.issa.int/content/download/129030/2632870/file/2Latvia.pdf, Last assessed: 20.05.2013.
3. World Bank, Latvia - First Special Development Policy Loan: Safety Net and Social Sector Reform Program, Project Description, Available at: <http://www.worldbank.org/projects/P115732/latvia-first-special-dpl-safety-net-social-sector-reform-program?lang=en>, Last assessed: 20.05.2013.
4. Euro Health Consumer Index 2013, Available at: <http://www.healthpowerhouse.com/index.php?Itemid=55>

Families

Family
Policy
Score: 7

Family-support policies enable women to combine parenting with participation in the labor market. In 2011, 63.9% of mothers with children under six years of age were employed, above the EU average of 58.9%. The overall female employment rate in 2011 was 60.8%, above the EU average of 58.5%.

Maternity of a maximum 112 calendar days can be taken, with mothers receiving 80% of their average wage. Paternity benefits are paid for a maximum 10 days at 80% of fathers' average wage, with paternity leave taken within two months of the child's birth. As of 2014, the benefits levels will change to 60% of average wage, but be supplemented with a fixed child support payment per month.

Furthermore, parental leave of up to 18 months per child can be used by either parent prior to the child's eighth birthday. Parents with three or more children are entitled to three extra days of paid leave per year.

Labor law prohibits an employer from terminating an employment contract with a pregnant woman or a mother with a baby under one year old.

Local government support for private sector involvement in child care should address the shortage of available kindergarten places.

Citation:
European Commission (2011), Employment Rates by Sex, Available at: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Employment_rates_by_sex,_2011_%281%29_%28%25%29.png&filetimestamp=20121030182958, Last assessed: 21.05.2013

Pensions

Pension
Policy
Score: 4

The state pension system guarantees a monthly minimum pension. The of the monthly pension is dependent on the of service, but is at least equal to or larger than the state

social security benefit of €70, though less than half the monthly minimum wage of €320 (as of January 2014). However, where the amount of an individual's monthly pension is below the minimum wage, the recipient qualifies for public assistance. The average monthly pension in 2013 was €64. According to the Central Statistics Bureau, the at-risk-of-poverty rate for retired individuals has increased from 11% 2011 to 16% in 2012.

The introduction of a three pillar pension system has increased the system's fiscal sustainability and inter-generational equity. The three pillars consist of a compulsory state pension scheme (also known as a notional defined contribution system), a state-run mandatory funded pension scheme and a private voluntary pension scheme.

The European Commission Fiscal Sustainability Report 2012 concluded that the notional defined contribution system had low sustainability risks, given its expected reliance on funds raised through the second pillar. Initial projections that the pre-crisis contribution rate of 6% would be quickly restored are looking overly optimistic. . In 2014, the rate was only 4% and a further delay of the reintroduction of the 6% rate until 2016 is expected.

Citation:

1. European Commission (2012), Fiscal Sustainability Report, Available at: http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012-8_en.pdf, Last assessed: 20.05.2013.

2. Central Statistical Bureau, Database, Available at: <http://data.csb.gov.lv>

Integration

Integration Policy
Score: 5

Latvia is currently (as of May 2010) ranked last of 31 European and North American countries in the Migrant Integration Policy Index . The index states that Latvia has projects, “but no coherent strategy” for the integration of immigrants.

On 11 October 2011, Latvia adopted the Guidelines on National Identity, Civil Society and Integration Policy (2012 – 2018). These guidelines established a set of policy goals for achieving a more inclusive and cohesive society, which include new policy proposals, increased governmental support and improved institutional arrangements. Latvia faces a challenge in integrating two particular categories of immigrants: migrant workers and non-citizens. Non-citizens are long-term residents of Latvia who had not been eligible for citizenship when Latvia regained its independence from the Soviet Union and, since independence, have not been naturalized. Non-citizens comprise 14.1% of the total population. Approximately 55,000 migrant workers – individuals holding either a temporary or permanent residence permit – live in Latvia. They comprise 3% of the total population.

Since July 2010, Latvia has granted temporary residence permits to investors meeting monetary investment targets. The number of residence permits issued to investors has been steadily increasing from 1,674 in 2011 to 2,575 in 2012 and to 3,900 in 2013. However, this has become a highly contested policy area and parliament has debated legislation that would limit temporary residence permits to citizens of the Russian Federation.

Rights for immigrants depend on the type of residency permit. Those individuals holding temporary residency permit are particularly vulnerable, as they do not qualify for public health care, legal aid or unemployment support. An individual holding a permanent residency permit or has acquired long-term resident status within the EU has the same rights as Latvian non-citizens.

In May 2013, Latvia adopted changes to its citizenship law, legalizing dual citizenship with 38 countries. This will enable some permanent residents to retain their current citizenship if they choose to apply for Latvian citizenship.

As of March 2010, all children, including children of migrant workers holding temporary residence permits, have access to free education. In the 2010 – 2011 academic year, there were 351 foreign children in Latvian schools, which increased to 454 foreign children in the 2011 – 2012 academic year and to 546 children in the 2012 – 2013 academic year.

No restrictions are placed on the right to work for high skilled migrant workers, foreign students or immigrants who have moved for family reasons. However, access to the local labor market is restricted for migrant workers who have obtained only a temporary residence permit. These individuals' work rights are tied to the employer who invited them to Latvia. Temporary migrant workers do not have the ability to freely change employers or their position within the company.

Access to the labor market also depends on language proficiency, as a certain level of language skill is required by law for many professions. This is true of state and local government institutions as well as commercial companies in which the majority of capital shares are publicly owned.

Latvia has few asylum seekers. Only 367 persons applied for asylum between 1998 and 2010, with 29 persons obtaining refugee status and 45 persons being granted an alternative status. In 2012, there were 189 applications for asylum. This decreased slightly to 185 applications in 2013, with 32 people granted refugee status and 36 people granted an alternative status.

Legislative obstacles restrict the ability for immigrants to participate in society. They do not have voting rights in local elections and cannot be members of political associations. Third country nationals with temporary residence permits cannot organize protests or marches.

Citation:

1. Central Statistical Bureau, Population Statistics, Available at: <http://www.csb.gov.lv/notikumi/par-2011gada-tautas-skaitisanas-galvenajiem-provizoriskajiem-rezultatiem-33305.html>, Last assessed: 20.05.2013.
2. Office on Citizenship and Migration Affairs (2011), Statistics on Residence Permits, Available at: <http://www.pmlp.gov.lv/en/statistics/residence.html>. Last assessed: 20.05.2013
3. Dace Akule (2013), Unpublished data on Emigration and Immigration in Latvia.
4. Migration Policy Group (2011), Migrant Integration Policy Index, p.116, Available at: http://www.migpolgroup.com/public/docs/Migrant_Integration_Policy_Index_MIPEXIII_2011.pdf, Last assessed: 20.05.2013.
5. Guidelines on National Identity, Civil Society and Integration Policy (2012 - 2018), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=238195>, Last assessed: 20.05.2013.

Safe Living

Safe
Living
Conditions
Score: 8

The group of institutions responsible for internal security policy in Latvia (the Ministry of Interior, the State Police, the Security Police, State Fire and Rescue Service, State Border Guard, Office of Citizenship and Migration Affairs) do not collaborate on policy. Crime rates in 2012 were down by 3% over 2011. There are 2,238 reported crimes per 100,000 inhabitants, the lowest such rate among the Baltic states. The threat of terrorism did not change in 2011 and has remained low. In 2011, no acts of terrorism or other criminal offenses associated with terrorism were committed in Latvia.

Opinion polls from 2013 show that citizens' trust in the State Police (Valsts policija, VP) has reached 57%, an increase over previous years. A total of 63% of residents say they feel safe in their home and surrounding area.

A 2011 report on the State Border Guard stated that the number of counterfeit documents detected as well as the number of individuals from third countries illegally entering Latvia had doubled. The rate of increase for these indicators was much higher in Latvia than in other Baltic states. In 2011, 247 third country nationals were detained, which was an increase of 162% on the 94 individuals detained in 2010. In general, the effectiveness of the State Border Guard has improved, as a result of financial support from the EU.

Citation:

1. Research center SKDS (2013), Attitude Toward the State Police, Available at (in Latvian): <http://www.vp.gov.lv/?id=704>, Last assessed: 20.05.2013
2. State Border Guard (2011), Official Report, Available at (in Latvian): http://www.rs.gov.lv/doc_upl/Valsts%20robezsardzes%202011.gada%20publiskais%20parskats.pdf, Last assessed: 20.05.2013
3. Ministry of Interior (2011), Public Report, Available at (in Latvian): http://www.iem.gov.lv/files/text/Gada_parskats_2011_wwwf%281%29.pdf, Last assessed: 20.05.2013

4. Ministry of the Interior of the Republic of Lithuania, Information Technology and Communications Department (2013), Crime statistics in Lithuania, Latvia, Estonia, Available at

http://www.ird.lt/doc/statistika/duomenys_bv_per_2012m_%2001-12_men.pdf, Last assessed: 20.05.2013

Global Inequalities

Global
Social
Policy
Score: 3

As a result of government austerity programs, funding for bilateral development cooperation was reduced to a minimum between 2009 and 2011. As a result of this reduction, Latvia's ability to directly contribute to efforts to tackle global social inequalities is negligible. Latvia's ODA expenditure, according to the Ministry of Foreign Affairs, was €17.9 million in 2012. This was equal to 0.8% of GDP, the lowest such rate of any EU country. Over 90% of ODA from Latvia is intended for multilateral efforts.

