



# Latvia Report

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## Sustainable Governance Indicators 2020

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## Executive Summary

Latvia's economy has rebounded and, until recently, the country's GDP growth rate ranked it among the fastest-growing economies in Europe and as the faster-growing economy among the Baltic States. Even though the indicators have slipped somewhat in 2019, this growth has created the fiscal space to shift focus to neglected policy challenges, including social inequalities, income disparities, and poor health and education outcomes. A recent reform package has shifted the tax system toward a progressive income tax and, while moderate in its scope, marks a welcome step in 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 healthcare budget was passed for 2018, but has not been implemented as promised in 2019, which has led to industrial action by medical practitioners. Overdue reforms of the healthcare system remain fraught with controversy as current drafts appear to prioritize tax collection over access to healthcare.

The increasingly unpredictable international climate poses a continued threat to domestic security. Latvia has met its NATO defense spending goal of 2% of GDP in 2018 and 2019, although there has been some debate about the need to raise spending above the 2% mark. Contradictory pro-EU and pro-Russian narratives have been exacerbated by a lack of trusted, independent local media and tensions within Latvia's bilingual population. The slow post-factum unveiling of Russian interference in European and U.S. elections raised questions about how Latvia would mitigate potential Russian interference in its own elections in 2018. Nevertheless, no significant interference was observed during the elections.

Latvia joined the OECD in 2016. Reforms advocated by the OECD are being implemented, including reforms to improve the management of state-owned enterprises, ensure political non-interference, and separate 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, tax policy, slow digitalization of services

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 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. The research unit provides several research products per year, defined and agreed upon via a collaborative process conducted during the preceding year. The limited scope of this mandate, as well as the small number of research staff, 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 22% of respondents to a recent public opinion poll agreed that they trusted the parliament and only 24% described the government as performing successfully. 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.

Latvia's government must also rapidly modernize regulation of the banking sector, following the February 2018 report by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). The report accused ABLV, Latvia's third-largest bank, of institutionalized money laundering. A few weeks after ABLV was prohibited from opening or maintaining correspondent accounts in the United States, ABLV went into liquidation. A similarly negative report from the Council of Europe's MONEYVAL committee in August 2018 has stated that Latvia should be put on a "gray" list of countries if a long list of recommendations to reform banking regulation and oversight are not introduced within the next 12 months.

## Key Challenges

The government has proven capable of focused and determined policy development. The growing economy presents opportunities to realign the tax burden, 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 that will shift the tax burden away from low-wage earners, improving healthcare 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 skills mismatch in the Latvian labor market has created high unemployment coupled with a shortage of skilled labor in the past. Meanwhile, the more recent fall in the unemployment rate paired with rising wages indicates a tightening labor market. Negative demographic trends will exacerbate this situation in the future. The government should focus on policies that mitigate labor shortages, such as repatriation incentives and immigration policies specifically targeted to fill demand for high-skilled labor. In addition, the government should emphasize the role of civic engagement in its decision-making. For example, when implementing the territorial administrative reform, it should be carried out in an inclusive, transparent and engaging manner.

The government should also continue to address barriers to economic development, such as the slow court system, inadequate insolvency procedures and corruption. While Latvia has taken some steps to strengthen the Corruption Prevention and Combating Bureau's (KNAB) functional independence, greater effort should be made to implement a strategic approach to tackle foreign bribery and money laundering investigations.

Given international tensions stemming from Russia's activities, Latvia must continue to fulfill its NATO defense commitments as well as mitigate the economic effects of the sanctions imposed on Russia by the European Union. Latvia met its spending commitment in 2018 and 2019, which 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. 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 establishment of a parliamentary research unit in 2017 was a welcome step toward improving the parliament's capacity for executive oversight. Unfortunately, the initial mandate for the research unit will have a limited impact on day-to-day legislative decision-making. The research unit should be given a broader mandate and employ more research staff, which would enable it to bring evidence-based analysis into the work of parliamentary committees.

Government decision-making is well managed, transparent and allows 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 decision-making authority 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. In addition, the further decline in voter turnout (only 54.6% of the eligible population voted in the 2018 election) is a strong indicator that government communication with the public needs to be improved.

Finally, Latvia will need to remain mindful of the challenges it faces in the current parliamentary term. The 2018 election has brought new parties and new ideologies into the Saeima, but at the same time the coalition is now very fragmented. As a result, given the different positions these parties hold on (potentially) key developments, internal coalition conflicts are likely to continue arising, which may obstruct the work of the government.

In the immediate future, the government must prioritize regulation of the banking sector to avoid being placed on MONEYVAL's list of "gray" countries, which could lead to Nordic banks closing their branches in Latvia, further starving the economy of access to capital.

## Party Polarization

In general, parties are able to reach agreements, although this in part due to the composition of the dominant coalition over recent years. Center-right parties have dominated, pursuing a pro-European stance, liberal economic policies and promoting an (ethnic) Latvian identity.

Latvia has a multiparty system, which is somewhat fragmented and polarized, with polarization strongest along ethnic/linguistic lines (the ethnic cleavage cuts across the usual left-right divide). Parties are broadly perceived as either representing Latvian or Russian speakers.

The Saskaņa (Harmony) party, which has succeeded in consolidating the Russian-speaking vote, has been the largest parliamentary fraction since 2011. However, the party has never been part of a ruling coalition. No Russophone party has ever served in a coalition government in Latvia. This trend is likely to continue for the next parliamentary term, and was illustrated prior to and after the election in 2018, when most parties stated that they would not cooperate with Saskaņa. Consequently, Saskaņa will remain rather isolated, and will continue to serve a limited role and lack influence over decision-making. (Score: 6)

Citation:

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# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 8

After a difficult post-crisis period of economic adjustment in 2009 and 2010, Latvia's economy has fully rebounded and become more resilient, returning to the international markets and to favorable economic growth rates. In the last decade, there have been no significant economic imbalances, only moderate levels of inflation, with economic growth averaging around 3.5% (4.8% in 2018). The OECD has noted that Latvia's economic growth is projected to remain strong, as exports strengthen and EU structural fund transfers boost investment.

Latvia's economic policy had been governed by parameters accepted as part of financial assistance provided by the IMF and the European Union. Even though this assistance has since been repaid and parameters are withdrawn, they have 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 2019, while commending the low budget deficit (in comparison with the EU average) as well as the government's setting up a fiscal reserve for 2020 – 2022, the FDC also called for an increase of the reserve in the future urged the government to be more proactive in their counter-cyclical activities.

Since meeting the policy goals of joining the euro zone in 2014, Latvia's focus has shifted to longer-term issues of maintaining competitiveness within the euro zone and addressing social inequalities. Over the coming years, Latvia will need to maintain progress with economic reforms and participate more

actively in international trade to ensure continued economic progress. Domestically, there should be a stronger focus on innovation and research and access to jobs.

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## Labor Markets

Labor Market  
Policy  
Score: 7

In 2019, approximately half of the population of Latvia were economically active. The unemployment rate in Latvia has fallen from 20% in 2010 to 6.4% in 2019. Following increases in 2016 and 2017, the minimum monthly wage was further increased in 2018 to €430. Accordingly, in the second quarter of 2018, compared to the second quarter of 2017, the average monthly gross wage grew by 8.4% or €78. The average monthly income now exceeds €1,000.

However, rising wages with labor shortages is indicative of a tightening labor market. The main labor market challenges for Latvia remain a rapidly shrinking working-age population, internal migration from rural regions to the capital city of Riga and high net emigration. Furthermore, more than 40% of all emigrants between 2009 and 2016 were high skilled, which continues to contribute to rising skill shortages.

According to the 2019 OECD recommendations, future labor policies in Latvia will have to focus on reducing long-term unemployment, supporting discouraged workers and expanding the menu of active labor market policies, which target disadvantaged groups. Key active labor market policies will focus on job seeker mobility between regions, raising older workers' skill levels and supporting unemployed young people. Furthermore, it was recommended that the general operation of the State Employment Agency be improved, establishing new training programs, promoting regional mobility and making more effective use of existing employment data.



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## Taxes

Tax Policy  
Score: 7

Overall, Latvia has one of the lowest rates of tax in the European Union. However, more than in many other EU member states, the tax burden falls disproportionately on wage earners, particularly low-income earners. To address this issue, tax reforms were undertaken in 2016 – 2018 to shift the tax burden away from low-income wage earners and increased the tax burden on the wealthy.

However, the reforms have since been evaluated as insufficient by the European Commission and the OECD. Even though personal income tax has become more progressive overall, it has been lowered on average without labor tax measures significantly reducing income inequality or poverty.

For example, the 2017 tax reform only targeted low-income households and not the lowest-income households, who gained little from the reduction of personal income tax. In addition, a reduction of the standard personal income tax rate from 23% to 20% amounted to 0.8% of GDP, of which 60% would go to the richest 30% of taxpayers – who are the main beneficiaries of the recent tax reforms. Further improvements are therefore needed for the Latvian tax system to reach its redistributive potential.

When it comes to ecological sustainability, effective tax rates on CO<sub>2</sub> emissions from energy use in transport are low and fully exempt in other

sectors, where emissions from fuel use are not taxed at all. This was highlighted by an OECD report (2019), which recommended that Latvia increase energy taxation by eliminating exemptions and taxing pollutants at the same rate across different fuels and sectors. As of 2019, the annual vehicle tax will be based on CO<sub>2</sub> emissions, although only for newer cars – a progressive tax model for all cars would improve the overall impact on environment.

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. Since 2013, the budget deficit has been decreasing, dropping to 0.0% of GDP in 2016. It then reached 0.5% of GDP in 2017 and 1% of GDP in 2018. Though, according to the Ministry of Finance, it will remain 0.5% of GDP in 2019. It has also been predicted that, provided constant policy is maintained, the budget deficit will further decrease to be 0.3% of GDP in 2020 and 0.4% of GDP in 2021, before switching to a budget surplus of 0.2% of GDP in 2022.

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## 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. Overall, the budgetary situation can be described as strong, with low public debt. The budgetary framework is based on the transparent national fiscal legislation (Fiscal Discipline Law) and overseen by an independent fiscal council. The framework has been described as rigorous by the OECD (2017).

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.

