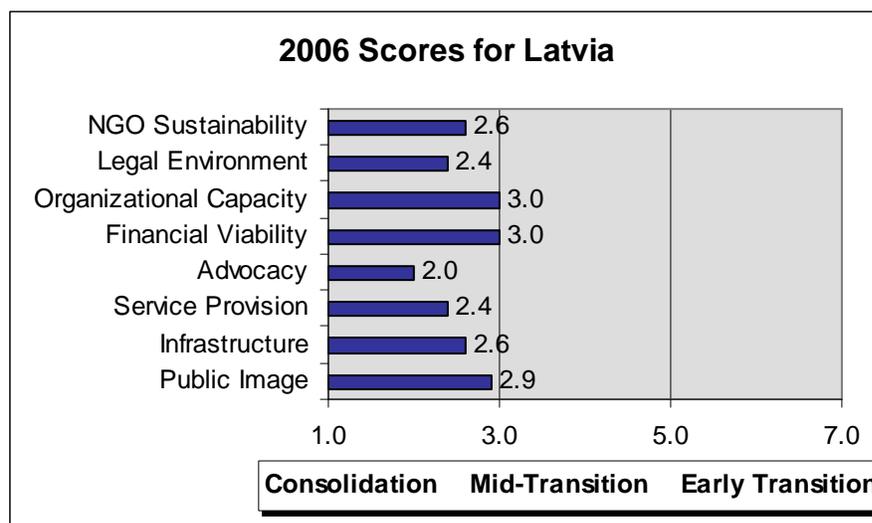


Latvia



Capital: Riga

Polity: Parliamentary democracy

Population:
2,274,735

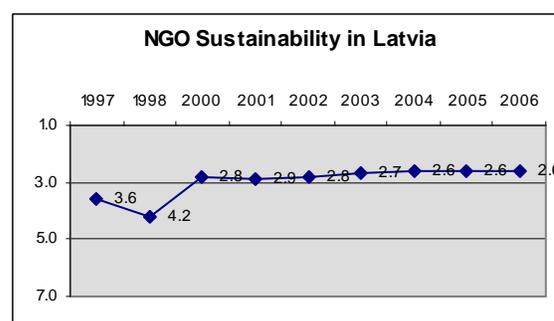
GDP per capita (PPP): \$15,400

NGO SUSTAINABILITY: 2.6

In 2006, parliamentary elections (which take place every four years in Latvia) were held. The elections, which this year took place on the 7th of October, also influenced the discussions on the role of NGOs in society. A few NGOs have been established in order to promote predominantly political interests, and some in the NGO community now fear that their political neutrality and reputation are threatened. For example, some NGOs are essentially promoting and organizing political party campaigns because as NGOs they can avoid the spending limits or allowances set for political parties to run pre-election campaigns.

Before the elections, the group Civic Alliance – Latvia evaluated the pre-election programs of the main political parties in order to analyze how they addressed the issue of civil society and NGOs. Almost all parties mentioned NGOs in their pre-election programs and promised greater engagement with NGOs in the policy-formation process. Experts confirm that this political attention toward NGOs appeared as a result of NGO advocacy activities. Specifically, NGOs have successfully promoted the concept of their participation among politicians and civil servants, and have gained attention by participating in the policy-

making process and proposing constructive solutions to problems.



During the last 13 years, the main focus of NGOs was related to service provision for vulnerable citizens. Nevertheless, in recent years, the concept and understanding of the NGO role are changing. The issues of advocacy and lobbying have become part of the NGO agenda not only at the national level, but also at the regional level.

Much has happened that has supported the growth of the NGO sector in recent years. Roughly two years ago, discussions regarding the role of NGOs in building democratic society began and these have continued to the present. Also, almost two years ago (February

2005), the government-sponsored National Program for Strengthening Civil Society was approved. This program focuses on supportive research concerning issues relevant to NGOs. The program provides grants to NGO projects and has helped establish five NGO support centers and three smaller support units throughout Latvia. The program tries to differentiate among projects, donations and other initiatives to engage NGOs with different interests and needs.

