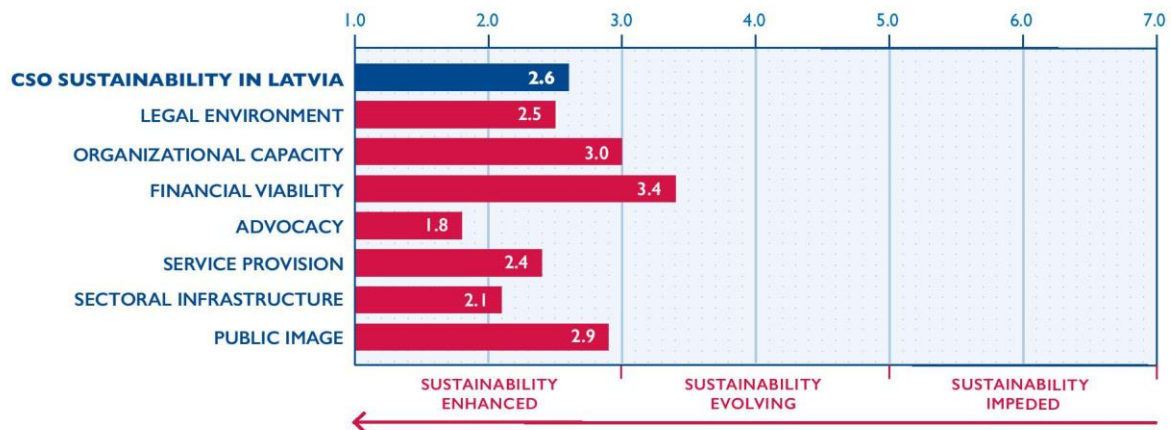


# LATVIA

Capital: Riga  
Population: 1,923,559  
GDP per capita (PPP): \$27,700  
Human Development Index: Very High (0.847)  
Freedom in the World: Free (87/100)

## OVERALL CSO SUSTAINABILITY: 2.6



Parliamentary elections were held in Latvia in October 2018. Several new political parties and new associations of parties were formed to compete in the elections that engaged many individuals in the political process for the first time. Some former CSO leaders founded political parties, while other activists joined existing parties. For example, two former leaders of the organization Transparency International Latvia Delna became members of two different newly created parties. CSOs also actively lobbied for their interests during the pre-election period, including by participating in public debates on various issues, such as education and health. They also educated newcomers to the political scene on CSOs' work and accomplishments. The election results—in which newly formed parties won an extensive number of seats—seem to indicate that citizens are tired of “old politics” in which elected officials do not listen to the electorate.

In April 2018, the CIVICUS Monitor downgraded Latvia's civic space rating from “open” to “narrowed” as a result of declining respect for fundamental freedoms in the country. According to CIVICUS, concerning developments in the first few months of 2018 included restrictive legal amendments, reduced access to government ministries, and curtailed funding to the sector. Although this downgrade created shock in professional civil society circles, it had little impact among politicians or policy makers.

The Republic of Latvia celebrated its 100th anniversary in 2018. CSOs—primarily those working in the field of culture—helped plan, prepare, and implement a variety of celebratory events to mark the occasion.

Overall CSO sustainability did not change significantly in 2018. CSOs' organizational capacity improved as a result of their stable access to financial support over the past few years. Advocacy strengthened as CSOs have become more professional in their lobbying efforts and have learned how to engage media and the public to improve the reach of their advocacy campaigns. Financial viability, on the other hand, deteriorated as the state budget was not approved in a timely manner, delaying the distribution of public funds, and donations to CSOs decreased after changes to the tax laws in 2017 introduced new regulations for making donations to organizations with public benefit status.

According to the database of Lursoft Ltd, in 2018 there were 22,626 associations and 1,629 foundations registered in Latvia. Approximately 550 organizations were liquidated in 2018, more than in any previous year.

