



Latvia Report

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

Sustainable Governance Indicators 2018

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Executive Summary

Latvia's economy has rebounded; GDP growth in 2017 once again placed it among the fastest growing economies in Europe. This has created fiscal space to shift focus to policy challenges neglected in the past, including social inequalities and income disparities as well as poor health and education outcomes. A recent reform package has shifted the tax system toward a progressive income tax, reducing the tax burden on low-wage earners. Ambitious education reforms have been announced, but their successful implementation remains far from guaranteed given the vocal opposition from teachers and local government authorities. A much needed supplementary allocation to the health care budget has been passed for 2018. Overdue reforms of the health care system remain fraught with controversy as current drafts appear to prioritize tax collection over access to health care.

The increasingly unpredictable international climate poses a continuing threat to domestic security. Latvia will meet its NATO defense spending goal of 2% of GDP in 2018. Contradictory pro-EU and pro-Russian narratives have been exacerbated by a lack of independent local media and tensions within Latvia's bilingual population. The slow post-factum unveiling of Russian interference in European and United States elections raises questions of how Latvia will mitigate potential interference in its own elections in 2018.

Latvia joined the OECD in 2016. Reforms advocated by the OECD are being implemented, including on improving the management of state-owned enterprises, ensuring political non-interference, and separating the state's management and regulatory functions. While frameworks for the management of state-owned enterprises and for insolvency procedures have been improved, implementation remains a challenge. 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.

The government has significant strategic capacities. The Cross-Sectoral Coordination Centre (PKC) offers regular, quality assessments that feed into the day-to-day decision-making processes of government. However, the PKC has failed to establish its authority among the numerous voices in government decision-making, with the result that PKC analyses are often overlooked in

favor of political expediency. 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.

The parliament (Saeima) faces serious challenges in exercising executive oversight. In 2017, parliament established a parliamentary research unit. Its initial mandate, however, is quite narrow; it will provide several research products per year, defined and agreed upon via a collaborative process conducted during the preceding year. The limited scope of this mandate will prevent the research unit from having an impact on day-to-day legislative decision-making.

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, limiting the performance of the 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 to be capable of focused and determined policy development. The growing economy presents opportunities to realign tax burdens and focus on long-term drivers of economic performance and growth, such as education and innovation. It also permits a focus on long-neglected policy challenges, such as reducing social inequalities. Encouraging steps have been taken. The government must now follow through on measures shifting the tax burden away from low-wage earners, improving health care access and quality, and reforming education. The needs in these challenges are enormous, but must be balanced with fiscal prudence.

If social inequality remains unaddressed, public trust will continue to slip, risking a further rise in emigration. The mismatch of skills in the Latvian labor market has created high unemployment coupled with a qualified labor shortage. Negative demographic trends will exacerbate this situation in the

future. The government should focus on policies that mitigate labor shortages, such as remigration incentives and immigration policies specifically targeted to fill particular highly skilled labor needs.

The government should continue to address barriers to economic development, such as the slow court system, inadequate insolvency procedures and corruption. Policies adopted in preparation for OECD membership should be followed through to successful implementation. With the 2017 change in leadership at the Corruption Prevention and Combating Bureau (KNAB), there is now the opportunity for a long overdue repositioning and overhaul of the institution.

Given international tensions stemming from Russia's activities, Latvia must fulfil its NATO defense commitments as well as mitigate the economic effects of the sanctions imposed on Russia by the European Union. The approved budget allocation to meet Latvia's NATO defense spending commitments starting in 2018 is a welcome development. However, resilience in the face of a hybrid war requires other types of spending. 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. The government should take advantage of the fiscal space generated by a growing economy to consolidate the financial independence of public broadcasting by providing resources that are not subject to annual budget shifts. With adequate funding, these reforms could free public broadcasting from relying on advertising revenue. Recent election interference by Russia in the United States and Europe raises the specter of similar interference in Latvia, where information warfare is common. The government must equip itself to mitigate the threat that this presents for the 2018 national elections.

The establishment of a parliamentary research unit in 2017 is a welcome step toward improving the parliament's capacity for executive oversight. Unfortunately, the initial mandate for the research unit will have limited impact on day-to-day legislative decision-making. The research unit should be given a broader mandate, one that enables it to bring evidence-based analysis into the work of parliamentary committees.

Government decision-making processes are well managed, transparent and allow for stakeholder input. The practice of fast-tracking policy proposals undermines this process; further efforts should be made to reduce the use of fast-tracking. The Cross-Sectoral Coordination Centre (PKC) is well placed to support strategic planning in the new medium-term budget framework and to keep the government focused on long-term goals. However, the PKC must

focus on building its informal authority within the decision-making process so that its analyses can counteract the pull toward political expediency.