The challenge to the effectiveness of this program is that the State's budget is planned annually. Therefore, to support civil society initiatives, the Secretariat of Special Assignments, Minister for Social Integration must ensure each year that funding for the program is earmarked in the State's budget, even if there are multi-year plans. The State budget does not allow multi-year financial commitments. For example, a project can be proposed for three years, but it might appear that there is no funding in the second year,

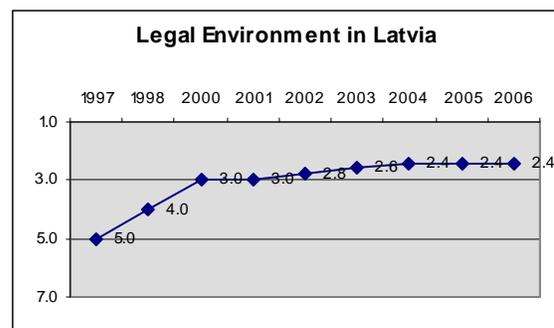
because it is not planned in the State budget. Furthermore, ministers change and their interests change so multi-year funding cannot always be protected. In addition, short-term financial support can lead to short-term planning, making it more difficult to ensure the sustainable development of civil society in Latvia.

It is recognized that role of the NGO sector in Latvia is becoming clearer and more accepted. For example, some fundamental issues of cooperation with Governments and Parliament are set. Ministries provide information for citizens about possibilities for participation in the policy process. Also, there is recognition from the politicians that they have to take into consideration NGOs and their expertise and work. When Latvia joined the European Union (EU) and foreign support funds were discontinued, many Latvian NGOs faced financial difficulties. These major changes have motivated NGOs to find new and innovative ways to ensure the sustainability of their work.

LEGAL ENVIRONMENT: 2.4

The legislative framework for NGOs in Latvia is considered to be in place and fairly advanced. Henceforth, advocacy NGOs in Latvia should concentrate on monitoring how this relatively new legislation is applied in practice and not on obtaining new legislation. Latvian NGOs face no legal obstacles in the registration process or in participating in the policymaking process. The State does not restrict freedom of association in the law.

Despite the generally positive news, there are some weaknesses. There was no major progress on the effort to define the conditions under which the State can dissolve associations. The working group charged with defining this matter provided the Government with a short report about possible cases when State action might be required, but further steps were not taken.



In October 2004, a new Law on Public Benefit Status came into force. According to the latest information in October 2006, 799 organizations have gained public benefit status.

The Ministry of Finances has estimated that about 13 million Latvian Lats did not reach the State's budget because of tax exemptions (for 85% of the donated amount) for enterprises which have donated to public benefit organizations. This funding can be considered as indirect capital for NGOs. Of course, the

support provided by the enterprises should also be mentioned, because their investment is 15% of the donated amount.

Even though this system is considered to be good, a case of funding misuse in one public benefit organization – the Latvian Cultural Foundation – was observed. A donor submitted a request to the State Audit Office of the Republic of Latvia asking for an examination of the use of funding by this organization. It appeared that the recipients of the donated funding had frequently been the donors themselves. In other words, this foundation had been functioning as a mechanism for some

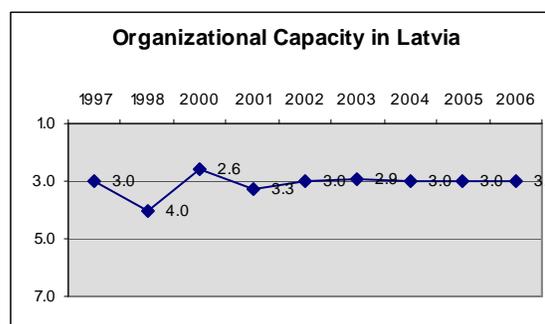
enterprises to avoid paying taxes. This case has caused debates about the need to pass stricter rules and regulations for public benefit organizations. At present the Ministry of Finances has asked experts to provide input for making amendments in the current law. Some of the experts admit that professional and amateur sports should be treated differently, but the current law recognizes sports as being in the field of public benefit. The same problem exists in the cultural domain – for example, large commercial projects such as concerts and film festivals cannot be regarded as the activities for the public benefit.