Citation:

1. State Development Cooperation Policy Plan (2012), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=246719>, Last assessed: 20.05.2013

2. State Development Cooperation Policy Plan (2013), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=255960>, Last assessed: 20.05.2013

III. Environmental Policies

Environment

Environm
ental
Policy
Score: 9

Environmental policy effectively ensures the sustainability of natural resources and protects the quality of the environment, as evidenced by Latvia's top ranking in the 2012 Environmental Performance Index produced by Yale and Columbia universities. Environmental health policy, air quality and biodiversity were identified as particular strengths. However, weaknesses remain in the areas of climate change, energy issues and water resources. Of a total 98,505 million Latvian lats invested into environmental protection in 2011, the largest sums were directed toward water infrastructure projects (50.373 million Latvian lats), greenhouse gas emission reduction measures (25.8 million Latvian lats) and waste-management services (8.6 million Latvian lats).

The Climate Change Financial Instrument, funded through the International Emissions Trading Scheme, is the main climate change policy instrument. In 2011, a total of 1,428 projects worth 56.57 million Latvian lats were approved in areas such as energy effectiveness, technology development for reducing greenhouse-gas emissions, switching from fossil to renewable energy sources.

Latvia's Environmental Policy Strategy for 2009 – 2015 prioritizes policy interventions in Baltic Sea marine water quality and waste water purification. In 2011, significant investments were made in waste water purification plants (20 renovated, 10 newly built), the expansion of sewage networks (by 134 kilometers), water-supply-system improvements (26 systems reconstructed, two newly built) and the expansion of water-supply networks (125 kilometers). The proportion of residents provided with high-quality water (58.9%) and waste water services (54.2%) has increased as a result.

Latvia is a heavily wooded country, with 2.9 million hectares (44.5% of the total area) of its territory forested, of which 50% is state-owned. The government acts as both regulator and largest landowner with respect to Latvia's forests. Protection of forests is well organized and secured through legislation, which regulates all related economic activities, including harvesting, management plans, regeneration and monitoring, and control of tree species. The economic crisis precipitated an increase in Latvia's logging quotas and Latvian timber exports grew by over 50% between 2009 and 2010. Over 500 million Latvian lats (€14.2 million) worth of timber was exported in 2010, primarily to the United Kingdom, Sweden and Germany. Logging practices by the state-owned forest company Latvijas Valsts Meži (LVM) were deemed unsustainable by the Forest Stewardship Council (FSC), leading to a loss of certification on 16 July 2010. Re-certification of several LVM management districts was achieved in 2012 and 2013.

Biodiversity in Latvia means coastal biodiversity, with unique brackish water ecological systems at the shore of the Baltic Sea and the Gulf of Riga as well as forest ecosystems, and bogs and fens. Protected areas, including Natura 2000 territories, cover 11.9% of Latvia's territory. A law called On Protection of Species and Habitats also provides for the establishment of micro-reserves to protect small-scale biologically rich areas that lie outside of protected territories. Over 2,000 micro-reserves had been established as of 2012.

Citation:

1. Yale University (2012), Environmental Performance Index Rankings, Available at: <http://epi.yale.edu/epi2012/rankings>, Full report: <http://epi.yale.edu/sites/default/files/downloads/2012-epi-full-report.pdf>, Last assessed: 20.05.2013
2. Ministry of Environmental Protection and Regional Development (2011), Annual Public Report, Available at (in Latvian): http://www.varam.gov.lv/files/text/VARAM_2011_PublParsk.pdf, Last assessed: 20.05.2013
3. Forest Stewardship Council Database, Available at: <http://info.fsc.org/>
4. Convention on Biological Diversity, Latvia: Country Profile, Available at: <http://www.cbd.int/countries/profile/default.shtml?country=lv#status>, Last assessed: 20.05.2013

Global Environmental Protection

Global
Environmental
Policy
Score: 5

Latvia is not an international agenda-setter in the area of environmental policy. The country has agreed to comply with international agreements, such as the Kyoto Protocol, but does not have the political or economic capacity to lead on a global scale.

As an EU member state, Latvia is bound by EU legislation, with EU climate policy particularly influential. Latvia indirectly contributes to EU initiatives, but does not directly advance global environmental protection regimes.

Latvia has joined the following international conventions regarding environmental protection and preservation: the Ramsar Convention on Wetlands, the UNESCO World Heritage Convention, the CITES (Washington) Convention, the Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention), the Convention on Migratory Species (Bonn Convention), the Agreement on the Conservation of Populations of European Bats, the Convention on Biological Diversity (Rio de Janeiro Convention) and the Convention on the Protection of the Marine Environment of the Baltic Sea Area (Helsinki Convention).

Latvia has been a party to the United Nations Framework Convention on Climate Change (UNFCCC) since 1995 and to the Kyoto Protocol since 2002. Under the Kyoto Protocol, Latvia and the other EU countries committed themselves to reducing greenhouse gas (GHG) emissions by 8% relative to the baseline-year level during the first commitment period, from 2008 to 2012. The 2012 Climate Change Performance Index, which evaluated emissions trends, emissions levels and climate policy, rated Latvia as a moderate performer.

Latvia has also signed bilateral cooperation agreements on the issue of environmental policy with Austria, Belarus, Denmark, Georgia, Estonia, Russia, Lithuania, Moldova, the Netherlands, Poland, Serbia, Finland and Ukraine. The country is party to the Helsinki Commission Baltic Sea Action plan of 2007, which aims to improve the Baltic Sea's ecological status by 2021.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Candidacy procedures provide everyone with an equal opportunity to be an election candidate. Some restrictions, related to Latvia's Soviet past, are in place.

While political parties are the only organizations with the right to submit candidate lists for parliamentary elections, multi-party electoral coalitions have not been abolished and are indeed the rule. At the local government level, this party-list restriction applies to all large municipalities. However, candidates in small municipalities (less than 5,000 residents) have the right to form voters' associations and submit nonpartisan lists. The restriction to partisan lists has been deemed limiting by the Organization for Security and Cooperation in Europe (OSCE). In 2013, a voters' association in Jurmala mounted an unsuccessful legal challenge to this restriction, seeking review of the rule by the Constitutional Court.

Registration as a political party is open to any group with at least 200 founding members. The registration procedures themselves present few barriers. However, in 2012, the Enterprise Register (Uzņēmumu Reģistrs, UR) refused an application for a name change and statutory amendments submitted by an existing party, ruling that the party program advocated changing the core values of the country's constitution. Although the subject of academic discussion, a delineation of core values was not at that time legally enshrined in the constitution. In 2014 a statement of core values - the Preamble to the Constitution - was approved by parliament.

The Central Election Commission (Centrālā Vēlēšanu Komisija, CVK) oversees the organization of elections. International observers have consistently recognized Latvia's elections as free and fair.

Citation:

1. The Saeima Election Law, Article 5 and 6, Available at: <http://web.cvk.lv/pub/public/28126.html>, Last assessed: 17.05.2013
2. Report on Parliamentary Elections, 2011, p. 1, Available at: <http://www.osce.org/odihr/elections/Latvia/86363>, Last assessed: 17.05.2013
3. Valts Kalniņš (2011), Assessment of National Integrity System, p.99, Published by DELNA, Available at: http://www.transparency.org/whatwedo/pub/national_integrity_system_assessment_latvia, Last assessed: 21.05.2013.

4. Report on Parliamentary Elections 2011, p.1, Available at: [http://www.osce.org/odihr/elections /Latvia/86363](http://www.osce.org/odihr/elections/Latvia/86363), Last assessed: 17.05.2013

Media
Access
Score: 7

Electoral candidates and every political party have equal access to the media. Publicly financed election broadcasts on public and private television are equally available to all.

The media system as a whole provides fair and balanced coverage. Individually, however, media outlets do not consistently provide fair and balanced coverage of the range of different political positions. Meanwhile, the opaque ownership structures of media outlets mean that support for political actors is often implied rather than clearly stated as an editorial position. Corrupt political journalism has been prevalent across a wide spectrum of the media. There are also marked imbalances in media coverage related to the different linguistic communities. For example, both Latvian and Russian language media demonstrate a bias toward their linguistic audiences.

Citation:

1. Report on Parliamentary Elections in Latvia, p.2, Available at: <http://www.osce.org/odihr/elections/86363>, Last assessed: 17.05.2013

2. Rožukalne, A. (2010), Research Paper on Hidden Advertising Issues in the Media, Available at (in Latvian): http://politika.lv/article_files/2117/original/slepta_reklama_mediju_prakse.pdf?1343212009, Last assessed: 20.05.2013

Voting and
Registratio
ns Rights
Score: 7

All adults over 18 years of age have voting rights and access to an effective, impartial and non-discriminatory procedure for voting. Procedures are in place for ensuring that incarcerated persons are able to cast ballots. Non-resident citizens have voting access via polling stations in Latvian diplomatic entities abroad as well as through an absentee-ballot postal procedure.

Latvia has a significant population of non-citizens (approximately 15% of the total population) who cannot participate in any elections.

Voting procedures for non-resident citizens can in practice present obstacles. For example, the number of Latvian diplomatic representations is limited, which can mean that non-resident citizens have to travel long distances, at significant expense, to vote. Furthermore, to vote by post non-resident citizens are required to submit their passport, which can be held for three weeks.

Election observers in the 2011 parliamentary elections found no major faults with voting rights and access.

At the local government level, voting rights and procedures are similar. Voters may vote in local government elections on the basis of their residence or according to property ownership. Voters have designated polling stations, but can switch to a more convenient polling station if desired. For individuals unable to be present at polling stations on election day, polling stations are open for early voting in the days prior to the election.

Currently, no provision is made for non-resident citizen participation in local government elections.