## LEGAL ENVIRONMENT: 2.5



The legal environment governing the CSO sector did not change significantly in 2018. CSOs continue to be governed primarily by the Law on Associations and Foundations. The registration process for associations and foundations continues to be relatively easy and can be completed in a few days. CSOs focused on certain fields can additionally apply to become public benefit organizations under the Public Benefit Law; donors receive tax exemptions for donations to organizations with public benefit status.

In 2017, changes to the tax laws were adopted that affect CSOs; these changes came into effect in 2018. Individual and corporate donors can still receive tax exemptions for donations to public benefit organizations. However, the package of changes to the tax laws freed enterprises

of income taxes if they reinvest their profits into the development of their businesses, decreasing their incentives to donate to public benefit organizations. Some CSOs have reported that the level of corporate donations they received decreased by almost 70 percent after the enactment of this new provision.

According to new regulations introduced in 2018 aimed at combatting money laundering and corruption, legal entities, including CSOs, must now identify the “real beneficiaries” of their work, or final recipients of their resources, during the registration process, while existing organizations must provide such information to their banks. While CSOs can indicate in their registration documents that it is not possible to identify their real beneficiaries, organizations that have done so have faced complications in their registration process due to the lack of clarity in the process.

The Ministry of Finance proposed amendments to the Public Benefit Law that would restrict professional organizations from receiving public benefit status. According to the law, professional organizations are those that pay salaries, and would therefore encompass a large portion of the sector. This proposal was still under discussion at the end of the year.

CSOs can generally operate freely under the law without harassment by the government and can freely address matters of public debate and express criticism. However, there was at least one case of attempted state harassment of a CSO during the year. Family planning and sexual health association Papardes Zieds engaged in lobbying related to reproductive health during the parliamentary pre-election period. During demonstrations in front of the parliament, protesters peacefully presented fact sheets and posters with information about HIV/AIDS, premature pregnancies, and abortions. After the protest, an open letter signed by various organizations working in the field of health advocacy was submitted to all members of parliament, in addition to the prime minister and other ministers, and distributed in different public information channels. The letter accused members of parliament of “turning against democracy: and asked for the removal of the controversial “morality norm” from the Law on Education, which led the identification of traditional “virtues” to be taught in Latvian schools. After weeks of public discussion on these topics, eleven members of parliament submitted a letter to the parliamentary commission requesting that Papardes Zieds be investigated to see if it was a “foreign agent” engaging in advocacy that could endanger Latvia’s constitution and national security. While parliament voted not to advance this request after long debates, the issue showed the limited knowledge that some parliamentarians have about the role and importance of CSOs. The media actively covered this evolving case.

Some positive legislative amendments were also adopted during the year. For example, changes in the Food Chain Law now allow entrepreneurs to donate food items to organizations that support socially vulnerable people.

In 2018, the State Revenue Service created standardized forms to ease the annual reporting process for CSOs.

During the year, voluntary organizations made many comments and suggestions to improve the Law of Voluntary Work, but no efforts were made to change or implement improvements to the law by the end of the year.

CSOs can engage in economic activity and compete for government contracts. The 2017 Law on Social Enterprises came into force in April 2018. According to the law, social enterprises must be registered as separate entities, are prohibited from paying dividends to their owners, and are required to engage members of their target groups in the management of the enterprise.

There are still no lawyers in Latvia specifically trained in CSO law, but there are CSO experts—both lawyers and non-lawyers—who are knowledgeable about and have experience in the legal issues facing associations and foundations and are able to advise others.

---

## ORGANIZATIONAL CAPACITY: 3.0

The CSO sector's organizational capacity improved in 2018 as a result of CSOs' access to financial support from several relatively sustainable funding sources over the past few years.

CSOs continue to struggle to build constituencies. According to research commissioned by the Ministry of Culture and conducted by Latvijas Fakti in December 2018, only about 10 percent of people in Latvia are engaged in some sort of CSO. Latvijas Fakti data also shows that one out of every four people has participated in a collective clean-up campaign, while only 8 percent of respondents have participated in public hearings and 6 percent have participated in social campaigns. In a new and effective form of citizen engagement, many newly developed communities actively support the development of specific neighborhoods in Riga.