ORGANIZATIONAL CAPACITY: 3.0

After Latvia joined the European Union, it was observed that co-operation among NGOs improved. NGO staff have understood that co-operation, information exchange and the sharing of resources are necessary to ensure the sustainable development of the organizations. In two years, new networks have been established, becoming more focused on specific topics such as the elderly, the environment, social services, poverty reduction, gender equality, persons with special needs, etc. These networks function in cooperation with NGO platforms that are active in the European Union. This new dimension is very significant because NGOs are becoming more effective in influencing both EU and Latvian policies. These networks aim to strengthen their member organizations in their particular field. One result is that there are now more joint proposals for projects that smaller NGOs would not be able to apply for alone.

Organizational capacity is strong in some organizations and weak in others. The stronger NGOs (established at the beginning of the 1990s) have entered a new development stage; they are practicing systems of effective governance. Due to their projects, these NGOs are able to attract professional staff. More established organizations develop strategies and try to function and fundraise in accordance with their strategy. These organizations attempt to separate the decision- and policy-making body

from the executive body. Some larger NGOs apply for structural and cohesion funds through European Commission projects; therefore, they do not rely only on national funding sources and opportunities. The best established NGOs also participate in European and transnational networks. NGO personnel consist of more professionals than volunteers. With regard to geography, the stronger NGOs are located not only in the capital city, but also in regions and small villages. Well-established international co-operation, improved management systems, and increased professionalization all enhance NGO sustainability. They open up new possibilities including the chance to apply for international projects.



Small, newly established NGOs, on the other hand, are struggling to survive and overcome their lack of financial and human resources. It has been observed that some groups of activists

in the municipalities do not register themselves as legal entities, trying to avoid – from their perspective – all the complicated administrative paperwork required for registration. NGOs with poor capacity cannot ensure the continuity of the organization, especially if there is frequent turnover in leadership positions. The main problems are the organizations' lack of stable management systems and of human and financial resources. Many smaller NGOs lack professional employees and long-term financial capacity.

FINANCIAL VIABILITY: 3.0

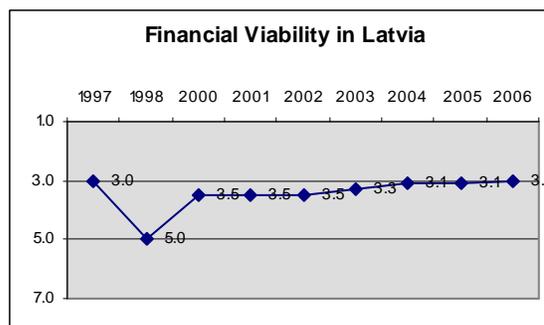
Latvia has one of the highest inflation rates in the European Union. In 2006 average inflation was 6.5%.

The NGOs have successfully cooperated with the Ministry of Finance to ensure that the framework for funding provided by the European Economic area and the Norwegian financial instruments will include a special NGO fund in the amount of 5 million Euros for the next four years. Additionally, due to the advocacy work of some NGOs, a special working group consisting of NGOs and civil servants was established in the Secretariat of Special Assignments for Social Integration to solve the issue of co-financing problems for international (and specifically EU) projects. A special line item for the co-financing of international projects for NGOs was established in June 2006 in the amount of 200,000 Latvian Lats per year, and is expected to become an extremely valuable source of funding in the future. Additionally the Prime Minister has requested that the Ministry of Finance establish a special working group to discuss the possibility of creating national mechanisms to support NGOs in Latvia.