During 2018, Latvia recorded a government deficit matching 1% of the country's GDP and maintained policy continuity, which was not been impaired by the current election cycle. The Ministry of Finance has predicted that the budget deficit for 2019 will not exceed 0.5% of GDP. In the 2018 Fiscal Sustainability Report, the European Commission identified Latvia as having low fiscal sustainability risks over the short, medium and long term.

The current coalition has emphasized a commitment to addressing challenges that the Latvian economy is facing. The 2019 budget and the government's medium-term plans are expected to reverse the previous year's pro-cyclicality and ensure continued fiscal prudence. Furthermore, no immediate risks of fiscal imbalances have been detected by the IMF, OECD or the European Commission.

Citation:

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## Research, Innovation and Infrastructure

R&I Policy  
Score: 6

Even though there has been some improvement in Latvia's performance in research and development investment over time (0.62% of GDP in 2015, 44% of GDP in 2016 and 0.51% in 2017), investment remains lower than the EU average.

At the same time, investment into R&D from foreign sources in Latvia is significantly higher than the EU average. In 2013, the EU average was 9.9% of GDP, while in Latvia it was 44% of GDP 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% of GDP in 2014.

Even though Latvia's productivity growth has been solid, innovation performance remains average at best. In the Union Innovation Scoreboard 2018, Latvia ranked 24 out of 28 EU member states in terms of innovation, up from 25 in 2017. Consequently, Latvia remained in the category of "moderate innovators." The share of high-tech companies in the Latvian economy is small, as is the private sector's demand for R&D activities. In budgetary debates, innovation remains a low priority.

Nevertheless, the OECD has recognized Latvia for improving its research and development, and innovation framework, noting the consolidation of research institutions, the 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. Nearly 200 projects have been launched thus far, which signals an appetite for similar incentives to be introduced in the future.

In Latvia, a high proportion of the population has completed tertiary education, which – paired with favorable business conditions – creates an advantageous climate for innovation-driven growth. In the light of the European Union's 2020 strategy target that 3% of GDP in the European Union should to be invested in R&D, Latvia has also set a target of increasing R&D funding to 1.5% of GDP by 2020 and to 3% by 2030. In the coming years, the quality of public R&D has to increase, and links between academia and business need to be strengthened.

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Stabilizing  
Global Financial  
System  
Score: 7

## Global Financial System

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 and 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. Non-resident deposits in Latvian banks dropped further to 19.5% in September 2019. 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. Overall, despite the suspension of activities of Latvia's third-largest bank following allegations of money laundering, the banking system remains stable, well capitalized and liquid – with capital levels 40% higher than the euro zone average and average liquidity coverage four times the regulatory minimum.

In addition, Latvia adopted a National Risk Assessment for money laundering and terrorist financing in 2017, articulating an understanding of the vulnerabilities and risks that the country faces. In 2018 and 2019, further steps were also taken to implement MONEYVAL recommendations.

However, the absence of a robust risk assessment (e.g., which would address confusion between unusual and suspicious transaction reports) for terrorist financing still represents a key deficiency in the effective supervision of international financial security. Furthermore, there is a lack of clarity in the legal system regarding targeted financial sanctions. With the exception of the Financial Capital Market Commission, Latvia's supervisory authorities are not active in international cooperation regarding money laundering and terrorist financing.

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## 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. The 2015 – 2019 PISA results show that performance in the most significant indicators is now at the OECD average or below.

While successful in making upper secondary education nearly universal (88% of adults have attained an upper secondary level of education) and exceeding the EU 2020 education target of 40% of 30 to 34 year olds holding a university-level qualification, Latvia lags behind other OECD countries in vocational education. In addition, 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. There is some limited evidence that the process of downsizing the large body of higher-education institutions has begun. For example, the Riga Pedagogical Academy was recently merged with the University of Latvia. In addition, steps were taken to close a number of rural schools.

Tertiary attainment among 25 to 34 year olds has improved in Latvia, from 29% in 2018 to 42% in 2018. Nevertheless, a wide gender gap exists, with 54% of women and only 30% of men holding a tertiary-level qualification. Furthermore, for 25 to 64 year olds, 34% of the population had attained tertiary education in 2018, 3% lower than the OECD average.

Latvia has undertaken comprehensive reforms in both general and vocational education, switching to a competence-based educational approach. The reforms will be introduced gradually between 2019 and 2023. Furthermore, in 2018, amendments to the Education Law and the Law of General Education were also approved, which will gradually change the language of instruction

for ethnic minority upper-secondary education programs to Latvian only in 2021/2022. For grades 1 – 9, a bilingual education model will be introduced.

In general, education reform has been high on the government's agenda. Nevertheless, there are still challenges to address in the education system – a shrinking population, a high rate of early retirement among teachers and a level of public funding that is significantly lower than the OECD average. Furthermore, around 45% of primary to upper secondary school teachers are at least 50 years old in Latvia. Combined with low salaries, the aging teacher population will constitute a significant future challenge. Some steps were taken in 2018 and 2019 to increase the minimum wage for teachers (from €680 to €750 per month), but longer-term plans remain unclear.

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## Social Inclusion

Social Inclusion  
Policy  
Score: 5

While economic growth and stabilization is evidenced by some economic and social indicators (such as poverty rates), the depth of the 2008 – 2010 economic crisis and persistence of high unemployment rates had a lasting impact on citizens' welfare and quality of life, and contributed to higher emigration levels until recently. Emigration potential continues to be high, with only a small percentage of emigrants planning to return.

Latvia has one of the highest levels of income disparity among EU member states, with a Gini index of 35.6 in 2019, still one of the largest in the European Union. The situation has been exacerbated by policy decisions that favored rapid economic recovery at the cost of social-security provision for at-risk population groups.

Nevertheless, Latvia's economic-recovery package included policies to address poverty and unemployment. For example, the social safety net includes a guaranteed minimum income (GMI) program which is a well-targeted scheme addressing the needs of unemployed people and at-risk population groups. Since its introduction, the minimum GMI benefit has been increased and the 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, although small in terms of coverage and financing. The benefit was €49.80 per month from 2013 until 2018 when it was increased to €53 per month (an increase to €64 forthcoming in 2020).

The high emigration rates serve 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 high rate of 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.

The government has taken additional steps to decrease inequality. For example, in 2017, a new progressive tax rate was adopted (effective in 2018), along with other measures aimed at reducing the tax burden on low-wage earners. Similarly, the government has approved a plan to increase the minimum retirement pension amount in 2020.

Nevertheless, even though living standards have improved overall, and expenditure on pensions and benefits continue to grow gradually, poverty and income equality remain high. Latvia's poverty rate is one of the highest in the European Union and OECD. In addition, regional disparities in income per capita are notable. While unemployment has been declining, it disproportionately affects the low-skilled and young. Social protection spending is below the European average, and areas such as housing and social exclusion are underfunded.

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## Health

Health Policy  
Score: 4

In 2016, an OECD review stated that the healthcare system in Latvia broadly delivers effective and efficient care considering its severe underfunding and a higher level of demand compared to most OECD countries. Universal population coverage, highly qualified medical staff, the innovative use of physician's assistants have been noted as positive aspects of the current healthcare system in Latvia. However, waiting times remain long for key diagnostic and treatment services, and mortality rates for men, women and children are higher than in most EU member states. Latvia also lags behind in the development of evidence-based reform proposals.

Spending on healthcare is low in Latvia compared to other OECD countries and less than 60% of healthcare costs are covered by publicly mandated schemes. Overall health expenditure amounts to less than 6% of GDP, compared to an average of 8.8% in the OECD. Similarly, public coverage for pharmaceutical costs is lower in Latvia (less than 40% of total pharmaceutical costs) than in other OECD countries (57%), which means almost two-thirds of pharmaceutical spending is covered by out-of-pocket payments. Because direct payments by households toward healthcare costs make over 40% in Latvia, people often either delay or do not access healthcare at all.

In 2018, the government increased spending on healthcare by 22%, financing it in part through a social contribution. It was planned that from 2019, micro-enterprise and self-employed workers, and recipients of a foreign pension would contribute via a levy equivalent to 5% of the minimum wage, otherwise individuals would have access to only basic healthcare services.

This plan is likely to lead to higher costs in the future, as people denied access – and consequently go without care for prolonged periods of time – may experience more serious and costly problems in the future. Furthermore, considerable administrative costs are likely to occur as well, as was illustrated by the delay in introducing the reform as doctors were unable to locate patients' insurance details using the current IT systems. The reform has been postponed until 2021 to address these and other shortcomings.

In addition, as far as the hospital system is concerned, much remains to be desired with regard to the quality and efficiency of the services. For example, Latvia's 30-day mortality rate after admission to hospital for a heart attack is the highest in the European Union and twice the EU average.

Future challenges will include stabilizing the system, addressing the discussed drawbacks and reducing shortages of skilled medical staff. In addition, increasing the low rate of pay for medical professionals remains a challenge, despite a Saeima decision in 2018 to raise remuneration by 20%. Finally, centralizing services and developing cooperation between hospitals, as well as reviewing performance, governance and accountability mechanisms in hospitals would further improve the healthcare system in Latvia.

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## Families

Family Policy  
Score: 7

Family-support policies enable women to combine parenting with participation in the labor market. In 2018, 72.7% of mothers with at least one child aged six and under were employed, which is above the EU average (63.1%). In addition, labor law prohibits an employer from terminating an employment contract with a pregnant woman or a mother with a baby under one year old.

A maximum of 112 calendar days of paid 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 to parents of adopted children.

Finally, access to kindergartens remains a problem, with families often waiting years for a place. Local government support for private sector involvement in childcare should address the shortage of available kindergarten places.

### Citation:

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## 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 2018 monthly minimum wage of €430. 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 2019 was €335.84. According to the Central Statistics Bureau, the at-risk-of-poverty rate among retired persons continues to grow rapidly, reaching 44.2% in 2016 compared to 38.1% in 2015 and 27.6% in 2013. In 2017, 50.4% of the citizens aged 65 and over were at risk of poverty.

Two types of mandatory pension schemes exist in Latvia: a non-financial (notional) contribution (pay-as-you-go) and a funded contribution. There are also voluntary private pension funds that are complementary to the mandatory schemes. Jointly, these constitute a three-pillar pension system, which has increased the system's fiscal sustainability and intergenerational equity.