Citation:

1. Central Election Commission, Instructions on Postal Voting Procedure, Available at (in Latvian): <http://web.cvk.lv/pub/public/30058.html>, Last assessed: 20.05.2013

2. Report on Parliamentary Elections in Latvia, 2011, Available at: <http://www.osce.org/odihr/elections/86363>, Last assessed: 17.05.2013

Party
Financing
Score: 7

Political parties are financed primarily through individual donations. Donation amounts are capped and legal entities, such as corporations, are prohibited from financing political parties. Financing is transparent, with donations required to be made publicly available online within 15 days. Campaign spending is capped. As of 2012, paid television advertisements are also limited, with a ban on advertising for a 30-day period prior to elections. Political party and campaign financing is effectively monitored by the Corruption Combating and Prevention Bureau (Korupcijas novēršanas un apkarošanas birojs, KNAB), with local NGOs playing a complementary role in monitoring and ensuring transparency. Infringements have been sanctioned, with political parties facing sizable financial penalties. The court system has been slow to deal with party-financing violations, enabling parties that have violated campaign-finance rules to participate in future election cycles without sanction. Ultimately, however, those parties that have faced stiff penalties have been dissolved or voted out of office.

In fulfilling Group of States Against Corruption recommendations on improving political-party finance regulations, the limitation period for administrative violations of party-financing rules was increased to two years in 2012. In 2011, the illegal financing of political parties was made a criminal offense. To date, no cases have been brought under this new regulation.

As of 2012, Latvia has instituted public financing for political parties, with parties receiving public funds proportionate to their share of the vote in the preceding parliamentary elections. Political parties have been sanctioned by the KNAB for the misusing public funds. In two cases this resulted in the KNAB withholding future public financing altogether.

There are still ongoing issues with campaign financing, including the use of off-the-books funds to secure favorable media coverage, the illegitimate use of public funds and administrative resources to support political campaigns, and the alleged use of marketing funds by local government owned enterprises to support the election campaign of incumbent politicians.

Citation:

1. Amendments to the Criminal Law Regarding Illegal Party Financing (2011), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=236272>

2. Group of States Against Corruption (GRECO)(2012), Third Evaluation Round, Second Compliance Report on Latvia: Transparency of Party Funding, Available at:

http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282012%2913_Second%20Latvia_EN.pdf,
Last assessed: 21.05.2013

3. Law on the Financing of Political Organizations (Parties), Available at (in Latvian):
<http://www.likumi.lv/doc.php?id=36189>, Last assessed: 21.05.2013

Popular
Decision-
Making
Score: 8

Citizens have the legal right to propose and make binding decisions at the national level. The constitution makes provision both for popular initiatives and referenda. However, there instruments exist at the local level to support popular decision-making.

In 2011, following the president's invocation of the constitutional procedure for dissolution of parliament, his decision was voted upon in a referendum. Under this procedure, the parliament is dissolved if the act receives voters' approval, but the president resigns if the act does not receive voters' approval. In 2011, voters approved the dissolution of parliament and extraordinary elections were held in October 2011. This constitutional procedure had never before been used.

Three recent attempts have been made to bring a voter-initiated measure to referendum. In 2012, a referendum was held on designating Russian as an official state language alongside Latvian. Voters turned down this initiative in a vote of 24.88% in favor and 74.8% against.

In 2011, a referendum was initiated on the language of instruction in the school system. The referendum initiation procedure requires that 10,000 signatures be gathered in order to qualify for the next stage. In this second stage, the Central Election Commission (CVK) organizes the collection of signatures. If over the course of one month, one-tenth of the electorate signs the petition, a referendum is held. This particular initiative failed to gather the necessary signatures during the second stage.

In 2012, a referendum was initiated on granting automatic citizenship to non-citizens in Latvia. An initial 10,000 signatures were gathered and submitted to the CVK. However, the CVK refused to initiate a second stage of the procedure, arguing that the initiative was unconstitutional. The CVK decision was referred to the Supreme Court, who sought clarification from the Constitutional Court on the issue of whether the CVK had the right to stop the referendum procedure. The Constitutional Court returned the issue to the Supreme Court, who in turn found in favor of the referendum's constitutionality.

In addition to referenda, the parliament approved a new political decision-making instrument in 2010 that allows citizens to put items on the parliamentary agenda, but does not afford citizens the right to make binding decisions. Thus, parliamentary procedure now allows for petitions that have gathered 10,000 signatures to move to the parliament for consideration. Twelve proposals have been forwarded to the parliament under this new instrument. Of these initiatives, two have sparked changes in legislation,

on the issues of petitions and transparency of information about offshore companies. A third initiative, dealing with punitive measures for members of parliament who violate their oaths of office, has resulted in the parliament adopting new disciplinary measures.

In 2012, changes were made to the legislation regulating referenda, which now require petitions to receive an 30,000 initial signatures before triggering a referenda, followed by CVK engagement to gather further signatures to reach one-tenth of the electorate. As of 1 January 2015, there will be a one step procedure eliminating CVK engagement in the signature gathering phase, placing the responsibility to gather signatures of one-tenth of the electorate on the initiators of the referendum. The changes were adopted, presuming the possibility to gather signatures electronically, but mechanisms for electronic signature-gathering have been implemented. If the issue is not resolved, the new requirements become prohibitive for any new referenda.

Over the last 10 years, parliament has periodically considered introducing popular initiatives and referenda into decision-making at the local government level. Although draft legislation was being progressed through the parliamentary process, it was not ratified before the October 2014 parliamentary elections. At the time of writing, it is unclear whether the new parliament will continue deliberating the issue.

Citation:

1. Referendum on Russian as an Official State Language, Final results, Available at: <http://www.tn2012.cvk.lv/>, Last assessed: 17.05.2013
2. Collection of Signatures for Amendments to the Constitution of the Republic of Latvia, Report, Available at: <http://web.cvk.lv/pub/public/29952.html>, Last assessed: 17.05.2013
3. About the Voters' Initiated Draft Law "Amendments to the Citizenship Law", Report, Available at: <http://web.cvk.lv/pub/public/30436.html>, Last Assessed: 17.05.2013
4. Social Initiative Platform ManaBalss.lv, List of Signed Initiatives, Available at (in Latvian): <https://manabalss.lv/page/progress>, Last assessed: 03.11.2014

Access to Information

Media
Freedom
Score: 8

Private media are generally free from direct government influence. Licensing and regulatory regimes are politically neutral and do not create a risk of inappropriate political interference. However, the opaque ownership structure of private media and the media working environment does enable actors associated with government to have an influence over editorial decisions. Research shows that media editors agree with the opinion that editorial policy is bias, because of to the commercial interests of owners or prominent clients, or for political reasons. In 2011, a leaked chain of e-mails between the mayor of Riga and a Russian-language broadcaster showed the mayor to be engaged in daily editorial decisions affecting the news desk

Public broadcasting has been subject to some political influence. The oversight body, the National Broadcasting Council (Nacionālā elektronisko plašsaziņas līdzekļu padome, NEPLP), is politically appointed, and this has had an impact on personnel choices and in some cases content. The council's supervisory approach to the public television broadcaster resulted in an organizational weakening due to personnel changes and inadequate financial allocations. In 2012, the NEPLP was reformed, with improvements made in the procedure for selecting council members, and transparency provisions and public confirmation hearings for council members instituted. The new NEPLP undertook two major initiatives in 2012: engaging in strategic planning for a future consolidated multimedia broadcasting service and appointing a new governing board for the public television broadcaster. The board appointment process was conducted transparently, using the services of a personnel recruitment company. However, while an improvement over past appointment procedures, this process remained controversial, with failed applicants turning to the courts to contest the selection results.

An independent weekly news magazine "IR" was sued for defamation. The assets of the magazine have been frozen on the request of the plaintiff pending the resolution of the case. The act of freezing the assets of a media outlet, in defamation cases, was described as an attack on press freedom and provoked parliamentary action to disallow future asset freezes. Despite legislative changes, the presiding judge did not revoke the asset freeze, preferring to let it expire when the legislative changes come into force on 12 November 2014.

Citation:

Rožukalne, A. (2010), Research Paper on Hidden Advertising Issues in the Media, Available at (in Latvian): http://politika.lv/article_files/21117/original/slepta_reklama_mediju_prakse.pdf?1343212009, Last assessed: 20.05.2013

Media
Pluralism
Score: 8

Media ownership is diverse. Print media is privately owned, while broadcast media has a mix of public and private ownership. Market pressures have created some consolidation in the market, leading to concerns about pluralism. In 2012, the Modern Times Group sought to expand its TV holdings in Latvia by buying a competitor, LNT. The merger was reviewed by the Competition Council, which allowed it under a set of conditions to protect media plurality, including a requirement to retain two separate news desks and news programming systems until 2017.

Newspapers and magazines provide a diverse range of views, but ownership structures are in some cases obscure. Internet news portals (Delfi and TVNet) have replaced print newspapers as the primary source of news.

Citation:

1. Competition Council (2012), On the Merger of Market Participants, Available at (in Latvian): <http://www.kp.gov.lv/files/pdf/UNIdnCrDP7.pdf>, Last assessed: 17.05.2013.

Access to
Government.
Information
Score: 10

The constitution provides individuals with the right to address the government and receive a materially substantive reply. The Freedom of Information Act (FOIA), in place since 1998, creates the right to request information and receive a response within 15 days. No reason needs to be given for the request. Information is classified as generally accessible or restricted. Any restrictions on the provision of information must be substantively reasoned in accordance with specific legal guidelines. The FOIA is actively used by the press, NGOs and the academic community. Appeal procedures are in place, including both an administrative and court review. Government decisions to classify information as restricted have been challenged in the courts, with the courts generally upholding a broad standard of access to information.

Latvia has a number of regulations promoting transparency in the decision-making process, requiring the government to make documents available to the public proactively. Documents regarding draft policies and legislation are freely available online, and cabinet meetings are open to journalists and other observers. Regulations require that many documents be published online for accountability purposes. This includes political party donations, public officials' annual income and financial disclosure statements, national budget expenditures, conflict-of-interest statements and data on public officials disciplined for conflict-of-interest-violations.

Citation:

1. Freedom of Information Act, Available at (in Latvian): <http://www.likumi.lv/doc.php?id=50601>, Last assessed: 17.05.2013

Civil Rights and Political Liberties

Civil
Rights
Score: 8

Civil rights are generally respected and protected. In cases of infringement, courts provide protection. Individuals have equal access to and are accorded equal treatment by the courts. A significant court overload, however, creates difficulties in obtaining timely access to justice.