It is observed that funds are mainly available for NGOs which are financially viable and have established partnerships. Few grants are available for smaller NGOs. However, the Secretariat of Special Assignments, Minister for Social Integration has developed a special program to support local NGOs. This program

Regarding employment, the overall economic situation in Latvia should be kept in mind. It is estimated that since May 2004, around 100,000 inhabitants of Latvia have moved to foreign countries. According to official data, around 30,000 inhabitants alone have moved to Ireland. This fact has also influenced the quality of the personnel working in NGOs, because the pool of talented professionals has shrunk.

provides small scale grants to NGOs that are situated outside of the capital city.



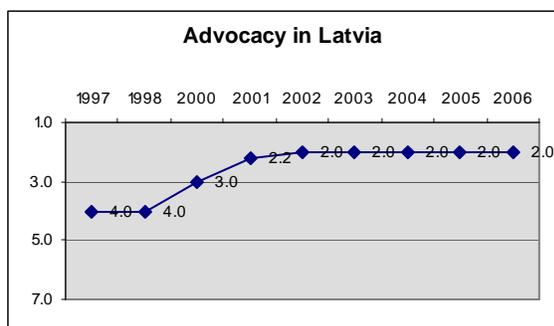
In recent years, five local community foundations have been established to support projects important for local communities. It is estimated that these foundations have provided a total of \$100,000 in grants to local projects.

Small but crucial initiatives have developed in many places in Latvia, due to leadership by young and active citizens. Most of these initiatives have come about only because the people wanted to improve the local situation. The funding for some initiatives has been provided by activists themselves: for example, play grounds for children; protests against the cutting of trees in public parks; and protests against non-consultative and opaque Municipality decision-making. In the long term, these activities and initiatives are viewed by experts as sustainable initiatives with a great impact on community development.

ADVOCACY: 2.0

During the year 2006, Latvian NGOs continued to work with the government and parliament to create new and effective means of cooperation with the state authorities. The Government has clearly acknowledged the significant role of civil society in policy development. This was confirmed by the document Memorandum of Cooperation between the Government and Civil Society, which was signed by the Prime Minister and 57 NGOs on June 15th, 2005.

It took nine months after the signing of the memorandum to establish a committee to monitor the implementation of the clauses in the document. The committee consists of NGOs and State representatives. The committee meets once a month and serves as a mechanism to address three types of issues related to NGOs: 1) NGO issues according to the aims of the memorandum; 2) issues which appear in the work of the Ministries and are related to NGOs; and 3) thematic NGO issues (culture, social issues, education, etc.). The committee has been successful in highlighting problems of the NGO sector and taking initiatives to solve problems.



The NGOs and the Prime Minister meet twice a year to evaluate progress on cooperation and the implementation of the Memorandum of

SERVICE PROVISION: 2.4

NGOs continue to provide of a wide range of services in a variety of sectors. Over the years, the needs of society have shifted to issues that

Understanding. Those NGOs that support the aims of the memorandum can still sign it and participate in the cooperation mentioned. As of this writing, 89 organizations have signed the memorandum.

In the same year (2005), the Chairman of Parliament expressed his desire to strengthen communication with civil society. A working group was established to work on a special Declaration, which would create institutionalized links between parliament and NGOs and support civil society in Latvia. Consisting of three NGOs and Parliament representatives, the working group met 17 times and collected information from parliamentary commissions about co-operation with the NGOs as well as NGO views on the draft declaration. The NGOs represented were: Civic alliance – Latvia, European movement Latvia, and Coalition for Gender Equality in Latvia. The Declaration was developed and adopted by the parliament of Latvia on March 30, 2006 by 83 out of 100 members of Parliament.

The Declaration states that information flow from the Parliament to the citizens of Latvia and NGOs must be improved. Each commission in the Parliament must appoint a contact person for NGOs. The Declaration suggests that each year Parliament, in cooperation with NGOs, should organize a forum to sustain mutual communication and develop common work plans and projects. The forum did not take place in 2006 because both sides feared that it would be used as a platform for promoting political parties in the pre-election period. It will be organized in 2007.

are more related to the quality of life – patients' rights, the promotion of the public health, food safety promotion, and so on. The services