An increasing number of informal groups have been established over the past year. These groups, which do not require official registration, pull together people interested in specific issues such as the environment or feminism. For example, two informal groups of activists expressed opposing opinions on whether Latvia should ratify the Global Compact for Migration. In December, the Latvian Parliament voted to reject the pact.

Many organizations, in particular those receiving state funding to provide social services, have a clear understanding about the need for and use of strategies in their day-to-day work, although only a small proportion of CSOs formally prepare and follow strategies.

In general, CSOs still have limited access to support for capacity-building efforts, equipment, and staff and volunteer trainings. As a result of intensive lobbying by youth organizations, a special commission was created several years ago that awards the status of youth organizations according to concrete criteria; this status gives these organizations the possibility to apply for funding focused on youth work, including funding for organizational capacity building and technical equipment. The annual budget for youth CSOs is about EUR 350,000, which is almost equivalent to the budget of the National NGO Fund. Despite this, some youth organizations continue to face human resource shortages and struggle with succession planning, as there are few people capable of leading organizations.

Most CSOs are run by one or two people wishing to solve concrete issues. According to research funded by the European Union (EU) and conducted by Civic Alliance-Latvia (CAL) in 2017, the civil society sector in Latvia employs around 18,000 people.

More and more CSOs utilize non-traditional work forms, such as remote work arrangements, to overcome staff shortages. Specifics of the work in CSOs, including their reliance on project-based funding, often makes it difficult for them to maintain loyal, well-paid staff.

According to experts from the regions, people want to help solve particular issues, but are not willing to invest in the development of organizations. For this reason, becoming a volunteer is more appealing to many than becoming a member of an organization. According to the Charities Aid Foundation's 2018 World Giving Index, 9 percent of



respondents in Latvia reported that they participated in voluntary action during the reporting period in 2017, up from 5 percent the previous year.

CSOs are generally well equipped with computers and internet access in their offices. CSOs without their own equipment can easily access computers and internet free of charge in libraries, business incubators, and other places. Latvia has one of the fastest internet speeds in the world, and CSOs in Latvia are very advanced in using social media.

---

## FINANCIAL VIABILITY: 3.4



According to research conducted by CAL in 2018, most organizations have three types of income: private and corporate donations; business activity and selling goods and services on the free market, including to municipalities and the state; and project proposals funded by various foreign donors and EU programs. Each of these sources accounts for approximately one-third of the CSO sector's overall funding.

CSO financial viability deteriorated slightly in 2018. Problems forming a government after the elections resulted in delays in approving the state budget. This had serious implications for the National NGO Fund, the primary grant scheme for CSOs and democracy building in Latvia. The Fund did not issue any calls for proposals in 2018, meaning that many organizations began the new

year without funding for capacity-building and other projects. In addition, the Ministry of Culture's three-year grant program came to an end in 2018. Through the program, the five regional NGO centers provided small grants to citizen activists, as well as support to minority organizations.

As expected, donations decreased after changes to the tax laws in 2017 freed enterprises of income taxes if they reinvest their profits into their businesses. Although concrete data will only be available in 2019, some organizations reported that their donations decreased by 70 percent. For example, the organization Iespējamā misija (Teach for All) noted that it was at risk of shutting down, as its main income came from a single corporate donor.

Charitable foundations faced a crisis in 2018 after ABLV, a private bank, froze the accounts of one of its charitable foundations due to allegations of money laundering. Some other charitable organizations that had bank accounts in this bank also were affected, and their funds were frozen for an unknown time.

A consortium of six CSOs, led by CAL, was selected to administer the new Active Citizens Fund in the framework of the European Economic Area (EEA) and Norway Grants. Over the next five years, EUR 8.5 million will be distributed through this fund in Latvia; however, this is EUR 1.5 million less than initially agreed. Funds are expected to begin being distributed in 2019.

CSOs have some access to funding through European Structural Funds. Some of the EU funding opportunities available to CSOs in 2018 included Erasmus +, European Voluntary Service, and some environmental programs.

