



Latvia Report

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Sustainable Governance Indicators 2017

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Executive Summary

Latvia has performed exceptionally well economically, and has recovered from the 2008 economic and financial crises. Though economic growth began to slow in the second half of 2015 and has remained sluggish throughout 2016. However, other key public policy areas have been marginalized by the single-minded focus that drove Latvia's economic recovery, entry into the euro zone and successful EU presidency in 2015. For example, social inequalities have not been adequately addressed, high rates of income disparity persist, and health and education outcomes in Latvia lag behind those in other EU countries. These failings threaten the sustainability of Latvia's hard-earned economic growth.

The ongoing conflict in Ukraine poses a continuing threat to security, while some economic sectors are being negatively affected by sanctions imposed by the European Union on Russia. Contradictory pro-EU and pro-Russian narratives are exacerbated by inadequacies in local media and tensions within Latvia's bilingual population.

Latvia joined the OECD in 2016. However, reforms identified by the OECD still need to be implemented, including improving the management of state-owned enterprises, ensuring political non-interference, and separating the state's management and regulatory functions. The Foreign Investors Council has identified issues undermining the foreign investment climate, including a lack of legal certainty in court decisions and tax policy, and demographic challenges to Latvia's long-term immigration policy. Business associations claim that uncertainty surrounding tax policy is stalling investment.

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, duplicated ministerial work and failed to provide adequate cross-sectoral coordination. Nevertheless, Latvia's governance system is increasingly open to evidence-based policymaking and external advice. While underfunded, the participation of academic experts and NGOs in policy development is increasingly the norm. Recent changes in the leadership of the state chancellery present an opportunity to consolidate the

strategic capacity of the PKC.

The parliament (saeima) faces serious challenges in exercising executive oversight. Severe underfunding restricts parliament's ability to develop its own or commission independent expertise. Following the appointment of a new secretary general, initial steps have been taken to fund a new parliamentary research unit in 2017.

Though Latvia has a stable democratic framework that protects civil rights, political liberties and democratic institutions, most citizens do not trust the government and are reluctant to participate politically. Only 15% of respondents to a recent public opinion poll agreed that they could influence decision making, while a negligible percentage stated that they engage directly in party politics. The government faces challenges in building trust, a condition which necessarily limits the performance of a democratic system. Several reforms are necessary to improve governance, including protecting the independence of public broadcasting and rebuilding a solid anti-corruption institution.

Key Challenges

The government has proven capable of focused and determined policy development. With the economy consolidating, the focus needs to shift toward addressing the long-term drivers of economic performance and growth. These drivers include education and innovation. Key challenges include fast-tracking innovation policy, and embracing the sharing economy and disruptive economic forces.

The government will have to focus on proactive education policies and removing barriers to economic development, such as the slow court system, inadequate insolvency procedures and corruption. The government should act on the issues identified by the OECD, which include ensuring that the government's role as owner and regulator of state-owned enterprises are separated, and preventing political influence in the management of state-owned enterprises. A re-start of the Corruption Combating and Prevention Bureau is long overdue and the expected appointment of new leadership in 2017 represents a significant opportunity.

Increasing levels of social inequality continue to be neglected, while further undermining low levels of public trust in the political system and risking a new rise in emigration rates. High levels of social inequality exacerbate rising

populism, and need to be addressed by active economic and social policies.

Given the unresolved situation in Ukraine, Latvia will have to mitigate the economic effects of sanctions imposed by the European Union on Russia, while fulfilling its NATO defense commitments. Strengthening the independence, quality and reach of public broadcasting will be key to addressing the contradictory pro-EU, pro-Russian media narratives that are circulating. Though freedom of speech must be considered when implementing any policy. Following parliament's dismissal of the chairperson of the public-broadcasting regulator, the government must re-establish the independence of public broadcasting and ensure a parliamentary commitment to non-interference in public broadcasting.

Senior political figures in parliament and the state chancellery have changed. This represents an opportunity for creating new parliamentary capacities and re-energizing the strategic capacity of the state chancellery. The decision to establish a parliamentary research unit in 2017 is a welcome step.

The Cross-Sectoral Coordination Unit (PKC) is at risk of becoming an unnecessary, additional layer within central government. The PKC is well placed to support strategic planning of the new medium-term budget framework. However, the PKC's capacities and mandate need strengthening to empower the PKC to assess government initiatives with respect to Latvia 2030, Latvia's long-term development framework. This is currently the only strategic framework in which sustainability is a core policymaking issue. Enabling the PKC to engage in a more active oversight function would lend institutional weight to the issue of sustainability and introduce the issue into the heart of government policymaking. It would also provide a clearer frame of reference for the PKC, which would enable the unit to concentrate on its strategic overview role. Government decision-making processes are well managed, transparent and allow for stakeholder input. Though the increasing practice of fast-tracking policy proposals undermines this process, which could destabilize the decision-making process. A slight reduction in the use of fast-tracking in 2015 is a positive development.

The parliament's (saeima) capacity for executive oversight is still severely limited. The appointment of a new high-level administrator for parliament represents an opportunity to address the capacity deficit. A capacity-building plan for parliament could include strengthening in-house policy-analysis systems, making financial resources available for commissioning independent experts, bolstering the authority of parliamentary committee staff and improving the parliamentary library's services. Even though government coalition parties may resist the idea of improving parliament's capabilities for

scrutinizing government initiatives, it would benefit the coalition parties to demonstrate impartial political leadership and increase parliamentary capacities, as these policies would improve the legislative process. In establishing the new research unit in 2017, parliament should ensure that it remains politically neutral, supporting the legislative process rather than simply pursuing partisan politics.

