



Latvia: citizen involvement in budget drafting

On 16 June, after a three-year long accession process and following ratification by its Parliament, Latvia became the 35th Member of the OECD. Latvia has often been held up as an example within the EU for the manner in which it recovered from the economic and financial crisis. The OECD is strongly recommending that the country continues its ongoing reform programme by involving its citizens in public action.

As pointed out by Foreign Minister Edgars Rinkēvičs, “the process of accession to the Organisation has demonstrated that joining the OECD has never been merely a goal in itself or to be viewed simply as membership in yet another international organisation; instead, it is an instrument for a country to improve policies in almost any realm of economic or social activity¹”. Between its accession to the EU on 1 May 2004 and the adoption of the euro on 1 January 2014, amongst Eastern European countries, Latvia suffered the most from the crisis, losing almost a quarter of its GDP between 2008 and 2010². At the time, the government led by Valdis Dombrovskis – now Commission Vice-President for the Euro and Social Dialogue – elected to make substantial cuts in government expenditure to bring staffing levels and ratios into line with European averages.

The results for the first year of this policy are compelling³: two ministries (out of 16) and half of the 75 government agencies were closed down, 29% of civil servants were made redundant and, on average, the wages of public officials fell by 26% to the levels in the private sector. These reforms were the prerequisite for rollout of the three-year financial assistance programme⁴ agreed for Latvia in late 2008 by the EU, the EBRD, the IMF and the World Bank, with contributions from five Nordic countries⁵, Poland and the Czech Republic, for a total of €7.5 billion.

Proactive citizens

Owing to drastic fiscal austerity, Latvia drew down less than 60% of the allocated total. The post-programme surveillance by the creditors ended in January 2015 and 75% of the amount borrowed has been repaid. In a country that restored growth in under a year, the government could only introduce each of its reforms after having reached agreements⁶ with all the social partners and other representatives of civil society (NGOs).

The aftermath of the breakup of the Soviet Union followed by the crisis had created growing distrust of the institutions. Consequently, in 2011, manabalss.lv was launched. It is a website devoted to participatory democracy⁷ on which any Latvian citizen can submit proposals for legislation. All proposals are examined by the Saeima (Parliament) if they meet the requirements (lawfulness, offering a solution and action plan) and receive 10,000 signatures. In five years, a million citizens – half the population – have pronounced themselves in favour of one of these proposals (through an authenticated connection allowing identity to be established).

To date, nine of the 22 validated initiatives have been turned into legislation or amendments to legislation⁸. One of the proposals submitted that received the most support was the “request for a reduced VAT rate for foodstuffs⁹”,

¹ <http://www.mfa.gov.lv/en/policy/economic-affairs/oecd/latvia-s-accession-to-the-oecd>

² http://www.lepoint.fr/economie/lettonie-un-miracle-economique-grace-a-l-austerite-06-06-2013-1677309_28.php

³ <http://www.24hgold.com/francais/contributor.aspx?article=4566840994G10020&contributor=Alex+Korbel>

⁴ http://ec.europa.eu/economy_finance/assistance_eu_ms/latvia/index_en.htm

⁵ Denmark, Estonia, Finland, Norway and Sweden.

⁶ http://www.baltic-course.com/eng/markets_and_companies/?doc=16600

⁷ Translation of “my vote”: <https://manabalss.lv/> (website in Latvian and Russian).

⁸ <https://cizenos.com/topics/00efa891-6335-4b67-91a7-25b7929771a8>

justified by the fact that most citizens spend almost a third of their income on food, a figure that is much higher than elsewhere in the EU. The government asked to postpone this measure, with an estimated cost of €200 million per year, as from an economic standpoint, it considers that it is not yet able to assume it: “It is the same amount as the defence budget and we need it to keep up the level of infrastructure required by the country’s membership of NATO”.