Despite improvements, there are ongoing concerns over poor conditions in the country's prisons and detention facilities, and about lengthy pre-trial detention periods.

Following ratification of the U.N. Convention on the Rights of Persons with Disabilities in 2010, the parliament introduced legislation in November 2012 that replaced plenary guardianship with alternative models of guardianship. This strengthened protections for the civil rights of the mentally disabled.

A number of cases have cast a spotlight on the state's inability to prevent unjustifiable interventions into individuals' personal lives. The unsanctioned publication of private e-mails, personal data, internet browsing histories and telephone transcripts have led some to question the efficacy of privacy protections, and even the state's own ability to

safeguard information. In 2013, an indictment was issued against an individual who downloaded data from the State Revenue Service and published a portion of that data in the public interest. The published data on salaries of public servants has since been mandated as openly accessible information. Nevertheless, the state is pursuing the individual for an unjustifiable violation of an individual's right to privacy, because his downloading of information pertained to private individuals, not public officials. The civil servants responsible for leaving vast amounts of personal data on an unprotected website have not been held accountable.

Citation:

1. Ombudsman of Latvia (2011), Annual Report, Available at: http://www.tiesibsargs.lv/files/gada_zi%C5%86ojumi/ties%C4%ABsarga_gada_zi%C5%86ojums_2011.pdf, Last assessed: 21.05.2013.
2. U.S. Department of State (2012), Human Rights Report - Country Report: Latvia, Available at: <http://www.state.gov/documents/organization/204515.pdf>, Last assessed: 21.05.2013
3. Latvian Centre for Human Rights (2011), Anti-discrimination in Latvia: From Legislation to Judicial Practice, Available at: http://cilvektiesibas.org.lv/site/attachments/29/01/2012/Diskriminacijas_noversana_Latvija_II_Screen.pdf, Last assessed: 21.05.2013.
4. Resource Centre for People with Mental Disability "Zelda", Information available at: www.zelda.org.lv, Last assessed: 21.05.2013.

Political
Liberties
Score: 9

Political liberties are effectively protected and upheld. The right to speak, think, assemble, organize, worship and petition without government interference or restraint is recognized and protected. However, new challenges to the freedoms of speech, assembly and organization are emerging.

The freedom of assembly is regularly tested by organizations applying to the Riga City Council for permits. In most instances, permits are granted without fail. Sensitive political issues, however, have led the city council to deny permits. There is a right of appeal to the court as well as a rapid consideration schedule to ensure timeliness of decisions. In all cases between 2011 and 2013, Riga City Council decisions limiting the freedom of assembly have been overturned by the court.

Non-
discrimina
tion
Score: 7

In 2011, Latvia concluded its transposition of EU anti-discrimination directives. Anti-discrimination legal provisions are scattered among more than 30 pieces of legislation, with policy responsibilities dispersed among a significant number of state institutions. No single entity takes the lead in designing and implementing anti-discrimination policy. Individuals complaining of discrimination typically approach the Ombudsman. In 2011, the Ombudsman received 72 complaints, which increased to 106 in 2012. The State Labor Inspectorate meted out six administrative fines for discrimination based on age and sex during the review period.

The Ombudsman has focused on discrimination in the labor force on the basis of age and sex, cases of hate speech, and on issues of equal access to education and health services.

Due to Latvia's ethnic make-up, discrimination based on ethnic origin is often cited in the media. The legal framework has been deemed non-discriminatory and official complaints are rare. However, public rhetoric on issues of citizenship, loyalty, language of instruction in education and use of language in public life can be inflammatory and be perceived as discriminatory.

Discrimination on the basis of sexual orientation is poorly regulated. It is only mentioned in the context of Labor Law. The Ombudsman's efforts to draw public attention to the issue of same-sex partnerships have been fraught with controversy due to intense polarization of views within Latvian society.

Citation:

1. European Network of Legal Experts in the Non-discrimination Field (2011), Report on Measures to Combat Discrimination, Available at: http://www.non-discrimination.net/content/media/2011-LV-Country%20Report%20LN_final.pdf, Last assessed: 18.05.2013
2. The European Network of Legal Experts, Country report - Main Legislation, Available at: <http://www.non-discrimination.net/content/main-legislation-10>, Last assessed: 18.05.2013
3. Latvian Centre for Human Rights (2011), Anti-discrimination in Latvia: From Legislation to Judicial Practice, Available at (in Latvian): http://cilvektiesibas.org.lv/site/attachments/29/01/2012/Diskriminacijas_noversana_Latvija_II_Screen.pdf, Last assessed: 21.05.2013.
4. Ombudsman of Latvia (2011), Annual Report, Available at (in Latvian): http://www.tiesibsargs.lv/files/gada_zi%C5%86ojumi/ties%C4%ABsarga_gada_zi%C5%86ojums_2011.pdf, Last assessed: 21.05.2013.
5. Ombudsman of Latvia (2012), Report on the Conference Regarding Progress Evaluation of 2012, Available at (in Latvian): http://www.tiesibsargs.lv/files/2012_gada_konferences_materi%C4%81li/runa_j_jansons_2012_tiesibsarga_konferences_preses_konference_12122012.pdf, Last assessed: 21.05.2013
6. University of Latvia, Social and Political Research Institute (2014). How Democratic is Latvia: Democracy Audit 2005 - 2014. Available at (in Latvian): http://www.szf.lu.lv/fileadmin/user_upload/szf_faili/Petnieciba/Demokratijas_audits_2014_kopaa.pdf, Last assessed: 03.11.2014

Rule of Law

Legal
Certainty
Score: 9

Latvia's government and administration generally act in a predictable manner. Government decisions have in some cases been challenged in court on the basis of a breach of the principle of legal certainty. For example, a group of administrative court judges approached the Constitutional Court to protest austerity measures targeting planned judicial-salary increases, arguing a breach of legal certainty. The Constitutional Court ruled against the judges in 2012. Problems may occur in small municipalities due to a lack of professionalism.

Citation:

- The Constitutional Court of Latvia (2012), On Termination of Proceedings, Ruling available at (in Latvian):

http://www.satv.tiesa.gov.lv/upload/2011_10_01_lemums.pdf, Last assessed: 21.05.2013

Judicial
Review
Score: 8

Judicial oversight is provided by the Administrative Court and the Constitutional Court. The Administrative Court, created in 2004, reviews cases brought by individuals. The court is considered to be impartial; it pursues its own reasoning free from inappropriate influences.

However, the court system suffers from a considerable case overload, leading to substantial delays in proceedings. According to the Court Administration statistical overviews, the average Administrative District Court case in 2013 took 11 months to reach a decision, while for an average Administrative Regional Court case it took 13 months. Administrative Court backlogs are being addressed by measures, such as an increase in court fees and security deposits, that limit access to the court system. A Ministry of Justice working group has been convened in order to suggest other systemic improvements. Institutional reforms are underway in the Administrative Court, which would remove one layer from the system in the interests of efficiency.

The Constitutional Court reviews the constitutionality of laws and occasionally that of government or local government regulations. In 2013, 21 cases were presented on a broad range of issues, including rights of assembly, territorial planning and tenants' rights.

Citation:

1. Judicial Information System Database, Available at: http://tis.ta.gov.lv/tisreal?FORM=TIS_STaT_O
2. The Constitutional Court Case Database, Available at: <http://www.satv.tiesa.gov.lv/?lang=1&mid=19>
3. Valts Kalniņš (2011), Assessment of National Integrity System, p.99, Published by DELNA, Available at: http://www.transparency.org/whatwedo/pub/national_integrity_system_assessment_latvia, Last assessed: 21.05.2013.

Appointm
ent of
Justices
Score: 8

Judges are appointed in a cooperative manner. While the parliament approves appointments, candidates are nominated by the minister of justice or the President of the Supreme Court based on advice from the Judicial Qualification Board. Initial appointments at the district court level are for a period of three years, followed either by an additional two years or a lifetime appointment upon parliamentary approval. Regional and Supreme Court judges are appointed for life. Promotion of a judge from one level to another level requires parliamentary approval.

Parliamentarians vote on the appointment of every judge and are not required to justify refusing an appointment. In October 2010, a new Judicial Council was established in order to rebalance the relationship between the judiciary, the legislature and the executive branch. The Judicial Council has taken over the function of approving the transfer of judges between positions within the same court level. Formerly this function had also required parliamentary approval. While the delegation of further functions to the Judicial Council to further reduce political influence on the appointment of judges

are being considered, they are yet to receive authorization from parliament.

Judges are barred from political activity. In 2011, the Constitutional Court lifted immunity for one of its own judges, Vineta Muizniece, enabling the Prosecutor General to bring criminal charges for falsifying documents in her previous position as a member of parliament. Muizniece's appointment to the Constitutional Court was controversial because of her political engagement and profile as an active politician. The court has convicted Muizniece, but the case is under appeal. Muizniece was initially suspended from the Constitutional Court pending judgment and then removed from office in 2014 after a final guilty verdict.

A new system for evaluating judges has been in place since January 2013, with the aim of strengthening judicial independence. While the government can comment, it does not have the power to make decisions. A judges' panel is responsible for evaluations, with the Court Administration providing administrative support in collecting data. The panel can evaluate a judge favorably or unfavorably and, as a consequence of this simple rating system, the panel has tended away from unfavorable assessments. In one case, a judge successfully appealed an unfavorable assessment on the grounds that the assessment could not be substantiated. The verdict concluded that the judges' panel is required to substantiate unfavorable assessments.