The Ministry of Foreign Affairs manages a grant scheme for organizations working in the field of development cooperation. In recent years, this program eased the work of CSOs in applying, implementing, and evaluating their projects in the field of development cooperation. Other ministries also provide open calls for proposals in their area of work.

Municipal approaches to supporting civil society vary widely. Some municipalities no longer organize local tenders or calls for proposals for local CSOs, arguing that supporting civil society "is not the role" of the municipality. Other municipalities continue to arrange calls for proposals. Some municipalities, such as Limbaži in the north of Latvia, also support churches. The association of municipalities arranges call for proposals under a program called Community with Soul, which gives small communities the opportunity to receive support for their activities.

According to research conducted by Latvijas Fakti in 2018, 22 percent of individuals in Latvia have made a donation to a CSO in the last two years. Donations are largely focused on welfare (60 percent) and health (36 percent), with smaller numbers of donations supporting citizen participation and democracy (13 percent), culture (7 percent), and sports (5 percent).

CSOs run fundraising campaigns that collect vast amounts of funding for children in need and other sensitive issues such as adoption of children. Some CSOs raise some funds by organizing concerts. CSOs working with children with disabilities organize fundraising campaigns in which people make donations by making phone calls. Latvian Samaritan association organizes an annual campaign to collect food for the elderly and other people in need. There are a vast number of collection boxes in shops around Latvia. The widely-known petition portal ManaBalss.lv partly covers its operational costs through micro-donations from individuals that generally range from EUR 0.5 to 5.

Some community foundations have developed innovative ways to raise funds for local activities. For example, the Community Fund in Valmiera has created a special card called KOPĀ (TOGETHER). Cardholders receive discounts in local shops, while the shop owners donate a portion of the money the customers spend to the Community Fund. It is still too early to evaluate the effectiveness of this card.

The Law on Social Enterprises came into effect in April 2018. By the end of the year, there were thirty-six social enterprises in the register of social enterprises. Many CSOs submitted proposals in response to the first call for social entrepreneurship proposals from the European Structural Funds in 2018, and fourteen received support. For example, the organization Ascendum received a grant to support the creation of audio-showers—booths where people can listen to audio-books—and to organize various educational programs.

According to tax laws, a business still has to pay value-added tax (VAT) when it donates its services. This makes businesses reluctant to offer pro bono professional services to CSOs.

CSOs generally have financial management systems in place. In addition, the State Revenue Service provides some support to CSOs.

---

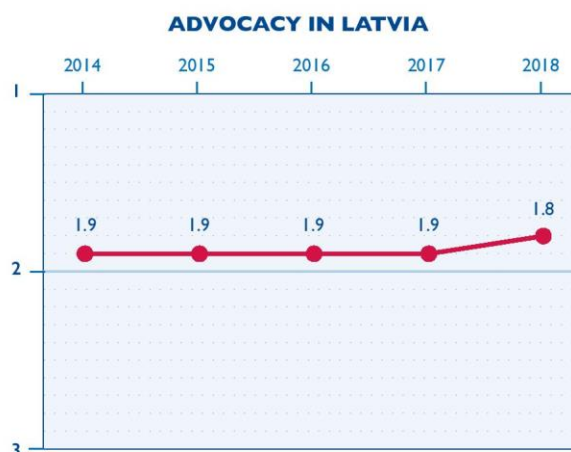
## ADVOCACY: 1.8

CSO advocacy improved in 2018. CSOs and their staff have become more professional in their lobbying efforts. In addition, CSOs have learned how to engage media and the public to improve the reach of their advocacy campaigns. In particular, CSOs now use social media effectively to create pressure on policy makers.

CSOs have relatively easy access to politicians and civil servants who are responsible for various public policy issues. However, the quality of the dialogue between state and CSOs generally depends on the individuals involved. In addition, CSOs often lack the financial resources needed to engage experts in their advocacy initiatives.