The government should continue to create space for constructive civic engagement by building on innovative public engagement platforms already launched and channeling financial support to NGOs that engage in the policy process. While the government has offered significant support to some social partners, most NGOs remain dependent on rapidly declining foreign funding as local funding has not filled the shortfall.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 8

Following a difficult period of economic adjustment in 2009 and 2010, Latvia's economy has fully rebounded, returning to the international markets and to favorable economic growth rates. In 2016, Latvia's annual growth rate was 2.0%, in line with the EU average. In 2017, the growth rate is significantly rising, with the second quarter rate standing at 4.8% compared to the same period in 2016.

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. The Fiscal Discipline Council (FDC) plays an oversight function, consulting with the government on fiscal planning issues and compliance with the budget deficit cap. In 2017, the FDC drew attention to overspending stemming from a reallocation of resources away from projected payments into the EU budget and toward the national budget; it also argued that projections for the fiscal effects of the tax reform were overly optimistic.

Since meeting its policy goal of joining the euro zone in 2014, Latvia's focus has necessarily shifted to longer-term issues of maintaining competitiveness within the euro zone and addressing social inequalities. Structural reforms are underway 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.

Citation:

1. Central Statistical Bureau (2017), Growth Rate Indicators, Available at: <http://www.csb.gov.lv/en/notikumi/gdp-has-grown-12-over-quarter-and-48-over-year-45783.html>. Last accessed 20.11.2017
2. Fiscal Discipline Council of the Republic of Latvia (2017). Irregularity reports (06.09.2017,15.09.2017,20.09.2017).
3. Fiscal Discipline Council of the Republic of Latvia (2017). Macroeconomic forecast endorsement (04.08.2017).
4. European Commission (2017),2017 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011. https://ec.europa.eu/info/file/96711/download_en?token=i5i9Q_FV. Last accessed 19.11.2017.
5. OECD (2017) Economic Survey of Latvia (2017). <http://www.oecd.org/economy/surveys/Latvia-2017-OECD-economic-survey-overview.pdf>. Last accessed 20.11.2017

Labor Markets

Labor Market
Policy
Score: 8

The unemployment rate fell from 20% in 2010 to 8.9% in the second quarter of 2017, 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. Vocational training programs have been revamped.

Minimum monthly wage levels were increased from €70 in 2016 to €80 in 2017. Another €10 increase is planned for 2018.

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.

Citation:

1. European Commission, Unemployment Statistics, Available at: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics_at_regional_level. Last Assessed: 01.10.2017.
2. European Commission (2015), Report on Latvia. Available at: http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_latvia_lv.pdf, Last assessed: 22.11.2015
3. OECD (2016). OECD Reviews of Labor Market and Social Policies. Latvia 2016. OECD Publishing, Paris. Available at: <http://dx.doi.org/10.17187/9789264250505-en>

Taxes

Tax Policy
Score: 8

Overall, Latvia has one of the lowest rates of tax in the European Union. However, more than in many other EU countries, the tax burden falls disproportionately on wage earners, particularly low-income wage earners. Tax reforms undertaken in 2016 and 2017 have begun to shift the tax burden away from low-income wage earners and increased the tax burden on the wealthy. These reform policies have included property tax increases and the introduction of a tax on dividends. A significant tax reform is planned for 2018.

In 2016, a “solidarity tax” was introduced, to be levied on any income exceeding the mandatory social security contributions ceiling. The rate of this tax was set at 34.09%, of which 23.59% was to be paid by the employer and 10.5% by the employee. The legality of this tax was challenged in the Constitutional Court by a group of plaintiffs subject to the new tax. In October 2017, the Constitutional Court ruled that while the solidarity tax itself is constitutional, the differentiated application across taxpayer groups was unconstitutional. The court mandated that the tax expire on 1 January 2019, granting the government time to plan an appropriate tax-policy change.

The tax reforms that come into force in 2018 aim to reduce income inequality and increase the total amount of tax revenues to 30% of GDP. A progressive income tax system will be introduced. The personal income tax rate of 23% will be replaced with a three-tier system: 20% for annual incomes below €20,000, 23% for incomes between €20,000 and €55,000, and 31.4% for incomes above €55,000. The maximum non-taxable minimum income will be increased from €15 to €200 per month, with further increases slated for 2019 and 2020. The non-taxable minimum for pensions will increase from €35 to €50 per month, with further increases slated for 2019 and 2020. The allowance for dependents will be increased from €175 to €200 per month. The personal income tax rate for income from capital and capital gains will be increased to 20% (with the exception of dividends taxed under corporate income tax).

In order to increase health care financing, social security contribution rates will be increased in 2018, from 34.09% to 35.09% of which 24.9% is to be paid by the employer and 11% by the employee. The solidarity tax, which is in effect until 2019, will be applied only to income that exceeds the cap for mandatory social insurance contributions: €55,000 in 2018.

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%, declining to 1.3% in 2015. In 2016, the budget deficit was 0.0%.