The government should create space for constructive civic engagement. The government needs to build on the innovative public-engagement platforms it has already launched. For example, the government should embrace proposals developed through citizen-engagement initiatives and petitions. Funding support should support NGOs to engage in the policy process and develop policy initiatives. While the government has offered significant support to some social partners, most NGOs remain dependent on rapidly declining foreign funding.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 8

Latvia met its long-standing economic policy goal of joining the euro zone on 1 January 2014. At the time, its economic growth rate of 4.1% was the highest in Europe. It followed a difficult period of economic adjustment in 2009 and 2010. After fulfilling its ambitious fiscal consolidation targets, Latvia's economy rebounded, returning to the international markets and to favorable economic growth rates. International instability contributed to a slowing of Latvia's annual growth rate to 2.4% in 2014, though it improved slightly to 2.7% in 2015 and is well above the EU average.

Latvia's economic policy had been governed by parameters accepted as part of financial assistance provided by the IMF and European Union. 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.

Since meeting its policy goal of joining the euro zone, Latvia's focus has necessarily shifted to longer-term issues of maintaining competitiveness within the euro zone and addressing social inequalities. Structural reforms are planned within the areas of education and science, health financing, innovation policy, the energy market, and the judicial system, among others. These reforms will be key to securing Latvia's future economic competitiveness. Yet the government's commitment to and ability to implement these reforms is weaker than for euro-related policies. Significant parliamentary and stakeholder resistance has stalled reforms to the education system and delayed the opening of the energy market to competition, for example. Stakeholder resistance and political-party disagreements have significantly slowed other reforms such as improving the

management of state-owned enterprises or reforming insolvency laws. Management and oversight reform of state-owned enterprises returned to the policy agenda in 2015, as the government prioritized joining the OECD and agreed a framework for Latvia's membership of the OECD.

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Labor Markets

Labor Market
Policy
Score: 8

The unemployment rate fell from 20% in 2010 to 9.6% in the second quarter of 2016, although a labor flight to Western Europe bears as much responsibility for this trend as the creation of new jobs in the economy. 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.

Minimum monthly wage levels were increased from €320 to €360 in 2015, and to €370 in 2016. Another €10 increase is planned for 2017.

Labor market challenges include a working-age population that is shrinking faster than in any other OECD country, labor migration from rural regions to the

capital city of Riga and high net emigration.

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Taxes

Tax Policy
Score: 7

Overall, Latvia has one of the lowest rates of tax in the European Union. However, more than in many other EU countries, the burden of tax falls disproportionately on wage earners, particularly low-income wage earners, as a result of its flat rate of tax.

With the aim of minimizing the tax burden for low-income groups, legislation was introduced during the economic and financial crises to reduce 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 increasing from 9% to 15% by 2017. Significant changes are expected in 2017, which will mean that only micro-enterprises with a turnover under €7,000 will continue to be taxed at 5%. Enterprises with a turnover between €7,000 and €100,000 will be eligible for the 5% tax rate only during the first three years of operation. Additionally, micro-enterprises will be obliged to pay minimum mandatory social security contributions. In 2017, the payable minimum contribution will be €5.60 or 34.09% of three-quarters of the minimum wage. These changes to the tax system for micro-enterprises have been delayed during the final legislative phase, and are currently awaiting final changes and parliamentary approval.

Other tax policies have sought to increase the tax burden on the wealthy. Such policies have included the introduction of a tax on dividends and an increase in property tax. In 2016, a “solidarity tax” was introduced, which will be levied on any income exceeding the mandatory social security contributions ceiling. The rate of this tax has been set at 34.09%, of which 23.59% is to be paid by the employer and 10.5% by the employee. The constitutionality of this tax has been challenged in the Constitutional Court.

In 2012, the government reduced the rate of personal income tax for 2013 by one percentage point to 24%, followed by further reductions to 23% in 2015. The current rate of personal income tax remains 23%. Starting in 2017, the amount of applicable untaxable minimum is differentiated progressively (smaller income = larger untaxable minimum). In addition, tax allowances for dependents were increased in 2014, 2015 and 2016.

Latvia's corporate tax rate is 15%, one of the lowest in the European Union, which contributes to attractiveness for inward investment into the economy. The Foreign Investment Council's FICIL Sentiment Index 2015 notes, however, that while overall tax rates are attractive for investors, labor tax rates are excessive and do not compare favorably with other investment targets.

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 2013, the budget deficit was reduced to 1.0%, exceeding the target of 1.4%. In 2014, the deficit stood at 1.4%, but in 2015 at 1.3%.

Citation:

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Budgets

Budgetary Policy
Score: 9

Latvia's budgetary policy has been recognized as prudent and fiscally sustainable by both the European Commission and the IMF. However, achieving medium-term structural-reform goals remains a challenge. For example, in 2013 and again in 2015, previously legislated reductions to income-tax rates were rolled back, while mandatory pension-contribution rates (part of the second pillar of Latvia's pension system) had not rebounded to pre-crisis levels and are 2% short of the pre-crisis level.

The budget framework and government-debt cap of 60% of GDP, prescribed by the Law on Fiscal Discipline, has been maintained. Latvia remains broadly compliant with the principles of fiscal discipline. Though, in both 2014 and 2015, the government missed its budget balance target, as approved in the

budget law.

In 2015, the budget deficit was 1.3% of GDP, above the target of 1.0%.