There was an active debate on the Law on Referendum in 2018. The law, which had been pending in parliament since 1997, would allow citizens to organize referendums at the municipal level. CSOs supported the measure, but the law ultimately failed to pass as some stakeholders were afraid that referendums, particularly in larger cities, might be dominated by the Russian minority.

CSOs have institutionalized tools of communication with policy makers. There are over 170 different consultative bodies that engage CSOs. In addition, parliamentary commissions invite CSO representatives to participate in their meetings and provide input. The Council of the Memorandum of Understanding among NGOs and the Cabinet of Ministers (Council of the MoU) continues to be the highest platform in which CSO matters are discussed. In 2017, the Council of the MoU adopted a document outlining standard rules for engaging CSO representatives in the consultation bodies of different branch ministries; these rules began to be implemented in 2018. Working groups



were created to discuss various issues important to CSOs, including financial and legal issues. The Council of the MoU also reached consensus with the ministries that CSOs can receive financial support in order to participate in the policy-making process.

Public consultations are limited and often very formal. According to data from the Latvijas Fakti research, 41.3 percent of people think that state institutions do not respect their opinions. Civil servants state that social media is the most effective tool to provide information to citizens.

Parliament passed the Whistleblower Protection Law in October 2018. The law, which Transparency International Latvia Delna had lobbied in favor of for nearly a decade, will provide protections to people who report information in the public interest. Whistleblowers will be granted anonymity and provided free legal support, and will also be protected from possible repercussions at their jobs. The law will come into effect in May 2019. Transparency International Latvia Delna also continued to organize meetings with politicians to explain the benefits of transparent management of public funding.

The web portal ManaBalss (My Voice) continues to be an effective advocacy tool. ManaBalss is recognized as a global open government success story and has been mentioned by former US President Obama and featured in the New York Times and The Guardian, in addition to being noted as a success story by the OECD, United Nations (UN), and others. The portal engages citizens in the policy process by allowing them to submit and sign legislative and policy initiatives at the national and municipal levels. Once an initiative gathers 10,000 verified signatures, it is submitted to the parliament for a hearing. Twenty-six of the thirty-eight initiatives that have reached policy makers since 2010 have been approved, a success rate of over 68 percent. Since 2011, ManaBalss has had more than 239,000 unique visitors and more than 1.13 million votes—a considerable number for a country of less than 2 million inhabitants.

In 2018, ManaBalss reviewed 153 public initiative proposals, sixty-three of which were published. During the year, seven initiatives led to legislative changes, including a change in the country's constitution that calls for the parliament to vote for the president through an open ballot. An additional six initiatives were submitted to parliament for consideration. In addition, CAL, the Ministry of Foreign Affairs, and Lemejs.lv (Decider)—a new online platform that enables young people to engage in digital democracy—initiated a national dialogue on ManaBalss in 2018. During twenty-three events organized in the regions and online, 1,500 citizens participated in consultations about the future of Europe.

There is a very strong and well-developed network of organizations of Latvian citizens living abroad. Thanks to their lobbying efforts, a Diaspora Law was adopted in 2018 that provides the diaspora with opportunities to freely maintain, create, and expand its ties with Latvia and provide other types of support for Latvian citizens living in other countries.

CSOs advocated actively against changes to the tax laws adopted in 2017 that affected donations to public benefit organizations. CSO representatives tried to convince the Ministry of Finance that these changes would lead to dramatic decreases in corporate donations, but these concerns were initially ignored. Politicians only began to express their opposition to the reform after it started to be implemented and many organizations informed the ministry that they will close their operations due to the lack of donations.

---

## **SERVICE PROVISION: 2.4**

CSO service provision did not change significantly in 2018. According to data provided by the Ministry of Social Welfare, CSOs provide about 30 percent of social services in Latvia. This includes work with people with mental disorders, child protection, domestic violence prevention, elderly care, and other fields. CSOs also provide specialized services, such as disease prevention and rehabilitation of cancer patients. In addition, CSOs implement programs providing support to refugees, including psychological assistance as well as support finding housing and jobs, and mentoring to ease their integration. In 2018, CAL provided civic education as part of a pilot for a national program organized by the Ministry of Defense and Cadet Force.