Citation:

1. IMF (2017), Article IV Consultation, Available at: <https://www.imf.org/en/Publications/CR/Issues/2017/07/07/Republic-of-Latvia-2017-Article-IV-Consultation-Press-Release-Staff-Report-45050>. Last assessed 20.11.2017

2. Ministry of Finance (2017) Tax Reform in Latvia. Available at http://www.fm.gov.lv/files/files/2017-09-06_11_21_11_Tax%20Reform%20in%20Latvia%20FIN%2021082017.pdf. Last assessed 05.10.2017.

3. Constitutional Court (2017) Solidarity Tax Paragraph 6 does not conform to the Constitutional principle of equal treatment before the law (in Latvian). <http://www.satv.tiesas.gov.lv/press-release/solidaritates-nodokla-likuma-6-panta-noteiktas-nodokla-likmes-neatbilst-satversme-nostiprinatajam-vienlidzibas-principam/>. Last assessed 20.11.2017.

Budgets

Budgetary Policy
Score: 9

Latvia's budgetary policy has been recognized as prudent and fiscally sustainable by the European Commission, the IMF, and the OECD. However, achieving medium-term structural-reform goals remains a challenge.

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.

In 2015, the budget deficit was 1.3% of GDP, above the target of 1.0%. In 2016, it stood at 0.0%.

Research and Innovation

R&I Policy
Score: 4

Research and development (R&D) expenditure in Latvia was equal to 0.62% of GDP in 2015, but fell to 0.44% of GDP in 2016. 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.

In the Union Innovation Scoreboard 2017, Latvia ranked 25th out of 28 EU countries in terms of innovation, up from 26th in 2014. Consequently, Latvia moved from the category of “modest innovators” to “moderate innovators.”

The OECD has recognized Latvia for improving in its framework on research and development innovations, noting the consolidation of research institutions, introduction of quality-based financing models, and incentives to boost research. For example, a support program for the development of new products and technologies has been set up, managed nationwide by eight Competency Centers. The program seeks to attract at least €12.8 million in private sector investment for research and development. As of 1 September 2017, 150 projects had been launched.

Citation:

1. European Commission (2017), Union Innovation Score board 2017, Available at: <http://ec.europa.eu/DocsRoom/documents/24829>. Last assessed: 10.10.2017.

2. OECD (2017) Going for Growth-Latvia 2017. <http://www.oecd.org/eco/growth/Going-for-Growth-Latvia-2017.pdf>. Last assessed 19.11.2017

Global Financial System

Stabilizing
Global Financial
Markets
Score: 7

The volume of bank deposits made by non-residents has presented a systemic risk to the Latvian financial system. However, this risk is declining. The share of non-resident deposits to total deposits shrank from 53.4% in 2015 to 42.8% in 2016. The share of non-resident deposits continued to fall in 2017 as Latvia’s membership in the OECD and new international banking regulations saw Latvia’s regulators and banks tighten their anti-money laundering practices. Latvia was lauded for this in an annual report from the OECD.

Latvia’s banking system is increasingly interconnected with the Nordic and Baltic regional system, requiring increased collaboration to address Nordic parent bank vulnerabilities and their spillover effects.

Citation:

1. IMF (2017), Article IV Consultation Report, Available at: <https://www.imf.org/en/Publications/CR/Issues/2016/12/31/Republic-of-Latvia-2016-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-43983> Last Assessed: 19.11.2017

II. Social Policies

Education

Education Policy
Score: 5

Latvia has a relatively well-educated population and performs reasonably well in international comparisons, such as PISA. However, compared with the 2012 PISA results, Latvia has experienced a decline in learning outcomes, especially in science and mathematics. The 2015 PISA results show that performance in the most significant indicators is now at the OECD average or below. The share of top performers has shrunk, while the share of low performers has increased compared to 2012.

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.

Education reform has been high on the government's agenda. The total number of general education schools has dropped from 824 in 2014/2015 to 790 in 2016/2017, as has the number of vocational schools, from 63 to 51. Further school system consolidation is planned, aiming to both reduce expenditures and increase school size and quality at the secondary school level, particularly in Latvia's rural regions where schools are often unsustainably small and with poor educational outcomes. However, these reforms are opposed by local governments which fear the loss of jobs that would accompany school closures. In 2016, the government reformed the teachers' compensation system; this reform has met with resistance, including strike threats. A significant curriculum reform is also underway, to be implemented on a rolling schedule between 2018 and 2022.

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. 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 2017, the Bank of Latvia recommended a drastic reduction in the number of higher-education institutions, from 56 to 20, as well as a reduction in the number of study programs, from over 900 to less than

500. 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 still 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.