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Research and Innovation

R&I Policy
Score: 3

Research and development (R&D) expenditure in Latvia was equal to 0.69% of GDP in 2014, but fell to 0.62% of GDP in 2015. Investment into R&D from foreign sources in Latvia is significantly higher than the EU average. In 2013, the EU average was 9.9%, while in Latvia it was 44% in 2014 and 45% in 2015. In 2014 and 2015, private sector investment in R&D was 0.19% and 0.12% of GDP respectively, significantly below the EU average of 1.3% in 2014.

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. There are few links between industry and research institutions, a fact that further hampers the growth of the R&D sector. Furthermore, there is a persistent lack of public funding for the development of international research networks and collaborative projects.

In the Union Innovation Scoreboard 2016, Latvia ranked 25 out of 28 EU countries in terms of innovation, up from 26 in 2014. Consequently, Latvia has moved from the category of “modest innovators” to “moderate innovators.”

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:

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Global Financial System

Stabilizing Global
Financial Markets
Score: 6

The volume of bank deposits made by non-residents continues to represent a systemic risk. In the last quarter of 2015, non-resident deposits comprised 53.5% of all deposits, while 9.2% of all deposits originated in either Russia or another CIS country. Following a 2012 regulatory determination that a particular bank specializing in non-resident clients was undercapitalized, a risk-mitigation strategy was 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. As of November 2014, banking supervision responsibilities have been shared between the Latvian regulatory agency and the ECB Single Supervisory Mechanism. In 2014, the three biggest banks in Latvia –including two local subsidiaries of Swedish banks (Swedbank and SEB) and one that largely holds non-resident deposits (ABLV) – passed the ECB’s stress test of bank capitalization across Europe. One of the biggest banks in Latvia with a significant non-resident deposit portfolio- the government missed its budget balance target approved in the budget law, Akciju sabiedrība "Rietumu Banka," is currently subject to an initial comprehensive assessment by the European Central Bank, including an asset quality review and a stress test.

Citation:

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II. Social Policies

Education

Education Policy
Score: 5

Latvia has a relatively well-educated population and performs well in international comparisons, such as PISA. Key challenges to the education system include a shrinking population, a high rate of early retirement among teachers, an unsustainably low teacher-student ratio and a level of public funding significantly lower than the OECD average.

At the primary and secondary level, there has been significant progress in learning outcomes. In the 2012 PISA, Latvia scored average among OECD countries and slightly above average in science. However, Latvia has a small number of underperforming students and there are significant disparities in learning opportunities. For example, there is a significant urban-rural performance gap, while education opportunities for students with special needs are limited.

Furthermore, there is a 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 its public funding structure for local government primary and secondary education services. Funding allocations are now tied to pupil enrollment, which has resulted in a restructuring of the school system and a reduction in the number of schools. The relationship between the rate of state funding and local government is irregular, and is based on the local government's own funding situation. A persistent decline in pupil enrollments due to demographic change has created further financial pressure. The system promotes consolidation and efficiency. In 2016, the government reformed the teachers' compensation system. This reform has met with resistance, including strike threats.

Vocational-education programs are low quality. To improve their quality and relevance to the labor market, social partners are being encouraged to get involved. While enrollment in vocational-education institutions had been

steadily declining, it has recently increased. In 2015, 8,842 students completed secondary-level vocational education, a slight increase over 2014.

Overall, public expenditure on tertiary education is low and spread over a large number of institutions. With a population of just two million, Latvia has 58 accredited higher-education institutions, including both the public and private sectors. The country exceeded the EU 2020 education target of 40% of 30- to 34-year-olds holding university-level qualifications. In 2015, the ratio of 30- to 34-year-olds holding university-level qualifications was 41.3%, up from 39.9% in 2013. However, Latvian researchers are conspicuously absent from the Social Science Citation Index, with just 112 SSCI articles published between 1990 and 2008. The IMF has warned that the current system is unsustainable due to a disproportionately high number of institutions, limited financing and falling student numbers. In 2016, the government reformed higher education financing, focusing on improving salary levels for teachers. These reforms have been met with substantial resistance, but are currently being implemented. The physical and communication infrastructures of 29 institutions were modernized between 2011 and 2013, supported by public funds in the amount of 65.3 million LVL. In 2014, the World Bank published a study that, among other things, analyzed financing models for higher education. However, frequent ministerial changes and a lack of political support means that it remains unclear when and to what extent these reforms will be introduced.

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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 2008 – 2010 economic crisis and persistence of high unemployment rates have until very recently 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 35.4 in 2015, still one of the largest in the European Union. 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 2015, income-tax rates have been reduced from 26% to 23%, 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) indicate 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 and further decreased to 30.9% in 2015.

Latvia's economic-recovery package included policies to address poverty and unemployment. 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 has recovered, a gradual phase-out is being considered. However, the GMI benefit remains in place for 2016.

The high emigration rate serves as a major indicator of marginalization and the lack of opportunity. A total of 254,557 people left Latvia between 2006 and 2015. Moreover, recent research shows that the emigrants are on average better educated than those who have stayed. The annual emigration rate is falling, however. This massive emigration, coupled with a high mortality rate and low birth rate, has led to a 12% decline in population over the past 10 years, the second-largest decline in the European Union. 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. A 2016 review of the implementation of this plan concluded that it has only been partially implemented due to severe underfunding. For example, in 2016 only €607,800 were dedicated to all re-emigration activities, significantly below the planned €1.2 million.