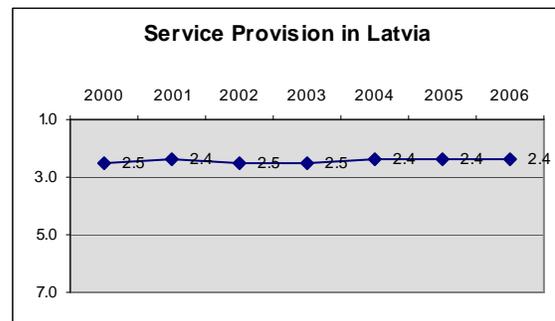
provided by NGOs are related to the needs of society and are appropriate. If we take into account, however, the changing values of the community, NGOs need to develop new services, expanding into more prevention and not just working on the mitigation of social problems. Also, experts express doubts about whether NGOs do professional evaluations of the impact of services and of customer satisfaction. Some topics, such as human trafficking, drug prevention, and the fight against domestic violence, are still of great importance, and in these areas, the role of NGOs is irreplaceable.

Some local authorities, initially concerned about possible accusations of misuse of funds, have now started cooperating with service-provision NGOs due to the steady promotion of the idea that cooperation between the municipality and NGOs is good practice and a way to secure quality cost-effective services for citizens. In some cases, the funding earmarked for the services provided by the NGOs has not changed at all in the last six years. The Municipalities treat differently the services provided by NGOs and the services provided by the Municipalities themselves. Some experts believe that that the State is reluctant to reimburse NGOs for service provision at the same level as state agencies or private businesses, because NGOs are assumed by the State to have lower costs due to volunteer involvement. No empirical data is available at this point, however, on how actual reimbursement compares between NGOs and other service providers. The Law on Public Administration foresees the delegation of tasks to NGOs, but mutual trust between the public administration and NGOs in service provision is still low.

INFRASTRUCTURE: 2.6

So far, no visible impact on the improvement of NGO infrastructure as a result of EU Structural funds can be noted.

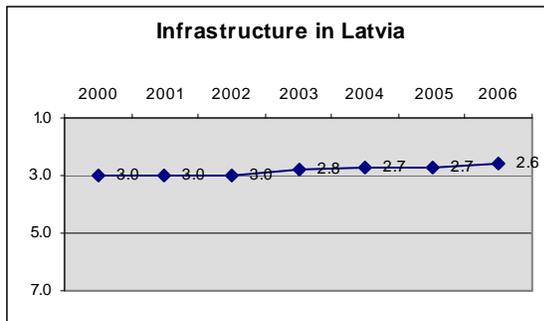
On the national level, Ministries do organize calls for proposals to provide different services, but the implementation of the provided services usually only lasts for a year or less. On the one hand, the initiative is valuable, but on the other hand, the services (including infrastructure for provision of the services) cannot be planned as a long term solution for ensuring provision of the particular service. In some cases, services initially provided by NGOs out of other funding sources later became State-funded services, meaning that the State or Municipality at some point has recognized that this service is of value and should be funded by government. For example, in the area of home care (or in some Municipalities, the social homes), the Municipality recognizes that NGOs can be a better service provider and it then delegates this function to an NGO.



NGOs also tend to develop services as a part of the income which they generate from their projects, but this approach requires different skills and knowledge – specifically in the areas of management and marketing. Because in the past funding from international donors once made free services possible, State institutions sometimes suggest that services provided by NGOs should be provided at a very low cost or even free of charge by means of volunteer labor; then of course the quality of the service may be questionable.

The need for foreign technical assistance today for NGOs in Latvia is less relevant than in the past. NGOs tend to promote technical capacity within their organization or pay for services

from specialized companies. NGOs are able to upgrade or replace their technical equipment from time to time by including these costs in a project proposal. Otherwise, there are no funds that specialize in providing funding for technical equipment for NGOs. Some organizations have very advanced technology, but others have problems in obtaining adequate equipment. It is recognized that there is a quite extensive digital gap between the large cities and the rural areas of the country.