Citation:

1. OECD (2016). PISA 2015 key findings for Latvia. Available at: <http://www.oecd.org/pisa/pisa-2015-latvia.htm>. Last accessed 15.10.2017
2. OECD (2017) Education Policy Outlook: Country Profile – Latvia. Available at: <http://www.oecd.org/edu/Education-Policy-Outlook-Country-Profile-Latvia.pdf>. Last assessed 20.11.2017
3. IMF (2013), Republic of Latvia: Selected Issues, Country Report, Available at: <http://www.imf.org/external/pubs/ft/scr/2013/cr1329.pdf>, Last assessed: 20.05.2013
4. OECD (2016). Education in Latvia, Reviews of National Policies for Education. OECD Publishing, Paris. Available at <http://dx.doi.org/10.1787/9789264250628-en>

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 34.5 in 2016, 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.

In 2017, a new progressive tax rate has been adopted, effective in 2018, along with other measures aimed at reducing the tax burden on low-wage earners.

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 275,131 people left Latvia between 2006 and 2016. 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 Remigration*, 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 been only partially implemented due to severe underfunding. For example, in 2016 only €596,400 were allocated to all remigration activities, significantly below the planned €1.2 million.

The Latvian political agenda has spotlighted demographic issues, including the prospect of remigration as one solution to the demographic situation. A 2016 report identified barriers to remigration, including a lack of demand for particular professional skills, lower wages, difficulty in readapting to the local environment, and a lack of institutional support and information.

1. Central Statistical Bureau, Database, Available at: <http://data.csb.gov.lv>
2. Ministry of Economy (2013), *Re-emigration Plan, Report and Supporting Documents*, Available at: <http://www.em.gov.lv/em/2nd/?cat=30791>, Last assessed: 20.05.2013
3. Inta Mierina (2015), *Latvijas Emigrantu Kopienas: Cerību Diaspora*. LU: Rīga. Available at: http://fsi.lu.lv/userfiles/image/ESF%20Latvijas%20emigrantu%20kopienas/FSI_Ceribu_diaspora_pub.pdf
4. Mihails Hazans (2016), *Atgriešanās Latvijā: remigrantu aptaujas rezultāti*. Available at: http://www.diaspora.lu.lv/fileadmin/user_upload/lu_portal/projekti/diaspora/petijumi/Atgriesanas_Latvija_-_petijuma_zinojums.pdf. Last assessed 11.10.2017

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. Latvia is lagging to develop evidence-based reform proposals.

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. As of 2014, a "diagnosis-related group" system has been introduced to improve the financing of health care services. In 2017, the Latvian parliament is considering a substantial reform to the system. According to the government's own estimates, the reform is projected to push 300,000 people out of health care coverage. The new system will tie health care coverage to tax payments and is being touted as a way to improve tax revenues. The new system increases allocations for public health spending, which are expected to be used to improve salary levels in the medical professions, to stave off personnel shortages.

The introduction of e-health and IT solutions began in 2017, after a considerable delay. The new system has come under heavy criticism and the requirement to use the system was one of the factors contributing to a family doctor strike in 2017.

Public expenditure on health care was equal to 3.2% of GDP in 2016. Latvia has the highest private, out-of-pocket health care expenditure rates in the EU. Patients' out-of-pocket health care expenses constituted 41.6% of total health care financing in 2015. Total expenditure on health care amounted to 5.7% of GDP in 2016, below the EU average for public health care expenditure.

Over the course of 2016 and 2017 there have been many personnel changes in the upper management levels of the health care system. High turnover in senior management positions within the ministry and health agencies raises concerns of consistency and institutional memory within the system.

Although Latvia ranks among the worst performing countries in the Euro Health Consumer Index, there have been substantial improvements in recent years. In 2016, Latvia ranked 29th out of 35 countries, compared to 32nd in 2013. The EHCI points to an improvement in infant mortality from 6.2 deaths per 1,000 births (red score) in 2012 to 3.9 deaths per 1,000 births (green score) in 2014, and 3.8 in 2016.

Citation:

1. OECD (2016) Health Spending Data. Available at: <https://data.oecd.org/healthres/health-spending.htm>, Last assessed 12.11.2017

2. Euro Health Consumer Index 2016, Available at: https://www.healthpowerhouse.com/files/EHCI_2016/EHCI_2016_report.pdf. Last assessed 12.11.2017

3. OECD (2016). OECD Reviews of Health Systems.Latvia 2016. OECD Publishing, Paris. Available at: <http://dx.doi.org/10.1787/9789264262782-en>

Families

Family Policy
Score: 7

Family-support policies enable women to combine parenting with participation in the labor market. In 2016, 74.5% of mothers with at least one child aged between 0 and 6 were employed, which is above the OECD-31 average of 67.7%.

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.

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. As of 2017, 10 days of parental leave are available for adoptive parents.

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:

1. European Commission (2016), Employment Rates by Sex, Available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>, Last assessed: 29.11.2017

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 2017 monthly minimum wage of €380. 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 2016 was €279. According to the Central Statistics Bureau, the at-risk-of-poverty rate among retired persons continues to grow rapidly, reaching 38.1% in 2015 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 stable for 2017.