Citation:

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Health

Health Policy

Score: 4

In 2016, an OECD review stated that the health care system broadly delivers effective and efficient care considering its severe underfunding and a higher level of demand compared to most OECD countries. Latvia has universal health care insurance and a single payer system financed through general taxation. Universal population coverage, highly qualified medical staff, the innovative use of physician's assistants are positive aspects of the system. However, substantial challenges remain, including disproportionately high out-of-pocket expenses (one in five people report foregoing health care due to cost), and long waiting times for key diagnostic and treatment services. Mortality rates for men, women and children are higher than in most other EU countries.

The economic crisis in 2008 resulted in a dramatic decrease in public funding for health care. The crisis gave impetus to structural reforms, which aimed to reduce 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 has been introduced to improve the financing of health care services. Latvia is lagging in its ability to develop evidence-based reform proposals. Attempts to introduce e-health and IT solutions have been lagging.

Public expenditure on health care was equal to 3.7% of GDP in 2014. Latvia has one of the highest private, out-of-pocket health care expenditure rates within the European Union. Patients' out-of-pocket health care expenses constituted 36.82% of total health care financing in 2014. Additional financial allocations to the health system in 2014 aimed to reduce patients' out-of-pocket expenses and patient waiting times, and raise the salaries of the system's lowest wage earners. Total expenditure on health care amounted to 5.88% of GDP in 2014, below the

EU average for public health care expenditure.

Although Latvia ranks among the worst performing countries in the Euro Health Consumer Index, there have been substantial improvements in recent years. In 2015, Latvia ranked 29 out of 35 countries, compared to 32 in 2013 and 31 in 2012. The EHCI points to an improvement in infant mortality from 6.2 deaths per 1000 births (red score) in 2012 to 3.9 deaths per 1000 births (green score) in 2014.

Citation:

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Families

Family Policy
Score: 7

Family-support policies enable women to combine parenting with participation in the labor market. In 2014, 70.1% of mothers with at least one child aged between 0 and 14 were employed, which is above the OECD-31 average of 66.2%. In 2015, 69.0% of mothers with children under six years of age were employed, above the EU average of 65.5%. The overall employment rate among women in 2015 was 66.4%, above the EU average of 60.4%.

A maximum of 112 calendar days of maternity leave 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, maternity and paternity benefit levels dropped to 60% of average wage, but are supplemented with a fixed monthly child-support payment.

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, as well as other social benefits such as reduced fares on public transport.

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, although this financial support is likely to be cut as local authorities' fiscal health declines further.

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 amount of the monthly pension is dependent on the recipient's years of service, but is at least equal to or larger than the state social-security benefit of €70, though less than half the 2016 monthly minimum wage of €370. 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 2014 was €66. According to the Central Statistics Bureau, the at-risk-of-poverty rate among retired persons continues to grow rapidly, reaching 34.6% in 2014 compared to 27.6% in 2013.

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 were overly optimistic. In 2014, the rate was only 4%, with a further delay of the reintroduction of the 6% rate until 2016. The 6% rate is projected to be stable for 2017.

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

In 2015, Latvia is still ranked second-to-last among 38 European and North American countries in the Migrant Integration Policy Index. The index noted that Latvia still has the weakest policies among European Union member states.

In 2015, 328 persons applied for asylum in Latvia. Only six were granted refugee status and only 23 received alternative status. There were 215 pending asylum applications at the end of August 2016. Most people who were granted protection status were from Syria, Ukraine, Georgia, Afghanistan and Iraq.

A significant rise in the number of asylum-seekers from Ukraine was seen in 2014 and 2015. In 2015, Latvia convened a working group charged with creating a coherent policy for accepting and integrating larger numbers of refugees as a part of burden-sharing process reflecting the broader European refugee crisis.

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 were not eligible for citizenship when Latvia regained its independence from the Soviet Union and have not been naturalized since independence. Non-citizens comprise less than 12% of the total population.

The Office of Citizenship and Migration Affairs indicates that there are 89,023 migrant workers (i.e. individuals holding either a temporary or permanent residence permit) in Latvia. They comprise 4.5% of the total population.

Since July 2010, Latvia has granted temporary residence permits to investors meeting monetary investment targets. Between 2010 and mid-2015, 15,820 temporary residence permits were issued. In September 2014, parliament doubled the minimum investment required to attain a temporary residence permit resulting in a significant drop in demand for these types of permits. Only 2,291 have been issued since the adoption of these changes.

Rights for immigrants depend on the type of residency permit. Individuals holding a 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 who has acquired long-term resident

status within the European Union has the same rights as Latvian non-citizens.

In May 2013, Latvia adopted changes to its citizenship law that legalized 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.

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.

Legislative obstacles restrict the ability for immigrants to participate in society. Migrants 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. Policy Report: Migration and Asylum in Latvia 2014 (in Latvian). Kitija Kursa. European Migration Network. http://www.emn.lv/wp-content/uploads/ANNUAL-REPORT-2014_Part-2_LATVIA.pdf. Last assessed 21.11.2015.
3. Policy Brief: Immigration in Latvia. Dace Akule and Indra Mangule, Centre for Public Policy PROVIDUS (2014), Available at: http://providus.lv/article_files/2617/original/Kopsavilkums_Imigracija_Latvija.pdf?1402392942. Last assessed 22.11.2015.
4. Migration Policy Group (2015), Migrant Integration Policy Index, Available at: <http://www.mipex.eu/latvia>, Last assessed: 22.11.2015.
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: 9

The Ministry of Interior, state police, security police, state fire and rescue Service, state border guard, and Office of Citizenship and Migration Affairs are responsible for domestic security policy. They collaborate on some policy issues, notably on immigration policy.