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.

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 as of 2018 to limit bank commissions and fees levied for managing the mandatory funded pension scheme.

In a 2018 report, OECD criticized Latvia's three-pillar system and specifically the NDC schemes, because they automatically adjust to changes in the size of the labor force and life expectancy. Consequently, if these are not matched with an adjustment in retirement age, the future replacement rates will remain below the OECD average. The report also noted that Latvia's shrinking labor force lowers the internal returns of pay-as-you-go pensions and that the default option in the mandatory scheme is only appropriate for very risk-averse individuals, not the entire population.

However, the tax reform of 2017/2018 signals a willingness to address some of the problems in the system. The tax reform introduces progressive taxation of personal income, including pensions. In addition, the nontaxable minimum is higher for pensioners (€35 per month in 2017 up to €300 per month in 2020) than for the working-age population (€75 per month in 2017 up to €250 per month in 2020). In 2018 and 2019, the indexing of pensions also became more favorable for those with longer social contribution records.

Nevertheless, even with the amendments, the pension indexing system remains complex and many of the issues identified by the European Union and OECD remain – further reforms are urgently needed, especially with regard to poverty reduction.

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## Integration

Integration Policy  
Score: 5

On 11 October 2011, Latvia adopted the Guidelines on National Identity, Civil Society and Integration Policy (2012 – 2018), which set policy goals for achieving a more inclusive and cohesive society. The guidelines include new policy proposals, increased governmental support, and improved institutional arrangements. However, in 2015, Latvia 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 EU member states. The same year, Latvia convened a working group charged with creating a coherent policy for accepting and integrating a larger number of refugees as part of a burden-sharing process reflecting the broader European refugee crisis. A new strategy is expected to be adopted in 2021, although in the meantime a plan extending the activities of these guidelines for 2019 – 2020 was adopted in 2018.

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 gained independence from the Soviet Union and have not been naturalized since independence. In 2019, non-citizens comprised 10.7% of the total population. There have been positive improvements, however. For example, in 2019, Saeima passed a law to grant automatic citizenship to children of non-citizens, thus ending the issue of stateless children in the country.

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, comprising 4.5% of the total population. Since July 2010, Latvia has granted temporary residence permits to investors meeting monetary investment targets (17,878 temporary residence permits

were issued between 2010 and 2018). 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 residence permit are particularly vulnerable, as they do not qualify for public healthcare, 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. 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.

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.

Legislative obstacles restrict the ability of 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.

In 2017, 395 persons applied for asylum in Latvia. Only 39 were granted refugee status and 259 received an alternative status. In 2018, the number dropped to 176 applicants, with only 23 people receiving refugee status and 24 an alternative status. Most people applying for protection were from Russia, Iraq or Azerbaijan.

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## Safe Living

Internal Security  
Policy  
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 2016, 45,639 crimes were registered, which was a 3.7% decrease from 2015. In 2017, the number fell further, reaching 44,250 or 229.1 crimes per 10,000 people. In 2017, 61% of the recorded crimes were classified as relatively mild and approximately one-third were categorized as serious. In 2018, the serious crime rate decreased slightly to 26.6%.

Despite international developments, the threat of terrorism remains low. There have been 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, which was followed by one conviction. In 2016, two criminal investigations for terrorism threats were launched, another for inciting terrorism and four for participation in foreign armed conflicts. Similarly, in

2019, criminal proceedings were initiated against one person for unlawful participation in the armed conflict in eastern Ukraine, while three people were detained on the grounds of illegal arms trade and laundering.

Opinion polls from 2018 indicate that public trust in the police continues to rise and more people feel safe (71% of respondents reported feeling safe or rather safe and 62% indicated they had trust in the police).

Citation:

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## 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. In 2018, the Ministry of Foreign Affairs of Latvia supported 21 projects with €448,343 invested in the sustainable development of partner countries, civil society capacity-building and development of education systems.



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### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 8

First, ensuring the sustainability of natural resources and protecting the quality of the environment in Latvia is evidenced by the country's consistently high rankings in the Environmental Performance Index produced by Yale and Columbia universities (37th in the world rankings in 2018). However, overall environmental performance indicators have slipped due to sub-par performance in climate change.

In 2017, Latvia spent €152.3 million (1.5% of total government expenditure) on research and management of environmental quality, focusing in particular on waste treatment, disposal facilities and protection of water resources. However, the EU Environmental Implementation Review (2019) and the OECD Environmental Performance Review (2019) have emphasized that, despite the overall positive performance, Latvia would benefit from setting more ambitious goals when it comes to environmental performance.

In particular, waste management remains a challenge. Latvia is at risk of not attaining its municipal waste recycling target for 2020. In addition, Latvia ranks low for eco-innovation, despite ranking as the third most fastest growing innovator in the European Innovation Scoreboard 2019, while material recycling rate remains very low at 10%. In addition, the OECD has emphasized the need for Latvia to invest in green public procurement, eco-labeling and market incentives, and promote public awareness, better enforcement and more ambitious goals in this area (e.g., the current government goals for green procurement is to reach only 20% of government spending by 2020).

Nevertheless, Latvia is on course to achieve many of the Sustainable Development Goals, with significant opportunities for accelerating the move to a low-carbon, greener and more inclusive economy. OECD has noted that this would be achieved by investing in energy efficiency, renewables, sustainable forestry, and sound waste and material management.

Second, 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.

Natura 2000 designated sites cover 12% of the territory of Latvia, representing 327 different areas for the protection of habitats and species. The Protection of Species and Habitats Law provides for the establishment of micro-reserves to protect small-scale biologically rich areas that lie outside the protected territories. Over 2,000 micro-reserves had been established as of 2012.

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

Overall, Latvia has been able to make progress in decoupling economic growth from environmental pressures, such as greenhouse gas emissions and most air pollutants. Furthermore, the use of renewable energy sources has increased, and access to and the quality of water and waste services have improved. In addition, Latvia has pioneered a Mapping and Assessment of Ecosystems and their Services (MAES) assessment for marine waters, which confirms the substantial progress Latvia has made since 2016.

Third, overall, Latvia has a strong regulatory framework for environmental management with well-developed and effective mechanisms of environmental governance. However, the OECD has noted a few institutional capacity constraints that hamper more effective implementation of environmental law and use of good regulatory practices, particularly in compliance assurance.

Over the last decade, Latvia's environmental performance has improved in several areas (such as emissions of greenhouse gases and air pollutants, residential energy efficiency, wastewater treatment and waste management). However, the progress has not been even and leaves much to be desired when it comes to energy efficiency, recycling and eco-innovation. Furthermore, continued, sustained economic growth is likely to intensify pressures on the environment and biodiversity in the near future.

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2. OECD (2019) OECD Environmental Performance Reviews: Latvia 2019, Available at: [https://www.oecd-ilibrary.org/sites/2cb03cdd-en/1/2/3/2/index.html?itemId=/content/publication/2cb03cdd-en&mimeType=text/html&\\_csp\\_=d3aab935ae1f1f17fda33fa49884a4c8&itemIGO=oecd&itemContentType=book](https://www.oecd-ilibrary.org/sites/2cb03cdd-en/1/2/3/2/index.html?itemId=/content/publication/2cb03cdd-en&mimeType=text/html&_csp_=d3aab935ae1f1f17fda33fa49884a4c8&itemIGO=oecd&itemContentType=book), Last assessed: 10.11.2019
3. Central Statistical Bureau (2019) Latvia: Statistics in brief, Available at: [https://www.csb.gov.lv/sites/default/files/publication/2019-05/Nr\\_03\\_Latvia\\_Statistics\\_in%20Brief%202019\\_%2819\\_00%29\\_EN.pdf](https://www.csb.gov.lv/sites/default/files/publication/2019-05/Nr_03_Latvia_Statistics_in%20Brief%202019_%2819_00%29_EN.pdf), Last assessed: 02.11.2019
4. Yale University (2018), Environmental Performance Index Rankings, Available at: <https://epi.envirocenter.yale.edu/epi-country-report/LVA>. Last assessed: 11.11.2019
5. European Environment Agency (2018), Latvia – Air Pollution Country Fact Sheet 2018, Available at: <https://www.eea.europa.eu/themes/air/country-fact-sheets/latvia#tab-see-also>, Last assessed: 31.12.2018

### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 6

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.

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 also been a party to the United Nations Framework Convention on Climate Change (UNFCCC) since 1995 and to the Kyoto Protocol since 2002. The 2019 Climate Change Performance Index, which evaluated emissions trends, emissions levels and climate policy, rated Latvia as a high performer overall, especially regarding the management of greenhouse gas emissions. However, the index also indicated Latvia's lower performance regarding renewable energy production and energy use.

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.

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.

Citation:

1. Germanwatch (2019). Climate Change Performance Index. Available at: <https://germanwatch.org/sites/germanwatch.org/files/CCPI-2019-Results-190614-WEB-A4.pdf>, Last assessed 04.11.2019

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# 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. For example, the Office for Democratic Institutions and Human Rights (ODIHR) report on the 2018 general election expressed full confidence and trust in the professionalism and impartiality of election administration at all levels, but noted that consideration should be given to introducing special measures in the legal framework to promote female candidates. In addition, it was recommended that the blanket restriction on candidacy rights of citizens who have committed an intentional crime should be revised and that the life-long ban for those who have committed a crime in a state of mental disorder should be lifted.

Citation:

1. The Saeima Election Law, Article 5 and 6, Available at: <https://www.cvk.lv/pub/public/30870.html>, Last assessed: 04.11.2019

2. OSCE: Office for Democratic Institutions and Human Rights (2019), Parliamentary Elections 6 October 2018:

ODIHR Election Assessment Mission Final Report, Available at: <https://www.osce.org/odihr/elections/latvia/409344?download=true>, Last assessed: 04.11.2019

3. Valts Kalniņš (2011), Assessment of National Integrity System, p.99, Published by DELNA, Available at: [https://www.transparency.org/files/content/pressrelease/20120309\\_Latvia\\_NIS\\_EN.pdf](https://www.transparency.org/files/content/pressrelease/20120309_Latvia_NIS_EN.pdf), Last assessed: 04.01.2019

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Media Access  
Score: 7

There are no laws or self-regulatory measures that provide access to airtime on private channels for political actors during election campaigns. Generally, the representation of different political groups is balanced.