The second pillar mandatory funded pension scheme has come under criticism for excessive fees. An independent private start-up fund has emerged, offering substantially lower commissions and favorable terms. Legislators have taken interest and draft legislation is under consideration to limit as of 2018 bank commissions and fees levied for managing the mandatory funded pension scheme.

Citation:

1. Ministry of Welfare (2017). Review of state funded pension system. Available at: http://www.vsaa.lv/media/uploads/UserFiles/pakalpojumi/stradajosajiem/2_pensiju_limenis/parskati_par_va_lsts_fondeto_pensiju_shemas_darbibu/vfps_2016_gada_parskats_15_-6_2-17.docx. Last assessed 26.09.2017
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 2016, 350 persons applied for asylum in Latvia. Only 23 were granted refugee status and 222 received alternative status. Most people who were granted protection status were from Syria, Russia, Afghanistan and Iraq.

In 2015, Latvia convened a working group charged with creating a coherent policy for accepting and integrating larger numbers of refugees as part of a 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 challenges 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 11.43% 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.

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. Moreover, in late 2017, politicians from the National Alliance party called for legislation to strengthen the importance of the Latvian language in the private (primarily service) sector.

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. Office of Citizenship and Migration Affairs (2017). Statistics – Asylum seekers. Available at: <http://www.pmlp.gov.lv/lv/sakums/statistika/patveruma-mekletaji.html>. Last assessed 10.10.2017
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. One conviction has followed, carrying a four-year prison sentence. In 2016, two criminal investigations for terrorism threats were launched, another for inciting terrorism and four for participation in foreign armed conflicts.

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_wwf%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. This reduction has meant that Latvia's ability to directly contribute to efforts to tackle global social inequalities has been negligible. In 2016, Latvia's official development assistance (ODA) expenditure was €19 million or 0.08% of GNI, down from €21 million or 0.21% GNI in 2015. Latvia has adopted a multi-year ODA strategy, which foresees increasing contributions to 0.33% of GNI by 2020.

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

Citation:

1. State Development Cooperation Policy Plan (2016 – 2020), Available at (in Latvian): <http://www.likumi.lv/ta/id/284775-par-attistibas-sadarbibas-politikas-pamatnostadnem-2016-2020-gadam>. Last assessed: 10.11.2017

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. Water resources, environmental health policy and biodiversity were identified as particular strengths. However, weaknesses remain in the areas of forests, agriculture and fisheries.

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. Natura 2000 designated sites cover 12% of the territory of Latvia, representing 327 different areas for the protection of habitats and species. 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.

1. Yale University (2016), Environmental Performance Index Rankings, Available at: <http://epi.yale.edu/country/Latvia>. Last assessed: 06.10.2017

2. 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
Policy
Score: 5

Global Environmental Protection

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 2017 Climate Change Performance Index, which evaluated emissions trends, emissions levels and climate policy, rated Latvia as a good 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.

Citation:

1. Germanwatch (2017). Climate Change Performance Index. Available at: <https://germanwatch.org/en/download/16484.pdf>. Last assessed 06.10.2017

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, multiparty 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).

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, although debates between political party leaders before elections often feature only those parties leading in the polls.

The national 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. Local government-owned print media is pushing independent local media out of the market, leaving only government-owned outlets to function as a public relations arm for 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/2117/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 (11.43% of the total population in 2017) 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
3. Central Statistics Bureau (2017). Population of Latvia by citizenship. Available at: http://data.csb.gov.lv/pxweb/en/Sociala/Sociala_ikgad_iedz_iedzskaits/IS0090.px/?rxid=b9db0bc7-a63e-4dc2-a338-63eb65055a70. Last accessed 15.10.2017

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 Prevention and Combating 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, 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 KNAB for the misuse of public funds. In 2016, KNAB fined two parties – Vienotība and Saskaņas Centrs – for party financing violations; the parties had to repay €3,000 and €4,840 respectively that were obtained from illicit sources. Later, KNAB completely withdrew public funding for Vienotība due to campaign finance violations. KNAB investigations into illegal financing are ongoing, with two cases currently pending.

There are still other 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.

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, though it 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, 41 proposals have been forwarded to parliament since 2010.

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 proposals have never been enacted.

Citation:

1. 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
2. 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
3. Social Initiative Platform ManaBalss.lv, List of Signed Initiatives, Available at (in Latvian): <https://manabalss.lv/page/progress>, Last assessed: 15.10.2017

Access to Information

Media Freedom

Score: 6

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. In 2017, leaked transcripts of conversations between Latvia's three "oligarchs" document political influence in the major daily newspaper "Diena" and in public television. These conversations observed that public radio remains impervious to outside political influence.