Citation:

The Constitutional Court of Latvia (2011), Ruling on Initiation of Prosecution against Constitutional Court Judge Vineta Muizniece, Available at: http://titania.saeima.lv/LIVS11/saeimalivs_imp.nsf/0/DF2F0B6EFEB0A281C225793C0042A314?OpenDocument, Last assessed: 21.05.2013

Corruption
Prevention
Score: 7

Latvia's main integrity mechanism is the Corruption Combating and Prevention Bureau (Korupcijas novēršanas un apkarošanas birojs, KNAB). The Group of States Against Corruption has recognized KNAB as an effective institution, yet has identified the need to further strengthen institutional independence in order to remove concerns of political interference. Over more than 10 years, KNAB has seen a number of controversial leadership changes and, despite a leadership change in 2011, remains plagued by a persistent state of internal management disarray. Internal conflicts have spilled into the public sphere. For example, the KNAB director and deputy director have been embroiled in a series of court cases over disciplinary measures. Yet, although the court found in favor of the deputy director in September 2014, the director continues to adopt an administrative approach that has resulted in a high turnover of qualified staff. Furthermore, these scandals have weakened public trust in the institution. The results of an April 2014 public opinion poll, commissioned by KNAB itself, found that public trust in KNAB had declined between 2007 and 2014, when public trust in other public institutions had increased.

The Conflict of Interest Law is the key piece of legislation relating to officeholder

integrity. The Conflict of Interest Law created a comprehensive financial disclosure system and introduced a requirement for all violations to be publicly disclosed. In 2012, all Latvian citizens were required to make a one-time asset declaration in order to create a financial baseline against which the assets of public officeholders could be compared. This information is confidential and there is no publicly available evaluation of the efficacy of this policy.

Party financing regulations contain significant transparency requirements, limitations on donation sources and size, and campaign expenditure caps. In 2011, a major political party voluntarily dissolved in order to avoid paying a substantial fine for campaign financing violations, while electoral support for a second political party collapsed after they too had received a similar fine. Until the introduction of a public financing mechanism in 2012, political parties were privately financed. KNAB is charged with oversight of public financing for political parties. In 2012, violations of campaign-finance laws were criminalized, but no criminal cases have yet been presented.

The slow progress of cases through the court systems restricts an evaluation of the effectiveness of the system. For example, 104 new corruption cases reached trial in 2012, the largest number since 2008. Yet, these cases included the lowest proportion of cases against state officials (42) since 2004, when compilation of corruption data began. An unusually high number of cases against the traffic police (28) contribute to the high number of total cases in 2012. In 2011, officials of the Riga City Council Development Department were convicted of taking bribes exceeding €1 million. In 2012, by contrast, the largest bribe exposed was under €4,000.

Citation:

1. Corruption °C (2012), Updated Statistics on Convictions for Corruption Offences (2012 Data Added), Available at: <http://corruption-c.wikidot.com/>, Last assessed: 03.11.2014.
2. Group of States Against Corruption (GRECO)(2012), Fourth Evaluation Round, Corruption Prevention in Respect of Members of Parliament, Judges and Prosecutors, Evaluation Report, Available at: http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4%282012%293_Latvia_EN.pdf, Last assessed: 21.05.2013
3. Freedom House (2012), Nations in Transit, Country Report, Available at: http://www.freedomhouse.org/sites/default/files/NIT2012Latvia_final.pdf, Last assessed: 21.05.2013
4. KNAB (2014), Attitudes toward Corruption in Latvia (in Latvian), Available at: http://www.knab.gov.lv/uploads/free/knab_lf_aptauja2014.pdf, Last assessed: 22.10.2014

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 8

In December 2011, Latvia established a new central government planning unit, the Cross-Sectoral Coordination Centre (Pārresoru koordinācijas centrs, PKC). The PKC's mandate is to develop a long-term strategic approach to public policymaking, while also monitoring decision-making to ensure that public policies are effective. The PKC also monitors ministries' progress toward meeting the government's stated goals, as outlined in the Government Declaration.

To date, the PKC has produced the National Development Plan, monitored progress toward the Latvia 2030 framework and established an active role for itself in decision-making. The PKC reviews all proposals discussed by the cabinet and provides weekly briefings for the prime minister on substantive issues pending discussion by the cabinet. The PKC has also been tasked with analyzing cross-sectoral issues, such as evaluating public management of state-owned enterprises. The PKC is included on inter-ministerial committees that deal with cross-sectoral issues, such as demographics or income disparities.

In addition to the PKC's core government role and despite a reduction in departmental units and staff numbers, most ministries have retained some independent planning capacity. Ministerial planning units engage with the PKC, engaging the PKC early in policy development. However, the PKC is not well-staffed and cannot engage in the policy development processes of all line ministries. The PKC has become mired in the details of policy planning, effectively duplicating the work of ministries and has failed to provide the cross-sectoral, meta-approach expected of it. This is a result of a persistent inability, of the PKC, to retain highly qualified analysts.

Citation:

The Cross-Sectoral Coordination Centre, Information Available at (in Latvian): <http://www.nap.lv/par-pkc>, Last assessed: 31.10.2014

Scholarly Advice
Score: 5

The decision-making system is transparent and open to public participation from the point at which policy documents are circulated between ministries in preparation for review by the cabinet. At this stage, experts and NGOs have the opportunity to provide input on their own initiative.

In 2013, changes were made to the decision-making system, instituting a system of green papers – public discussion documents – that present policy proposals for public debate at an earlier stage in the planning process. The State Chancellery monitors ministerial use of green papers. From 1 September 2014, the Chancellery began postponing cabinet discussions on policy proposals that have not adhered to the green paper procedures.

Earlier stages of policy development are not as transparent, but do seek to engage and consult stakeholders. While ministries are not required to follow a set procedure for consultation, most have developed some good practices. For example, ministries often seek expert advice by inviting academics to join working groups. However, the government lacks the financial capacity to regularly commission input from the academic community. Consequently, expert engagement is given voluntarily, without remuneration. Experts participated in 290 policy planning groups in 2011 and 380 groups in 2012.

Citation:

State Chancellery (2012), Report, Available at (in Latvian): <http://www.mk.gov.lv/vk/gada-parskats/>, Last assessed: 20.05.2013.

Interministerial Coordination

GO Expertise
Score: 8

The formation of the PKC, which reports directly to the prime minister, has ensured a mechanism enabling input from the government office on the substance of policy proposals from line ministries. The PKC evaluates all proposals to be addressed by the cabinet on a weekly basis, focusing on three issues: cross-sectoral impact, adherence to the Government Declaration and compatibility with long-term strategy documents (such as the National Development Plan and Latvia 2030).

While expectations of the PKC are high, its ability to deliver on these expectations is limited. For example, the PKC's ability to deliver high quality cross-sectoral analysis has been undermined by staffing capacity constraints. Furthermore, the PKC has no financial capacity to engage short-term or ad hoc consultants on specific substantive issues.

Citation:

1. National Development Plan 2020, Available at (in Latvian): <http://www.nap.lv/>, Last assessed: 21.05.2013

2. Sustainable Development Strategy of Latvia until 2030, Available at: http://www.latvija2030.lv/upload/latvija2030_en.pdf, Last assessed: 21.05.2013

GO Gatekeeping
Score: 7

The government office has the ability to return materials submitted for cabinet consideration based on procedural considerations. Procedural evaluation includes assessing the quality of the accompanying annotation (often in the form of regulatory impact assessment) and ascertaining whether consensus-building procedures have been followed (i.e. agreement has been achieved among ministries).

The prime minister has the right to decide when to put issues on the cabinet agenda. These assessments are informed by expert opinions from the PKC and the government office. Controversial issues are raised in informal political consultations (coalition council) prior to placement on the cabinet agenda.

Line Ministries
Score: 8

Since its establishment in 2011, the PKC has become increasingly involved in line ministry preparation of policy proposals. PKC representatives are invited to participate in working groups. However, capacity constraints prevent full participation in all working groups. Involvement of the PKC is at the ministry's discretion. Informal lines of communication ensure that the PKC is regularly briefed on upcoming policy proposals.

Latvia has a "fragmented" cabinet government system. Consequently, ministers enjoy greater autonomy, weakening the power of the prime minister. As a result, ministers belonging to a different party to the prime minister will attempt to exclude the prime minister's office interfering in sensitive policy issues whenever possible.

Cabinet
Committees
Score: 8

Cabinet committees are an integral part of the official decision-making process. If ministerial agreement on draft policy proposals cannot be reached at the state-secretary level, issues are automatically taken up by a cabinet committee for resolution. The cabinet committee's mandate is to iron out differences prior to elevating the proposal to the cabinet level. In 2013, cabinet committees considered 136 issues, of which 123 were sent on to cabinet.

The cabinet committee may be complemented by informal mechanisms, such as the coalition council, if agreement cannot be reached.

Citation:

State Chancellery (2013), Report, Available at (in Latvian): <http://www.mk.gov.lv/vk/gada-parskats/>, Last assessed: 31.10.2014.

Ministerial
Bureaucracy
Score: 8

The official decision-making process mandates the coordination of policy proposals at the state-secretary level. New policy initiatives are officially announced at weekly state-secretary meetings, after the draft proposals are circulated in a transparent process providing all ministries with an opportunity to review and comment on the issues. The process is open to the public and input from non-governmental entities is welcomed. Ministry responses to draft proposals are collected and ministerial coordination meetings on particular drafts are held to achieve consensus on the substance of the proposals. In cases where consensus cannot be reached, the proposals move to cabinet committee for further consideration at the political level.

Issues can be fast-tracked at the request of a minister. Fast-tracking means that the usual procedures for gathering cross-sectoral and expert input can be circumvented, risking effective coordination. In 2011, 2012 and 2013, a respective 35%, 34% and 31% of all issues before cabinet were fast-tracked.

At a lower bureaucratic level, coordination occurs on an ad hoc basis. Ministries conduct informal consultations, include other ministry representatives in working groups and establish inter-ministerial working groups to prepare policy proposals. These methods are widely used, but are not mandatory.