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 polling around and above the 5% threshold 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 local 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. Rožukalne, A. (2016) Monitoring Risks for Media Pluralism in the EU and Beyond: Latvia, Available at: [https://cadmus.eui.eu/bitstream/handle/1814/46802/Latvia\\_EN.pdf?sequence=1&isAllowed=y](https://cadmus.eui.eu/bitstream/handle/1814/46802/Latvia_EN.pdf?sequence=1&isAllowed=y), Last assessed: 04.11.2019.

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](http://politika.lv/article_files/2117/original/slepta_reklama_mediju_prakse.pdf?1343212009), Last assessed: 04.11.2019

3. OSCE: Office for Democratic Institutions and Human Rights (2019), Parliamentary Elections 6 October 2018:

ODIHR Election Assessment Mission Final Report, Available at: <https://www.osce.org/odihr/elections/latvia/409344?download=true>, Last assessed: 04.11.2019

Voting and  
Registration  
Rights  
Score: 8

All adult citizens over 18 years of age have voting rights in national elections. Resident 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 and polling stations abroad as well as through an absentee-ballot postal procedure.

Latvia has a significant population of non-citizens (10.07% of the total population in 2019) who, while allowed to join political parties, 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 2018 parliamentary elections found no major faults with voting rights and access, but suggested that implementation of a permanent voter register be considered in order to promote universal suffrage.

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. OSCE: Office for Democratic Institutions and Human Rights (2019), Parliamentary Elections 6 October 2018:

ODIHR Election Assessment Mission Final Report, Available at: <https://www.osce.org/odihr/elections/latvia/409344?download=true>, Last assessed: 04.11.2019

2. Central Statistical Bureau (2019) Demography, Available at: <https://www.csb.gov.lv/lv/statistika/statistikas-temas/iedzivotaji/iedzivotaju-skaitis/meklet-tema/387-demografija-2019>, Last assessed: 02.11.2019

3. Central Election Commission, Voting from abroad, Available at: <https://www.cvk.lv/pub/public/32011.html>, Last assessed: 04.11.2019

Party Financing  
Score: 7

Political and campaign financing in Latvia is regulated by the Law on Financing Political Organizations, the Law on Pre-election Campaign, and the Law on Corruption Prevention and Combating Bureau. In 2017, changes were made to the Law on Financing Political Organizations, which introduced an electronic data entry system, simplifying submission of party and donor reports. In addition, it introduced a limit on donations by political party members or third parties.

Political parties are financed primarily through individual donations and public financing, although a recent legislative amendment increasing state funding for party financing has been approved and will be introduced in 2020. To achieve this, €4 million will be allocated over the next two years, keeping the previous criteria that parties must secure 2% of the vote in the preceding Saeima election to qualify. The rate for payment will be set at €4.50 per vote (previously €0.71 per vote), with an additional €0.50 per vote for municipal and European Parliament elections. If a party attracts more than 5% of the votes, €100,000 a year will be provided until the next elections. State support for a single party will not exceed €300,000 annually. This change is a step in the right direction, although it has raised some concerns about the limitations it may set on political competition, keeping the new, smaller parties out.

Parties can also be financed by membership fees and income earned through parties' economic activities in Latvia, according to certain set limits. Donation amounts are capped, while legal entities (e.g., corporations), and anonymous and foreign donors are prohibited from financing political parties. Parties are also not allowed to take or issue loans. Candidates are permitted to donate to their own campaign, but according to the limits established for donations from individual persons. All donations must be made through bank transfers, except for cash donations of less than €430.

Financing is transparent, with donations required to be publicly listed 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 an election.

Political party and campaign financing are 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 subsequent election cycles without penalty. Ultimately, however, those parties that have faced stiff penalties have been dissolved or voted out of office.

The ODIHR report on the 2018 parliamentary elections expressed confidence in the party and campaign finance rules, but recommended that electoral contestants open dedicated bank accounts for campaigning transactions to enhance the mechanisms. In addition, it was suggested that all KNAB decisions related to the election campaign be made publicly available and that all electoral contestants (including third parties) provide public reports on campaign income and expenditures during the campaign period.

Citation:

1. Ministry of Justice (2019) Initial Impact Assessment Report of Amendments to the Law on the Financing of Political Organizations (Parties) (Abstract), Available at: [https://tap.mk.gov.lv/doc/2019\\_10/TMAnot\\_081019\\_PFF\[1\].1802.docx](https://tap.mk.gov.lv/doc/2019_10/TMAnot_081019_PFF[1].1802.docx), Last assessed: 04.11.2019

2. OSCE: Office for Democratic Institutions and Human Rights (2019), Parliamentary Elections 6 October 2018: ODIHR Election Assessment Mission Final Report, Available at: <https://www.osce.org/odihr/elections/latvia/409344?download=true>, Last assessed: 04.11.2019

3. Amendments to the Criminal Law Regarding Illegal Party Financing (2011), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=236272>, Last assessed: 04.11.2019

4. Law on the Financing of Political Organizations (Parties), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=36189>, Last assessed: 04.11.2019

5. KNAB (2015) "Overview of Violations of Campaign Finance Regulations in the 2014 Saeima elections," KNAB (published in Latvian). Available at: [https://www.knab.gov.lv/upload/free/parskati/12.saeimas\\_finansu\\_parbaudes\\_1.07.2015.pdf](https://www.knab.gov.lv/upload/free/parskati/12.saeimas_finansu_parbaudes_1.07.2015.pdf), last assessed: 04.11.2019

6. The Corruption Prevention and Combating Bureau (2017), General report 2017, Available at: [https://www.knab.gov.lv/upload/2018/knab\\_01022018\\_zinojums\\_2017rezultati.docx](https://www.knab.gov.lv/upload/2018/knab_01022018_zinojums_2017rezultati.docx), Last assessed: 04.11.2019

Popular Decision-  
Making  
Score: 8

Citizens have the legal right to propose and make binding decisions at the national level. The constitution includes provisions for both popular initiatives and referendums. However, no instruments exist at the local level to support popular decision-making. Indeed, 2019 saw the Ministry for Environmental Protection and Regional Development crackdown on attempts by local authorities to organize informal referendums on proposals to merge and reorganize the boundaries of local government units.

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, 38 proposals have been forwarded to parliament since 2011, 26 of which were successful. In 2018 alone, 13 proposals were forwarded to parliament.

In 2011, following the president's invocation of the constitutional procedure for dissolving the parliament, the decision was voted on in a referendum. Under this procedure, a parliament can be dissolved if the act receives voters' approval, but the president must resign 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 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. CVK (Central Voting Commission): Voters' Initiatives and Collection of Signatures, Available at: <https://www.cvk.lv/en/voters-initiatives/collection-of-signatures>, Last assessed: 04.11.2019

2. Social Initiative Platform ManaBalss.lv, List of Signed Initiatives, Available at (in Latvian): <https://manabalss.lv/page/progress>, Last assessed: 04.11.2019

3. CVK (Central Voting Commission) (2011) Referendum on Dissolution of the 10th Saeima, <https://www.cvk.lv/en/referendums/referendum-on-dissolution-of-the-10th-saeima-2011>, Last assessed: 04.11.2019.

### 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 the 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. The current council has been repeatedly criticized for violating the independence of public broadcasting after making swift, poorly substantiated changes in the leadership of public radio and television. In 2019, the chairwoman of the National Electronic Mass Media Council resigned as a result.

Independent local print media is under increasing competitive pressures from local government-owned media outlets. The latter not only offers 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.

Finally, Reporters Without Borders ranked Latvia 24 out of 180 countries in the 2018 and 2019 World Press Freedom Index. Latvia's score has continued to worsen due to the spread of "fake news" from suspected Russian origins. Other problems for the media include economic difficulties, inadequate and poorly distributed state aid, legislation that does not favor the media or media sources, and lawsuits brought against several journalists. In 2018, Re:Baltica, an investigative journalism outlet, was sued for criminal defamation on two occasions – once by the then-mayor of Riga Nils Usakovs and the other by Aldis Gobzems, a member of parliament – both claims have been rejected by the courts.

## Citation:

1. Rožukalne, A. (2016) Monitoring Risks for Media Pluralism in the EU and Beyond: Latvia, Available at: [https://cadmus.eui.eu/bitstream/handle/1814/46802/Latvia\\_EN.pdf?sequence=1&isAll owed=y](https://cadmus.eui.eu/bitstream/handle/1814/46802/Latvia_EN.pdf?sequence=1&isAll%20owed=y), Last assessed: 04.11.2019.

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](http://politika.lv/article_files/2117/original/slepta_reklama_mediju_prakse.pdf?1343212009), Last assessed: 04.11.2019.

2. RSF (2019), World Press Freedom Index, Available at: <https://rsf.org/en/ranking>, Last assessed: 04.11.2019

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. As the requirement is no longer in effect, the All Media Baltics group (current owner of LNT) has decided to liquidate LNT. This decision has raised concerns about weakening media pluralism in Latvia, as LNT had hitherto operated a well-respected news team.

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

Despite the fact that the regulation of Latvia's media is liberal and has allowed a diverse media system to develop, Latvia was evaluated as a showing medium risk of media pluralism under the Media Pluralism Monitor in 2017. This was due to issues such as media ownership transparency, media communication on the regional level and media access to people with disabilities.

## Citation:

1. Competition Council (2012), On the Merger of Market Participants, Available at (in Latvian): <http://www.kp.gov.lv/files/pdf/UNIdnCrDP7.pdf>, Last assessed: 04.11.2019.

2. Rožukalne, A.(2017) Country report: Latvia, European University Institute, Centre for Media Pluralism and Media Freedom, Available at: [http://cmpf.eui.eu/wp-content/uploads/2018/11/Latvia\\_MPM2017\\_country-report.pdf](http://cmpf.eui.eu/wp-content/uploads/2018/11/Latvia_MPM2017_country-report.pdf), Last assessed: 04.11.2019.

3. LSM (2019) Latvian Independent Television ceases independent operations, available at: <https://eng.lsm.lv/article/economy/business/latvian-independent-television-ceases-independent-operations.a337734/>, Last assessed: 10.11.2019

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.