In 2015, crime rates have increased by 2.2% over 2014. There are 2,386 reported crimes per 100,000 inhabitants, the lowest such rate among the Baltic states. Despite international developments, the threat of terrorism is low. In 2015, there were no criminal offenses associated with terrorism. In late 2015, the security police started a criminal investigation into alleged participation in the military conflict in Syria. Currently, there are three active investigations into Latvian national's involvement in the Syrian conflict.

Opinion polls from 2016 indicate that public trust in the police continues to rise and more people feel safe (74% of respondents report feeling safe or rather safe).

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 (2014), Public Report, Available at (in Latvian):

http://www.iem.gov.lv/files/text/Gada_parskats_2014_wwwf%281%29.pdf, Last assessed: 22.11.2015

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 was negligible. Latvia's official development assistance (ODA) expenditure is planned at €19 million or 0.08% of GNI. In 2015, public ODA expenditure was €21 million or 0.21% GNI.

Bilateral development cooperation focuses on the three top-priority countries of Georgia, Moldova and Ukraine.

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

Environmental
Policy
Score: 9

Environmental policy effectively ensures the sustainability of natural resources and protects the quality of the environment, as evidenced by Latvia's consistently high rankings in the 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.

In 2015, Latvia adopted a new Environmental Policy Strategy for the 2014 – 2020 period, prioritizing a new financing model for the use of revenue from the natural-resources tax, creating a deposit system for waste management, improving standards in waste-water management, and improving research and development capacities.

The Climate Change Financial Instrument, funded through the International Emissions Trading Scheme, is the main climate-change policy instrument.

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.

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

5. European environment - state and outlook 2015. European Environment Agency. Available at:

<http://www.eea.europa.eu/soer-2015/countries/latvia>, Last assessed 22.11.2015

Global Environmental Protection

Global
Environmental
Policy
Score: 5

Despite having a prime minister from the Union of Greens and Farmers party, Latvia is not an international environmental policy agenda-setter. 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. In 2016, a new threshold was set, which requires political parties to have at least 500 members before standing in national parliamentary elections.

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>, 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. Local newspapers and electronic media in Latvia's rural regions are often dependent on advertising and other support from the local authorities, sometimes leading to unbalanced coverage favoring incumbents. 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/21117/original/slepta_reklama_mediju_prakse.pdf?1343212009, Last assessed: 20.05.2013

Voting and
Registrations
Rights
Score: 8

All adult citizens over 18 years of age have voting rights in national elections. EU citizens can vote in local and European elections, and all have 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 12% 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 2014 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, 2014, Available at: <http://www.osce.org/odihr/elections/latvia/132416>, Last assessed: 16.11.2015

Party Financing
Score: 7

Political parties are financed primarily through individual donations and public financing. 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. Following the 2014 parliamentary elections, the KNAB sanctioned six parties for campaign-finance violations; five parties paid the requisite fines, but one party appealed the decision to the courts.

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.

Beginning in 2012, Latvia 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 2016, Vienotība, a major political party, had its public funding withdrawn due to campaign finance violations.

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 incumbent politicians' election campaigns.

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

4. "Overview of Violations of Campaign Finance Regulations in the 2014 Saeima elections," KNAB (published in Latvian). Available at:

http://www.knab.gov.lv/uploads/free/parskati/12.saeimas_finansu_parbaudes_1.07.2015.pdf, last assessed: 16.11.2015.

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 referendums. However, no 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 2011, a referendum was initiated on the language of instruction in the school system, but failed to gather the necessary signatures during the second stage. 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 2012, an initial 10,000 signatures were gathered and submitted to the CVK for a referendum on granting automatic citizenship to non-citizens in Latvia. 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, which

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, which in turn found in favor of the referendum's constitutionality.

In addition to referendums, 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. Under this new instrument, 25 proposals have been forwarded to parliament.

In 2012, changes were made to the legislation regulating referendums that required petitions to receive 30,000 initial signatures before triggering a referendum, followed by CVK engagement to gather further signatures totaling one-tenth of the electorate. As of 1 January 2015, a one-step procedure took force that eliminated CVK engagement in the signature-gathering phase, placing the responsibility for gathering the signatures of one-tenth of the electorate with the referendum initiators. These changes were adopted with the presumption that there would be an opportunity to gather signatures electronically; however, no simple, user-friendly mechanisms for electronic signature-gathering have yet been put into place. The new requirements are thus prohibitive for any new referendums.

Over the last 10 years, parliament has periodically considered introducing popular initiatives and referendums into the decision-making process at the local government level, but these initiatives have never been successful.

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: 7

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 biased, because of 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 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. In 2015, the parliament dismissed the chairperson of the NEPLP. This was an unprecedented move, and was considered by some to violate the measures built into the Law on Public Broadcasting meant to safeguard the independence of the public-broadcasting system. The parliamentary decision was successfully challenged in the courts and the dismissed council member has been reinstated. However, he is no longer chairperson of the council.

An independent weekly news magazine “IR” was sued for defamation in 2014. The magazine’s assets were frozen at the request of the plaintiff pending the resolution of the case. The act of freezing the assets of a media outlet in a defamation case was described as an attack on press freedom, and provoked parliamentary action to disallow future such asset freezes. Despite legislative changes, the presiding judge did not revoke the asset freeze, preferring to let it expire when the legislative changes came into force on 12 November 2014. The case was dismissed upon appeal. In 2015, another defamation case against IR was filed, but dismissed.