CSOs collect information about the needs of their clients in order to design responsive services. For example, Latvian Samaritan association is creating a robot that can cut grass, cut wood, and do other specific functions to support elderly people in remote areas.



CSOs primarily provide services for free or for lower prices than on the open market, as they have other income that they can use to subsidize the cost of services. In addition, some CSOs charge for their services. Latvian Samaritan association, for example, provides elderly care and home care in remote areas; while some of these services are subsidized by the state or municipality, relatives of the elderly pay for some of these services. Some foundations provide extensive support in the field of health. For example, in 2018 Children’s Hospital Fund provided approximately EUR 100,000 to support the development of the hospital’s infrastructure for children with autism and their parents. With this support, parents can now receive professional consultations, as well as other tools to support people living with this disorder.

In 2018, the foundation High Technology Park in Ventspils and Society Integration Fund created a new movement called In Difference there is Power. This movement invites employers from any field—CSOs, state institutions, and enterprises—to conduct self-evaluations about their openness to diversity in their work environments and their engagement of different employees, including young mothers, people with health problems, people from different social and ethnic backgrounds, and people with different sexual orientations. The movement then provides expertise to employers to diversify their workforces, in addition to providing awards to the best and most open employers. By joining the movement, employers also sign a special charter committing them to ensure openness to different groups of people while running their daily business.

The government recognizes the value that CSOs add in the provision and monitoring of basic social services. For example, CSOs have strong cooperation with the State Employment Agency in providing subsidized workplaces for the long-term unemployed.

## SECTORAL INFRASTRUCTURE: 2.1

The infrastructure supporting the CSO sector in Latvia did not change significantly in 2018.

The five Regional NGO Support Centers continue to meet the basic needs of CSOs and active citizens. For example, they provide small grants to local CSOs, organize local events for CSOs focused on capacity building, consultation, and partnership building, and provide advice on how to establish organizations. During 2018, the Regional NGO Support Centers organized citizen forums in all regions, with a focus on addressing priorities in the respective region. These centers rely on funding from a variety of sources, including municipal support, grants, and some business activity.

NGO Support Centers also support the Ministry of Culture in coordinating the participation of minority organizations in the national forum of minority organizations. This year’s forum addressed the role of minority organizations in promoting cultural heritage, engaging in civic participation, youth engagement, and media literacy. Representatives of minority organizations presented the results of the forum to the president.

CAL regularly issues electronic newsletters to CSOs and other activists and interested parties, such as civil servants. Throughout 2018, CAL prepared ten legal analyses for CSO professionals, and provided information about the available calls for proposals for CSOs. CAL has also provided more than 200 private consultations to



CSOs and activists about different issues relevant to civil society. CAL also maintains an electronic toolbox for CSO staff called e-advice; in 2018, CAL distributed 104 e-advice.

A small network of community foundations continues to operate in some municipalities. Corporate grant making is mostly focused on disabled children, social issues, and sports.

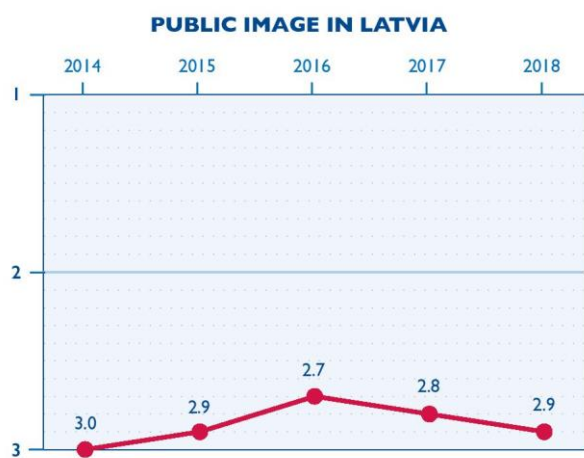
Several platforms in Latvia provide sustained and influential work in concrete thematic fields and strengthen the capacity of organizations working in these fields. For example, the Latvian Platform for Development Cooperation (LAPAS) focuses on the implementation of the UN's sustainable development goals.