Citation:

State Chancellery (2011, 2012, 2013), Reports, Available at: <http://www.mk.gov.lv/vk/gada-parskats/>, Last assessed: 31.10.2014.

Informal
Coordination
Score: 7

A coalition council that represents the political parties forming the governing coalition meets for weekly informal consultations. Despite its regular meetings with formal agendas, the council is not a part of the official decision-making process. Given that cabinet meetings are open to the press and public, coalition-council meetings provide an opportunity for off-the-record discussions and coordination. The council plays a de facto gatekeeping function for controversial issues, deciding when there is enough consensus to move issues to the cabinet. The coalition council can play both a complementary role, creating an enabling environment for consensus-building, and a destructive role, undermining the legitimacy of the official decision-making process.

Evidence-based Instruments

RIA Application
Score: 8

The government decision-making process requires every draft act of legislation to undergo an assessment, which takes the form of an annotated report. This annotation accompanies the draft through the review process to the cabinet. The annotation addresses budgetary impact, impact on particular target groups and the cost of implementation. In practice, the quality of annotations varies widely depending on the approach taken by the drafters, which can be a detailed,

evidence-based analysis or a simple pro forma, summary of intent. Minimum standards for annotations are not enforced.

In 2013, the government office made revisions to the annotation requirement. The new annotation form requires a justification for introducing new regulations, an assessment of compliance costs for citizens and businesses, and an assessment of public health effects. The revised regulations also seek, through the introduction of so-called green papers, to improve stakeholder involvement in the early stages of drafting. The green papers ensure that relevant information and discussion documents are publicly available at an early state of the policy development process. The State Chancellery monitors quality of annotations and the use of the green papers. The Chancellery has delayed several policies, because of inadequacies in the annotations or green paper process.

Citation:

Draft Legislative Act to the Initial Impact Assessment Procedure, Available at (in Latvian): <http://www.likumi.lv/doc.php?id=256707>, Last assessed: 20.05.2013.

Quality of RIA
Process
Score: 7

The annotation requires a description of stakeholder participation. Minimum requirements can be met by a simple statement detailing when stakeholders were consulted. Annotations may include information on stakeholder inputs, reactions or needs.

Annotations are publicly available along with the draft act of legislation. They serve as an explanatory accompaniment to the draft and are often referenced in communications about the draft.

Annotations are not assessed by an independent body. However, they are monitored by the government office as part of its oversight of the decision-making process. Inadequacies in the annotation can lead to proposals being returned for revision prior to consideration by the cabinet. An annual monitoring process by the government office can lead to improvements in the system. The latest such revision took place in 2013.

Citation:

Cabinet of Ministers (2013), Simplification of Draft Legislation Annotations, Press release, Available at (in Latvian): <http://www.mk.gov.lv/lv/aktuali/zinas/2013-gads/04/290413-vk-03/>, Last assessed: 20.05.2013

Sustainability
Check
Score: 2

Annotations have no specific sustainability checks. For example, the issue of sustainability is not integrated into the annotations, impact indicators are not consistently used and there is no requirement to perform a short-, medium- or long-term analyzes. Some annotations do provide such information, but this is discretionary. New regulations on annotations, introduced in 2014, include a regulatory impact assessment that requires a calculation of the administrative burden, such as the cost to business.

Latvia has not adopted a specific sustainability strategy. However, sustainability is integrated into the Latvia 2030 strategy. As draft policies are assessed for compatibility with this strategy, sustainability issues may be taken into consideration.

Citation:

Sustainable Development Strategy of Latvia until 2030, Available at: http://www.latvija2030.lv/upload/latvija2030_en.pdf, Last assessed: 21.05.201

Societal Consultation

Negotiating
Public Support
Score: 7

Societal consultation takes place frequently and is diverse in nature. The Tripartite Council of Latvia (Nacionālā trīspusējās sadarbības padome, NTSP) is a well-established, well-integrated and often-used consultative mechanism that links employers, trade unions and government.

The Council of Ministers maintains a NGO cooperation council, which organizes NGO input into issues related to civil society. Ministries have their own sectoral consultative bodies, with 11 ministries having signed cooperation agreements with NGOs in 2011. The executive branch had 173 different consultative bodies and held over 200 public consultations in 2011, an increase of 30% over 2010.

Despite this quantitative evidence of consultation, the quality of consultations is often questionable. Consultations are perceived as formal, and in fact offer little opportunity to make an impact on the direction and quality of government policies. NGOs have voiced complaints about the quality of participation, prompting the Council of Ministers/NGO cooperation council to conduct a cross-ministry review of consultation practices during 2011 and 2012.

In its public consultations, the government is rarely successful in achieving an exchange of views and information that increases the quality of government policies or induces societal actors to support them. Best practices can be found in the Ministry of Agriculture and the Ministry of Environment and Regional Development. Both ministries publicly fund a consultation mechanism with NGOs, and have also achieved considerable success in securing stakeholder input and support for draft policies. There is also evidence of the opposite result – in some cases, government consultations with stakeholders have induced societal actors to actively oppose government policies. In the education sector, active consultations with stakeholders led to attempts throughout 2012 to block government policy proposals and multiple calls for the resignation of the minister.

In 2013, the State Chancellery launched two public engagement tools, namely the website Mazaksslogs (www.mazaksslogs.lv) and the mobile app Futbols. Mazaksslogs collects public opinions, such as complaints or suggestions, relating to bureaucratic hurdles, while Futbols collects user reviews of public institutions, focusing on experiences. In its first year, Mazaksslogs processed 191 complaints or suggestions of which 55 related to construction and building permits. Meanwhile, Futbols collected 361 reviews, with the largest number focusing on the State Social Insurance Agency, State Revenue Service and the Office of Citizenship and Migration Affairs. Futbols won the World Summit Award Mobile 2014 for best apps worldwide in m-government and participation.

Citation:

State Chancellery (2011, 2012, 2013), Reports, Available at (in Latvian): <http://www.mk.gov.lv/vk/gada-parskats/>, Last assessed: 31.10.2013.

Policy Communication

Coherent
Communication
Score: 8

The government office organizes weekly coordination meetings of ministerial communication units. Communication and statements are generated by the ministries and are generally consistent. A communications coordination council sets annual priorities for the main messages to be propagated to the public. Communication messages are coordinated prior to weekly cabinet meetings. /However, this system means that partisan ministerial disagreements are highly visible.

Implementation

Government
Efficiency
Score: 9

The government has a good track record in achieving its own policy objectives. In issue areas considered by the government as high priority – recent examples include economic recovery, eurozone entry criteria, budget reform and fiscal discipline – government performance can be considered excellent.

Second-tier policy objectives, outlined in the Government Declaration of 2011, show mixed success rates. For example, despite the fact that the Government Declaration leads with education reform, no demonstrable progress has been made toward fulfilling the outlined policy objectives. Furthermore, in the prime minister's annual reports to the parliament in 2012 and 2013 no education policy achievements are recognized. Opposition to the implementation of education policy objectives has been strong not only on the part stakeholder groups and opposition parties, but also from the government coalition parties' own parliamentarians.

The PKC monitors progress with respect to Government Declaration goals on an annual basis, providing a report to the prime minister. In 2012, the PKC reported mixed achievements, with some issue areas showing a 100% fulfillment rate, while others stood at 0%. Progress on the current Government Declaration (2014) has not yet been evaluated.

The government has exhibited capacity for appropriate policy reactions to acute emergent issues. In November 2013, 54 people died and dozens more injured following the collapse of a large building. In the aftermath of the event, then Prime Minister Valdis Dombrovskis resigned and a new government was formed. Although investigations are still ongoing, the government has already taken steps to address systemic failures highlighted by the event. The new government has introduced institutional changes, such as the reestablishment in October 2014 of a construction supervision authority at the central government level, and by legislative changes, such as increasing liability for safety violations and construction code violations and a redefinition of responsibilities and assignment of liabilities in the construction process. Despite a false start with public engagement in an investigative committee, new Prime Minister Laimdota Straujuma has established an open communications channel with victims' families and NGOs to monitor the progress of investigations and systemic changes, and to highlight any hurdles that the families may be facing. For example, individuals in common law unions are unable to access the benefit or support resources offered to victims' families.

Citation:

1. Dombrovskis, V. (2012), Prime Minister's Report to the Parliament on the Government Achievements and Planned Activities, Available at (in Latvian)

http://titania.saeima.lv/LIVS11/saeimalivs_imp.nsf/0/D694F8C875FD4B47C22579F30041105F?OpenDocument, Last assessed: 21.05.2013.

2. Dombrovskis, V. (2013), Prime Minister's Report to the Parliament on the Government Achievements and Planned Activities, Available at (In Latvian): <http://www.lvportals.lv/viedokli.php?id=254542>, Last assessed: 21.05.2013

3. Declaration on the Cabinet of Ministers', led by Valdis Dombrovskis, Planned Activities (2013), Available at (in Latvian): <http://www.mk.gov.lv/lv/mk/darbibu-reglamentejosie-dokumenti/valdibasdek/>, Last assessed: 21.05.2013.

4. Centre for Public Policy PROVIDUS (2014). Monitoring of Systemic Change in the Aftermath of Zolitude (in Latvian) Available at: <http://providus.lv/musuvalsts/monitorings/4>, Last assessed 05.11.2014.

Ministerial
Compliance
Score: 9

Organizational devices that encourage ministerial compliance include: a public statement of policy intent, a Government Declaration signed by each minister, a coalition agreement outlining the terms of cooperation between the governing parties and an informal weekly coalition council meeting. Additionally, the government office monitors compliance to cabinet decisions, while the PKC monitors the development of the Government Declaration. Both reporting streams

Monitoring
Ministries
Score: 8

enable the prime minister to fully monitor progress of individual ministers in achieving the government's program.

The government office monitors ministry performance in implementing legislation, cabinet decisions and prime ministerial decisions. A high degree of compliance has been reported.