Citation:

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

Media Pluralism
Score: 7

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 opaque. 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/UNldnCrDP7.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 2015, an individual who downloaded data from the State Revenue Service and published a portion of that data in the public interest was prosecuted, found guilty and sentenced to community service. The published data, detailing the salaries of public servants, has since been categorized as openly accessible information. Nevertheless, the state pursued the individual for an unjustifiable violation of an individuals' right to privacy, because his download 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

Non-discrimination
Score: 7

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.

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 2014, the Ombudsman received 87 complaints of discrimination. The Ombudsman has focused on labor-market discrimination on the basis of age, sex and sexual preference, cases of hate speech, and on issues of equal access to education and health services.

Due to Latvia's ethnic makeup, 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. In 2016, new legislation was passed requiring "loyalty" from teachers in the public school system, creating concerns over how this "loyalty" measure will be implemented.

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 (2014), Annual Report, Available at (in Latvian):

http://www.tiesibsargs.lv/files/content/zinojumi/Tiesibsarga_gada_zinojums_%202014.pdf, Last assessed: 16.11.2015.

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.

Dissenting judges of the constitutional court published an opinion in 2014 indicating that the majority had erred in applying the principle of legal certainty during the financial crisis. They emphasized that legal certainty can be applied differently in different settings.

The Foreign Investors' Council in their FICIL Sentiment Index 2015 noted two issues with legal certainty. First, the legal system delivers unpredictable results, which negatively affect the foreign investment climate in Latvia. Second, the legislative environment and tax regime has been inconsistent since the 2008 crisis, undermining investor confidence.

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, at the time of writing in 2016, 59% of administrative cases in a first instance court conclude within 6 months, although 30% require a year. In the appellate courts, the situation is worse, as 53% of cases require 12 to 18 months and 20% require 18 to 24 months. Administrative court backlogs are being addressed by limiting access to the court system through increases in court fees and security deposits. A Ministry of Justice working group has been convened to propose other systemic improvements. Institutional reforms are

underway in the administrative court, which would remove an administrative layer to improve efficiency.

The constitutional court reviews the constitutionality of laws and occasionally that of government or local government regulations. In 2015, the court received 269 petitions, of which 116 were considered outside the jurisdiction of the court and dismissed. The court dealt with a wide range of issues, including constitutionality of tax legislation, the role of the state flag in constitutional identity, electricity price policy, status of state officials and freedom of expression.

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.

Appointment 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 (with a compulsory retirement age of 70). 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.

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, has tended to avoid rendering 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 to remove concerns of political interference. KNAB has seen several controversial leadership changes and 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, which continued through 2015 and 2016. These court cases ended with the director dismissing two deputy directors in the summer of 2016. Both have appealed their dismissal. The director adopted an administrative approach that 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 director's term concluded in November 2016 and he has not been offered a second term. The selection process for a new KNAB director has become problematic, as the first advertised competitive procedure yielded no results. As of November 2016, a second selection procedure has yet to be announced.

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 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. In 2016, multiple parties were sanctioned for violations of public financing rules. Vienotība, a major parliamentary party, has had its public funding withdrawn due to violations of campaign finance restrictions.

The slow progress of cases through the court systems undermines efforts to assess the system's effectiveness. However, the available statistics indicate some positive trends. In 2013, for example, the number of persons tried in the court of first instance decreased to 85 (compared to 108 in 2012), while only 20 public officials were convicted of misdeeds, the lowest such number since 2004. Cases brought in 2013 were few and simple, evidenced by the fact that most judgment had already come into force by mid-2014, and no defendant received a prison sentence. 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 (2013 Data Added), Available at: <http://corruption-c.wikidot.com/>, Last assessed: 16.11.2015.

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 Center (Pārresoru koordinācijas centrs, PKC). The PKC's mandate was 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, contributing to policy debates on a range of cross-sectoral issues such as demographics and income disparities. 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. In 2015, the PKC's mandate was expanded to include a coordinating role in the management of state-owned enterprises.

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 early in policy development. However, the PKC is understaffed and cannot participate in the policy-development processes of all line ministries. Indeed, the PKC has been criticized for becoming mired in the details of policy planning, effectively duplicating the work of ministries while failing to provide the cross-sectoral, meta-approach expected of it.

A leadership change within the State Chancellery in the fall of 2015 indicates that a reassessment of strategic-planning roles within the government core may be on the agenda in 2016.

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.

Earlier policy-development stages are not as transparent, but there remains an effort to engage and consult stakeholders.

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 these green-paper procedures.

Most ministries have developed additional good practices in the area of public consultation. 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. The number of NGOs participating in working groups and consultative bodies increased in 2014. However, the number of NGOs that submitted comments on draft laws or participated by offering comments in public consultation processes declined.

Citation:

State Chancellery (2014), Report, Available at (in Latvian):
http://www.mk.gov.lv/sites/default/files/page/attachments/gada_parskats_2014.pdf,
Last assessed: 22.11.2015.

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., whether agreement has been achieved among ministries) and whether public consultation procedures have taken place.

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 relatively substantial autonomy, weakening the power of the prime minister. As a result, ministers belonging to a different party than the prime minister will attempt to block the prime minister's office from 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 2015, cabinet committees considered 106 issues, of which 85 were sent on to cabinet.

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

Citation:

State Chancellery (2014), Report, Available at (in Latvian):

http://www.mk.gov.lv/sites/default/files/page/attachments/gada_parskats_2014.pdf, Last assessed: 22.11.2015.