According to the government, Internet access is provided at all local post offices and libraries. However, this network does not guarantee NGOs access to the Internet, because the free Internet access points are in the center of municipalities and have restricted working hours, very often not appropriate for people who would like to access the Internet after working hours.

There is only one foundation, the Community Initiative Foundation (CIF), providing grants for infrastructure for NGOs. This foundation requires close co-operation between NGO and the municipality as well as confirmation that their co-operation agreement will be long lasting.

PUBLIC IMAGE: 2.9

During 2006 many NGO representatives have provided their expertise in mass media on different issues: for example, fighting corruption; promoting human rights; and monitoring policy processes. Consequently, the facts show that NGOs are recognized as a professional and a reliable source of information

It is observed that some Municipalities have developed strong support programs for their local NGOs. Some of them have renovated NGOs premises and have decreased rental fees to a minimum. These good practices should be promoted because each Municipality can make its own decisions about how to support local NGOs.

According to the National Program for Strengthening Civil Society, as of 2006, a total of five regional NGO resource centers and three support units have been developed. The State provided funding (through an application process) to establish a network of five regional NGO resource centers (some of which had been previously established). Some of these centers have small regional support units, to ensure that the State program can organize regional activities and provide support to the NGOs in the regions. The role of these centers is to act as focal points for information and data collection about NGOs in that respective region. Resource centers provide consultations, information and technical support for local NGOs. Organizations who applied and succeeded in the tender according to criteria set by the State signed special agreement with the Ministry of integration for special status as an NGO resource center. Each year this status is reviewed if organization is still providing adequate service to the regional NGOs. Organizations which have received Resource Center status have to provide co-financing for these operations. Donations from the State program are reduced each year, with the aim of establishing a self-sustaining network of regional resource centers.

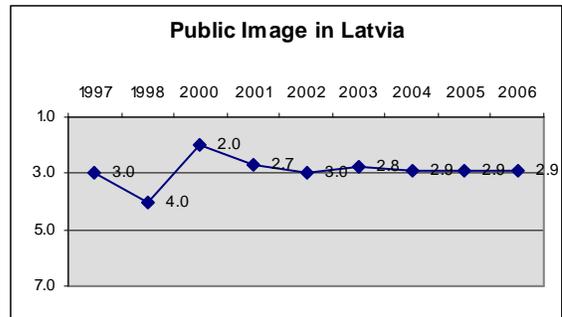
and have demonstrated expertise in providing independent and objective views.

Media attention toward NGOs was intense during July 2006. This attention was drawn due to a rather sensitive topic – the restricted rights of gay and lesbian associations. These

organizations wanted to organize a Gay Pride parade in the city of Riga. For several weeks, this topic was first on the agenda of the mass media. The clash between two groups – gay and lesbian organizations and extreme religious groups – escalated the conflict.

This year might be marked also as a year of the “telephone conversations.” Telephone conversations recorded by the State security services were published. One case was related to the municipal elections and the other case to a journalist’s telephone conversations. Experts note that these cases have made NGOs anxious that the interactions of NGO representatives who are criticizing state power might be recorded as well.

NGOs played an important role in discussions related to the 2006 elections, especially cases concerning the Municipal elections, when some politicians trying to “buy” votes engaged NGOs fighting against corruption in rather heated discussions about quality of the political culture in Latvia. Some NGOs also organized public debates regarding quality of political life in the state.



The media do cover important citizen activities, such as community protests against the development plans of municipalities, about some charitable initiative, etc., but they seldom report on non-governmental organizations as such. Some NGOs have established continuous cooperation with the media and inform the public about their activities via press releases and conferences. One of most successful public relations events on NGO-conducted activities is the Day of Europe on May 9th, organized by the European Movement in Latvia. On this day, a debate regarding the future of Europe and the Constitutional treaty was broadcast on national radio. It was attended by the Minister of Foreign Affairs and various politicians and experts. If it had not been broadcast on national radio to about 50,000 listeners, it would have remained a purely expert discussion with no public resonance. This initiative raises public awareness about NGOs and promotes discussions regarding Latvia’s participation in the European Union.