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 unprecedented move 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 was reinstated. However, he is no longer chairperson of the council. In 2017, the Supreme Court rejected his appeal. Since then, a new council has been appointed. This new council has been criticized for violating the independence of public broadcasting after making swift, poorly substantiated changes in the leadership of public radio.

Independent local print media is under increasing competitive pressures from local government-owned media outlets. The latter not only offer a low, subsidized purchase price to readers, but also a low advertising rate, pulling advertising revenue away from independent publications. A local independent media outlet has successfully contested in the courts the legitimacy of local government-owned publications taking paid advertisements.

Overall, two trends are obvious. First, 2017 saw Latvia's media outlets compete for €480,000 in government funding aimed at promoting quality journalism. As the income of media outlets continues to fall, even private media will be ever more reliant on government funding. Second, Latvia's print media is in a downward spiral of falling readership and income. There were only six national newspapers in 2017, compared to fifteen 20 years ago. At the same time, the numbers of people reading only online media (such as Delfi) is rising and this will shake-up Latvia's media market.

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.

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, although he was pardoned by the president in December 2017. 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.

:
1. Ombudsman of Latvia (2016), Annual Report, Available at: http://www.tiesibsargs.lv/uploads/content/lapas/tiesibsarga_2016_gada_zinojums_1489647331.pdf, Last assessed: 29.11.2017.

Political Liberties
Score: 9

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

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

Non-discrimination
Score: 7

In 2011, Latvia concluded its transposition of EU anti-discrimination directives. Anti-discrimination legal provisions are scattered among more than 30 pieces of legislation, with policy responsibilities dispersed among a significant number of state institutions. No single entity takes the lead in designing and implementing anti-discrimination policy. Individuals complaining of discrimination typically approach the Ombudsman. 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 (2016), Annual Report, Available at (in Latvian): http://www.tiesibsargs.lv/uploads/content/lapas/tiesibsarga_2016_gada_zinojums_1489647331.pdf, Last assessed: 10.11.2017.

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:

1. 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

2. FICIL Sentiment Index 2015. Available at: <http://www.sseriga.edu/en/centres/csb/sentiment-index/>. Last assessed: 20.11.2017.

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 2017, 51% of administrative cases in a first instance court conclude within 6 months, although 36% require up to a year. In the appellate courts, the situation is worse, as 46% of cases require 6 to 12 months, 20% 12 to 18 months and 13% even longer. 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 2016, the court received 479 petitions, of which 302 were forwarded for consideration. The court initiated 31 cases. The court dealt with a wide range of issues, including calculation of pensions, questions surrounding insolvency and personal data protection.

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.
4. Constitutional Court (2017). Overview of the work of the Constitutional Court 2016. Available at: <http://www.satv.tiesa.gov.lv/blog/2017/02/20/parskats-par-satversmes-tiesas-darbu-2016-gada/>. Last assessed 22.11.2017.

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 Prevention and Combating Bureau (Korupcijas novēršanas un apkarošanas birojs, KNAB). The Group of States Against Corruption has recognized KNAB as an effective institution, though it has identified the need to further strengthen institutional independence to remove concerns of political interference. KNAB has seen several controversial leadership changes and has been plagued by a persistent state of internal management disarray. Internal conflicts have spilled into the public sphere. For example, the previous KNAB director and deputy director were embroiled in a series of court cases over disciplinary measures in 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. Public trust has declined even further: from 41% in 2014 to 29% in 2016. The director's term concluded in November 2016 and he was not reappointed for a second term. A new selection process was undertaken and a new well-qualified and seemingly independent director, coming from the military, appointed in 2017.

In 2017, a high-profile corruption investigation, dismissed by the prosecutor's office, has come under public scrutiny. A series of leaked recorded conversations of "oligarchs" colluding to manipulate political decision-making has forced the re-examination of this investigation and the reasons why it failed to lead to prosecution. A parliamentary inquiry process is ongoing.

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. 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 2016, for example, the number of persons tried in the court of first instance increased to 34, from an all-time low of 23 in 2014. Defendants included police officers, customs officers, border guards and one judge. In five cases, sentencing included prison terms. In 2016, the largest bribery case involved a €68,560 bribe, offered to an official of KNAB. The outcome of this case is still pending.

Citation:

1. Corruption °C (2017), Updated Statistics on Convictions for Corruption Offences (2016 Data Added), Available at: <http://providus.lv/article/jaunaka-statistika-par-korupcijas-lietu-iztiesasanu-latvija>, Last assessed: 29.11.2017.
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 (2016), Nations in Transit, Country Report, Available at: <https://freedomhouse.org/report/nations-transit/2016/latvia>, Last assessed: 29.11.2017
4. KNAB (2014), Attitudes toward Corruption in Latvia (in Latvian), Available at: http://www.knab.gov.lv/uploads/free/knab_if_aptauja2014.pdf, Last assessed: 22.10.2014

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 8

In December 2011, Latvia established a central government planning unit, the Cross-Sectoral Coordination Centre (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. 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.