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, putting the efficacy of coordination at risk. In 2011, 2012 and 2013, a respective 35%, 34% and 31% of all issues before cabinet were fast-tracked. In 2014, however, the percentage of measures fast-tracked increased markedly to 42%. In 2015, 32% of all issues before cabinet were fast-tracked, a significant drop from 2014.

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 interministerial working groups to prepare policy proposals. These methods are widely used, but are not mandatory.

Citation:

State Chancellery (2011, 2012, 2013,2014), Reports, Available at: <http://www.mk.gov.lv/vk/gada-parskats/>, Last assessed: 22.11.2014.

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 range from a detailed, evidence-based analysis to 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 stage of the policy-development process. The State Chancellery monitors the quality of annotations and the use of the green papers. The Chancellery has delayed several policies due to inadequacies in the annotations or the green-paper process.

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 short-, medium- or long-term analyses. 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. The Cross-Sectoral Coordination Unit (PKC) conducts an annual assessment of Latvia's strategic goals, which includes sustainability assessments.

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. The number of NGO participants over the 10 years of this council's existence has risen from an initial 57 to almost 400 in 2015. Ministries have their own sectoral consultative bodies. The executive branch has 165 different consultative bodies, a slight decrease from a high of 173 in 2011, but the number of NGOs participating in these bodies has increased from 980 to 1,128 over the same period.

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 as well as multiple calls for the resignation of the minister. Despite extensive consultations throughout 2014 and 2015, teachers' unions organized a one-day strike in late 2015 over education-finance reform issues.

In 2013, the State Chancellery launched two public-engagement tools – 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 2015, Mazaksslogs processed 164 complaints and suggestions, 31 of which related to construction and building permits. Meanwhile, Futbols collected 876 reviews (2013 - 2016), with the largest number focusing on the State Social Insurance Agency, the State Revenue Service and the Office of Citizenship and Migration Affairs. Futbols won the World Summit Award Mobile 2014 for best app worldwide in the category of m-government and participation.

Citation:

State Chancellery (2011, 2012, 2013, 2014), Reports, Available at (in Latvian): <http://www.mk.gov.lv/vk/gada-parskats/>, Last assessed: 22.11.2015.

Policy Communication

Coherent
Communication
Score: 8

The government office organizes coordination meetings of ministerial communication units. During 2015, 11 formal meetings were held. 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, euro zone entry criteria, budget reform and fiscal

discipline, OECD entry requirements – government performance can be considered excellent. The government has proven to be particularly efficient in implementing policies that have been recommended by international partners (the European Union, NATO, Council of Europe, OECD).

However, second-tier policy objectives show mixed success rates. For example, despite the fact that successive government declarations have identified education reform as a policy priority, little demonstrable progress has been made toward fulfilling the outlined policy objectives. Furthermore, in the prime minister's annual reports to the parliament in 2012, 2013 and 2014, no significant education policy achievements are recognized. In 2016, however, a reform of the teacher compensation system was passed. Opposition to the implementation of education-policy objectives has been strong not only on the part of stakeholder groups and opposition parties, but also among 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 2015 this report included an evaluation of Latvia's progress toward its long-term development goals (included in the National Development Plan 2020 and the Latvia 2030 long-term development strategy). The prime minister provided parliament with a progress report on 24 separate performance indicators, reporting good progress in nine cases, adequate/weak performance in 10 cases, and poor performance in eight cases, requiring a reprioritizing or revision of policy measures.

The government has exhibited capacity for appropriate policy reactions to acute emergent issues. In November 2013, 54 people died and dozens more were 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. Institutional changes were introduced addressing systemic failures contributing to the event, such as the reestablishment in October 2014 of a construction-supervision authority at the central government level, and through legislative changes such as increases in liability for safety violations and construction-code violations and a redefinition of the division of responsibilities and assignment of liabilities in the construction process. Despite a false start regarding public engagement in an investigative committee, the then Prime Minister Laimdota Straujuma 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. However, in 2016, three years after the event, an NGO monitoring report concluded that only five of 37 tasks undertaken by the government in the wake of this disaster had been completed, and six partially completed.

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 (2015). Monitoring of Systemic Change in the Aftermath of Zolitude (in Latvian) Available at: <http://providus.lv/musuvalsts/monitorings/4>, Last assessed 22.11.2015.

5. Monitoring Report: Latvia's sustainable development strategy 2030 and National Development Plan 2014 - 2020, and Laimdota Straujuma's government declaration. PKC 2015. (In Latvian) Available at: http://www.pkc.gov.lv/images/MP_zinojums/MPzin_07092015_Uzraudzibas_zinojums.pdf, Last assessed 22.11.2015.

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 with cabinet decisions, while the PKC monitors implementation of the government declaration. Both reporting streams enable the prime minister to fully monitor individual ministers' progress in achieving the government's program. Nevertheless, disagreements between ministers regularly become public and can be divisive. Most recently, ministers have disagreed over the EU migrant relocation scheme and tax system reform.

Monitoring
Ministries
Score: 8

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.

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 interministerial 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 was 24.3% in 2015, 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 2015 showed an imbalance between central and local government budget pressures. In 2015, local government expenditure decreased by 1.1%, while central government expenditure increased by 3.8%. However, local government income increased by 1.7%, while central government income increased by 3.4%.

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 affected 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. In 2015, 59 one-stop agencies were launched. After only one year of operation, they have proven to be useful, processing more than 25,000 different types of applications to state and municipal agencies. A further 20 one-stop agencies are planned to open in 2016. However, the comparability of data sets between institutions remains a challenge.