In addition, the parliament approved a new Law on Whistleblowing in 2018 (in effect from 2019). The law enables whistleblowers to expose offenses that concern public interests or interests of certain social groups.

Citation:

1. Freedom of Information Act, Available at (in Latvian): <http://www.likumi.lv/doc.php?id=50601>, Last assessed: 04.11.2019

2. Cabinet of Ministers (2019), Whistleblowers, Available at (in Latvian): <https://www.mk.gov.lv/lv/content/trauksmes-celeji>, Last assessed: 04.11.2019.

### 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 concerns over poor conditions in the country's prisons and detention facilities, lengthy pre-trial detention periods, and the general accessibility of the court system. The 2017 Ombudsman report rated the overall prison infrastructure as being antiquated and advanced plans

for the construction of a modern prison in the city of Liepāja, although these plans have been delayed for budgetary reasons. In 2019, the European Court of Human Rights ruled in favor of an inmate who had been prevented from attending his father's funeral due to sexual discrimination, as men that have been found guilty of a serious crime are automatically placed in the highest security category, while women found guilty of a comparable crime are placed in less restrictive, part-closed prisons.

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 were not held accountable.

Citation:

1. Ombudsman of Latvia (2017), Annual Report, Available at: [http://www.tiesibsargs.lv/uploads/content/legacy/2017\\_annual\\_report\\_summary\\_1523624612.pdf](http://www.tiesibsargs.lv/uploads/content/legacy/2017_annual_report_summary_1523624612.pdf), Last assessed: 05.11.2019
2. Ombudsman of Latvia (2016), Annual Report, Available at: [http://www.tiesibsargs.lv/uploads/content/lapas/tiesibsarga\\_2016\\_gada\\_zinojums\\_1\\_489647331.pdf](http://www.tiesibsargs.lv/uploads/content/lapas/tiesibsarga_2016_gada_zinojums_1_489647331.pdf), Last assessed: 05.11.2019
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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. For example, 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 courts and a rapid consideration schedule to ensure timely decisions.

In 2017, the Council of Europe Commissioner for Human Rights noted that the Riga Higher Court's order of the same year that the news portal TVNET should pay €50,000 to the Latvian National Opera and Ballet for reputational damage was disproportionate and raised concerns about the harmful effect of such a measure on the right to freedom of expression in the country. (TVNET had published an article criticizing the Latvian National Opera and Ballet for becoming a "public house of Putin's court").

Citation:

Commissioner for Human Rights (2017), Latvia: disproportionate defamation fine against Tvnet.lv can chill media freedom, Available at: <https://www.coe.int/en/web/commissioner/-/latvia-disproportionate-defamation-fine-against-tvnet-lv-can-chill-media-freedom>, Last assessed: 01.11.2019

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.

In addition, a new law was introduced in 2017, which restricts a person's right to cover their face. The law was developed by the Ministry of Justice.

Furthermore, although Latvia signed the Istanbul Convention in 2016 and has implemented most of its recommendations, the parliament has still not ratified it. This hinders the state's ability to address the issue of domestic violence in Latvia, as Latvia lacks an integrated approach to eradicating it. None of the NGOs that provide services to women who have suffered from violence receive financial assistance from the state. The most recent available data (2014) indicates that 32% of women aged 15 and over in Latvia have faced physical and/or sexual violence.

According to the European network of legal experts on gender equality and non-discrimination, gender equality laws in Latvia generally do not significantly exceed the European Union's minimum requirements – no positive measures have been taken to date.

Citation:

1. OECD (2019) Social Institutions and Gender Index, Available at: <https://www.genderindex.org/wp-content/uploads/files/datasheets/2019/LV.pdf>, Last assessed: 15.11.2019

2. European network of legal experts in gender equality and non-discrimination (2018), Country Report: Non-discrimination 2018, Available at: <https://www.equalitylaw.eu/downloads/4754-latvia-country-report-non-discrimination-2018-pdf-2-05-mb>, Last assessed: 15.11.2019

3. European network of legal experts in gender equality and non-discrimination, Country report: Gender equality 2018, Available at: <https://www.equalitylaw.eu/downloads/4765-latvia-country-report-gender-equality-2018-pfd-1-58-mb>, Last assessed: 15.11.2019

4. UN (2018) Global Database on Violence Against Women, Available at: <http://evaw-global-database.unwomen.org/fr/countries/europe/latvia#1>, Last assessed: 15.11.2019

5. Kamenska, A. (2013), Report on Measures to Combat Discrimination, Country Report: Latvia, European Network of Legal Experts in the Non-discrimination Field, Available at: <https://www.refworld.org/pdfid/54734a3a4.pdf>, Last assessed: 15.11.2019

6. 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](http://cilvektiesibas.org.lv/site/attachments/29/01/2012/Diskriminacijas_noversana_Latvija_II_Screen.pdf), Last assessed: 15.11.2019

7. Ombudsman of Latvia (2017), Annual Report, Available at: [http://www.tiesibsargs.lv/uploads/content/legacy/2017\\_annual\\_report\\_summary\\_1523\\_624612.pdf](http://www.tiesibsargs.lv/uploads/content/legacy/2017_annual_report_summary_1523_624612.pdf), Last assessed: 15.11.2019.

8. University of Latvia, Social and Political Research Institute (2014). How Democratic is Latvia: Democracy Audit 2005 – 2014. Available at: [https://www.szf.lu.lv/fileadmin/user\\_upload/szf\\_faili/Petnieciba/sppi/demokratija/ENG\\_Audit\\_of\\_Democracy\\_2015.pdf](https://www.szf.lu.lv/fileadmin/user_upload/szf_faili/Petnieciba/sppi/demokratija/ENG_Audit_of_Democracy_2015.pdf), Last assessed: 15.11.2019.

## 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 have been inconsistent since the 2008 crisis, undermining investor confidence. In 2018, the FICIL Sentiment Index highlighted similar issues and emphasized issues of uncertainty in bureaucratic bodies, labeling it a "chronic problem" for the business environment.

Citation:

1. The Constitutional Court of Latvia (2012), On Termination of Proceedings, Rulings available at: <http://www.satv.tiesa.gov.lv/en/press-release/the-constitutional-court-terminated-proceedings-in-the-case-on-judge-and-public-prosecutors-remuneration-reform/>, Last assessed: 28.10.2019.
2. FICIL Sentiment Index 2015 and 2018. Available at: <https://www.sseriga.edu/centres/csb/sentiment-index>, Last assessed: 28.10.2019.

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, 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 2018, the

court received 363 petitions, of which 182 were forwarded for consideration. The court initiated 23 cases, dealing with a wide range of issues, including maternity leave, the remuneration of medical practitioners, the issuing of industrial security certificates and the ban on people who had been active in the Communist party after 1991 from running as candidates in Saeima elections.

Citation:

1. Judicial Information System Database, Available at: [http://tis.ta.gov.lv/tisreal?FORM=TIS\\_STaT\\_O](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](http://www.transparency.org/whatwedo/pub/national_integrity_system_assessment_latvia), Last assessed: 25.10.2019

4. Constitutional Court (2019). Overview of the work of the Constitutional Court 2018. Available at: [http://www.satv.tiesa.gov.lv/wp-content/uploads/2019/01/Satversmes-tiesas-gada-gramata-2018-A4\\_small\\_file\\_size\\_L.pdf](http://www.satv.tiesa.gov.lv/wp-content/uploads/2019/01/Satversmes-tiesas-gada-gramata-2018-A4_small_file_size_L.pdf), Last assessed 25.10.2019

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.

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 2018, amendments to the Law on Judicial Power reduced the influence of executive power on the organization of court work and extended the competence of the Council for the Judiciary in appointing chairs of the courts.

Nevertheless, a European Networks of Councils for the Judiciary (ENCJ) survey of judges from 26 European countries found that Latvia scored relatively poorly in terms of Latvian judges' evaluation of judicial independence (scoring between 6.5 and 7 on a 10-point scale). 11% of Latvian judges reported being subjected to inappropriate pressure. In rank order, the main sources of pressure were the media, political parties and their lawyers, and court management (including a court president).

Citation:

1. The Constitutional Court of Latvia (2011), Ruling on Initiation of Prosecution against Constitutional Court Judge Vineta Muizniece, Available at (in Latvian): [http://titania.saeima.lv/LIVS11/saeimalivs\\_imp.nsf/0/AB89B4FC4C69868DC22579410042BEF9?OpenDocument](http://titania.saeima.lv/LIVS11/saeimalivs_imp.nsf/0/AB89B4FC4C69868DC22579410042BEF9?OpenDocument), Last assessed: 01.11.2019
2. Supreme Court Senate (2018), The competence of the Council for the Judiciary in appointing chairs of courts and in transfer of judges shall be expanded, Available at: <http://www.at.gov.lv/en/jaunumi/partieslietu-padomi/the-competence-of-the-council-for-the-judiciary-in-appointing-chairs-of-courts-and-in-transfer-of-judges-shall-be-expanded-9374?year=2018&>, Last assessed: 01.11.2019

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.

In recent years, KNAB has experienced several controversial leadership changes and 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. A new, well-qualified and seemingly independent director, who formerly worked in the military, was appointed in 2017.

The Conflict of Interest Law is the key piece of legislation relating to office-holder 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.

The slow progress of cases through the court systems undermines efforts to assess the system's effectiveness. However, 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 2017, a high-profile corruption investigation, dismissed by the prosecutor's office, came 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 was dismissed. A parliamentary inquiry process ended inconclusively. In 2018, the governor of the Latvian central bank was charged with bribery and money laundering. His trial started in early November 2019. He has not stepped down from his position, although his six-year tenure ended on 21 December 2019. More recent cases include the investigation of a former justice minister, Baiba Broka, and a former mayor of Riga, Nils Usakovs.

Overall, the Latvian government has taken efforts to fight corruption and money laundering in recent years, particularly following the U.S. FinCen report (which led to the liquidation of ABLV bank) and the Council of Europe's 2018 MONEYVAL report. Latvia's admission to the OECD in 2016 significantly raised the country's international credibility. However, while the successes of the country's investigative and auditing bodies have remained limited, greater activity over the last 18 months has increased activists' confidence that investigations will also soon conclude with convictions.