Organised and institutionalised cooperation

Article 78 of the Constitution of the Republic of Latvia¹⁰ and the Law on National Referendums, Initiation of Laws and European Citizens’ Initiative¹¹, enacted on 11 October 2012, form the basis for direct citizen participation in the law-making process. In 2005, the government began working together with the non-profit sector with the signing of the Memorandum of Co-operation between Non-governmental Organisations and the Cabinet. When opening the NGO Forum held in Riga on 2-3 March 2015, Laimdota Straujuma¹² stated that “over 360 organisations are now represented on the ministerial advisory committees and are involved in drawing up the government’s action plan and the budget”.

A Council for Implementation of the Memorandum¹³ was set up in January 2006. It is tasked with ensuring its application and the involvement of civil society in the decision-making process, at all levels and at all stages. Each ministry has appointed one or more “NGO contacts”¹⁴ who organise this cooperation between government departments and the signatory non-profit organisations and who report to the Parliament in this respect. Taisa Trubača, Deputy Director of the Budget Department at the Ministry of Finance, underscores the fact that “cooperation with non-governmental institutions is stated as one of the priorities of the government and is mostly organised via the [advisory] Council¹⁵”.

Having been invited to attend the inauguration of the Open Government Partnership on 20 September 2011 in New York, the then-incumbent Latvian President, Andris Bērziņš, announced that his country would be joining the Partnership (which currently boasts 69 member countries). An independent reporting mechanism, published in April 2014 by Zinta Miežaine, Policy Analyst for the Latvian public policy NGO, Providus, shows that 15 of the 17 commitments or major objectives set for open government had been either completed or substantially completed (including five concerning civic participation)¹⁶.

The topical issue of citizenship

These participatory democracy approaches are now of utmost importance as not all residents have the same civil and economic rights. In 1991, the country chose to only grant Latvian citizenship to people who spoke the single official language fluently¹⁷ and who were able to prove that their family was based in Latvia prior to the Soviet occupation (1940). As a result the Russian community was automatically excluded and Latvia created a “non-citizen” status, which is almost unheard of in Europe¹⁸. Currently 252,000 residents (12.7% of the population) are unable to vote, do not have access to free healthcare, are not entitled to family allowances or unemployment benefit, and cannot apply for jobs in the public sector or legal field.

On 21 April 2016, the Latvian Russian Union sent a petition¹⁹ to the European Parliament in which it highlighted the overrepresentation owing to the fact that non-citizens are included by the Latvian government in the calculation for the allocation of electoral seats in Strasbourg. On 26 May 2016, the Saeima significantly relaxed the rules for obtaining Latvian nationality by granting it to all applicants who identify themselves as Latvians and have permanently lived in the country for at least 15 years when they file their application²⁰.

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⁹ Three EU countries (Denmark, Estonia and Latvia) do not have a reduced VAT rate for foodstuffs.

¹⁰ <http://www.fm.gov.lv/files/files/EF4C91710360001275291803470431.pdf>

¹¹ <https://www.cvk.lv/pub/public/28862.html>

¹² Latvian Prime Minister from January 2014 to February 2016. As at 17 June 2016, 404 organisations were represented.

¹³ http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_14_-_Memorandum_of_Co-operation_between_Non-governmental.doc

¹⁴ <http://www.mk.gov.lv/content/kontakti-0> (page in Latvian).

¹⁵ <http://de.slideshare.net/OECD-GOV/d1-pms2a-taisa-trubaca-latvia>

¹⁶ <http://www.opengovpartnership.org/sites/default/files/Latvia%20OGP%20IRM%20Public%20Comment%20%28Eng%29.pdf>

¹⁷ During a referendum held in February 2012, 74% of voters were opposed to Russian becoming the 2nd official language.

¹⁸ In Estonia, 82,000 residents have “undetermined citizenship” status.

¹⁹ <http://www.rusojuz.lv/en/ouevents/26003-Petition-to-the-European-Parliament-on-rights-for-noncitizens/>

²⁰ <http://www.saeima.lv/en/news/saeima-news/24844-saeima-non-ethnic-latvian-citizens-can-now-register-as-latvians>