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. During the 2013 – 2015 period, Latvia adapted its domestic structures to comply with the demands of the 2015 EU presidency. Beginning in 2014, Latvia began adapting to the requirements associated with OECD membership. In 2016, Latvia joined the OECD.

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 the civil service's human-resources management, tax-policy changes and reforms in the management of state enterprises. The group proved to be a useful forum for the consolidation of support across sectors for major policy changes and structural reforms. The inclusion of non-governmental actors in the group serves to facilitate support for upcoming policy changes. Although the reform management group was considered successful, at the time of writing it had 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 European Union 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 Committee, whose decision is binding. The committee considers approximately 500 national positions per year.

During the first six months of 2015, Latvia held the presidency of the Council of

the European Union. Latvia's first experience with the presidency was considered a success, with the country providing appropriate leadership both on expected challenges, such as returning Europe to economic growth, and unexpected challenges, such as the rapidly escalating refugee crisis and terrorist activity in Europe.

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-resources constraints experienced by the PKC. Leadership changes within the State Chancellery in 2015 may lead to a reassessment of strategic capacities at the center of government.

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.

According to USAID's 2015 CSO Sustainability Index for Central and Eastern Europe and Eurasia, the government has a positive attitude toward NGOs and NGOs provide significant input to the policymaking process. In 2015, NGOs participated in roughly 1,400 working groups. Latvia scored 2.6 and ranked 3 out of 29 countries in the Central Europe, Eastern Europe and Central Asia region, behind Estonia and Poland, and equal to the Czech Republic.

Individuals are slow to engage with the political process. According to a 2015 survey, 50% of respondents claim that they would be able to protect their rights and interests through government or municipal institutions, while 38% claimed they could not. However, 54% of respondents stated that they did not believe that they could influence politics through civic engagement. The most popular methods of participation are online commentary (16%); signing petitions (12%); contacting politicians or state officials (11%); boycotting products, services or organizations (7%); and participating in an NGO (6%). In addition, 60% of respondents stated that referenda were a good method for deciding important political issues. 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 European Union.

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. An e-petition tool lets any group of 10,000 or more citizens place issues on the parliamentary agenda. In its three years of operation, eight initiatives launched on this site have been successful in initiating parliamentary action. An initially successful social-media-style website that enabled citizens to engage in direct communication with members of parliament was shut down in 2014 due to a lack of financing.

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.°

6. Research center SKDS, Survey on central government's image, Available (in Latvian): http://petijumi.mk.gov.lv/sites/default/files/file/VKanc_Valsts_parv_klientu_apmerinat_petij.pdf, Last assessed 07.11.2016

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, legal office, personal administrative support and parliamentary library staff. However, this does not allow for substantive policy analysis or the independent production of information. A very small monetary allowance is available for commissioning independent research. The Latvian parliament is the only legislature in the Baltic Sea region with no institutional research capacity.

In 2015, the parliament created the new position of secretary general to serve as the new administrative head of the parliamentary staff. Capacity-building is one of the top priorities identified by the newly appointed secretary general. The parliamentary budget for 2017 has been amended to include resources for the establishment of a small research unit.

Obtaining
Documents
Score: 10
Summoning
Ministers
Score: 10

The parliament has the right to obtain documents from the government. 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.

Summoning
Experts
Score: 7

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

Parliamentary committees are able to invite experts to committee meetings, but have no power to make attendance mandatory. Parliament largely relies on the pro bono participation of experts to compensate for its own lack of substantive capacities and resources. However, committee chairs do have some discretion to pay modest honorariums to external experts.

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. Additionally, the parliament has commissioned an external financial audit every year since 2012. In 2012, NGOs and citizens called for the parliament to subject itself to an external audit, performed either by the State Audit Office or an independent auditor, which in addition to addressing financial issues would focus on the effectiveness, efficiency and economy of the body's operations and processes. 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 2015, the ombuds office received 1,775

complaints, 997 of which related to civil and political rights. The ombuds office reports annually to parliament.

Citation:

1. Ombudsman of Latvia Annual report (2014) Available at (in Latvian):

http://www.tiesibsargs.lv/files/content/zinojumi/Tiesibsarga_gada_zinojums_%202014.pdf, Last assessed 22.11.2015

Media

Media Reporting
Score: 5

A minority of the ten 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 and advertising shifts to Internet-based sources and limited budgets for public broadcasting have had a negative effect on the provision of high-quality content. Additional challenges include the proliferation of pro-Russian narratives in the media, broadcasted by Russia as well as Latvian outlets and shared through social networks.

Nevertheless, some media players 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 the non-profit investigative-journalism center Re:Baltica, founded in August 2011. It focuses 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.

New concerns have arisen about the influence of Russia's "hybrid warfare" on the media environment in Latvia, especially for Russian-language media consumers. Proposals to expand the public-broadcasting services to include Russian-language programming have stalled, however.

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

Intra-party
Democracy
Score: 5

Parties and Interest Associations

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 Union of Greens and Farmers (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.

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.

Association
Competence
(Business)
Score: 8

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. Both parties have actively used their parliamentary presence to enhance their visibility, but their intra-party decision-making mechanisms remain opaque.

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' 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 Latvian Chamber of Commerce (LTRK) engages in ongoing dialogue with the government, and along with the slightly less influential Employers' Confederation of Latvia (LDDK), forms a part of the tripartite council.

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 2015 council meeting focused attention on improving insolvency regulations and economic-reform efforts in areas important over the long term, such as labor-force quality and education.

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 further capacity development.

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 development 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. In 2015, they secured a controversial change to the Law on Education, leaving schools vulnerable to charges of ethical breaches in teaching.

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