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: 25.10.2019
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: [www.legislationline.org/documents/id/18945](http://www.legislationline.org/documents/id/18945), Last assessed: 25.10.2019
3. Freedom House (2018), Nations in Transit, Country Report, Available at: <https://freedomhouse.org/report/freedom-world/2018/latvia>, Last assessed: 25.10.2019

# 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 2020, its mandate will be further expanded to include overseeing the compliance of shareholders in state-owned enterprises with statutory disclosure requirements, as well as selecting the members of the council of state-owned enterprises.

In addition to the PKC's core role and 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 limited not 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:

1. The Cross-Sectoral Coordination Centre, Information Available at (in Latvian): <https://www.pkc.gov.lv/lv/par-pkc/kas-ir-pkc>, Last assessed: 25.10.2019.

2. The Cross-Sectoral Coordination Centre (2018) Annual Report:2018, Available at: [https://www.pkc.gov.lv/sites/default/files/PKCgada%20parskats%202018\\_FINAL\\_pdf.pdf](https://www.pkc.gov.lv/sites/default/files/PKCgada%20parskats%202018_FINAL_pdf.pdf), Last assessed: 25.10.2019.

3. Official Publisher of the Republic of Latvia (Latvijas Vēstnesis) (2019) Changes in the governance of State Owned Enterprises: Changes in 2020 <https://lvportals.lv/skaidrojumi/306321-grozijumi-valsts-un-pasvaldibu-kapitalsabiedribu-parvaldiba-kas-mainisies-2020-gada-2019>, Last assessed: 25.10.2019.

Expert 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. Some government planning documents, such as the National Action Plan for Open Government by the State Chancellery, have been drafted in cooperation with NGO experts, following public discussions.

However, the government lacks the finances to regularly commission academic input. Consequently, expert engagement is given voluntarily, without remuneration.

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 forums, TV and radio debates, and op-ed columns. A similar deliberation process preceded the healthcare reforms and, in 2019, the territorial administrative reform. This has 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](http://www.mk.gov.lv/sites/default/files/page/attachments/gada_parskats_2014.pdf), Last assessed: 03.11.2019.

### Interministerial Coordination

GO Expertise  
Score: 9

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): <https://www.pkc.gov.lv/lv/valsts-attistibas-planosana/nacionalais-attistibas-plans>, Last assessed: 25.10.2019

2. Sustainable Development Strategy of Latvia until 2030, Available at: [http://www.pkc.gov.lv/sites/default/files/images-legacy/LV2030/LIAS\\_2030\\_en.pdf](http://www.pkc.gov.lv/sites/default/files/images-legacy/LV2030/LIAS_2030_en.pdf), Last assessed: 25.10.2019

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. The 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 2017, cabinet committees considered 151 issues, of which 148 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 (2018), Report, Available at (in Latvian): [https://www.mk.gov.lv/sites/default/files/page/attachments/valsts\\_kancelejas\\_gada\\_parskats\\_2018\\_0.pdf](https://www.mk.gov.lv/sites/default/files/page/attachments/valsts_kancelejas_gada_parskats_2018_0.pdf), Last assessed: 06.11.2019.

Ministerial  
Bureaucracy

The official decision-making process mandates the coordination of policy

Score: 8

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 2018, 29% of all issues before the cabinet were fast-tracked, a 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, 2018), Reports (in Latvian), Available at: <https://www.mk.gov.lv/lv/content/gada-publiskie-parskati>, Last assessed: 07.11.2019

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.

Nevertheless, the secrecy surrounding the coalition council has made it a controversial institution. “Who Owns the State?” – a populist party that won the second-largest share of the vote in the 2018 parliamentary election – promised to eliminate the coalition council. Indeed, the government coalition formed in January 2018 no longer has a coalition council to coordinate its political work. Instead, a new collaboration council, with similar functions, has been created.



Digitalization for  
Interministerial  
Coordination  
Score: 7

In 2013, the Cabinet of Ministers approved the Information Society Development Guidelines 2014 – 2020, which is the current National e-Government Strategy. The guidelines were elaborated to ensure continuity of existing policies, and to determine priorities in the area of Information and Communication Technology (ICT) for the European Union Structural Funds Programming period 2014 – 2020. One of the key goals identified in the document was the creation of centralized platforms for all governmental actors, ensuring more efficient public administration and emphasizing inter-institutional and cross-sectoral government cooperation.

In 2015, the government supported the proposal of the Ministry of Environmental Protection and Regional Development (VARAM) to fully implement the Public Administration Document Management Systems Integration Environment (DIV) in public administration from 1 September 2017. However, even though many of the ministries have introduced the system, the system's use remains uneven. For example, State Chancellery, the Cabinet of Ministers and several ministries still use the previous DAUKS system (State Chancellery's document circulation and task control) to exchange documents, although the platform's use is limited and deemed ineffective by VARAM. In addition, some documentation is still circulated in paper form.

Nevertheless, VARAM has emphasized that more work will be put into mainstreaming shared platforms for document exchange. VARAM's latest research shows that ministries are moving toward completely digitized document handling processes and the use of electronic signatures is becoming more common, even if progress is not as rapid as hoped.

The State Audit Office has evaluated collaboration between state institutions as being generally well organized, but fragmented. Although approximately € 69 million of the annual state budget is invested in the development and maintenance of ICT, the impact of this investment was deemed to be limited in the State Audit Office's 2017 report.

A 2018 report by VARAM observed that the percentage of digital documents in inter-institutional communication had risen from 14% in 2014 to 39% in 2018, but noted that inter-institutional cooperation could be improved by organizing it centrally within departments rather than delegating this task to other offices.

Citation:

1. Ministry of Environmental Protection and Regional Development (2018) E-Index:Results, Available at (in Latvian): <https://mana.latvija.lv/e-indeksa-rezultati/>, Last assessed: 05.11.2019.

2. Ministry of Environmental Protection and Regional Development (2013), Guidelines for Development of

Information Society 2014-2020, Available at:  
[http://www.varam.gov.lv/eng/darbibas\\_veidi/e\\_gov/?doc=13317](http://www.varam.gov.lv/eng/darbibas_veidi/e_gov/?doc=13317), Last assessed: 05.11.2019.

3. Ministry of Environmental Protection and Regional Development (2017), Report on the circulation of electronic documents in ministries and their subordinate institutions (in Latvian), Available at: [http://www.varam.gov.lv/in\\_site/tools/download.php?file=files/text/Dokumenti/pol\\_doc/elietas/MK\\_171017\\_InfoZinojums.pdf](http://www.varam.gov.lv/in_site/tools/download.php?file=files/text/Dokumenti/pol_doc/elietas/MK_171017_InfoZinojums.pdf), Last assessed: 05.11.2019.

4. State Audit Office (2017), Report: Is public administration handling the accumulated information effectively?, Available at: [http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-12\\_2016/zinojums.pdf](http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-12_2016/zinojums.pdf), Last assessed: 05.11.2019.

### 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): <https://lvportals.lv/dienaskartiba/255276-vienkarsos-tiesibu-aktu-projektu-anotacijas-un-uzlabos-to-satura-kvalitati-2013>, Last assessed: 05.11.2019

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.

: Sustainable Development Strategy of Latvia until 2030, Available at: [http://www.pkc.gov.lv/sites/default/files/images-legacy/LV2030/LIAS\\_2030\\_en.pdf](http://www.pkc.gov.lv/sites/default/files/images-legacy/LV2030/LIAS_2030_en.pdf) Last assessed: 05.11.2019.

Quality of Ex  
Post Evaluation  
Score: 6

Currently ex post evaluation is carried out for development planning documents, as prescribed in the Development Planning System Law. In addition, the “methodology for developing and evaluating the results and performance indicators for ministries and other central state institutions” provides general guidelines for ministerial reporting. However, there is currently no common approach to the evaluation of legislation post-implementation, although institutions are allowed to order research studies (including ex post impact studies) at their own discretion.

Recognizing the need for a unified approach and clear regulation, the Cabinet of Ministers approved the State Chancellery's concept report on ex post evaluations in 2016. The report considered several potential approaches, before recommending that two pilots should be carried out in 2017, which would then be used to finalize a new policy in 2018. This policy is currently pending.

## Citation:

1. State Chancellery (2016), Annual Report (in Latvian), Available at: [https://www.mk.gov.lv/sites/default/files/page/attachments/valsts\\_kancelejas\\_2016.gada\\_parskats.pdf](https://www.mk.gov.lv/sites/default/files/page/attachments/valsts_kancelejas_2016.gada_parskats.pdf), Last assessed: 05.11.2019
2. State Chancellery (2017), Annual Report (in Latvian), Available at: [https://www.mk.gov.lv/sites/default/files/page/attachments/valsts\\_kancelejas\\_gada\\_parskats\\_2017\\_final\\_6.pdf](https://www.mk.gov.lv/sites/default/files/page/attachments/valsts_kancelejas_gada_parskats_2017_final_6.pdf), Last assessed: 05.11.2019
3. Development Planning System Law (in Latvian), Available at: <https://likumi.lv/doc.php?id=175748>, Last assessed: 05.11.2019
4. Methodology for developing and evaluating the results and performance indicators for ministries and other central state institutions (regulation), Available at: <https://likumi.lv/doc.php?id=200935>, Last assessed: 05.11.2019
5. Cabinet of Ministers (2016), Report on Ex-post Evaluation Implementation (in Latvian), Available at: <http://tap.mk.gov.lv/lv/mk/tap/?pid=40386136>, Last assessed: 05.11.2019

### Societal Consultation

Public  
Consultation  
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 an 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 436 in 2019. 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 substantially 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 healthcare reforms, medical staff went on strike in 2017 and 2019.

Citation:

1. State Chancellery (2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018), Reports, Available at (in Latvian): <https://www.mk.gov.lv/lv/content/gada-publiskie-parskati>, Last assessed: 05.11.2019

2. State Chancellery (2019) Information on Council for Implementation of the Memorandum of Cooperation between NGOs and the Cabinet of Ministers, Available at: <https://www.mk.gov.lv/lv/content/informacija-par-nvo-un-ministru-kabineta-sadarbibas-memorandu>, Last assessed: 05.11.2019

## Policy Communication

Coherent  
Communication  
Score: 8

The government office organizes monthly coordination meetings of ministerial communication units, which are jointly known as the Government Communication Coordination Council. Nine formal meetings were held in 2017.