The effectiveness of the PKC is not limited by its ability to provide quality analysis and evidence-based arguments, but rather by its inability to carve out a position of authority and influence within the decision-making process. Analysis provided by the PKC to politicians is easily tossed aside when

political expediency dictates. The PKC itself sees its role as providing much-needed analysis, but not necessarily ensuring that these evidence-based arguments are respected in the decision-making process.

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: 6

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.

Most ministries have developed 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.

The tax reform in 2017 saw a wide array of international and domestic experts propose and debate reforms across a broad spectrum of government committees, public discussions, TV and radio debates, and op-ed columns. A similar process is now underway with reforms to the health care system. This increased the status of non-governmental academic experts and government transparency.

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).

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. 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 2016, 27% of all issues before the cabinet were fast-tracked, a significant drop from 2015.

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 not mandatory.

Citation:

State Chancellery (2015, 2016), Reports, Available at: <http://www.mk.gov.lv/vk/gada-parskats/>, Last assessed: 20.10.2017.

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 Centre (PKC) provides input to the drafting of policies, highlighting sustainability issues. The PKC also 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: 21.05.2015

Societal Consultation

Negotiating
Public Support
Score: 8

Societal consultation takes place frequently and is diverse in nature. The National Tripartite Cooperation Council (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 2017, an influential group of NGOs called for more transparency and participatory mechanisms in the budget planning process.

This was partially realized in the 2017 tax reform and reflects a long-term trend toward greater engagement with societal actors. Trade unions as well as business and employers' associations had the opportunity to participate in the debates and discussions on the tax reform and influenced the final legislation.

However, in its public consultations, the government is rarely successful in achieving an exchange of views that substantively 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 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, teacher unions organized a one-day strike in late 2015 over education-funding reforms. Similarly, despite long-standing discussions on health sector reforms, family doctors went on strike in 2017.

Citation:

State Chancellery (2011, 2012, 2013, 2014, 2015,2016), Reports, Available at (in Latvian): <http://www.mk.gov.lv/vk/gada-parskats/>, Last assessed: 10.11.2017.

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 (EU, 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 and significant curriculum reform is currently being implemented. 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. A mid-term review of the National Development Plan is expected in 2018.

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%.

Local governments suffer from a lack of capacity in financial management. The State Audit Office has repeatedly noted that local governments ignore accounting standards and requirements. In the absence of proper local and national approval procedures for government transactions, violations range from petty issues, such as covering entertainment costs out of the municipal budget, to large scale fraud, such as a municipal official signing a €200 million bond.

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.

3. Freedom House (2016). Nations in Transit: Latvia 2016. Available at: <https://freedomhouse.org/report/nations-transit/2016/latvia>. Last assessed: 29.11.2017

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. Similarly, in 2015 and 2016 public discussion focused on the burden of financing expected refugee flows.

National
Standards
Score: 6

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

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 were 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 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.

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. As of November 2016, there were 21,628 registered NGOs in Latvia. 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. In 2016, this score dropped to 2.5.

NGOs have a formal consultation mechanism with the government, the NGO-Council of Ministers Cooperation Council. However, NGOs are critical of this mechanism. In 2017, a group of NGOs submitted a letter asking the government to reexamine the budget process from the point of view of

transparency, participation and principles of good governance. The NGOs requested a larger role in the budget planning process, similar to that offered to other groups, such as organizations included in the National Tripartite Cooperation Council (NTSP).

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 referendums 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, manabalss.lv, lets any group of 10,000 or more citizens place issues on the parliamentary agenda. In 2016, 85 initiatives were launched using this tool, gathering a total of 278,120 signatures (up from 91,891 signatures in 2015). Since its inception, 17 initiatives have proven successful, eight of these during 2016. The parliament is increasingly responsive to these initiatives, with six initiatives from 2016 taken up by the parliament even before the 10,000-signature mark was reached. 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.

Citation:

1. Latvian Facts (2011), Public Opinion on the NGO Sector in Latvia, p.7, Available at (in Latvian): http://www.nvo.lv/site/uploads/veci_e_faili/Zinojums_lv_27_04_2011.pdf, Last assessed: 20.05.2013
2. Baltic News Service (2011), Latvian Political Parties and Associations Estimated to have around 25 thousand Members, Article available at (in Latvian): <http://www.delfi.lv/news/national/politics/latvija-partijas-un-politis-kajas-apvienibas-varetu-but-apmeram-25-tukstosi-cilveku.d?id=39523183>, Last assessed: 21.05.2013.
3. State Chancellery (2013) Unpublished Data on NGO involvement in the Mechanisms of the Cabinet Decision-Making Process
4. Latvian Civic Alliance (2014), Overview of the NGO Sector in Latvia 2015. Available at: http://www.nvo.lv/site/attachments/29/04/2016/NVO_PARSKATS-2015-23.04.pdf, Last assessed: 10.11.2017
5. 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: 3

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 has not allowed for substantive policy analysis or the independent production of information. Until 2017, the Latvian parliament was the only legislature in the Baltic Sea region with no institutional research capacity.