Training is available throughout the country but is concentrated in Riga. For example, the NGO House in Riga provides support to CSOs in the capital city. CSOs invest in the education of their members and staff by inviting professionals from other fields to give lectures. However, the available training does not address all of CSOs' needs. For example, there is no training specifically for CSOs in the field of ICT. Training is mainly provided in the scope of different projects.

CAL continues to build bridges between CSOs and the business sector by fostering the will of the business sector to support CSOs with their services. Some law firms support CSOs with expertise in such fields as data protection, financial analysis, and legal analysis.

Despite CSOs' efforts, politicians still seem to be reluctant to cooperate closely with CSOs. Several CSOs invited Prime Minister Māris Kučinskis to deliver speeches at events, and while he did this, he failed to stay for the ensuing discussions.

## PUBLIC IMAGE: 2.9



Although more people seem to be aware of the work of CSOs, the sector's public image is still constantly threatened by negative rhetoric from politicians and some high-level civil servants. For example, Transparency International Latvia Delna was called incompetent for monitoring a project to update the tram line in Riga.

Media representatives continue to lack a clear understanding of the role and purpose of civil society and pay little attention to CSOs as a sector. In 2018, however, media highlighted several issues relating to civil society, particularly those related to the financial reforms that affected public benefit organizations, with some public persons highlighting the extreme decrease of donations to public benefit organizations after the tax reform. On the other hand, other important issues, such

as public benefit organizations' work in the fields of health, culture, and democracy building, received little attention. During 2018, there were also discussions in the media about the fact that many civil society leaders ran in the parliamentary elections. The nature of such discussions varied.

In 2018, research organizations, investigative journalists, academics, public diplomacy experts, and international and domestic security experts organized discussions about the growing prevalence of fake news in Latvia. Some debates explored the sources of fake news—some of which targeted CSOs—while others focused on the impact and consequences of fake news.

CSOs generally have professional relationships with media. CSOs regularly issue press releases. Media cover CSO stories that deal with issues that are important to society, but CSOs have to pay for coverage of issues that media does not consider compelling enough. CSOs strive to create projects in cooperation with private media companies in order to reach larger audiences. In 2018, ManaBalss.lv initiated a policy-focused TV series in partnership with RīgaTV 24, a private broadcaster. This series is sponsored by the Society Integration Fund. Each episode focuses on a public policy initiative on ManaBalss.lv – including those still in the voting process and those submitted to the



parliament. This series will be continued in 2019. CSOs actively use social media to communicate with politicians, state institutions, the public, and other CSOs.

According to the research conducted by Latvijas Fakti in 2018, 53 percent of Latvians find the role of associations and foundations in society to be very important, most notably in the development of the country and the stability of democracy. The most positive attitudes are expressed by people under the age of forty-five with higher education that live in the capital city. More than half of respondents (56 percent) think that the state should be more supportive of CSOs. Citizens have a lower public opinion of political parties and state institutions than CSOs. Despite this, the engagement of citizens in CSO activities remains low, as described above.

The government's perception of CSOs is largely neutral. Many government officials remain largely ignorant about the role of civil society. The business sector understands the meaning of corporate social responsibility (CSR) and a growing number of corporations are working with CSOs to organize activities for the public good. For example, for the past eight years, Silja Ltd, an agricultural enterprise, has provided stipends to talented young people to cover the costs of their studies. Many business organizations provide support to public benefit organizations, although this has decreased since the tax system was reformed.

There is an official journal that contains all the official information about legal acts and other important issues available at [www.lvportals.lv](http://www.lvportals.lv). This journal also has a chapter on citizen participation.

There were no new developments in the field of self-regulation in 2018. Organizations continued to discuss the code of ethics for CSOs that the Council of the MOU started developing in 2017, and there is a possibility that it will be adopted in 2019. CSOs generally publish annual reports. In addition, information about public benefit organizations is readily available online.

**Disclaimer:** *The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.*