The PKC monitors how ministries are achieving the policy goals stated in the Government Declaration and reports to the prime minister. Progress reports are not only a monitoring tool, but also provide substantive input into the prime minister's annual report to parliament. In 2012, the PKC reported a full spectrum of compliance rates, from 0% to 100% compliance.

Monitoring
Agencies,
Bureaucracies
Score: 7

The executive branch is organized hierarchically, with ministries each having a group of subordinate institutions. Some institutions are directly managed by the ministry, while others are managed at arm's length when there is a need for the autonomous fulfillment of functions.

All institutions are required to prepare annual reports. Beyond the reporting requirement there is no centralized standard for monitoring subordinate agencies. Ad hoc arrangements prevail, with some ministries setting performance goals and requiring reporting relative to these goals.

The government office has recently taken steps that compensate for poor monitoring and communication with subordinate agencies. In 2013, the prime minister set specific policy goals for ministries and agencies, and has required semiannual reporting on progress toward these goals. The government office has also begun including agency heads in inter-ministerial coordination meetings, as a response to the observation that information flows between ministries and their subordinate agencies are neither reliable nor adequate.

Task Funding
Score: 6

Local governments enjoy a comparatively high degree of autonomy. The local government share of public expenditure is 27% (2010), slightly above the EU average of 24.1%.

Local governments have autonomous tasks, delegated tasks and legally mandated tasks. Each type of task is meant to be accompanied by a funding source. In practice, however, funding is not made available for all tasks. The President's Strategic Advisory Council has described local governments as having a low degree of income autonomy and a relatively high degree of expenditure autonomy. In its 2011 report on Latvia's adherence to the European Charter of Local Self-Government, the Council of Europe concluded that local authorities have inadequate access to independent resources and urged Latvia to increase local authorities' financial autonomy.

The adoption in 2012 of a medium-term budget-planning process envisions the

inclusion of three-year budget cycles for local government. While this will provide medium-term budget clarity for local governments, there is also a concern that it will prevent local governments from gaining access to budget increases in proportion to the rate of economic recovery. Data from 2011 showed an imbalance between central and local government budget pressures. In 2011, local government expenditure increased by 10.2%, while central government expenditure increased by 2.4%. However, local government income increased by 2.6%, while central government income increased by 10.5%.

Citation:

1. The President's Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): http://www.president.lv/images/modules/items/PDF/Pasvaldibas_EGPP_FINAL.pdf, Last assessed: 21.05.2013

2. Congress of Local and Regional Authorities (2011), Local and Regional Democracy in Latvia, Available at: <https://wcd.coe.int/ViewDoc.jsp?id=1857271&Site=COE>, Last assessed: 21.05.2013.

Constitutional
Discretion
Score: 5

Local governments have a constitutional right to autonomy. This right is reinforced by Latvia's commitments as a signatory of the European Charter of Local Self-Government, which have been upheld by the Constitutional Court. The Ministry of Environment and Regional Development monitors local government regulations for legal compliance and has the right to strike down regulations deemed to be in violation of legal norms.

The President's Strategic Advisory Council has noted a tendency for central government to over-regulate, which has negatively effected local governments' discretionary authority.

Public discussion about the appropriate division of responsibilities and the burden of financing erupted in 2012, when central government simultaneously reduced the Guaranteed Minimum Income benefit and transferred responsibility for financing the program to local governments.

Citation:

The President's Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): http://www.president.lv/images/modules/items/PDF/Pasvaldibas_EGPP_FINAL.pdf, Last assessed: 21.05.2013

National
Standards
Score: 6

Autonomous local government functions are subject to laws and regulations emanating from the central government. These regulations delineate common standards and define the scope of local government autonomy. The President's Strategic Advisory Council has warned that over-regulation is seriously encroaching on local government autonomy. The council has called for a limit to bureaucratization and a reduction in the volume of regulations governing functions that are mandated as autonomous.

The executive has said it would create a new one-stop client-service system across the country, which would centralize the contact point for accessing public (central and local government) services. The new system will also introduce national standards for local government services by 2016. The policy was approved by the cabinet in 2013 and pilot projects have been implemented by a number of local governments. An evaluation conference, in September 2014, documented many instances of successful pilot projects as well as favorable client satisfaction responses to surveys. However, the comparability of data sets between institutions is a challenge. Legislative changes to support broader implementation of this policy have stalled in parliament.

Citation:

1. The President's Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): http://www.president.lv/images/modules/items/PDF/Pasvaldibas_EGPP_FINAL.pdf, Last assessed: 21.05.2013
2. Regulation Regarding Concept of the Public Service System Development (2013), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=254910>, Last assessed: 21.05.2013.
3. Freedom House (2012), Nations in Transit, Country Report, Available at: http://www.freedomhouse.org/sites/default/files/NIT2012Latvia_final.pdf, Last assessed: 21.05.2013

Adaptability

Domestic
Adaptability
Score: 9

Latvia has adapted domestic government structures to fulfill the requirements of EU membership, revising policy-planning and decision-making processes. Since 2013, Latvia has been adapting its domestic structures to comply with the demands of the 2015 EU Presidency.

In order to ensure efficient decision-making and meet the obligations of IMF and EU loan agreements, Latvia created a reform-management group for coordination on major policy reforms. In 2012, this included changes to the biofuels support system, reforms in civil service human resource management, tax policy changes and reforms in the management of state enterprises. The group has proven to be a useful forum for the consolidation of support across sectors for major policy changes or structural reforms. The inclusion of non-governmental actors in the group serves to facilitate support for upcoming policy changes. Although the reform management group has been successful, it has not met since 2013.

International
Coordination
Score: 6

Latvia largely contributes to international actions through engaging in the development of EU policy positions.

Institutional arrangements for the formulation of Latvia's positions on issues before the EU are formalized. The system is managed by the Ministry of Foreign Affairs, with particular sectoral ministries developing the substance of Latvia's

various positions. The process requires that NGOs be consulted during the early policy-development phase. In practice, ministries implement this requirement to varying degrees. NGOs themselves often lack the capacity (human resources, financial resources, time) to engage substantively with the ministries on an accelerated calendar.

Draft positions are coordinated across ministries and approved in some cases by the sectoral minister, and in other cases by the Council of Ministers. Issues deemed to have a significant impact on Latvia's national interests are presented to the parliament's European Affairs Commission, whose decision is binding. The commission considers approximately 500 national positions per year.

Organizational Reform

Self-monitoring
Score: 8

The government office has an annual monitoring procedure under which cabinet decision-making processes are reviewed. This results in frequent improvements to the process. In 2011, in the interests of speeding up the process, a silent agreement principle was instituted, whereby implicit approval is presumed if a ministry fails to submit an opinion on a draft policy. In 2013, major revisions to the regulatory impact assessment system were made, along with the introduction of a green paper system that will move public consultations on new policy initiatives to an earlier phase of the policy-planning process.

The management of relations with parliament, governing parties and ministries is not regularly reviewed. This is considered by civil servants to be the purview of politicians and therefore not an appropriate topic for initiatives emanating from the civil service level.

Institutional
Reform
Score: 8

The regular review of decision-making procedures results in frequent reforms aimed at improving the system. Changes in institutional arrangements, such as the establishment of the PKC in 2010, have significantly improved the government's strategic capacity and ability to undertake long-term strategic planning.

Despite a promising start, the performance of the PKC has been underwhelming. Rather than offer a cross-sectoral, meta-approach, the PKC has become mired in the details of policy planning and has duplicated the work of ministries. This is a result of human resource constraints experienced by the PKC.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 6

There is no local survey data indicating the extent to which citizens are informed of government policymaking decisions. Data from a study on NGO participation in policy planning, commissioned by the government office in 2012, show that NGOs (which are predisposed to participation) are able to: obtain the information and knowledge required to understand the motives, objectives, effects and implications of policy proposals; and make their opinions known through the existing system. NGOs note that information is available to those who seek it out, but is not easily accessible to the general public.

Individuals are slow to engage with the political process. According to a 2013 survey by Latvia's Civic Alliance, only 17% of the population feels that they can influence decision-making (up from 15% in 2011). The Enterprise Register estimates that just 25,000 individuals or 1.2% of the population are members of a political party. This is the lowest level of party membership in the EU.

The rise of social media and the increasing use of the internet have placed new tools at the disposal of citizens wishing to participate in the political process. A social-media-style website enables citizens to engage in direct communication with members of parliament. An e-petition tool lets any group of 10,000 or more citizens place issues on the parliamentary agenda.

Citation:

1. Latvian Facts (2011), Public Opinion on the NGO Sector in Latvia, p.7, Available at (in Latvian): http://www.nvo.lv/site/uploads/veci_e_faili/Zinojums_lv_27_04_2011.pdf, Last assessed: 20.05.2013
2. Baltic News Service (2011), Latvian Political Parties and Associations Estimated to have around 25 thousand Members, Article available at (in Latvian): <http://www.delfi.lv/news/national/politics/latvija-partijas-un-politis-kajas-apvienibas-varetu-but-apmeram-25-tukstosi-cilveku.d?id=39523183>, Last assessed: 21.05.2013.
3. State Chancellery (2013) Unpublished Data on NGO involvement in the Mechanisms of the Cabinet Decision-Making Process
4. Latvian Civic Alliance (2014), Overview of the NGO Sector in Latvia 2013. Available at: http://providus.lv/article_files/2718/original/Petijums_Parskats_par_NVO_sektoru_LV_2013-1.pdf?1415008066, Last assessed: 04.11.2014
5. Van Biezen, Ingrid, Peter Mair and Thomas Poguntke (2012), Going, going...gone? The decline of party membership in contemporary Europe, *European Journal of Political Research*, 51, 21-56.

Legislative Actors' Resources

Parliamentary
Resources
Score: 2

Parliament does not have adequate resources to monitor government activity effectively. Some limited expertise is available from parliamentary committee, personal administrative support and parliamentary library staff. This does not allow for substantive policy analysis or the independent production of information. There are no monetary allowances available for the commission of independent research. The Latvian parliament is the only legislature in the Baltic Sea Region with no institutional research capacity.