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.

Citation:

Regulation of the Government Communication Coordination Council, Available at: [https://mk.gov.lv/sites/default/files/editor/vkkp\\_nolikums.pdf](https://mk.gov.lv/sites/default/files/editor/vkkp_nolikums.pdf), Last assessed: 28.11.2019

Government  
Effectiveness  
Score: 9

## Implementation

The government has a good track record in achieving its own policy objectives. In issue areas considered by the government as high priority – recent examples include economic recovery, euro zone entry criteria, budget reform and fiscal discipline, OECD entry requirements – government performance can be considered excellent. The government has proven to be particularly efficient in implementing policies that have been recommended by international partners (the European Union, NATO, Council of Europe and 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 were 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 (including the National Development Plan 2020 and the Latvia 2030 long-term development strategy). The prime minister provided parliament with a progress report on 24 separate performance indicators, reporting good progress in nine cases, adequate/weak performance in 10 cases, and poor performance in eight cases, requiring a reprioritizing or revision of policy measures.

The NAP2020 mid-term evaluation noted that despite some successes in achieving several goals set out in the plan (e.g., ICT and e-governance), other goals have not been achieved and will likely not be achieved before the end of 2020. For example, in the science, research and innovation policy field, the level of investment has continued to decline, in stark contrast to the projected investment in 2014. This creates the conditions that lead to weak performance, and the outflow of knowledge and highly skilled professionals to other countries (i.e., "brain drain"). Similarly, developments in general education have been insufficient as has the reduction of general emigration levels.

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 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%. In 2019, the government approved the 2020 budget with local governments receiving only 19.6% of Latvia's total tax revenue.

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.

Nevertheless, 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.

Public sector reform is ongoing. The goal of the reform is to increase the quality and efficiency of central administration. However, local authorities are not covered. Furthermore, there is a lack of oversight and incentives for local authorities, which would improve efficiency. In 2019, the government came to an agreement to reduce the number of municipalities from 119 to 39. The legislative amendments are due to be voted on in the spring of 2020, and would in part address the current issues of municipal governance and financial difficulties.

Citation:

1. The President's Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): <http://saeima.lv/documents/63de2ea15d96f4315bf69377a4877d8e9e6b9a6d>, Last assessed: 05.11.2019.
2. Freedom House (2016). Nations in Transit: Latvia 2016. Available at: <https://freedomhouse.org/report/nations-transit/2016/latvia>. Last assessed: 05.11.2019.
3. European Commission (2017), Country Report: Latvia, Available at: <https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-latvia-en.pdf>, Last assessed: 05.11.2019.

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.

Citation:

1. The President's Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): <http://saeima.lv/documents/63de2ea15d96f4315bf69377a4877d8e9e6b9a6d>, Last assessed: 05.11.2019.

2. Law on Local Governments, Available at: <https://likumi.lv/doc.php?id=57255>, Last assessed: 05.11.2019.

National  
Standards  
Score: 6

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

The executive has said it would create a new one-stop client-service system across the country, which would centralize the contact point for accessing public (central and local government) services. The new system will also introduce national standards for local government services by 2016. The policy was approved by the cabinet in 2013 and pilot projects have been implemented by a number of local governments. An evaluation conference, in September 2014, documented many instances of successful pilot projects as well as favorable client-satisfaction responses to surveys. In 2015, 59 one-stop agencies were launched. In just one year of operation, they proved to be useful, processing more than 25,000 different types of applications to state and municipal agencies. In 2019, the number of the agencies had reached 76. However, the comparability of data sets between institutions remains a challenge.

Citation:

1. Ministry of Environmental Protection and Regional Development (2019) Progress on implementing the Public Service Development Conception (Report), Available at: <http://tap.mk.gov.lv/mk/tap/?pid=40473484>, Last assessed: 05.11.2019.

2. The President's Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): <http://saeima.lv/documents/63de2ea15d96f4315bf69377a4877d8e9e6b9a6d>, Last assessed: 05.11.2019.

3. Regulation Regarding Concept of the Public Service System Development (2013), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=254910>, Last assessed: 05.11.2019.

4. Freedom House (2012), Nations in Transit, Country Report, Available at: [http://www.freedomhouse.org/sites/default/files/NIT2012Latvia\\_final.pdf](http://www.freedomhouse.org/sites/default/files/NIT2012Latvia_final.pdf), Last assessed: 05.11.2019

Effective  
Regulatory  
Enforcement  
Score: 7

When it comes to effective regulatory enforcement in the private sector, there have been concerns regarding bribery, including a few high-profile corruption scandals (e.g., the so-called Oligarchs Case, which involved charges of bribery, money laundering and other crimes in 2011). In addition, there have been tensions around the banking sector and suspicions of “state capture.” These three factors have raised concerns about the state’s ability to take a strong stance. The OECD has noted that many of these issues are linked with the fact that Latvia’s financial sector provides bridging services between the East and West.

Following these scandals, Latvia has made substantial steps to improve the situation and has followed OECD recommendations closely. Latvia has fully or partially implemented 39 out of 44 OECD recommendations. For example, efforts have been made to prevent corruption, raise awareness about corruption, and increase the independence and capacity of the Corruption Prevention and Combating Bureau (Korupcijas novēršanas un apkarošanas birojs, KNAB).

Although the effects of these improvements are yet to be fully observed, Latvia has consistently attempted to tackle corruption since gaining independence (e.g., the creation of KNAB, and the development of several national anti-corruption strategies and programs). In terms of implementation and governance, Latvia has received positive reviews in global ranking reports. That said, the Phase 3 report by the OECD (2019) noted stronger enforcement of the reforms is needed, which should be reflected in an increased conviction rate.

Citation:

1. OECD (2019) Implementing the OECD Anti-Bribery Convention, Phase 3 report: Latvia, Available at: <http://www.oecd.org/corruption/anti-bribery/OECD-Latvia-Phase-3-Report-ENG.pdf>, Last assessed: 05.11.2019.
2. OECD (2015), Phase 2 Report on Implementing the OECD Anti-bribery Convention in Latvia, Available at: <http://www.oecd.org/corruption/anti-bribery/Latvia-Phase-2-Report-ENG.pdf>, Last assessed: 05.01.2019
3. OECD (2017), Latvia: Follow-up to the Phase 2 Report & Recommendations, Available at: <https://www.oecd.org/corruption/anti-bribery/Latvia-Phase-2-Written-Follow-up-Report-ENG.pdf>, Last assessed: 05.11.2019.

### 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.

Citation:

Cabinet of Ministers, Minutes of the Reform-management group (in Latvian), Available at: <http://tap.mk.gov.lv/mp/vaditas-padomes/Reformu-vadibas-grupa/sedes/>, Last assessed:05.11.2019

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**

Political  
Knowledge  
Score: 6

There is no local survey data specifically indicating the extent to which citizens are informed of government policymaking decisions. 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. However, that same information may not be made available 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 2019, there were 22,869 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 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, rising again to 2.6 in 2019.

A 2015 Democracy Audit, conducted by researchers at the University of Latvia, noted that overall civic activism in Latvia can be described as poor. The report found that citizens are passive, skeptical and slow to engage with the political process, and are increasingly alienated from democratic institutions and processes. 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. The law has been positively affected by 67.5% of the submitted initiatives. In 2018, a total of 153 initiatives were submitted to the platform and 238,812 people signed the initiatives, up from 91,891 signatures in 2015. The parliament is increasingly responsive to these initiatives.

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. Rozenvalds, J. (2015) How Democratic is Latvia? Audit of Democracy 2005-2014, Available at: [https://www.szf.lu.lv/fileadmin/user\\_upload/szf\\_faili/Petnieciba/sppi/demokratija/ENG\\_Audit\\_of\\_Democracy\\_2015.pdf](https://www.szf.lu.lv/fileadmin/user_upload/szf_faili/Petnieciba/sppi/demokratija/ENG_Audit_of_Democracy_2015.pdf), Last assessed: 05.11.2019.

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: 05.11.2019.

3. Latvian Civic Alliance (2019), Overview of the NGO Sector in Latvia 2015. Available at: <https://nvo.lv/uploads/201911141454365728.pdf>, Last assessed: 05.11.2019.

4. Research center SKDS, Survey on central government's image, Available at (in Latvian): [https://mk.gov.lv/sites/default/files/attachments/atskaite\\_petijuma\\_zinojums\\_vk\\_112016.pdf](https://mk.gov.lv/sites/default/files/attachments/atskaite_petijuma_zinojums_vk_112016.pdf), Last assessed 05.11.2019.

6. ManaBalss (2018), Progress data, Available at: <https://manabalss.lv/page/progress>, Last assessed: 05.11.2019

Open  
Government  
Score: 5

Latvia joined the Open Government Partnership in 2011, with the State Chancellery as the current assigned contact point. The government has made efforts to ensure Latvia complies with the partnership requirements. Three National Action Plans have been published since joining the partnership, monitoring the progress and proposing future improvements in the field of open government.

Following these recommendations, an online platform was set up in 2017 (<https://data.gov.lv>) to serve as a single point of public access to government data. At the time of writing, the portal contained 318 datasets from 68 data publishers (compared to 33 datasets from 13 data publishers in 2017). However, it is not mandatory for government data to be published on the platform. Instead, data is only published on a voluntary basis. The Latvian Open Data Portal is linked with the European Data Portal, which means that all data published is also available on the European Data Portal. Furthermore, the Ministry of Finance now publishes basic information about the government's budget positions on an interactive platform, which details the spending categories to which funds are allocated and the amount that is spent (in absolute and percentage terms).

In 2017, Latvia ranked 14 (up from 31 in 2015) in the Global Open Data Index. Open public sector data in Latvia is evaluated as meeting the basic criteria of the Open Data Index, but fails when it comes to more advanced criteria, especially when it comes to usability of the data (e.g., publishing documents in a machine-readable format, offering bulk-download options and using open license statements). Importantly, although the law (updated in 2018) regulates what information should be published online by governmental institutions, no unified approach is used when it comes to structuring the information, which often makes locating information difficult.