In 2017, the parliament created a new parliamentary research unit. As of May 2017, it is in its start-up phase, with a director and staff of two. The 2018 budget for the unit is expected to include resources for outsourcing expertise. To date the unit has produced one study. Their mandate for further research studies to be done in 2018 was approved by the presidium of the parliament in November 2017. The planned work is to be produced on a medium- to long-term schedule (i.e., issues to be addressed are broad and overarching, not narrow and tied to legislative work in progress). The mandate approved for the research unit does not, at present, enable the research unit to be responsive to in progress legislative work.

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.

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

Summoning
Experts
Score: 7

Parliamentary committees are able to invite experts to committee meetings but have no power to make attendance mandatory. The 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. This committee fields all submissions from individuals and NGOs, including collective petitions which have reached the 10,000-signature threshold.

An independent ombuds office was created in 2007 following the reorganization of the Latvian National Human Rights Office. 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 as well as raised public awareness on hate speech. In 2016, the ombuds office received 1,893 complaints, 54 of which led to investigations. The ombuds office reports annually to parliament.

Citation:

1. Ombudsman of Latvia Annual report (2016) Available at (in Latvian): http://www.tiesibsargs.lv/uploads/content/lapas/Tiesibsarga_2016_gada_zinojums_1489647331.pdf, Last assessed 20.11.2017

Media Reporting
Score: 5

Media

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 as well as publishes leaked information of broad political significance. Investigative reporting on public and private television stations fulfills a watchdog function. A concerted investigatory journalism effort in 2017 by the public broadcaster has put the treatment of children in institutions on the political agenda. 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.

Data from 2017 show that trust in media stands at 50% (6% completely trust, 44% mostly trust). This level of trust is slightly less than when information is

obtained through social networks (e.g., friends and family). The most trusted media sources in Latvia are internet news site www.delfi.lv (cited by 18% as the most trusted), followed by the public broadcasters (11% for LTV, 7% for LR) and another internet site www.tvnet.lv (8%).

1. 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

2. Ministry of Culture (2017). Media Literacy. Available at (in Latvian): https://www.km.gov.lv/uploads/ckeditor/files/ediju_politika/petijumi/Medijpratiba_petijuma%20rezultati_Latvijas%20Fakti_18_07_2017.pdf

Parties and Interest Associations

Intra-party
Democracy
Score: 5

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

The Harmony Party (Saskaņas 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. In early 2017, a group of disgruntled Vienotība members of parliament left Vienotība and joined an effort to establish a new party in advance of the 2018 elections. Vienotība has experienced upheaval, with a change in party leadership, several high-ranking party leaders either quitting the party or being expelled. The former chair of the party, Solvita Aboltina, has been expelled from the party, but remains in parliament and is still chairing the Vienotība faction in parliament. The

Vienotība faction currently contains only a minority of Vienotība party members due to defections and expulsions. The prognosis for the parliamentary faction's future ability to formulate joint positions is weak.

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.

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. Both parties have experienced defections of visible parliamentarians.

The National Tripartite Cooperation Council (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 dialog.

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 dialog 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 dialog

at the prime-ministerial level. The actions that come out of these dialogs are subsequently implemented and monitored. The 2017 council meeting focused attention on the demographic situation as a future economic hurdle and urged consideration of a smart migration policy. The council also noted improvements in shrinking the shadow economy and promoted a continuation of anti-corruption efforts.

Citation:

1. The Foreign Investors' Council in Latvia, Information available: <http://www.ficil.lv/index.php/home/>, Last assessed: 22.11.2017.

2. National Tripartite Cooperation Council, Agenda available at (in Latvian): <http://www.mk.gov.lv/lv/mp/vaditas-padomes/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 dialog 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.

The Civic Alliance is an umbrella group of NGOs that serves as a platform for common issues. In 2017, the alliance galvanized a group of influential NGOs to call for increased transparency and participatory opportunities for NGOs in the government's budget planning process. The NGOs are demanding the type of access and consultation already in place for other social partners, such as the National Tripartite Cooperation Council (NTSP).

Address | Contact

Bertelsmann Stiftung

Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Daniel Schraad-Tischler

Phone +49 5241 81-81240
daniel.schraad-tischler@bertelsmann-stiftung.de

Dr. Christof Schiller

Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Dr. Thorsten Hellmann

Phone +49 5241 81-81236
thorsten.hellmann@bertelsmann-stiftung.de

Pia Paulini

Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de
www.sgi-network.org