Obtaining
Documents
Score: 10
Summoning
Ministers
Score: 10

The parliament has the right to obtain documents from the government and no problems have been observed in the exercise of this right.

Members of parliament have the right to pose questions to ministers and summon them to answer questions before parliament. At least five signatories are required for such a request. Ministers generally comply with parliamentary requests.

Parliamentary committees have the right to request information from ministries as well as to summon ministers to committee meetings.

Summoning
Experts
Score: 7

Parliamentary committees are able to invite experts to committee meetings, but have no power to make attendance mandatory. Parliament relies on the pro bono participation of experts in order to compensate for its own lack of substantive capacity and resources.

Task Area
Congruence
Score: 4

The task areas of the parliamentary committees poorly match the task areas of the ministries. Only the Ministry of Finance, the Ministry of Foreign Affairs and the Department of Justice have an equivalent parliamentary committee. These committees being the Budget and Finance Committee, the Foreign Affairs Committee and the Committee of Justice. While the Ministry of Agriculture reports to only a single committee, this committee oversees three other ministries. In all other cases, ministries report to multiple committees and committees oversee multiple ministries' task areas.

Citation:

1. List of Parliamentary Committees:

http://titania.saeima.lv/Personal/Deputati/Saeima11_DepWeb_Public.nsf/structureview?readform&type=3&lang=LV

2. Composition of the Cabinet of Ministers: <http://www.mk.gov.lv/en/mk/sastavs/?lang=1>

Audit Office
Score: 5

The State Audit Office is Latvia's independent and collegial supreme audit institution. The office is constitutionally independent of parliament and the executive. It reports to parliament, which has full access to all audit findings. However, the State Audit Office does not audit the parliament itself. The parliament's Public Expenditure and Audit Committee has this responsibility. In

2012, NGOs and citizens called for the parliament to subject itself to an external audit, either from the State Audit Office or an independent auditor. The speaker of parliament publicly rejected these proposals. A citizens' petition was circulated in 2012 aiming to place the issue on the parliamentary agenda, but failed to achieve the 10,000 signatures needed.

Citation:

1. OECD (2009), Review on Budgeting in Latvia, p. 204 and 223, Available at: <http://www.oecd.org/countries/latvia/46051679.pdf>, Last assessed: 17.05.2013

2. Valts Kalniņš (2011), Assessment of National Integrity System, p.116, Published by DELNA, Available at: http://www.transparency.org/whatwedo/pub/national_integrity_system_assessment_latvia, Last assessed: 21.05.2013.

Ombuds Office
Score: 2

The parliament does not have its own ombuds office, but does have a committee for ethics and petitions. An independent ombuds office was created in 2007 following the reorganization of the Latvian National Human Rights Office. From 2007 to 2011, the ombuds office was plagued by internal problems, budget cuts, perceptions of inefficiency and passivity. In 2011, a leadership change brought about greater activity and visibility. The ombuds office is charged with investigating citizens' complaints, monitoring human rights and proposing governmental action to address systemic issues. Since 2011, the ombuds office has been active in monitoring social care facilities for the disabled, closed institutions, access-to-justice failings, issues of equal access to free education and discrimination against women, and has helped raise public awareness of hate speech. In 2013, the ombuds office received 2,563 complaints, of those 1524 regarding civil and political rights. The ombuds office reports annually to parliament.

Citation:

1. Ombudsman of Latvia Annual report (2013) Available at (in Latvian): http://www.tiesibsargs.lv/files/content/Tiesibsarga_2013_gada_zinojums_FINAL.pdf, Last assessed 21.10.2014

Media

Media Reporting
Score: 5

A minority of the 10 most important mass-media brands in Latvia provide high-quality information. The majority of reporting is a mix of quality information and infotainment programs. The financial constraints on the media brought about by audience shifts to internet-based sources and budget cuts to public broadcasting have had a negative effect on the provision of high-quality content.

Nevertheless, some newcomers to the media scene have succeeded in meeting a high standard of quality. The weekly magazine IR, established in 2010, provides in-depth information on government policy plans. Investigative reporting on public and private television stations fulfills a watchdog function. Sustained

analytical focus on issues of public concern is provided by Re:Baltica, founded in August 2011. Re:Baltica is a non-profit organization that produces investigative journalism in the public interest. Since its establishment, it has focused on issues such as the social costs of economic austerity, consumer protection and drug-money flows. By cooperating with the mainstream media, it has succeeded in moving these issues onto the public agenda.

Economic constraints on the media have exacerbated the media's tendency to allow financial pressures to influence content. Research indicates that hidden commercial advertising can be arranged in any media channel in Latvia. Hidden political advertising is denied by the Latvian-language media, but acknowledged by the Russian-language media.

Citation:

Rožukalne A. (2010), Research Paper on Hidden Advertising Issues in the Media, Available at (in Latvian): http://politika.lv/article_files/21_17/original/slepta_reklama_mediju_p_rakse.pdf?1343212009, Last assessed: 20.05.2013

Parties and Interest Associations

Intra-party
Democracy
Score: 5

The Law on Political Parties mandates that certain political-party decisions be made in the context of full-membership meetings or by elected officials of the parties. These include party officer elections as well as decisions on party governing statutes and party programs. Other decisions must be taken in accordance with party statutes, but are not subject to regulation. Regulations allow for little input by party members. By comparison, commercial law provides more rights to shareholders than rights accorded to party members in their own party.

The Harmony Party (Saskanas centrs, SC) is an alliance of a number of parties. Decision-making processes are different for national and municipal (Riga) policies. Candidates for national or municipal elections are selected by the party leadership. Decision-making at both the national and municipal levels is opaque. The balance of power within the SC alliance parties varies between central and local governments.

Decision-making within the Unity Party (Vienotība, V) centers in the organization's board of directors, which engages closely with its parliamentary faction leadership and government representatives. There is active internal debate on policy issues, as evidenced by press leaks detailing internal party correspondence and publicly visible debates on issues. Local chapters have considerable autonomy in personnel choices and in taking positions on local

issues. There is also, however, evidence of party members' initiatives being suppressed or ignored by the board of directors.

The Greens and Farmers Union (Zaļo un Zemnieku Savienība, ZZS) is an alliance of two major parties and one minor one. The alliance parties operate together at the national level, but can pursue separate activities and agendas at the municipal level. Party decision-making resides with the board. ZZS is perceived to be beholden to one of Latvia's oligarchs, and decisions on candidates and issues often reflect this. Prior to the 2014 elections there was public evidence of internal debate within the alliance about a suitable prime ministerial candidate.

The Reform Party (Reformu partija, RP) was established in 2011, directly prior to the parliamentary elections. It did not, however, last for the entire parliamentary term. Prominent individuals from the party joined other party lists for the 2014 elections and the party is in the process of disbanding.

Two previously independent parties merged to form the National Union (Nacionālā Apvienība, NA). While decision-making resides with elected party officials, an internal diversity of opinion on important issues is visible to the public. The Union's parliamentary faction plays the role of agenda-setter and parliamentarians sometimes pursue individual policy agendas despite official party positions.

The October 2014 elections brought two new parties to power, namely To Latvia from the Heart (No sirds Latvijai) and the Party of the Regions (Latvijas Reģionu apvienība). Both were established in the run-up to the 2014 elections and the intra-party mechanisms of decision-making are still developing.

Association
Competence
(Business)
Score: 7

The Tripartite Council of Latvia (Nacionālā trīspusējās sadarbības padome, NTSP), which links employers' associations, business associations and trade unions, provides a good example of effective association involvement in policy formulation. The members of the NTSP are all capable of proposing concrete measures, and work with academic figures in order to ensure quality inputs into the policy dialogue.

Employers' associations and business associations are continually engaged with the policy process on specific issues, such as energy policy, formulation of the national development plan and tax policy.

The Foreign Investors' Council (FICIL) has a strong capacity for presenting well-formulated policy proposals. FICIL conducts an annual structured dialogue at the prime ministerial level. The actions that come out of these dialogues are subsequently implemented and monitored. The 2014 High Council presented

proposals in the areas of tax policy and administration, macroeconomic policy, investment security policy, health system efficiency and intellectual property protection.

Citation:

1. The Foreign Investors' Council in Latvia, Information available: <http://www.ficil.lv/index.php/home/>, Last assessed: 21.10.2014.

2. The Tripartite Council of Latvia, Agenda available at (in Latvian): <http://www.mk.gov.lv/lv/mp/vaditaspadomes/ntsp/NTSPsedes/>, Last assessed: 21.05.2013.

Association
Competence
(Others)
Score: 4

A number of environmental interest groups have the capacity to propose concrete policy measures and provide capable analysis of policy effects, often in cooperation their international networks or academic bodies. Environmental organizations engage in structured policy dialogue with the relevant ministries, which supports sustained involvement in decision-making and has contributed to the further development of capacity.

Social interest groups are very diverse. However, most lack the capacity to propose concrete policy measures or analyze likely policy outcomes. While the government consults regularly with some social interest groups, such as the Pensioners' Federation, these groups do not produce high-quality policy analysis. Groups representing patients' rights or reproductive health interests are skilled at producing policy proposals, but most lack the resources to engage in sustained advocacy or policy development.

Religious communities have largely remained outside of the public policy process. The notable exception has been conservative groups advocating for "traditional Christian values." These groups have sought to limit LGBT and reproductive rights, and influence the school system. They have gained ground by changing their modus operandi from protest activities to active advocacy at the parliamentary level.

This country report is part of the Sustainable Governance Indicators 2015 project.

© 2015 Bertelsmann Stiftung

Contact:

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh

Dr. Daniel Schraad-Tischler
daniel.schraad-tischler@bertelsmann-stiftung.de

Dr. Christian Kroll
christian.kroll@bertelsmann-stiftung.de