Citation:

1. State Chancellery (2017), National Action Plan 2017-2019, Available at: [https://www.opengovpartnership.org/sites/default/files/Latvia\\_National-Action-Plan\\_2017-2019\\_LAT.pdf](https://www.opengovpartnership.org/sites/default/files/Latvia_National-Action-Plan_2017-2019_LAT.pdf)

2. Latvian Open Data Portal, Available at: <https://data.gov.lv/lv>

3. Ministry of Finance, Interactive Budget (2018), Available at: <http://www.fm.gov.lv/valstsbudzets>, Last assessed: 05.11.2019

4. Open Government Partnership (2015-2018), Timeline: Latvia, Available at: [https://www.mk.gov.lv/sites/default/files/editor/ogp\\_lat\\_timeline.pdf](https://www.mk.gov.lv/sites/default/files/editor/ogp_lat_timeline.pdf), Last assessed: 05.11.2019

5. Global Open Data Index (2017), Available at: <https://index.okfn.org/place/>, Last assessed: 05.11.2019

### 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 three. The 2018 budget for the unit is expected to include resources for outsourcing expertise. To date the unit has produced nine studies and reports. 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

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

Summoning  
Ministers  
Score: 10

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: [https://titania.saeima.lv/Personal/Deputati/Saeima13\\_DepWeb\\_Public.nsf/structureview?readform&type=3&lang=LV](https://titania.saeima.lv/Personal/Deputati/Saeima13_DepWeb_Public.nsf/structureview?readform&type=3&lang=LV)
2. Composition of the Cabinet of Ministers: <https://www.mk.gov.lv/en/amatpersonas>

## Media

Media Reporting  
Score: 5

A minority of the ten most important mass-media brands in Latvia provide high-quality information. The majority of reporting is a mix of quality information and infotainment programs. The financial constraints on the media brought about by audience and advertising shifts to internet-based sources and limited budgets for public broadcasting have had a negative effect on the provision of high-quality content. Additional challenges include the proliferation of pro-Russian narratives in the media, broadcasted by Russia as well as Latvian outlets and shared through social networks.

Nevertheless, some media players have succeeded in meeting a high standard of quality. The weekly magazine IR, established in 2010, provides in-depth information on government policy plans as well as publishes leaked information of broad political significance. Investigative reporting on public and private television stations fulfills a watchdog function. In 2017, a concerted effort of investigative journalism by the public broadcaster 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, corruption, 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 on any media channel in Latvia. Hidden political advertising is denied by the Latvian-language media, but acknowledged by the Russian-language media.

New concerns have arisen about the influence of Russia's "hybrid warfare" on the media environment in Latvia, especially for Russian-language media



consumers. Proposals to expand the public-broadcasting services to include Russian-language programming have stalled, however.

Citation:

1. Rožukalne A. (2010), Research Paper on Hidden Advertising Issues in the Media, Available at (in Latvian): [http://providus.lv/article\\_files/2117/original/slepta\\_reklama\\_mediju\\_prakse.pdf?1343212009](http://providus.lv/article_files/2117/original/slepta_reklama_mediju_prakse.pdf?1343212009), Last assessed: 05.11.2019.

2. Ministry of Culture (2017). Media Literacy. Available at (in Latvian): [https://www.km.gov.lv/uploads/ckeditor/files/mediju\\_politika/petijumi/Medijpratiba\\_petijuma%20rezultati\\_Latvijas%20Fakti\\_18\\_07\\_2017.pdf](https://www.km.gov.lv/uploads/ckeditor/files/mediju_politika/petijumi/Medijpratiba_petijuma%20rezultati_Latvijas%20Fakti_18_07_2017.pdf), Last assessed: 05.11.2019.

3. Cabinet of Ministers (2016). Mass Media Policy Guidelines of Latvia 2016–2020. Available at: <https://likumi.lv/ta/en/en/id/286455>, Last assessed: 05.11.2019.

4. Vita Zelce (2018), The Diversity of the Media Environment in Latvia (in Latvian, with and annotation in English), Available at: [https://www.km.gov.lv/uploads/ckeditor/files/mediju\\_politika/petijumi/Latvijas-mediju-vides-daudzveidiba-small.pdf](https://www.km.gov.lv/uploads/ckeditor/files/mediju_politika/petijumi/Latvijas-mediju-vides-daudzveidiba-small.pdf), Last assessed: 05.11.2019

### Parties and Interest Associations

Intra-party  
Decision-Making  
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 from party members. By comparison, commercial law provides more rights to shareholders than rights accorded to party members in their own party.

In the run-up to the 2018 parliamentary election, three new parties emerged and gained substantial support: the nationalist-conservative New Conservative Party (Jauna Konservatīva Partija, JKP), the center-left-liberal Development/For! (Attīstībai/PAR, AP) and the populist “Who Owns the State?” (Kam pieder valsts?, KPV LV) party. In their statutes, all three parties indicate a decision-making procedure in which power lies with the party’s general assembly and is directed by the board of the party. In the case of JKP, there is also an intermediate body of the party council. Since these parties have been elected to the Saeima, with the exception of KPV LV, there has been no indication that party guidelines have been seriously mismanaged.

The KPV LV party statutes center the decision-making power in the hands of the board of directors and posit that key decisions are to be made by an open vote in a party assembly. This has proved to be difficult for the party since its election to the Saeima in 2018 due to numerous internal conflicts and criticisms of the undemocratic leadership style of the party’s leader, Artuss Kaimins.

The Harmony Party (Saskaņas centrs, SC) is an alliance between 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 alliance (rebranded for the 2018 election as New Unity – Jaunā Vienotība) is centered on the organization’s board of directors, which engages closely with its parliamentary faction leadership and government representatives. The party has shown its active internal debates on policy issues in the past, as has been 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.

Two previously independent parties merged to form the National Alliance (Nacionālā Apvienība, NA) in 2010. While decision-making resides with elected party officials, internal debates on important issues are visible to the public. The union’s parliamentarians sometimes pursue individual policy agendas despite official party positions.

Association  
Competence  
(Employers &  
Unions)  
Score: 8

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 dialogue.

Employers’ and business associations are continually engaged with the policy process on specific issues such as energy policy, formulation of the national development plan and tax policy. The Latvian Chamber of Commerce (LTRK) engages in ongoing dialogue with the government, and along with the slightly less influential Employers’ Confederation of Latvia (LDDK), forms a part of the tripartite council.

The Foreign Investors’ Council (FICIL) has a strong capacity for presenting well-formulated policy proposals. FICIL conducts an annual structured dialogue at the prime-ministerial level. The actions that come out of these dialogs are subsequently implemented and monitored. The 2018 council meeting focused attention on labor availability and quality, governance issues within the education and transport sectors, public sector effectiveness

(including digitalization, rule of law, and combating economic and financial crimes), and developments in the energy sector.

Citation:

1. The Foreign Investors' Council in Latvia, Information available: <http://www.ficil.lv/index.php/home/>, Last assessed: 05.11.2019

2. National Tripartite Cooperation Council, Agenda available at (in Latvian): <https://www.mk.gov.lv/lv/content/nacionalas-trispusejas-sadarbibas-padomes-sedes>, Last assessed: 05.11.2019

Association  
Competence  
(Others)  
Score: 4

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

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

Religious communities have largely remained outside of the public-policy development process. The notable exception has been conservative groups advocating for "traditional Christian values." These groups have sought to limit LGBT and reproductive rights and influence the school system. They have gained ground by changing their modus operandi from protest activities to active advocacy at the parliamentary level. In 2015, they secured a controversial change to the Law on Education, leaving schools vulnerable to charges of ethical breaches in teaching.

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).

### Independent Supervisory Bodies

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.

In order to promote the responsibility of officials and company managers for their decisions, the State Audit Office has frequently called for amendments to the law, which would enable the State Audit Office to impose financial penalties on officials who have wasted state funds. The law has been under discussion in the parliament since 2015, with repeated calls from the State Audit Office to solve the issue.

In addition, in 2019, the State Audit office made an announcement emphasizing the urgent need to marshal the state guarantee and debt discharge accounting. It was noted that if the ministries were unable to cooperate, the State Audit Office would refuse to give an opinion on the state's annual report for the financial year and call on the respective officials to take responsibility for the consequences.

Citation:

1. State Audit Office (2019) The Reluctance of Ministries Can Lead to the State Audit Office Refusing to Express an Opinion on the Annual Report of the State for Financial Year 2019, Available at:<http://www.lrvk.gov.lv/en/the-reluctance-of-ministries-can-lead-to-the-state-audit-office-refusing-to-express-an-opinion-on-the-annual-report-of-the-state-for-financial-year-2019/>, Last assessed: 05.11.2019.
2. OECD (2009), Review on Budgeting in Latvia, p. 204 and 223, Available at: <http://www.oecd.org/countries/latvia/46051679.pdf>, Last assessed: 05.11.2019
3. [http://www.transparency.org/whatwedo/pub/national\\_integrity\\_system\\_assessment\\_latvia](http://www.transparency.org/whatwedo/pub/national_integrity_system_assessment_latvia), Last assessed: 05.11.2019

Ombuds Office  
Score: 3

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 2018, the ombuds office received 1,716 complaints, 45 of which were investigated. The ombuds office reports annually to parliament.

Citation:

1. Ombudsman of Latvia Annual report (2018) Available at (in Latvian): [http://www.tiesibsargs.lv/uploads/content/tiesibsarga\\_2018\\_gada\\_zinojums\\_1550749223.pdf](http://www.tiesibsargs.lv/uploads/content/tiesibsarga_2018_gada_zinojums_1550749223.pdf), Last assessed 05.11.2019

Data Protection  
Authority  
Score: 5

The Data State Inspectorate, established in 2001, operates in accordance with the Personal Data Protection Law and is based on a cabinet regulation of 2013, Regulations on the Data State Inspectorate. A new version of the law was proclaimed in 2018. The main goal of the inspectorate is to protect the fundamental rights and freedoms of citizens, particularly the privacy of individuals with regard to the processing of personal data. The law describes the Data State Inspectorate as an independent institution. Nevertheless, the inspectorate is subject to the supervision of the Ministry of Justice and the Cabinet of Ministers, and is financed from the state budget.

Citation:

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